

**FINANCIAL YEAR  
2020 - 21**



**2021**  
**ANNUAL  
REPORT**

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



**BAFNA PHARMACEUTICALS LIMITED**

**26<sup>th</sup> ANNUAL REPORT  
FINANCIAL YEAR 2020-21**

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### **Cautionary Statement**

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

## COMPANY SNAPSHOT

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

### **Registered Office**

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

### **Share Transfer Agents**

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

### **Auditors**

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

### **Factories**

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

### **Internal Auditors**

M/s. Soleti Associates,  
Chartered Accountants,  
Chennai

### **Board of Directors**

S. Hemalatha  
*Chairperson & Executive Director*

Akila C Raju  
*Non-Executive Non Independent Director*

P K Sundaresan  
*Non- Executive Independent Director*

B. Kamlesh Kumar  
*Non-Executive Independent Director*

Atul Sachdeva  
*Non-Executive Non Independent Director*

R. Chitra  
*Non- Executive Independent Director*

### **Audit Committee**

P K Sundaresan  
B. Kamlesh Kumar  
Atul Sachdeva

### **Nomination and Remuneration Committee**

B. Kamlesh Kumar  
P K Sundaresan  
Akila C Raju

### **Stakeholders Relationship Committee**

R. Chitra  
S. Hemalatha  
Atul Sachdeva

### **CEO**

Bafna Mahaveer Chand

### **CFO**

M. Sridhar

### **Company Secretary**

Jitendra Kumar Pal

## KEY MESSAGE FROM CHAIRPERSON & EXECUTIVE DIRECTOR

**Dear Stakeholders,**

We hope that you have been safe and healthy through this singular and unprecedented challenge that humanity is faced with today. Although the demand for pharmaceuticals is least disrupted relative to other industries, operational challenges have increased manifold. 2020 was an extraordinary and challenging year for all of us. Despite the challenges, your Company remained resilient and focused on our strategic priorities.



Last financial year was indeed the demonstration of our resilient business model. As we overcame challenges, we continued to achieve growth across all our geographies and segments.

According to IQVIA, the global medicine market is expected to grow at 3–6% CAGR through 2025, reaching about \$1.6 trillion in total market size in 2025. This excludes spending on COVID-19 vaccines, where total cumulative spending through 2025 is projected to be \$157 Billion.

Supply chain disruptions reduced mobility and industry-wide dislocation caused by the COVID-19 pandemic impacted various aspects of our operations. Nonetheless, we strengthened our reputation for resilience and reliability by continuing to deliver around the world. At the same time, we prioritized the health and safety of our people and implemented additional safety measures at our facilities.

With a legacy of over 26 years and a mission to help improve healthcare with innovation, commitment and trust, we have continuously worked on enhancing quality and value for our customers and stakeholders during 2020-21.

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

Amid the pandemic and challenges thrown by it, the global pharmaceutical industry responded with tenacity. Since March 2020, the industry has been hit with debilitating restrictions and impediments in reaching customers and supplying drugs within India and to the world. However, the pharmaceutical industry has surpassed expectations in response to this global crisis, supplying drugs to over 150 countries besides meeting all domestic demands.

In 2020-21, our overall revenue grew by 59.37% to 7196.72 Lakhs. This performance was possible due to our commitment to delivering quality products, maintaining the highest levels of compliance, manufacturing excellence and improving our supply chain in the past years.

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

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

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

I want to thank our esteemed shareholders, partners and stakeholders for placing their trust and confidence in us. We will emerge stronger together from this global crisis.

Best Regards

**S. Hemalatha**

Chairperson & Executive Director

DIN:02714329

## DIRECTOR'S REPORT

To

### The Shareholders,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report of your Company together with Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2021.

### Financial Performance

The summarized Audited Financial Results for the year ended 31<sup>st</sup> March, 2021 along with comparative figures for the previous year is as under:

(Rs.in Lakhs)

Particulars	Standalone	
	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2020
Revenue from operations	7121.79	4247.24
Other Income	74.93	25.54
<b>Total Income</b>	<b>7196.72</b>	<b>4272.78</b>
<b>Expenses</b>		
Operating Expenditure	6166.23	4133.92
<b>EBDITA</b>	<b>1030.49</b>	<b>138.86</b>
Depreciation and Amortisation Expenses	447.82	326.66
Profit before Exceptional Items and Taxes	582.67	(187.80)
Add: Exceptional Items	-	(2332.56)
<b>Profit before tax (PBT)</b>	<b>582.67</b>	<b>(2520.36)</b>
Tax expenses (Current and Deferred Tax)	-	-
<b>Profit for the year</b>	<b>582.67</b>	<b>(2520.36)</b>

### Standalone Operating Results

Your Company's Total Income during the year under review was Rs.7196.72 Lakhs as compared to Rs.4272.78 Lakhs in the previous year. Profit before Tax for the year 2020-21 was Rs.582.67 Lakhs as against (Rs.187.80) Lakhs in the previous year. Profit After Tax for the year 2020-21 stood at Rs.582.67 Lakhs as against Loss of Rs.2520.36 Lakhs.

### Subsidiary Company and Consolidated Financial Statements

Pursuant to the approval of the shareholders at 25<sup>th</sup> Annual General Meeting held on 31<sup>st</sup> July 2020 application for strike off the Company's subsidiary Company M/s. Bafna Lifestyles Remedies Limited (BLRL) was filed with Ministry of Corporate Affairs under Section 248 of the Companies Act 2013 and hence consolidated financial statements was not provided since the name of the Company has been strike off.

### Change in Capital Structure

(Rs. In Lakhs)

Particulars	31st March, 2021	31st March, 2020
Authorized Capital	4000.00	4000.00
Issued, Subscribed & Paid up Capital	2365.56	236.56*

- \* Pursuant to the approval of National Company Law Tribunal, Chennai under IBC, 2016 vide its Order dated 01<sup>st</sup> February 2019 there was 90% capital reduction.

During the year under review the Issued, Subscribed and Paid up capital has been increased from Rs.236.56 lakhs to Rs.2365.56 lakhs by way of preferential allotment of shares as per the Order passed by National Company Law Tribunal, Chennai under IBC, 2016.

#### **Allotment and listing of 21290701 shares pursuant to the approved Resolution Plan under IBC 2016**

During the year under review pursuant to the approved Resolution Plan under IBC 2016 by Hon'ble National Company Law Tribunal, Chennai vide its order dated 01<sup>st</sup> February 2019 and consequent approval of the Board at their meeting held on 10.09.2020 allotted 2,12,90,701 equity shares of Rs.10 each at a premium of Rs.16/- each (issue price Rs.26) to SRJR Lifesciences LLP.

Name of Allottee	No of shares allotted	Distinctive Number (From)	Distinctive Number (To)
SRJR Lifesciences LLP	2,12,90,701	2365635	23656335

Post listing of 21290701 shares at NSE and BSE the issued, subscribed and paid up capital now stands at Rs.23,65,63,350/- consisting of 23656335 equity shares of Rs.10 each as on 31<sup>st</sup> March 2021.

#### **Fixed Deposits**

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

#### **Dividend**

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

#### **Reserves**

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

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

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

#### **Details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future;**

#### **Implementation of Resolution Plan**

During the year under review the Company has fully implemented Resolution Plan as approved by the National Company Law Tribunal, Chennai vide its Order dated 01<sup>st</sup> February 2019.

#### **Impact of CoVID 19**

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

#### **Change in the nature of business**

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



**Risk Management Policy:**

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

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

The company has adequate internal financial controls , Internal Audit and review of financial statement mechanism in vogue except in few areas :

- Although the company has an organization structure, now with the implementation of SAP, authority matrix has to be formulated and clearly documented,
- Standard operating procedures in respect of various functions, processes and approvals have to be documented and made available to the functional heads to ensure controls.
- Roles and responsibilities have to be documented as per terms or in line with KRAs mentioned in employees' appointment letters
- Regular employee performance reviews have to be held and increments / incentives have to be fixed and paid on the basis of the same.

**Directors**

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

**Inductions**

Ms. S. Hemalatha (DIN:02714329) was appointed as Additional Whole-Time Director with effect from 10.09.2020. The Board recommends her appointment as a Whole-Time Director of the Company for a period of three years with effect from the date of appointment.

Mrs. Akila C Raju (DIN: 07590312) was appointed as an Additional Director (Non-Executive) of the Company with effect from 10.09.2020. The Board recommends her appointment as a Non- Executive Director of the Company whose period is liable to retire by rotation.

Mr.Harish Battu Laxmaiah (DIN: 06390117) was appointed as an Additional Director (Non-executive ) with effect from 10.09.2020.

Ms.Ravichandran Chitra (DIN: 07749125) was appointed as Additional Non-executive Independent Director with effect from 12.11.2020. The Board recommends her appointment as an Independent Director of the Company for a period of 5 years with effect from the date of appointment.

Mr.Atul Sachdeva (DIN: 07645130) was appointed as an Additional Director (Non-Executive) of the Company with effect from 12.11.2020. The Board recommends his appointment as a Non- Executive Director of the Company whose period is liable to retire by rotation.

Mr. Palamadai Krishnan Sundaresan (DIN:06954189) was appointed as an Additional Non-executive Independent Director with effect from 25.06.2020 for a period of five years which was ratified at the 25<sup>th</sup> Annual General Meeting held on 31.07.2020.

## **Resignations**

Mr. V. Rajamani (DIN: 00052868), Non-executive Independent Director resigned from the Board with effect from 25.06.2020. Sunil Bafna (DIN: 01458225) Non-executive Independent Director resigned from the Board with effect from 10.09.2020 . Mr.Paras Bafna(DIN: 01933663 and Mrs.Sabitha (DIN: 02643259), resigned as Directors with effect from 10.09.2020.

Mr. Mahaveer Chand Bafna (DIN: 01458211) resigned as Director as well as Managing Director with effect from 10.09.2020.

Mr.Harish Battu Laxmaiah (DIN: 06390117) resigned as an Additional Director (Non-executive ) with effect from 12.11.2020.

The Board wishes to place on record their valuable services rendered by them during their tenure as Director.

## **Directors Liable to Retire by Rotation**

The executive and Non-executive Non-independent Directors in the current board were all appointed after the last Annual General Meeting held on 31st July 2020, their appointments need to be regularized at 26<sup>th</sup> Annual General Meeting. Hence no director will be bound to retire by rotation in the 26th Annual General Meeting.

## **Information Relating to Appointment/ Reappointment of Directors**

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

## **Appointment of CEO**

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

## **Details of KMP:**

According to section 203 of the Companies Act, 2013, the following are the Key Managerial Personnel of the Company Mr. Mahaveer Chand Bafna- Chief Executive Officer,

Mr. M. Sridhar- Chief Financial Officer

Mr. Jitendra Kumar Pal- Company Secretary

## **Declaration by Independent Directors**

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

## **Auditors**

As per the provisions of the Companies Act, 2013, M/s. R. Sathyanarayanan & Co, Chartered Accountants, Chennai (FRN003656S),were appointed as Statutory Auditors of the Company for a period of five years at the annual general meeting held in 2017 till the conclusion of 27<sup>th</sup> annual general meeting. The requirement for the annual ratification of auditor's appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 07, 2018.

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does contain some qualification, reservation, adverse remark or disclaimer for which reply has been given in the Directors Report.

## **Auditors' Report:**

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

### Comments on Statutory Auditor's Report:

Reply to the qualifications made in Auditor's report:

Qualification	Reply
The Company has not complied with principles underlined under IND AS 2 in respect of absorption of overheads (related to manufacture) in computation of BOM (Bill of materials), consequently not enabling capturing of overheads in valuation of stocks of WIP (Work in progress) and Finished goods through the SAP system. Valuation of closing inventories have been computed manually on cost absorption basis.	Due to migration from normal accounting package to SAP system, the Company has not valued inventories WIP on the basis of IND AS2 principle. as there was a sudden technical error in the absorption of overheads *related to Manufacture) in computation of BOM ( Bill of Materials) consequently not enabling capturing of Overheads in Valuation of stocks of WIP( Work in Progress) and Finished Goods through SAP System. However Valuation of Closing Inventories have been computed Manually on Cost absorption Basis. The company is in the process of appointing an Costing Expert to bring the System in SAP.
Fixed Asset Register has not been maintained in SAP system as prescribed in Schedule II of the Companies Act 2013. Review of useful life and residual value of asset on annual basis has not been carried out as prescribed under IND AS 16.	Due to Migration from normal accounting package to SAP system, the Fixed Asset Register is in progress and likely to updated in the ensuing Year.
Computation of Gratuity as per IND AS 109 has been carried out, but no equivalent provisioning has been made in the accounts nor has the Company created any Fund in respect of the same.	The Management has decided that the same would be complied with in a phased manner beginning from the current FY 2021-22.
Upon comparison of Input credit between GSTR 3B (filed by the company) and form GST2A (available ITC as per GST site) the Company has represented to us that there is a net excess Unavailed input credit of Rs 15,41,937/- representing corresponding unbooked expenditure.	The Net Unavailed Input Credits will be indentified during the ensuing year and rectified accordingly.
Internal Financial Control observation: <ul style="list-style-type: none"><li>Although the company has an organization structure, now with the implementation of SAP, authority matrix has to be formulated and clearly documented,</li><li>Standard operating procedures in respect of various functions, processes and approvals have to be documented and made available to the functional heads to ensure controls.</li><li>Roles and responsibilities have to be documented as per terms or in line with KRAs mentioned in employees' appointment letters</li><li>Regular employee performance reviews have to be held and increments / incentives have to be fixed and paid on the basis of the same.</li></ul>	The Management is initiating the process of setting up (SOP) for all major functions and Departments and also taking necessary steps to comply with the deficiencies pointed out by Statutory Auditor.

