

FINANCIAL YEAR- 2021-22

27<sup>th</sup>  
**ANNUAL  
REPORT**

**BAFNA**  
**PHARMACEUTICALS LTD.,**







**BAFNA PHARMACEUTICALS LIMITED**

**27<sup>th</sup> ANNUAL REPORT  
FINANCIAL YEAR 2021-22**

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### **Cautionary Statement**

*Statements in this Report, including those relating to Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's performance include economic developments within & outside the country, demand and supply conditions in the industry, changes in input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations. Bafna Pharma undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.*

## COMPANY SNAPSHOT

<b>Name of Company</b>	:	<b>Bafna Pharmaceuticals Limited</b>
CIN	:	L24294TN1995PLC030698
Incorporation	:	1995
Initial Public Offering	:	2008
Listing	:	(i) BSE & (ii) NSE

### **Registered Office**

Bafna Towers  
New No. 68, Old No.299,  
Thambu Chetty Street  
Chennai – 600001

### **Share Transfer Agents**

**Cameo Corporate Services Limited**  
No.1, Club House Road  
Chennai – 600002

### **Auditors**

**M/s. R. SATHYANARAYANAN & Co.**  
Chartered Accountants, Chennai

### **Factories**

- (i) No.13, S.V. Koil Street  
Madhavaram, Chennai – 600060
- (ii) 147, Madhavaram Redhills High Road  
Grantlyon, Redhills  
Chennai – 600052

### **Internal Auditors**

**Brahmaaya & Co**  
Chartered Accountants,  
Chennai

### **Board of Directors**

#### **S. Hemalatha**

*Chairperson & Executive Director*

#### **Akila C Raju**

*Non-Executive Non Independent Director*

#### **P K Sundaresan**

*Non- Executive Independent Director*

#### **B. Kamlesh Kumar**

*Non-Executive Independent Director*

#### **Atul Sachdeva**

*Non-Executive Non Independent Director*

#### **R. Chitra**

*Non- Executive Independent Director*

### **Audit Committee**

**P K Sundaresan**

**B. Kamlesh Kumar**

**Atul Sachdeva**

### **Nomination and Remuneration Committee**

**B. Kamlesh Kumar**

**P K Sundaresan**

**Akila C Raju**

### **Stakeholders Relationship Committee**

**R. Chitra**

**S. Hemalatha**

**Atul Sachdeva**

### **CEO**

**Bafna Mahaveer Chand**

### **CFO**

**Melagiri Sridhar**

### **Company Secretary**

**Roopa Ravikumar**

## KEY MESSAGE FROM CHAIRPERSON & EXECUTIVE DIRECTOR

### Dear Stakeholders,

We hope that you have been safe and healthy through this singular and unprecedented challenge that humanity is facing today. Although the demand for pharmaceutical products has been least disrupted in comparison to other industries, operational challenges have increased manifold. 2020 and 2021 were an extraordinary and challenging two years for all of us. Despite the challenges, your Company remained resilient and focused on our strategic priorities.

The growth is mainly due to the company's rearranging operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The growth is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges

According to Pharmaceuticals global market report 2022, the global pharmaceuticals market is expected to grow from \$1454.66 billion in 2021 to \$1587.05 billion in 2022 at a compound annual growth rate (CAGR) of 9.1%.

With a legacy of over 27 years and a mission to help improve healthcare with innovation, commitment and trust, we have continuously worked on enhancing quality and value for our customers and stakeholders during 2021-22.

Your Company has shown remarkable agility and resilience throughout the year in unprecedented circumstances. This includes the commitment of hundreds of our colleagues who have continued to work in our manufacturing facilities throughout to ensure that vital medicines continued to be manufactured so as to reach patients on time.

In 2021-22, our overall revenue grew by 21% to INR 8,724.24 Lakhs. This performance was possible due to our commitment to deliver quality products, maintaining the highest levels of compliance, manufacturing excellence and improving our supply chain in the past years.

We are well positioned for the future with our focused strategy and ongoing investments in facility, our manufacturing competence and advanced management practices to achieve operational excellence.

Despite multiple disruptions resulting from the COVID-19 pandemic and lockdowns, our teams, including Manufacturing, Operations, Supply Chain, HR, IT and Finance have done a remarkable job of ensuring minimum disturbances by optimizing overall productivity and efficiency without compromising on safety protocols.

We are very grateful to our Board of Directors for their continued guidance, advice and support.

I thank our esteemed shareholders, partners and stakeholders for placing their continued trust and confidence in us which we will emerge stronger together.

Best Regards

**S. Hemalatha**

Chairperson & Executive Director

DIN:02714329



## DIRECTOR'S REPORT

To

### The Shareholders,

Your Directors have pleasure in presenting the Twenty Seventh Annual Report of your Company together with Audited Accounts for the Financial Year ended 31st March, 2022.

### Financial Performance

The summarized Audited Financial Results for the year ended 31st March, 2022 along with comparative figures for the Previous year is as under:

(Rs.in Lakhs)

Particulars	Standalone	
	31st March 2022	31st March 2021
Revenue from operations	8,514.03	7,121.79
Other Income	210.21	74.93
<b>Total Income</b>	<b>8,724.24</b>	<b>7,196.72</b>
<b>Expenses</b>		
Operating Expenditure	7,993.47	6,166.23
<b>EBDITA</b>	<b>1,141.42</b>	<b>1,030.49</b>
Depreciation and Amortization Expenses	549.33	447.82
<b>NET PROFIT</b>	<b>730.76</b>	<b>582.67</b>
less Exceptional Items and OCI	218.05	-
<b>Profit before tax (PBT)</b>	<b>512.71</b>	<b>582.67</b>
Tax expenses (Current and Deferred Tax)	-	-
<b>Profit for the year</b>	<b>512.71</b>	<b>582.67</b>

### Standalone Operating Results

Your Company's Total Income during the year under review was Rs.8,724.24 Lakhs as compared to Rs.7,196.72 Lakhs in the previous year. Profit before Tax for the year 2021 -2022 was Rs.512.71 Lakhs as against Rs. 582.67 Lakhs in the previous year. Profit after Tax for the year 2021 – 2022 stood at Rs. 512.71 Lakhs as against profit of Rs. Rs.582.67 Lakhs.

### Change in Capital Structure

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021
Authorized Capital	4,000.00	4,000.00
Issued, Subscribed & Paid up Capital	2,365.63	2,365.63

During the year under review the Issued, Subscribed and Paid up capital has remained the same.

**Fixed Deposits**

The Company has not accepted / invited any deposits from the public in terms of Section 73 of the Companies Act, 2013.

**Dividend**

The Board has not declared any dividend for the Financial Year.

**Reserves**

The Company has not transferred any amount to the general reserves during the year in view of the accumulated losses.

**Material changes and commitments affecting the financial position of the Company:**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial Statements relate and the date of the report.

**Impact of CoVID 19**

Your Directors have been periodically reviewing with the Management, the impact of COVID-19 on the Company. The business model position was such that the Company was able to minimize the impact on operation of the Company and was able to deliver better growth prospectus.

**Change in the nature of business**

Your Company is engaged in the manufacture of pharmaceutical products. There is no change in the nature of business during the year compared to previous year.

**Risk Management Policy:**

The Company is in the process of framing mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

**Adequacy of Internal Financial Controls with reference to the Financial Statements:**

The Company has implemented and evaluated the internal financial controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records. The Company has appointed internal auditors with a dedicated internal audit team. The internal audit reports were reviewed periodically by the Board. Further, the Board annually reviews the effectiveness of the Company's internal control system.

**Directors**

The Composition of Board and number of meetings attended by them are given in the corporate governance report.

**Directors Liable to Retire by Rotation**

The brief resume of the Directors seeking appointment/ reappointment and other information have been detailed in the Notice. Your Board recommends the above appointments/reappointment of Directors in the best interest of the Company.

**Appointment of CEO**

Mr. Mahaveer Chand Bafna (DIN: 01458211) was appointed as Chief Executive Officer (CEO) with effect from 10.09.2020



### **Details of KMP:**

According to section 203 of the Companies Act, 2013, the following are the Key Managerial Personnel of the Company

Mr. Mahaveer Chand Bafna- Chief Executive Officer,

Mr. M. Sridhar- Chief Financial Officer

Mr. Jitendra Kumar Pal- Company Secretary – Date of Resignation: 21st March 2022

Mrs. Roopa Ravikumar – Company Secretary – Date of Appointment – 22nd March 2022

### **Declaration by Independent Directors**

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/ she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Auditors**

As per the provisions of the Companies Act, 2013, M/s. R. Sathyanarayanan & Co, Chartered Accountants, Chennai (FRN003656S), were appointed as Statutory Auditors of the Company for a period of five years at the annual general meeting held in 2017 till the conclusion of 27th annual general meeting.

The Board recommends the appointment of M/s Brahamayya & Co, Chartered Accountants as Statutory Auditor of the Company

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

### **Auditors' Report:**

The Report of Auditors and Notes forming part of the Accounts are attached along with the Annual Report.

### **Cost Audit**

The Board has appointed M/s N. Sivashankaran & Co, Cost Accountants (Registration No: 100662) as the Cost Auditors of the Company to conduct audit of cost records made and maintained by the Company for financial year 2022 – 2023 at a remuneration as fixed by the Board subject to approval of members of the Company.

### **Listing**

The Company's shares are listed at (i) BSE Limited (BSE) with Scrip Code No.532989 and at (ii) National Stock Exchange of India Limited with Scrip symbol BAFNAPH.

### **Particulars of Employees**

- 1) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details as prescribed are as given below:

Name	Ratio
Hemalatha Shanmugam	5:1

2. The percentage increase in remuneration of each Director, Chief Financial officer, Company Secretary in the financial year

Ms. Hemalatha Shanmugam	15%
Mr. Mahaveer Chand Bafna	6.94%
Mr .Sridhar .M	15%
Mr. Jitendra Kumar Pal	15%

- a. The percentage increase in the median remuneration of employees in the financial year: 28%

Information as per Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in 'Annexure – A' to this Report. Further, the information pertaining to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, pertaining to the names and other particulars of employees is available for inspection at the Registered office of the Company during business hours and pursuant to the second proviso to Section 136(1) of the Act, the Report and the accounts are being sent to the members excluding this. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary/ Compliance Officer either at the Registered/Corporate Office address or by email to [cs@bafnapharma.com](mailto:cs@bafnapharma.com)

#### **Foreign Exchange Earnings and Outgo**

The particulars in respect of Foreign Exchange Earnings and Outgo as required under Section 134 of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules 2014, are given as in Annexure to this report.

#### **Human Resource, Industrial Relations, Environment, Occupational Health and Safety**

The Company is continuously focusing on managing talent and increasingly systematizing the HR processes. We have excellent industrial relations across all facilities including the corporate office and strongly believe that the workers will continue to work towards a profitable and productive Company.

The number of employees as on 31st March, 2022 was 320 as against 288 during FY 2020 - 2021.

#### **Conservation of Energy, Technology Absorption & Research and Development (R&D)**

The Company is conscious of its responsibility to conserve the energy and has taken measures in relation to conservation of energy and technology absorption. The particulars in respect to conservation of energy, Technology Absorption & Research and Development were given in the annexure to the Board's Report.

#### **Insider Trading Regulations**

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2005, as amended from time to time, the code of conduct for prevention of insider trading and the code for corporate disclosures are in force. The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated persons of the Company, as per SEBI (Prohibition of Insider Trading) Regulations, 2015.

#### **Corporate Governance**

Report on Corporate Governance and Certificate of the Auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with the Stock Exchanges, are enclosed elsewhere in the Annual Report and forms part of this report.

## **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Board of Directors has approved policy as per the said Act and an Internal Complaints Committee was constituted.

The committee placed a certificate before the Board of Directors on the status of compliance of the Act. As per the certificate provided by the said committee no complaints were received during the year & that there are no complaints pending as on 31st March 2022.

## **Particulars of Loans, Guarantee and Investment under Section 186 of Companies Act, 2013**

During the year under review, no Loans advanced or investments were made during the year.

## **Related Party Transactions**

All Related Party Transactions that were entered into during the Financial Year under review were on an arm's length basis, and in the ordinary course of business and are in compliance with the applicable provisions of the Act and the Listing Regulations.

All Related Party Transactions are placed before the Audit Committee for prior approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature or when the need for these transactions cannot be foreseen in advance.

There are no material related party transactions which are not in ordinary course of business or which are not on arm's length basis and hence there is no information to be provided as required under Section 134(3) (h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

The Company has adopted a Policy for dealing with Related Party Transactions which has been uploaded on the Company's website. The web-link as required under SEBI Listing Regulation, 2015 is as under:

<http://bafnapharma.com/agmpdf/POLICY%20ON%20RELATED%20PARTY%20TRANSACTIONS%20-%20%20BAFNA.pdf>

## **Corporate Social Responsibility**

Provision with respect to Corporate Social Responsibility under Section 135 of the Companies Act, 2013 will be applicable from this year onwards since the Company's Net Profit is more than Rs.5 Crores. The Company is taking necessary steps to comply with the provisions of CSR. The Company has formed a CSR Committee with effect from 25th June 2021. The Composition of the Committee is as follows:

SI No	Name	Designation
1	R. Chitra	Chairperson of Committee
2.	S. Hemalatha	Member
3	Atul Sachdeva	Member

## **Secretarial Audit for the FY 2021-22**

In terms of Section 204 of the Companies Act, 2013, the Rules made there under & other applicable provisions, if any, the Company is required to appoint a Secretarial Auditor to carry out secretarial Audit of the Company. Your Board of Directors has appointed M/s. A.K. Jain & Associates, Practicing Company Secretaries, Chennai for purpose of Secretarial Audit for the FY 2021-2022 at the Board Meeting held on 10.02.2022

As required under section 204(1) of the Companies Act, 2013 the Company has obtained a secretarial audit report. The copy of the Secretarial Audit report in MR-3 is attached as an annexure to the Director's Report.

**Audit Committee:**

In terms of Section 177 of the Companies Act, 2013 and other applicable provisions if any and as per the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as on 31st March, 2022 the Audit committee comprises 3 Directors out of which 2 are Non-Executive Independent Directors and 1 is Non-Executive Non Independent Director. The terms of reference of the Audit Committee includes matters specified in section 177 of the Companies Act 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

The Audit Committee consists of the following: -

Mr. P K Sundaresan- Chairman

Mr. B. Kamlesh Kumar – Member

Mr. Atul S- Member

**Nomination & Remuneration Committee**

In terms of Section 178 of the Companies Act, 2013 & other applicable provisions, if any, and as per the Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as on 31st March, 2022 the “Nomination & Remuneration Committee” comprises of 3 Directors out of which two are Non-Executive Independent Directors and other one is Non- Executive & Non- Independent. The Policy of Nomination & Remuneration Committee was detailed in the corporate governance report. The constitution, terms and references and other details are elaborated in the Corporate Governance report annexed with this report.

The Nomination and Remuneration Committee consists of the following:-

Mr. B. Kamlesh Kumar – Chairman

Mr. P.K. Sundaresan- Member

Mrs. Akila C Raju – Member

**Stakeholders Relationship Committee**

In terms of Section 178 of the Companies Act, 2013 & other applicable provisions, if any, Board of Directors at their meeting held on 30.05.2014 renamed the existing “Investor Grievance & Share Transfer Committee” as “Stakeholders Relationship Committee”. The constitution, terms and references and other details are elaborated in the Corporate Governance report annexed with this report.

**Management Discussion and Analysis Report**

Management Discussion and Analysis Report, as required under the Listing Agreement with the Stock Exchanges is enclosed in the Annual Report and forms part of this Report. Certain Statements in the report may be forward-looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance & outlook.

**Extract of Annual Return:**

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the Annual Return for FY 2021-2022 is uploaded on the website of the Company and the same is available at <https://bafnapharma.com>

**Number of Board Meetings:**

The Board of Directors met 7 times during the year under review and the gap between 2 meetings did not exceed 120 days.

**Transfer to Investor Education and Protection Fund (IEPF)**

As required under Section 124 of the Act, 2447 equity shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more was transferred by the Company to the Investor Education and Protection Fund Authority (IEPF).

Shareholders may claim their unclaimed dividend by applying in the prescribed Form No. IEPF-5. This Form can be downloaded from the website of the IEPF Authority at <http://www.iepf.gov.in/IEPF/corporates.html> .

