



2024



29th

ANNUAL REPORT

FINANCIAL YEAR - 2023-24



BAFNA PHARMACEUTICALS LIMITED

**29th ANNUAL REPORT
FINANCIAL YEAR 2023-24**

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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

Name of Company	:	Bafna Pharmaceuticals Limited
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

BRAHMAYYA & 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

K.S. Rao & Co.,
Chartered Accountants,
Chennai

Board of Directors

Ms. S. Hemalatha

Whole-Time Director

Mr. Vinayak Dinesh Dendukuri

Whole-Time Director (Quality)

Ms. Akila C Raju

Non-Executive Non-Independent Director

Mr. Upendar Mekala Reddy

Non-Executive Non-Independent Director

Mr. P K Sundaresan

Non-Executive Independent Director

Ms. R. Chitra

Non-Executive Independent Director

Mr. Krishna Yeachuri

Non-Executive Independent Director

Mr. B. Kamlesh Kumar

*Non-Executive Independent Director
(Resigned on September 09, 2023)*

KEY MANAGERIAL PERSONNEL:

Bafna Mahaveer Chand

Chief Executive Officer

Melagiri Sridhar

Chief Financial Officer

Mohanachandran A (Appointed on May 29, 2024)

Company Secretary

Audit Committee

Mr. P K Sundaresan

Ms. R. Chitra

Mr. Upendar Mekala Reddy (From November 02, 2023)

Mr. B. Kamlesh Kumar (Upto September 09, 2023)

Nomination and Remuneration Committee

Mr. Krishna Yeachuri (From November 02, 2023)

Mr. P K Sundaresan

Ms. Akila C Raju

Mr. B. Kamlesh Kumar (Upto September 09, 2023)

Stakeholders Relationship Committee

Ms. R. Chitra

Ms. S. Hemalatha

Ms. Akila C Raju (From April 07, 2023)

KEY MESSAGE FROM CHIEF EXECUTIVE OFFICER

Dear Esteemed Stakeholders,

As we continue to navigate the dynamic landscape of the pharmaceutical industry, I want to express my sincere gratitude for your trust and support in our mission health for all . We are in an exciting period, filled with both challenges and opportunities that drive us to innovate, adapt, and deliver life-enhancing solutions.

Achievements and Progress

In the financial year 2023-24, our total revenue from operations grew by 32.18% to Rs. 15,246.57 Lakhs, up from Rs. 11,534.99 Lakhs in the previous year. In the past year, we have made significant strides in formulation development, ensuring our products not only meet regulatory standards but also exceed expectations in quality, efficacy, and safety. Our unwavering commitment to excellence has led to the successful development of several new formulations, expanding our product portfolio across all spectrum.

We have also bolstered our R&D capabilities and state-of-the-art QC laboratory, investing in advanced technologies that enhance our ability to deliver innovative and accessible pharmaceutical solutions. These efforts are crucial in a competitive market and ensuring new launches.

Commitment to Sustainability and Compliance

As we grow, we remain deeply committed to sustainability reducing our environmental footprint, ensuring ethical practices across our supply chain, and fostering a workplace culture that prioritizes health, safety, and diversity. Regulatory compliance remains central to our operations. We recognize the importance of adhering to global standards and have consistently implemented stringent quality control measures to ensure that every product meets the highest standards.

Looking Ahead

Looking ahead, India's growth is expected to stay strong, with the economy projected to grow over 7% in FY 2024-25, supported by improving macroeconomic conditions and rising private consumption and capital expenditure. The Indian pharmaceutical market is expected to grow at about 10% per annum in the medium term led by several socioeconomic factors. The future holds immense potential for growth, and we are focused on capitalizing on emerging opportunities in personalized medicine, biologics, and advanced drug delivery systems.

With a focus on both domestic and international markets and several new products in the pipeline, the Company is well-positioned to build on the strong operational competencies developed over recent years. We are fully committed to driving the Company toward a higher growth trajectory and are actively exploring opportunities to achieve this goal.

Gratitude

Our success is a shared achievement, built on the dedication and expertise of our employees, the trust of our customers, and the continued support of our shareholders. Together, we will continue to drive innovation and deliver value to all our stakeholders.

In closing, on behalf of our Board of Directors, I extend my heartfelt gratitude to each of you. Your commitment and collaboration are the pillars of our progress. We remain confident in our ability to thrive in this ever-evolving industry, and we are excited about the journey ahead.

Thank you for your continued trust and partnership.



Best Regards

Sd/-
Bafna Mahaveer Chand
Chief Executive Officer

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 29TH ANNUAL GENERAL MEETING OF THE MEMBERS OF BAFNA PHARMACEUTICALS LIMITED WILL BE HELD ON WEDNESDAY, THE 25TH DAY OF SEPTEMBER 2024, AT 10.30 AM (IST) THROUGH VIDEO CONFERENCING (“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, 2024, together with the Reports of the Board of Directors' and Auditor's thereon.

ITEM NO. 2:

Re-appointment of a Director:

To appoint a Director in the place of Mr. Upendar Mekala Reddy (DIN: 08898174), who retires by rotation in terms of Section 152 of the Companies Act, 2013 and, being eligible, seeks re-appointment.

SPECIAL BUSINESS:

ITEM NO. 3:

Re-appointment of Ms. Shanmugam Hemalatha (DIN: 02714329), as Whole-Time Director of the Company

To consider and if thought fit, to pass the following Resolutions, as an Ordinary Resolution:

RESOLVED THAT in accordance with the provisions of section 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof) and based on the recommendation of Nomination & Remuneration Committee, the consent of the members be and is accorded to approve, ratify and confirm the re-appointment of Ms. S Hemalatha (DIN: 02714329) as the Whole-time Director of the Company for a period of 5 (Five) years w.e.f September 10, 2023, not liable to retire by rotation, on the following terms and conditions:

- a) **Remuneration:** Rs.1,60,718/- per month (inclusive of Allowances) with such annual increments/increases as may be decided by the Nomination and Remuneration Committee from time to time, subject to limits specified in Schedule V of the Companies Act, 2013.
- b) **Allowances & Perquisites:** House Rent allowance, Medical allowance, Leave Encashment, Conveyance Allowance, Special allowance etc., will be provided in accordance with the rules of the Company.
- c) **Contribution to Funds:** Contribution to Provident Fund and Annuity Fund as per the rules of the Company. Company's contribution to provident fund and superannuation fund to the extent they are singly or put together are not taxable under the Income-tax Act and Leave with full pay as per the rules of the Company with encashment of un-availed leave being allowed, will not be included in the computation of the ceiling on perquisites.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to alter and vary the terms and conditions of the appointment and/or revise the remuneration payable to Ms. S Hemalatha, based on the recommendation of the Nomination and Remuneration Committee, in such manner as may be permitted in accordance with the applicable provisions and Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of there being inadequacy or absence of profits in any financial year, during the currency of tenure of Ms. S Hemalatha as the Whole-Time Director, she will be paid remuneration in terms of Section II of Part II of Schedule V to the Companies Act, 2013 including any re-enactments thereof or such other limit as may be prescribed by the government from time to time as minimum remuneration."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things as may be deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, in order to give effect to the above resolution.”

Item No. 4- Sale / Disposal of Manufacturing Unit:

To consider and if though fit, to pass the following Resolutions, as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force and as may be enacted from time to time), the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) and the Memorandum and Articles of Association of the Company and subject to such other approvals, consents, permissions and sanctions as may be necessary, the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to sell and transfer or otherwise dispose-off the manufacturing unit No. 13, S.V. Koil Street, Madhavaram, Chennai-600 060, Tamil Nadu, India (“Undertaking”) together with all assets, including building, plant and machinery, employees, contracts, licences, permits, rights, consents and all other assets in relation to the Undertaking, on an “as is where is” basis or in any other manner as the Board may deem fit in the interest of the Company, to M/s. Navron Pharma Private Limited (“Buyer”) for a consideration of Rs.1,45,13,260/- (Rupees One Crore Forty Five Lakhs Thirteen Thousand Two Hundred and Sixty Only) and on such terms and conditions as may be deemed fit by the Board.

RESOLVED FURTHER THAT Ms. S Hemalatha, Whole Time Director (DIN: 02714329) and Mr. Bafna Mahaveer Chand, Chief Executive Officer be and are hereby severally authorised and empowered to finalise and execute necessary documents including but not limited to definitive Agreements, deeds of assignment / conveyance and other ancillary documents, with effect from such date and in such manner as is decided by the Board to do all such other acts, deeds, matters and things as they may deem necessary and/or expedient to give effect to the above Resolution including without limitation, to settle any questions, difficulties or doubts that may arise in this regard as they may in their absolute discretion deem fit.”

Item No. 5- Ratification of Remuneration of Cost Auditors:

To consider and if though fit, to pass 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 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of Rs.75,000/- (Rupees Seventy Five Thousand Only) excluding applicable taxes, reimbursement of out- of-pocket expenses payable to M/s. M/s N Sivashankaran & Co., Cost Accountants (ICMAI FRN. 100662), who, based on the recommendation of Audit Committee, who have been appointed as the Cost Auditors of the Company by the Board of Directors, to conduct audit of the cost records of the Company for the financial year ended 2024-25, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised 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 of Directors
For **Bafna Pharmaceuticals Limited**

SD/-

A Mohanachandran
Company Secretary

Place: Chennai

Date: 13-08-2024

NOTES:

1. In accordance with the General Circular No. 14/2020 dated April 08, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020 and subsequent circulars issued in this regard, the latest being General Circular No. 09/2023 dated September 25, 2023, by the Ministry of Corporate Affairs (MCA) (hereinafter collectively referred to as "MCA circulars") and the Securities and Exchange Board of India ("SEBI"), vide its Circular(s) dated May 12, 2020, January 15, 2021, May 13, 2022, January 5, 2023, October 6, 2023, and October 7, 2023 ('SEBI Circulars'), and other applicable circulars issued in this regard from time to time, Companies are allowed to hold Annual General Meeting (AGM) through Video Conference (VC)/ Other Audio Visual Means (OAVM) ("VC"), without the physical presence of Members at a common venue. In compliance with the applicable provisions of the Companies Act, 2013, SEBI Listing Regulations, MCA Circulars and SEBI Circulars, the 29th AGM of the Company will be held through VC/OAVM on Wednesday, September 25, 2024 at 10:30 a.m. (IST). The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company situated at Bafna Towers, No.299, Thambu Chetty Street, Chennai - 600001, Tamil Nadu, India. The Company has engaged Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means i.e., remote e-voting and voting at the AGM.
2. In terms of Section 102 of the Companies Act, 2013 and Secretarial Standard on General Meetings (SS-2), the explanatory statements setting out the material facts in respect of special business to be transacted at the AGM is annexed and forms part of this Notice.
3. The register of members and share transfer books of the Company will remain closed from Thursday, September 19, 2024 to Wednesday, September 25, 2024 (both days inclusive).
4. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy, to attend and vote on his/her behalf, and such proxy need not be a member of the Company. Since the AGM is being held in accordance with the Circulars through VC, the facility for appointment of proxies by the Members will not be available and hence the Route map, Proxy Form and Attendance Slip are not annexed to this Notice. In case of joint holders attending/participating in the Meeting, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already cast by remote e-Voting by the first holder.
5. The attendance of the Members attending the AGM through VC will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. The Members can join the AGM in the VC/ OAVM mode 30 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 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 AGM without restriction on account of first come first served basis.
7. Corporate members intending to send their authorized representatives to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting are requested to send to the Company a certified copy of the board resolution authorizing their representative to the email address of the Company i.e., cs@bafnapharma.com.
8. Members holding shares in physical form are requested to notify immediately any change in their address or bank mandates to the Company/ Registrar & Share Transfer Agents quoting their Folio Number and Bank Account details along with self-attested documentary proofs. Members holding shares in the electronic form may update such details with their respective Depository Participants.

9. The cut-off date for the purpose of determining eligibility of members for voting in connection with the 29th AGM has been fixed as Wednesday, September 18, 2024.
10. In accordance with the aforementioned MCA & SEBI Circulars, Notice of the AGM along with the Annual Report 2023-24 are being sent only through electronic mode to those Members whose email address are registered with the Company/ RTA/Depositories. Members may note that the Notice and Annual Report 2023-24 will also be available on the Company's website www.bafnapharma.com website of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively and on the website of CDSL www.evotingindia.com.
11. 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>.
12. Pursuant to Regulation 36 of the SEBI (LODR) and Secretarial Standard on General Meeting (SS-2), additional information/particulars, in respect of the directors seeking appointment/ re-appointment, as the case may be, at the AGM are furnished in the explanatory statement and annexure forming part of this Notice. The directors have furnished requisite consents / declarations for their appointment / re-appointment as required under the Companies Act, 2013.
13. All documents referred to in this Notice, the Register of Directors and Key Managerial Personnel and their shareholdings maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Act, will be available in electronic form for inspection by the Members during the AGM. Members seeking to inspect such documents can send an email to cs@bafnapharma.com.
14. The Members desirous of obtaining information, if any, with regard to the audited annual accounts of the Company for the financial year 2023-24 or on any other matters relating to this AGM are requested to write to the Company at e-mail IDs; profit@bafnapharma.com or cs@bafnapharma.com at least 7 days before the date fixed for the AGM, so that the information required could be kept ready.
15. The Board has appointed Mr. Balu Sridhar (CP No.3550), Partner, M/s. A.K Jain & Associates, Company Secretaries, Chennai, as the Scrutinizer for ensuring e-Voting in a fair and transparent manner. The Scrutinizer will submit his report to the Chairperson of the Company ('the Chairman') or to any other person authorized by the Chairperson (who shall countersign the same) after the completion of the scrutiny of the e-Voting (votes cast during the AGM and votes cast through remote e-Voting), within 2 working days from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges, CDSL and RTA. The same will also be displayed on the Company's website www.bafnapharma.com and on the website of CDSL www.evotingindia.com. The Company has availed the services of CDSL for arrangement of the AGM on VC to enable the Members to participate in the meeting in terms of the MCA Circulars cited above. Also, the Company has provided a facility to the members to exercise their rights to vote electronically through electronic voting service facility provided by CDSL.
16. Voting through electronic means (e-Voting): Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 substituted by the Companies (Management and Administration) Amendment Rules, 2015 read with Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company has provided a facility to the Members to exercise their right to vote electronically through electronic voting (e-Voting) service facility provided/made available by the Central Depository Services Limited (CDSL). The facility for voting through electronic voting system will also be made available during the Annual General Meeting (AGM) and the Members who have not already cast their votes by remote e-Voting shall be able to exercise their right to vote during said AGM through e-Voting. Members who have cast their votes by remote e-Voting prior to the AGM may attend the AGM on VC but shall not be allowed to vote again. The instructions for e-Voting are annexed to the Notice.

Since the AGM is being conducted through VC the said resolutions will not be voted on show of hands during the AGM in terms of Section 107 of the Companies Act, 2013. The manner of voting remotely, by Members holding shares in dematerialized mode, physical mode and for Members who have not registered their email addresses, is provided in the instructions for e-Voting as below: The instructions for remote e-Voting and joining AGM areas under:

The remote e-Voting period commences on **Sunday, September 22, 2024 (9:00 a.m. IST)** and ends on **Thursday, September 24, 2024 (5:00 p.m. IST)**. During this period, Members holding shares either in physical form or in dematerialized form, as on **Wednesday, September 18, 2024** i.e. cut-off date, may cast their vote electronically. The remote e-Voting module shall be disabled by CDSL for voting thereafter. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. ii. Process and manner for remote e-Voting are explained herein below: **Step 1:** Access to CDSL e-Voting system **Step 2:** Cast your vote electronically and join virtual meeting on CDSL e-Voting system. **Step 3:** Access to CDSL e-Voting system are mentioned below:

Pursuant to 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 e-mail ID with their DPs in order to access e-Voting facility.

THE INSTRUCTIONS 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.

- i). The voting period begins on **Sunday, September 22, 2024 (9:00 a.m. IST)** and ends on **Tuesday, September 24, 2024 (5:00 p.m. IST)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date of Wednesday, September 18, 2024** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii). Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii). 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 3: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) 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 CDSL Depository	<ol style="list-style-type: none"> 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 users to login to Easi / Easiest are requested to visit cdsi website www.cdslindia.com and click on login icon & New System Myeasi Tab. 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 & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at cdsi website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 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 www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & 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.
Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> 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: https://eservices.nsd.com 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 & voting during the meeting.

Type of shareholders	Login Method
	<p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nSDL.com Select "Register Online for IDeAS Portal" or click at https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nSDL.com/ 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 & voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	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 & voting during the meeting.

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

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

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

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

(v) 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.

- 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 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:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
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"> • 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.
Dividend Bank Details OR 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"> • 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.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) 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.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) ix). Click on the EVSN for the relevant "**Bafna Pharmaceuticals Limited**" on which you choose to vote.
- (x) 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.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) 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.

- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) 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.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
 - a) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - c) 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.
 - d) The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
 - e) 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.
 - f) 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, 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 **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at cs@bafnapharma.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at cs@bafnapharma.com. 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(1) of the Companies Act, 2013:

The following Statements sets out all material facts relating to Item Nos. 3 to 5 as mentioned in the accompanying Notice.

Item No.3:-

The Board of Directors of the Company at the meeting held on August 11, 2023, on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members of the Company, approved the re-appointment of Ms. S Hemalatha as Whole Time Director of the Company, for a period of five years, with effect from September 10, 2023, on such remuneration as set out in the resolution. Ms. S Hemalatha has consented to be re-appointed as Whole Time Director and shall not be liable to retire by rotation.

Ms. S Hemalatha, a Commerce graduate with C.S. (Inter) and ICWA (Inter) qualifications, with over two decades of experience in the pharmaceutical industry. As a Whole-Time Director, she oversees commercial operations and plays a key role in strategic planning and financial oversight. She has been instrumental in driving the company's growth and success. The Nomination and Remuneration Committee of the Board has fixed the remuneration payable to of Ms. S Hemalatha taking into account her qualification, experience, past performance and past remuneration.

Ms. S Hemalatha satisfies all the conditions set out in Part I of Schedule V to the Companies Act, 2013 (the "Act"), as also conditions set out under Section 196 of the Act for being eligible for her reappointment. She is not disqualified from being appointed as Director in terms of Section 164 of the Act.

Considering the rich experience of Ms. S Hemalatha, the Nomination & Remuneration Committee along with the Board recommends her re-appointment as the Whole-Time Director of the Company.

Additional information in respect of Ms. S Hemalatha, pursuant to Regulation 36 of the Listing Regulations and the Secretarial Standard on General Meetings (SS-2) and her brief profile, is given at Annexure to this Notice.

The Board of Directors recommends the resolution in relation to the re-appointment of Ms. S Hemalatha, as Whole Time Director of the Company as set out in Item No. 3, for approval of the Members by way of an Ordinary Resolution.

Except Ms. S Hemalatha being an appointee, none of the Directors, Key Managerial Personnel of the Company and/ or their relatives are concerned or interested, in any way, in the proposed resolutions except to the extent of their shareholding, if any, in the Company.

Item No.4:-

In accordance with the provisions of Section 180(1)(a) of the Companies Act, 2013 (the "Act"), any sale, lease, or other disposal of the whole or substantially the whole of the Company's undertaking requires the approval of the members by way of a special resolution. For the purposes of Section 180(1)(a) of the Act, an undertaking is defined as an asset in which the investment of the Company exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year or an undertaking that generates 20% of the total income of the Company during the previous financial year.

The Company proposes to sell and transfer its manufacturing unit located at No. 13, S.V. Koil Street, Madhavaram, Chennai-600 060, Tamil Nadu, India (the "Undertaking"), along with all related assets including buildings, plant and machinery, employees, contracts, licenses, permits, rights, consents, and all other assets associated with the Undertaking, on an "as is where is" basis. After assessing the commercial viability of operating the Undertaking and considering its insignificance to the overall business of the Company, the Board has decided that selling the unit is in the best interest of all stakeholders.

It is pertinent to note that the aforesaid Undertaking does not meet the thresholds defined under Section 180(1)(a) of the Act, as the Company's investment in the Undertaking does not exceed 20% of its net worth, nor does the Undertaking generate 20% of the Company's total income. However, as a matter of prudence, the Board has decided to seek the approval of the members by way of a special resolution under Section 180(1)(a) of the Act.

The Board of Directors, at its meeting held on 13th August 2024, approved the sale and transfer of the Manufacturing Unit situated at No. 13, S.V. Koil Street, Madhavaram, Chennai-600 060, Tamil Nadu, India, to Navron Pharma Private Limited,

Chennai, together with its assets, for the consideration specified in Item No. 04 of the Notice.

The Board is of the opinion that the proposed special resolution is in the best interest of the Company and, therefore, recommends the approval of the members.

None of the Directors, Key Managerial Personnel of the Company and/ or their relatives are concerned or interested, in any way, in the proposed resolutions except to the extent of their shareholding, if any, in the Company.

Item No.5:-

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a Cost Auditor to audit the cost records of the Company. The Board at its meeting held on May 29, 2024, based on the recommendation of the Audit Committee, has approved the appointment of M/s. N Sivashankaran & Co., Cost Accountants (ICMAI FRN. 100662), as the Cost Auditor of the Company for the F.Y 2024-2025 at a remuneration of Rs.75,000/- (Rupees Seventy-Five Thousand only) plus applicable taxes.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors, as recommended by the Audit Committee and approved by the Board, is required to be ratified by the Members of the Company.

Therefore, the consent of the Members is sought for passing an Ordinary Resolution as set out at Item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditor of the Company for the F.Y 2024-2025. The Board recommends the Resolution set forth in Item No.5 for the approval of the Members.

None of the Directors, Key Managerial Personnel of the Company and/ or their relatives are concerned or interested, in any way, in the proposed resolutions, except to the extent of their shareholding, if any, in the Company.

Annexure to the Notice

Details of Directors seeking re-appointment at the 29th Annual General Meeting Pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings

Name of the Director	Mr. Upendar Mekala Reddy	Ms. S Hemalatha
Director Identification Number (DIN)	08898174	02714329
Date of Birth & Age	December 10, 1981 42 Years	April 19, 1975 49 Years
Nationality	Indian	Indian
Date of first appointment on the Board	June 26, 2023.	September 10, 2020
Qualification	Master of Business Administration (Finance) from Indian Institute of Management, Kozhikode, Bachelor of Technology in Computer Science Engineering from JNTU, Hyderabad & FRM Certification from Global Association of Risk Professionals.	Commerce graduate with. C.S. (Inter), ICWA (Inter) Qualifications.
Brief Resume & nature of expertise in specific functional areas	<p>Mr. Upendar Mekala Reddy has over 15 years of experience spanning project and structured finance, fund raising, Mergers and Acquisitions and Investment Banking. He has executed transactions across sectors including Power (Renewable & Non-renewable), Pharmaceuticals, Roads, Manufacturing, Cement, Real estate, Ports, etc.</p> <p>Prior to iLabs Group, Upendar was working as Vice President with Edelweiss Financial Services handling the wholesale and structured lending business. He also worked as Assistant Vice President with IL&FS Financial Services and Senior Manager with L&T Infrastructure Finance in the Project Finance Team.</p>	<p>Ms. S Hemalatha has more than two decades of experience in the pharmaceutical industry. She oversees commercial operations and plays a key role in strategic planning and financial oversight. Throughout her career, she has accumulated extensive experience in various roles within the company.</p>
Terms and conditions of appointment & Remuneration sought to be paid.	<p>Mr. Upendar Mekala Reddy is re-appointed as Non-Executive, Non-Independent Director, liable to retire by rotation.</p> <p>He is entitled to receive sitting fees for attending meetings of the Board and committees thereof.</p>	<p>Ms. S Hemalatha, is re-appointed as Whole-Time Director of the Company, for a period of Five (5) Years with effect from September 10, 2023 to September 09, 2028, not liable to retire by rotation.</p> <p>The detailed terms and conditions, including remuneration, is provided as part of the resolution.</p>

No. of meetings of the Board attended during the year	Three (3) Board Meetings during F.Y 2023-2024.	Six (6) Board Meetings during F.Y 2023-2024.
Last drawn remuneration	Sitting fee paid during FY 2023-2024: Rs.55,000/-	Rs.1,42,718/- per month
Membership / Chairmanship of Committees of the Board of the Company	Member of the Audit Committee of the Company.	Member of the Stakeholders & Relationship Committee and Corporate Social Responsibility Committee of the Company.
Directorship / Membership of the Committees in other listed companies as on March 31, 2024	Nil	Nil
Relationship with other Directors / Manager / other KMP	Nil	Nil
Number of Equity Shares held in the Company as on March 31, 2024	Nil	1,199

DIRECTOR'S REPORT

To

The Shareholders,

Your directors' have pleasure in presenting the Twenty Ninth (29th) Annual Report of your Company together with Audited Accounts for the Financial Year ended 31st March, 2024.