### Cost Audit

The Company is maintaining Cost Records as per Section 148 of the Companies Act, 2013 and will comply with provisions relating to the appointment of cost auditor in the ensuing year.

## Listing

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

## Particulars of Employees

- a) Details of employees, employed throughout the financial year was in receipt of remuneration for that financial year, in the aggregate, was not less than Rs.1.02 Crores. -Nil-
- b) Details of employees, employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rs. Eight Lakhs and Fifty Thousand per month-Nil -
- c) Details of employees, if employed through out the financial year or part thereof , was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. - Nil -

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company and Rules 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014, with respect to the statement showing the names of the top ten employees in terms of remuneration drawn, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled there to, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the company upto the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

## Foreign Exchange Earnings and Outgo

The particulars in respect of Foreign Exchange Earnings and Outgo as required under Section 134 of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules 2014, are given as in Annexure to this report at page number 18.

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

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

The number of employees as on 31<sup>st</sup> March, 2021 was 288 as against 264 during FY 2019-20.

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

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

## Insider Trading Regulations

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

## Corporate Governance

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

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

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

The committee placed a certificate before the Board of Directors on the status of compliance of the Act. As per the certificate provided by the said committee no complaints were received during the year & that there are no complaints pending as on 31<sup>st</sup> March, 2021.

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

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

### Related Party Transactions

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

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

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

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

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

### Corporate Social Responsibility

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

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

### Secretarial Audit for the FY 2020-21

In terms of Section 204 of the Companies Act, 2013, the Rules made there under & other applicable provisions, if any, the company is required to appoint a Secretarial Auditor to carry out secretarial Audit of the Company. Your Board of Directors has appointed M/s. A.K. Jain & Associates, Practicing Company Secretaries, Chennai for purpose of Secretarial Audit for the FY 2020-21 at the Board Meeting held on 12.02.2021.

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

The qualifications made by the Secretarial Auditor and the explanation to the observations are as follows:

S.No	QUALIFICATION	MANAGEMENT'S EXPLANATION
1	The Company has belatedly submitted the half yearly Related Party Transaction with the Stock Exchanges for the period ended 30.09.2020 as prescribed under the Regulation 23(9) of Securities Exchange Board of India, (Listing Obligation and Disclosure Requirements), 2015.	Due to preoccupation on account Corporate Insolvency Resolution Process (CIRP) under IBC and related compliances, compliance of Regulation 23(9) with regard to disclosure pertaining to related parties for the half-year ending 30th September 2020, was inadvertently missed out and was belated filed on 20 <sup>th</sup> January 2021. The Company has taken adequate steps to ensure due compliance

#### **Audit Committee:**

In terms of Section 177 of the Companies Act, 2013 and other applicable provisions if any and as per the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as on 31<sup>st</sup> March, 2021 the Audit committee comprises 3 Directors out of which 2 are Non-Executive Independent Directors and 1 is Non-Executive Non Independent Director. The terms of reference of the Audit Committee includes matters specified in section 177 of the Companies Act 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure requirements) Regulations,2015.

The Audit Committee consists of the following :-

P K Sundaresan - Chairman

B. Kamlesh Kumar – Member

Atul S - Member

#### **Nomination & Remuneration Committee**

In terms of Section 178 of the Companies Act, 2013 & other applicable provisions, if any, and as per the Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as on 31<sup>st</sup> March, 2021 the "Nomination & Remuneration Committee" comprises of 3 Directors out of which two are Non-Executive Independent Directors and other one is Non- Executive & Non- Independent . The Policy of Nomination & Remuneration Committee was detailed in the corporate governance report. The constitution, terms and references and other details are elaborated in the Corporate Governance report annexed with this report.

The Nomination and Remuneration Committee consists of the following:-

B. Kamlesh Kumar – Chairman

P.K.Sundaresan- Member

Akila C Raju – Member

#### **Stakeholders Relationship Committee**

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

The Stakeholders Relationship Committee consists of the following:-

R. Chitra - Chairperson

S. Hemalatha - Member

Atul S - Member

### **Management Discussion and Analysis Report**

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

### **Extract of Annual Return:**

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the Annual Return for FY 2020-21 is uploaded on the website of the Company and the same is available at

<http://bafnapharma.com/pdf/MGT%20%20Bafna%20Pharmaceuticals%20Limited%202020%2021.pdf>

### **Number of Board Meetings:**

The Board of Directors met 4 times during the year under review and the gap between 2 meetings did not exceed 120 days.

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

- a) Transfer of unclaimed dividend to IEPF

As required under Section 124 of the Act, the Unclaimed Dividend amount aggregating to Rs.61,761/- lying with the Company for a period of seven years were transferred during the year 2020-21, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

- b) Transfer of shares to IEPF

As required under Section 124 of the Act, 2960 equity shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, will be transferred by the Company to the Investor Education and Protection Fund Authority (IEPF). Details of shares transfer will be uploaded on the Website of IEPF as well on the website of the Company.

The Company had intimated those eligible shareholders on 19<sup>th</sup> Feb 2021 requesting them to send their claim before 24<sup>th</sup> May 2021 if any to the Company's Registrar and Share Transfer Agent M/s Cameo Corporate Services Ltd. The Company is in the process of transferring the underlying shares of 2960 to IEPF if the Company did not receive any response from them.

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

### **Directors Responsibility Statement**

Your Directors wish to inform that the Audited Accounts containing Financial Statements for the financial year ended 31<sup>st</sup> March, 2021 are in full conformity with the requirements of the Companies Act, 2013. They believe that the Financial Statements reflect fairly the form and substance of transactions carried out during the year and reasonably present your Company's financial conditions and result of operations. Your Directors further confirm that in preparation of the Annual Accounts

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

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

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

### **Reporting of Frauds**

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

### **Green Initiatives**

In commitment to keep in line with the Green Initiatives and going beyond it, electronic copy of the Notice of 26th Annual General Meeting of the Company including the Annual Report for FY 2020-21 are being sent to all Members whose e-mail addresses are registered with the Company / Depository Participant(s).

### **Acknowledgement and Appreciation**

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

**For BAFNA PHARMACEUTICALS LIMITED**

On behalf of the Board of Directors

Place: Chennai  
Date: 25.06.2021

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



## ANNEXURE TO THE DIRECTOR'S REPORT

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

### FORM - A

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

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

SI No	Particulars	2021	2020
1.	<b>Purchased:</b> Units(Lakhs)  Total Amount (Rs. In lakhs) Rate / Unit (Rs.)	Units 29.90 Lakhs  Rs. 228.25 Lakhs Rs. 7.63 per Unit	Units 28.25 Lakhs  Rs. 217.72 Lakhs Rs. 7.71 per Unit
2.	<b>Own Generation Through Diesel Generator</b>  Units (KSH) in lakhs) Unit per Lt. of Diesel Cost/Unit (Rs.)	Units 1.70 Lakhs Unit 2 PerLitre Rs. 38.94 PerUnit	Units 1.52 Lakhs Unit 2 PerLitre Rs. 33.72 PerUnit

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

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

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

### FORM B

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

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

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

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

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

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

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

**(c) Future plan of action**

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

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

(Rs. in Lakhs)

Particulars	as at 31.03.2021	as at 31.03.2020
Capital Expenditure	-	5.99
Recurring/Revenue	135.89	100.95
<b>Total</b>	<b>135.89</b>	<b>106.94</b>

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

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

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

The company has its own FR&D centre's which have been developing and improving process for manufacture of Delayed release tablets, Sustained Release Tablets, Orally Disintegrating Tablets, Liquid orals, Syrups, Suspensions & Dry Syrup formulations.

- The FR&D centre has been upgraded and adopted various methods of drug particle coating with a gastro-resistant polymers of various genre to improve drug safety and efficacy and technology is absorbed into process scale up of branded generics with innovative methodologies involving combination with taste masking technology (with Ion-Exchange resins)-for producing efficacious generics with highly taste masked bitter drugs.
- The FR&D centre also absorbed and adopted innovative techniques of Multi-layer Coating technology which is subjected to 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.
- Participating and Collaboration with scientific conferences and research institutions for the development and further research of new drug formulations and novel technologies
- Procuring scientific journals and standard pharmacopoeia editions for the FR&D library upgrade.

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

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

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

No technology has been imported during the past five years.

**FORM C**

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

During FY 2021, your company got registrations for 26 products in the following countries (i) 15 in Nigeria (ii) 1 in Myanmar (iii) 3 in Philippines (iv) 3 in Sri Lanka (v) 3 in Ukraine and 1 in Guatemala. As on date we have over 181 Product registration and 294 Product applications is pending for approval across the globe.

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

- (i) Your Company has earned foreign exchange of Rs 3473.94 Lakhs (previous year Rs. 2496.31Lakhs)

**Foreign Exchange Outgo**

- (ii) Outgo was Rs. 422.20 Lakhs (previous year Rs.234.99 Lakhs) on account of international travel & purchase of foreign currency.

On behalf of the Board of Directors  
**For BAFNA PHARMACEUTICALS LIMITED**  
(CINL24294TN1995PLC030698)

Place: Chennai  
Date: 25.06.2021

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

## C. SECRETARIAL AUDIT REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2021

*[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: L28931TN1986PLC012728)** (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 31.03.2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2021 according to the provisions of:

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

- f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- a) The Securities and Exchange Board of India(Share Based Employee Benefits) Regulations, 2014;
- b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

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

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

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

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

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

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

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

- a) The Company has belatedly submitted the half yearly Related Party Transaction with the Stock Exchanges for the period ended 30.09.2020 as prescribed under the Regulation 23(9) of Securities Exchange Board of India, (Listing Obligation and Disclosure Requirements), 2015.

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- b) Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) All the decisions at Board meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.
- d) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under review

- a) The Company has transferred an amount of Rs.61,761/- being the unclaimed / unpaid dividend, pertaining to the financial year 2012-13, to the Investor Education and Protection Fund.
- b) The company has received an amount of Rs. 55.35 Crores in various tranche from the resolution applicant and its associates interms of resolution plan approved by the NCLT Chennai bench vide its order dated 1<sup>st</sup> February 2019 and the amount received was treated as share application money pending allotment in the board meeting held on 25.06.2020. Subsequently, the company had received In-Principal approval from NSE vide Reference No. NSE/LIST/24194 dated 7<sup>th</sup> August 2020 and From BSE vide Reference No. DCS/PREF/SD/765/2020-21 dated 4<sup>th</sup> September 2020. Accordingly, the Company had allotted 2,12,90,701 equity shares of Rs.10/- at a premium of Rs.16/- per share.
- c) The Company has received its Listing approval from NSE vide letter Reference No. NSE/LIST/24744 dated 16<sup>th</sup>October 2020 and from BSE vide letter Reference No.DCS/PREF/PB/FIP/808/2020-21 dated 30<sup>th</sup> September 2020 for listing of 2,12,90,701 Equity Shares of Rs.10/- each
- d) The Company has also received trading approval for 2,12,90,701 Equity shares of Rs.10/- each from NSE vide its letter reference No. NSE/LIST/ 25097 dated 23<sup>rd</sup> October, 2020 and from BSE vide its letter reference No. DCS/PREF/TP/PB/11139/2020-21 dated 23<sup>rd</sup>October 2020.

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

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

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

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

Place: Chennai

Date: 25.06.2021

**BALU SRIDHAR**

Partner

M.No. F5869

C.P. No. 3550

UDIN: F005869C000517908

## Annexure A

To,

The Members,

**BAFNA PHARMACEUTICALS LIMITED**

299, THAMBU CHETTY STREET,

Chennai – 600 001

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

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

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

Company Secretaries

Place: Chennai

Date: 25.06.2021

**BALU SRIDHAR**

Partner

M.No. F5869

C.P. No. 3550

UDIN: F005869B000383246

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE

### For the year ended 31<sup>st</sup> March,2021

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

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

#### I. COMPANY'S PHILOSOPHY

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

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

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

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

#### II. BOARD OF DIRECTORS

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

- i. As on March 31, 2021, the Company has six Directors. of the six Directors, five (i.e. 83.33 percent) are Non-Executive Directors out of which three (i.e. 60 percent) are Independent Directors. The profiles of Directors are available at Company's website. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.



ii. None of the Directors on the Board:

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

Necessary disclosures regarding Committee positions in other public companies as on March 31, 2021 have been made by the Directors. None of the Directors is related to each other.

iii. Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act along with rules framed there under. In terms of Regulation

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

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

The said meetings were held on:

June 25, 2020; September 10, 2020; November 12, 2020 and February 12, 2021.