**Directors Responsibility Statement**

Your Directors wish to inform that the Audited Accounts containing Financial Statements for the financial year ended 31st March, 2022 are in full conformity with the requirements of the Companies Act, 2013. They believe that the Financial Statements reflect fairly the form and substance of transactions carried out during the year and reasonably present your Company's financial conditions and result of operations. Your Directors further confirm that in preparation of the Annual Accounts

- The applicable accounting standards had been followed and wherever required, proper explanations relating to material departures have been given;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Accounts have been prepared on a "going concern basis".

The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Reporting of Frauds**

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or to the Board as required under Section 143(12) of the Act and the rules made thereunder.

**Green Initiatives**

In commitment to keep in line with the Green Initiatives and going beyond it, electronic copy of the Notice of 27th Annual General Meeting of the Company including the Annual Report for FY 2021- 2022 are being sent to all Members whose e-mail addresses are registered with the Company / Depository Participant(s).

### **Acknowledgement and Appreciation**

Your Directors would like to thank Company' would like to express their gratitude for the co-operation and assistance extended to the Company by its Customers, Suppliers, Technical Consultants, Contractors, Government and Local Authorities, etc. The Directors also wish to thank all its Shareholders for their unstinted support. The Directors would like to sincerely thank and place on record their appreciation of the consistent and dedicated services of the employees at all levels who have immensely contributed to the performance of the Company during the period under review.

**For BAFNA PHARMACEUTICALS LIMITED**

On behalf of the Board of Directors

Place: Chennai

Date: 26-05-2022

**S. Hemalatha**

Chairperson & Executive Director

DIN:02714329

## ANNEXURE TO THE DIRECTOR'S REPORT

Information pursuant to Section 134 of the Companies Act,2013 read with the Companies (Accounts)Rules,2014.

### FORM - A

#### Disclosure of particulars with respect to Conservation of Energy

##### A. Conservation of Energy Power & Fuel Consumption

SI No	Particulars	2022	2021
1.	<b>Purchased:</b> Units(Lakhs) Total Amount (Rs. In lakhs) Rate / Unit (Rs.)	Units 36.74 Lakhs Rs.304.41 lakhs / Rs. 8.28 per unit	Units 29.90 lakhs Rs.228.25 lakhs / Rs. 7.23 per unit
2.	<b>Own Generation Through Diesel Generator</b> Units (KSH) in lakhs) Unit per Lt. of Diesel Cost/Unit (Rs.)	Litres 0.92 lakhs 1.85 lakhs units Rs. 45.84 per unit	Litres 0.85 lakhs unit 1.70 Lakhs Rs. 38.94 per unit

The Company is conscious of its responsibility to conserve the energy and has taken measures in relation to conservation of energy and technology absorption. No additional investments have been made during the year.

##### B. Consumption per Unit of Production:

In view of number of products with different sizes, shapes & other parameters, being manufactured by the Company, it is not practicable to give information on consumption of fuel per unit of production.

### FORM B

#### DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

##### I. RESEARCH AND DEVELOPMENT (R&D)

###### (a) Specific areas in which R&D is carried out by your Company

R&D is a process intended to create new or improved technology that can provide a competitive advantage to our business. Also focusing on process development for improving operational efficiency.

- Product Development and report of new formulations.
- Stability studies of new formulations as per ICH guidelines
- Technology Transfer and Process validation of new formulations
- Technology Transfer and Analytical method validation of new formulations
- Dossier preparation for regulatory approval
- Registration of Products in various countries with respective regulatory requirements
- Trouble shooting in existing Products
- Bioavailability studies to confirm therapeutic efficacy

**(b) Benefits derived as a result of the above**

- These factors give us a unique selling point (USP) & then patents can be acquired for these products
- R&D is able to build business advantage over its competitors by bringing innovative products
- Improving Quality of existing drug products in the market to deserve a good market output
- Attracting more customers and scope for new business

**(c) Future plan of action**

- To enhance the quality and efficacy in all our medical formulations
- To achieve and maintain consistency in quality
- Upgrading of new process and product technology to improve product stability and efficacy
- To upgrade green technology for process and manufacturing operations
- Product development for new customers, Product registration for regulated and emerging markets
- Technology transfer and stability studies

**(d) Expenditure on R&D**

(Rs. in Lakhs)

Particulars	as at 31 <sup>st</sup> March 2022	as at 31 <sup>st</sup> March 2022
Capital Expenditure	-	-
Recurring/Revenue	147.28	135.89
<b>Total</b>	<b>147.28</b>	<b>135.89</b>

**II. TECHNOLOGY ABSORPTION, ADOPTATION AND INNOVATION**

a) Efforts in brief, made towards technology absorption, adaptation and innovation:

With latest technology, its development & up-gradation enable us to provide technically superior, process efficient and International standards product.

The Company has its own R&D centre's which have been developing and improving process for manufacture of Delayed release tablets, Sustained Release Tablets , chewable tablets and Orally Disintegrating Tablets.

- The R&D center has been upgraded and adopted various methods of drug particle coating with a gastro-resistant polymers of various genre to improve drug safety and efficacy and technology is absorbed into process scale up of branded generics with innovative methodologies involving combination with taste masking technology (with Ion-Exchange resins)-for producing efficacious generics with highly taste masked bitter drugs.
- The R&D centre also absorbed and adopted innovative techniques of Multi-layer Coating technology which is subjected scale-up levels to produce stable and effective dosage forms-especially applicable for drug products that are pH sensitive and for intestinal release and gastric resistance.



**b) Benefits derived as a result of the above efforts:**

- Control of drug therapy is achieved
- Drug administration can be made convenient
- The safety margin of high potency drug can be increased
- Drugs with shorter half-life can be given in less frequent dose with better compliance
- Less fluctuating blood plasma concentrations
- Bioavailability enhancement of poorly soluble drugs
- Targeting drug delivery at most absorbing sites to improve bioavailability
- Reduction of adverse effects due to avoidance of dose dumping
- Rapid onset of action can be achieved
- Taste masking of bitter oral liquid drug formulations

**c) Details of technology imported during the last 5years**

No technology has been imported during the past five years.

**FORM C**

**(a) Activities relating to exports, initiative taken to increase exports, developments of new export markets for products and services and export plans.**

During FY 2021-2022, your Company got registrations for 19 products in the following countries (i) 7 in Mauritius (ii) 3 in Nigeria (iii) 3 in Philippines (iv) 3 in Sri Lanka (v) 1 in Ethiopia (vi) 1 in Tanzania and 1 in Guatemala. As on date we have over 176 Product registration and 220 Product applications is pending for approval across the globe.

**(b) Foreign Exchange earned and used**

- (i) Your Company has earned foreign exchange of 5476.49 lakhs (previous year Rs. 3473.94

**Foreign Exchange Outgo**

- (ii) Outgo was Rs.318.77 Lakhs (previous year Rs 422.20 Lakhs) on account of international travel & purchase of foreign currency.

On behalf of the Board of Directors  
**For BAFNA PHARMACEUTICALS LIMITED**  
(CIN: L24294TN1995PLC030698)

Place: Chennai  
Date: 26-05-2022

**S. Hemalatha**  
(DIN: 02714329)  
Chairperson & Executive Director

## C. SECRETARIAL AUDIT REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2022

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the  
Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To

The Members,

**BAFNA PHARMACEUTICALS LIMITED**

299, THAMBU CHETTY STREET,

Chennai – 600001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. BAFNA PHARMACEUTICALS LIMITED (CIN: L24294TN1995PLC030698)** (hereinafter called as "**the Company**"). The secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
  - f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We report that, the following Regulations and Guidelines were not applicable to the Company during the audit period:-

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

We further report that, the Company has no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.

We further report that, having regard to the compliance system prevailing in the Company and based on the written representations received from the officials/executives of the Company, we state that there are adequate systems and processes commensurate with the size and operations of the Company to monitor and ensure compliance of the following laws applicable specifically to the Company;

- (a) The Factories Act, 1962 as amended from time to time.
- (b) Drug and Cosmetics Act, 1940 and Rules made thereunder.
- (c) Drugs Price Control Order, 2013 and notifications made thereunder.
- (d) The Water (Prevention and Control of Pollution) Act, 1974.
- (e) The Air (Prevention and Control of Pollution) Act, 1981.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Limited (BSE) and NSE as per SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

We further report that the applicable financial laws, such as the Direct and Indirect Tax Laws, have not been reviewed under our audit as the same falls under the review of statutory audit by other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except for the following:

- a) The Company has belatedly submitted the disclosure under Regulation 31 of SEBI (SAST) Regulations, 2011 regarding the invocation of encumbered shares, with a delay of One Hundred and Thirty Four (134) days, with the Stock Exchanges.

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further

information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- c) All the decisions at Board meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.
- d) There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no instances of:

- (i) Public / Right / Preferential Issue of Shares / Sweat Equity Shares.
- (ii) Redemption / Buy-back of Securities.
- (iii) Foreign technical collaborations.
- (iv) Merger / Amalgamation / Reconstruction.

This report is to be read with our letter of even dated which is annexed as 'Annexure-A' and form an integral part of this report.

**For A.K.JAIN & ASSOCIATES**  
Company Secretaries

Place: Chennai

Date: 25-05-2022

**BALU SRIDHAR**

Partner

M.No. F5869

C.P. No. 3550

UDIN: F005869D000388702

## Annexure A

To,

The Members,

**BAFNA PHARMACEUTICALS LIMITED**

299, THAMBU CHETTY STREET,

Chennai – 600 001

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliances of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For A.K.JAIN & ASSOCIATES**

Company Secretaries

Place: Chennai

Date: 25-05-2022

**BALU SRIDHAR**

Partner

M.No. F5869

C.P. No. 3550

UDIN: F005869D000388702

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE

### For the year ended 31<sup>st</sup> March,2022

For the year March 31st 2022 Corporate Governance provides that a Company is directed in such a way that it performs efficiently and effectively, keeping in view the long term interest of the shareholders, while respecting laws and regulations of the land and contributing as a responsible corporate body to the national exchequer.

At the present competitive world including many parts of INDIA, all leading corporate budget adequate time and resources to improve the CORPORATE GOVERNANCE which plays a definite and decisive role in presenting and preserving the IMAGE of the corporate (Cultivated and maintained over the years.) The higher the image of the corporate, higher is the level of confidence of the share holders in the functioning of the Board .This in turn will help the corporate to raise short term working capital from banks and long term funds from different organizations at short notice at cheaper rates. Share holders appreciate the integrity and openness of the management.

#### I. COMPANY'S PHILOSOPHY

Your Company believes in professionalism of management, transparency and sound business ethics. It encourages wide participation from all stakeholders.

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

The details of board structure and the various committees that constitute the governance structure of the organization are covered in detail in this report

#### II. BOARD OF DIRECTORS

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Chairman and Whole-Time Director oversee the functional matters of the Company. The Board of Directors consists of Executive & Non-Executive Directors.

- i. As on March 31, 2022, the Company has six Directors. of the six Directors, five (i.e. 83.33 percent) are Non-Executive Directors out of which three (i.e. 60 percent) are Independent Directors. The profiles of Directors are available at Company's website. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

ii. None of the Directors on the Board:

- holds directorships in more than ten public companies;
- serves as Director or as Independent Directors (ID) in more than seven listed entities; and
- Who are the Executive Directors serves as IDs in more than three listed entities.

Necessary disclosures regarding Committee positions in other public companies as on March 31, 2022 have been made by the Directors. None of the Directors is related to each other.

iii. Independent Directors are non-executive directors as defined under Regulation 16(1) (b) of the SEBI Listing Regulations and Section 149(6) of the Act along with rules framed there under. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1) (b) of the SEBI Listing Regulations and that they are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

iv. Seven Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days.

The said meetings were held on:

25th June , 2021, 26th July 2021, 5TH August 2021; 16th September 2021,12th November 2021, 10th February 2022, 21st March 2022

The necessary quorum was present for all the meetings.

v. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2022 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he / she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1) (b) of SEBI Listing Regulations.

Name of Director	category	Number of board meeting attended during FY21 - 22	Whether attended last AGM held on 14th August 2021	Number of Directorship in other public companies		Number of Committee positions held in other public companies		Directorship in other listed entity
				Chairman	member	Chairman	member	
S. Hemalatha, Whole Time Director DIN:02714329	Non-Independent Executive	7	Yes	-	-	-	-	-
B. Kamlesh Kumar DIN:01218959	Independent Non-Executive	7	Yes	-	-	-	-	-
P K Sundaresan DIN:06954189	Independent Non-Executive	7	Yes	-	-	-	-	-
Akilapriya C Raju DIN:07590312	Non-Independent & Non-Executive	2	Yes	-	-	-	-	-
R. Chitra DIN:07749125	Independent Non-Executive	5	No	-	-	-	-	-
Atul Sachdeva DIN:07645130	Non-Independent & Non-Executive	6	Yes	-	-	-	-	-

- vi. During FY 2021 – 2022, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- vii. During FY 2021 - 2022, one meeting of the Independent Directors was held on March 11th, 2022. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- viii. The Board periodically reviews the compliance reports of all laws applicable to the Company.
- ix. Details of equity shares of the Company held by the Directors as on March 31, 2022 are given below:

Name	Category	Number of share
S. Hemalatha, DIN:02714329	Executive Director	1199
B. Kamlesh Kumar DIN:01218959	Independent Non-Executive	555



### III. Committees of the Board

i. There are three Board Committees as on March 31, 2022, details of which are as follows:

Name of the Committee	Extract of terms of reference	Category & composition		Other details
		Name	Category	
Audit Committee	<p>Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act.</p> <ul style="list-style-type: none"> <li>Oversight of financial reporting process.</li> <li>Reviewing with the management, the annual financial statements and auditors' report thereon before Submission to the Board for approval.</li> <li>Evaluation of internal financial controls and risk management systems</li> <li>Recommendation for appointment, remuneration and terms of appointment of auditors of the Company</li> </ul>	<p>P K Sundaresan</p> <p>B. Kamlesh Kumar</p> <p>Atul Sachdeva</p>	<p>Independent Non-Executive</p> <p>Independent Non-Executive</p> <p>Non-Independent Non-Executive</p>	<ul style="list-style-type: none"> <li>Four meetings of the Audit Committee were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days.</li> <li>Committee invites such of the executives as it considers appropriate, representatives of the statutory auditors and internal Auditors, to be present at its meetings.</li> <li>The Company Secretary acts as the Secretary to the Audit Committee.</li> </ul>

Name of the Committee	Extract of terms of reference	Category & composition		Other details
		Name	Category	
Nomination and Remuneration Committee	<p>Committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations and Section 178 of the Act.</p> <ul style="list-style-type: none"> <li>Recommend to the Board the setup and composition of the Board and its Committees.</li> <li>Recommend to the Board the appointment / re-appointment of Directors and Key Managerial Personnel.</li> <li>Support the Board and Independent Directors in evaluation of the performance of the Board, its Committees and individual Directors.</li> <li>Recommend to the Board the Remuneration Policy for Directors, executive team or Key Managerial Personnel as well as the rest of employees.</li> <li>Oversee familiarization programs for Directors.</li> </ul>	B. Kamlesh Kumar	Independent Non-Executive	<ul style="list-style-type: none"> <li>Two Nomination and Remuneration Committee meetings were held during the Year under review.</li> <li>The Company does not have any Employee Stock Option Scheme.</li> <li>The previous AGM of the Company was held on 14th day of August 2021 and was attended by Mr. Kamalesh kumar Chairman of the Nomination and Remuneration committee</li> </ul>
		P K Sundaresan	Independent Non-Executive	
		Akilapriya C	Non-Independent Non-Executive	

Name of the Committee	Extract of terms of reference	Category & composition		Other details
		Name	Category	
Stakeholders' Relationship Committee	<p>Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.</p> <p>The broad terms of reference are as under:</p> <ul style="list-style-type: none"> <li>Consider and resolve the grievances of security holders.</li> <li>Consider and approve issue of share certificates, transfer and transmission of securities, etc.</li> <li>Review activities with regard to the Health Safety and Sustainability initiatives of the Company.</li> </ul>	R Chitra	Independent Non-Executive	<ul style="list-style-type: none"> <li>One meeting of the Stakeholders' Relationship Committee were held during the year under review.</li> <li>Details of Investor complaints and Compliance Officer are provided at serial no. III(ii) below.</li> </ul>
		S. Hemalatha	Whole-Time Director	
		Atul Sachdeva	Non-Independent Non-Executive	

Stakeholders' Relationship Committee - other details :

- a. Name, designation and address of Compliance Officer:

Roopa Ravikumar  
Company Secretary  
Bafna Pharmaceuticals Limited  
No.299, Thambu Chetty Street, Chennai-600001  
Telephone: 91 44 42677555  
E Mail : cs@bafnapharma.com

- b. Details of investor complaints received and redressed during financial year 2021 - 2022 are as follows :

Opening Balance	Received during the year	Resolved during the year	Closing Balance
-	1	1	0

iii. Nomination and Remuneration Committee -other details

**Performance Evaluation Criteria for Independent Directors:**

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behavior and judgement.