1. Financial Performance

The summarized Audited Financial Results for the year ended 31st March, 2024 along with comparative figures for the Previous year is as under:

(Rs.in Lakhs)

Particulars	Financial Highlights	
	31 st March 2024	31 st March 2023
Revenue from operations	15,246.57	11,534.99
Other Income	352.24	327.27
Total Income	15,598.81	11,862.26
Expenses		
Operating Expenditure	14,135.45	9,963.43
EBITDA	1,463.36	1,898.83
Depreciation and Amortization Expenses	499.54	533.44
Earnings before interest and taxes	963.82	1,365.39
Interest expenses	229.03	203.76
Profit before taxes	734.79	1,161.63
Less: Exceptional Items	-	-
Less: OCI	-3.65	-15.31
Net profit before taxes	738.44	1,176.94
Tax expenses	-	27.83
Net profit for the year	738.44	1,149.11

2. Operating Results

Your Company's Total Income during the financial year under review i.e., year 2023-24 is Rs.15,598.81 Lakhs as compared to the previous year 2022-23, Rs.11,862.26 Lakhs. Profit before Tax after other comprehensive income for the year 2023-24 is Rs. 738.44 Lakhs as against Rs.1,176.94 Lakhs in the previous year. Profit after Tax for the year 2023-24 stands at Rs. 738.44 Lakhs as against Rs. 1,149.11 Lakhs in the previous year.

3. Dividend

The Board has not declared any dividend for the Financial Year 2023-2024.

4. Reserves

The Company has not transferred any amount to the general reserves during the year under review.

5. Capital Structure

The Paid-up Equity Share Capital as on March 31, 2024 was Rs.2,365.63 Lakhs. During the year under review the Issued,

Subscribed and Paid-up capital has remained the same. The Company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

6. Deposits

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

7. Change in the nature of business

The Company is engaged in the manufacture of pharmaceutical products. There is no change in the nature of business during the year under review.

8. Material changes and commitments affecting the financial position of the Company

There have been no material changes and commitments between the end of the financial year 2023-24 and the date of this report, adversely affecting the financial position of the Company.

9. Subsidiaries, Associate and Joint Venture Companies

The Company does not have any subsidiary, associate or joint venture.

10. Loans, Guarantee and Investment under Section 186 of Companies Act, 2013

During the year under review, your Company has not advanced any loan, given any guarantee and made any investment under Section 186 of the Companies Act, 2013.

11. Board of Directors and Key Managerial Personnel

I. Composition

The composition of the Board of Directors and its Committees, viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee are constituted in accordance with Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). The details of Composition of the Board, its Committees, meetings and an overview of the role, terms of reference are provided in the Corporate Governance Report annexed to this Report.

The following changes took place in the composition of Board of Directors:

a) Appointment of Directors:

- i. Pursuant to recommendation of the Nomination and Remuneration Committee, the Board had, on June 26, 2023 approved the appointment of Mr. Krishna Yeachuri (DIN: 00066898) as an Additional Director in the capacity of Non-Executive, Independent Director of the Company, for a period of 5 years, with effect from June 26, 2023 to June 24, 2028, subject to approval of the shareholders of the Company.
- ii. Pursuant to recommendation of the Nomination and Remuneration Committee, the Board had, on June 26, 2023 approved the appointment of Mr. Upendar Mekala Reddy (DIN: 08898174) as an Additional Director in the capacity of Non-Executive, Non-Independent Director of the Company, subject to approval of the shareholders of the Company.
- iii. Pursuant to recommendation of the Nomination and Remuneration Committee, the Board had, on June 26, 2023 approved the appointment of Mr. Vinayak Dinesh Dendukuri (DIN: 07601309) as an Additional Director in the capacity of Whole-Time Director of the Company, for a period of 5 years, with effect from June 26, 2023 to June 24, 2028, subject to approval of the shareholders of the Company.

The aforesaid appointments were approved by the shareholders of the Company vide resolutions passed in the 28th Annual General Meeting of the Company held on September 22, 2023.

b) Resignation of Directors:

Mr. Babulal Kamlesh Kumar (DIN: 01218959), resigned as Independent Director of the Company with effect from September 09, 2023. The Board placed on record its appreciation for the guidance rendered by him during his tenure as Director of the Company.

There were no other changes in the composition of the Board of Directors during the year under review.

II. Retirement by Rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Upendar Mekala Reddy (DIN: 08898174), Director retires by rotation at the ensuing 29th Annual General Meeting (AGM) of the Company and being eligible, offers himself for re-appointment. Your Board recommends his re-appointment as Director of the Company.

III. Re-appointment of Director:

The Board of Directors, on recommendation of the Nomination and Remuneration Committee, in its meeting held on August 11, 2023 considered and approved the re-appointment of Ms. S Hemalatha (DIN: 02714329) as Whole-Time Director of the Company for a period of 5(five) years with effect from September 10, 2023. The proposal for re-appointment of Ms. S Hemalatha as a Whole Time Director is included in the notice convening the 29th AGM. Your Board recommends the re-appointment of Ms. S Hemalatha as a Whole-Time Director of the Company.

The brief resume of the Directors seeking reappointment and other information are enclosed in the Notice convening 29th AGM. The Board of Directors are of the opinion that the Directors proposed for appointment / re-appointment at the ensuing 29th AGM of the Company possess integrity, necessary expertise, relevant experience and the Corporate Governance report annexed to this report contains necessary disclosures regarding the Director(s).

IV. Number of Board Meetings:

The Board of Directors met Six (6) times during the year under review and the gap between 2 meetings did not exceed 120 days. The details of the Board & Committee Meetings and the attendance of the Directors are provided in the Report on Corporate Governance.

V. Declaration by Independent Directors & Adherence to Company's Code of Conduct:

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. All Independent Directors have affirmed compliance to the code of conduct for independent directors as prescribed in Schedule IV to the Companies Act, 2013 and the Company's Code of Conduct for Directors and Senior Management Personnel.

In the opinion of the Board, the Independent Directors, fulfill the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations. The terms and conditions of appointment of Independent Directors have been disclosed in the website of the company at www.bafnapharma.com.

VI. Board Evaluation:

The annual evaluation of the performance of the Board, functioning of its committees, and individual Directors was carried out based on the evaluation criteria prescribed by the Nomination and Remuneration Committee and the SEBI (LODR) Regulations, 2015. The performance review of Non-Independent Directors were carried out by the Independent Directors in their separate meeting held during the year.

VII. Committees Of the Board:

The Board has constituted following committees:

- i). Audit Committee;
- ii). Nomination and Remuneration Committee;
- iii). Stakeholders' Relationship Committee;
- iv). Corporate Social Responsibility Committee.

i). 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, the Company has constituted Qualified and Independent Audit Committee. The Audit Committee comprises of the following Members as on March 31, 2024:

- | | | | |
|----|---------------------------|---|----------|
| a) | Mr. P K Sundaresan | – | Chairman |
| b) | Ms. R Chitra | – | Member |
| c) | Mr. Upendar Mekala Reddy* | – | Member |
| d) | Mr. B. Kamlesh Kumar** | – | Member |

*Appointed w.e.f November 02, 2023

** Ceased w.e.f September 09, 2023

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. All the recommendations made by the Audit Committee during the year were accepted by the Board of Directors of the Company.

The details of the Audit Committee along with its composition, number of meetings, attendance and terms of reference are provided in the Corporate Governance Report, which forms part of this report.

ii). 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, the Company has constituted Nomination & Remuneration Committee. The Nomination & Remuneration Committee comprises of the following Members as on March 31, 2024:

- | | | | |
|----|------------------------|---|----------|
| a) | Mr. Krishna Yeachuri* | – | Chairman |
| b) | Mr. P K Sundaresan | – | Member |
| c) | Mrs. Akila C Raju | – | Member |
| d) | Mr. B. Kamlesh Kumar** | – | Chairman |

*Appointed w.e.f November 02, 2023

** Ceased w.e.f September 09, 2023

The Committee consists of only Non-Executive Directors as its members. The details of the Nomination & Remuneration Committee along with its composition, number of meetings, attendance and terms of reference are provided in the Corporate Governance Report, which forms part of this report.

iii). Stakeholders Relationship Committee

In terms of Section 178 of the Companies Act, 2013 & other applicable provisions, if any, and as per the Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted Stakeholders Relationship Committee. The Stakeholders Relationship Committee comprises of the following Members as on March 31, 2024:

- a) Mrs. R Chitra – Chairperson
- b) Ms. S Hemalatha – Member
- c) Mrs. Akila C Raju* – Member
*Appointed w.e.f April 07, 2023

The details of the Stakeholders Relationship Committee along with its composition, number of meetings, attendance and terms of reference are provided in the Corporate Governance Report, which forms part of this report.

VIII. Details of KMP:

The following are the Key Managerial Personnel of the Company in accordance with the provisions of Section 2(51) read with Section 203 of the Act:

- a) Mr. Mahaveer Chand Bafna – Chief Executive Officer
- b) Mr. Melagiri Sridhar – Chief Financial Officer
- c) Mr. A. Mohanachandran – Company Secretary

Mr. Vishnu Vasudeva Kuppa, ceased to be the Company Secretary & Compliance Officer of the Company w.e.f. April 23, 2024. Mr. A. Mohanachandran was appointed as the Company Secretary & Compliance Officer of the Company w.e.f May 29, 2024.

13. Auditors

a) Statutory Auditor

As per the provisions of Section 139 of the Companies Act, 2013, M/s. Brahmayya & Co, Chartered Accountants, Chennai (ICAI FRN:000511S), were appointed as Statutory Auditors of the Company, for a period of five (5) years from the conclusion of the 27th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company.

Auditors' Report:

The Auditors' Report on the financial statements of the Company for the financial year ended 31 March 2024 is enclosed with the financial statements, which forms part of this Annual Report.

The report is unmodified i.e. it does not contain any qualification, reservation, adverse remark or disclaimer. The remarks in the Auditors Report and Notes on financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. Also there has been no instance of fraud reported by the statutory auditors for the financial year under review.

b) Internal Auditor

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the Board, on recommendation of the Audit Committee, has appointed M/s. K S Rao & Co, Chartered Accountants (ICAI FRN. 003109S) as internal auditors of the Company for the financial year 2024-2025.

c) Cost Auditor & Maintenance of Cost Records

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors, on recommendation of Audit Committee, appointed M/s. N. Sivashankaran & Co, Cost Accountants (ICMAI Registration No: 100662) as the Cost Auditor of the Company, to conduct audit of cost records maintained by the Company for financial year 2024 – 2025 at a remuneration of Rs.75,000/- (Rupees Seventy Five Thousand Only) excluding applicable taxes, reimbursement of out- of-pocket expenses. In terms of Section 148(3) of the Companies Act, 2013 the remuneration payable to the Cost Auditors, as fixed by the Board, is required to be ratified by the members and the resolution for the ratification of Cost Auditors Remuneration is provided under Item No.5 of the Notice convening the 29th Annual General Meeting.

The Company maintains all such accounts and records as specified by the Central Government under section 148 (1) of the Companies Act, 2013.

d) Secretarial Auditor & Secretarial Auditor Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. A.K. Jain & Associates, Company Secretaries in Practice, Chennai, as the Secretarial Auditors of the Company for the FY 2023-2024.

The Secretarial Audit Report in Form MR-3 is annexed as **Annexure-C** to this Report.

Reply to the Qualifications made in the Secretarial Audit Report:

The Board's reply for the qualifications, observations made by the Secretarial Auditor in Secretarial Audit Report for F.Y 2023-2024 is provided hereunder:

Sl. No.	Secretarial Auditor Qualifications / Observations	Board's Reply
01	The Board of Directors of the Company did not comprise of minimum of six directors as required under Regulation 17(1)(c) of SEBI (LODR) Regulations, 2015 until 26.06.2023.	The Board appointed three Directors during the meeting held on 26.06.2023, thereby increasing the total number of Directors to eight.
02	The Company did not have a Company Secretary cum Compliance Officer as required u/s 203 of the Companies Act, 2013, and Regulation 6 of SEBI (LODR) Regulations, 2015 during the period commencing from 01.04.2023 to 07.04.2023.	The Board of Directors has appointed Mr. Vishnu Vasudeva Kuppa as the Company Secretary of the Company w.e.f. 07.04.2023, thereby complying with Regulation 6 of SEBI (LODR) Regulations, 2015.
03	The Company has submitted the Disclosure of Related Party Transactions, with the Stock Exchanges, for the half year ended 31.03.2023 as prescribed under Regulation 23(9) of SEBI (LODR) Regulations, 2015, with a delay of 2 days.	The delay in the submission of the Disclosure of Related Party Transactions was caused by technical issues encountered during the filing of the XBRL instance with the Stock Exchanges. The Company has since remitted a fine of Rs. 11,800/- each to BSE and NSE for the delay.

Sl. No.	Secretarial Auditor Qualifications / Observations	Board's Reply
04	The Company did not comply with the Minimum Public Shareholding requirements as prescribed under Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957.	<p>During the year, the Company and its promoters made earnest efforts to achieve the Minimum Public Shareholding requirement. On September 06, 2023, M/s. SRJR Life Sciences LLP, a promoter of the Company, made an Offer for Sale of 35,48,143 Equity Shares, representing 15% of the total paid-up capital, through the Stock Exchange mechanism. However, the offer was subscribed to the extent of 1,57,248 Equity Shares by non-retail investors on September 07, 2023, and 1,41,418 Equity Shares by retail investors on September 08, 2023.</p> <p>The Company will ensure that the Minimum Public Shareholding requirement is achieved in the coming year.</p>
05	The Company has not yet obtained approval of Shareholders for re-appointment of Ms. S Hemalatha as Whole-Time Director of the Company as required under Section 196 of the Companies Act, 2013 and Regulation 17(1C) of SEBI (LODR) Regulations, 2015. The Company has not filed e-Form MGT-14 for registration of resolution passed by the Board of Directors on 11.08.2023 & e-Form MR-1 with the Registrar of Companies, Chennai with respect to reappointment of Ms. S Hemalatha as Whole Time Director of the Company. Further, the Company has not made necessary disclosure as required under Regulation 30 read with Schedule III of SEBI (LODR) Regulation, 2015 for re-appointment of Ms. S Hemalatha approved in the Board Meeting held on 11.08.2023.	<p>The Company is in the process of obtaining the necessary approval from the Shareholders for the reappointment of Ms. S. Hemalatha as Whole Time Director. As of the date of this report, the required forms have been filed with the Registrar of Companies regarding her reappointment.</p> <p>Since Ms. S. Hemalatha is also an Employee-Director and continues in her employment, the Company was of the view that additional disclosure was not required and has been unintentionally omitted due to inadvertence.</p>
06	The Company has not spent the requisite amount as prescribed under Section 135(5) of the Companies Act, 2013 towards Corporate Social Responsibility activities and has not transferred the remaining unspent amount to a special account namely Unspent Corporate Social Responsibility Account as prescribed under Section 135(6) of the Companies Act, 2013.	The Company has transferred the unspent CSR amount to the Funds specified in Schedule VII of Companies Act, 2013 within the prescribed time. The details are disclosed in the Report on Corporate Social Responsibility Activities.

14. Annual Return:

The copy of the Annual Return (Form MGT-7) for F.Y 2023-2024 is made available in the website of the Company at the weblink www.bafnapharma.com

15. 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 were in accordance with the Company's Policy on RPT. There are no materially significant related party transactions made by the Company with Related parties which requires approval of the shareholders / which may have potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are repetitive in nature. A statement giving details of the transactions entered into with the related parties, pursuant to the omnibus approval so granted, is placed before the Audit Committee and the Board of Directors for their approval, ratification on a quarterly basis.

During the year, the Company had not entered into any 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. Necessary disclosure as required by the Indian Accounting Standards (IND AS 24) has been made in the notes to the Financial Statements.

The Company has adopted a Policy for dealing with Related Party Transactions which has been uploaded on the Company's website under the web-link www.bafnapharma.com.

16. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and outgo

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 prescribed particulars on conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are furnished in **Annexure-A** to this Report.

17. Corporate Social Responsibility

The Company satisfies the criteria as prescribed in section 135 of the Companies Act, 2013 for applicability of Corporate Social Responsibility (CSR) provisions. The Company has adopted a Corporate Social Responsibility (CSR) Policy outlining various CSR activities to be undertaken by the Company, in accordance with Schedule VII to the Companies Act, 2013. The said policy is made available on the Company's website at the following link www.bafnapharma.com. The Report on CSR Activities is annexed as **Annexure-B** to this Report.

18. Particulars of Directors, Key Managerial Personnel and Employees

The Company is continuously focusing on retaining the appropriate 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 achieving a profitable and productive Company.

The 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 – D** 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 provisions of 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.

19. Corporate Governance

The detailed report on Corporate Governance and Certificate from a Practicing Company Secretary regarding compliance with requirements of Corporate Governance are annexed as **Annexure-E** to this Report.

20. Management Discussion and Analysis Report

Pursuant to Regulation 34 read with Schedule V of the SEBI (LODR) Regulations, 2015, a detailed review of the business operations, performance, future outlook, major events occurred during the year as well as state of company's affairs is given in the Management Discussion and Analysis Report, which is annexed as **Annexure-F** to 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.

21. Risk Management:

Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. Your Company periodically assesses risks in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in the strategy, business and operational plans.

22. Adequacy of Internal Financial Controls with reference to the Financial Statements:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. The internal audit reports were reviewed periodically by the Audit Committee & the Board. Further, the Board annually reviews the effectiveness of the Company's internal control system.

23. Directors Responsibility Statement

In terms of Section 134(3)(c) read with section 134(5) of the Companies Act, 2013, the Directors, to the best of their knowledge and belief, based on the information and explanations obtained by them, confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures;
- b) Appropriate accounting policies had been selected and applied them consistently and made judgments and estimates that were reasonable and prudent so as 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 Profit of the Company for the year under review;
- c) Proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company, preventing and detecting fraud and other irregularities;
- d) The financial statements for the financial year had been prepared on a 'going concern basis';
- e) The internal financial controls had been laid down, to be followed by the Company and such internal financial controls were adequate and were operating effectively; and
- f) In order to ensure compliance with the provisions of all applicable laws, proper systems had been devised and that such systems were adequate and operating effectively.

24. Significant and material orders passed by the Regulators/ Courts:

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of your Company and its future operations.

25. Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued by Institute of Company Secretaries of India (ICSI) as per section 118(10) of the Companies Act, 2013.

26. 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.

27. Disclosure Under Sexual Harassment Of Women At The Work Place (Prevention, Prohibition And Redressal) Act, 2013

The Company has a zero tolerance towards sexual harassment. The Company has adopted a policy on prevention of sexual harassment of women at work place and put in place proper dissemination mechanism across the Company. The Company has conducted awareness programs for its employees under the said Act.

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee (ICC) under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year 2023-24, the Company has not received any complaint.

28. Vigil Mechanism / Whistle Blower Policy

The Board of Directors adopted the Whistle-Blower Policy in accordance with Section 177(9) of the Act, and Regulation 22 of the SEBI (LODR) Regulations, 2015. The policy provides adequate safeguard against victimization and for direct access to the Chairman of the Audit Committee for the employees and state their complaints / grievances. The Whistle Blower Policy is uploaded on the Company's website www.bafnapharma.com.

29. Disclosure under the Insolvency and Bankruptcy Code, 2016:

During the year under review, no application was made or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016.

30. Disclosure regarding Valuation under One Time Settlement:

Not Applicable.

31. Acknowledgement and Appreciation

The Board takes this opportunity to thank all shareholders, business partners, financial institutions, banks, distributors, suppliers, customers, government and regulatory authorities, etc., for their co-operation and support extended to the Company. The Directors also wish to express their gratitude to the Shareholders for the confidence and faith that they continued to repose in the Company. The Directors 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 year under review.

On behalf of the Board of Directors
For **BAFNA PHARMACEUTICALS LIMITED**

SD/-

S. Hemalatha

Whole-Time Director

DIN:02714329

Place: Chennai

SD/-

Vinayak Dinesh Dendukuri

Whole-Time Director

DIN: 07601309

Place: Hyderabad

Date: 13-08-2024

ANNEXURE TO THE BOARDS' REPORT

"Annexure-A"

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo for the Financial Year 2023-2024

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

A. Conservation of Energy

i). **Steps taken or impact on conservation of energy**

The Company is making continuous efforts on an ongoing basis to conserve energy. Efforts to conserve energy continued during the year through timely preventive maintenance and inspection of Plant and Machinery, minimizing leakages and energy waste.

ii). **Steps taken for Utilising alternate source of energy**

The Company is exploring the possibilities for using green, clean and renewable energy for reduced environmental impact and increased sustainability.

iii). **Capital investment in energy conservation equipment**

The Company has not made any capital investment in energy conservation equipment.