The necessary quorum was present for all the meetings.

v. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2021 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he / she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

Name of Director	category	Number of board meeting attended during FY21	Whether attended last AGM held on 31.07.2020	Number of Directorship in other public companies		Number of Committee positions held in other public companies		Directorship in other listed entity
				Chairman	member	Chairman	member	
S. Hemalatha, Whole Time Director DIN:02714329	Non-Independent Executive	2	-	-	-	-	-	-
B. Kamlesh Kumar DIN:01218959	Independent Non-Executive	4	Yes	-	-	-	-	-
P K Sundaresan DIN:06954189	Independent Non-Executive	3	Yes	-	-	-	-	-
Akila C Raju DIN:07590312	Non-Independent & Non-Executive	2	NA	-	-	-	-	-
R. Chitra DIN:07749125	Independent Non-Executive	1	NA	-	-	-	-	-
Atul Sachdeva DIN:07645130	Non-Independent & Non-Executive	2	NA	-	-	-	-	-

- vi. During FY 2021, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- vii. During FY 2021, one meeting of the Independent Directors was held on March 27, 2021. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- viii. The Board periodically reviews the compliance reports of all laws applicable to the Company.
- ix. Details of equity shares of the Company held by the Directors as on March 31, 2021 are given below:

Name	Category	Number of share
S. Hemalatha, DIN:02714329	Executive Director	1199
B. Kamlesh Kumar DIN:01218959	Independent Non-Executive	475

### III. Committees of the Board

i. There are three Board Committees as on March 31, 2021, details of which are as follows:

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

Name of the Committee	Extract of terms of reference	Category & composition		Other details
		Name	Category	
Nomination and Remuneration Committee	<p>Committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations and Section 178 of the Act.</p> <ul style="list-style-type: none"> <li>Recommend to the Board the setup and composition of the Board and its Committees.</li> <li>Recommend to the Board the appointment / re-appointment of Directors and Key Managerial Personnel.</li> <li>Support the Board and Independent Directors in evaluation of the performance of the Board, its Committees and individual Directors.</li> <li>Recommend to the Board the Remuneration Policy for Directors, executive team or Key Managerial Personnel as well as the rest of employees.</li> <li>Oversee familiarization programs for Directors.</li> </ul>	B. Kamlesh Kumar	Independent Non-Executive	<ul style="list-style-type: none"> <li>Three Nomination and Remuneration Committee meetings were held during the year under review.</li> <li>The Company does not have any Employee Stock Option Scheme.</li> <li>The previous AGM of the Company was held on July 31, 2021 and was attended by Sunil Bafna, Chairman of the Nomination and Remuneration Committee.</li> </ul>
		P K Sundaresan	Independent Non-Executive	
		Akila C Raju	Non-Independent Non-Executive	

Name of the Committee	Extract of terms of reference	Category & composition		Other details
		Name	Category	
Stakeholders' Relationship Committee	<p>Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.</p> <p>The broad terms of reference are as under:</p> <ul style="list-style-type: none"> <li>• Consider and resolve the grievances of securityholders.</li> <li>• Consider and approve issue of share certificates, transfer and transmission of securities, etc.</li> <li>• Review activities with regard to the Health Safety and Sustainability initiatives of the Company.</li> </ul>	R Chitra	Independent Non-Executive	<ul style="list-style-type: none"> <li>• One meeting of the Stakeholders' Relationship Committee were held during the year under review.</li> <li>• Details of Investor complaints and Compliance Officer are provided at serial no. III(ii) below.</li> <li>• The previous AGM of the Company was held on July 31, 2020 and was attended by Sunil Bafna, the then Chairman of the Stakeholders' Relationship Committee</li> </ul>
		S. Hemalatha	Executive Director	
		Atul Sachdeva	Non-Independent Non-Executive	

Stakeholders' Relationship Committee - other details :

- a. Name, designation and address of Compliance Officer:
- Jitendra Kumar Pal  
Company Secretary  
Bafna Pharmaceuticals Limited  
No.299, Thambu Chetty Street, Chennai-600001  
Telephone: 91 44 42677555  
E Mail : cs@bafnapharma.com

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

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

- iii. Nomination and Remuneration Committee -other details

**Performance Evaluation Criteria for Independent Directors:**

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

Remuneration Policy

The Remuneration policy is available on [\\_](#)

<http://bafnapharma.com/pdf/POLICY%20ON%20NOMINATION%20AND%20REMUNERATION%20-%20%20BAFNA.pdf>

- iv. Details of Remuneration for the year ended 31<sup>st</sup> March 2021

Managing Director and Executive Director

Name of Director	Salary (Rs.in Lakhs)
Bafna Mahaveer Chand (Till August, 2020)	12.50
S. Hemalatha* (w.e.f September, 2020)	7.59

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

Non- Executive Directors

Name	Sitting fees (Rs.in Lakhs)
P K Sundaresan	0.40
B. Kamlesh Kumar	0.55
R. Chitra	0.05

- v. Number of committee meetings held and attendance record

Name of the Committee	Audit Committee	Nomination and Remuneration Committee	Stakeholder's Relationship Committee
Number of meeting held			
Date of meetings	25.06.2020; 10.09.2020 ; 11.11.2020 and 11.02.2021	25.06.2020; 10.09.2020 and 11.11.2020	25.06.2020
Number of meetings attended			
Name of member			
Bafna Mahaveer Chand	-	-	1
V Rajamani	1	1	-

Name of the Committee	Audit Committee	Nomination and Remuneration Committee	Stakeholder's Relationship Committee
Sunil Bafna	-	2	-
P K Sundaresan	3	2	-
B. Kamlesh Kumar	4	2	-
Paras Bafna	2	-	1
Harish Battu Laxmaiah	1	1	-
Atul Sachdeva	1	-	-
Whether quorum was present for all the meetings	The necessary quorum was present for all the above committee meetings		

## VI. GENERAL BODY MEETINGS

- i. General Meeting
  - a. Annual General Meeting

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

- b. Extraordinary General Meeting
 

No extraordinary general meeting of the members was held during FY 2021.
- c. Special Resolution
 

Special Resolution Re-appointment of Mr. V. Rajamani and Mr. Sunil Bafna was passed at the AGM held in 2018,

Special Resolution for reappointment of Mr. V Rajamani (DIN: 00052868), as an Independent Director who has attained the age of 75 for a period of 5 years was passed at the AGM held in 2019 and Regularisation of appointment of Mr. B. Kamlesh Kumar as an Independent Director, striking off the subsidiary Company name Bafna Lifestyles Remedies Limited under Section 248 of Companies Act, 2013 and Financial Results of the Subsidiary Company name Bafna Lifestyles Remedies Limited not to consolidated with the parent Company ike Bafna Pharmaceuticals Limited was passed at the AGM held in 2020
- ii. Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot: Nil

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

VI. CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

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

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

(Rs.in Lakhs)

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

VIII. Other Disclosure

Particulars	Statutes	Details	Website link for details / policy
Related party transactions	Regulation 23 of SEBI Listing Regulations and as defined under the Act	There are no material related party transactions during the year under review that have conflict with the interest of the Company. Transactions entered into with related parties during FY 2021 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee.  The Board's approved policy for related party transactions is uploaded on the website of the Company	Link : 1*
Details of non-compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets during the last three financial years.	Schedule V (C) 10(b) to the SEBI Listing Regulations	The Company had received notice from BSE and NSE with respect non-compliance with Regulation 23(9) of (LODR) Regulation 2015 for the half year ending 30.09.2020.  The Company had submitted its reply to BSE and NSE and applied for waiver of imposition of penalty. The Company has received approval from BSE with respect to waiver of penalty and wait to receive any response from NSE.	



Particulars	Statutes	Details	Website link for details / policy
Whistle Blower Policy and Vigil Mechanism	Regulation 22 of SEBI Listing Regulations	The Company has this Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the Audit Committee.	
Subsidiary Companies	Regulation 24 of the SEBI Listing Regulations	The Company does not have any material unlisted subsidiary company.	
Policy on Determination of Materiality for Disclosures	Regulation 30 of SEBI Listing Regulations	The Company has adopted this policy.	Link : 2*
Policy on Archival and Preservation of Documents	Regulation 9 of SEBI Listing Regulations	The Company has adopted this policy.	Link : 3*
Reconciliation of Share Capital Audit Report	Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and SEBI Circular No D&CC / FITTC/ Cir-16/2002 dated December 31, 2002.	A qualified practising Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL	
Code of Conduct	Regulation 17 of the SEBI Listing Regulations	The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2021. The Integrated Annual Report of the Company contains a certificate by the Chief Executive Officer and Executive Director, on the compliance declarations received from the members of the Board and Senior Management.	Link : 4*
Terms of Appointment of Independent Directors	Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act	Terms and conditions of appointment / re-appointment of Independent Directors are available on the Company's website.	

Particulars	Statutes	Details	Website link for details / policy
Familiarization Program	Regulations 25(7) and 46 of SEBI Listing Regulations	Details of familiarization program imparted to Independent Directors are available on the Company's website.	
Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018	Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014	The details have been disclosed in the Directors Report.	

\* Link 1 : <http://bafnapharma.com/pdf/POLICY%20ON%20RELATED%20PARTY%20TRANSACTIONS%20-%20%20BAFNA.pdf>

\* Link 2 : [http://bafnapharma.com/pdf/POLICY\\_ON\\_PRESERVATION\\_OF\\_DOCUMENTS\\_BAFNA.pdf](http://bafnapharma.com/pdf/POLICY_ON_PRESERVATION_OF_DOCUMENTS_BAFNA.pdf)

\* Link 3 : [http://bafnapharma.com/pdf/POLICY\\_ON\\_PRESERVATION\\_OF\\_DOCUMENTS\\_BAFNA.pdf](http://bafnapharma.com/pdf/POLICY_ON_PRESERVATION_OF_DOCUMENTS_BAFNA.pdf)

\* Link 4 : [http://bafnapharma.com/pdf/CODE\\_OF\\_CONDUCT\\_FOR\\_SENIOR\\_MANAGEMENT\\_AND\\_THE\\_BOARD\\_BAFNA.pdf](http://bafnapharma.com/pdf/CODE_OF_CONDUCT_FOR_SENIOR_MANAGEMENT_AND_THE_BOARD_BAFNA.pdf)

## IX. Means of Communication

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

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

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

### Other Disclosers

#### Risk Management Policy

In terms of Section 134, 177, Schedule IV of the Companies Act, 2013, rules made there under & other applicable provisions, if any, Board of Directors has approved Risk Management Policy.

#### Board Evaluation framework

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

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

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

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

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

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

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

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

## **Code of Conduct**

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

### ***I hereby confirm that:***

As provided under the SEBI Listing Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the financial year ended 31<sup>st</sup> March, 2021 and the copy of the code of conduct is placed on the website of the Company at [www.bafnapharma.com](http://www.bafnapharma.com)

On behalf of the Board of Directors,

**S. HEMALATHA**

Chairperson & Executive Director

DIN: 02714329

## CERTIFICATE

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

To,

**The Members of**

**BAFNA PHARMACEUTICALS LIMITED**

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

**Chennai – 600001**

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

On the basis of the written Representations and Declarations received from the Directors of the Company and taken on record by the Board of Directors of the Company, as on March 31, 2021, none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities Exchange Board Of India, Ministry of Corporate Affairs or any such statutory authorities.

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

Company Secretaries

Place: Chennai

Date: 25.06.2021

**BALU SRIDHAR**

Partner

M.No. F5869

C.P. No. 3550

UDIN: F005869B000383246

## GENERAL SHAREHOLDERS' INFORMATION

### I. Annual General

**Date:** 14.08.2021

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

**Venue:**

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

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

### ii. Financial Calendar

Year ending : March 31

AGM in : August

### iii. Dividend Payment : No dividend

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

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

Exchange Plaza, C-1, Block G,

Bandra Kurla Complex Bandra (East), Mumbai 400 051

BSE Limited

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

### vi. Stock Codes / Symbol

NSE : BAFNAPH

BSE : 532989

Listing Fees as applicable have been paid.

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

### viii. Market price data

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

The closing market price of equity share for the year ending 31<sup>st</sup> March, 2021 was Rs.137.30 on BSE & Rs.168.65 on 24<sup>th</sup> March 2021 on NSE (last trading day of the year was 24<sup>th</sup> March 2021).