Remuneration Policy

The Remuneration policy is available on [www.bafnapharma.com](http://www.bafnapharma.com)

iv. Details of Remuneration for the year ended 31st March 2022

Executive Director

Name of Director	Salary (Rs.in Lakhs)
S. Hemalatha* (w.e.f 10.09.2020)	14.42

S. Hemalatha was appointed as Executive Director W.e.f. 10.09.2020

Non- Executive Directors

Name	Sitting fees (₹in Lakhs)
P K Sundaresan	1.54
B. Kamlesh Kumar	1.54
R. Chitra	0.66

v. Number of committee meetings held and attendance record

Name of the Committee	Audit Committee	Nomination and Remuneration Committee	Stakeholder's Relationship Committee
Number of meeting held			
Date of meetings	24.06.2021, 04.08.2021, 11.11.2021, 9-02-2022	24-06-2021,21-03-2022	31.12.2021
Number of meetings attended			
Name of member			
P K Sundaresan	4	2	-
B. Kamlesh Kumar	4	2	-
Atul Sachdeva	4	-	1
Chitra Ravichandran	-	-	1
Akila C. Raju	-	1	-
Whether quorum was present for all the meetings	The necessary quorum was present for all the above committee meetings		

## VI. GENERAL BODY MEETINGS

- i. General Meeting
  - a. Annual General Meeting

FY ended	Date	Time	Venue	If special resolution was passed
31 <sup>st</sup> March 2018	29.09.2018	10.00 AM	Andhra Social and Cultural Association, Krishna Hall, No.22, Vijayaraghava Road, T. Nagar, Chennai - 600 017	Yes
31 <sup>st</sup> March 2019	27.06.2019	03.00 PM	Andhra Social and Cultural Association, Krishna Hall, No.22, Vijayaraghava Road, T. Nagar, Chennai - 600 017	Yes
31 <sup>st</sup> March 2020	31.07.2020	12.00 Noon	Meeting conducted through VC / OAVM pursuant to the MCA Circular	Yes
31 <sup>st</sup> March 2021	14.08.2021	11:00 am	Meeting conducted through VC / OAVM pursuant to the MCA Circular	Yes

- b. Extraordinary General Meeting

No extraordinary general meeting of the members was held during 2021 - 2022.

Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot: Nil

- ii. Details of special resolution proposed to be conducted through postal ballot:  
None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

### VI. CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

A certificate has been received from A.K.JAIN & Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority

- VII. The M/s. R. Sathyanarayanan & Co, Chartered Accountants (Firm Registration Number. 003656S) has been appointed as the Statutory Auditors of the Company till the conclusion of the ensuing AGM. The particulars of payment of Statutory Auditors' fees, on consolidated basis for FY 2021-2022 is given below:

(Rs. in Lakhs)

Particulars	Amount
Services as statutory auditors (including quarterly audits)	4.00

VIII. Other Disclosure

Particulars	Statutes	Details	Website link for details / policy
Related party transactions	Regulation 23 of SEBI Listing Regulations and as defined under the Act	There are no material related party transactions during the year under review that have conflict with the interest of the Company. Transactions entered into with related parties during FY 2021 - 2022 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee.  The Board's approved policy for related party transactions is uploaded on the website of the Company	<a href="http://bafnapharma.com/agmpdf/POLICY%20ON%20RELATED%20PARTY%20TRANSACTIONS%20-%20%20BAFNA.pdf">http://bafnapharma.com/agmpdf/POLICY%20ON%20RELATED%20PARTY%20TRANSACTIONS%20-%20%20BAFNA.pdf</a>
Details of non-compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets during the last three financial years.	Schedule V (C) 10(b) to the SEBI Listing Regulations	NIL	
Whistle Blower Policy and Vigil Mechanism	Regulation 22 of SEBI Listing Regulations	The Company has this Policy and has established the necessary vigil mechanism for directors and employees to report Concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company.	
Subsidiary Companies	Regulation 24 of the SEBI Listing Regulations	The Company does not have any material unlisted subsidiary Company.	
Policy on Determination of Materiality for Disclosures	Regulation 30 of SEBI Listing Regulations	The Company has adopted this policy.	<a href="http://bafnapharma.com/agmpdf/POLICY%20ON%20MATERIAL%20EVENT%20-%20%20BAFNA.pdf">http://bafnapharma.com/agmpdf/POLICY%20ON%20MATERIAL%20EVENT%20-%20%20BAFNA.pdf</a>

<b>Particulars</b>	<b>Statutes</b>	<b>Details</b>	<b>Website link for details / policy</b>
Policy on Archival and Preservation of Documents	Regulation 9 of SEBI Listing Regulations	The Company has adopted this policy.	<a href="http://bafnapharma.com/agmpdf/PRESERVATION%20OF%20DOCUMENTS%20%20BPL.pdf">http://bafnapharma.com/agmpdf/PRESERVATION%20OF%20DOCUMENTS%20%20BPL.pdf</a>
Reconciliation of Share Capital Audit Report	Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and SEBI Circular No D&CC / FITTC/ Cir-16/2002 dated December 31, 2002.	A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL	
Code of Conduct	Regulation 17 of the SEBI Listing Regulations	The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2022. The Integrated Annual Report of the Company contains a certificate by the Chief Executive Officer and Executive Director, on the Compliance declarations received from the members of the Board and Senior Management.	<a href="http://bafnapharma.com/agmpdf/f/23rd%20AGM%20Results.pdf">http://bafnapharma.com/agmpdf/f/23rd%20AGM%20Results.pdf</a>
Terms of Appointment of Independent Directors	Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act	Terms and conditions of appointment / re-appointment of Independent Directors are available on the Company's website.	
Familiarization Program	Regulations 25(7) and 46 of SEBI Listing Regulations	Details of familiarization program imparted to Independent Directors are available on the Company's website.	
Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018	Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014	The details have been disclosed in the Directors Report.	

## **IX. Means of Communication**

The Board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

The quarterly & annual financial results of the Company are generally published in English Newspaper in Business Standard & Vernacular (Tamil) language in Makkal Kural.

The same is updated at the website of the Company at [www.bafnapharma.com](http://www.bafnapharma.com). A Management Discussion and Analysis Report is a part of this Integrated Annual Report.

### **Other Disclosers**

#### **Risk Management Policy**

In terms of Section 134, 177, Schedule IV of the Companies Act, 2013, rules made there under & other applicable provisions, the Company is in the process of formulating new risk management policy

#### **Board Evaluation framework**

In terms of Section 134, 178, Schedule IV of the Companies Act, 2013, rules made there under & other applicable provisions, if any Board of Directors has approved Board Evaluation Frame work. Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) REGULATION, 2015, the performance of all the Directors have been evaluated by the Board periodically at its respective meetings as to their contribution for the betterment and progress of the Company. The board also,carried out annual performance evaluation of the working of its Audit ,Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process

#### **Succession plan for Board & Senior Management**

In terms of Section 178 of the Companies Act, 2013, rules made there under & other applicable provisions, if any, Board of Directors has approved Succession Plan for Board & Senior Management.

#### **Nomination policy for Board of Directors, key executives & Senior Management**

In terms of Section 178 of the Companies Act, 2013, rules made there under & other applicable provisions, If any, Board of Directors has approved Nomination policy for Board of Directors, Key Executives & Senior Management.

#### **Related Party Transactions:**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

#### **Code of Conduct**

The Board of Directors has laid down a code of conduct for all Board members & Senior Management of the Company. In accordance with Schedule IV of the Companies Act, 2013 & other applicable provisions, if any, Board of Directors has approved Code of Conduct for Directors & Senior Management.



**Code of Conduct for prohibition of insider trading:**

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code.

All the Directors & Senior Management have affirmed compliance with the code of conduct as approved and adopted by the Board of Directors. A declaration to this effect signed by the Chairman & Managing Director, is given below

**Declaration on Compliance with Code of Conduct**

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby affirmed that for the financial year ended March 31, 2022 all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

**Code of Conduct**

The Board has adopted code of conduct for all Board members and Senior Management Personnel of the Company and the said code of conduct is placed on the website of the Company at [www.bafnapharma.com](http://www.bafnapharma.com). A declaration signed by the Chairperson & Executive Director on behalf of the Board of Directors is given below:

***I hereby confirm that:***

As provided under the SEBI Listing Regulations 2015, all Board members and senior management Personnel have affirmed compliance with the code of conduct of the Company for the financial year ended 31st March 2022 and copy of the code of conduct is placed on the website of the Company at [www.bafnapharma.com](http://www.bafnapharma.com)

On behalf of the Board of Directors,

**S. HEMALATHA**

Chairperson & Executive Director

DIN: 02714329

## CERTIFICATE

*[Pursuant to Regulation 34(3) of Securities Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]*

To,

**The Members of**

**BAFNA PHARMACEUTICALS LIMITED**

**No. 299, Thambu Chetty Street,**

**Chennai – 600001**

In pursuance of Regulation 34 (3) read with sub-clause (i) of Clause 10 of Part C of Schedule V of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) in respect of **M/s. BAFNA PHARMACEUTICALS LIMITED (CIN: L24294TN1995PLC030698)**, having registered office at No.299, Thambu Chetty Street, Chennai – 600001, We hereby certify that :

On the basis of the written Representations and Declarations received from the Directors of the Company and taken on record by the Board of Directors of the Company, as on March 31, 2022, none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities Exchange Board Of India, Ministry of Corporate Affairs or any such statutory authorities.

**For A.K.JAIN & ASSOCIATES**

Company Secretaries

Place: Chennai

Date: 25-05-2022

**BALU SRIDHAR**

Partner

M.No. F5869

C.P. No. 3550

UDIN:F005869D000390363

## GENERAL SHAREHOLDERS' INFORMATION

### I. Annual General

**Date:** 28-07-2022

**Time :** 11.00 a.m (IST)

**Venue:**

Meeting is being conducted through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 and as such there is no requirement to have a venue for the AGM.

For details, please refer to the Notice of this AGM. As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2 on General Meetings, particulars of Directors seeking re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

### ii. Financial Calendar

Year ending : March 31, 2022

AGM in : July

### iii. Dividend Payment : No dividend

iv. Date of book closure/ Record date: as mentioned in the notice of this AGM

v. Listing on stock exchanges: National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G,

Bandra Kurla Complex Bandra (East), Mumbai 400 051

BSE Limited

P. J. Towers, Dalal Street, Mumbai 400 001

### vi. Stock Codes / Symbol

NSE : BAFNAPH

BSE : 532989

Listing Fees as applicable have been paid.

### vii. Corporate Identity Number (CIN) of the Company : L24294TN1995PLC030698

### viii. Market price data

High, Low (based on daily closing prices) and number of equity shares traded during each month in FY 2021 -2022 on NSE and BSE:

The closing market price of equity share for the year ending 31st March, 2022 was Rs.127 on BSE & Rs.126.65 on 31st March 2022 on NSE

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
Apr-21	150.55	117.80	61573	150.75	117.90	1,97,397
May-21	156.35	123.80	80078	154.40	124.30	2,94,188
Jun-21	157.50	131.30	41761	153.90	130.00	2,15,439
Jul-21	184.25	133.30	146402	182.70	133.00	3,38,038
Aug-21	164	125.70	33392	165.00	128.15	1,01,759
Sep-21	138	123	18870	137.40	126.00	93,980
Oct-21	143.30	120.55	24074	144.60	119.90	91,053
Nov-21	150	117	26566	149.15	116.20	1,21,160
Dec-21	154.40	115	55563	152.55	113.30	1,85,895
Jan-22	161	131.15	52982	160.15	130.40	1,23,365
Feb-22	190.70	120.65	90407	185.50	119.10	10,43,013
Mar-22	141	117.90	21887	145.00	114.50	3,46,424

**x. Registrars and Transfer Agents**

Cameo Corporate Services Ltd  
No.1, Club House Road, Chennai -600 002  
Telephone: 044-28460390-95  
Email id- investor@cameoindia.com  
Website: www.cameoindia.com

**xi. Share transfer system**

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, securities can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. Further, SEBI has fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

**xii. Shareholding as on March 31, 2022**

**a. Distribution of equity shareholding as on March 31, 2022:**

Share holding	shareholders		shareholding	
Shares	number	% of Total	shares	% of Total
10-5000	7143	96.0855	356693	1.5078
5001-10000	133	1.7890	102460	0.4331
10001- 20000	70	0.9416	100399	0.4244
20001-30000	24	0.3228	57791	0.2442
30001-40000	9	0.1210	33777	0.1427
40001-50000	9	0.1210	40180	0.1698
50001-100000	12	0.1614	95519	0.4037
100001- and above	34	0.4573	22869516	96.6739
TOTAL	7434	100.00	23656335	100.00

**b. Categories of equity shareholding as on March 31, 2022:**

Particulars	Holding (%)
Promoters & Promoters Group	90.42
<b>Total (A)</b>	90.42
<b>Public – Institutions</b>	-
<b>Total (B)</b>	90.42
<b>Public – Non Institutions</b>	
Bodies Corporate	2.41
NRI's	0.4865
Clearing members	0.32
HUF	1.11
Individuals	5.24
IEPF	0.01
<b>Total (C)</b>	<b>9.58</b>
<b>Total (A+B+C)</b>	<b>100.00</b>

**c. Top ten equity shareholders of the Company as on March 31, 2022:**

SI No	Name of the shareholder	Number of equity shares held	Percentage of holding
1	SRJR Lifesciences LLP	21290701	89.999
2	Monarch Net worth Finserve private Limited	318254	1.3453
3	Vishwas Jain HUF	213280	0.9015
4	Anushree Himanshubhai Shah	100000	0.4227
5	Kapashi Commercial Ltd	100000	0.4227
6	Vrushali Himanshu Shah	100000	0.4227
7	Kotak Securities Limited	72478	0.3063
8	Lindajeet Kaur Ruprai	66735	0.2821
9	Nisha Jignesh Mehta	55062	0.2327
10	P Paras Bafna	50000	0.2113

**xiii. Dematerialization of shares and liquidity:**

The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Equity shares of the Company representing 99.97 percent of the Company's equity share capital are dematerialized as on March 31, 2022. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE878I01022.

**xiv. Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence, as on March 31, 2022, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

**xvi. Commodity price risk or foreign exchange risk and hedging activities:**

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given.

**xvii. Transfer of unclaimed / unpaid amounts to the Investor Education and Protection Fund:**

No transfer of unclaimed/unpaid amounts have been made to the Investor Education and protection fund during the year 2021 - 2022

**xix. Plant Location**

The Company has two manufacturing facilities situated at :

No.147, Madhavaram Redhills High Road, Grantlyon, Redhills, Chennai-600052 and No.13, S. V. Koil Street, Madhavram, Chennai-600060

**xx. Address for Correspondence:**

Bafna Phamaceuticals Limited

No.299, Thambu Chetty Street, Chennai-600001

Designated email address for Investor Services: [cs@bafnapharma.com](mailto:cs@bafnapharma.com)

Website: [www.bafnapharma.com](http://www.bafnapharma.com)

## Certification by Chairperson & Executive Director

I, S Hemalatha, Chairperson & Executive Director of BAFNA PHARMACEUTICALS LIMITED, certify that:

1. I have reviewed the financial statements for the year 2021-2022 and that to the best of my knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) These statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. I accept overall responsibility for establishing and monitoring the Company's Internal Control System for financial reporting and evaluating its effectiveness. Internal audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit committee of the Board. The auditors and audit committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses
4. I have indicated to the auditors and to the Audit Committee:
  - a. significant changes, if any, in internal control over financial reporting during the year;
  - b. significant changes, if any, in accounting policies during the year;
  - c. Instances of significant fraud, if any, of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting. However, there was no such instance.