B. Technology Absorption

i). **Efforts made towards technology absorption:**

With latest technology, its development & up-gradation enable us to provide technically superior, process efficient and international standards product. The Company has full-fledged R&D Center, which are continuously engaged in R&D activities with respect to new product development and process improvement/excellence.

a) 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.

b) The R&D canter 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.

ii). **Benefits derived like product improvement, cost reduction, product development or import substitution**

a) Control of drug therapy is achieved

b) Drug administration can be made convenient

c) The safety margin of high potency drug can be increased

d) Drugs with shorter half-life can be given in less frequent dose with better compliance

- e) Less fluctuating blood plasma concentrations
 - f) Bioavailability enhancement of poorly soluble drugs
 - g) Targeting drug delivery at most absorbing sites to improve bioavailability
 - h) Reduction of adverse effects due to avoidance of dose dumping
 - i) Rapid onset of action can be achieved
 - j) Taste masking of bitter oral liquid drug formulations
- iii). **Details of Imported Technology (during the last 3 years reckoned from the beginning of the FY 2023-24) - Nil**
- iv). **Research and Development expenditure incurred**

(Rs. In Lakhs)

Particulars	2023-2024	2022-2023
Capital Expenditure	--	--
Recurring Expenditure	153.62	152.12

C. Foreign Exchange Earnings and Outgo

(Rs. In Lakhs)

Particulars	2023-2024	2022-2023
Foreign Exchange Earnings	10,307.23	8,850.87
Foreign Exchange Outgo	1,207.84	906.12

On behalf of the Board of Directors
For **BAFNA PHARMACEUTICALS LIMITED**

SD/-
S. Hemalatha
Whole-Time Director
DIN:02714329
Place: Chennai

SD/-
Vinayak Dinesh Dendukuri
Whole-Time Director
DIN: 07601309
Place: Hyderabad

Date: 13-08-2024

ANNEXURE TO THE BOARDS' REPORT

"Annexure-B"

Annual Report on CSR Activities for The Financial Year 2023-24

(Pursuant to Section 134(3) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014)

1. Brief Outline on CSR Policy of the Company:

The CSR policy of the Company focuses on implementing impactful and sustainable CSR initiatives in the areas of healthcare, education, reducing inequalities, promotion of sports, environmental sustainability and community development and other areas prescribed under schedule VII of the Companies Act, 2013. As a part of its CSR initiatives, the Company's vision is to be a socially responsible organization committed to sustainable development and improving the quality of life in the communities where we operate.

2. Composition of CSR Committee:

The CSR Committee of the Company comprises of the following Directors:

Sl. No	Name of Director	Designation / Nature of Directorship
1	Mrs. R Chitra	Chairperson –Independent Director
2	Mrs. Akila C Raju	Member – Non-Executive Director
3	Ms. S Hemalatha	Member – Whole-Time Director

As per Section 135(9) of the Companies Act, 2013, the Company is not required to constitute CSR Committee since the amount to be spent by the Company towards CSR activities does not exceed Rs. 50 Lakhs and the functions of such committee provided shall be discharged by the Board of Directors of such Company. Therefore, the CSR Committee of the Company did not meet during the year under review and the Board of Directors of the Company discharged the functions of the CSR Committee.

3. Provide the web-link where Composition of SCSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company : www.bafnapharma.com.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if : Not Applicable.

5.	Details of Prescribed CSR Expenses	Amount (In Rs)
(a)	Average Net Profit of the Company as per Section 135(5)	Rs. 7,85,37,145/-
(b)	Two percent of average Net Profit of the Company as per Section 135(5)	Rs. 15,70,743/-
(c)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	--
(d)	Amount required to be set off for the financial year, if any	--
(e)	Total CSR Obligation for the financial year [(b)+(c)-(d)]	Rs. 15,70,743/

6.	Details of CSR Expenses Incurred	Amount (In Rs)
(a)	Amount spent on CSR Project (both Ongoing project and other than Ongoing project)	Rs. 3,00,190/-
(b)	Amount spent in Administrative Overheads	--
(c)	Amount spent on Impact Assessment, if applicable	--
(d)	Total amount spent for the Financial Year [(a)+(b)+(c)]	Rs. 3,00,190/-

7. CSR amount spent or unspent for the financial year:

Amount unspent (in Rs.)					
Total Amount Spent for the Financial year (in Rs.)	Total Amount transferred to Unspent CSR account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the fund	Amount	Date of Transfer
3,00,190	--	--	Prime Minister National Relief Fund	6,70,553	05.08.2024
			Clean Ganga Fund	6,00,000	05.08.2024

8. Excess amount for set off, if any: Nil

9. Details of Unspent CSR amount for the preceding three financial years: Nil

10. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) - The Company could not spend the prescribed CSR Amount, before March 31, 2024, due to delay in project identification. However, the Company has transferred the Unspent CSR Amount to the Funds specified in Schedule VII of the Companies Act, 2013..

On behalf of the Board of Directors
For **BAFNA PHARMACEUTICALS LIMITED**

SD/-
S. Hemalatha
Whole-Time Director
DIN:02714329
Place: Chennai

SD/-
Vinayak Dinesh Dendukuri
Whole-Time Director
DIN: 07601309
Place: Hyderabad

Date: 13-08-2024

ANNEXURE TO THE BOARDS' REPORT

"Annexure-C"

Form No. MR-3

SECRETARIAL AUDIT REPORT For The Financial Year Ended 31.03.2024

[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 31.03.2024, complied with the statutory provisions listed here under 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 31.03.2024 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) (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 (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 National Stock Exchange Limited (NSE) as per SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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

- a) *The Board of Directors of the Company did not comprise of minimum of six directors as required under Regulation 17(1)(c) of SEBI (LODR) Regulations, 2015 until 26.06.2023.*
- b) *The Company did not have a Company Secretary cum Compliance Officer as required u/s 203 of the Companies Act, 2013, and Regulation 6 of SEBI (LODR) Regulations, 2015 during the period commencing from 01.04.2023 to 07.04.2023.*
- c) *The Company has submitted the Disclosure of Related Party Transactions, with the Stock Exchanges, for the half year ended 31.03.2023 as prescribed under Regulation 23(9) of SEBI (LODR) Regulations, 2015, with a delay of 2 days.*
- d) *The Company did not comply with the Minimum Public Shareholding requirements as prescribed under Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957.*
- e) *The Company has not yet obtained approval of Shareholders for re-appointment of Ms. Shanmugam Hemalatha as Whole-Time Director of the Company as required under Section 196 of the Companies Act, 2013 and Regulation 17(1C) of SEBI (LODR) Regulations, 2015. The Company has not filed e-Form MGT-14 for registration of resolution passed by the Board of Directors on 11.08.2023 & e-Form MR-1 with the Registrar of Companies, Chennai with respect to reappointment of Ms. Shanmugam Hemalatha as Whole Time Director of the Company. Further, the Company has not made necessary disclosure as required under Regulation 30 read with Schedule III of SEBI (LODR) Regulation, 2015 for re-appointment of Ms. Shanmugam Hemalatha approved in the Board Meeting held on 11.08.2023.*
- f) *The Company has not spent the requisite amount as prescribed under Section 135(5) of the Companies Act,*

2013 towards Corporate Social Responsibility activities and has not transferred the remaining unspent amount to a special account namely Unspent Corporate Social Responsibility Account as prescribed under Section 135(6) of the Companies Act, 2013.

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 or as the case may be, 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 year under review, SRJR LIFESCIENCES LLP, the Promoter has made an Offer for Sale of 35,48,143 Equity Shares representing 15% of total Paid-up capital of the Company, on September 06, 2023, through Stock Exchange Mechanism in accordance with "Comprehensive Guidelines on Offer for Sale of Shares by Promoters through the Stock Exchange Mechanism" issued by SEBI vide Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/10 dated January 10, 2023 read with Revised Operational Guidelines for Offer for Sale issued by BSE & NSE dated January 27, 2023 and January 31, 2023 respectively, in order to comply with Minimum Public Shareholding requirements as mandated under Rule 19(2) (b) and 19A of the Securities Contracts (Regulation) Rules, 1957 read with Regulation 38 of SEBI (LODR) Regulations, 2015. Accordingly, SRJR LIFESCIENCES LLP disposed 1,57,248 Equity Shares of the Company to non- retail investors on September 07,2023 and 1,41,418 equity shares to retail investors on September 08, 2023

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.

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: 29.05.2024

Sd/-
BALU SRIDHAR
Partner
M.No. F5869
C.P. No. 3550
UDIN: F005869F000490474

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: 29.05.2023

Sd/-

BALU SRIDHAR

Partner

M.No. F5869

C.P. No. 3550

UDIN: F005869F000490474

ANNEXURE TO THE BOARDS' REPORT

"Annexure-D"

PARTICULARS OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES

(Disclosure as per Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

1. Ratio of Remuneration paid to Directors and Key Managerial Personnel:

Name of Director, Key Managerial Personnel	Designation	% of Increase / (Decrease) in Remuneration during F.Y 2023-24	Ratio of remuneration of each Director to median remuneration of employees during F.Y 2023-24
Ms. S Hemalatha	Whole-Time Director	14%	6.30:1
Mr. Vinayak Dinesh Dendukuri	Whole-Time Director	Nil	8.46:1
Mr. Bafna Mahaveer Chand	Chief Executive Officer	100%	22.99:1
Mr. Melagiri Sridhar	Chief Financial Officer	14%	4.98:1
Mr. Vishnu Vasudeva Kuppa	Company Secretary	Nil	3.68:1

Notes:

- None of the Non-Executive Directors, including Independent Directors, receive any remuneration from the Company except sitting fees for attending meeting of the Board & Committee(s) thereof. Hence, the ratio of remuneration and percentage increase for Non-Executive Directors have not been considered.
 - Mr. Vinayak Dinesh Dendukuri, was appointed as Whole-Time Director of the Company with effect from June 26, 2023.
- Percentage increase in the median remuneration of employees in the financial year : Approx 6%
 - Number of Permanent Employees on the rolls of the Company as on March 31, 2024: 363 Employees
 - Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year (FY 2023-2024) and its comparison with the percentile increase in the managerial remuneration and justification thereof: The average percentile increase was 8% in 2023-2024 for employees other than the managerial personnel.
 - It is hereby affirmed that the remuneration paid is in accordance with the remuneration policy of the Company

On behalf of the Board of Directors
For **BAFNA PHARMACEUTICALS LIMITED**

SD/-
S. Hemalatha
Whole-Time Director
DIN:02714329
Place: Chennai

SD/-
Vinayak Dinesh Dendukuri
Whole-Time Director
DIN: 07601309
Place: Hyderabad

Date: 13-08-2024

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015)

"Annexure-E"

1. COMPANY'S PHILOSOPHY

Your Company believes in professionalism of management, transparency and sound business ethics. It emphasizes the need for full transparency and accountability and conducting its business in a highly professional and ethical manner, thereby enhancing trust and confidence of all its stakeholders and encouraging their wide participation.

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company has always been committed to the principles of good Corporate Governance. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders.

The Company is generally in compliance with the applicable provisions of Corporate Governance as stipulated under Regulation 17 to 27 read with Schedule V and Regulation 46 of SEBI (LODR) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

A report on compliance with Corporate Governance principles as prescribed under the SEBI Listing Regulations is given below:

2. BOARD OF DIRECTORS

Composition, Attendance and Meetings

- ii). The Company has an optimum combination of Executive and Non-Executive Directors on its Board. As on March 31, 2024, the Board comprises of Seven (7) Directors, including Two (2) Whole Time Directors, Two (2) Non-Executive Directors and Three (3) Independent Directors. The composition of the Board, as at the end of F.Y 2023-24, is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act. The profiles of Directors are available at Company's website.
- ii) . To the best of our knowledge and information furnished to the Board, total Directorships held by the Directors are within the limits prescribed under Section 165 of the Companies Act, 2013 (Act) read with Regulation 17A of SEBI LODR. None of the Independent Directors serves as an Independent Director in more than seven (7) listed companies and not more than three (3) listed companies, in case he is a whole-time-Director in a listed company. Similarly, none of the Directors on the Board is a member of more than ten (10) Committees or Chairperson of more than five (5) Committees across all listed and unlisted public companies in which he / she is a Director in terms of Regulation 26 of SEBI LODR. The Directors notify the Company about change in their Directorship(s) / Committee position(s) as and when they take place.
- iii). During the FY 2023-24, the Board met six (6) times on April 07, 2023; May 27, 2023; June 26, 2023; August 11, 2023; November 09, 2023 and February 12, 2024. The requisite quorum was present throughout the meetings.
- iv). The composition, nature of directorship, number of meetings attended and their directorship in other public companies of the Board of Directors as on March 31, 2024 are as under:

Name of Director	Category	Number of board meeting attended	Attendance at the last AGM held on September 22, 2023	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	
Ms. Shanmugam Hemalatha (DIN:02714329)	Whole-Time Director	6	Yes	--	--	--	--	--
Mr. Vinayak Dinesh Dendukuri * (DIN: 07601309)	Whole-Time Director	2	No	--	--	--	--	--
Mrs. Akila C Raju (DIN: 07590312)	Non-Executive Director	6	No	--	--	--	--	--
Mr. Upendar Mekala Reddy * (DIN: 08898174)	Non-Executive Director	3	Yes	--	1	--	--	--
Mrs. R. Chitra (DIN:07749125)	Chairperson & Independent Director	6	Yes	--	--	--	--	--
Mr. P K Sundaresan (DIN: 06954189)	Independent Director	5	Yes	--	--	--	--	--
Mr. Krishna Yeachuri * (DIN: 00066898)	Independent Director	2	Yes	--	1	--	1	1
B. Kamlesh Kumar ** (DIN:01218959)	Independent Director	4	NA	--	--	--	--	--

Notes:

- Excludes Directorships held on the Boards of Private Companies, Section 8 Companies, Debt-Listed Companies and Companies incorporated outside India.
- Membership in Audit Committee and Stakeholder Relationship Committee of other public companies are only considered as per Regulation 26 of SEBI LODR and membership includes the positions held as chairperson of the Committee

- c. *Mr. Krishna Yeachuri, Mr. Upendar Mekala Reddy and Mr. Vinayak Dinesh Dendukuri were appointed as Independent Director, Non-Executive Director and Whole Time Director, respectively with effect from June 26, 2023.
- d. **Mr. B. Kamalesh Kumar, Independent Director, resigned with effect from September 09, 2023.
- v). During the financial year under review, Mr. B Kamalesh Kumar (DIN: 01218959) resigned from the Directorship of the Company w.e.f September 09, 2023. He has confirmed in the resignation letter that there are no other material reasons other than those provided therein i.e due to personal reasons.
- vi). None of the Directors is related to any other Directors of the Company as on March 31, 2024.
- vii). The Company placed before the Board the Annual Plans and Budget, Capital Budget, Performance of the Company, Unaudited Quarterly Financial Results, Audited Annual Financial Results and various other information/ details, as specified under Part A of Schedule II of the SEBI (LODR) Regulations, 2015, from time to time. The Board also periodically reviews the compliance reports of all laws applicable to the Company.
- viii). As on March 31, 2024, none of the Non-Executive Directors hold any Shares in the Company.
- ix). **Independent Directors:** In accordance with Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI (LODR) Regulations, 2015, a separate meeting of Independent Directors of the Company, was held on March 13, 2024 for reviewing the performance of Non-Independent Directors, the Board as a whole, the Chairperson of the Company as well as for assessing the quality, quantity and timeliness of flow of information between the Company management and the Board.
- x). In the opinion of the Board, the Independent Directors, fulfill the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.
- xi). The familiarization program on the nature of the industry, the business model of the Company, roles, rights and responsibilities of Independent Directors, etc., are conducted to the Independent Directors of the Company, at the time of induction. The details of the familiarization program are disclosed in the website of the Company at the weblink www.bafnapharma.com. Further, at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, functions, duties and responsibilities as a Director. The terms and conditions of the appointment of Independent Director are also available on Company's website www.bafnapharma.com.

xii). Chart/ Matrix setting out the skills/expertise/competence of the board of directors:

The Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and Committees. The Board has identified the following skills / expertise with the individual Board Members with reference to the Company's business and Industry.

Name of the Director	Skills / Expertise / Competencies
Ms. S Hemalatha	Industry & Technology, Business Administration & Strategy, Sales, Marketing, Regulatory Compliance, Finance, Legal
Mr. Vinayak Dinesh Dendukuri	Industry & Technology, Business Administration & Strategy, Sales, Marketing.
Mrs. Akila C Raju	Business Administration & Strategy, Finance, Legal, Corporate Governance.
Mr. Upendar Mekala Reddy	Industry & Technology, Business Administration & Strategy, Corporate Governance.
Mr. P K Sundaresan	Finance, Corporate Laws / Legal, Corporate Governance

Name of the Director	Skills / Expertise / Competencies
Mrs. R Chitra	Finance, Human resource Corporate Governance.
Mr. Krishna Yeachuri	Industry & Technology, Business Administration & Strategy, Finance, Legal, Corporate Governance.

3. COMMITTEES OF THE BOARD

i). **Audit Committee**

a) **Composition, Attendance and Meetings:**

The Audit Committee of the Company is constituted in accordance with the Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015. The Committee comprises of Three (3) Directors consisting of Two (2) Independent Director and One (1) Non-Executive Director.

During the year under review, the Committee met Four (4) times on May 27, 2023; August 10, 2023; November 09, 2023 and February 12, 2024 and the requisite quorum was present throughout the meetings. The Composition of the Audit Committee and details of its members attendance as on March 31, 2024 are as below:

Name of the Director	Category	No. Of Meetings Attended
Mr. P K Sundaresan	Chairman, Independent Director	4
Mrs. R Chitra	Member, Independent Director	4
Mr. Upendar Mekala Reddy*	Member, Non-Executive Director	2
Mr. B Kamlesh Kumar**	Member, Non-Executive Director	2

* Appointed as Member w.e.f November 02, 2023.

** Ceased as Member w.e.f September 09, 2023.

All the members of the Audit Committee are financially literate and possess accounting and related financial management expertise. The Statutory Auditors, Internal Auditors and Chief Financial Officer attended the meetings, by invitation, whenever necessary. The Company Secretary of the Company acts as the Secretary to the Committee. The Chairman of the Audit Committee was present at the last AGM of the Company held on September 22, 2023.

All the recommendations of the Audit Committee during the year, were considered and accepted by the Board.

b) **Terms of Reference:**

The terms of reference and powers of the Audit Committee are those prescribed under Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the SEBI (LODR) Regulations, 2015. The brief terms of reference of the Audit Committee of the Company, inter alia include:

- i. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- ii. Review and monitor the Auditor's independence and performance and effectiveness of audit process.
- iii. Review with the Management the quarterly Financial Statements and the annual Financial Statements and the Auditor's Report thereon, before submission to the Board for approval, with particular reference to:

- a) matters required to be included in the Director's responsibility statement to be included in the board's report in terms of Clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
 - b) disclosure of any related party transactions.
 - c) modified opinion(s) in the draft audit report.
- iv. Approval or any subsequent modification of transactions of the Company with related parties.
 - v. Scrutiny of inter-corporate loans and investments.
 - vi. Valuation of undertakings or assets of the Company, wherever it is necessary.
 - vii. Evaluation of internal financial controls and risk management systems.
 - viii. Monitoring the end use of funds raised through public offers and related matters.
 - ix. To review the functioning of the whistle blower mechanism.

ii). **Nomination & Remuneration Committee:**

a) **Composition, Attendance and Meetings:**

The Nomination & Remuneration Committee of the Company is constituted in accordance with the Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015. The Committee comprises of Three (3) Directors consisting of Two (2) Independent Director and One (1) Non-Executive Director.

During the year under review, the Committee met One (1) time on June 26, 2023 and the requisite quorum was present throughout the meetings. The Composition of the Nomination & Remuneration Committee and details of its members attendance as on March 31, 2024 are as below:

Name of the Director	Category	No. Of Meetings Attended
Mr. Krishna Yeachuri*	Chairman, Independent Director	--
Mr. P K Sundaresan	Member, Independent Director	1
Mrs. Akila C Raju	Member, Non-Executive Director	1
Mr. B Kamlesh Kumar**	Chairman, Non-Executive Director	1

* Appointed as Chairman w.e.f November 02, 2023.

** Ceased as Chairman w.e.f September 09, 2023.

b) **Terms of Reference:**

The terms of reference and powers of the Nomination & Remuneration Committee are those prescribed under Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the SEBI (LODR) Regulations, 2015. The brief terms of reference of the Nomination & Remuneration Committee of the Company, *inter alia* include:

- i). Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;

- ii). For every appointment of an independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description.
 - iii). Formulation of criteria for evaluation of Independent Directors and the Board;
 - iv). Devising a policy on Board diversity;
 - v). Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
 - vi). Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
 - vii). Recommend to the Board all remuneration, in whatever form, payable to Senior Management.
- c) **Remuneration Policy**
- The policy on appointment and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) is available on the website of the Company www.bafnapharma.com.
- d) **Remuneration to Non-Executive Directors:**
- The Non-Executive Directors are paid sitting fees for attending meetings of the Board and Committee(s) thereof. Apart from receiving the sitting fees, the Non-Executive Directors did not have any pecuniary relationship or transactions with the Company during the year.

The details of remuneration including sitting fees paid to the Non-Executive Directors for the year ended March 31, 2024 are as follows:

Name	Sitting fees
Mr. P K Sundaresan	Rs. 1.21 Lakhs
Mrs. R. Chitra	Rs. 1.10 Lakhs
Mr. Krishna Yeachuri (Appointed w.ef. June 26, 2023)	Rs. 0.22 Lakhs
Mrs. Akila C Raju	Rs. 0.88 Lakhs
Mr. Upendar Mekala Reddy (Appointed w.ef. June 26, 2023)	Rs. 0.55 Lakhs
B. Kamlesh Kumar (Ceased w.e.f September 09, 2023)	Rs. 0.88 Lakhs

e) **Remuneration Paid to Executive Directors**

The Remuneration paid to Executive Directors for the year ended 31st March 2024 is as follows:

Name of Director	Remuneration
Ms. S Hemalatha	Rs. 17.79 Lakhs
Mr. Vinayak Dinesh Dendukuri (Appointed w.ef. June 26, 2023)	Rs. 22.07 Lakhs

f) **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.

iii). **Stakeholders Relationship Committee:**

a) **Composition, Attendance and Meetings:**

The Stakeholders Relationship Committee of the Company is constituted in accordance with the Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015. The Committee comprises of Three (3) Directors consisting of One (1) Independent Director, One (1) Non-Executive Director and One (1) Whole-Time Director.

During the year under review, the Committee met One (1) time on March 13, 2024 and the requisite quorum was present throughout the meetings. The Company Secretary is the compliance officer of the Company and acts as the Secretary to the Committee.

The Composition of the Stakeholders Relationship Committee and details of its members attendance as on March 31, 2024 are as below:

Name of the Director	Category	No. Of Meetings Attended
Mrs. R Chitra	Chairperson, Independent Director	1
Mrs. Akila C Raju*	Member, Non-Executive Director	1
Ms. Shanmugam Hemalatha	Member, Executive Director	1

* Appointed as Member w.e.f April 07, 2023.

b) **Terms of Reference:**

The functioning and terms of reference of the Committee are as prescribed and in due compliance with the Regulation 20 of SEBI (LODR) Regulations, 2015 as well as Section 178 of the Companies Act, 2013. The Stakeholders Relationship Committee looks into the redressal of shareholder and investor grievances, issue of duplicate/ consolidated share certificates, remat / demat of shares and review of cases for refusal of transfer/transmission and reference to statutory and regulatory authorities.

c) **Name & Designation of Compliance Officer:**

Name	Mr. A. Mohanachandran
Designation	Company Secretary & Compliance Officer
Address	Bafna Pharmaceuticals Limited No.299, Thambu Chetty Street, Chennai-600001
Contact	044-42677555
E-Mail	cs@bafnapharma.com

e) **Details of investor complaints received and redressed during financial year 2023 - 2024 are as follows:**

No. of Complaints pending as on April 01, 2023	No. of complaints received during the year 2023-24	No. of complaints resolved to the satisfaction of Shareholders during the year 2023-24	No. of complaints pending as on March 31, 2024
0	0	0	0

iv). **Corporate Social Responsibility Committee:**

The CSR policy of the Company focuses on implementing impactful and sustainable CSR initiatives in the areas of healthcare, education, reducing inequalities, promotion of sports, environmental sustainability and community development and other areas prescribed under schedule VII of the Companies Act, 2013. The CSR projects and activities undertaken by the Company are in line with the CSR Policy and recommendations of the Board / CSR Committee which are in accordance with the areas or subjects specified under the Companies Act, 2013, as amended from time to time.