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
Apr-20	9.76	9.30	210	20.35	13.95	830
May-20	No trading	No trading	-	20.35	20.35	-
Jun-20	10.24	10.24	105	22.40	20.35	-
Jul-20	10.24	10.24	287	22.40	22.40	-
Aug-20	10.75	10.75	367	23.50	21.30	-
Sep-20	13.70	10.75	1195	41.75	23.50	9146
Oct-20	31.29	14.38	2409	115.40	43.80	1786
Nov-20	78.25	32.85	8393	211.65	121.15	-
Dec-20	184	82.15	29469	233.55	120.90	-
Jan-21	182.60	118.60	21934	179.30	122.00	-
Feb-21	142.90	109.50	46335	146.95	110.00	85450
Mar-21	195.95	118.80	65127	196.10	117.05	276371

**x. Registrars and Transfer Agents**

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

**xi. Share transfer system**

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

**xii. Shareholding as on March 31, 2021**

**a. Distribution of equity shareholding as on March 31, 2021:**

Share holding	shareholders		shareholding	
Shares	number	% of Total	shares	% of Total
1-100	7422	85.0366	207952	0.8790
101-500	996	11.4115	239329	1.0116
501-1000	149	1.7071	111373	0.4707
1001-2000	75	0.8593	104420	0.4414
2001-3000	24	0.2749	60598	0.2561
3001-4000	7	0.0802	25643	0.1083
4001-5000	7	0.0802	32130	0.1358
5001-10000	14	0.1604	109156	0.4614
10001- and above	34	0.3895	22765734	96.2352
TOTAL	8728	100.00	23656335	100.00

**b. Categories of equity shareholding as on March 31, 2021:**

Particulars	Holding (%)
Promoters & Promoters Group	91.74
<b>Total (A)</b>	91.74
<b>Public – Institutions</b>	-
<b>Total (B)</b>	91.74
<b>Public – Non Institutions</b>	
Bodies Corporate	0.41
NRI's	0.46
Others	7.39
<b>Total (C)</b>	8.26
<b>Total (A+B+C)</b>	100.00

**c. Top ten equity shareholders of the Company as on March 31, 2021:**

SI No	Name of the shareholder	Number of equity shares held	Percentage of holding
1	Viswas Jain HUF	213280	0.90
2	Anushree Himanshubhai Shah	100000	0.42
3	Vrushali Himanshu Shah	100000	0.42
4	Nirav Vikram Maniar	70000	0.29
5	Lindajeet Kaur Ruprai	66735	0.28
6	Nisha Jignesh Mehta	59330	0.25
7	Ramesh Kumar Chopra	38325	0.16
8	P Shobha JT1: Padam J Challani	38044	0.16
9	Gyanmal Jain	33949	0.14
10	Dhirendra Somaiya	32820	0.13

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

The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Equity shares of the Company representing 99.97 percent of the Company's equity share capital are dematerialized as on March 31, 2021. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE878I01022.

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

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence, as on March 31, 2021, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

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

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

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

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends / shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website.

In light of the aforesaid provisions, the Company has during the year under review, transferred to IEPF the unclaimed dividends, outstanding for seven years, of the Company,. Further, shares of the Company, in respect of which dividend has not been claimed for seven consecutive years or more from the date of transfer to unpaid dividend account, have also been transferred to the demat account of IEPF Authority. The details of unclaimed dividends and shares transferred to IEPF during FY 2021 are as follows:

<b>Financial Year</b>	<b>Amount of unclaimed dividend transferred (In Rs.)</b>	<b>Number of shares to be transferred</b>
2012-13	61761	2960

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in web Form No. IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending

a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend / shares so transferred.

**xix. Plant Location**

The Company has two manufacturing facilities situated at :

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

**xx. Address for Correspondence:**

Bafna Phamaceuticals Limited

No.299, Thambu Chetty Street, Chennai-600001

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

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



## Certification by Chairperson & Executive Director

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

1. I have reviewed the financial statements for the year 2020-21 and that to the best of my knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. I accept over all responsibility for establishing and monitoring the Company's Internal Control System for financial reporting and evaluating its effectiveness. Internal audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit committee of the Board. The auditors and audit committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses
4. I have indicated to the auditors and to the Audit Committee:
  - a. significant changes, if any, in internal control over financial reporting during the year;
  - b. significant changes, if any, in accounting policies during the year;
  - c. instances of significant fraud, if any, of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting. However, there was no such instance.

On behalf of the Board of Directors

**For BAFNA PHARMACEUTICALS LIMITED**

(CIN L24294TN1995PLC030698)

Place: Chennai  
Date: 25.06.2021

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

## AUDITORS CERTIFICATE ON COMPLIANCE

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

We have examined the compliance of the conditions of Corporate Governance by Bafna Pharmaceuticals Limited ('the Company') for the year ended on March 31, 2021, 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 and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021 except for the below observation:

*The Company has belatedly submitted the half yearly Related Party Transaction with the Stock Exchanges for the period ended 30.09.2020 as prescribed under the Regulation 23(9) of Securities Exchange Board of India, (Listing Obligation and Disclosure Requirements), 2015.*

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

**FOR R.SATHYANAYANAN & Co.**

Chartered Accountants

ICAI Regn. No: 003656S

Place: Chennai

Date: 25.06.2021

**R. SATHYANARAYAN**

Partner

M.No. 028377

UDIN: 20028377AAAAAI7859

## MANAGEMENT DISCUSSION AND ANALYSIS

### Economic & Industry Overview

After having battled one of the biggest recessions it faced in recent memory, there was some cheer for India's economy that recorded a positive—albeit marginal—growth in Q3 FY 2021. Till recently, economic activity seemed to be gathering momentum at a sustainable pace with people demonstrating greater confidence in stepping out and spending. The vaccination drive has made good progress too—mostly from the vulnerable segment of the population—have been inoculated in a span of three months.

Of course, the recent spike in infection and the imminent threat of variants cast a cloud of doubts. Mobility restrictions that hurt the economy the most, are being imposed back (although in a calibrated manner) by a few States. While it is easy to lose hope in tough times, similar experiences around the world provide some comfort. Much the same way the United States witnessed a sharp increase in infection rates during the second wave (starting November) yet experienced economic impact that was relatively low compared to the first wave, we expect the economic and health impact of the subsequent waves in India to be contained to a quarter or two.

We are cautiously optimistic and expect growth to touch 11.7% in FY 2022. Growth in FY 2022 will likely be a story of two halves, with economic activity picking up rapidly in the second half. While we expect a strong revival in the years ahead, it might be naïve to not accept the scars the pandemic may leave behind on the economy. One of the apparent aftermaths is the rise of a dichotomous world that we are currently witnessing. In this article, we take a sneak peek at the rising inequalities that may have implications on all walks of the economy.

#### Source:

<https://www2.deloitte.com/xen/en/insights/economy/asia-pacific/india-economic-outlook.html>

Global growth is projected at 6% in 2021, moderating to 4.4% in 2022. The projections for 2021 and 2022 are stronger than in the October 2020 WEO. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions.

#### Source

<https://www.imf.org/en/Publications/WEO>

The global economy is set to expand 5.6 percent in 2021—its strongest post-recession pace in 80 years. This recovery is uneven and largely reflects sharp rebounds in some major economies. In many emerging market and developing economies (EMDEs), obstacles to vaccination continue to weigh on activity. By 2022, last year's per capita income losses will not be fully unwound in about two-thirds of EMDEs. The global outlook remains subject to significant downside risks, including the possibility of additional COVID-19 waves and financial stress amid high EMDE debt levels. Policy makers will need to balance the need to support the recovery while safeguarding price stability and fiscal sustainability and to continue efforts toward promoting growth-enhancing reforms.

#### Source:

<https://www.worldbank.org/en/publication/global-economic-prospects>

### Pharmaceuticals sector overview

India's domestic pharmaceutical market is estimated at US\$ 42 billion in 2021 and likely to reach US\$ 65 billion by 2024 and further expand to reach ~US\$ 120-130 billion by 2030. ... The Indian biotechnology industry was valued at US\$ 64 billion in 2019 and is expected to reach US\$ 150 billion by 2025.

In IQVIA's latest 5-year forecast through 2025, the life sciences analytical institute says COVID-19 increased spending on

pharmaceuticals by \$88 billion, or a compound annual growth rate (CAGR) change of 4.6%, compared with 4.5% if the pandemic hadn't happened.

The 50-page report looks at how the pandemic affected medicine use, pharmaceutical markets, and various therapeutic areas, as well as the world's general growth rates and spending.

While COVID-19 vaccine spending is projected to add \$157 billion to the market through 2025 (range, \$73 billion to \$213 billion), the authors say the pandemic caused a \$68 billion loss due to disruptions. Overall, excluding COVID-19 vaccines, market spending will look largely similar to pre-pandemic times and should result in a 3% to 6% CAGR, according to the report.

"Perhaps the largest uncertainty in the next five years will be the potential impact of economic factors on countries' budgeting and whether there will be shifts in policies regarding healthcare and medicine spending," the authors write. "It is expected that the pricing and value of medicines will be under increased scrutiny during this period, but this was an event that was already underway in most developed markets and an increasingly key issue in the U.S. market."

### ***Changes in medicine purchases***

While the report's methodologies focused on purchasing patterns rather than defining shortages, the IQVIA authors observed a purchasing increase across all medicine types—new/investigational, common intensive care unit (ICU), acute therapies, and chronic—sometime from February through May in both developed countries and what the authors call "pharmerging" countries.

(Pharmerging countries—fast-growing emerging markets targeted by pharmaceutical companies—are led by China, India, Russia, and Brazil, and all have a per capita income below \$30,000 per year and a 5-year absolute growth in pharmaceutical greater than \$1 billion.)

Developed countries saw significantly higher percentage increases than pharmerging countries in new/investigational treatments or common ICU drugs (about 145% vs 125% and 125% vs 110%, respectively). Acute and chronic drugs had comparable peaks and about 110% increases.

The authors say a variety of factors contributed to what they call "abnormal purchasing patterns" across companies and individual patients, such as concerns about how COVID-19 would affect the drug supply chain, increased ICU treatments, and attempts to find and identify COVID-19 treatments.

For instance, rescue inhalers were more frequently used in the ICU. Patients stockpiled chronic therapies early on based on the advice of some healthcare providers or personal concerns. And over-the-counter drug purchases for calming, sleeping, or mood drugs increased by 14.3%.

The authors write that spending on acute therapies such as antibiotics and pain medication fell during stay-at-home orders. High blood pressure treatment purchases were also below the expected volumes after the initial COVID-19 surge, which the authors say could indicate that some patients have been going untreated.

The data showed that medicine use recovered for most countries by the end of 2020, but there was a 10% variability. Developed countries had recovered gross domestic products up to 95% or higher of pre-pandemic levels, and stockpiling had ceased. Still, the authors said some countries with the greatest impact on daily dose volume were hit later in the pandemic, so disruptions may continue through parts of 2021.

"Consistently, pharmerging markets have lower per capita use of medicines, often with significant economic disparities within the countries, meaning aggregate impact on volume may be masking more significant impacts on individual patients," they explain.

## Leading areas, overall growth rates

COVID-19 has certainly affected the pharmaceutical market, and COVID-19 vaccine spending alone is expected to contribute \$157 billion by 2025, according to the report. In fact, excluding spending on COVID-19 vaccines would drop global pharmaceutical spending \$4 billion from 2020 to 2025.

The authors say that, with the current manufacturing capacity, 70% of the world could be fully vaccinated against SARS-CoV-2 by the end of 2022, and beyond that, people will probably receive biennial booster shots. Despite news stories of vaccine companies such as Pfizer possibly raising the price of their vaccines after the pandemic, the authors believe that cost per dose will eventually decline because of competition, more one-shot options, and future usage in low-price countries.

The authors also predict that other therapeutics for COVID-19 will see increased demand as well as indirect pandemic consequences, such as substance disorder, mental health, or delayed diagnostic needs. The report does not, however, highlight quantitative predictive data for this.

Besides COVID-19 vaccines, the leading growth areas in the pharmaceutical market continue to be oncology and immunology.

Oncology will probably add about 100 new treatments and is projected to account for 9% to 12% CAGR over the next 5 years, increasing global spending almost \$100 billion to reach \$273 billion. As for immunology, growth should be about 10% CAGR and spending should hit about \$175 billion by 2025, and researchers note that biosimilar competition will hit US immunology medicines particularly in 2023, when adalimumab biosimilars will launch. New therapies could also see significant growth, but key areas of interest such as Alzheimer's or Parkinson's have less certainty still.

"Therapy areas with lower growth in the next 5 years than in the last 5, including lipid regulators, anti-ulcerants, dermatology, and cardiovascular, are consistently more focused in more traditional therapy areas where fewer new launches have happened and where savings from losses of exclusivity are contributing to lower growth," the authors add.

IQVIA found that almost all countries are expected to have a lower growth rate through 2025 when compared with the previous 5 years, and the authors say that global growth that does occur will be driven by the pharmerging market. (Growth is different than absolute spending, which the authors say will be driven by developed countries.) In general, the average of new active substances launched per year is projected to be between 54 and 63, whereas in the past 5 years the average was 52.

The United States remains the top market for healthcare spending, at \$527.8 billion, according to the report—in 2020, China spent the second most, but only 25.4% of the US total. Overall, the nation is forecast to grow between 0% and 3% CAGR over the next 5 years, compared with 3% from the past 5 years.