On behalf of the Board of Directors

**For BAFNA PHARMACEUTICALS LIMITED**

(CIN L24294TN1995PLC030698)

Place: Chennai

Date: 26-05-2022

**S. Hemalatha**

Chairperson & Executive Director

DIN:02714329

## AUDITORS CERTIFICATE ON COMPLIANCE

### *INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE*

We have examined the compliance of the conditions of Corporate Governance by Bafna Pharmaceuticals Limited ('the Company') for the year ended on March 31, 2022, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the SEBI Listing Regulations for the year ended on 31st March 2022

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR R.SATHYANAYANAN & Co.**

Chartered Accountants  
ICAI Regn. No: 003656S

Place: Chennai  
Date: 26.05.2022

**R. SATHYANARAYAN**

Partner  
M.No. 028377  
UDIN: 22028377ALDKTF8994



## MANAGEMENT DISCUSSION AND ANALYSIS

### Global overview:

The global pharmaceuticals market is expected to grow from \$1454.66 billion in 2021 to \$1587.05 billion in 2022 at a compound annual growth rate (CAGR) of 9.1%. The growth is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The market is expected to reach \$2135.18 billion in 2026 at a CAGR of 7.7%.

Source: Pharmaceuticals global market report 2022

### INDIAN PHARMACEUTICAL OVERVIEW

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with the potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Contributing immensely to global health, the Indian pharmaceutical industry by volume is the 3rd largest in the world. In (2021-2022) FY22, the pharmaceutical industry recorded a growth of 9-11 per cent which was mainly driven by a push from emerging and domestic markets. By showing strength and commitment amid the disruption caused by the pandemic, the industry not only exhibited its ability to provide adequate medicines but contributed significantly to other areas like sanitation, preventive healthcare and quarantine facilities. It was through careful evaluation of the possible use of available drugs along with innovative approaches to fight the pandemic, the industry was able to overcome the challenges posed by COVID-19. Going forward to 2022, it is expected that the Indian pharmaceutical industry will foster a culture of R&D and innovation to enable rapid drug discovery and development to improve the health outcomes of people worldwide.

Indian pharmaceuticals value added output is forecasted to grow more than 6% annually in 2022 and in 2023, due to the ongoing rollout of Covid-19 vaccinations, a rebound in non-Covid related medical treatments and a surge in generic drug exports. However, in H1 of 2022, drug producers still face pressure on gross margins, due to high commodity and transport costs. Domestic wholesalers and pharmacies continue to generate low, but stable margins.

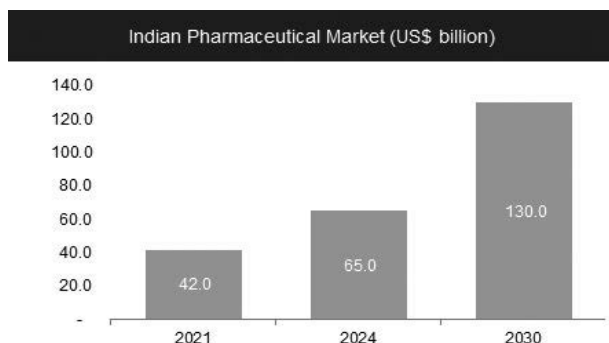
Due to a serious supply disruption in 2020, Indian drug producers intend to increase local production of Active Pharmaceutical Ingredients (APIs) in order to reduce their reliance on Chinese deliveries. Those imports have meanwhile rebounded, but are not yet back to pre-pandemic levels. The government has announced a large incentive scheme (e.g. with tax exemptions) to boost local API production, which will last until 2030.

### Exports

The Indian pharma sector recorded its best-ever exports performance in 2021-22, with a remarkable growth of almost \$10 billion in 8 years. The country's pharma sector witnessed a growth of 103% since 2013-14, from INR 90,415 crore in 2013-14 to INR 1,83,422 crore in 2021-22. Amid the Covid despair in 2020-21, the industry had registered a sharp growth by achieving an export of \$24.4 billion with a year-on-year (y-o-y) growth of 18%.

Indian pharmaceutical exports stood at US\$ 24.44 billion in FY21 and US\$ 22.21 billion in FY22 (until February 2022). India is the 12th largest exporter of medical goods in the world. The country's pharmaceutical sector contributes 6.6% to the total merchandise exports. As of May 2021, India supplied a total of 586.4 lakh COVID-19 vaccines, comprising grants (81.3 lakh), commercial exports (339.7 lakh) and exports under the COVAX platform (165.5 lakh), to 71 countries. Indian drugs are exported to more than 200 countries in the world. Generic drugs account for 20% of the global export in terms

of volume, making the country the largest provider of generic medicines globally. India's drugs and pharmaceuticals' exports stood at US\$ 3.76 billion between April 2021 and May 2021. The Indian drugs and pharmaceuticals sector received cumulative FDIs worth US\$ 19.19 billion between April -December 2021. The foreign direct investment (FDI) inflows in the Indian drugs and pharmaceuticals sector reached US\$ 1.206 billion between April-December 2021.



Recently, India also signed cooperation agreement with UAE and Australia, which will give enhanced access to Indian pharma products to these markets.

Building on the outstanding performance in the previous FY21, Indian pharma exports once again registered a healthy performance in 2021-22. The pharma exports in 2021-22 sustained a positive growth despite the global trade disruptions and drop in demand for Covid related medicines.

Source: Press release by Ministry of commerce and industry

### R&D spending in Indian pharmaceuticals

The Indian pharmaceutical industry is now seeking to move up the global pharmaceutical value chain by investing in R&D for drug development, drug repurposing, process improvements and digital manufacturing.

As per the Union Budget 2022-23, INR 3,201 crore (US\$ 419.2 million) has been set aside for research and INR. 83,000 crore (US\$ 10.86 billion) has been allocated for the Ministry of Health and Family Welfare

India plans to set up a nearly INR 1 lakh crore (US\$ 1.3 billion) fund to provide boost to companies to manufacture pharmaceutical ingredients domestically.

### RISK AND CONCERNS

1. Exchange rate fluctuations
2. Evolving competition
3. Global crisis including war
4. Restriction on exports

### COMPANY OVERVIEW

Our Company's prime focus is to expand revenue from registered products globally and continue to apply for registration to generate opportunities.

Bafna pharma's global foot print -

S.No	Name of Country	No. of Products Approvals	No. of Application Pending for Registration
1	AZERBAIJAN	1	2
2	AUSTRALIA	-	6
3	BOLIVIA	-	1
4	CAMBODIA	2	7
5	CAMEROON	6	-
6	DEMOCRATIC REPUBLIC OF THE CONGO	-	4
7	ETHIOPIA	6	20
8	GHANA	-	9
9	GUATEMALA	1	-
10	HONDURAS	4	9
11	KAZAKHSTAN	2	-
12	KENYA	5	-
13	MAURITIUS	7	-
14	MADAGASCAR	-	9
15	MYANMAR	1	-
16	NEPAL	10	24
17	NIGERIA	39	24
18	PERU	2	-
19	PHILIPPINES	21	25
20	RUSSIA	-	1
21	RWANDA	-	9
22	SRI LANKA	39	23
23	TANZANIA	10	21
24	UGANDA	-	9
25	UK	-	1
26	UKRAINE	20	1
27	VIETNAM	-	6
28	ZAMBIA	-	9
	<b>TOTAL</b>	<b>176</b>	<b>220</b>

## Performance and operations review

### Standalone operating results

#### Major highlights

Increase in revenue of your Company by 21% from the previous year.

- b) Increase in EBIDTA by 38% from the previous year.
- c) Increase by 25% of Profit after tax including exceptional items from the year ended 31st March 2021

The sales and operating income was INR 8,724.24 Lakhs in comparison to INR 7196.28 Lakhs in the previous year registering a growth of 21%. EBIDTA excluding Gratuity Provision was INR 1418.97 Lakhs for the year ending 31st March 2022 in comparison to INR 1030.49 Lakhs for the previous year registering a growth of 38%.

## Key Ratio for the year ending 31st March 2022

Key Financial Ratios		31st March 2022
Profitability Ratio		
Operating Profit Margin (%)	Profit from Operations/ Sale of Products	9%
Net Profit Margin (%)	Profit after Tax/ Revenue from operations	6%
Return on Net Worth	Profit after Tax/ Shareholders equity	0.08
EBITDA %	EBITDA %	16%
Efficiency Ratios		
Current Ratio	Current assets/ current liabilities	2.14
Inventory turnover ratio	Sale of products/ Average inventories	2.20
Debtors turnover ratio	Sale of products/ Average trade receivables	7.00
FA Turnover Ratio	Sale of Products/ Average Fixed Assets	2.25

### Internal control systems

The Company has internal control systems, with defined guidelines on compliance, which enables it to run its facilities and head office with a fair degree of comfort. Internal Audit was undertaken by an Independent Auditor M/s Brahmayya & Co, Chartered Accountant firm, Chennai, for the financial year 2021-2022.

Internal controls are implemented to safeguard its assets, to keep constant check on cost structure, to provide adequate financial and accounting controls and implement accounting standards. The system incorporates continuous monitoring, routine reporting, checks and balances, purchase policies, authorization and delegation procedures and audit etc. Internal controls are adequately supported by Internal Audit and periodic review by the management.

The Audit Committee meets periodically to review with the management, statutory auditors and with the internal auditors, adequacy/scope of internal audit function, significant findings and follow up there on and findings of any abnormal nature. The system is improved and modified continuously to meet with changes in business condition, statutory and accounting requirements.

### Material Development in Human Resources / Industrial Relations Front

The number of employees as on 31st March, 2022 was 320.

The growth attained by the Company is largely a function of the competence and quality of its human resources. The work environment is very challenging and performance-oriented, recognizing employee potentials by providing them with adequate opportunities. We have made efforts to discipline our hiring process. Acquisition and retention of talent which is in line with your company's goals continues to be a major thrust area.

# Financial Statements

## AUDITORS' REPORT

To

**The Members of Bafna Pharmaceuticals Limited**

**Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Bafna Pharmaceuticals Limited (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at 31 March 2022, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India including the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), of the state of affairs of the Company as at 31st March 2022, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### **Key Audit Matters**

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Since major proportion of the turnover were from Sale of pharmaceutical products, we have identified revenue recognition as the key audit matter
- Revenue Recognition: We have observed that the Purchase orders / agreements with customers are for a fixed period of time, however, renewable every year, and that it creates enforceable rights and obligations for both the parties.
- The Company has entered into contracts of similar characteristics (in terms of performance obligations) with major customers, however with certain minimum variations and hence, the effects on the financial statements of applying standard Ind AS 115 to the portfolio of contracts does not differ materially from applying the same to individual contracts.

- Revenue from contracts entered into for manufacturing of pharmaceuticals on behalf of customers is recognized as and when every manufactured batch is dispatched to the customer, and invoiced, since the agreement specifies so.
- We observed that these purchase orders / contracts have commercial substance which would impact the entity's future cash flows as well, since the contract periods are long term in nature. These contracts reviewed by us are within the validity period, and both the Company and its customers have present enforceable rights and obligations.
- According to the information and explanations obtained, the Company estimates that the customers covered under the contracts have the ability to pay the consideration in exchange for the promised goods. The management asserts that that they have been cautious in entering into manufacturing agreements with entities of repute and good credit report.
- In a scenario where an advance has been received from the customers, the Company recognizes that portion of the advance as liability against the obligation is to transfer the goods in the near future.
- We have observed that in a scenario where there has been a modification in the contract, there has been no distinct additional obligation to deliver goods nor was there any instance of amendment to the pricing structure, and neither did it result in any change in the nature or type of goods that were part of the original / main contract. Hence, it did not necessitate accounting the modification as a separate contract nor did it necessitate termination of the existing contract and creation of a new one. It did not have any impact on the transaction price either. In case of conversion charges to be claimed from the same customers, the Company raises a debit note for the same as part of the performance obligation itself. The amendment was in respect of advance amount being paid by the customer post signing of the main contract, which did not result in change or variation in the basic terms of the contract. Thus, the principles of the standard were being followed or complied with
- We have observed that the transfer of Control of the transferred goods is almost complete in test cases taken up for audit, since it enabled customer to direct the use of, and obtain substantially all of the remaining benefits from, the end product, once they were legally transferred to them in compliance with agreed-upon specifications. The transfer of goods also prevented other entities from directing the use of, and obtaining the benefits from, an asset.
- Test checks indicated that there was no scope for repurchase agreements or consignment arrangements. There were cases of Bill-and-hold arrangements, and in respect of such instances we have ensured that the customer had indeed obtained control of the product by applying the following tests:
  - a. Whether the Customer has requested for the arrangement.
  - b. Whether the product has been separately identified as belonging to the customer
  - c. Whether the product is ready for physical transfer to the customer
  - d. Whether the Company does not have the ability or possibility to use the separately identified product or direct it to another customer
- In the test cases taken up, we have evaluated other information that supported the estimates of the progress towards satisfying the performance obligation, and also, we have also evaluated the appropriateness of and consistency in the application of management's policies and methodologies to estimate progress towards satisfying the performance obligation.

## **Other Information**

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other Information is not made available to us at the date of this auditors' report. We have nothing to report in this regard.

## **Management's Responsibilities for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of Report on Other Legal and Regulatory Requirements accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Materiality is the magnitude of misstatement in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of the work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore Key Audit Matters. We describe these matters in our auditor's reports unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2022 from being appointed as a director in terms of Section 164(2) of the Act. and
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 2 B (18) corporate Information, significant accounting Policies and notes to Financial statements under the Head Provisions, Legal Proceedings, Contingent Liabilities and Assets .
  - b) The Company did not have any long- term contracts including derivative contracts for which there were any material foreseeable losses.
  - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - d)
    - (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
      - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever("Ultimate Beneficiaries") by or on behalf of the Company or
      - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries; and
    - (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub- clause (d) (i) and (d) (ii) contain any material mis-statement.

e) The Company has not declared or paid dividend during the year.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For R. Sathyanarayanan & Co**

Chartered Accountants

ICAI Regn No: 003656S

**(R.Sathyanarayan)**

Partner

M.No:028377

UDIN: 22028377ALBVVU5155

Place : Chennai

Date : 26-05-2022

**Annexure A to the Independent Auditor’s report on the financial statements of BAFNA PHARMACEUTICALS LIMITED for the year ended 31 March 2022.**

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
- (B) The Company has maintained proper records showing full particulars of Intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, plant and equipment by which all Property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, almost all the Property, plant and equipment were verified during the year and the Fixed Asset register has been updated in the SAP system. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year as at the end of Quarter 3 and Quarter 4, and the procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory. *In our opinion, such verification should have been consistently carried out on a quarterly basis.*
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. *Upon comparison between the quarterly returns or statements filed by the company with Bank and the books of accounts, we observe :*

Particulars	Value of Inventories as on 31.3.2022 as per statement submitted to Bank (Rs.in Lakhs)	Value of Inventories as on 31.3.2022 as per Books of accounts (Rs.in Lakhs)	Reason for variance
All items of inventories	1,714.90	2,028.05	Due to valuation of inventories as on 31st March 2022 computed manually to conform to Ind AS 2 principles"

- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has not granted any loans, secured or unsecured, to firms, limited liability partnerships or any other parties during the year.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has not granted any loans to subsidiaries.
- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given to employees are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the overdues of existing loans given to the same party.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products manufactured by it (and/ or services provided by it). The Company has maintained manual cost records which have been certified by the Cost Auditor. As per Rule 4 of the Companies (Cost record and audit) rules, 2014 Cost Audit is required to be carried out for the year.
- (vii) (a) The Company does not have liability in respect of Sales tax, Service tax, Duty of excise and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. *However, there were instances of short deduction of TDS to the tune of Rs 86,673/- during the year.*

According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31st March 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of GST, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Value added tax, Cess or other statutory dues which have not been deposited by the Company on account of disputes, except for the following.