Sl. No	Name of Director	Designation / Nature of Directorship
1	Mrs. R Chitra	Chairperson –Independent Director
2	Mrs. Akila C Raju	Member – Non-Executive Director
3	Ms. S Hemalatha	Member – Whole-Time Director

As per Section 135(9) of the Companies Act, 2013, the Company is not required to constitute CSR Committee since the amount to be spent by the Company towards CSR activities does not exceed Rs. 50 Lakhs and the functions of such committee provided shall be discharged by the Board of Directors of such Company. Therefore, the CSR Committee of the Company did not meet during the year under review and the Board of Directors of the Company discharged the functions of the CSR Committee.

4. GENERAL BODY MEETINGS

i). **Annual General Meeting**

The Details of last three Annual General Meetings (AGMs) are as under:

Financial Year	Date	Time	Venue	Any special resolution was passed
2020-2021	August 14, 2021	11:00 am	Video Conferencing and other Audio Visual Means (VC/OAVM)	No
2021-2022	July 28, 2022	11:00 am	Video Conferencing and other Audio Visual Means (VC/OAVM)	No
2022-2023	September 22, 2023	10.25 am	Video Conferencing and other Audio Visual Means (VC/OAVM)	Yes *

* Appointment of Mr. Krishna Yeachuri (DIN: 00066898) as a Non-executive Independent Director of the Company.

ii). **Postal Ballot & Extra-Ordinary General Meeting**

No resolution was passed either through Postal Ballot or Extra-Ordinary General Meeting during the Financial Year 2023-24. There are no special resolution proposed to be passed through Postal Ballot.

5. 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, in which the Company's shares are listed.

The Quarterly Unaudited Financial Results and the Annual Audited Financial Results of the Company, in the prescribed format, are taken on record by the Board and are submitted to the Stock Exchanges. The financial results of the Company are generally published in "Business Standard" (English) & "Makkal Kural" (Tamil).

The Quarterly & Annual Financial Results are posted in the website of the Company at and also on the website of the BSE Limited and National Stock Exchange of India Limited.

6. GENERAL SHAREHOLDERS' INFORMATION

i). **Annual General Meeting**

Date	September 25, 2024
Day	Wednesday
Time	10.30 A.M
Mode	Through Video Conferencing (VC) and Other Audio Visual Means (OAVM)

ii). **Financial Calendar**

Financial Year	April 01, 2024 – March 31, 2025
Un-audited financial results for the 1st quarter	By August, 14 2024
Un-audited financial results for the 2nd quarter	By November, 14 2024
Un-audited financial results for the 3rd quarter	By February, 14 2025
Audited Financial Results	By May 30, 2025

The above schedule is only tentative in nature and may undergo changes due to change in circumstances

iii). **Dividend Payment Date** : The Board of Directors of the Company has not recommended any dividend for the financial year 2023-24.

iv). **Date of book closure/ Record date**: Thursday, September 19, 2024 to Wednesday, September 25, 2024 (both days inclusive)

v). **Listing on stock exchanges:**

Stock Exchanges	Stock Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai 400 051	BAFNAPH
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532989

Your Company has paid the Listing Fees for the financial year 2024-25.

vi) **.Market price data**

The equity shares of the Company are listed on National Stock Exchange of India Ltd. and BSE Ltd., The share price data as quoted on the NSE and BSE along with the movement in the respective stock index during the last financial year viz., April 1, 2023 – March 31, 2024 is given below

Month	BSE (Share Price in Rs.)		BSE Sensex		NSE (Share Price in Rs.)		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
April, 2023	94.29	80.27	61,209.46	58,793.08	91.00	78.15	18,089.15	17,312.75
May, 2023	108.55	80.00	63,036.12	61,002.17	107.60	80.00	18,662.45	18,042.40
June, 2023	125.55	107.7	64,768.58	62,359.14	124.45	106.75	19,201.70	18,464.55
July, 2023	102.35	97.25	67,619.17	64,836.16	101.45	87.90	19,991.85	19,234.40
August, 2023	116.45	86.38	66,658.12	64,723.63	119.00	86.50	19,795.60	19,223.65
September, 2023	99.40	85.30	67,927.23	64,818.37	97.40	83.55	20,222.45	19,255.70
October, 2023	97.00	79.75	66,592.16	63,092.98	96.65	79.90	19,849.75	18,837.85
November, 2023	90.99	79.79	67,069.89	63,550.46	91.40	79.60	20,158.70	18,973.70
December, 2023	104.23	88.00	72,484.34	67,149.07	104.25	87.80	21,801.45	20,183.70
January, 2024	107.22	92.50	73,427.59	70,001.60	107.80	92.00	22,124.15	21,137.20
February, 2024	106.00	86.05	73,413.93	70,809.84	101.80	86.00	22,297.50	21,530.20
March, 2024	92.15	76.50	74,245.17	71,674.42	91.10	75.90	22,526.60	21,710.20

vii). **Registrars and Transfer Agents**

Cameo Corporate Services Ltd
Subramanian Building,
No.1, Club House Road, Chennai -600 002
Telephone: 044-4002 0700
Online Investor Portal – <https://wisdom.cameoindia.com>
Website: www.cameoindia.com

viii). **Share transfer system**

Pursuant to the amendment to the Listing Regulations effective from April 1, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. Members holding shares in physical form are therefore requested to convert their holdings to dematerialized mode. Transfers of Share in Demat form are affected through the depositories with no involvement of the Company.

ix). **Distribution of equity shareholding as on March 31, 2024:**

Share holding	Shareholders		Shareholding	
	Shares	Number	% of Total	% of Total
Upto 500	7138	93.26	4,17,703	1.77
501 – 1000	226	2.96	1,75,100	0.74
1001 – 2000	135	1.76	1,97,325	0.84
2001 – 3000	59	0.77	1,43,250	0.60
3001 – 4000	24	0.31	84,590	0.36
4001 – 5000	12	0.16	55,509	0.23
5001 – 10000	23	0.30	1,72,153	0.73
10001 & above	37	0.48	2,24,10,705	94.73
Total	7,654	100.00	2,36,56,335	100.00

x). **Dematerialization of shares and Liquidity:**

The Company has entered into the necessary agreements with National Securities Depository Limited and Central Depositories Services (India) Limited for dematerialisation of the shares held by the Shareholders. As of March 31, 2024, about 99.97% of the shareholdings have been dematerialised.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE878101022. A comparative table of physical and demat holdings as on March 31, 2024 is given below:

Particulars	No. Of Shares	No. of Shareholders	% of Shares
Electronic Form	2,36,49,295	7,637	99.97
Physical Form	7,040	17	0.03
Total	2,36,56,335	7,654	100.00

A reconciliation of share capital, audited by Practicing Company Secretary (PCS) is submitted to the Stock Exchanges on a quarterly basis in terms of regulation 76 of SEBI (Depositories and Participants) Regulations, 2018.

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

The Company has not issued any GDRs/ADRs. As of March 31, 2024, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity of the Company.

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

During the year under review, the Company has not transferred any unclaimed/unpaid amounts to the Investor Education and Protection Fund.

xiii). **Credit Rating obtained by the Company**

The Company obtained credit rating for the Working Capital Facilities availed from banks, by ICRA, as detailed below

Facilities	Amount	Rating
Long Term (F / NF)	Rs.38.90 Crores	[ICRA] BB+
Short Term (F / NF)	Rs.1.10 Crores	[ICRA] A4+

xiv). **Plant Location**

The Company has two manufacturing facilities situated at:

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

xv). **Address for Correspondence:**

Bafna Pharmaceuticals Limited

Old No. 299, New No.68, Thambu Chetty Street, Chennai-600001

Email ID: cs@bafnapharma.com

Website: www.bafnapharma.com

7. OTHER DISCLOSURES

- i) 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 2023 - 2024 were in the ordinary course of business and at arms' length basis. All routine and periodic transactions with related parties were covered in the omnibus approval of the Audit Committee. The policy on dealing with Related Party Transactions is posted on the Company's website www.bafnapharma.com.
- ii). During the year under review, the Company did not comply with Minimum Public shareholding as per the provisions of Regulation 38 of SEBI (LODR) Regulations, 2015. The BSE Limited and National Stock Exchange of India Ltd have imposed penalties for non-compliance of aforesaid Regulation, however, the Company has applied for waiver of penalty application before the designated stock exchange and the Order is awaited.
- iii). The Board of Directors adopted the Whistle-Blower Policy in accordance with Section 177(9) of the Act, and Regulation 22 of the SEBI (LODR) Regulations, 2015. We hereby confirm that no person has been denied access to the Chairman of the Audit Committee.
- iv). The Board of Directors has laid down a code of conduct for all Board members & Senior Management of the Company. All the Directors & Senior Management have affirmed their compliance with the code of conduct. A declaration to this effect signed by Ms. S Hemalatha, Whole Time Director, to this effect is annexed to this report on Corporate Governance.
- v). The Company is generally in compliance with the mandatory requirements of Regulation 17 to 27 and Regulation 46 of SEBI (LODR) Regulations, 2015.
- v.i). The Company does not have any material listed / unlisted subsidiary as defined in Regulation 24 of the SEBI LODR. Hence, the Company is not required to frame a policy for determining material subsidiary.
- vii). The Company does not have any significant exposure in commodities directly and does not carry out any commodity hedging activities.

- viii). During the year under review, the Company has not raised any funds through preferential allotment or qualified institutions placement and hence, the disclosure on utilization of funds is not applicable. There are no convertible instruments issued or outstanding.
- ix). In terms of Section 178 of the Companies Act, 2013, rules made there under & other applicable provisions, if any, the Board of Directors has approved Succession Plan for Board & Senior Management.
- x). The Company has obtained a certificate from M/s. A.K Jain & Associates, Company Secretaries, Chennai, stating that none of the Directors on the Board of the Company, as on March 31, 2024, have been debarred or disqualified from being appointed or continuing as Director of the companies by the Board / Ministry of Corporate Affairs or any such statutory authority. The Certificate obtained is annexed to this Report on Corporate Governance.
- xi). Pursuant to Regulation 17(8) of the SEBI (LODR) Regulations, 2015, the CEO and CFO of the Company have certified to the Board on the integrity of the financial results / statements, effectiveness of internal controls and significant changes in internal control / accounting policies, for the year under review. The Certificate issued by the CEO and CFO is annexed to this Report.
- xii). The Board of Directors of the Company has considered and accepted all the recommendation(s) made by Committee(s) to the Board.
- xiii). The total fees for all services paid by the listed entity, to M/s. Brahmayya & Co, Chartered Accountants, Chennai, the Statutory Auditor of the Company is provided hereunder:

Particulars of Service	Amount (Rs. In Lakhs)
Services as statutory auditors (including quarterly audits)	8.00

- xiv). The disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is provided in the Board's Report.
- xv). During the year under review, the Company has not provided any loans and advances in the nature of loans to firms/companies in which directors are interested.
- xvi). The Company has not entered into any agreement which are to be disclosed under clause 5A of paragraph A of Part A of Schedule III of SEBI (LODR) Regulations, 2015, which have an impact on the management or control of the listed entity or create any liability on the listed entity during the FY 2023-24.

On behalf of the Board of Directors
For **BAFNA PHARMACEUTICALS LIMITED**

SD/-
S. Hemalatha
Whole-Time Director
DIN:02714329
Place: Chennai

SD/-
Vinayak Dinesh Dendukuri
Whole-Time Director
DIN: 07601309
Place: Hyderabad

Date: 13-08-2024

CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT

I, S Hemalatha, Whole Time Director (DIN: 02714329), do hereby certify and confirm that the Company has obtained affirmation from all the members of the Board and Senior Management, their compliance with Code of Conduct for Directors and Senior Management in respect of financial year 2023-2024.

On behalf of the Board of Directors
For **BAFNA PHARMACEUTICALS LIMITED**

SD/-

S. Hemalatha

Whole-Time Director

DIN:02714329

Place: Chennai

Date: 29-05-2024 .

CEO AND CFO CERTIFICATION

(Pursuant to Regulation 17(8) of SEBI (LODR) Regulations, 2015)

We, (1) Mahaveer Chand Bafna, Chief Executive Officer and (2) Melagiri Sridhar, Chief Financial Officer, of the Company, to the best of our knowledge and belief hereby certify that:

- a) We have reviewed Financial Statements and cash flow statement for the year ended March 31, 024, that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are to the best of our 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.
- c) We accept responsibility for establishing and maintaining internal controls for financials reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting, deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken or propose to be taken to rectify these deficiencies.
- d) We have indicated to the Auditors and Audit Committee:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For **BAFNA PHARMACEUTICALS LIMITED**

SD/-

Mahaveer Chand Bafna

Chief Executive Officer

SD/-

Melagiri Sridhar

Chief Financial Officer

Place: Chennai

Date: 29-05-2024

CERTIFICATE OF NON DISQUALIFICATION

*[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, 2024, 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: 29.05.2024

SD/-

BALU SRIDHAR

Partner

M.No.F5869

C.P.No.3550

UDIN: F005869F0004905

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

BAFNA PHARMACEUTICALS LIMITED

We have examined the compliance of the conditions of Corporate Governance by Bafna Pharmaceuticals Limited ('the Company') for the year ended on March 31, 2024, 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 generally complied with the conditions of corporate governance as stipulated in the SEBI Listing Regulations, *except for Regulation 17(1C) of the SEBI Listing Regulations, for the year ended on 31st March 2024.*

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 A. K. JAIN & ASSOCIATES

Company Secretaries

SD/-

BALU SRIDHAR

Partner

M.No.F5869

C.P.No.3550

Place: Chennai

Date: 29.05.2024

UDIN: F005869F000490595

MANAGEMENT DISCUSSION AND ANALYSIS

"Annexure - F"

GLOBAL ECONOMY OVERVIEW & OUTLOOK:

In 2023, the global economy showed signs of stabilization, driven by a swiftly recovering U.S. economy and resilient large emerging markets. The reduced risk of a global recession was supported by favorable factors such as robust labor markets, increased household consumption, and the strength of emerging economies. The strength of the U.S. economy is bolstering global output, despite challenges from lingering high inflation, weak demand in China and Europe, and the impacts of two regional conflicts. There was a significant contraction in both manufacturing activity and international trade due to sluggish global demand, largely influenced by tighter credit conditions that weighed on housing markets, investments, and overall economic activity. Despite these challenges, concerted policy tightening efforts led to a steady decline in global inflation from its multi-decade peak in 2022.

Global economic activity is expected to improve in the second half of 2024 after stagnating in the first half of the year. The IMF forecasts global real GDP growth of 3.2% for both 2024 and 2025, matching the growth rate of 2023. Additionally, the IMF projects that global median headline inflation will decrease to 2.8% by the end of 2024, down from 4% the previous year, and further decline to 2.4% in 2025. This moderation in global inflation is expected to be driven by tighter monetary policies and lower commodity prices.

INDIAN ECONOMIC OVERVIEW:

The Indian economy has made significant strides in recent years, surpassing the U.K. to become the world's fifth-largest economy. As one of the fastest-growing major economies globally, India achieved a real GDP growth of 8.2% in FY 2023-24, marking the third consecutive year of strong growth. This expansion was driven by stable consumption demand and steadily improving investment demand. The local economy demonstrated remarkable resilience despite tighter monetary policies and global challenges. Additionally, factors such as a demographic dividend, improved financial access, and investment in physical and digital infrastructure have contributed to this resilience. Rising disposable income levels have led to increased private consumption and spending, helping to shield the economy from global fluctuations. Inflation continued to decline, allowing policymakers to maintain stable interest rates. Traditionally, economic growth in India has been concentrated in specific regions, but this is changing as growth becomes more geographically distributed. The government has implemented a strategic focus on tier 2 and 3 cities, prioritizing infrastructure development and industrial initiatives in these smaller centers. This focus is fostering job creation and attracting businesses, serving as a potent catalyst for the economic development of these localities.

Looking ahead, India's growth is expected to remain strong, supported by improving macroeconomic factors and robust internal financial stability. The economy is projected to grow by more than 7% in FY 2024-25, with private consumption expected to accelerate and private capital expenditure likely to increase sustainably. Currently among the top five economies globally, India is expected to become the third-largest economy in the world within the next three years, with a projected GDP of \$5 trillion.

GLOBAL PHARMA INDUSTRY OVERVIEW

In 2023, the global pharmaceutical industry experienced significant changes in medicine usage and spending growth across different regions, laying the groundwork for robust expansion in the coming years. Despite downward revisions in vaccination and COVID-related therapeutic spending due to reduced usage, the industry demonstrated strong resilience and adaptability by embracing novel therapies and increasing overall medicine usage. Consequently, global medicine use and spending have surpassed pre-pandemic growth rates and are expected to continue significantly above those trends through 2028. The pharmaceutical sector will continue to play a substantial role in the global economy, contributing significantly to GDP.

In terms of medicine volume, global usage plateaued in 2023 but is projected to grow at an average annual rate of 2.3% through 2028. Growth is expected to be driven by China, India, and other Asian markets, with Latin America also experiencing rapid expansion. In contrast, North America, Western Europe, and Japan are expected to see slower growth due to their already high per capita usage levels. The global medicine market is set to continue its growth trajectory over the next five years, fueled by increased spending in regions such as the US, Europe, and key emerging markets. This growth will be driven by newly introduced branded products, higher uptake of original medicines, and the adoption of novel therapies. According to a recent IQVIA report on medicine usage, the global medicine market is projected to grow by over \$600 billion, reaching approximately \$2.3 trillion by 2028, indicating a compounded annual growth rate (CAGR) of 5%-8%. The availability of innovative therapeutics in developed markets, balanced by losses of exclusivity and the lower costs of generics and biosimilars, will drive this growth.

INDIAN PHARMACEUTICAL SECTOR OVERVIEW

The Indian pharmaceutical industry is the third largest in the world by volume. Domestic formulations constitute 50% of the Indian pharmaceutical market. India is a major exporter, serving over 200 countries. It is the largest supplier of generic medicines, producing about 60,000 different generic brands across 60 therapeutic categories, and accounting for 20% of the global supply of generics.

India meets over 50% of Africa's demand for generics, 40% of the generic demand in the US, and 25% of all medicines in the UK. Additionally, India supplies 60% of the global vaccine demand and is a leading provider of DPT, BCG, and measles vaccines. Notably, 70% of the WHO's vaccines are sourced from India. The country is also the third largest producer of Active Pharmaceutical Ingredients (APIs), holding an 8% share of the global API market. India manufactures over 500 different APIs and contributes 57% of the APIs on the WHO's prequalified list. Indian pharmaceutical companies have a substantial presence in the prescription markets of the US and EU, and India hosts the largest number of FDA-approved plants outside the US.

Valued at \$50 billion in 2024, the Indian pharmaceutical industry is projected to grow at a CAGR of over 10%, reaching \$130 billion by 2030 and \$450 billion by 2047. India is among the top 12 global biotechnology destinations and the third largest in the Asia-Pacific region, holding 3-5% of the global biotechnology market. In 2022, India's bioeconomy was valued at \$137 billion, with an aim to reach \$300 billion by 2030.

The domestic industry's growth is driven by a rising population with increasing incomes, a greater need for preventive healthcare due to changing demographics, increased awareness of chronic diseases, and a prevalence of lifestyle illnesses. India is well-positioned to meet this demand with its strong domestic manufacturing base, skilled workforce, and government initiatives promoting access to medicines. According to an analysis by CRISIL, the domestic pharmaceutical sector is expected to grow by 8-10% in sales in the financial year 2023-24.

Government of India's support and attractive incentives, such as the Production Linked Incentive (PLI) scheme, are pivotal in bolstering the pharmaceutical industry. Additionally, a scheme with a capital outlay of Rs 5,000 crore has been approved by the government to boost R&D in the pharma and medtech sectors, creating a favorable business environment.

OPPORTUNITIES & THREATS:

Indian pharmaceutical companies face a dynamic landscape with several opportunities and threats that could impact their growth and market positioning. The Indian market has certain unique characteristics. The Indian healthcare sector is expanding, driven by an increasing population, rising income levels, and greater health awareness. This growth presents opportunities for pharmaceutical companies to cater to a larger domestic market.

Opportunities

a) Emerging Markets:

- International Expansion: Emerging markets in Asia, Africa, and Latin America offer substantial growth potential due to increasing healthcare access and demand for affordable medicines.
- Export Opportunities: India is a global leader in the production of generic drugs, providing a significant export opportunity. As patents expire on branded drugs, Indian companies can capitalize on the demand for affordable generics in international markets, particularly in the U.S. and Europe.

b) Expanding Domestic Market:

- Growing Population and Income Levels: The expanding population and rising income levels in India present a significant opportunity for pharmaceutical companies to cater to an increasing demand for healthcare products.
- Health Awareness: Greater health awareness is driving the demand for preventive and therapeutic healthcare products, creating a robust market for pharmaceuticals.

c) Government Support:

- Increased Healthcare Spending: The Indian government has gradually increased healthcare spending and expanded the private hospital sector, benefiting the pharmaceutical industry.
- FDI and PLI Schemes: Government initiatives such as allowing 100% Foreign Direct Investment (FDI) in health and medical services and Production Linked Incentive (PLI) schemes are bolstering the industry.
- Health Expenditure Plans: The government plans to increase health expenditure to 2.25% of GDP by 2025, further boosting the pharmaceutical sector.

d) Macroeconomic Factors:

- Socio-Economic Factors: Increasing sales of generic medicines, heightened health awareness, increasing affluence, changing lifestyles, continued growth in chronic therapies, and greater penetration in rural markets contribute to the growth of the Indian pharmaceutical market.
- Spending Growth: India is expected to break into the top 10 countries in terms of spending on medicines, with spending projected to grow at about 10% annually over the next five years.

e) CRAMS Segment:

- Outsourcing Services: Contract Research and Manufacturing Services (CRAMS) is one of the fastest-growing segments in the pharmaceutical and biotechnology industry. The pharmaceutical market increasingly uses outsourcing services from contract research organizations (CROs) and contract manufacturing organizations (CMOs).

Threats

a) Regulatory Challenges:

- Stringent Requirements: Stringent regulatory requirements, both domestically and internationally, pose challenges, including delays in drug approvals and compliance costs.
- Price Controls: Intense price pressure in global regulated markets, the emergence of new local players affecting branded generic prices, and increased regulatory intervention in price fixation for domestic formulations threaten the industry's margins.

b) Supply Chain Disruptions:

- Geopolitical Crises: Ongoing geopolitical crises have led to supply chain disruptions and rising costs of raw

materials. Disruptions in worldwide supply chains and logistical hurdles impede the timely acquisition of raw materials and the distribution of finished products.

- Regulatory Scrutiny: Stringent regulatory measures and increased scrutiny of the pharmaceutical supply chain introduce complexities, resulting in delays in production and approval processes.

c) Market Competition:

- Price Pressure: The high level of competition in the generic drug market leads to intense price pressure, affecting profit margins.
- Local Players: The emergence of new local players can drive down prices for branded generics, posing a threat to established companies.

d) Production Challenges:

- Facility Approvals: Delays in the approval of manufacturing facilities by regulatory authorities can hinder production timelines and market entry.
- Production Capacity: The challenges related to supply chain disruptions and regulatory complexities impact production capacity, necessitating resilience and adaptability.