"In addition to discounts and rebates, ongoing market dynamics around the use of medicines, the adoption of newer treatments, the impact of patent expiries, and new generic or biosimilar competition will all contribute to historically slow market growth in the U.S. for the next five years," the authors conclude.

## Pharma outlook : positive factors

The new financial year comes with a new set of challenges in the midst of the ongoing COVID-19 pandemic. However, we are confident of emerging from the current situation stronger and more determined than ever to deliver on our commitments.

## India

While the Indian economy was losing growth momentum for several years before the pandemic, the exceptionally bad growth performance in 2020-21 is largely on account of the 68-day-long hard lockdown which was imposed on March 25, 2020.

Fiscal year 2020-21 ends today, March 31. With an estimated annual contraction of 8% in GDP, 2020-21 has been the worst year in terms of economic performance in India since 1950-51, the earliest period for which data is available. While the Indian economy was losing growth momentum for several years before the pandemic, the exceptionally bad growth performance in 2020-21 is largely on account of the 68-day-long hard lockdown which was imposed on March 25, 2020 to prevent the spread of Covid-19 infections in the country, and continuing restrictions on economic and recreational activities for the rest of the year. To be sure, the economy has been recovering with the easing of restrictions. India's Gross domestic product (GDP) re-entered growth territory in the quarter ending December 2020. What was 2020-21 like for the Indian economy beyond the quarterly improvement from a 24% GDP contraction in the first quarter to a 0.4% growth in the third quarter of the year.

Indian pharmaceutical sector supplies over 50% of the global demand for various vaccines, 40% of the generic demand for US and 25% of all medicines for UK. India contributes the second-largest share of pharmaceutical and biotech workforce in the world. According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market is estimated at US\$ 41 billion in 2021 and likely to reach US\$ 65 billion by 2024 and further expand to reach ~US\$ 120-130 billion by 2030.

Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units.

Indian drugs are exported to more than 200 countries in the world, with US being the key market. Generic drugs account for 20% of the global export in terms of volume, making the country the largest provider of generic medicines globally. It is expected to expand even further in the coming years. The Indian pharmaceutical exports, including bulk drugs, intermediates, drug formulations, biologicals, Ayush & herbal products and surgical, reached US\$ 16.28 billion in FY20. India's drugs and pharmaceuticals exports stood at US\$ 22.15 billion in FY21 (until February 2021). Medical devices industry in India has been growing 15.2% annually and is expected to reach US\$ 8.16 billion by 2020 and US\$ 25 billion by 2025.

'Pharma Vision 2020' by the Government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery. The Indian drugs and pharmaceuticals sector has received cumulative FDI inflows worth US\$ 17.75 billion between April 2000 and December 2020.

To achieve self-reliance and minimise import dependency in the country's essential bulk drugs, the Department of Pharmaceuticals initiated a PLI scheme to promote domestic manufacturing by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of Rs. 6,940 crore (US\$ 951.27 million) from FY21 to FY30.

Under Union Budget 2021-22, the Ministry of Health and Family Welfare has been allocated Rs. 73,932 crore (US\$ 10.35 billion) and the Department of Health Research has been allocated Rs. 2,663 crore (US\$ 365.68 billion). The government allocated Rs. 37,130 crore (US\$ 5.10 billion) to the 'National Health Mission'. PM Aatmanirbhar Swasth Bharat Yojana was allocated Rs. 64,180 crore (US\$ 8.80 billion) over six years. The Ministry of AYUSH was allocated Rs. 2,970 crore (US\$ 407.84 million), up from Rs. 2,122 crore (US\$ 291.39 million).

India plans to set up a nearly Rs. 1 lakh crore (US\$ 1.3 billion) fund to provide boost to companies to manufacture pharmaceutical ingredients domestically by 2023.

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market is estimated at US\$ 42 billion in 2021 and likely to reach US\$ 65 billion by 2024 and further expand to reach ~US\$ 120-130 billion by 2030.

India is the largest provider of generic drugs globally. Indian pharmaceutical sector industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists

and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Indian pharmaceutical sector is expected to grow to US\$ 100 billion and medical device market expected to grow US\$ 25 billion by 2025. Pharmaceuticals exports from India stood at US\$ 19.14 billion in FY19 and US\$ 13.69 billion in FY20 (up to January 2020). Pharmaceutical exports include bulk drugs, intermediates, drug formulations, biologicals, Ayush & herbal products and surgicals.

Indian companies received 304 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2017 and received a total of 415 product approvals in 2018 and 73 tentative approvals. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US\$ 70-80 billion US generics market.

India's biotechnology industry comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected to grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025.

India's domestic pharmaceutical market turnover reached Rs 1.4 lakh crore (US\$ 20.03 billion) in 2019, growing 9.8 per cent year-on-year (in Rs) from Rs 129,015 crore (US\$ 18.12 billion) in 2018.

#### **Cost efficiency-**

Low cost of production and R&D boosts efficiency of Indian Pharma Companies, leading to competitive exports

#### **Economic drivers**

High economic growth along with increasing penetration of health insurance to push expenditure on healthcare and medicine in India.

#### **Policy Support**

Government of India's 'Pharma Vision 2020' aims to make India a global leader in end to end drug manufacturing.

In this sector 100% FDI is allowed under automatic route.

Note: source <https://www.ibef.org/industry/pharmaceutical-india.aspx>

#### **Risks and concerns**

With the pandemic leading to lockdowns and other curtailments, Outpatient Departments (OPDs) at hospitals remained shut and doctors either stopped functioning or avoided visiting clinics for most part of the year. This had a significant impact on generation of new prescriptions, a critical growth driver for the pharmaceutical industry.

With the gradual relaxation in lockdown rules and the introduction of COVID-19 vaccines, hospitals and clinics started returning to pre-COVID activity level. Though operations were again impacted by the second wave of the pandemic at the start of FY 2021-22, the situation is expected to start normalising again as the surge ebbs. Your Company's deep customer relationships and a resilient supply chain will continue to ensure high service levels across stakeholders and give it a competitive advantage.

Several experts have predicted that India may experience future waves of COVID-19, which could further stretch the country's healthcare ecosystem.

With agile business continuity processes in place, your Company will, however, ensure that optimum levels of production and supply chain reliability are maintained. Over the medium to long-term, your Company remains positive about delivering healthy growth.

The outbreak of the global pandemic has also created raw material (Active Pharmaceuticals Ingredients or APIs) related disruptions for the Indian pharmaceutical industry. Your Company has long-term loan licenses with various Contract Manufacturing Organisations (CMOs) that should help it tide over such unpredictable situations with minimum impact. However, in the event of an extended period of shutdown, there are risks of supply disruption and higher input costs. From a long-term advocacy perspective, your Company is working closely with industry associations and policy makers to propose a more predictable, transparent API pricing regime, that will be a winwin for all stakeholders.

The healthcare policy landscape in India is at an inflection point. Amid the pandemic, the uptake and acceptance of new areas of healthcare delivery, such as telemedicine, e-pharmacies, Over-the-Counter (OTC) medicines, are at an all-time high. New Government regulations could redefine the healthcare sector in the long term.

Your company constantly reviews its policies and procedures to adhere to ensure conformity to the various regulatory approvals for its manufacturing facilities.

### Company Overview

Internationally, our focus is on expanding the revenue from registered products and applying for registration of products enabling for more revenue generation opportunities.

Your company continues to work towards optimizing the capacities of its manufacturing facilities and also on adding additional capacities aimed at the business opportunities available in line with its strategy. Your Company will try to ensure that it remains competitive in market, in costs and will manage the business more dynamically.

Bafna Pharma's Global footprint

S.No	Name of Country	No. of Products Approvals	No. of Application Pending for Registration
1.	AZERBAIJAN	1	2
2.	CAMBODIA	2	10
3.	CAMEROON	6	-
4.	DEMOCRATIC REPUBLIC OF THE CONGO	-	4
5.	ETHIOPIA	5	12
6.	GUATEMALA	1	-
7.	GHANA	-	9
8.	HONDURAS	4	9
9.	KAZAKHSTAN	2	3
10.	KENYA	5	6
11.	MADAGASCAR	-	9
12.	MYANMAR	1	7
13.	NICARAGUA/COSTA RICA/EL SALVADOR	-	2
14.	NEPAL	10	24
15.	NIGERIA	38	24
16.	PERU	3	6
17.	PHILIPPINES	19	27
18.	RUSSIA	3	1
19.	RWANDA	-	9



S.No	Name of Country	No. of Products Approvals	No. of Application Pending for Registration
20.	SRI LANKA	45	50
21.	TAJIKISTAN	3	-
22.	TANZANIA	10	25
23.	UGANDA	-	9
24.	UK	-	
25.	UKRAINE	20	20
26.	VIETNAM	-	6
27.	YEMEN	3	11
28.	ZAMBIA	-	9
	TOTAL	181	294

### Performance and operations review

#### Standalone Operating Results

The unprecedented adverse business environment, triggered by the COVID-19 pandemic, impacted the overall Indian Pharmaceuticals Market (IPM) during FY 2020-21. As operations resumed after the initial lockdown, your Company sharpened its focus on investing in, and promoting its established brands. As a result of its concerted efforts, the Company not only maintained but successfully consolidated its market position during the year.

The sales and operating income was Rs.7196.28 Lakhs in comparison to Rs. 4272.78 Lakhs in the previous year registering a growth of 59.37%. EBITDA was Rs.1030.49 Lakhs for the year ending 31<sup>st</sup> March 2021 in comparison to Rs.138.86 Lakhs for the previous year registering a growth of 86.52%. Net Profit was Rs.582.67 Lakhs for the year ending 31<sup>st</sup> March 2021 in comparison to ( Rs.182.80) Lakhs for the corresponding year.

#### Key Ratio for the year ending 31<sup>st</sup> March 2021

Key Financial Ratios		31 <sup>st</sup> March 2021
<b>Profitability Ratio</b>		
Operating Profit Margin (%)	Profit from Operations/ Sale of Products	9%
Net Profit Margin (%)	Profit after Tax/ Revenue from operations	8%
Return on Net Worth	Profit after Tax/ Shareholders equity	0.10
EBITDA %	EBITDA %	16%
<b>Efficiency Ratios</b>		
Current Ratio	Current assets/ current liabilities	2.04
Inventory turnover ratio	Sale of products/ Average inventories	4.61
Debtors turnover ratio	Sale of products/ Average trade receivables	7.45
FA Turnover Ratio	Sale of Products/ Average Fixed Assets	1.94

### **Internal Control Systems**

The company has reasonable internal control systems, with defined guidelines on compliance, which enables it to run its facilities and head office with a fair degree of comfort. Internal Audit is being undertaken by an Independent Auditor M/s. Soleti Associates, Chartered Accountant, Chennai, for the Financial year 2020-21.

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

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

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

The number of employees as on 31<sup>st</sup> March, 2021 was 288.

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

# Financial Statements

# AUDITORS' REPORT

## Independent Auditors Report

To The Members of 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 March 31, 2021, 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 then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its Loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date, except in respect of matters stated as per 1(d) under "Report on Other Legal and Regulatory Requirements" herein below.

#### Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our modified audit opinion on the Financial Statements.

#### Emphasis of Matter

- a. *Stock movement report in terms of quantity and value in respect of raw material conversion into WIP / finished goods has been carried out around the system owing to the fact that SAP implementation was not fully streamlined to capture the inventory flow for the full year.*
- b. *Since absorption of production overheads has not been enabled into product costing, it reflects only Cost of materials consumed, and the relevant overheads have been manually factored outside the system to arrive at the cost of product. Though these are in the nature of manual cost records, they have to be appropriately factored through the SAP system in order to conform to IND AS standards of cost absorption so as to enable comparison with standard cost.*
- c. *Classification of Slow moving and non-moving stocks have to be enabled in SAP system.*
- d. *Upon comparison of Input credit between GSTR 3B (filed by the company) and form GST2A (available ITC as per GST site) the Company has represented to us that there is a net excess Unavailed input credit of Rs 15,41,937/- representing corresponding unbooked expenditure.*

Our opinion is modified in respect of the above.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Key Audit Matter Description

- Since major proportion of the turnover were from Sale of pharmaceutical products, we have identified revenue recognition as the key audit matter
- Revenue Recognition: We have observed that the Purchase orders / agreements with customers are for a fixed period of time, however, renewable every year, and that it creates enforceable rights and obligations for both the parties.
- The Company has entered into contracts of similar characteristics (in terms of performance obligations) with major customers, however with certain minimum variations and hence, the effects on the financial statements of applying standard IND AS 115 to the portfolio of contracts does not differ materially from applying the same to individual contracts.
- Revenue from contracts entered into for manufacturing of pharmaceuticals on behalf of customers is recognized as and when every manufactured batch is dispatched to the customer, and invoiced, since the agreement specifies so.
- We observed that these purchase orders / contracts have commercial substance which would impact the entity's future cash flows as well, since the contract periods are long term in nature. These contracts reviewed by us are within the validity period, and both the company and its customers have present enforceable rights and obligations.
- According to the information and explanations obtained, the company estimates that the customers covered under the contracts have the ability to pay the consideration in exchange for the promised goods. The management asserts that they have been cautious in entering into manufacturing agreements with entities of repute and good credit report.
- In a scenario where an advance has been received from the customers, the company recognizes that portion of the advance as liability against the obligation is to transfer the goods in the near future.
- We have observed that in a scenario where there has been a modification in the contract, there has been no distinct additional obligation to deliver goods nor was there any instance of amendment to the pricing structure, and neither did it result in any change in the nature or type of goods that were part of the original / main contract. Hence, it did not necessitate accounting the modification as a separate contract nor did it necessitate termination of the existing contract and creation of a new one. It did not have any impact on the transaction price either. In case of conversion charges to be claimed from the same customers, the company raises a debit note for the same as part of the performance obligation itself. The amendment was in respect of advance amount being paid by the customer post signing of the main contract, which did not result in change or variation in the basic terms of the contract. Thus, the principles of the standard were being followed or complied with.
- We have observed that the transfer of Control of the transferred goods is almost complete in test cases taken up for audit, since it enabled customer to direct the use of, and obtain substantially all of the remaining benefits from, the end product, once they were legally transferred to them in compliance with agreed-upon specifications. The transfer of goods also prevented other entities from directing the use of, and obtaining the benefits from, an asset. Test checks indicated that there was no scope for repurchase agreements, consignment arrangements or bill-and-hold arrangements.