All eligible claims were settled as per Resolution Plan approved by NCLT, Chennai, except for INR 10 lakhs kept under separate no lien account in respect of pending dues in respect of Income tax towards Assessment year 2015-16 (pending for approval from the department)

Name of the Statue	Nature of Dues	Amount (Rs. In Lakhs)	Payment to which the amount Relates
Income Tax Act 1961	Income Tax Dues	10.00	Assessment Year 2015-2016

SI No	Name of Party	Status	Subject matter of dispute (amount of claim Rs. in Lakhs)	Pending where
1	Whitewater Corporate Advisory P Ltd	The Company had filed appropriate counter	Rs. 62.71 along with interest	MSME Mumbai
2.	PF Ambattur	Stay granted by High Court.	Rs. 33.67	Madras High Court.
3.	Sales tax File- Sales tax	Petition filed.	Rs. 25.26	Madras High Court.
4.	Property Tax – 3521/2022, WMP 3657/2022	Demand made has been set aside by the High court – Writ petition disposed off	Rs. 36.25	Madras High Court.
5.	Income tax Assessment Year 2015- 2016	Writ petition filed with High court.	Rs. 273.87	Madras High court
6.	Service tax	Stay granted	Rs. 22.31	Madras High court

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has borrowed Term Loan to the extent of Rs. 500 Lakhs, Rs. 2250 lakhs as Working Capital and Rs. 250 Lakhs as Derivatives from ICICI Bank and there are no defaults in repayment of interest and principal. The balance outstanding loan to its former Managing Director (present

Chief Executive officer) as on 31st March 2022, based on a loan agreement dated 30th November 2016 was Rs. 201.67 lakhs (Previous year: Rs. 278.60 lakhs) Accordingly, clause 3(ix)(a) of the Order is not applicable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority or other lender.
- (c) According to the information and explanations given to us by the management, the Company has utilized the term loans towards the purposes for which it was borrowed.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis by the Company have not been utilized for long term purposes. Hence, reporting under clause 3(ix)(d) of the Order is not required.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company does not have any subsidiary, associates or joint ventures as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii)(a) and (xii)(b) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of clause (xv) of the order is not applicable.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (b) The Company has not conducted any non banking financial or Housing finance activities during the year. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, Since there is no requirement of providing towards Corporate Social Responsibility ( CSR) due to losses in one of the three preceeding financial years, sub-section (5) of Section 135 of the Companies Act, 2013 in respect of unspent amounts towards CSR is not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.
- (xxi) The Company is not required to prepare consolidated financial statements, hence the provisions of clause (xxi) of the order is not applicable

**For R. Sathyanarayanan & Co**

Chartered Accountants  
ICAI Regn No: 003656S

**(R.Sathyanarayanan)**

Partner

M.No:028377

UDIN: 22028377ALBVVU5155

Place : Chennai

Date : 26-05-2022



## **Annexure B to the Independent Auditor's Report on the financial statements of Bafna Pharmaceuticals Limited for the year ended 31 March 2022**

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls over financial reporting of Bafna Pharmaceuticals Limited ("the Company") as of 31 March, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's and Board of Directors' Responsibilities for Internal Financial Controls**

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### **Meaning of Internal Financial Controls with Reference to Financial Statements**

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable

assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

We have audited the internal financial controls with reference to financial statements of Bafna Pharmaceuticals Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company as at and for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**For R. Sathyanarayanan & Co**

Chartered Accountants  
ICAI Regn No: 003656S

UDIN: 22028377ALBVVU5155

Place : Chennai

Date : 26-05-2022

**(R.Sathyanarayanan)**

Partner

M.No:028377

## BALANCE SHEET

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2022

(Rs. in Lakhs)

Particulars	Note No	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>A ASSETS</b>			
1 Non-Current Assets			
(a) Property, Plant and Equipment	4	3,884.56	3,596.64
(b) Capital Work-in-Progress		-	83.13
(c) Goodwill		-	-
(d) Other Intangible Assets		-	-
(e) Financial Assets		-	-
(i) Investments		-	-
(ii) Trade Receivables		-	-
(iii) Loans		-	-
(iv) Other financials assets		-	-
(g) Other Non-Current Assets		-	-
<b>Total Non-Current Assets (A)</b>		<b>3,884.56</b>	<b>3,679.77</b>
2 <b>Current Assets</b>			
(a) Inventories	5	2,028.05	1,544.34
(b) Financials Assets		-	-
(i) Investments		-	-
(ii) Trade Receivables	6	1,477.96	955.95
(iii) Cash and Cash Equivalents	7	17.30	180.37
(iv) Bank balance other than mentioned above		-	-
(v) Loans		-	-
(vi) Other financials assets		-	-
(c) Other Current Assets	8	1,616.57	2,286.16
(d) Assets classified as held for sale		-	-
<b>Total Current Assets (B)</b>		<b>5,139.88</b>	<b>4,966.82</b>
<b>Total Assets (A) + (B)</b>		<b>9,024.44</b>	<b>8,646.59</b>
<b>B EQUITY AND LIABILITIES</b>			
1 (a) Equity Capital	9	2,365.63	2,365.63
(b) Other Equity	10	3,922.40	3,311.48
(c) Equity Share Warrants/ Share application Money		-	-
<b>Total Equity (C)</b>		<b>6,288.04</b>	<b>5,677.11</b>

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2022 - (Contd.)**

(Rs. in Lakhs)

Particulars	Note No	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
2 Liabilities			
(a) Non-Current Liabilities		-	-
(i) Financial Liabilities		-	-
- Borrowings	11	789.20	250.00
- Trade Payable		-	-
- Other Financial Liabilities	12	201.67	278.60
(ii) Provisions		-	-
(iii) Deferred Tax Liabilities (Net)		-	-
(iv) Other non-current liabilities	13	106.56	10.00
<b>Total Non-Current Liabilities (D)</b>		<b>1,097.42</b>	<b>538.60</b>
(b) Current Liabilities		-	-
(i) Financial Liabilities		-	-
- Borrowings		-	-
- Trade Payable	14	1,240.49	1,069.16
- Dues to micro and small enterprises		-	-
- Dues to Others		-	-
- Other Financial Liabilities	15	-	1,000.00
(ii) Other Current Liabilities	16	398.49	361.72
(iii) Provisions		-	-
(iv) Current Tax Liabilities (net)		-	-
<b>Total Current Liabilities (E)</b>		<b>1,638.98</b>	<b>2,430.88</b>
Total Liabilities (F)=(D+E)		2,736.40	2,969.47
<b>Total Equity and Liabilities (C+F)</b>		<b>9,024.44</b>	<b>8,646.59</b>
Basis of preparation, measurement and significant accounting policies	2		

**Significant Accounting Policies and Notes of Financial Statements 1 to 36 as per our Report of event date****FOR R.SATHYANARAYANAN & Co.**

For and on Behalf of the Board

Chartered Accountants

ICAI Regn No: 003656S

**R.SATHYANARAYAN**

(Partner)

M.No. 028377

Place : Chennai

Date : 26-05-2022

**S HEMALATHA**

[Chairperson &amp; Executive Director]

[DIN : 02714329]

**M.SRIDHAR**

[Chief Financial Officer]

**Roopa Ravikumar**

[Company Secretary]

M.No.F11282

## PROFIT AND LOSS

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

(Rs. in Lakhs)

	Note No	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>A</b> Income from operations			
(a) Net sales/income from operations	17	8,514.03	7,121.79
(b) Other Income	18	210.21	74.93
<b>Total income from operations net</b>		<b>8,724.24</b>	<b>7,196.72</b>
<b>B</b> Expenses			
(a) Cost of Raw Material Consumed	19	5,305.99	4,250.95
(b) Purchases of Stock in Trade	20	-	-
(c) Changes in Inventories of Finished Goods, Work in progress and Stock in trade	21	(177.40)	294.60
(d) Employee benefits expense	22	1,450.39	1,198.41
(e) Depreciation and amortisation expense	23	549.33	447.82
(f) Finance costs	24	79.38	74.19
(g) Other expenses	25	785.79	348.07
<b>Total expenses</b>		<b>7,993.47</b>	<b>6,614.05</b>
Profit before tax		730.76	582.67
<b>Exceptional Items</b>	26	215.65	-
Tax expense		-	-
Current Tax		-	-
Deferred Tax		-	-
<b>Profit for the period</b>		<b>515.11</b>	<b>582.67</b>
<b>Other Comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss		(2.40)	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		-	-
Total Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		-	-
Total other comprehensive income net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>512.71</b>	<b>582.67</b>
Earnings per Equity share			
Equity shares of par value Rs. 10 each			
(a) Basic		2.17	2.46
(b) Diluted		2.17	2.46
Basis of preparation, measurement and significant accounting policies	2		

**Significant Accounting Policies and Notes of Financial Statements 1 to 36 as per our Report of event date FOR R.SATHYANARAYANAN & Co.**

Chartered Accountants  
ICAI Regn No: 0036565

For and on Behalf of the Board

**S HEMALATHA**  
[Chairperson & Executive Director]  
[DIN : 02714329]

**R.SATHYANARAYAN**  
(Partner)  
M.No. 028377  
Place : Chennai  
Date : 26-05-2022

**M.SRIDHAR**  
[Chief Financial Officer]

**Roopa Ravikumar**  
[Company Secretary]  
M.No.F11282

## CASH FLOWS

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

(Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>Cash Flow from Operating Activities:</b>		
Net Profit Before Tax and Exceptional Items	730.76	582.67
<b>Adjustments for:</b>		
Depreciation	549.33	447.82
Interest Paid	79.38	8.86
Interest Received	(4.46)	(3.95)
Sundry Balances Written back	-	(28.35)
Other Income	(204.92)	(41.90)
Lease Rent Received	(0.83)	(0.74)
Exceptional Item	(215.65)	-
Other Comprehensive Income	(2.40)	-
<b>Operating Profit before Working Capital Changes</b>	<b>931.22</b>	<b>964.41</b>
Adjustment For:		
[Increase]/decrease in Inventories	(483.72)	(403.09)
[Increase]/decrease in Trade Receivables	(522.01)	(352.47)
[Increase]/decrease in Short Term Loans and Advances	669.58	(1,290.82)
Increase/[decrease] in Trade Payables	171.33	(184.98)
Increase/[decrease] in Other Current Liabilities	36.77	(93.94)
Cash generated from Operation	<b>803.18</b>	<b>(1,360.89)</b>
Less: Tax Paid	-	-
<b>Net Cash Used in Operating Activity (A)</b>	<b>803.18</b>	<b>(1,360.89)</b>
<b>Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(754.11)	(609.47)
Other Income	204.92	41.90
Interest Received	4.46	3.95
Sundry Balances Written back	-	28.35
Lease Rent received	0.83	0.74
<b>Net Cash used in Investing Activities (B)</b>	<b>(543.90)</b>	<b>(534.54)</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds of Investment Subsidy ( State Govt Subsidy)	98.21	-
Changes in Long Term Borrowings	539.20	250.00
Changes in Short Term Borrowings	(980.37)	986.84
Interest Paid	(79.38)	(8.86)
<b>Net Cash from Financing Activities (C)</b>	<b>(422.35)</b>	<b>1,227.98</b>
<b>Net Increase/ [Decrease] in Cash or Cash Equivalents [A+B+C]</b>	<b>(163.07)</b>	<b>(667.64)</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>180.37</b>	<b>848.01</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>17.30</b>	<b>180.37</b>
<b>Changes in liabilities arising from financing activities, including both changes arising from cash and non-cash changes.</b>		
Short Term Borrowings	308.23	1,288.60
Long term Borrowings	789.20	250.00
<b>Total</b>	<b>1,097.43</b>	<b>1,538.60</b>
<b>Total Movement</b>	<b>(441.17)</b>	
<b>Non Cash Changes :</b>		
Interest Expenses During the Year	(79.38)	
<b>Cash change</b>		
Receipt of Investment Subsidy (State Govt. Subsidy)	98.21	
<b>Changes in Financing Cash flows</b>	<b>(422.35)</b>	

#### Significant Accounting Policies and Notes of Financial Statements 1 to 36 as per our Report of event date

**FOR R.SATHYANARAYANAN & Co.**

For and on Behalf of the Board

Chartered Accountants

ICAI Regn No: 003656S

**S HEMALATHA**

[Chairperson & Executive Director]

[DIN : 02714329]

**R.SATHYANARAYAN**

(Partner)

M.No. 028377

Place : Chennai

Date : 26-05-2022

**M.SRIDHAR**  
[Chief Financial Officer]

**Roopa Ravikumar**  
[Company Secretary]

M.No.F11282

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2022**

(Rs. in Lakhs)

**4. PROPERTY PLANT AND EQUIPMENT**

	LAND	BUILDING	PLANT & MACHINERY	OFFICE EQUIPMENT	LAB EQUIPMENT	OTHER ANCILLARY EQUIPMENTS	HOT AIR VENTILATION COOLING SYSTEMS	ELECTRICAL INSTALLATION	FURNITURE & FITTINGS	VEHICLES	AIR CONDITIONERS & WATER COOLER	COMPUTER	TOTAL
<b>Gross Block</b>													
Balance as at 31 <sup>st</sup> March 2021	19.32	2,253.53	1,287.64	65.30	957.05	1,653.98	423.45	339.12	184.61	18.22	557.26	197.15	7,956.61
Additions		205.87	330.74	6.26	13.85	62.54	176.45	-	0.54	25.53	3.35	12.12	837.25
Disposals													-
Balance as at 31 <sup>st</sup> March 2022	19.32	2,459.40	1,618.38	71.55	970.91	1,716.52	599.90	339.12	185.15	43.74	560.61	209.27	8,793.86
<b>CAPITAL WORK IN PROGRESS</b>													
Balance as at 31 <sup>st</sup> March 2021	-	19.74	57.45	-	-	-	5.92	-	-	-	-	-	83.11
Additions													-
Disposals		19.74	57.45				5.92						83.11
Balance as at 31 <sup>st</sup> March 2022	-	(0.00)	(0.00)	-	-	-	0.00	-	-	-	-	-	(0.00)
<b>Accumulated Depreciation</b>													
Balance as at 31 <sup>st</sup> March 2021	-	872.36	637.88	54.02	744.77	947.72	123.54	322.22	170.92	17.85	289.92	178.77	4,359.96
Additions		89.46	247.65	3.07	52.29	79.63	43.43	0.01	14.23	1.42	0.11	18.02	549.33
Disposals													-
Balance as at 31 <sup>st</sup> March 2022	-	961.82	885.53	57.09	797.06	1,027.35	166.97	322.23	185.15	19.26	290.03	196.79	4,909.29
<b>Net Block</b>													
Balance as at 31 <sup>st</sup> March 2021	19.32	1,400.90	707.21	11.28	212.28	706.25	305.83	16.90	13.69	0.37	267.34	18.38	3,679.77
Balance as at 31 <sup>st</sup> March 2022	19.32	1,497.58	732.85	14.47	173.85	689.16	432.93	16.88	(0.00)	24.48	270.58	12.48	3,884.56

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>5 INVENTORIES</b>		
Raw material	977.08	981.78
Work In Progress	118.79	97.35
Finished goods	324.37	168.41
Packing materials	367.34	272.51
Stores and spares	240.47	24.29
	<b>2,028.05</b>	<b>1,544.34</b>

**6 TRADE RECEIVABLES**

(Unsecured unless otherwise stated)

Considered good

i) Trade receivables - More than 6 months

ii) Trade Receivable-Others

Considered doubtful

Less: Allowance for bad and doubtful debts

156.11	-
1,321.85	955.95
-	-
<b>1,477.96</b>	<b>955.95</b>

Particulars	At 31 March 2022			
	Up to 1 year	1 to 2 years	2 to 5 years	Total
Trade and other Receivables	1,477.96	-	-	1,477.96
<b>Total</b>	<b>1,477.96</b>	-	-	<b>1,477.96</b>

Particulars	At 31 March 2021			
	Up to 1 year	1 to 2 years	2 to 5 years	Total
Trade and other Receivables	955.95	-	-	955.95
<b>Total</b>	<b>955.95</b>	-	-	<b>955.95</b>

**7 CASH AND CASH EQUIVALENTS**

**Cash on hand**

**Balance with Banks**

in current accounts

**BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

Margin money deposits

0.08	0.15
1.86	74.61
15.36	105.62
<b>17.30</b>	<b>180.37</b>



	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>8 OTHER CURRENT ASSETS</b>		
Advance to Suppliers	54.33	1,050.44
Employee Advances	9.67	2.26
Deposits with Govt. or Semi Govt. Dept.	35.05	35.05
Deposits with Others	6.85	15.81
TDS Receivable	69.68	55.05
GST receivable	1,410.67	1,097.00
Gratuity Fund	-	6.68
Prepaid expenses	27.45	23.40
TCS Receivable	2.87	0.45
	<b>1,616.57</b>	<b>2,286.16</b>

**9 EQUITY SHARE CAPITAL**

(Rs. in Lakhs)

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
AUTHORISED CAPITAL		
40,000,000 EQUITY SHARES OF RS.10/- EACH	4,000	4,000
ISSUED, SUBSCRIBED & FULLY PAID-UP CAPITAL		
Total Equity Shares (in No.)	236.56	236.56
Total Equity Shares @Face Value of Rs. 10 Per Share	2,365.63	2,365.63

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a) Reconciliation of the number of shares		
EQUITY SHARES		
Balance as at the beginning of the year	236.56	23.66
Add: Shares issued during the year	-	212.90
Balance as at the end of the year	<b>236.56</b>	<b>236.56</b>

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
--	---------------------------------------	---------------------------------------

- c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Share Holder	No of Shares	% of holding
SRJR Life Sciences LLP	21290701	90.00%

- d) The Company has not made any issue of Bonus Shares or shares in consideration other than cash in pursuance of any contract during the past five years preceeding the reporting year
- e) The Company has not bought back any shares during the five years immediately preceding the reporting year

## 10 OTHER EQUITY

### A. Summary of Other Equity balance

Capital Reserve	2,796.35	2,698.14
Share Premium	7,537.65	7,537.65
General Reserve	192.35	192.35
Retained Earnings	(6,601.55)	(7,116.66)
Items of other Comprehensive Income	-	-
- Remeasurements of defined benefit plans	(2.40)	-
<b>Total Other Equity</b>	<b>3,922.40</b>	<b>3,311.48</b>

## 11 Borrowings

### Secured

Tata Capital	-	250.00
Kotak Mahindra	10.89	-
ICICI - OCC	459.17	-
Term Loan from ICICI	319.14	-
	<b>789.20</b>	<b>250.00</b>

### Securities offered

#### a) Term Loan from ICICI :

1. Exclusive Charge of the Current Assets and Receivables and movable Fixed Assets.
2. Exclusive Charge on the Property located at No:147, Madhavaram Redhills High Road, Grantlyon Village Vadakarai Post, Chennai-600052.