Balancing these opportunities and threats is crucial for Indian pharmaceutical companies as they navigate the evolving landscape of the global pharmaceutical industry.

COMPANY OVERVIEW

Bafna Pharmaceuticals Limited is engaged in the manufacturing of pharmaceutical formulations. The company's manufacturing facility is accredited by EU GMP, UK MHRA, and TGA Australia for Non-Betalactum solid oral dosage forms. Bafna Pharmaceuticals is known for providing consistent and unmatched service, supplying high-end pharmaceutical formulations to regulated and emerging markets. Additionally, the company has established itself as a competent player in the Contract Research and Manufacturing Services (CRAMS) industry.

The Company's primary focus is to expand revenue from registered products globally while continuing to apply for registrations to generate new opportunities. Bafna Pharmaceuticals exports its products to the Europe, the United Kingdom, Australia, Sri Lanka, Africa, and Commonwealth countries.

OPERATIONAL AND FINANCIAL PERFORMANCE:

During the financial year 2023-24, the total revenue from operations was Rs.15,246.57 Lakhs as compared to Rs.11,534.99 Lakhs during the previous financial year 2022-23. Thereby registering a growth of 32.18% over the previous year. The Export Turnover of the Company for the financial year 2023-24 was Rs.9,419.81 Lakhs, registering a growth of 6.43% over the previous year. Further, the Domestic Turnover of the Company for the financial year increased to Rs.5,673.92 Lakhs thereby recording an increase of 122.12% as compared to the previous year.

The EBIDTA for the financial year 2023-24 was Rs. 1,463.36 Lakhs for the year ended as against Rs. 1,898.83 Lakhs for the corresponding previous period, recording decrease of 22.93%. The Profit After Tax was Rs. 734.79 Lakhs for the year ended 31st March, 2024, as against Rs. 1,133.80 Lakhs for the corresponding previous period, a decline of 35.19%.

KEY FINANCIAL RATIOS

Ratios	F.Y 2023-24	F.Y 2022-23	% of Variance	Explanation for Variance
Profitability Ratio				
Operating Profit Margin	4.82%	10.07%	(52.18%)	Increase in Borrowings owing to increase in operations
Net Profit Margin	4.82%	9.83%	(50.96%)	Increase in Borrowings owing to increase in operations
Return on Net Worth	9.14%	15.43%	(40.80%)	Increase in Borrowings owing to increase in operations
EBITDA Margin	9.60%	16.46%	(41.95%)	Increase in Borrowings owing to increase in operations
Efficiency Ratios				
Debt Equity Ratio	0.30 Time	0.31 Time	3.23%	
Current Ratio	1.75 Time	1.88 Time	6.91%	
Inventory turnover ratio	5.88 Times	5.43 Times	8.30%	
Debtors Turnover ratio	3.52 Times	4.12 Times	14.56%	
Interest Coverage Ratio	6.38 Times	9.32 Times	31.74%	Increase In operations

OUTLOOK:

As detailed above, the outlook for the Indian pharmaceutical market is positive. The company is making continuous efforts to improve the quality of its products to secure more orders at competitive rates. Due to bulk orders and bargaining power, the company can quote better rates while maintaining high quality and productivity of the traded products. Barring unforeseen circumstances, the company is confident of achieving better results in the current year.

The outlook for the company is positive, considering its product mix, market conditions, and the expected increase in demand for its products. The company is focused on operating with the highest Environment, Health, and Safety standards while improving efficiencies, reducing unit costs, and ensuring business stability.

RISKS AND CONCERNS

The impending threats arising from geopolitical tensions, stock market volatility, growing concerns about rising commodity and energy prices, inflationary impacts, and potential interest rate hikes to reduce liquidity are likely to pose significant challenges going forward.

Additionally, significant volatility in the forex market, especially for emerging market currencies, may adversely impact the reported growth of these markets, even if they are recording growth in local currency terms. The regulatory environment across the globe is becoming increasingly stringent, making entry into new geographies more challenging.

INTERNAL CONTROL SYSTEMS & ADEQUACY

The Company has adequate internal control system suitable to its size and nature of business. 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, 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 Internal Audit is undertaken by an Independent Auditor M/s K S Rao & Co., Chartered Accountant firm, Chennai, The Audit Committee and the Board meets periodically to review with the internal auditor, statutory auditors and management the 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

Human resources continue to be one of the critical assets of the organization. The Company firmly believes that its people are its most valued resource and that their efficiency plays a key role in achieving defined goals and building a competitive work environment. We continue to take proactive steps to hire, retain talent and ensure continuity of business through talent acquisition, talent management and succession planning initiatives. Employee relations continued to be cordial and harmonious across all levels of the Company. The number of employees as on March 31, 2024 is 618.

CAUTIONARY STATEMENT

The information and opinions expressed in this report may contain certain forward-looking statements, which the management believes are true to the best of its knowledge at the time of its preparation. Actual results may differ materially from those either expressed or implied in this report.

On behalf of the Board of Directors
For **BAFNA PHARMACEUTICALS LIMITED**

SD/-

S. Hemalatha

Whole-Time Director

DIN:02714329

Place: Chennai

SD/-

Vinayak Dinesh Dendukuri

Whole-Time Director

DIN: 07601309

Place: Hyderabad

Date: 13-08-2024

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Financial Statements

INDEPENDENT AUDITOR'S REPORT

To

The Members

Bafna Pharmaceuticals Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of Bafna Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2024, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended then date and notes to the Financial Statements including a summary of material 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, as amended ("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 2024, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements 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 ("ICAI") 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Emphasis of Matters

Attention is invited to:

- a. the non-receipt of the foreign currency receivables as on 31st March 2024 aggregating to ₹ 174 Lakhs (31st March 2023: ₹ 203 Lakhs) which are outstanding beyond the stipulated time period permitted under the RBI Master Direction on Export of Goods and Services vide FED Master Direction No. 16/2015-16 dated 1st January, 2016 (as amended), issued by the Reserve Bank of India ("RBI"). The management of the Company is in the process of obtaining approval towards extension of time limits for realization or write off of the balances. Pending such confirmation, no adjustment is envisaged in the books of accounts as on 31st March 2024.
- b. the adjustment of Income Tax Refund pertaining to previous assessment years amounting to ₹ 45.17 Lakhs. The Income Tax Department has issued the refund order on various dates for respective assessment years; however, such refunds have been adjusted against the outstanding demands through Centralized Processing Centre ("CPC"). As represented by

the management, the Company has filed a writ petition with the Honourable Madras High Court against the adjustment of refund issued with the outstanding demand.

- c. Note 33 (B) to the Financial Statement regarding the non-compliance with various statutory compliances under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities Contracts (Regulations) Rules, 1957, as amended with respect to the Minimum Public Shareholding, appointment of Compliance Officer and submission of certain prescribed information to the Stock Exchanges during the previous reporting periods. The Company has received the communication from BSE Limited and National Stock Exchange of India Limited in respect to such non-compliance and appropriate provision has been accounted in the books of accounts as on reporting date. However, the management is pursuing with the Stock Exchanges for waiver of such penalties.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of the most significance in our audit of the Financial Statements of the financial year ended 31st March 2024. 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. We have determined the following matters as Key Audit Matters to be communicated in our report:

Key Audit Matters	Auditor's Response
<p>Litigations, Claims, Provisions and Contingent Liabilities</p> <p>As disclosed in Note 33 detailing contingent liability and provision for contingencies, the Company is involved in litigations concerning direct tax, indirect tax and other matters that are pending with various statutory authorities.</p> <p>Whether a liability is recognized or disclosed as a contingent liability in the Financial Statements is inherently judgmental and dependent on a number of significant assumptions and assessments.</p> <p>The amounts involved are potentially significant and determining the amount, if any, to be recognized or disclosed in the Financial Statements, is inherently subjective.</p>	<p>Our audit approach include:</p> <ul style="list-style-type: none"> • Assessed the appropriates of the Company's accounting policies, including those relating to provision and contingent liability by comparing with the applicable Indian Accounting Standards; • Assessed the Company process for identification of the pending litigations and completeness for financial reporting and also for monitoring of significant developments in relation to such pending litigations; • Engaged subject matter specialists to gain an understanding of the current status of litigations and monitored changes in the disputes, if any, through discussions with the management and by reading external advice received by the Company, where relevant, to establish that the provisions had been appropriately recognized or disclosed as required; • Assessed the Company's assumptions and estimates in respect of litigations, including the liabilities or provisions recognized or contingent liabilities disclosed in the Financial Statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts; • Obtained details of completed tax assessments and demands. • We involved our internal experts to review the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. • Assessed the management's conclusions through understanding precedents set in similar cases; and considering the appropriateness of the Company's description of the disclosures related to litigations and whether these adequately presented in the Financial Statements.

Key Audit Matters	Auditor's Response
<p>Inventories</p> <p>Inventories are also the critical component of Financial Statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations.</p>	<p>Our audit approach include:</p> <ul style="list-style-type: none"> • We assessed the Company's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the IND AS - 2. • We have evaluated the design of Internal Controls relating to recording and valuation of Inventory. • We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to Inventory. • We have verified the compliance with the standard norms relating to production as framed and timely updated by the management.

Other Information

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Company's Annual Report, but does not include the Financial Statements, and our auditor's report thereon. The other information is expected to be made available to us after the date of auditor's report. Thus, our report does not deal with matters mentioned under other information in Annual Report.

Our opinion on the Financial Statements does not cover the other information and we do 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 during the course of our audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management Responsibilities for the Financial Statements

The Company's Board of Directors is 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 financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 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 Board of Directors is 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:

- a. 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.
- b. Obtain an understanding of internal financial 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.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting 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.
- e. 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 misstatements 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 our 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 Financial Statements of the financial year ended 31st March 2024 and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation 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 sub section (11) of Section 143 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. 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 of the aforesaid Financial Statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Financial Statements have been kept by the Company so far as it appears from our examination of those books, except for the matters stated in the paragraph 3(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), 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 read with Companies (Indian Accounting Standard) Rules, 2015 as amended.
 - e. On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(a) above on reporting under Section 143(3)(b) of the Act and paragraph 3(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended.
 - g. 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" to this report.
3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) 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 on its financial position in its Financial Statements. Refer Note No. 33 to the Financial Statements.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There are no amounts which were 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 (which are material either individually or in the aggregate) 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 person(s) or entity(ies), including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries:
- (ii) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (iii) Based on the audit procedures that have been 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 (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company has not declared, paid interim dividend during the year or proposed final dividend for the year.
- f. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, as amended, for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1st April 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014, as amended, is applicable for the financial year ended 31st March 2024.

Based on our examination which included test checks and information given to us, the Company has used accounting software for maintaining its books of account, which does not have a feature of recording audit trail (edit log) facility, and the same did not operate throughout the year for all relevant transactions recorded in the respective software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, as amended, is applicable from 1st April, 2023 reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended, on preservation of audit trail as per statutory requirements for record retention is not applicable for the financial year ended 31st March 2024.

4. With respect to the other matters to be included in the Auditor's Report in accordance with requirement of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its director during the year is in accordance with the provision of section 197 of the Act. The remuneration paid to directors is not in excess of the limit laid down under section 197(16) which are required to be commented upon by us.

For Brahmayya & Co
Chartered Accountants
Firm Regn No: 000511S

Sd/-

Place: Coonoor
Date: 29th May 2024

Lokesh Vasedevan
Partner
Membership No: 222320
UDIN: 24222320BKETWK2887

Annexure A to the Independent Auditor's Report

The "Annexure A" referred to in clause 1 of "Report on Other Legal and Regulatory Requirements" paragraph of the Independent Auditor's Report of even date to the members of **Bafna Pharmaceuticals Limited** ("the Company") on the Financial Statements as on and for the year ended 31st March 2024.

- 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 under development.
- b) We are informed that a test of physical verification of Property Plant and Equipment was carried out by the management at a reasonable interval and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of these assets is reasonable having regards to the size of the Company and nature of its assets.
- c) 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 Company) as 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 carried out in accordance with the generally accepted auditing practices in India, the Company has not revalued any of its property, plant and equipment and intangible assets under development during the year ended 31st March 2024.
- e) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, there are no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii) (a) The management has conducted physical verification of inventory at the reasonable interval during the year and 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.
b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, 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. In our opinion, the quarterly returns/ statements filed by the Company with such banks are in agreement with the books of account of the Company except as follows:

(₹ in lakhs)

Name of the Bank	Quarter	Particulars of Security Provided	Amount as per books of accounts	Amount as reported in Quarterly return	Variance
ICICI Bank	June-23	Inventory	2,568.68	2,002.72	565.96
		Books Debts	4,591.09	4,340.73	250.36
		Sundry Creditors	2,855.20	2,714.10	141.10
	Sept-23	Inventory	2,936.27	2,265.01	671.26
		Books Debts	3,982.86	4,051.20	(68.34)
		Sundry Creditors	3,018.53	2,900.69	117.84
	Dec-23	Inventory	3,150.81	2,603.42	547.39
		Books Debts	3,382.34	3,423.83	(41.49)
		Sundry Creditors	2,753.99	2,751.42	2.57
	Mar-24	Inventory	2,964.18	2,264.78	699.40
		Books Debts	4,539.48	4,632.34	(92.86)
		Sundry Creditors	3,542.23	2,989.77	552.46

- iii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has provided staff advances during the year as follows:

(₹ in lakhs)

Particulars	Amount
Aggregate amount of provided during the year ended 31st March 2024	
Loans and Advances to Employees	27.38
Balance outstanding as at balance sheet date 31st March 2024	8.18

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, in our opinion the terms and conditions of the grant of loans and advances to employees during the year 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 carried out in accordance with generally accepted auditing practices in India, in our opinion, the Company has given staff advances to its employees during the year as per the Company's policy and receipts are generally regular.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, there is no overdue amount.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, there are no loan and staff advances granted that has fallen due during the year, which has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to same parties.

- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has not granted any loans or staff advances during the year which are 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 of the Company carried out in accordance with the generally accepted auditing practices in India, 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.
- iv. According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, 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.
- v. According to the information and explanations given to us, and based on our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has not accepted any deposits from the public and no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal. Therefore the provisions of clause (v) of paragraph 3 of the order are not applicable to the Company.
- vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the same.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Service Tax, Excise Duty, Value Added Tax, Goods and Service Tax, Duty of Customs, Cess, and Other Statutory Dues with the appropriate authorities. There are no outstanding undisputed statutory dues on the last day of financial year concerned for a period of more than 6 month from the date they become payable except as follows:

(₹ in lakhs)

Name of the Statute	Nature of Dues	Amount	Period to which amount relates
SEBI Regulations	Penalties levied by BSE Limited*	3.01	Sep-20
SEBI Regulations	Penalties levied by BSE Limited*	1.30	Mar-22
SEBI Regulations	Penalties levied by BSE Limited*	5.37	Jun-22
SEBI Regulations	Penalties levied by BSE Limited*	4.78	Sep-22
SEBI Regulations	Penalties levied by BSE Limited*	5.43	Dec-22
SEBI Regulations	Penalties levied by BSE Limited*	3.19	Mar-23
SEBI Regulations	Penalties levied by BSE Limited*	0.58	Mar-23
SEBI Regulations	Penalties levied by BSE Limited*	1.30	Sep-23
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	3.01	Sep-20

Name of the Statute	Nature of Dues	Amount	Period to which amount relates
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	1.30	Mar-22
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	5.37	Jun-22
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	4.78	Sep-22
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	5.43	Dec-22
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	3.19	Mar-23
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	0.14	Jun-23
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	2.48	Sep-23
Income Tax Act, 1961	Tax Deducted at Source**	6.01	FY 2017-18
Income Tax Act, 1961	Tax Deducted at Source**	1.00	FY 2008-09
Income Tax Act, 1961	Tax Deducted at Source**	4.78	FY 2018-19
Income Tax Act, 1961	Tax Deducted at Source**	0.37	FY 2009-10
Income Tax Act, 1961	Tax Deducted at Source**	3.73	FY 2019-20
Income Tax Act, 1961	Tax Deducted at Source**	0.00***	FY 2007-08
Income Tax Act, 1961	Tax Deducted at Source**	2.46	FY 2013-14
Income Tax Act, 1961	Tax Deducted at Source**	2.88	FY 2014-15
Income Tax Act, 1961	Tax Deducted at Source**	8.26	FY 2015-16
Income Tax Act, 1961	Tax Deducted at Source**	6.31	FY 2016-17
Income Tax Act, 1961	Tax Deducted at Source**	0.82	FY 2012-13
Income Tax Act, 1961	Tax Deducted at Source**	0.19	FY 2011-12
Income Tax Act, 1961	Tax Deducted at Source**	2.41	FY 2010-11
Income Tax Act, 1961	Tax Deducted at Source**	1.05	FY 2020-21
Income Tax Act, 1961	Tax Deducted at Source**	0.68	FY 2021-22
Income Tax Act, 1961	Tax Deducted at Source**	0.59	FY 2022-23
Income Tax Act, 1961	Tax Deducted at Source**	0.18	FY 2023-24

*According to the information and explanations given to us, the Company has made suitable representation seeking waiver of penalties imposed by BSE Limited and National Stock Exchange of India Limited. Refer Note No. 33(b) to the Financial Statements

**In respect of Tax Deducted at Source, the amounts were due during various reporting periods and are still outstanding.

***Amount is less than INR One Thousand.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, the particulars of dues of Income Tax or Sales Tax or Service Tax or Excise Duty or Value Added Tax or Goods and Services Tax or Cess or Stamp Duty as at 31st March 2024 which have not been deposited on account of any dispute are as under:

(₹ in lakhs)

Name of the Statute	Nature of Dues	Amount	Period to which amount relates	Forum where dispute is pending
Income Tax Act 1961	Income Tax*	342.19	AY 15-16	Honourable High Court of Madras
Finance Act 1994	Service Tax*	22.32	Various Period from FY 2014-15 to June 2018	Honourable High Court of Madras
Goods and Service Tax Act	Sales Tax*	25.26	FY 2016 - 17	Honourable High Court of Madras
Foreign Trade (Development and regulation Act 1992	Penalty Under Foreign Trade (Development & Regulation Act, 1992*	20.00	Various Period for Advance Authorization obtained in October, 2004	Honourable High Court of Madras
Provident Fund Act 1952	Provident Fund*	33.67	FY 2016-2018	Honourable High Court of Madras
Goods and Service Tax Act	Goods and Service Tax	235.47	2017-18 to 2020-21	Honourable Goods and Service Tax (Appeals)

* In respect to the demands raised, amounts were due during the various reporting periods prior to the approval of the Resolution Plan by the Honourable National Company Law Tribunal. As represented by the management, the Company has filed the writ petitions with the Honourable High Court of Madras for quashing all demands pursuant to the approval of the Resolution Plan. Refer Note No. 33 (c) to the financial statements.

- viii) According to the information and explanations given to us, and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, 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 give to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year. However, with respect to interest free loan availed from KMP in previous financial years, the terms and conditions for repayment of principal has not been stipulated and accordingly we are unable to comment on the default in repayment of such loans.

(₹ in lakhs)

Particulars	Amount
Outstanding at the beginning of the year	150.67
Repaid during the year	0.60
Outstanding at the end of the year	150.07

- b) According to the information and explanations given to us, and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any lenders. Therefore the provisions of clause 3(ix)(b) of paragraph 3 of the order is not applicable to the Company.

- c) According to the information and explanations given to us and based on our examination of the records of the Company, term loans were applied for the purpose for which they were obtained during the year.
- d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, in our opinion, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company does not have subsidiaries, joint ventures, associate companies. Therefore, the provisions of clause (ix)(e) of paragraph 3 of the order are not applicable to the Company.
- f) According to the information and explanations given to us and on the basis of our examination of records of the Company, carried out in accordance with the generally accepted auditing practices in India, in our opinion, the Company does not have subsidiaries, joint ventures, associate companies. Therefore, the provisions of clause (ix)(f) of paragraph 3 of the Order are not applicable to the Company.
- x)
 - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
 - b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause (x)(b) of paragraph 3 of the Order are not applicable to the Company.
- xi)
 - a) According to the information and explanation given to us and on the basis of our examination of records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the Company or on the Company, noticed or reported during the year, nor we have been informed of any such cases by the management during the course of our audit.
 - b) No report under Section 143 (12) of the Act 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) According to the information and explanations given to us provided by the management of the Company, the Company has not received any whistle blower complaints during the year. Therefore, the provisions of clause (xi)(c) of paragraph 3 of the Order are not applicable to the Company.
- xii) In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii)(a), (xii)(b) and (xii)(c) of the paragraph 3 of the Order are not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable Ind AS.
- xiv)
 - a) According to the information and explanations given to us and based on our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company has an internal audit system that commensurate with the size and nature of its business.
 - b) We have considered the internal audit reports of the Company for the year under audit, issued to Company.
- xv) According to the information and explanations given to us and on the basis of our examination of the records of

the Company, carried out in accordance with the generally accepted auditing practices in India, the Company has not entered into non-cash transactions with directors or persons connected with them. Therefore, the provision of clause (xv) of the paragraph 3 of the Order is not applicable to the Company.

- xvi) a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause (xvi) (a) of the paragraph 3 of the Order are not applicable to the Company.
- b) The Company has not conducted non-banking financial/housing finance activities during the year. Therefore, the provisions of clause (xvi)(b) of the paragraph 3 of the Order are not applicable to the Company.
- c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, the provisions of clause (xvi)(c) of the paragraph 3 of Order are not applicable to the Company.
- d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Therefore, the provisions of clause (xiv)(d) of the paragraph 3 of the Order are not applicable to the Company.
- 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. Therefore, the provisions of clause (xviii) of paragraph 3 of the Order is not applicable to the Company.
- 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 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) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company has not transferred the amount of INR 12.70 Lakhs remaining unspent in respect of other than ongoing projects, to a fund specified in Schedule VII to the Companies Act, 2013 till the date of our report. However, the time period for such transfer i.e. six months of the expiry of the financial year as permitted under the second proviso to sub section (5) of the section 135 of the Act, has not elapsed till the date of our report.
- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, there are no ongoing projects as at balance sheet date, therefore, the Company does not have any amount remaining unspent under Section 135(6) of the Act. Therefore, the provision of clause (xx) (b) of the paragraph 3 of the Order is not applicable to the Company.

For Brahmaya & Co
Chartered Accountants
Firm Regn No: 000511S

Sd/-
Lokesh Vasedevan
Partner

Membership No: 222320

UDIN: 24222320BKETWK2887

Place: Coonoor
Date: 29th May 2024

Annexure B to the Independent Auditor’s Report

(Referred to in paragraph 2(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Bafna Pharmaceuticals Limited on the Financial Statements as of and for the year ended 31st March 2024.)

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)

We have audited the internal financial controls with reference to Financial Statements of Bafna Pharmaceuticals Limited (the “Company”) as of March 31, 2024 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls with reference to Financial Statements

The Company’s Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (“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 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.

Auditor’s Responsibility for Internal Financial Controls with reference to Financial Statements

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 over financial reporting was established and maintained and if 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 internal financial controls with reference to Financial Statements, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control 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 control with reference to Financial Statements includes 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

authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 over financial reporting, 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 control 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

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to Financial Statements 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 ICAI.