- In the test cases taken up, we have evaluated other information that supported the estimates of the progress towards satisfying the performance obligation, and also, we have also evaluated the appropriateness of and consistency in the application of management's policies and methodologies to estimate progress towards satisfying the performance obligation.

### **Other Matters**

As specifically explained vide Clause no B (9) of Notes to Financial statements, we have considered the basis of management judgment in determining impact on the financial statements of any subsequent events related to the COVID-19 pandemic, taking into consideration the date of the financial statements, the facts and circumstances pertaining to the entity, and the conditions that existed at, or arose after, that date. As the impacts of the COVID-19 outbreak continue to evolve, including regulatory restrictions/ conditions, capturing events that relate specifically to conditions that existed at the date of the financial statements, or after the date of the financial statements, we have considered all subsequent events and transactions to substantiate our conclusions on the appropriateness of management's assessment of the Covid'19 impact.

Further to the continuous spreading of COVID -19 in Tamil Nadu state, State Government announced a strict 15 days' lockdown from May 10<sup>th</sup> 2021 which was extended up to 21<sup>st</sup> June 2021, to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, part of the audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, and reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

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

### **Management's Responsibility 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.
- 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 current period 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 Section 143(3) of the Act, based on our audit we report, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act, except in respect of:
    - i. *The Company has not complied with principles underlined under IND AS 2 in respect of absorption of overheads (related to manufacture) in computation of BOM (Bill of materials), consequently not enabling capturing of overheads in valuation of stocks of WIP (Work in progress) and Finished goods through the SAP system. Valuation of closing inventories have been computed manually on cost absorption basis.*
    - ii. *Fixed Asset Register has not been maintained in SAP system as prescribed in Schedule II of the Companies Act 2013. Review of useful life and residual value of asset on annual basis has not been carried out as prescribed under IND AS 16.*
    - iii. *Computation of Gratuity as per IND AS 109 has been carried out, but no equivalent provisioning has been made in the accounts nor has the Company created any Fund in respect of the same.*
  - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements 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 directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) 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:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. The Company has transferred an amount of Rs.61,761/- being the unclaimed / unpaid dividend pertaining to the financial year 2012-13, to the Investor Education and Protection Fund.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For R.SATHYANARAYANAN & Co.**

Chartered Accountants

Firm Registration Number: 003656S

**(R. SATHYANARAYAN)**

Partner

Membership number: 028377

Place: Chennai

Date: 25.06.2021

## **ANNEXURE “A” to the Independent Auditors’ Report**

**(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (l) of Sub- section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Bafna Pharmaceuticals Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company are 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 issued by the Institute of Chartered Accountants of India. 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**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 over financial reporting 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 over financial reporting

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 Over Financial Reporting**

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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 and as per report received from the Internal auditors, we hereby state that:

- Although the company has an organization structure, now with the implementation of SAP, authority matrix has to be formulated and clearly documented,
- Standard operating procedures in respect of various functions, processes and approvals have to be documented and made available to the functional heads to ensure controls.
- Roles and responsibilities have to be documented as per terms or in line with KRAs mentioned in employees' appointment letters
- Regular employee performance reviews have to be held and increments / incentives have to be fixed and paid on the basis of the same.

Our opinion is modified in respect of the above.

**For R.SATHYANARAYANAN & Co.**

Chartered Accountants

Firm Registration Number: 003656S

**(R. SATHYANARAYAN)**

Partner

Membership Number: 028377

Place: Chennai  
Date: 25.06.2021

## ANNEXURE 'B' TO the Independent Auditors' Report

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

- (i) In respect of the Company's fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification to cover all the items of fixed assets at reasonable intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us, the records examined by us, we report that, the title deeds, comprising all the immovable properties of land and buildings are held in the name of the Company as at the balance sheet date.
  - (d) *Reference is drawn to our qualification in clause 1 (d) (ii) under "Report on other Legal and regulatory requirements".*
- (ii) (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals. There were no material discrepancies noticed on physical verification during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records in respect of stocks of Raw materials and packing materials. *However, in respect of Work in progress and Finished goods, owing to commencement of production entries in SAP from October/ November 2020, the inventory flow has not been streamlined in SAP, and hence, quantification, costing and valuation has been manually carried out around the system.*
- (a) *Reference is drawn to our qualification vide clause 1 (d) (i) under "Report on other Legal and regulatory requirements", and also under Emphasis of Matter*
- (iii) According to the information and explanations given to us, the Company has not granted any loans, or advances to any person listed in the register maintained under section 189 of the Companies Act, 2013 during the year.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

- (vi) We have broadly reviewed the manual cost records maintained by the Company pursuant to the Rules prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that it requires to be streamlined in the SAP system. Since the Turnover of the Company has crossed the prescribed threshold limit, Cost Audit would be required to be carried out as per Rule 4 of the Companies (Cost record and audit) rules, 2014 for the ensuing financial year 2021-22.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues in respect of FY 2020-21, including Employees' State Insurance, Income Tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. In respect of the waiver provided by NCLT court order/resolution plan, 90% of the past dues were waived off. The Company had submitted the order to TDS ward of Income tax department, the PF and ESI departments with a request to carry out the waiver. However, the respective departments have not responded to the same.
  - (b) In respect of Income tax -Asst year 2015-16, the department has initiated notice under section 148. The Company has already provided for tax to the tune of Rs 10 lakhs in this respect.
  - (c) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Services Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable or the date of this report, except for old TDS, PF and ESI dues as mentioned
  - (d) In respect of GST for the FY 2020-21 : (i) Reference is drawn to clause (d) under Emphasis of matter paragraph in respect of excess unavailed credit of Rs 15,41,937/- (ii) Eligible Expenditure subject to RCM (Reverse charge mechanism) had not been recognised in the past years and until FY 202021, and the amount involved is Rs 11,63,154/-
- (viii) According to the information and explanations given to us, the Company, The Company availed secured loan from financial institution towards purchase of capital equipment. Which is the nature of long term and unsecured loan from a corporate for short-term working capital purposes during the year. The Company has not issued any debentures during the year.
- (ix) The company had received an amount of Rs.55.35 Crores in various tranche from the resolution applicant and its associates in terms of resolution plan approved by the NCLT Chennai bench vide its order dated 1<sup>st</sup> February 2019 and the amount received was treated as share application money pending allotment in the board meeting held on 25.06.2020. Subsequently, the company had received In Principal approval from NSE vide Reference No. NSE/LIST/24194dated 7thAugust 2020 and From BSE vide Reference No. DCS/PREF/SD/765/2020-21 dated 4th September 2020. Accordingly, the Company had allotted 2,12,90,701 equity shares of Rs.10/- at a premium of RS.16/- per share.

The Company has received its listing approval from NSE vide letter Reference No. NSE/LIST/24744 dated 16thOctober 2020 and from BSE vide letter Reference No. DCS/PREF/PB/FIP/808/2020-21 dated 30th September 2020 for listing of 2,12,90,701 Equity Shares of Rs.10/- each The Company has also received trading approval for 2,12,90,701 Equity shares of Rs.10/- each from NSE vide its letter reference No. NSE/LIST/ 25097 dated 23<sup>rd</sup> October, 2020 and from SSE vide its letter reference No. DCS/PREF/TP/PB/11139/2020-21 dated 23<sup>rd</sup> October 2020.

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has made any preferential allotment of 2,12,90,701 shares pursuant to NCLT, Chennai court order – as detailed in clause (ix) hereinabove.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Act, are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For R.SATHYANARAYANAN & Co.**

Chartered Accountants

Firm Registration Number: 003656S

**(R. SATHYANARAYAN)**

Partner

Membership Number: 028377

Place: Chennai

Date: 25.06.2021

## BALANCE SHEET

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021

(₹ in Lakhs)

Particulars	Note No	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>A ASSETS</b>			
1 Non-Current Assets			
(a) Property, Plant and Equipment	3	3,596.64	3,496.91
(b) Capital Work-in-Progress		83.13	21.21
(c) Goodwill		-	-
(d) Other Intangible Assets		-	-
(e) Financial Assets		-	-
(i) Investments		-	-
(ii) Trade Receivables		-	-
(iii) Loans		-	-
(iv) Other financials assets		-	-
(g) Other Non-Current Assets		-	-
<b>Total Non-Current Assets</b>		<b>3,679.77</b>	<b>3,518.12</b>
2 <b>Current Assets</b>			
(a) Inventories	4	1,544.34	1,141.16
(b) Financials Assets		-	-
(i) Investments		-	-
(ii) Trade Receivables	5	955.95	603.48
(iii) Cash and Cash Equivalents	6	180.37	848.01
(iv) Bank balance other than mentioned above		-	-
(v) Loans		-	-
(vi) Other financials assets		-	-
(c) Other Current Assets	7	2,286.16	995.33
(d) Assets classified as held for sale		-	-
<b>Total Current Assets</b>		<b>4,966.82</b>	<b>3,587.98</b>
<b>Total Assets (1+2)</b>		<b>8,646.59</b>	<b>7,106.10</b>
<b>B EQUITY AND LIABILITIES</b>			
1 (a) Equity Capital	8	2365.63	236.56
(b) Other Equity	9	<b>3311.48</b>	<b>(677.59)</b>
(c) Equity Share Warrants/ Share application Money		-	5,535.58
<b>Total Equity</b>		<b>5,677.11</b>	<b>5,094.55</b>

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021 - (Contd.)**

(₹ in Lakhs)

Particulars	Note No	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
2 Liabilities			
(a) Non-Current Liabilities		-	-
(i) Financial Liabilities		-	-
- Borrowings	10	250.00	-
- Trade Payable		-	-
- Other Financial Liabilities	11	278.60	301.76
(ii) Provisions		-	-
(iii) Deferred Tax Liabilities (Net)		-	-
(iv) Other non-current liabilities	12	10.00	-
<b>Total Non-Current Liabilities</b>		<b>538.60</b>	<b>301.76</b>
(b) Current Liabilities		-	-
(i) Financial Liabilities		-	-
- Borrowings		-	-
- Trade Payable	13	1,069.16	1,254.14
- Dues to micro and small enterprises		-	-
- Dues to Others		-	-
- Other Financial Liabilities	14	1,000.00	-
(ii) Other Current Liabilities	15	361.72	455.65
(iii) Provisions		-	-
(iv) Current Tax Liabilities (net)		-	-
<b>Total Current Liabilities</b>		<b>2,430.87</b>	<b>1,709.79</b>
Total Liabilities		-	-
<b>Total Equity and Liabilities</b>		<b>8,646.59</b>	<b>7,106.10</b>

**Significant Accounting Policies and Notes of Financial Statements 1 to 32 as per our Report of event date****FOR R.SATHYANARAYANAN & Co.**

For and on Behalf of the Board

Chartered Accountants

FRN No: 003656 S

**R.SATHYANARAYAN**

(Partner)

M.No. 028377

Place : Chennai

Date : 25-06-2021

**S HEMALATHA**  
[Chairperson & Executive Director]

[DIN : 02714329]

**M.SRIDHAR**  
[Chief Financial Officer]**JITENDRA KUMAR PAL**  
[Company Secretary]



## PROFIT AND LOSS

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(₹ in Lakhs)