#### b) Working Capital from ICICI:

1. Exclusive Charge of the Current Assets and Receivables and movable Fixed Assets.
2. Exclusive Charge on the Property located at No:147, Madhavaram Redhills High Road, Grantlyon Village Vadakarai Post, Chennai-600052.

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>12 Other Financial Liabilities</b>		
<b>Un Secured</b>		
From KMP & Relative of KMP	201.67	278.60
	<b>201.67</b>	<b>278.60</b>
<b>13 OTHER NON-CURRENT LIABILITIES</b>		
Income Tax	10.00	10.00
Provision for Gratuity	96.56	-
<b>Total</b>	<b>106.56</b>	<b>10.00</b>
<b>14 Un Secured Loan</b>		
Loan from JRC Enterprises	-	1,000.00
	-	<b>1,000.00</b>

**15 TRADE PAYABLE**

Figures For the Current Reporting Period as at 31st March 2022

(Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
<b>MSME</b>	219.64	-	-	-	219.64
<b>Others</b>	1,020.85	-	-	-	1,020.85
<b>Dispute dues-MSME</b>	-	-	-	-	-
<b>Dispute dues</b>	-	-	-	-	-
<b>Others</b>	-	-	-	-	-
<b>Total</b>	<b>1,240.49</b>	-	-	-	<b>1,240.49</b>

Figures For Previous Reporting Period as at March 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
<b>MSME</b>	362.66	-	-	-	362.66
<b>Others</b>	706.50	-	-	-	706.50
<b>Dispute dues-MSME</b>	-	-	-	-	-
<b>Dispute dues</b>	-	-	-	-	-
<b>Others</b>	-	-	-	-	-
<b>Total</b>	<b>1,069.16</b>	-	-	-	<b>1,069.16</b>

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>16 OTHER CURRENT LIABILITIES</b>		
Outstanding expenses	214.92	214.97
TDS payable	8.99	7.55
Advance from Customer	-	89.19
Provision for Gratuity	59.51	-
Term Loan -Principal Installment due within 1 Year	115.08	50.00
<b>Total</b>	<b>398.49</b>	<b>361.72</b>
<b>17 REVENUE FROM OPERATIONS</b>		
Domestic Sales	2,698.86	3,253.16
Export Sales	5,476.49	3,473.94
Job Work Income	221.13	306.30
FR &D INCOME -Analytical & Research Income	117.56	88.38
<b>Grand Total</b>	<b>8,514.03</b>	<b>7,121.79</b>
<b>18 OTHER INCOME</b>		
Interest Income		
Bank deposits	1.49	3.46
Interest- Others	2.97	0.49
Gain or (Loss) on Exchange Exchange	79.66	41.90
Rent Received	0.83	0.74
Sale of MEIS Scrips	111.66	-
Miscellaneous Receipts	13.60	-
Sundry Balances Written Back	-	28.35
	<b>210.21</b>	<b>74.93</b>
<b>19 COST OF MATERIALS CONSUMED</b>		
Raw Materials		
Opening Stock	981.78	443.06
Add : Purchases	3,387.34	3,419.04
Less : Closing Stock	(977.08)	(981.78)
<b>Consumption of Raw Materials (A)</b>	<b>3,392.04</b>	<b>2,880.31</b>

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Packing Materials</b>		
Opening Stock	272.51	120.16
Add : Purchases	808.50	630.04
Less : Closing Stock	(367.34)	(272.51)
<b>Consumption of Packing Materials (B)</b>	<b>713.67</b>	<b>477.69</b>
<b>Manufacturing Expenses</b>		
Consumable Stores	129.78	116.04
Analytical Expenses	32.63	24.78
Power & Fuel	389.49	294.64
Machinery Maintenance	128.95	65.66
Lab Maintenance	45.99	52.42
Factory Maintenance	89.34	59.56
Chemical Purchase	76.26	62.26
Security Charges	23.21	15.55
Repairs & Maintenance	20.59	19.90
Other Manufacturing	233.18	159.15
<b>TOTAL (C)</b>	<b>1,169.43</b>	<b>869.96</b>
<b>Freight</b>		
Freight Charges (D)	30.85	22.99
<b>TOTAL COST OF GOODS SOLD (A+B+C+D)</b>	<b>5,305.99</b>	<b>4,250.95</b>
<b>20 PURCHASE OF STOCK IN TRADE</b>		
Purchase of stock in Trade	-	-
	-	-

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>21 CHANGES IN INVENTORIES OF FINISHED GOODS STOCK IN PROCESS &amp; STOCK-IN-TRADE</b>		
Closing Inventories :		
Finished Goods	324.37	168.41
Work in progress	118.79	97.35
<b>Total</b>	<b>443.17</b>	<b>265.76</b>
Opening Inventories :		
Finished Goods	168.41	268.54
Work in progress	97.35	291.83
<b>Total</b>	<b>265.76</b>	<b>560.36</b>
<b>Change In Inventories</b>	<b>(177.40)</b>	<b>294.60</b>
<b>22 EMPLOYEE BENEFITS EXPENSES</b>		
Salary & Wages	1,176.73	912.10
Bonus	70.10	31.00
P.F. Company's Contribution	54.62	44.99
E.S.I Company's Contribution	8.47	7.13
Staff Welfare	80.96	172.39
Gratuity	59.51	30.81
	<b>1,450.39</b>	<b>1,198.41</b>
<b>23 DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation and Amortisation expenses	549.33	447.82
	<b>549.33</b>	<b>447.82</b>
<b>24 FINANCE COST</b>		
Interest To Bank	21.76	-
Bank Charges	26.96	65.33
Interest To Others	30.66	8.86
	<b>79.38</b>	<b>74.19</b>

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>25 OTHER EXPENSES</b>		
A. MANAGERIAL REMUNERATION:	14.42	29.96
	<b>14.42</b>	<b>29.96</b>
B. PAYMENT TO AUDITORS		
Audit Fees	5.00	4.00
	<b>5.00</b>	<b>4.00</b>
C. INSURANCE EXPENSES		
Insurance	17.09	15.72
	<b>17.09</b>	<b>15.72</b>
Advertisement	0.92	0.92
Conveyance	14.37	13.57
Commission/ Laisioning	52.80	-
Directors Sitting fees	5.39	1.45
Exchange Difference	43.54	3.53
Freight & Transportation	224.57	59.17
Fees	34.34	22.08
Internal Audit Fees	4.00	2.63
Legal Fees	20.57	14.49
Miscellaneous Expenses	3.41	3.94
MHRA (Technical Fees)	5.76	-
Office Maintenance	6.97	7.76
Professional Charges	93.97	24.18
Printing & Stationery	16.83	26.24
Postage & Courier	3.91	6.97
Packing Charges	0.36	0.19
Product Registration Expenses	80.68	31.49
Product Development Expenses	66.14	-
Rent & Lease rent	19.20	20.66

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>25 OTHER EXPENSES - (Contd)</b>		
Repairs & Maintenance- Office	3.03	3.17
Subscription & Membership	0.55	1.76
Sales promotion	8.71	4.71
Software Maintenance	17.85	30.87
Stock Exchange Fees	6.15	11.74
Telephone Charges	7.84	4.19
Travelling Expenses	5.46	0.95
Vehicle Maintenance	1.96	1.73
<b>TOTAL (D)</b>	<b>749.28</b>	<b>298.40</b>
<b>Grand Total - Other exp (A + B+ C +D)</b>	<b>785.79</b>	<b>348.07</b>
<b>26 Exceptional Items</b>		
Gratuity for Earlier Years	215.65	-
	<b>215.65</b>	<b>-</b>



## 27 Capital Management (Ind AS 1):

The objective of the Company's capital management structure is to ensure sufficient liquidity to support its business and provide adequate return to shareholders. Management monitors the long term cash flow requirements including externally imposed capital requirements of the business in order to assess the requirement for changes to the capital structure to meet the said objective. As part of this monitoring, the management considers the cost of capital and the risks associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk characteristics of the underlying assets. The funding requirement is met through a combination of equity, internal accruals, borrowings or undertake other restructuring activities as appropriate.

No changes were made in the objectives, policies or processes during the year ended 31 March 2022.

The Company's capital and net debt were made up as follows: (Rs. In Lakh)

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Net debt (Long term debt less Cash and Cash equivalent)	886.97	119.63
Total equity	6,288.04	5,677.11

## 28 Financial Risk Management Objectives and Policies (Ind AS 107):

### Financial Risk Management Framework

Company's principal financial liabilities comprise borrowings, trade payables and Other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments, Trade receivables, loans, cash and bank balances and other financial assets.

### Risk Exposures and Responses

The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews policies for managing each of these risks, which are summarised below.

#### i) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowing.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

The Company's exposure to interest rate risk relates primarily to interest bearing financial liabilities. Interest rate risk is managed by the Company on an on-going basis with the primary objective of limiting the extent to which interest expense could be affected by an adverse movement in interest rates.

There are no hedging instruments to mitigate this risk.

## ii. Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advance for suppliers) and from its financing/ investing activities, including deposits with banks, mutual fund investments, foreign exchange transactions and financial guarantees.

### Trade Receivables:

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and based on the evaluation credit limit of each customer is defined.

**Total Trade receivable as on March 31, 2022 is Rs. 1477.96 Lakhs (March 31, 2021 Rs.955.95 Lakh)**

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

### Cash and Cash Equivalents and Bank Deposits:

Credit risk on cash and cash equivalents and balances with Banks is considered to be minimal as the counter parties are all substantial banks and Corporates with high credit ratings. The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 March 2022.

## iii. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the remaining contractual maturities of financial liabilities and investments at the reporting date based on contractual undiscounted payments.

Figures For the Current Reporting Period as at 31st March 2022

(Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
MSME	219.64	-	-	-	219.64
Others	1,020.85	-	-	-	1,020.85
Dispute dues-MSME	-	-	-	-	-
Dispute dues	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>1,240.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,240.49</b>

Figures For Previous Reporting Period as at March 2021

(Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
<b>MSME</b>	362.66	-	-	-	362.66
<b>Others</b>	706.50	-	-	-	706.50
<b>Dispute dues-MSME</b>	-	-	-	-	-
<b>Dispute dues</b>	-	-	-	-	-
<b>Others</b>	-	-	-	-	-
<b>Total</b>	<b>1,069.16</b>	-	-	-	<b>1,069.16</b>

29 A) Classification of Financial Assets and Liabilities (Ind AS 107):

{Rs. In Lakh} -

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Financial assets</b>		
<b>Fair Value through Other Comprehensive Income</b>		
Equity Shares	-	-
<b>Amortised Cost</b>		
Trade receivables	1,477.96	955.95
Loans	-	-
Cash and cash equivalents	17.30	180.37
Bank Balances	-	-
Other Financial Assets	-	-
<b>Total</b>	<b>1,495.26</b>	<b>1,136.32</b>
<b>Financial liabilities</b>		
<b>Amortised Cost</b>		
Borrowings	789.20	250.00
Trade payables	1,240.49	1,069.16
Other Financial Liabilities	201.67	1,278.60
<b>Total</b>	<b>2,231.36</b>	<b>2,597.76</b>

B) Fair value measurements (Ind AS 113):

"The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Company has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:"

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on Company specific estimates. The mutual fund units are valued using the closing Net Asset Value. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

### 30 Additional regulatory Information required under Schedule III of Companies Act 2013

- |      |  |  |
|------|--|--|
| (i)  | Details of Benami property held          | NIL  |
| (ii) | Borrowing secured against current assets | Upon comparison between the quarterly returns or statements filed by the company with Bank and the books of accounts, we observe |

Particulars	Value of Inventories as on 31.3.2022 as per statement submitted to Bank (Rs.in Lakhs)	Value of Inventories as on 31.3.2022 as per Books of accounts (Rs.in Lakhs)	Reason for variance
All items of inventories	1,714.90	2,028.05	Due to valuation of inventories as on 31st March 2022 computed manually to conform to Ind AS 2 principles"

- |        |   |   |
|--------|---|---|
| (iii)  | Wilful defaulter:   | NA  |
| (iv)   | Registration of Charges                                     | In respect of facilities availed from ICICI Bank, Charge has been filed with ROC, Chennai within the prescribed time.                   |
| (v)    | Compliance with approved scheme(s) of arrangements          | NA  |
| (vi)   | Utilization of borrowed funds and share premium             | The Term Loan and Working capital Loans have been utilized for the Purposes which it was availed.                                       |
| (vii)  | Undisclosed income  | NIL   |
| (viii) | Details of crypto currency or virtual currency              | NIL   |
| (ix)   | Valuation of PP&E, intangible asset and investment property | The Fair Market valuation shall be undertaken in the ensuing year Any Restatement in the Value if any shall be quantified appropriately |
| (x)    | Relationship with struck off companies.                     | To the Best of our Knowledge and belief, we state that we are not dealing with any Company which has been struck off by MCA.            |

## (xi) Ratio Analysis and its elements

	<b>Particulars</b>	<b>31st March 2022</b>	<b>31st March 2021</b>	<b>% Change</b>	<b>Reason for variance</b>
1	Current ratio = Current Assets / Current Liabilities	2.14	1.75	22%	There was increase in Current Assets to the tune of Rs. 173.07 lakhs and decrease in Current Liabilities by Rs.791.89 Lakhs. Hence Current Ratio has improved.
2	Debt- Equity Ratio = Total Debt / Shareholder's Equity	0.14	0.05	172%	Since the Debt Component has risen by Rs.539 Lakhs, Hence DER has increased.
3	Debt Service Coverage ratio = Earnings for debt service = Net profit after taxes + Non-cash operating expenses / Debt service = Interest & Lease Payments + Principal Repayments	9.92	22.09	-55%	The Borrowings has increased from Rs. 300 Lakhs to Rs.905 lakhs
4	Return on Equity ratio = Net Profits after taxes – Preference Dividend / Average Shareholder's Equity	8.57%	10.82%	-21%	The Net profit had decreased due to the provision for Gratuity for the Earlier Periods to the extent of Rs. 218.05 Lakhs.
5	Inventory Turnover ratio = Cost of goods sold / Average Inventory	2.20	2.72	-19%	The Turnaround of Inventory to COGS has reduced.
6	Trade Receivable Turnover Ratio = Net credit sales = Gross credit sales - sales return / Average Trade Receivable	7.00	9.13	-23%	The Tenor of receivables to sales has risen to 54 Days from 48 Days
7	Trade Payable Turnover Ratio = Net credit purchases = Gross credit purchases - purchase return / Average Trade Payables	4.18	4.88	-14%	The Tenor of Trade Payables to purchases has risen to 86 Days from 74 Days.
8	Net Capital Turnover Ratio = Net sales = Total sales - sales return / Working capital = Current assets – Current liabilities	3.76	4.98	-24%	The proportion of Utilization of Working Capital to Turnover has increased resulting in decrease in the Ratio
9	Net Profit ratio = Net Profit / Net sales = Total sales - sales return	6.02%	8.18%	-26%	The Net profit had decreased due to the provision for Gratuity for the Earlier Periods to the extent of Rs. 218.05 Lakhs.
10	Return on Capital Employed = Earnings before interest and taxes / Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	8.02%	10.57	-24%	Due to the provisioning of gratuity in FY 21-22, the return on Capital has fallen.