For Brahmayya & Co

Chartered Accountants

Firm Regn No: 000511S

Sd/-

Lokesh Vasedevan

Partner

Membership No: 222320

UDIN: 24222320BKETWK2887

Place: Coonoor

Date: 29th May 2024

BALANCE SHEET AS AT 31ST MARCH, 2024

(₹ in Lakhs)

Particulars	Note No	As at 31 st March, 2024	As at 31 st March, 2023
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	3	4,021.14	4,022.97
(b) Capital Work - in Progress	4	1,049.58	-
(c) Intangible Assets Under Development	5	177.00	150.00
(d) Financial Assets			
i) Other Financial Assets	6	73.45	54.18
Total Non Current Assets		5,321.17	4,227.15
2 Current Assets			
(a) Inventories	7	2,964.18	2,221.96
(b) Financial Assets			
(i) Trade receivables	8	4,539.48	4,114.85
(ii) Loans	9	8.18	5.41
(iii) Cash and cash equivalents	10	139.60	780.94
(vii) Other financial assets	6	70.17	0.06
Total Financial Asset		4,757.43	4,901.26
(c) Current Tax Assets (Net)	11	64.81	47.47
(d) Other Current Assets	12	1,660.57	1,560.48
Total Current Assets		9,446.99	8,731.17
Total Assets		14,768.16	12,958.32
II EQUITY AND LIABILITIES			
A EQUITY			
(a) Equity Share Capital	13	2,365.63	2,365.63
(b) Other Equity		5,718.27	4,979.83
Total Equity		8,083.90	7,345.46
B LIABILITIES			
(1) Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	1,075.32	843.33
Total Financial Liabilities		1,075.32	843.33
(b) Government Grant	15	161.47	121.90
(c) Provisions	16	39.17	-
Total Non Current Liabilities		1,275.96	965.23

Balance Sheet as at 31st March, 2024 - (Contd.)

(₹ in Lakhs)

Particulars	Note No	As at 31 st March, 2024	As at 31 st March, 2023
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	1,363.61	1,449.06
(ii) Trade payables	18		
a. total outstanding dues of Micro and Small Enterprises		1,304.46	806.33
b. total outstanding dues of Other than Micro and Small Enterprises		2,237.77	2039.74
(iii) Other financial liabilities	19	183.37	67.71
Total Financial Liabilities		5,089.21	4,362.84
(b) Other current liabilities	20	182.72	149.41
(c) Provisions	16	126.49	125.50
(d) Government Grant	15	9.88	9.88
Total Current Liabilities		5,408.30	4,647.63
Total Equity and Liabilities		14,768.16	12,958.32

Summary of Significant Accounting Policies

1-2

The accompanying notes form an integral part of the Financial Statements
In Terms of our Report of even date
For Brahmayya & Co.

Chartered Accountants

Firm Regn No. 000511S

Sd/-

Lokesh Vasudevan

(Partner)

M.No. 222320

Place : Coonoor

Date : 29th May 2024

For and on Behalf of the Board
Bafna Pharmaceuticals Limited

Sd/-

VINAYAK DINESH DENDUKURI

[Whole-Time Director]

[DIN: 07601309]

Sd/-

MELAGIRI SRIDHAR

[Chief Financial Officer]

Place : Chennai

Date : 29th May 2024

Sd/-

BAFNA MAHAVEER CHAND

[Chief Executive Officer]

Sd/-

MOHANACHANDRAN A

[Company Secretary]

M.No. 65827

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2024

(₹ in Lakhs)

	Note No	For the Year Ended 31 st March, 2024	For the Year Ended 31 st March, 2023
I Revenue from Operations	21	15,246.57	11,534.99
II Other Income	22	352.24	327.27
III Total Income (I + II)		15,598.81	11,862.26
IV EXPENSES			
Cost of Material Consumed	23	7,901.24	5,957.04
Purchase of Stock in Trade	24	1,256.91	640.54
Manufacturing Expenses	25	2,017.75	1,352.89
Changes in Inventories of Work-in-Progress and Finished Goods	26	(485.18)	(291.07)
Employee benefits expenses	27	1,902.74	1,586.59
Finance cost	28	229.03	203.76
Depreciation and Amortization expense	29	499.54	533.44
Other expenses	30	1,541.99	717.44
Total Expenses (IV)		14,864.02	10,700.63
V Profit / (Loss) before Exceptional Items and Tax (III - IV)		734.79	1,161.63
VI Exceptional Items		-	-
VII Profit / (Loss) before Tax (V - VI)		734.79	1,161.63
VIII Tax Expense			
Relating to previous periods		-	27.83
Total Tax Expense (VIII)		-	27.83
XIII Profit / (Loss) for the Period (IX + XII)		734.79	1,133.80
XIV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit and loss		3.65	15.31
XV Total Comprehensive Income for the period (XIII + XIV)		738.44	1,149.11
VIII Earnings Per Equity Share			
Basic (₹)	31	3.11	4.79
Diluted (₹)		3.11	4.79

Summary of Significant Accounting Policies 1-2

The accompanying notes form an integral part of the Financial Statements

In Terms of our Report of even date

For and on Behalf of the Board
Bafna Pharmaceuticals Limited

For Brahmayya & Co.

Chartered Accountants

Firm Regn No. 000511S

Sd/-

Lokesh Vasudevan

(Partner)

M.No. 222320

Place : Coonoor

Date : 29th May 2024

Sd/-

S HEMALATHA

[Whole-Time Director]

[DIN : 02714329]

Sd/-

VINAYAK DINESH DENDUKURI

[Whole-Time Director]

[DIN: 07601309]

Sd/-

MELAGIRI SRIDHAR

[Chief Financial Officer]

Place : Chennai

Date : 29th May 2024

Sd/-

BAFNA MAHAVEER CHAND

[Chief Executive Officer]

Sd/-

MOHANACHANDRAN A

[Company Secretary]

M.No. 65827

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2024

(₹ in Lakhs)

	Particulars	For the Year Ended 31 st March, 2024	For the Year Ended 31 st March, 2023
A.	CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
	Profit / (Loss) before Tax	734.79	1,161.63
	Adjustments for:		
	Depreciation and Amortization	499.54	533.44
	(Profit)/Loss on Sale of Property Plant and Equipment	(6.57)	(19.64)
	Provision for Expected Credit Loss	52.51	36.86
	Provision on Recoverability of Non Financial Assets (Net)	-	40.41
	Bad Debts and Irrecoverable Balances Written Off	7.47	30.44
	Interest Income	(12.53)	(2.97)
	Government Grant	(10.44)	(9.88)
	Interest Expenses	229.03	179.75
	Cash Generated Before Working Capital Changes	1,493.80	1,950.04
	Movement In Working Capital		
	Increase / (Decrease) in Trade Payables	696.19	1,605.58
	Increase / (Decrease) in Provisions	43.81	(77.84)
	Increase / (Decrease) in Other Financial Liabilities	117.70	19.60
	Increase / (Decrease) in Other Liabilities	33.30	25.19
	(Increase) / Decrease in Trade Receivables	(484.60)	(2,704.19)
	(Increase) / Decrease in Inventories	(742.31)	(193.91)
	(Increase) / Decrease in Loans	(2.77)	4.26
	(Increase) / Decrease in Other Financial Assets	(89.19)	(52.68)
	(Increase) / Decrease in Other Assets	(100.08)	(68.03)
	Cash Generated From Operations	965.85	508.02
	(Direct Taxes Paid)/Refund Received (Net)	(17.37)	(12.77)
	Net Cash Flow From / (Used in) Operating Activities	948.48	495.25
B.	CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
	Purchase of Property Plant and Equipment including Capital Work in Progress	(1,557.82)	(671.87)
	Proceeds from Sale of Property Plant and Equipments	17.11	19.64
	Receipt of Government Grants	50.00	50.00
	Intangible Assets Under Development	(27.00)	(150.00)
	Interest Income Received	12.35	2.91
	Net Cash Flow From / (Used in) Investing Activities	(1,505.36)	(749.32)
C.	CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
	Proceeds/ (Repayment) of Long Term Borrowings	146.54	1,186.45
	Interest Paid	(231.08)	(168.74)
	Net Cash Flow From / (Used in) Financing Activities	(84.54)	1,017.71

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2024- (Contd.)

(₹ in Lakhs)

	Particulars	For the Year Ended 31 st March, 2024	For the Year Ended 31 st March, 2023
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(641.42)	(763.64)
	Cash and Cash Equivalents at the beginning of the year	781.02	17.30
	Cash and Cash Equivalents at the end of the year	<u>139.60</u>	<u>780.94</u>
	Components of Cash and Cash Equivalents		
	Cash and cheques on Hand	0.61	0.40
	Balances with Banks		
	-On Current Accounts	5.89	12.55
	-On EEFC Accounts	4.75	653.30
	Cheques, Drafts on hand	128.35	114.69
	Cash and cash Equivalent (as per Note 10)	<u>139.60</u>	<u>780.94</u>
	Changes in Liabilities arising from Financing Activities including both changes arising from cash flow and non cash flow :		
		<u>As at 31st March, 2024</u>	<u>As at 31st March, 2023</u>
	Long Term Borrowings	1,075.32	843.33
	Short Term Borrowings	1,363.61	1,449.06
	Interest accrued but not due on Borrowings	8.96	11.01
	Total	<u>2,447.89</u>	<u>2,303.40</u>
D	Total Movement	144.49	
E	Non Cash Changes		
	Interest Charged	(229.03)	
	Changes in Financing Cash Flow	<u>(84.54)</u>	

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 (Ind AS 7) Statement of Cash Flows

In Terms of our Report of even date**For Brahmayya & Co.**

Chartered Accountants

Firm Regn No. 000511S

Sd/-

Lokesh Vasudevan

(Partner)

M.No. 222320

Place : Coonoor

Date : 29th May 2024

For and on Behalf of the Board**Bafna Pharmaceuticals Limited**

Sd/-

VINAYAK DINESH DENDUKURI

[Whole-Time Director]

[DIN: 07601309]

Sd/-

MELAGIRI SRIDHAR

[Chief Financial Officer]

Place : Chennai

Date : 29th May 2024

Sd/-

BAFNA MAHAVEER CHAND

[Chief Executive Officer]

Sd/-

MOHANACHANDRAN A

[Company Secretary]

M.No. 65827

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2024

A. Equity Share Capital

Particulars	No of Shares	Amount
Balance as at 1st April, 2022	236.56	2,365.63
Changes in Equity Share Capital During 2022-23	-	-
Balance as at 31st March, 2023	236.56	2,365.63
Changes in Equity Share Capital During 2023-4	-	-
Balance as at 31st March, 2024	236.56	2,365.63

B. Other Equity

Particulars	Reserves and Surplus				
	Capital Reserve	Securities Premium Account	General Reserve	Retained earnings	Total
Balance as at 01st April 2022	2,698.14	7,537.65	192.35	(6,597.40)	3,830.74
Government Grants	-	-	-	-	-
Changes in accounting policy/prior period errors	-	-	-	-	-
Current year profit	-	-	-	1,133.77	1,133.77
Total Comprehensive Income after tax	-	-	-	15.31	15.31
Balance as at 31st March 2023	2,698.14	7,537.65	192.35	(5,448.31)	4,979.82
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-
Current year profit	-	-	-	734.79	734.79
Other Comprehensive Income after tax for the Period	-	-	-	3.63	3.63
Balance as at 31st March 2024	2,698.14	7,537.65	192.35	(4,709.90)	5,718.24

In Terms of our Report of even date

For Brahmayya & Co.

Chartered Accountants

Firm Regn No. 000511S

Sd/-

Lokesh Vasudevan

(Partner)

M.No. 222320

Place : Coonoor

Date : 29th May 2024

For and on Behalf of the Board

Bafna Pharmaceuticals Limited

Sd/-

VINAYAK DINESH DENDUKURI

[Whole-Time Director]

[DIN: 07601309]

Sd/-

MELAGIRI SRIDHAR

[Chief Financial Officer]

Place : Chennai

Date : 29th May 2024

Sd/-

BAFNA MAHAVEER CHAND

[Chief Executive Officer]

Sd/-

MOHANACHANDRAN A

[Company Secretary]

M.No. 65827

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024

1. Corporate Information

BAFNA PHARMACEUTICALS LIMITED ('Bafna pharma' 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 – 60001. 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 29th May 2024.

2.1. Basis of Preparation

These notes provide the list of the material accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified under section 133 of the Companies Act, 2013 ("the Act") read with prescribed rules therein. The Company has uniformly applied the accounting policies during the periods presented.

b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent consideration that are measured at fair value or amortized cost;
- Assets held for sale – measured at lower of carrying amount and fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value; and
- Share-based payments – measured at fair value of options at the grant date.

c) Current / Non – Current Classification

Any asset or liability is satisfied as current if it satisfies any of the following conditions:

- Asset / Liability is expected to be realised / settled in the Company's normal operating cycle
- Asset is intended for sale or consumption
- Asset / Liability is held primarily for the purpose of trading
- Asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date
- In case of a Liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date

For the purpose of this classification, the Company has ascertained its normal operating cycle as twelve months, which is based on the nature of business and time between acquisition of assets and their realisation in cash and cash equivalents.

Deferred Tax Assets and Liabilities are classified as non current.

2.2. Use of Material Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reporting amounts of assets, liabilities, income and expense and disclosures made. Although these estimates are based on management's best knowledge of current events and actions, actual result may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgements are described below:

A. Use of estimation and assumption

In the process of applying the Company's accounting policies, management had made the following estimation and assumptions that have the significant effect on the amounts recognized in the financial statements. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements, reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

a) Property, Plant and Equipment & Intangible Assets

Key estimates related to long-lived assets (property, plant and equipment and intangible assets) include useful lives, recoverability of carrying values and the existence of any retirement obligations. As a result of future decisions, such estimates could be significantly modified. The useful lives as mentioned in Note 2.3 (A) and Note 2.3 (B) is applied as per Schedule II of Companies Act, 2013 and estimated based upon our historical experience, technical estimation and industry information. These estimates include an assumption regarding periodic maintenance and an appropriate level of annual capital expenditures to maintain the assets.

b) Employee Benefits - Measurement of Defined Benefit Obligation (DBO)

Management assesses post-employment and other employee benefit obligations using the projected unit credit method based on actuarial assumptions which represent management's best estimates of the variables (such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases) that will determine the ultimate cost of providing post-employment and other employee benefits. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

c) Income Taxes

The Company recognizes tax liabilities based upon self-assessment as per the tax laws. When the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

B. Critical judgements made in applying accounting policies

a) Revenue

The Company recognizes revenue from contracts with customers based on a five-step model as per Ind AS 115 (Refer Note 2.3 (R)) which involves judgements such as identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. The management exercises judgement in determining whether

the performance obligation is satisfied at a point in time or over a period of time It considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

b) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

c) Evaluation of Indicators for Impairment of Assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

d) Expected Credit Losses

Expected credit losses of the Company are based on an evaluation of the collectability of receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including their current credit worthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the counterparties with which the Company contracted were to deteriorate, resulting in an impairment of their ability to make payments, additional expected credit loss may be required.

e) Useful Life of Depreciable/Amortizable Assets

Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

f) Fair Value Measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

g) Provisions

At each reporting date basis the management judgement, changes in facts and legal aspects, the Company assess the requirement of the provisions. However, the actual future outcome may be different from this judgement.

h) Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain or not to exercise the option to renew

or terminate the lease. That considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

C. Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

2.3 Material Accounting Policies

A Property, Plant and Equipment and Depreciation

Initial Recognition

All items of property, plant and equipment are initially measured at cost. The cost of an item of plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Cost includes its purchase price (after deducting trade discounts and rebates), import duties & non-refundable purchase taxes, any costs directly attributable to bringing the asset to the location & condition necessary for it to be capable of operating in the manner intended by management, borrowing costs on qualifying assets and asset retirement costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The activities necessary to prepare an asset for its intended use or sale extend to more than just physical construction of the asset. It may also include technical (DPR, environmental, planning, Land acquisition and geological study) and administrative work such as obtaining approvals before the commencement of physical construction.

The cost of replacing a part of an item of property, plant and equipment is capitalized if it is probable that the future economic benefits of the part will flow to the Company and that its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Costs of day to day repairs and maintenance costs are recognized into the statement of profit and loss account as incurred.

Subsequent measurement

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Depreciation

Depreciation is provided on Straight Line Method, as per the provisions of Schedule II of the Companies Act, 2013 or based on useful life estimated on the technical assessment. Asset class wise useful lives are as under:

Type of Assets	Useful Life
Building	30 Years
Plant and Machinery	15 Years
Furniture and Fixtures	10 Years
Office Equipments	5 - 10 Years
Vehicles	8 Years
Laboratory Equipments	10 Years
Computers	3 Years

In respect of additions / deletions to the fixed assets / depreciation is charged from the date the asset is ready to use / up to the date of deletion.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

De-recognition

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is recognized in the Statement of Profit and Loss in the year the asset is derecognized.

Capital Work in Progress and Capital Advances

Cost of asset not ready for intended use and assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Asset in accordance with Schedule III to the Companies Act, 2013.

B Intangible Assets & Amortization

Initial Recognition

Intangible assets acquired separately are initially measured at cost. Intangible assets are recognized if, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Software for internal use, which is primarily acquired from third-party vendors including consultancy charges for implementing the software, is capitalized. Subsequent costs associated with maintaining such software are recognized as expense as incurred. The capitalized costs are amortized over a period of the estimated useful life of the software.

Cost of separately acquired intangible asset includes its purchase price (after deducting trade discounts and rebates), import duties & non-refundable purchase taxes, any costs directly attributable to preparing the asset for its intended use.

Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Subsequent measurement and amortization

Intangible assets are stated at cost of acquisition less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure related to an item of intangible assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and amortization method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortized on a straight-line basis over the period of their estimated useful lives.

The amortization expense is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Indefinite-life intangible assets comprises of those assets for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of the Company and the level of marketing support.

For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively based on revised estimates.

De-recognition

An item of Intangible Assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is recognized in the the Statement of Profit and Loss in the year the asset is derecognized.

C Inventories

Inventories consisting of raw materials, consumables, stores and spares, work in progress and finished goods are measured at the lower of cost and net realizable value. The cost of all categories of inventories is based on the weighted average method.

Cost of raw materials, consumables, stores and spares includes cost of purchases and other costs incurred in bringing the inventories to its present location and condition.

Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

D Impairment of Non – Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income ("OCI"). For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

After impairment, depreciation or amortization is provided on the revised carrying amount of the asset over its remaining useful life.

The impairment assessment for all assets is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

E Financial Assets

Financial assets comprise of investments in equity and debt securities, mutual funds, loans, trade receivables, cash and cash equivalents and other financial assets.

Initial recognition

All financial assets except investments in subsidiaries, associates and jointly controlled entities are recognized initially at fair value. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial asset that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the assets.

Subsequent Measurement

a) Financial assets measured at amortized cost:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at amortized cost:

- a. Loans
- b. Trade Receivable
- c. Cash and Cash Equivalents
- d. Other Financial Assets

b) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI. Fair Value movements in financial assets at FVTOCI are recognized in other comprehensive income. Equity instruments held for trading are classified at fair value through profit or loss (FVTPL). For other equity instruments the Company classifies the same either at FVTOCI or FVTPL on instrument to instrument basis. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends are recognized in other comprehensive income (OCI).

c) Financial assets at fair value through profit or loss (FVTPL)

Financial asset are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortized cost or at fair value through other comprehensive income. All fair value changes are recognized in the statement of profit and loss.

d) Investment in subsidiaries, joint ventures & associates are carried at cost in the Financial Statements. However, a provision for diminution in value is made to recognize a decline other than temporary in value of the investments.

Impairment

Financial assets are tested for impairment based on the expected credit losses in accordance with Ind AS 109 on the following financial assets:

a) Trade Receivables

An impairment analysis is performed at each reporting date. The expected credit losses over life time of the asset are estimated by adopting the simplified approach using a provision matrix on its portfolio of trade receivables. which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

b) Other Financial Assets

Other Financial Assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the life time when there is significant increase in credit risk.

De-recognition

A financial asset is de recognized only when:

- The Company has transferred the rights to receive cash flows from the financial asset, or
- The contractual right to receive cash flows from financial asset is expired, or

- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset and transferred substantially all risks and rewards of ownership of the financial asset, in such cases the financial asset is derecognized. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is also derecognized if the Company has not retained control of the financial asset.

F Cash and Cash Equivalents

Cash and cash equivalents comprises cash at bank (including deposits with banks with original maturity of three months or less) and cash in hand and short-term investments with an original maturity of three months or less. Deposits with banks are subsequently measured at amortized cost and short term investments are measured at fair value through statement of profit & loss account.

G Non-current Assets held for sale

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all the following criteria are met:

- (i) decision has been made to sell,
- (ii) the assets are available for immediate sale in its present condition,
- (iii) the assets are being actively marketed and
- (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are no longer depreciated or amortized.

H Share Capital

Equity Shares are classified as equity.

I Financial Liabilities

Initial Recognition

Financial liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, such as loan processing fees and issue expenses.

Subsequent Measurement - at amortized cost

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the Statement of Profit and Loss when the liabilities are de recognized, and through the amortization process.

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

J Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Capitalisation of borrowing cost is suspended in the period during which the active development is delayed due to other than temporary interruption. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

K Employee benefits

Employee benefits are charged to the Statement of Profit and Loss for the year.

Retirement benefits in the form of Provident Fund are defined contribution scheme and such contributions are recognized, when the contributions to the respective funds are due. There are no other obligation other than the contribution payable to the respective funds.

Gratuity liability is defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. Re measurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and they are included in the statement of changes in equity.

Compensated absences are provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in statement of profit or loss.

The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

L Income Taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current income tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity). Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized

and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax base using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the end of reporting period.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

Deferred tax assets and liabilities are offset when there is legally enforceable right of offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred Tax relating to items recognized outside profit or loss is recognized outside profit and loss (either in other comprehensive income or in equity).

M Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease, and
- (iii) the Company has the right to direct the use of the asset

At date of commencement of leases, the Company recognizes a right of use asset (ROU) and a corresponding lease liability for all the lease arrangements, except for those with a term of twelve month or less (short term leases) and leases of low value assets. For these leases, the Company recognizes lease payments as an operating expense on straight line basis over the lease term.

Initial Measurement

ROU assets are initially measured at cost that comprises of the initial amount of lease liability adjusted for any lease payments made at or prior to the date of commencement, initial direct costs and lease incentives (if any).

Lease Liability is initially measured at the present value of future lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease or, if not readily determinable, incremental borrowing rate.

Subsequent Measurement

ROU assets are subsequently measured at cost less accumulated depreciation and impairment loss, if any. ROU is depreciated from the date of commencement on a straight line basis over the shorter of lease term or useful life of the underlying asset.

Lease Liability is subsequently measured by increasing the carrying amount to reflect interest and reducing the carrying amount to reflect the lease payments made.

The carrying amount of lease liability is remeasured to reflect any reassessment or lease modification such as change in lease term.

ROU asset and lease liability are separately presented in the balance sheet and lease payments have been classified as financing cash flows.

Company as a lessor

Leases for which the Company is a lessor is classified as finance or operating lease. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease income from operating leases is recognized in statement of profit and loss on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

N Provisions

A provision is 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 benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provisions are reviewed and adjusted, when required, to reflect the current best estimate at the end of each reporting period.