	Note No	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>A</b> Income from operations			
(a) Net sales/income from operations	16	7,121.79	4,247.25
(b) Other Income	17	74.93	25.53
<b>Total income from operations net</b>		<b>7,196.72</b>	<b>4,272.78</b>
<b>B</b> Expenses			
(a) Cost of Raw Material Consumed	18	4,250.95	3,024.25
(b) Purchases of Stock in Trade	19	-	1.90
(c) Changes in Inventories of Finished Goods, Work in progress and Stock in trade	20	294.60	(323.78)
(d) Employee benefits expense	21	1,198.41	1,025.16
(e) Depreciation and amortisation expense	22	447.82	326.66
(f) Finance costs	23	74.19	9.55
(g) Other expenses	24	348.07	396.84
<b>Total expenses</b>		<b>6,614.05</b>	<b>4,460.58</b>
Profit before tax		582.67	(187.80)
Tax expense			
Current Tax		-	-
Deferred Tax		-	-
<b>Profit for the period</b>		<b>582.67</b>	<b>(187.80)</b>
<b>Exceptional Items</b>	<b>25</b>		<b>(2,332.56)</b>
<b>Other Comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		-	-
Total Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		-	-
Total other comprehensive income net of tax		-	-
Total comprehensive income for the period		<b>582.67</b>	<b>(2,520.36)</b>
Earnings per Equity share			
Equity shares of par value Rs. 10 each			
(a) Basic		2.46	(106.54)
(b) Diluted		2.46	(106.54)
Basis of preparation, measurement and significant accounting policies	2		

**Significant Accounting Policies and Notes of Financial Statements 1 to 32 as per our Report of event date FOR R.SATHYANARAYANAN & Co.**

Chartered Accountants  
FRN No: 003656 S

For and on Behalf of the Board

**R.SATHYANARAYAN**  
(Partner)  
M.No. 028377  
Place : Chennai  
Date : 25-06-2021

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

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

**JITENDRA KUMAR PAL**  
[Company Secretary]

## CASH FLOWS

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Cash Flow from Operating Activities:</b>		
Net Profit Before Tax	582.67	(187.80)
<b>Adjustments for:</b>		
Depreciation	447.82	326.66
Interest Paid	8.86	9.55
Interest Received	(3.95)	(3.94)
Sundry Balances Written back	(28.35)	-
Other Income	(41.90)	(20.84)
Lease Rent Received	(0.74)	(0.75)
Exceptional items- Impact of impairment of Financial assets	-	(2,332.56)
<b>Operating Profit before Working Capital Changes</b>	<b>964.41</b>	<b>(2,209.69)</b>
Adjustment For:		
[Increase]/decrease in Inventories	(403.09)	(212.92)
[Increase]/decrease in Trade Receivables	(352.47)	1,879.90
[Increase]/decrease in Short Term Loans and Advances	(1,290.82)	147.11
Increase/[decrease] in Trade Payables	(184.98)	(2,688.26)
Increase/[decrease] in Other Current Liabilities	(93.94)	(342.93)
Cash generated from Operation	<b>(1,360.89)</b>	<b>(3,426.80)</b>
Less: Tax Paid	-	-
<b>Net Cash Used in Operating Activity (A)</b>	<b>(1,360.89)</b>	<b>(3,426.80)</b>
<b>Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(609.47)	(142.88)
Changes in Long Term Loans and Advances	-	3,295.33
Change in Other Non- Current Assets	-	99.50
Other Income	41.90	20.84
Interest Received	3.95	3.94
Sundry Balances Written back	28.35	-
Lease Rent received	0.74	0.75
<b>Net Cash used in Investing Activities (B)</b>	<b>(534.54)</b>	<b>3,277.48</b>
<b>Cash Flow from Financing Activities</b>		
Issue of Shares, Share application money & Application Activities /	-	5,535.58
Changes in Reserves	-	-
Changes in Long Term Borrowings	250.00	(2,000.06)
Changes in Short Term Borrowings	986.84	(2,323.97)
Interest Paid	(8.86)	(9.55)
Diminution in value of investment in subsidiary	-	143.00
Write back of deferred Tax liability	-	(617.87)
<b>Net Cash from Financing Activities (C)</b>	<b>1,227.98</b>	<b>727.13</b>
<b>Net Increase/ [Decrease] in Cash or Cash Equivalents [A+B+C]</b>	<b>(667.64)</b>	<b>577.83</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>848.01</b>	<b>270.19</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>180.37</b>	<b>848.01</b>

#### Significant Accounting Policies and Notes of Financial Statements 1 to 32 as per our Report of event date

**FOR R.SATHYANARAYANAN & Co.**

Chartered Accountants  
FRN No: 003656 S

For and on Behalf of the Board

**R.SATHYANARAYAN**

(Partner)  
M.No. 028377  
Place : Chennai  
Date : 25-06-2021

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

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

**JITENDRA KUMAR PAL**  
[Company Secretary]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2021

## 3. PROPERTY PLANT AND EQUIPMENT

	LAND	BUILDING	PLANT & MACHINERY	OFFICE EQUIPMENT	LAB EQUIPMENT	OTHER ANCILLARY EQUIPMENTS	HOT AIR VENTILATION COOLING SYSTEMS	ELECTRICAL INSTALLATION	FURNITURE & FITTINGS	VEHICLES	AIR CONDITIONERS & WATER COOLER	COMPUTER	TOTAL
<b>Gross Block</b>													
Balance as at 31 <sup>st</sup> March 2019	19.32	2,176.40	959.07	64.51	804.99	1,620.95	372.59	339.12	183.18	17.82	557.26	172.19	7,287.38
Additions			61.34	0.28	29.42	13.23			0.84	0.40		16.17	121.67
Disposals													-
Balance as at 31 <sup>st</sup> March 2020	19.32	2,176.40	1,020.41	64.79	834.40	1,634.17	372.59	339.12	184.02	18.22	557.26	188.36	7,409.06
Additions		77.13	267.23	0.51	122.65	19.80	50.85		0.59			8.79	547.56
Disposals													-
Balance as at 31 <sup>st</sup> March 2021	19.32	2,253.53	1,287.64	65.30	957.05	1,653.98	423.45	339.12	184.61	18.22	557.26	197.15	7,956.61
<b>CAPITAL WORK IN PROGRESS</b>													
Balance as at 31 <sup>st</sup> March 2019	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions		21.21											21.21
Disposals													-
Balance as at 31 <sup>st</sup> March 2020	-	21.21	-	-	-	-	-	-	-	-	-	-	21.21
Additions		19.74	57.45				5.92						83.11
Disposals		21.21											21.21
Balance as at 31 <sup>st</sup> March 2021	-	19.74	57.45	-	-	-	5.92	-	-	-	-	-	83.11
<b>Accumulated Depreciation</b>													
Balance as at 31 <sup>st</sup> March 2019	-	733.07	334.63	53.37	630.38	845.00	70.43	322.21	144.50	17.82	286.20	147.88	3,585.8
Additions		74.16	99.11	0.26	71.88	35.48	17.70	-	10.14	0.03	3.71	14.17	326.66
Disposals													-
Balance as at 31 <sup>st</sup> March 2020	-	807.23	433.74	53.63	702.26	880.48	88.12	322.21	154.64	17.85	289.92	162.06	3,912.14
Additions		65.13	204.14	0.38	42.50	67.24	35.41	0.01	16.28	-	0.00	16.72	447.82
Disposals													-
Balance as at 31 <sup>st</sup> March 2021	-	872.36	637.88	54.02	744.77	947.72	123.54	322.22	170.92	17.85	289.92	178.77	4,359.6
<b>Net Block</b>													
Balance as at 31 <sup>st</sup> March 2019	19.32	1,443.33	624.44	11.14	174.60	775.95	302.17	16.91	38.68	(0.00)	271.05	24.31	3,701.90
Balance as at 31 <sup>st</sup> March 2020	19.32	1,390.38	586.67	11.16	132.14	753.70	284.47	16.91	29.38	0.37	267.34	26.30	3,518.12
Balance as at 31 <sup>st</sup> March 2021	19.32	1,400.90	707.21	11.28	212.28	706.25	305.83	16.90	13.69	0.37	267.34	18.38	3,679.76

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>4 INVENTORIES</b>		
Raw material	981.78	443.06
Work In Progress	97.35	291.83
Finished goods	168.41	268.54
Packing materials	272.51	120.16
Stores and spares	24.29	17.57
	<b>1,544.34</b>	<b>1,141.16</b>
<b>5 TRADE RECEIVABLES</b>		
(Unsecured unless otherwise stated)		
Considered good		
i) Trade receivables - More than 6 months	-	75.20
ii) Trade Receivable-Others	955.95	528.28
Considered doubtful	-	-
Less: Allowance for bad and doubtful debts		
	<b>955.95</b>	<b>603.48</b>
<b>6 CASH AND CASH EQUIVALENTS</b>		
<b>Cash on hand</b>	0.15	0.43
<b>Balance with Banks</b>		
in current accounts	74.61	818.04
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS	-	-
Earmarked balances with banks	-	-
unpaid dividend	-	-
Margin money deposits	105.61	29.54
Investments in term deposits [with original maturity of more than three months but less than twelve months]	-	-
	<b>180.37</b>	<b>848.01</b>

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>7 OTHER CURRENT ASSETS</b>		
Advance to Suppliers	1,050.45	202.13
Employee Advances	2.26	0.85
Deposits with Govt. or Semi Govt. Depot.	35.05	30.93
Deposits with Others	22.49	7.25
TDS Receivable	55.06	43.35
GST receivable	1,097.00	698.02
Prepaid expenses	23.40	12.80
TCS Receivable	0.45	-
	<b>2,286.16</b>	<b>995.33</b>

**8 EQUITY SHARE CAPITAL**

AUTHORISED CAPITAL		
40,000,000 EQUITY SHARES OF RS.10/- EACH	4,000	4,000
ISSUED, SUBSCRIBED & FULLY PAID-UP CAPITAL		
23,656,335, [31st March 2019 23,656,335 (90% Reduced on December 2019)	23.66	23.66
21290701 issued on 10.09.2020 @Rs.10 Per Share	212.91	-
Total Equity Shares 23656335 @Face Value of Rs. 10 Per Share	2,365.63	236.56
Equity Shares of Rs.10/-each fully paid up in cash		

	As On March 31 <sup>st</sup> 2021		As On March 31 <sup>st</sup> 2020	
	Number of shares	Amount	Number of shares	Amount
a) Reconciliation of the number of shares				
EQUITY SHARES				
Balance as at the beginning of the year	2,365,634	236.56	23,656,335	2,365.63
Add: shares issued during the year	21,290,701	2,129.07	-	-
Less : Capital Reduction as per approved resolution plan	-	-	21,290,701	2,129.07
Balance as at the end of the year	<b>23,656,335</b>	<b>2,365.63</b>	<b>2,365,634</b>	<b>236.56</b>

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>9 OTHER EQUITY</b>		
A. Summary of Other Equity balance		
Capital Reserve	2,698.14	2,698.14
Share Premium	7,537.65	4,131.14
General Reserve	192.35	192.35
Retained Earnings	(7,116.66)	(7,699.23)
Items of other Comprehensive Income	-	-
- Remeasurements of defined benefit plans	-	-
<b>Total Other Equity</b>	<b>3,311.48</b>	<b>(677.59)</b>
<b>SHARE APPLICATION MONEY</b>	-	5,535.58
<b>TOTAL</b>	<b>-</b>	<b>5,535.58</b>
<b>10 Borrowings</b>		
<b>Secured</b>		
Tata Capital	250.00	-
	<b>250.00</b>	-
<b>Securities offered</b>		
<b>Primary:</b> -	First Pari passu Charge along with working capital banker upto a WC limit of Rs.25.00 Crs, on Movable Fixed assets of the Company, (both Present & future). WDV as on 31.03.20 Rs 21.08 Crs.	
<b>Second Charge :</b>	on Current Assets of Company (Both present & future) Collateral: - First Pari passu Charge along with working capital banker up to a WC limit of Rs.25.00 Crs by way of Mortgage of factory land & building located at No 147 Madhavaram - Red Hills high Road, Grantlyon Village, Vadakarai post Chennai 52 land measuring 2.68 acres having clear & marketable title in the name of BAFNA PHARMACEUTICALS LTD, with security value of Rs 23.40 Crs. (Minimum security cover of 1.25x).	
<b>Guarantee :</b>	Unconditional & irrevocable corporate guarantee of M/s SRJR Lifesciences LLP, & M/s. CVR Enterprises LLP	
<b>11 Other Financial Liabilities</b>		
<b>Un Secured</b>		
From KMP & Relative of KMP	278.60	301.76
	<b>278.60</b>	<b>301.76</b>
<b>12 OTHER NON-CURRENT LIABILITIES</b>		
Income Tax	10.00	-
<b>Total</b>	<b>10.00</b>	-