### 31. Related Party disclosures

List of Related Parties where control exists and related Parties details:

- I. Name of the related Party
  - a) Ms. S. Hemalatha ( Executive Director)
  - b) Mr. P K Sundaresan (Independent Director & Non Executive)
  - c) Mr. B. Kamlesh Kumar (Independent Director & Non Executive)
  - d) Mrs. R. Chitra (Independent Director & Non Executive)
  - e) Mrs. Akila C Raju ( Non Executive Director)
  - f) Mr. Atul S (Non Executive Director)
  - g) M/s. SRJR Lifesciences LLP ( Shareholder)
- II. Key Managerial Personnel
  - a) Mr. Bafna Mahaveer Chand (CEO)
  - b) Mr. M. Sridhar (CFO)
  - c) Mr. Jitendra Kumar Pal ( Company Secretary - Upto 23<sup>rd</sup> March 2022)
  - d) Mrs. Roopa Ravikumar (Appointed from 22<sup>nd</sup> March 2022)
- III. Relatives of Key Managerial Personnel
  - a) Mr. Navin Bafna ( son of Mr. Bafna Mahaveer Chand)
  - b) Mrs. Sasikala Bafna (wife of Mr. Bafna Mahaveer Chand)
- IV. Enterprises owned or significantly influenced by key management personnel or their relatives (either individually or with others)
  - a) BHANSILAL & CO (HUF)
  - b) Saffolco Pharmachem LLP
  - c) SMN Pharma Private Limited

*Details of transactions as per table below*

(Rs. In Lakh)

SI No	Particulars	Director/ Key Management Personnel	Relative of KMP	Year ending 31st March 2022	Year ending 31st March 2021
1	Rendering services	Bafna Mahaveer Chand	-	36.00	33.50
2	Rendering services	-	Navin Bafna	24.00	7.50
3	Rendering services	S. Hemalatha	-	14.42	7.45
4	Rendering services	M. Sridhar	-	11.68	10.55
5	Rendering services	Jitendra Kumar Pal	-	9.38	8.80

SI No	Particulars	Director/ Key Management Personnel	Relative of KMP	Year ending 31st March 2022	Year ending 31st March 2021
6	Rent	-	Sasikala Bafna	17.7	17.7
7	Finance loan and equity in cash and kind	Bafna Mahaveer Chand	-	201.67	278.60
8	Rendering services	Paras Bafna		Nil	10.00
9	Sitting fees	P K Sundaresan	-	1.54	0.40
10	Sitting fees	B. Kamlesh Kumar	-	1.54	0.55
11	Sitting fees	R. Chitra	-	0.66	0.10
12	Sitting fees	Atul S	-	1.32	-
13	Sitting fees	Akila C Raju	-	0.33	-

### 32. GST

GST is reckoned for the material, Capital Goods, stores and consumables purchased and entered into the factory Premises.

The reconciliation was carried out between ITC as per books of accounts/ GSTR 3B vis-à-vis GSTR 2A/2B drawn from the GST site as on a particular date, and we found no certain pertinent differences.

### 33. FOREIGN CURRENCY TRANSACTIONS

- Income of foreign currency Transaction is recorded at the rate of exchange prevailing on the date, when the relevant transaction has taken place. Realized gains or losses on the exchange is recognized in the Profit and loss account.

### 34. RESEARCH AND DEVELOPMENT EXPENDITURE

(Rs. In lakhs)

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Capital Expenditure	-	-
Revenue Expenditure	147.28	135.89
<b>Total</b>	<b>147.28</b>	<b>135.89</b>

### 35. CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rs. In lakhs)

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
a) In respect of Letter of Credit and Bank Guarantee	41.77	-
b) Bonds have been executed in favour of Customs Authorities for the purchase of materials and capital goods without Payment of duty.	200.00	200.00

### 36. GENERAL

- a. The details of Statutory dues pending as at 31<sup>st</sup> March 2022 are given below

Name of the Statute	Nature of Dues	Amount (Rs. In Lakhs)	Payment to which the amount Relates
Income Tax Act 1961	Income Tax Dues	10.00	Assessment Year 2015-2016

- b. Communications for Confirmation of balances have been sent to creditors and debtors and most of the Confirmations had been received.
- c. Advances given to suppliers for supply of materials. It was explained that supply will be made in the ensuing year.
- d. The Fixed deposit of sum of Rs.15.36 Lakhs (Previous Year Rs.105.62 Lakhs) lying with ICICI are under lien against Bank Guarantee Margin, LC Margin Money.
- e. Previous Years figures have been reclassified, regrouped and re-arranged wherever necessary.

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#### Significant Accounting Policies and Notes of Financial Statements 1 to 36 as per our Report of event date

##### FOR R.SATHYANARAYANAN & Co.

Chartered Accountants  
ICAI Regn No: 003656S

##### R.SATHYANARAYAN

(Partner)  
M.No. 028377  
Place : Chennai  
Date : 26-05-2022

For and on Behalf of the Board

##### S HEMALATHA

[Chairperson & Executive Director]  
[DIN : 02714329]

##### M.SRIDHAR

[Chief Financial Officer]

##### ROOPA RAVIKUMAR

[Company Secretary]  
M.No.F11282



## NOTES

### 2. Corporate Information, Significant Accounting Policies & Notes to the Standalone Financial Statements

#### A. Corporate information

BAFNA PHARMACEUTICALS LIMITED ('BPL' or 'the Company') is a Public Limited Company domiciled and incorporated in India, having its registered office at New No 68 old No 299, Thambu Chetty street, Chennai – 600 001.

The Company's shares are listed and traded on BSE Limited and National Stock Exchange of India Limited. The Company is engaged in the business of Manufacturing of Finished pharmaceutical formulations.

These Financial statements were authorized for issue by the Company's Board of Directors on the 26th of May 2022.

#### B. Significant Accounting Policies

##### 1 Basis of preparation

- a. The Ministry of Corporate affairs ('the MCA'), Government of India in exercise of the powers conferred by Section 133 read with Section 469 of the Companies act, 2013 (the 'act') and sub-section 1 of Section 210A of the Companies act, 1956 ('the erstwhile act') in consultation with national advisory Committee on accounting standards vide G.S.R. 111(E) dated 15th February, 2015 notified rules called Companies (Indian Accounting Standard) Rules, 2015 effective April 1, 2015. The MCA wide notification GSR 111(E) dated March 30, 2016 issued certain amendments to Ind-AS vide Companies (Indian accounting Standards) amendment rules 2016.

Accounting policies have been applied consistently to all periods presented in these financial statements, except for certain instances of application of Ind-AS principles.

The financial statements correspond to the classification provisions contained in Ind-AS 1, "Presentation of Financial Statements". For clarity, various items are aggregated in the statement of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

The comparative figures in the Balance Sheet as at March 31, 2022 and that of the previous period and Statement of Profit and Loss and Statement of Cash flow for the same periods have been presented.

- b. The financial statements of the Company have been prepared and presented in accordance with Ind- AS principles, however items of current assets and Liabilities have not been measured at fair values on account of reasons stated in (3) below under Basis of Measurement Management evaluates all the applicable accounting standards on going concern basis.
- c. All amounts included in the financial statements are reported in lakhs of Indian rupees except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures. Previous year figures have been regrouped/ re-arranged, wherever necessary.
- d. All other assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

## 2. **Statement of Compliance with Ind-AS**

The Financial Statements Balance sheet, Statement of Profit and Loss, Statement of Changes in equity, Statement of Cash flow together with notes have been prepared in accordance with Ind AS principles, as notified [subject to Clause 1 (b) above] above duly approved by the Board of Directors at its meeting held on 26th May 2022.

The preparation of the financial statements in conformity with Ind AS except for the above, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

## 3 **Recent pronouncements**

MCA issued notifications dated 23rd March 2022 to amend existing standards/ notifies new standards under Companies (Indian Accounting Standards) Rules as issued from time to time:

### **IndAS16–Property Plant and equipment**

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

### **IndAS 37 –Provisions, Contingent Liabilities and Contingent Assets**

The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

## 4. **Revenue Recognition:**

The Company had applied Ind-AS 115 principles for the purpose of recognition of Revenues.

This standard contains principles that an entity will apply to determine the measurement of revenue and the timing of when it is recognized. The underlying principle is that the entity will recognize revenue to depict transfer of goods or services to customers at an amount the entity expects to be entitled to in exchange for these goods and services.

The Company adopts a five-step process:

Identify contract with customer: Most of these are peripherally documented with regards to quantity and rate, since the quality factor is an implied conclusion considering the strict regulatory environment which the Company is subject to.

Identify separate performance obligations: This is an integral part since it is very pertinent in a product/ formulation segment in pharma sector.

Determine the transaction price: The tests that are applied in order to judge whether the Company's experience is not predictive of the outcome of the contract-

- Whether the amount of consideration is highly susceptible to factors outside the influence of the entity.
- Whether there would be any uncertainty about the amount of consideration not capable of being resolved over a period.
- Whether we have experience in handling similar type of contracts
- Whether the contract has large number and broad range of deliverables and consideration amounts.
- Allocate transaction price to the separate performance obligation: The Company assesses whether there are single or multiple performance Obligations and accordingly, follows 2 price estimation methods:
  - i) Costs plus a reasonable margin
  - ii) Evaluation of stand-alone prices of similar or same product(s). The Company also prefers discounts or preferences to customer if certain conditions/ policies are met. However, since most of them fixed price contracts, the second scenario generally does not arise.

Recognize Revenues i.e., raising of invoices as and when the defined performance obligations are fulfilled and when the customer obtains control over the goods or services. The tests applied are: Whether:

- i) the customer has unconditional obligation to pay,
- ii) customer has legal title,
- iii) customer has physical possession
- iv) customer has the risks and rewards of ownership of the goods
- v) the customer has accepted the goods.

Most of the Company's contracts begin and end with the same accounting period, and hence, the necessity for restating the contract values does not arise. Any instances of claims towards conversion costs are being recognized as part of the original contract by both the Company and the respective customer, and is also considered part of the performance obligation.

There arises no scope for repurchase agreements or consignment arrangements.

- There were cases of Bill-and-hold arrangements, and in respect of such instances the Company has ensured that the customer had indeed obtained control of the product by applying the following tests:
  - a. Whether the Customer has requested for the arrangement.
  - b. Whether the product has been separately identified as belonging to the customer
  - c. Whether the product is ready for physical transfer to the customer

Whether the Company does not have the ability or possibility to use the separately identified product or direct it to another customer

Based on credit reports and market reputation, an assurance has been arrived in respect of the customers covered under the contracts that they have the ability to pay the consideration in exchange for the promised goods.

## 5. Inventories (Ref; Note no: 5 of Financial Statement)

Inventories are measured at the lower of cost and net realizable value. Cost comprises the fair value of consideration for the purchase and all directly attributable costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

- a. The COGS (Cost of Goods sold) as per SAP is reflecting only Cost of materials consumed, and absorption of production overheads has not been enabled into product costing, The relevant overheads have been manually factored outside the system to arrive at the cost of product, and the Company has been maintaining manual cost records. Hence, inventories have been valued by computing the applicable overheads outside the system and the same has been factored into SAP to confirm to valuation principles as per Ind AS 2.

## 6. Financial Instruments:

Non derivative financial instruments consist of:

Financial assets, which include cash and cash equivalents, trade receivables, unbilled receivables, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets; Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset.

Other financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. These are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. These comprise trade receivables, unbilled receivables, finance lease receivables, employee and other advances and other eligible current and non-current assets.

Financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payables, lease liabilities, and eligible current and non-current liabilities.

The following are the individual components of financial assets/liabilities applicable to this Company

- i. Cash and cash equivalents

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal. (Ref: Note No.7 of Financial Statement)

- ii. Receivables, Advances to suppliers and other Current and Non-Current assets.

Trade receivables are considered as Current and recoverable, and within the operating period of 12 months. Certain assets such as Government deposits, Statutory receivables (TDS and GST) are held as current assets even though part of the balances are ageing more than 12 months in order to maintain consistency of accounting principles and tracking the recoveries/ refunds.

- iii. Borrowings – Secured and Unsecured

The Company has repaid Rs.300 lakhs to TATA Capital during the current financial year.

The Company has borrowed Rs.3,000 lakhs as Term Loan to the Extent of Rs. 500 Lakhs and Rs. 2,250 as Working Capital and Rs. 250 Lakhs as Derivatives from ICICI Bank.

The Company has repaid unsecured loans during the current Financial Year.

iv. Non- Current Liabilities -- Income Tax

All eligible claims were settled as per Resolution Plan approved by NCLT, Chennai, except for INR 10 lakhs kept under separate no lien account in respect of pending dues in respect of Income tax towards Assessment year 2015-16 (pending for approval from the department).

**7. Ind AS 7: Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby, profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities The Company has presented all the necessary disclosures required in the cash flow format.

**8. Income Tax**

a. Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum alternate tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income tax act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

b. Budget 2019 proposed that under section 115JB of the Income Tax, 1961 for calculating book profit, the aggregate amount of unabsorbed depreciation and loss (excluding depreciation) brought forward shall also be allowed to be reduced in case of "Companies which have been subject to IBC proceedings". This amendment takes effect from 1st April 2020 and subsequent years.

c. Amendment to Ind-AS 12 – Income Taxes: The Ministry of Corporate Affairs issued amendments to Ind-AS 12 – Income Taxes. The amendments clarify that an entity shall recognize the incometax consequences of dividends on financial instruments classified as equity according to where the entity originally recognized those past transactions or events that generated distributable profits were recognized. The adoption of amendment to Ind-AS 12 did not have any material impact on the financial statements of the Company.

**9. Deferred tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:**

- (i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- (ii) Differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.
- (iii) arising due to taxable temporary differences on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right

to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Owing to Accumulated losses to the extent of Rs. 77 Crs as on 31<sup>st</sup> March 2021 the Company has not provided deferred tax during the current Financial Year ended 31<sup>st</sup> March 2022.

#### 9. **Property, Plant and Equipment:**

The Company had elected to continue with the carrying amount from the year of adoption for all of its PPE, intangible assets measured as per previous GAAP and use that as deemed cost as on the date of transition, and did not have any decommissioning liability as on transition date.

Assumptions and Key Sources of estimation uncertainty

<b>Asset category</b>	<b>Management estimate of useful life (in years)</b>
Buildings	30
Plant and Machinery	20
Furniture and fixtures	10
Other equipment	5
Vehicles	8

Property, plant and equipment is stated at cost less accumulated depreciation and where applicable, accumulated impairment losses. Cost includes expenditure that is directly attributable to acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they have to be accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income/other expenses" in the Statement of Profit and Loss.

#### **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized the cost of day to day servicing of property, plant and equipment are recognized in Statement of Profit or Loss.

## **Depreciation**

Depreciation is recognized in the Statement of Profit and Loss under Straight Line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in schedule III. Assets costing Rs.5,000 or below acquired during the year considered not material and are depreciated in full, retaining 5% on the WDV of the asset. The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

The input into SAP in respect of useful life and residual lives of brought forward assets as well as new additions needs to be reassessed on year-on-year basis as per Ind AS 16.

## **10. Leases**

The Company as Lessor:

The Company has leased out a small portion of its Grantylon factory property and has disclosed the Rent received. It is a simple lease arrangement and does not have any unusual covenants attached to it, and hence, no impact in respect of Ind-AS 116 on the financials.

The Company as Lessee:

The Company has entered into an operating lease, is paying rent in respect of the office premises and part of the factory land at Madhavaram, and is following the policy of writing off as an expense since it estimates that it would not have any substantial / material impact in respect of Ind AS 116.

## **11. Employee Benefits**

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Company, as detailed below:

### **a) Defined contribution plan (Provident fund)**

In accordance with Indian laws, eligible employees receive benefit of provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specific percentage of an employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions.

The Company does not have any legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee serving in current and prior periods. Obligation for contributions to the plan is recognized as an employee benefit expense in the Statement of Profit and Loss when incurred.