The Company recognizes decommissioning provisions in the period in which a legal or constructive obligation is incurred. A corresponding decommissioning cost is added to the carrying amount of the associated property, plant and equipment, and it is depreciated over the estimated useful life of the asset.

O Contingent Liabilities

Contingent liability is disclosed in case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company where the probability of outflow of resources is not remote.

P Contingent Assets

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Q Fair Value Measurements

Company follows the hierarchy mentioned underneath for determining fair values of its financial instruments:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value for these instruments is determined using Level 1 inputs.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is fair valued using level 2 inputs.

If one or more of the significant inputs is not based on observable market data, the instrument is fair valued using Level 3 inputs. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

R Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company recognizes revenue from contracts with customers based on a five-step model, such as to, identifying the contracts with a customer, identifying the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company performance as the Company performs; or

- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

S Other Income

Interest Income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Interest income on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend income

Dividend income is recognized at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

T Foreign currency transactions

Functional and presentation Currency

The Financial statements are presented in Indian Rupee (₹) which is also the functional and presentation currency of the Company.

Transactions and Balances

Transactions in foreign currencies are translated to the functional currency at exchange rates in effect on transaction date. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of financial statement.

The translation for other non-monetary assets and liabilities are not updated from historical exchange rates unless they are carried at fair value.

U Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

V Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account, the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

W Segment Reporting

Operating segments are identified and reported in a manner consistent with the internal financial reporting provided to the chief operating decision makers, responsible for allocating resources and assessing performance of the operating segments.

X Events after reporting date:

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Financial Statements. Non Adjusting events after the Balance Sheet date which are material size or nature are disclosed separately in the Financial Statements.

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024
(Amounts are in ₹ Lakhs unless specified)

3. PROPERTY PLANT AND EQUIPMENT

	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Laboratory Equipments	Electrical Installations	Vehicles	Office Equipment	Computers	TOTAL ASSETS
Gross Block										
As at 1st April, 2022	19.32	2,457.08	4,525.28	185.15	972.37	339.12	43.74	42.53	209.25	8,793.84
Additions	-	50.68	489.87	-	101.67	-	8.97	7.64	13.02	671.85
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2023	19.32	2,507.76	5,015.15	185.15	1,074.04	339.12	52.71	50.17	222.29	9,465.69
Additions	-	7.38	387.83	15.67	67.56	6.09	-	13.25	10.47	508.25
Disposals	-	-	15.47	-	1.04	0.47	8.28	-	-	25.26
As at 31st March, 2024	19.32	2,515.14	5,387.51	200.82	1,140.56	344.74	44.43	63.42	232.76	9,948.68
Depreciation										
As at 1st April, 2022	-	959.62	2,392.34	182.85	797.06	322.23	19.26	33.83	202.09	4,909.28
Charged For the Period	-	153.78	344.20	0.23	24.48	-	3.45	2.25	5.04	533.43
On Disposals	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2023	-	1,113.40	2,736.54	183.08	821.54	322.23	22.71	36.08	207.13	5,442.71
Charged For the Period	-	82.96	362.87	1.10	36.55	0.18	3.20	3.67	9.02	499.55
On Disposals	-	-	12.75	-	0.99	0.45	0.53	-	-	14.72
As at 31st March, 2024	-	1,196.36	3,086.66	184.18	857.10	321.96	25.38	39.75	216.15	5,927.54
Net Block										
As at 31 st March, 2023	19.32	1,394.36	2,278.61	2.07	252.50	16.89	30.00	14.09	15.14	4,022.98
As at 31 st March, 2024	19.32	1,318.78	2,300.85	16.64	283.46	22.78	19.05	23.67	16.59	4,021.14

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

4 Capital Work in Progress	As at	As at
	31st March, 2024	31st March, 2023
Capital Work in Progress*	1,049.58	-
	1,049.58	-

Aging of Capital Work in Progress as at 31st March 2024

	Less than 1 Year	1-2 Years	2-3 Year	More than 3 Years	Total
Projects in progress	1,049.58	-	-	-	1,049.58
	1,049.58	-	-	-	1,049.58

Aging of Capital Work in Progress as at 31st March 2023

	Less than 1 Year	1-2 Years	2-3 Year	More than 3 Years	Total
Projects in progress	-	-	-	-	-
	-	-	-	-	-

*Construction of Advanced Quality Control Laboratory.

5 Intangible assets under development	As at	As at
	31st March, 2024	31st March, 2023
Intangible assets under development	177.00	150.00
	177.00	150.00

Aging of Intangible assets under development as at 31st March 2024

	Less than 1 Year	1-2 Years	2-3 Year	More than 3 Years	Total
Intangible assets under development	27.00	150.00	-	-	177.00
	27.00	150.00	-	-	177.00

Aging of Intangible assets under development as at 31st March 2023

	Less than 1 Year	1-2 Years	2-3 Year	More than 3 Years	Total
Intangible assets under development	150.00	-	-	-	150.00
	150.00	-	-	-	150.00

The Company has incurred certain identified expenditures towards procurement of certain market authorisations, which would be used to expand its product base and enable significant economic benefits. This expenditure would be capitalised, when it is probable that the future economic benefits will flow to the Company.

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

6 Other Financial Assets

	Non Current		Current	
	As at 31 st March, 2024	As at 31 st March, 2023	As at 31 st March, 2024	As at 31 st March, 2023
Security Deposits with Government Departments	66.70	46.67	-	-
Security Deposits with Related Parties	6.75	6.75	-	-
Security Deposits with Landlords & Others	-	0.76	-	-
Accrued Interest	-	-	0.24	0.06
Bank Balances	-	-	69.93	-
	73.45	54.18	70.17	0.06

7 Inventories

	As at 31 st March, 2024	As at 31 st March, 2023
(At lower of cost and net realisable value unless otherwise stated)		
Raw Materials	1,466.99	1,291.38
Consumables, Stores and Spares	277.78	196.35
Work-in-Progress	912.92	514.78
Finished Goods	306.49	219.45
Less: Provision for Inventories	-	-
Total	2,964.18	2,221.96

8 Trade Receivables

	As at 31 st March, 2024	As at 31 st March, 2023
Unsecured		
Considered Good	4,628.85	4,151.71
	4,628.85	4,151.71
Less: Provision for Expected Credit Losses	89.37	36.86
	4,539.48	4,114.85

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

Ageing for Trade Receivables as at 31st March 2024 is as follows:-

	Outstanding for following periods from Due date of Payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	4,276.57	179.38	88.10	71.50	13.30	4,628.85
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
	4,276.57	179.38	88.10	71.50	13.30	4,628.85
Less: Provision for Expected Credit Losses						89.37
						4,539.48

Ageing for Trade Receivables as at 31st March 2023 is as follows:-

	Outstanding for following periods from Due date of Payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	3,680.00	453.00	5.41	-	13.30	4,151.71
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
	3,680.00	453.00	5.41	-	13.30	4,151.71
Less: Provision for Expected Credit Losses						36.86
						4,114.85

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

9 Loans	As at 31st March, 2024	As at 31st March, 2023
Unsecured, Considered Good	8.18	5.41
Loans and Advances to Employees		
Total Loans	8.18	5.41
10 Cash and Cash Equivalents	As at 31st March, 2024	As at 31st March, 2023
Cash on Hand	0.61	0.40
Balances with Banks		
-Current Accounts	5.89	12.55
-EEFC Accounts	4.75	653.30
-Deposit Accounts Less than 3 Months	128.35	114.69
	139.60	780.94
11 Current Tax Assets (Net)	As at 31st March, 2024	As at 31st March, 2023
Advance Tax (Net of Provision for Tax)	64.81	47.47
	64.81	47.47
12 Other Current Assets	As at 31st March, 2024	As at 31st March, 2023
Advances other than Capital Advances		
Advances for services / goods	75.83	96.30
Prepaid Expense	46.12	37.29
Taxes Paid Under Protest	10.28	
GST Receivables	1,528.34	1,467.30
Less: Provision for GST Receivables	-	(40.41)
	1,660.57	1,560.48

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

13 Equity Share Capital	As at 31st March, 2024	As at 31st March, 2023
Authorised		
400 Lakhs (31 st March, 2023: 400 Lakhs) Equity Shares of ₹ 10 each	4,000.00	4,000.00
	<u>4,000.00</u>	<u>4,000.00</u>
Issued, Subscribed and Paid Up		
Equity Shares		
236.56 Lakhs (31 st March, 2023: 236.56 Lakhs) Equity Shares of ₹10 each, Fully Paid Up	2,365.63	2,365.63
	<u>2,365.63</u>	<u>2,365.63</u>
Total Equity Share Capital	2,365.63	2,365.63

13.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31st March, 2024	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2023
	No. Lakhs	₹	No. Lakhs	₹
Equity Shares of ₹ 10 Each, Fully paid up				
At the Beginning	236.56	2,365.63	236.56	2,365.63
Issued during the period	-	-	-	-
At the end	236.56	2,365.63	236.56	2,365.63

13.2 Terms / Rights attached to Equity Shares (eg. Dividend rights, Voting Rights)

The Company has only one class of equity shares having a par value of ₹10 Per share. Each Holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the proportion to the number of equity shares held by the shareholders.

13.3 Shares held by Holding Company

	As at 31st March, 2024	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2023
	No. Lakhs	₹	No. Lakhs	₹
Equity Shares of ₹ 10 each fully paid up Held By				
SRJR Life Sciences LLP, Holding Company	207.85	2,078.53	211.88	2,118.82

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

13.4 Details of Shareholder holding more than 5% shares of the Company:

	As at 31 st March, 2024	As at 31 st March, 2024	As at 31 st March, 2023	As at 31 st March, 2023
	No. Lakhs	% Holding	No. Lakhs	% Holding
Equity Shares of ₹ 10 each held By				
SRJR Life Sciences LLP, Holding Company	207.85	87.86%	211.88	89.57%

The above information is as per register of share holders / members.

13.5 Disclosure of Shareholding of Promoters

Shares held by promoters at the end of the year

Equity Shares of ₹ 10 Each, Fully paid up	No. of shares (In Lakhs)	% of total shares	% Change
P Paras Bafna	0.50	0.21%	-
Naveenbafna M	0.42	0.18%	-
Bafna Mahaveer Chand	0.06	0.03%	0.01%
Sasikala Bafna.	0.02	0.01%	-
Paras Bafna*	-	0.00%	-
SRJR Lifesciences LLP	207.85	87.86%	-1.71%
Amri Bai Bafna	0.02	0.01%	-
Total No. of Shares.	208.87	88.31%	-1.70%

* less than 100 Shares

14 Borrowings

	Non Current		Current	
	As at 31 st March, 2024	As at 31 st March, 2023	As at 31 st March, 2024	As at 31 st March, 2023
Rupee Loans and Advances Secured				
From Banks	925.25	692.66	362.49	258.12
	925.25	692.66	362.49	258.12
From Related Parties Un-secured				
From KMPs	150.07	150.67	-	-
	150.07	150.67	-	-
	1,075.32	843.33	362.49	258.12
Amount disclosed under the head "Short Term Borrowings" (Note 17)			(362.49)	(258.12)
Total	1,075.32	843.33	-	-

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

Terms of the Borrowings

The Company has availed the Working Capital Loan, Cash Credit Facility and Term Loan from ICICI Bank Limited. The Company has availed Car Loan from Kotak Mahindra Bank. Working Capital Loans and are repayable in 48 and 60 equated monthly instalments. The loan carries interest rate of Repo Rate+Spread. The loans from ICICI Bank are secured by Current Assets, Movable Fixed Assets and Immovable Fixed Assets of the Company. These loans are also guaranteed by the CVR Enterprise LLP and SRJR Lifesciences LLP (promoters of the Company). Car Loan is secured by hypothecation of the respective vehicles.

Loan received from related party is repayable after completion of one year from the end of the financial year at the option of the related party .

There is no default as on the balance sheet date in the repayment of borrowings and interest thereon.

The Company is generally regular in registering and filling of satisfaction of charges with ROC within the statutory period. However during the year ended 31st March, 2024, the Company has belated filed charge form for creation/ modification of charge against the loan obtained from ICICI Bank as on 31st March, 2024 .

The quarterly returns or statements of current assets filed by the Company with the banks or financial institutions are not in agreement with the books of accounts tabulated as follows:

Name of the Bank	Quarter	Particulars of Security Provided	Amount as per books of accounts	Amount as reported in Quarterly return	Variance	Remarks
ICICI Bank	June-23	Inventory	2,568.68	2,002.72	565.96	The relevant statements have been provided pending reconciliation and book closure for the corresponding periods due to the valuation finished goods and work in progress.
		Books Debts	4,591.09	4,340.73	250.36	
		Sundry Creditors	2,855.20	2,714.10	141.10	
	Sept-23	Inventory	2,936.27	2,265.01	671.26	
		Books Debts	3,982.86	4,051.20	(68.34)	
		Sundry Creditors	3,018.53	2,900.69	117.84	
	Dec-23	Inventory	3,150.81	2,603.42	547.39	
		Books Debts	3,382.34	3,423.83	(41.49)	
		Sundry Creditors	2,753.99	2,751.42	2.57	
	Mar-24	Inventory	2,964.18	2,264.78	699.40	
		Books Debts	4,539.48	4,632.34	(92.86)	
		Sundry Creditors	3,542.23	2,989.77	552.46	

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

15 Government Grants	Non Current		Current	
	As at 31 st March, 2024	As at 31 st March, 2023	As at 31 st March, 2024	As at 31 st March, 2023
Government Grants	161.47	121.90	9.88	9.88
Total	161.47	121.90	9.88	9.88

16 Provisions	As at 31 st March, 2024	As at 31 st March, 2023	As at 31 st March, 2024	As at 31 st March, 2023
Provision for Leave Encashment	39.17	-	12.61	-
Provision for Bonus	-	-	65.86	62.59
Provision for Gratuity	-	-	48.02	62.91
Total	39.17	-	126.49	125.50

17 Short Term Borrowings	As at 31 st March, 2024	As at 31 st March, 2023
Current maturities of Long Term Borrowings	362.49	258.12
Cash Credits	1,001.12	1,190.94
Total	1,363.61	1,449.06

18 Trade Payable	As at 31 st March, 2024	As at 31 st March, 2023
Trade Payables (including acceptances)		
(a) total outstanding dues of micro enterprises and small enterprises	1,304.46	806.33
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	2,237.77	2,039.74
	3,542.23	2,846.07

Aging for Trade Payables as at 31st March 2024

Particulars	Outstanding for following Periods from Due Date of Payment				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
MSME	1,304.46	-	-	-	1304.46
Others	1,867.75	-	355.06	14.96	2,237.77
Disputed Dues- MSME	-	-	-	-	-
Disputed Dues- Other Than MSME	-	-	-	-	-
	3,172.21	-	355.06	14.96	3,542.23

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

Aging for Trade Payables as at 31st March 2023

Particulars	Outstanding for following Periods from Due Date of Payment				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
MSME	805.51	0.82	-	-	806.33
Others	1,685.93	68.96	81.20	203.65	2,039.74
Disputed Dues- MSME	-	-	-	-	-
Disputed Dues- Other Than MSME	-	-	-	-	-
	2,491.44	69.78	81.20	203.65	2,846.07

19 Other Financial Liabilities	As at	As at
	31 st March, 2024	31 st March, 2023
Interest accrued but not due on borrowings	8.96	11.01
Other Payables	174.41	56.70
	183.37	67.71

20 Other Current Liabilities	As at	As at
	31 st March, 2024	31 st March, 2023
Salaries and other benefits Payable	129.92	123.58
Advance from Customers	16.26	4.00
Taxes Payable (Other than Income Tax)	21.58	8.12
Employee Contributions Payable	14.96	13.71
Total	182.72	149.41

21 Revenue from Operations	For the Year	For the Year
	Ended	Ended
	31 st March, 2024	31 st March, 2023
Domestic Sales		
Domestic Sales	5,673.92	2,554.45
Export Sales	9,419.81	8,850.88
Analytical Income	152.84	129.66
	15,246.57	11,534.99

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

22 Other Income	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
Interest Income		
-From Bank	10.13	2.97
-From Others	2.40	1.48
Gain/(Loss) on Foreign Exchange Difference (Net)	167.18	147.74
Rent	1.07	0.83
Freight Income	23.20	128.40
Sale of MEIS Script	9.70	0.82
Claim Received from Insurance	-	15.29
Profit on Sale of Assets	6.57	19.64
Deferred Income-Government Grants	10.44	9.88
Management Consultancy Fees	87.33	
Misc. Income	34.22	0.22
	352.24	327.27
23 Cost of Materials Consumed	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
Consumption of Raw Material, Chemicals and Packing Materials	7,901.24	5,957.04
	7,901.24	5,957.04
24 Purchase of Traded Goods	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
Purchases - Trading Materials	1,256.91	640.54
	1,256.91	640.54
25 Manufacturing Expenses	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
Manufacturing Expenses	364.63	234.83
Consumables	129.34	57.84
Analytical Expenses	108.80	44.83
Repairs and Maintenance		-
-Machinery Maintenance	244.63	149.79
-Lab Equipment Maintenance	43.41	36.56
-Factory Maintenance	60.33	124.55
-Others	214.88	65.05
Chemical Expenses	105.60	69.16
Security Charges	21.32	20.00
Power and Fuel	669.15	527.01
Freight Charges	55.66	23.27
	2,017.75	1,352.89

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
26 Change in Inventories of Work in Progress and Finished Goods		
Opening Stock:		
-Work-in-Progress	514.78	118.79
-Finished Goods	219.45	324.37
	734.23	443.16
Closing Stock:		
-Work-in-Progress	912.92	514.78
-Finished Goods	306.49	219.45
	1,219.41	734.23
(Increase)/ Decrease in Closing Stock	(485.18)	(291.07)
27 Employee benefits expenses	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
Salaries, allowances and benefits to employees	1,728.33	1,414.29
Contribution to Provident Fund and Other Funds	116.81	113.43
Staff Welfare Expense	57.60	58.87
Total	1,902.74	1,586.59
28 Finance cost	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
Interest	193.75	179.75
Other Borrowing Cost (Upfront Fees, Commitment Charges etc.)	35.28	24.01
Total	229.03	203.76
29 Depreciation and Amortization Expense	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
Depreciation on PPE	499.54	533.44
Total	499.54	533.44

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

30 Other Expenses	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
Rent	20.99	20.53
Rates and taxes	103.27	10.43
Liquidated Damages	1.64	-
Repairs and Maintenance:		
-Computer Software	24.46	29.05
-Others	9.86	12.70
Packing Expenses	0.56	0.36
Freight and Transportation	220.01	154.64
Insurance	31.79	17.12
Research and Registration Expenses	26.65	72.12
Donations	21.83	1.12
Business Promotion and Advertisement	47.18	36.64
Directors sitting fee	4.84	3.85
Electricity charges	3.90	3.69
Marketing and selling expenses	12.92	19.61
Postage and Courier	4.76	4.26
Printing and Stationery	23.99	19.85
Legal and Professional Fees	828.82	108.94
Remuneration to auditors (As Auditor):		
-Audit Fee	8.00	8.00
-Reimbursement of expenses to Auditors	0.56	0.70
Provision for Expected Credit Loss	52.51	36.86
Provision for Other Assets	-	40.41
Travelling and conveyance	57.54	53.04
Bad Debts written off	7.47	30.44
Communication expenses	6.15	9.01
Miscellaneous expenses	22.29	24.07
Total	1,541.99	717.44

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

31 Earning Per Share (EPS)	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
Total Operations for the year		
Net Profit / (Loss) after Taxation for Basic EPS	734.79	1,133.80
Net Profit/(Loss) for calculation of Basic EPS (A)	734.79	1,133.80
Net Profit as above	734.79	1,133.80
Add : Dividends on convertible preference shares & tax thereon	-	-
Add : Interest on bonds/Debentures/Loan convertible into equity shares (Net of tax)	-	-
Net Profit/(Loss) for calculation of Diluted EPS (B)	734.79	1,133.80
Weighted average number of Equity Shares for Basic (C)	236.56	236.56
Weighted average number of Equity Shares for Diluted EPS (D)	236.56	236.56
Basic EPS		
Basic EPS (A) / (C)	3.11	4.79
Diluted EPS (B) / (D)	3.11	4.79
Diluted Earnings Per Share, when anti dilutive is restricted to Basic Earnings Per Share		

32 Employee Benefits

The Company has a defined benefit gratuity plan, which is regulated as per the provisions of Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The scheme is funded by the Company. The liability for the same is recognized on the basis of actuarial valuation.

	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
Net Employee benefit expense recognized in the employee cost in statement of profit & loss account		
Current service cost	34.93	27.10
Interest cost on benefit obligation	4.66	10.77
Sub Total	39.59	37.87

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

Recognised in Other Comprehensive Income

Net actuarial (gain)/loss recognized in the year

i. Actuarial (Gains)/Losses on Obligation For the Period	4.35	(7.58)
ii. Return on Plan Assets, Excluding Interest Income	(8.00)	(7.73)

Sub Total	(3.65)	(15.31)
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Net benefit expense	35.94	22.56
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Balance Sheet

Benefit asset / liability

	As at 31st March, 2024	As at 31st March, 2023
Present value of defined benefit obligation	(340.95)	(290.07)
Fair value of plan assets	292.93	227.16
Funded Status (Surplus/ (Deficit))	(48.02)	(62.91)

Assets / (Liability) recognized in the balance sheet	(48.02)	(62.91)
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Change in the present value of the defined benefit obligation

Opening defined benefit obligation	290.07	276.99
Benefits paid	(9.90)	(25.55)

Expenses Recognised in Statement of Profit and Loss Account

Current service cost	34.93	27.10
Interest cost on benefit obligation	21.49	19.11

Recognised in Other Comprehensive Income

Actuarial (gain)/loss on obligation	4.35	(7.58)
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Closing defined benefit obligation	340.94	290.07
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Change in the fair value of plan assets

Opening fair value of plan assets	227.16	120.93
Interest Income	16.83	8.34
Contributions by employer	50.83	100.85
Assets Transferred In/Acquisitions	-	14.86
Return on Plan Assets	(8.01)	7.73
Benefits paid	(9.90)	(25.55)

Closing fair value of plan assets	292.93	227.16
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Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

Investment details of the plan assets

Insurance fund	278.02	221.65
Cash And Cash Equivalents	14.91	5.52
Special Deposits	-	-

Assumptions

Discount Rate (%)	7.41	7.41
Attrition Rate (%)	10.00	10.00
Expected rate of salary increase (%)	8.00	8.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts of Defined benefit plan for the Current and Two Previous Year are as follows

	Present value of Defined benefit obligation	Surplus / (deficit)	Experience adjustments on plan assets	Experience adjustments on plan liabilities
31st March, 2024	(340.95)	(48.02)	(8.00)	4.35
31st March, 2023	(290.07)	(62.91)	(7.73)	(7.58)
31st March, 2022	(276.99)	(156.06)	(1.38)	3.78

Sensitivity analysis of the defined benefit obligation

Particulars	1% Increase		1% Decrease	
	31st March 2024	31st March 2023	31st March 2024	31st March 2023
Impact of the change in discount rate	(16.58)	(14.79)	18.66	16.64
Impact of the change in salary increase	17.59	15.70	(16.11)	(14.28)
Impact of the change in rate of Employee Turnover	(1.40)	(0.99)	1.50	1.06

Note : Sensitivity due to mortality and withdrawals are not material and hence impact of change not calculated.