### **b) Gratuity**

The Company has an obligation towards gratuity. A defined benefit retirement plan (Gratuity Plan) covering eligible employees in accordance with Indian Laws. The Gratuity Plan provides for a lump sum payment to employees on retirement, death while employed or on termination of employment for an amount equivalent to 15 days of last drawn salary payable for each completed year of service. Actuarial valuation has been computed by a third-party assessor as on the balance sheet date, using projected unit credit method whereby the liability as on 31.3.2022 the extent of Rs.277.56 Lakhs have been provided in the books of accounts. An Amount of Rs.59.51 lakhs have been made as current year provision, amount of Rs.215.65 Lakhs and Rs.2.40 Lakhs due to loss on actuarial valuation have been considered as Exceptional items and Other Comprehensive Income respectively. Gratuity scheme is being managed by Life Insurance Corporation (LIC) of India Ltd. The impact of this gratuity provision (carried out in the current year) on the profitability positions of each of the prior years could not be quantified. Out of the Total Liability of Gratuity of Rs.277.56 Lakhs, The Company had already funded Rs.121.49 Lakhs and the balance of Rs.156.07 Lakhs is shown as liability.

## 12. Effects of change in Foreign exchange rates

The Company computes foreign exchange rate gains or losses arising as a result of Export sale of goods in respect of:

Differences in rates on account of varying dates of raising invoices and realizations thereof. Restating the outstanding balances from overseas parties on account of export sales effected.

Advance received from overseas parties, supplies yet to be realized, and balance held by Company as at year end.

## 13. Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred to the extent the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such an asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of qualifying asset.

The Company does not have any instance of capitalizing borrowing costs to its assets. The borrowing costs booked are on account of costs of utilisation of minimum credit facilities extended by lending institutions.

The Company has repaid Rs.272.22 lakhs to TATA Capital the Company is following the policy of writing off the finance costs to the Profit and Loss account.

The Company has borrowed Rs.3,000 lakhs from ICICI Bank for outlay towards specific capex purposes and working capital purposes and the Company is following the policy of writing off the finance costs to the Profit and Loss account

- 14. Cost Audit:** As per Rule 4 of the Companies (Cost records and audit) rules, 2014 read with section 148 (1), any Company (being in the regulated sector) which has crossed the threshold limit of Rs.50 crores is required to maintain cost records for the FY 2020-21, and required to carry out cost audit for the FY 2021-22. In respect of cost records, owing to implementation of SAP which has not fully been streamlined and hence have been maintained manually, The relevant financial information in this respect, provided as part of the annual financial statements are based on such manual cost records.

## 15. Earnings per share (EPS)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share.

Diluted EPS are determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all potential ordinary shares, which include share options granted to employee if any, to the extent that partly paid shares are not entitled to participate in dividends during the period. They are treated as equivalent of warrants or options in the calculation of diluted earnings per share.



## **16. Impairment of Assets**

The carrying amount of the Company's assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there are any indications of impairment. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount.

Impairment losses are recognized in the Statement of Profit and Loss. Impairment losses are recognized in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

### **Reversal of impairment loss**

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if there was no impairment loss to the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

There is no instance of reversal of impairment during the financial year.

## **17. Provisions, Legal Proceedings, Contingent Liabilities and Contingent Assets**

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specified to the liability.

Where discounting is used, the increase in the provision due to passage of time is recognized as finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Contingent liabilities are disclosed in the financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

All eligible claims were settled as per Resolution Plan approved by NCLT, Chennai, and the Company is yet to hear from the government department. Hence the Company has filed writ petition in the Honorable High court, Madras. The details of the legal proceedings are given as below:

SI No	Name of Party	Status	Subject matter of dispute (amount of claim Rs. in Lakhs)	Pending where
1	Whitewater Corporate Advisory P Ltd	Listed on 8th April 2022 – virtual hearing –we have filed counter along with annexures	Rs. 62.71 along with interest	MSME Mumbai
2.	PF Ambattur	Stay granted by High Court. The matter to be listed after vacation	Rs.33.67	Madras High Court.
3.	Sales tax	Petition filed. Awaiting order	Rs. 25.26	Madras High Court.
4.	Property Tax – 3521/2022, WMP 3657/2022	Demand made has been set aside by the High court – Writ petition disposed off	Rs.36.25	Madras High Court.
5.	Income tax Assessment Year 2015-2016	Writ petition filed with High court. Hearing posted on 28.04.2022. Order expected in first week of June.	Rs.273.87	Madras High court
6.	Service tax	Stay granted	Rs.22.31	Madras High court

## 18. Intangible Assets

Intangible assets that are acquired by the Company, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

### Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognized in the Statement of Profit and Loss.

### Amortization of intangible asset with finite useful lives

Amortization is recognized in the Statement of Profit and Loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available to use based on the estimates made by the management with respect to the useful life and residual value.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The intangible assets held up to end of previous year and further additions have been expensed off in the current period since it was assessed by the management that there is no more useful life, and no benefit to be accrued.

## **19. Ind-AS 108: Segment Reporting**

The Company has only one Segment of Business i.e., Pharmaceuticals and the Financials are depicted as per Ind-AS requirements.

## **20. Regulatory Deferral Accounts**

The Company's operations are subject to Technical Regulatory regimes such as MHRA of UK, WHO and various other licenses/approvals. They are pertinent in terms of maintaining world class standards to enable the Company to obtain export orders.

Although there would be no direct monetary impact on the Company due to this, except for certain degree of Regulatory risks since the obtention of orders hinges on granting and renewal of said licenses and approvals. There would be no impact on the rates or prices, and hence, does not require any specific disclosures.

## **21. Financial risk management**

The Company has exposure to the following risks from its use of financial instruments.

### **21.1 Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Trade receivables consist of many customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Based on such evaluations, the Company has retained outstanding balances of certain parties the age of which is beyond one year after the process of carrying out impairment.

### **21.2 Liquidity risk**

The Company manages liquidity risk by reasonably monitoring forecast and actual cash flows.

### **21.3 Market risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk.

### **21.4 Commodity price risk**

The primary commodity price risks that the Company is exposed to include API prices that could adversely affect the value of the Company's financial assets or expected future cash flows.

### **21.5 Foreign currency exchange risk**

The Company makes export sales to various countries spread across the globe. The Company is, therefore, exposed to foreign currency risk principally arising out of foreign currency movement against the Indian Currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows

## **22. Foreign currency sensitivity analysis.**

The Company is principally exposed to foreign currency risk against USD, Euro and GBP

( Fig in Lakhs)

Particulars	USD	GBP	AUD	EUR
As on March 31, 2022				
- Liabilities	-	-	-	-
- assets	9.66	5.09		0.28
As on March 31, 2021				
- Liabilities	0.23	0.38	0.00	0.42
- assets	5.15	1.19	6.47	0.28

The Company's borrowings during the current period are very minimum and hence, the necessity to design any risk policy did not arise.

### 23. Capital Management

The Company's capital comprises of equity share capital, retained earnings attributable to equity holders. The primary objective of Company's capital management is to maximize shareholders' value.

### 24. Dues to MSMEs:

The majority of the Company's vendors are traders who are appointed by Manufacturers and those vendors who fall under the MSME Category are paid as per agreed terms of credit.

### 25. Corporate Social Responsibilities

Sec. 135 of Companies act 2013, requires a Company to spend 2% of Net profit before tax towards Corporate Social responsibility if the either of the following conditions are satisfied:

Companies in immediately preceding Financial Year:

- > Having net-worth of Rs. 500 Crores or;
- > Having Turnover of Rs. 1000 Crores or;
- > Having net profit before tax of Rs. 5 Crores

Even though the Company has registered Profit before tax of more than Rs.5 crores, the section prescribes average of 3 years' PBT. Since the Company has registered loss in one of the three proceeding years (ie. for the financial year 2019-20), this clause does not apply to the Company for the FY 2021-22.

## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE 27<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF BAFNA PHARMACEUTICALS LIMITED WILL BE HELD ON THURSDAY, THE 28<sup>TH</sup> OF JULY 2022, AT 11:00 AM IST THROUGH VIDEO CONFENCING (“VC”)/ OTHER AUDIO VISUAL MEANS (“OAVM”) TO TRANSACT THE FOLLOWING BUSINESS:**

### **ORDINARY BUSINESS:**

#### **ITEM NO.1:**

##### **Adoption of Financial Statements:**

To receive, consider and adopt the Audited financial statements of the Company for the financial year ended March 31, 2022, the Reports of the Board of Directors and Auditor’s thereon.

#### **ITEM NO: 2**

##### **To appoint Mrs. Akila Chintalapati Raju (DIN: 07590312) as director liable to retire by rotation and being eligible offers himself for re appointment**

To consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

**“RESOLVED THAT** Mrs. Akila Chintalapati Raju (DIN: 07590312) Director liable to retire by rotation at this meeting , being eligible and willing, be and is hereby re appointed as a Director of the Company liable to retire by rotation.”

##### **ITEM NO: 3: To appoint M/s BRAHMAYYA & Co, Chartered Accountants as statutory auditors of the Company and to fix their remuneration.**

To consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s. BRAHMAYYA & Co, Chartered Accountants, having registration No. 000511S be and are hereby appointed as the Statutory Auditors of the Company for term of five consecutive years, who shall hold office for the term of five years beginning from the conclusion of this Annual General Meeting till the conclusion of the 32nd Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company.”

### **SPECIAL BUSINESS:**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, as amended from time to time, payment of Rupees 75,000/- (Seventy Five thousand Rupees only) plus applicable taxes thereon and reimbursement of out-of-pocket expenses at actuals, to M/s SIVASHANKARAN & CO, Cost Accountants (FRN 100662, who have been appointed by the Board pursuant to the recommendation of Audit Committee as Cost Auditor of the Company for conducting the cost audit of the accounts for the financial year 2022 - 2023 be and is hereby ratified.

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

**By order of the Board  
For Bafna Pharmaceuticals Limited**

Place: Chennai  
Date: 26.05.2022

**Roopa Ravikumar**  
Company Secretary

## **CDSL e-Voting System – For Remote e-voting and e-voting during AGM**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.bafnapharma.com](http://www.bafnapharma.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. [www.evotingindia.com](http://www.evotingindia.com)).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

## **THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

- Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.
- Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.
2. The voting period begins on 25<sup>th</sup> July 2022 9:00 am and ends on 27<sup>th</sup> July 2022 5:00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21<sup>st</sup> July 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

3. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
4. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (i) In terms of SEBI circular **no. SEBI/HO/CFD/CMD/CIR/P/2020/242** dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>

<p>Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b></p>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
<p>Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b></p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

<b>Login type</b>	<b>Helpdesk details</b>
<p>Individual Shareholders holding securities in Demat mode with <b>CDSL</b></p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33</p>
<p>Individual Shareholders holding securities in Demat mode with <b>NSDL</b></p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>

**Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.



(ii) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any Company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"><li>• Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li></ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"><li>• If both the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Bank details field.</li></ul>

- (iii) After entering these details appropriately, click on "SUBMIT" tab.
- (iv) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (v) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (vi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- (vii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (viii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (ix) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (x) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xiii) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xiv) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
- Non-Individual shareholders (i.e. other than Individuals, HUF, and NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz [cs@bafnapharma.com](mailto:cs@bafnapharma.com) (designated email address by Company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
  - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@bafnapharma.com](mailto:cs@bafnapharma.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

## **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **four days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (Company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 4 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (Company email id). These queries will be replied to by the Company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

## **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, please update your email id & mobile no. with your respective **Depository Participant (DP)**
3. **For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.**

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

The following Statement sets out all material facts relating to ITEM NO: 1 of special business mentioned in the accompanying Notice.

The Board of Directors of the Company at their meeting held on 26th May 2022 has, on recommendation by the Audit Committee, appointed M/s. N SIVASHANKARAN & CO, Cost Accountants (FRN 100662), as the Cost Auditors for the Financial year 2022-2023 at a remuneration of Rs. 75,000 /- (Rupees Seventy Five thousand ) plus GST and out-of-pocket expenses.

As per Section 148 of Companies Act, 2013 and applicable rules thereunder, the remuneration payable to the Cost Auditor has to be ratified by the members of the Company. The Board considers the remuneration payable to the cost auditor as fair and recommends the resolution contained in the accompanying notice to be ratified by the members of the Company in the General meeting.

#### **Memorandum of interest**

No Director, Key Managerial Persons (KMPs) or their relatives, are concerned or interested in the aforesaid resolution.

**By order of the Board  
For Bafna Pharmaceuticals Limited**

Place: Chennai

Date: 26.05.2022

**Roopa Ravikumar**

Company Secretary

**Details of Director seeking re-appointment at the Annual General Meeting [Pursuant to regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India]**

**(i) Mrs. Akila C Raju (DIN:07590312)**

Name of the Director	Akila C Raju
Date of Birth	10.10.1987
Designation	Director (Non-Executive & Non- Independent)
Qualification & Expertise	Master in Law from New York University School of Law, New York, NY. Akila has over 7 Years of Experience in the Legal Field ., Akila worked at J .Sagar and Associates, Bangalore office, in their corporate Law Department , with a focus on Private Equity and real estate transactions. Subsequently, Akila worked as the in-house Legal Counsel of Bangalore based Pharmaceutical Company, Strides Shasun Ltd, where she led the legal team in setting up the companies Australia business.
Relationship with other directors in the Company	NIL
Names of listed entities in which person also holds the directorship and membership of Committees of the Board	NIL
Total shares held by him in the Company	NIL

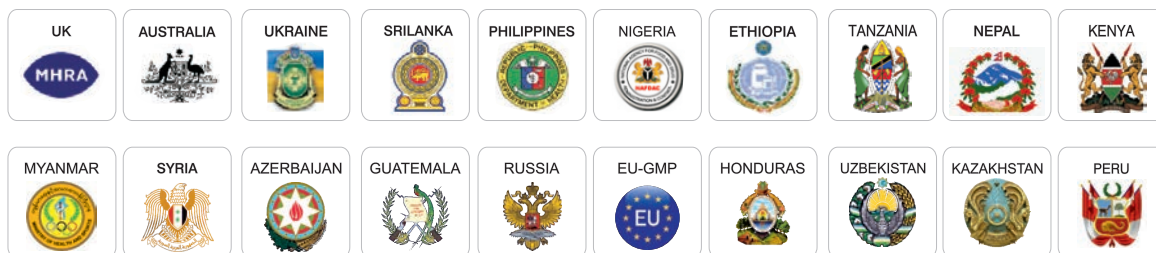
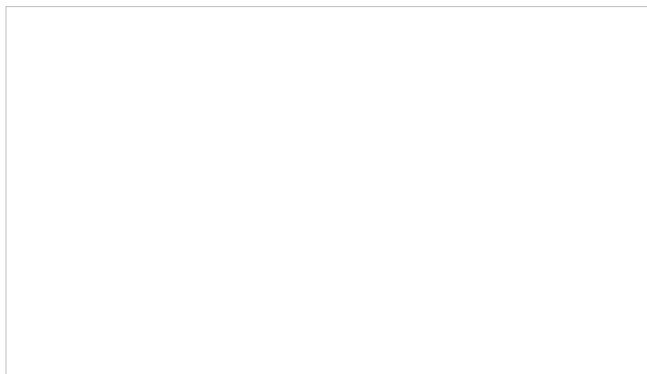
**By order of the Board  
For Bafna Pharmaceuticals Limited**

Place: Chennai

Date: 26.05.2022

**Roopa Ravikumar**  
Company Secretary





## Awards & Achievements

*2010* Our CMD **Mr. Bafna Mahaveer Chand** was awarded the **National Level Entrepreneurship Excellence Award** (Manufacturing Sector) from the SME Chamber of India



*2011* Bafna received the prestigious **Quality Excellence Award 2010** from IDMA (Indian Drug Manufacturer Association)



Our CMD **Mr. Bafna Mahaveer Chand** received the highly acclaimed **"Udyog Rattan Award"** & the company received **"Excellence Award"** from IES

*2012* Our CMD **Mr. Bafna Mahaveer Chand** received **"PIONEER 2012"** Award from **"THE TIMES GROUP"** for his contribution towards the success of Healthcare in Tamil Nadu



*2013* Bafna received the prestigious Certificate Excellence from 16<sup>th</sup> State Pharmaceuticals Corporation (SPC) Suppliers Convention 2013, Sri Lanka.



*2021* Bafna received the prestigious **"Export Excellence Award"** for the year 2016-2017.

**If undelivered, please return to:**



**BAFNA PHARMACEUTICALS LTD.,**

Regd. Off: New No 68, Old No. 299, Thambu Chetty Street, Chennai - 600 001.

Ph: 044 42677555 Fax: 044 42677599 Email: info@bafnapharma.com Web: www.bafnapharma.com