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

Defined Contribution Plans

In respect of the defined contribution plan (Provident fund), an amount of ₹ 70.66 Lakhs (31st March 2023: ₹ 64.44 Lakhs) has been recognized as expenditure in the Statement of Profit and Loss.

In respect of the State Plans (Employee State Insurance), an amount of ₹ 6.29 Lakhs (31st March 2023 : ₹ 7.05 Lakhs) has been recognized as expenditure in the Statement of Profit and Loss.

During the year the Company has provided Bonus and incentive of ₹ 118.54 Lakhs (31st March 2023: ₹ 87.96 Lakhs) as expenditure in the Statement of Profit & Loss.

33 Contingent Liabilities and Pending Litigations

	As at 31st March, 2024	As at 31st March, 2023
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A Contingent Liabilities

a. Letter of Credit and Bank Guarantees	833.66	322.48
b. Bonds executed in favour of Customs Authorities for the purchase of materials and capital goods without payment of duty.	200.00	200.00

B Claims Not Acknowledged as Debt

	As at 31st March, 2024	As at 31st March, 2023
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Income Tax Act 1961 - Tax Deducted at Source	41.73	41.25
BSE Limited	-	20.64
National Stock Exchange Limited	-	20.04

The Company has received communications from BSE Limited and National Stock Exchange of India Limited regarding the non-compliance with respect to certain regulations including Minimum Public Shareholding ("MPS") requirements specified in Rule 19 (2) and Rule 19A of the Securities Contracts (Regulations) Rules, 1957, as amended and Regulation 38 of the Listing Obligations and Disclosure Requirements Regulations of Securities Exchange Board of India ("SEBI") ("Listing Regulations"). The Company has created a provision of ₹ 88.39 Lakhs towards penalties and also the Company has requested waiver for such penalties. Based on the internal assessment and communication with the BSE Limited and National Stock Exchange of India Limited, the management is confident of obtaining waiver from such penalties.

C Pending Litigations

	As at 31st March, 2024	As at 31st March, 2023
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i. Provident Fund*	33.67	33.67
ii. Sales tax*	25.26	25.26
iii. Service tax*	22.31	22.31
iv. DGFT*	20.00	20.00
v. Income Tax*	342.19	342.19
vi. Goods & Service Tax**	235.47	-

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)

(Amounts are in ₹ Lakhs unless specified)

*The amounts referred herein above corresponds to the claims made by the relevant statutory authorities pertaining to pre - Corporate Insolvency Resolution Process ("CIRP") period. By virtue of Honourable NCLT order approving the resolution plan, the relevant claims stands extinguished. The Company has also filed writ petitions before the Honourable High Court of Madras requesting the demand to be quashed.

* The Income Tax Refund amounting to ₹ 45.17 Lakhs has been adjusted against the previous years demand by the Income Tax Department. The Company has filed the writ petition in Honourable High Court of Madras against such demands which has been issued by the Centralized Processing Centre ("CPC"). The management of the Company is of the view that post completion of CIRP, no such demands is payable by the Company. Based on the writ petition filed by the Company, the management is confident of obtaining a favourable outcome in this regard.

**The Company has received the demand of ₹ 265.42 Lakhs including penalties for the period FY 2017-18 to FY 2020-21 against which a liability of ₹ 29.95 Lakhs has been paid by the Company. The Company has disputed 235.47 lakhs and filed the appeal with CGST Appeals. Based on the management assessment, the Company is of the opinion that said demand will be set aside and there will be no liability.

34 Segment Reporting

The Company is engaged in the business of manufacturing and trading of pharmaceuticals products. The Chief Operating Decision Maker monitors the operating results of its business for the purpose of making decisions about resource allocation and performance. Manufacturing and trading of pharmaceuticals products is considered as only segment.

35. Related Party disclosures

- a) Name of Related parties and description of relationship

Name of the Related Parties	Designation	Close Family Members
SRJR Lifesciences LLP	Holding Company	
S. Hemalatha	Whole Time Director	
P K Sundaresan	Independent & Non Executive Director	
B. Kamlesh Kumar	Independent & Non Executive Director (upto 09th September, 2023)	
R. Chitra	Chairperson, Independent & Non Executive Director	
Akila C Raju	Non Executive Director	
Atul Sachdeva	Non Executive Director (upto 13th January 2023)	
Upendar Mekala Reddy	Non Executive Director (with effect from 26th June 2023)	
Krishna Yeachuri	Independent & Non Executive Director (with effect from 26th June 2023)	
Vinayak Dinesh Dendukuri	Whole Time Director (with effect from 26th June 2023)	
Bafna Mahaveer Chand	Chief Executive Officer	Sasikala Bafna- Wife Navin Bafna- Son Ruchika Saraf- Daughter-in-Law
M. Sridhar	Chief Financial Officer	
Jitendra Kumar Pal	Company Secretary - Upto 23rd March 2022	
Roopa Ravikumar	Company Secretary - From 22nd March 2022 to 11th August 2022	
Vishnu V Kuppa	Company Secretary (with effect from 7th April 2023 till 23rd April 2024)	

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

Enterprises owned or significantly influenced by key management personnel or their relatives (either individually or with others)

Bhansilal & Co (HUF)

Saffolco Pharmachem LLP

SMN Pharma Private Limited

b) Transactions During the Year with Related Parties

(₹ in lakhs)

Name of the Related Parties	Nature of Transactions	For the Year Ended 31 st March 2024	For the Year Ended 31 st March 2023
Bafna Mahaveer Chand	Remuneration	75.18	36.00
Navin Bafna	Remuneration	25.20	24.00
S. Hemalatha	Remuneration	17.79	14.97
S. Hemalatha	Salary Advance	(1.08)	1.08
Vinayak Dinesh Dendukuri	Remuneration	22.07	-
Vinayak Dinesh Dendukuri	Salary Advance	0.58	-
M. Sridhar	Remuneration	13.73	11.87
M. Sridhar	Salary Advance	2.75	0.84
Roopa Ravikumar	Remuneration	-	3.85
Vishnu V Kuppa	Remuneration	9.59	-
Sasikala Bafna	Rent	17.70	17.70
Bafna Mahaveer Chand	Loan Repaid/ (Taken)	0.60	50.00
Bafna Mahaveer Chand	Salary Advance	-	1.00
P K Sundaresan	Sitting Fees	1.21	1.21
B. Kamlesh Kumar	Sitting Fees	0.88	1.21
R. Chitra	Sitting Fees	1.10	0.77
Krishna Yechuri	Sitting Fees	0.22	-
Akila C Raju	Sitting Fees	0.88	0.44
Atul Sachdeva	Sitting Fees	-	0.22
Upendar Mekala Reddy	Sitting Fees	0.55	-
Bhansilal & co	Rent	0.12	0.12
Saffolco Pharmachem LLP	Advance given against Services	-	19.50
SMN Pharma Private Limited	Advance given against Services	-	15.95
Ruchika Saraf	Advance given against Services	-	20.00
Saffolco Pharmachem LLP	Refund of Advance given against Services	-	(19.50)
SMN Pharma Private Limited	Refund of Advance given against Services	-	(15.95)
Ruchika Saraf	Refund of Advance given against Services	-	(20.00)

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

c) Year End Balances

(₹ in lakhs)

Name of the Related Parties	Nature of Transactions	As at 31 st March 2024	As at 31 st March 2023
Bafna Mahaveer Chand	Loan Payable	150.06	150.67
S. Hemalatha	Salary Advance Receivable	-	1.08
M. Sridhar	Salary Advance Receivable	2.00	0.84

36 Capital Management

The objective of the Company's capital management structure is to ensure sufficient liquidity to support its business, to ensure the Company's ability to continue as a going concern and provide adequate return to shareholders.

The Company monitors capital and the long term cash flow requirements including externally imposed capital requirements of the business on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(₹ in lakhs)

Particulars	As at 31 st March 2024	As at 31 st March 2023
Net Debts (Net of Cash and Cash Equivalents) (A)	2,299.33	1,511.45
Total Equity (B)	8,083.87	7,345.46
Net Debt to Equity Ratio (Times) (C)=(A)/(B)	0.28	0.21

37 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

Company's principal financial liabilities comprise of 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 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.

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)

(Amounts are in ₹ Lakhs unless specified)

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.

Sensitivity Analysis

An increase/decrease of 100 basis points in interest rate at the end of the reporting period for the variable financial instruments would (decrease)/increase before taxation for the year by the amounts shown below. This analysis assumes all other variables remain constant.

	Profit / (Loss) before taxation	
	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
Financial Liabilities - Borrowings		
+1% (100 basis points)	17.09	2.13
-1% (100 basis points)	(17.09)	(2.13)

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from transactions i.e. import and export of materials, recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies.

Company's Total Forex currency exposures***As at 31st March, 2024**

	Currency	Exchange Rate	Amount in Foreign Currency (in Lakhs)	Amount (₹ in Lakhs)
Trade Receivables	USD	82.25	9.21	757.82
Trade Receivables	AUD	53.85	8.38	451.31
Trade Receivables	GBP	104.65	7.17	750.68
Advance from Customers	EUR	89.35	(0.45)	(40.53)

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

As at 31st March, 2023

	Currency	Exchange Rate	Amount in Foreign Currency (in Lakhs)	Amount (₹ in Lakhs)
Trade Payables	USD	81.95	3.83	313.95
Trade Receivables	USD	81.95	12.52	1,025.78
Trade Receivables	AUD	53.70	18.00	966.80
Trade Receivables	GBP	98.30	7.74	761.25
Advance from Customers	EUR	86.20	(0.45)	(39.10)

*** Total Foreign currency exposure as on 31st March 2024 and 31st March 2023 is unhedged.**

Sensitivity

If foreign currency rates had moved as illustrated in the table below, with all other variables held constant, currency fluctuations on unhedged foreign currency denominated financial instruments, pre- tax profit would have been affected as follows:

	Profit/(Loss) before tax	
	For the Year Ended 31st March 2024	For the Year Ended 31st March 2023
USD sensitivity		
INR/USD- increase by 5%	37.89	35.59
INR/USD- decrease by 5%	(37.89)	(35.59)
AUD sensitivity		
INR/AUD- increase by 5%	22.57	48.34
INR/AUD- decrease by 5%	(22.57)	(48.34)
GBP sensitivity		
INR/GBP- increase by 5%	37.53	38.06
INR/GBP- decrease by 5%	(37.53)	(38.06)
EUR sensitivity		
INR/EUR- increase by 5%	(2.03)	(1.96)
INR/EUR- decrease by 5%	2.03	1.96

Commodity Risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases of Active Pharmaceutical Ingredients and other direct materials, whose prices are exposed to risk of fluctuation over short period of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials form the largest portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of 31st March, 2024, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)

(Amounts are in ₹ Lakhs unless specified)

ii. Credit risk

Credit risk is the risk of financial loss to the Company if the customer or that counterparty to the financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

Credit risk management

The finance function of the Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assesses the credit risk for each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

The risk parameters are same for all financial assets for all periods presented. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Trade Receivables: The Company has exposure to credit risk from trade receivables on sale of medicines. The Company has used expected credit loss (ECL) model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers. The Company ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The creditworthiness of customers to which the Company grants credit in the normal course of the business is monitored regularly. The Company provides for expected credit loss under simplified approach

Particulars	Loans	Trade Receivables	Other Financial Assets
Loss allowance as on 1st April, 2022	-	-	-
Add / (less)			
Modification of contractual cash-flows that did not result in de-recognition	-	-	-
Write-offs	-	-	-
Recoveries	-	-	-
Impairment	-	-	-
Expected Credit Loss	-	36.86	-
Loss allowance on 31st March, 2023	-	36.86	-
Add / (less)			
Modification of contractual cash-flows that did not result in de-recognition	-	-	-
Write-offs	-	-	-
Recoveries	-	-	-
Impairment	-	-	-
Expected Credit Loss	-	52.51	-
Loss allowance on 31st March, 2024	-	89.37	-

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. 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.

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
31st March, 2024					
Borrowings	1,363.61	353.02	296.67	275.56	2,288.86
Borrowings from Related Parties	-	150.07	-	-	150.07
Trade Payables & Other Financial Liabilities	3,725.63	-	-	-	3,725.63
Total	5,089.24	404.17	221.90	216.67	5,931.97
31st March, 2023					
Borrowings	1,449.05	254.10	221.90	216.67	2,141.72
Borrowings from Related Parties	-	150.67	-	-	150.67
Trade Payables & Other Financial Liabilities	2,913.78	-	-	-	2,913.78
Total	4,295.13	404.77	221.90	216.67	5,138.46

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

c. Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

	As at 31st March, 2024		
	FVTPL	FVOCI	Amortised Cost
Financial assets			
Trade receivables	-	-	4,539.48
Loans	-	-	8.18
Cash and cash equivalents	-	-	139.60
Other Financial Assets	-	-	143.62
Total	-	-	4,830.88

Financial liabilities

Borrowings	-	-	2,438.93
Trade payables	-	-	3,542.23
Other Financial Liabilities	-	-	183.37
Total	-	-	6,164.53

	As at 31st March, 2023		
	FVTPL	FVOCI	Amortised Cost
Financial assets			
Trade receivables	-	-	4,114.85
Loans	-	-	5.41
Cash and cash equivalents	-	-	780.94
Other Financial Assets	-	-	54.24
Total	-	-	4,955.44

Financial liabilities

Borrowings	-	-	2,292.39
Trade payables	-	-	2,846.07
Other Financial Liabilities	-	-	67.71
Total	-	-	5,206.17

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

38 Fair value measurements

(i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the financial statement are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

(ii) Assets and Liabilities which are measured at Amortised Cost for which Fair Values are Disclosed

As at 31st March, 2024	Level 1	Level 2	Level 3	Total
Financial Assets				
Other Financial Assets-Non Current	-	-	73.45	73.45
Other Financial Assets-Current	-	-	70.17	70.17
Trade Receivables	-	-	4,539.48	4,539.48
Loans	-	-	8.18	8.18
Cash and Cash Equivalents	-	-	139.60	139.60
Total Financial Assets	-	-	4,830.88	4,830.88
Financial Liabilities				
Borrowings- Non Current	-	-	1,075.32	1,075.32
Borrowings-Current	-	-	1,363.61	1,363.61
Trade Payables	-	-	3,542.23	3,542.23
Other Financial Liabilities	-	-	183.37	183.37
Total Financial Liabilities	-	-	6,164.53	6,164.53
As at 31st March, 2023				
Financial Assets				
Other Financial Assets-Non Current	-	-	54.18	54.18
Other Financial Assets-Current	-	-	0.06	0.06
Trade Receivables	-	-	4,114.85	4,114.85
Loans	-	-	5.41	5.41
Cash and Cash Equivalents	-	-	780.94	780.94
Total Financial Assets	-	-	4,955.44	4,955.44

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)
 (Amounts are in ₹ Lakhs unless specified)

Financial Liabilities

Borrowings- Non Current	-	-	843.33	843.33
Borrowings-Current	-	-	1,449.06	1,449.06
Trade Payables	-	-	2,846.07	2,846.07
Other Financial Liabilities	-	-	67.71	67.71
Total Financial Liabilities	-	-	5,206.17	5,206.17

Valuation Process and Technique Used to Determine Fair Value

Specific valuation techniques used to value financial instruments include:

- (a) The use of quoted market prices or dealer quotes for similar instruments
- (b) The fair value of the remaining financial instruments is determined based on the following methods:
 - i. Net assets value method
 - ii. Valuation of investment in unquoted equity shares has been made using the Discounted cash-flow method and Net assets value method, as deemed fit by the Company's management.

Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2023 (Contd.)
(Amounts are in ₹ Lakhs unless specified)

39 Analytical Ratios

Ratio	Numerator	Denominator	As at 31st March 2024	As at 31st March 2023	% Variance	Reasons for Variance
Current Ratio (in times)	Total Current Assets	Total Current Liabilities	1.75	1.88	(7.02%)	
Debt- Equity Ratio (in times)	Debt consists of borrowings and lease liabilities	Total equity	0.30	0.31	(3.33%)	
Debt service coverage ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses (Dep and Amortization) + Interest + Other non-cash adjustments (loss on sale of Fixed Assets)	Debt service = Interest and lease payments + Principal repayments	0.95	1.19	(19.65%)	
Return on equity ratio (in %)	Profit for the year less Preference dividend (if any)	Average total equity	9.52%	16.75%	(43.12%)	Due to Increase in Operations
Inventory Turnover Ratio	Sales	Average Inventory	5.88	5.43	8.32%	
Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables	3.52	4.12	(14.58%)	
Trade payables turnover ratio (in times)	Cost of rendering of Services + Other expenses	Average trade payables	3.50	3.89	(10.08%)	
Net capital turnover ratio (in times)	Revenue from operations	Average Working capital (i.e. Total current assets less Total current liabilities)	3.75	3.31	13.43%	
Net profit ratio (in %)	Profit for the year	Total Income	4.71%	9.56%	(50.72%)	Due to Increase in Operations

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2023 (Contd.)

(Amounts are in ₹ Lakhs unless specified)

Ratio	Numerator	Denominator	As at 31st March 2024	As at 31st March 2023	% Variance	Reasons for Variance
Return on capital employed (in %)	Profit before tax + finance costs -interest income	Capital employed = Net worth + Borrowings + Lease liabilities + Deferred tax liabilities - Current Investment - Cash and Cash Equivalents - Other Bank Balances	9.18%	15.38%	(40.29%)	Due to Increase in Operations
Return on investment (in %)	Net Profit after taxes	Average Total Assets = Average of Opening Total Assets and Closing Total Assets excluding revaluation impact	5.30%	10.32%	(48.64%)	Due to Increase in Operations

40 Leases**Company as lessee**

The Company has entered into certain cancellable lease agreements mainly for office premises, land and infrastructure facilities' which are renewable on mutual agreement with the parties. At the date of commencement of the lease, the Company recognises a right of use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and low value leases. The Company applies the "short term lease" & "low value leases" recognition exemptions for these leases. Rent Expenses recorded for Short term and Low value lease was ₹ 20.99 Lakhs (31st March 2023: 20.53 Lakhs).

41 Income Tax

The Company has opted for the new tax regime U/s 115BAA of the Income Tax Act from Financial Year ended 31st March, 2023. The Company has carried forward losses and unabsorbed depreciation of earlier years. Therefore, the Company has not accounted any Income Tax on the profits earned during the year.

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)

(Amounts are in ₹ Lakhs unless specified)

42 Deferred Tax

Deferred Tax assets arise on account of carried forward losses and unabsorbed tax depreciation. As a prudent measure DTA is not recognised since it is not probable that future taxable profits will be available against which carried forward losses and unabsorbed tax depreciation can be utilised.

43 Corporate Social Responsibility (CSR)

(a) As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the company. The areas for CSR activities are Promoting education, preventive healthcare, special education and employment enhancing vocation skills, rural /nationally recognised/ Paralympic and Olympic sports, and Rural Development. The funds were primarily allocated to a corpus and utilized throughout the year on those activities which are specified in Schedule VII of the Companies Act, 2013.

(b) Details of Corporate Social Responsibility (CSR) Expenditure:

₹ in Lakhs

Particulars	31st March 2024	31st March 2023
Amount Required to be Spent as per Section 135 of the Act	15.71	-
Amount Spent During the Year 2023-24	3.00	-
Shortfall at the end of the year	12.71	-
Reason for shortfall	Other than on going projects	NA

The Company is in the process of transferring the unspent amount to the specified funds and as on signing date of financial statements, the time period for such transfer i.e. six months of the expiry of the financial year as permitted under the second proviso to sub section (5) of the section 135 of the Act, has not elapsed.

44 Disclosures of the transactions with Struck Off Companies

The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.

45 Additional Regulatory Information Required by Schedule III to the Companies Act, 2013

(i) The Company does not have any Benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

(iii) The Company does not hold any investments and hence provisions for compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 (as amended) are not applicable.

(iv) Utilisation of borrowed funds and share premium

A The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

Notes and other explanatory information to Financial Statements for the year ended 31st March, 2024 (Contd.)

(Amounts are in ₹ Lakhs unless specified)

- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

B The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(v) The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(vi) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(vii) No Scheme of Arrangements have been approved by the Competent Authority in terms of Sections 230 to 237 of the Act, during the year.

46 The Company's major business is with Foreign Customers. The Company has foreign currency receivables as on 31st March, 2024 of ₹ 174 Lakhs (31st March 2023: ₹ 203 Lakhs) which are outstanding beyond the stipulated time period permitted under the RBI Master Direction on Export of Goods and Services vide FED Master Direction No. 16/2015-16 dated 1st January, 2016 (as amended), issued by the Reserve Bank of India (RBI) as of 31st March, 2024. The management of the Company is in the process of obtaining approval for extension of time limits for realization and also in process of receiving the payment and in regular discussion with the Customers. The management of the Company is confident of obtaining the approval for time extension and recovery of the amount within such extended time period.

- 47** Disclosures required under Section 22 of MSMED Act 2006 under the Chapter on Delayed Payments to Micro, Small and Medium Enterprises

There are no Micro, Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at 31st March 2024. These information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the to the extent such parties have been identified on the information available with the Company.

- 48** Previous year figures have been regrouped/reclassified where ever necessary, to conform to those of the current year.
- 49** As allowed under Schedule III of the Companies Act, 2013, Financial Statements are prepared in lakhs and rounded off to two decimals. The amounts / numbers below one thousands are appearing as zero.

In Terms of our Report of even date

For Brahmayya & Co.

Chartered Accountants

Firm Regn No. 000511S

Sd/-

Lokesh Vasudevan

(Partner)

M.No. 222320

Place : Coonoor

Date : 29th May 2024

For and on Behalf of the Board

Bafna Pharmaceuticals Limited

Sd/-

VINAYAK DINESH DENDUKURI

[Whole-Time Director]

[DIN: 07601309]

Sd/-

MELAGIRI SRIDHAR

[Chief Financial Officer]

Place : Chennai

Date : 29th May 2024

Sd/-

BAFNA MAHAVEER CHAND

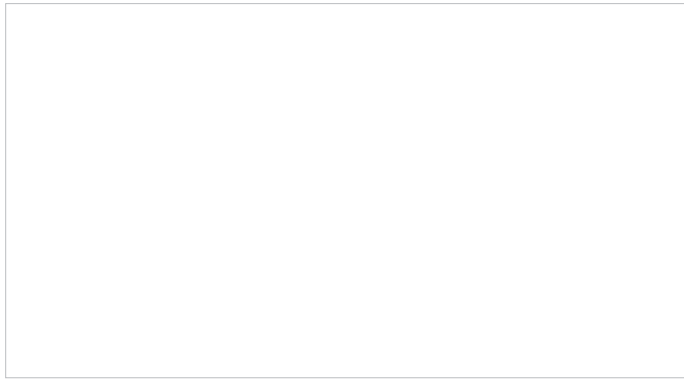
[Chief Executive Officer]

Sd/-

MOHANACHANDRAN A

[Company Secretary]

M.No. 65827



Awards & Achievements

Bafna received the prestigious “Export Excellence Award”

Bafna obtained “**ZED GOLD**” certification from MSME Govt of India.

Global India Achiever Award Presented to Mr. Bafna Mahaveer Chand.

Best supplier Award from State Pharmaceuticals Corporation (SPC) Govt of Srilanka



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