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>13 TRADE PAYABLE</b>		
DUES TO OTHERS		
Acceptances	-	-
Trade payable	-	-
For Goods and Store Purchase	1,042.70	1,035.33
For Services	-	11.43
For Others	26.46	207.38
<b>Total</b>	<b>1,069.16</b>	<b>1,254.14</b>
<b>14 Other Financial Liabilities</b>		
<b>Un Secured</b>		
Loan from JRC Enterprises	1,000.00	-
	<b>1,000.00</b>	<b>-</b>
<b>15 OTHER CURRENT LIABILITIES</b>		
Outstanding expenses	214.98	183.82
TDS payable	7.55	10.85
Advance from Customer	89.19	250.98
Term Loan -Principal Installment due within 1 Year	50.00	-
Income Tax	-	10.00
<b>Total</b>	<b>361.72</b>	<b>455.65</b>
<b>16 REVENUE FROM OPERATIONS</b>		
Domestic Sales	3,253.16	1,642.52
Export Sales	3,780.25	2,496.32
FR &D INCOME -Analytical & Research Income	88.38	108.41
<b>Grand Total</b>	<b>7,121.79</b>	<b>4,247.25</b>
<b>17 OTHER INCOME</b>		
Interest Income	-	-
Bank deposits	3.46	3.55
Interest- Others	0.49	0.39
Gain or (Loss) on Exchange Exchange	41.90	20.84
Rent Received	0.74	0.75
Sundry Balances Written Back	28.34	-
	<b>74.93</b>	<b>25.53</b>

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>18 COST OF MATERIALS CONSUMED</b>		
Raw Materials		
Opening Stock	443.06	291.99
Add : Purchases	3,419.04	2,090.16
Less : Closing Stock	(981.78)	(443.06)
<b>Consumption of Raw Materials</b>	<b>2,880.31</b>	<b>1,939.09</b>
<b>Packing Materials</b>		
Opening Stock	120.16	89.21
Add : Purchases	630.04	412.20
Less : Closing Stock	(272.51)	(120.16)
<b>Consumption of Packing Materials</b>	<b>477.69</b>	<b>381.25</b>
Consumable Stores	116.04	42.74
Analytical Expenses	24.78	35.21
Power & Fuel	294.64	268.85
Machinery Maintenance	65.66	115.81
Lab Maintainance	52.42	-
Factory Maintainance	59.56	34.05
Chemical Purchase	62.26	42.37
Security Charges	15.55	9.02
Repairs & Maintenance	19.90	13.73
Other Manufacturing	159.15	131.63
<b>TOTAL</b>	<b>869.96</b>	<b>693.41</b>
<b>Freight</b>		
Freight Charges	22.99	10.49
<b>TOTAL COST OF GOODS SOLD</b>	<b>4,250.95</b>	<b>3,024.25</b>



	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>19 PURCHASE OF STOCK IN TRADE</b>		
Purchase of stock in Trade	-	1.90
	<u>-</u>	<u>1.90</u>
<b>20 CHANGES IN INVENTORIES OF FINISHED GOODS STOCK IN PROCESS &amp; STOCK-IN-TRADE</b>		
Closing Inventories :		
Finished Goods	168.41	268.54
Work in progress	97.35	291.83
<b>Total</b>	<u>265.76</u>	<u>560.37</u>
Opening Inventories :		
Finished Goods	268.54	108.08
Work in progress	291.83	128.50
<b>Total</b>	<u>560.36</u>	<u>236.58</u>
<b>Change In Inventories</b>	<u>294.60</u>	<u>(323.78)</u>
<b>21 EMPLOYEE BENEFITS EXPENSES</b>		
Salary & Wages	912.10	883.29
Bonus	31.00	31.00
P.F. Company's Contribution	44.99	47.59
E.S.I Company's Contribution	7.13	8.49
Staff Welfare	172.38	54.79
Gratuity	30.81	-
	<u>1,198.41</u>	<u>1,025.16</u>
<b>22 DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation and Amortisation expenses	447.82	326.66
	<u>447.82</u>	<u>326.66</u>

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>23 FINANCE COST</b>		
Interest To Bank	-	-
Bank Charges	65.33	9.45
Interest To Others	8.86	0.10
	<b>74.19</b>	<b>9.55</b>
<b>24 OTHER EXPENSES</b>		
A. MANAGERIAL REMUNERATION:		
Bafna Mahaveer Chand	12.50	20.50
Paras Bafna	10.00	16.00
S.Hemalatha	7.46	-
	<b>29.96</b>	<b>36.50</b>
B. PAYMENT TO AUDITORS		
Audit Fees	4.00	4.00
	<b>4.00</b>	<b>4.00</b>
C. INSURANCE EXPENSES		
Insurance	15.72	9.35
	<b>15.72</b>	<b>9.35</b>
D. OTHERS :		
Advertisement	0.92	1.22
Conveyance	13.57	12.25
Commission/ Laisioning	-	3.71
Consultant Fees	-	2.84
Directors Sitting fees	1.45	1.65
Exchange Difference	3.53	5.56
Freight & Transportation	59.17	30.59
Fees	22.08	13.76
IRP and RP Fees	-	21.05
Internal Audit Fees	2.63	2.08
Legal Fees	14.49	56.77
Miscellaneous Expenses	3.94	3.93

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>24 OTHER EXPENSES - (Contd)</b>		
MHRA (Technical Fees)	-	14.64
Office Maintenance	7.76	0.91
Professional Charges	24.18	22.58
Printing & Stationery	26.24	16.76
Postage & Courier	6.97	4.80
Packing Charges	0.19	0.13
Product Registration Expenses	31.49	-
Rent & Lease rent	20.66	24.92
Repairs & Maintenance- Office	3.17	46.35
Rates and Taxes	-	1.92
Subscription & Membership	1.76	0.58
Sundry Balances Written off	-	2.71
Sales promotion	4.71	4.97
Software Maintenance	30.87	19.64
Stock Exchange Fees	11.74	9.92
Telephone Charges	4.19	4.10
Travelling Expenses	0.95	15.21
Vehicle Maintenance	1.73	1.48
TOTAL (E)	298.40	347.03
<b>Grand Total - Other exp</b>	<b>348.07</b>	<b>396.84</b>
<b>25 Exceptional Items</b>		
-NCLT Implementation Write offs ( Net)	-	2,332.56
<b>Grand Total</b>	-	<b>2,332.56</b>

## 26. Related Party disclosures

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

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

Details of transactions as per table below

SI No	Particulars	Director/ Key Management Personnel	Relative of KMP	Year ending 31.03.2021	Year ending 31.03.2020
1	Rendering services	Bafna Mahaveer Chand	Navin Bafna	37.50	20.50
2	Rendering services	S. Hemalatha	-	7.59	-
3	Rendering services	M. Sridhar	-	10.55	10.55
4	Rendering services	Jitendra Kumar Pal	-	8.80	8.80
5	Leasing or Hire purchase	Mahaveer Chand Bafna	Bhansilal & Co (HUF)	1.80	1.80

SI No	Particulars	Director/ Key Management Personnel	Relative of KMP	Year ending 31.03.2021	Year ending 31.03.2020
6	Finance loan and equity in cash or kind	Mahaveer Chand Bafna	Navin Bafna Sasikala Bafna	278.60	301.76
7	Rent	Bafna Mahaveer Chand	Sasikala Bafna	17.70	17.70
8	Sitting fees	P K Sundaersan	-	0.40	-
9	Sitting fees	B. Kamlesh Kumar	-	0.55	0.55
10	Sitting fees	R. Chitra	-	0.10	-

## 27. GST

As mentioned vide 2(d) of Notes to accounts, upon carrying out reconciliation between ITC as per books of accounts/ GSTR 3B vis-à-vis GSTR 2A/2B drawn from the GST site as on a particular date, certain pertinent differences were identified and addressed:

- i. Supply value of Rs 11 crores uploaded as Sales by M/s Aurore Life Sciences Private Limited at end march 2021 were not received by the Company, and hence, not booked. The same was reversed by the party during April 2021 vide credit note, and hence, the equivalent GST stands reversed, and has been reconciled.
- ii. Certain other items appearing as unreconciled have already been accounted for by the company, represents mistakes committed by vendors (duplication during uploading) and ITC on capital goods which have been capitalized by the Company.
- iii. The net unreconciled amount Rs 15,41,937/- represents equivalent expenditure not booked as expenditure by the company for want of bills or confirmations from the respective vendors. This would be addressed by the Company during Q1 of FY 2021-22.
- b. The Company has not been disclosing eligible expenditure subject to RCM (Reverse charge mechanism) in its respective GST returns since it was brought to enactment, and the quantum up to FY 2020-21 is Rs 11,63,154/-.

## 28 FOREIGN CURRENCY TRANSACTIONS

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

## 29 RESEARCH AND DEVELOPMENT EXPENDITURE

(Rs. In lakhs)

Particulars	As at 31 <sup>st</sup> March 2021	As at 31 <sup>st</sup> March 2020
Capital Expenditure	-	5.99
Revenue Expenditure	135.89	100.95
<b>Total</b>	<b>135.89</b>	<b>106.94</b>

### 30 CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rs. In lakhs)

Particulars	As at 31 <sup>st</sup> March 2021	As at 31 <sup>st</sup> March 2020
a) In respect of Letter of Credit and Bank Guarantee	-	-
b) Bonds have been executed in favour of Customs Authorities for the purchase of materials and capital goods without payment of duty	600.00	500.00

### 31 GOODS AND SERVICE TAX

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

### 32 GENERAL

a) The details of Statutory dues pending as at 31st march 2021 are given below

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

- b) Balances under Trade Payables, debtors, loans and advances some of them remain unconfirmed.
- c) Advances given to suppliers for supply of materials and others remain unconfirmed. It was explained that supply will be made in the ensuing year.
- d) The Fixed deposit of sum of Rs.105.62 (Rs. in Lakhs) (Previous Year Rs. 29.54 (Rs.In Lakhs) ) lying with ICICI are under lien against Bank Gaurantee Margin, LC Margin Money.
- e) Previous Years figures have been reclassified, regrouped and re-arranged wherever necessary.

### Significant Accounting Policies and Notes of Financial Statements 1 to 32 as per our Report of event date

#### FOR R.SATHYANARAYANAN & Co.

Chartered Accountants  
FRN No: 003656 S

#### R.SATHYANARAYAN

(Partner)  
M.No. 028377  
Place : Chennai  
Date : 25-06-2021

For and on Behalf of the Board

#### S HEMALATHA

[Chairperson & Executive Director]  
[DIN : 02714329]

#### M.SRIDHAR

[Chief Financial Officer]

#### JITENDRA KUMAR PAL

[Company Secretary]

## NOTES

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

#### A. Corporate information

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

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

These Financial statements were authorized for issue by the Company's Board of Directors on the 25th of June 2021.

#### B. Significant Accounting Policies

##### 1 Basis of preparation

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

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

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

The comparative figures in the Balance Sheet as at March 31, 2020 and that of the previous period and Statement of Profit and Loss and Statement of Cash flow for the same periods have been presented.

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

for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

## 2. Statement of Compliance with IND-AS

The Financial Statements Balance sheet, Statement of Profit and Loss, Statement of Changes in equity, Statement of Cash flow together with notes have been prepared in accordance with IND AS principles, as notified [subject to Clause 1 (b) above] above duly approved by the Board of Directors at its meeting held on 25th June 2021, except in respect of :

- a. *The Company has not complied with principles underlined under IND AS 2 in respect of absorption of overheads (related to manufacture) in computation of BOM (Bill of materials), consequently not enabling capturing of overheads in valuation of stocks of WIP (Work in progress) and Finished goods through the SAP system. Valuation of closing inventories have been computed manually on cost absorption basis.*
- b. *Fixed Asset Register has not been maintained in SAP system as prescribed in Schedule II of the Companies Act 2013. Review of useful life and residual value of asset on annual basis has not been carried out as prescribed under IND AS 16.*
- c. *Computation of Gratuity as per IND AS 109 has been carried out, but no equivalent provisioning has been made in the accounts nor has the Company created any Fund in respect of the same.*
- d. *There are certain net unreconciled GST input credits between GSTR 3B and 2A amounting to Rs 15,41,937/-, representing equivalent amount of expenditure not accounted for in the books.*

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

## 3. Revenue Recognition:

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

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

The Company adopts a five-step process:

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

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

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

- Whether the amount of consideration is highly susceptible to factors outside the influence of the entity.



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

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

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

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

There arises no scope for repurchase agreements, consignment arrangements or bill-and-hold arrangements.

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

#### **4. Inventories (Ref; Note no: 4 of Financial Statement)**

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

- a. The Company migrated to SAP from the FY 2020-21. The Implementation of SAP also took some time due to Pandemic. Owing to the above reason, Stock movement report in terms of quantity and value in respect of raw material conversion into WIP / finished goods has been carried out around the system to capture the inventory flow for the full year.

- b. The COGS (Cost of Goods sold) as per SAP reflects only Cost of materials consumed, and absorption of production overheads has not been enabled into product costing, The relevant overheads have been manually factored outside the system to arrive at the cost of product, and the Company has been maintaining manual cost records. All the records have to be appropriately factored through the SAP system in order to conform to IND AS standards of cost absorption so as to enable comparison with standard cost.
- c. Classification of Slow moving and non-moving stocks are yet to enabled in SAP system.

Hence, the company has not been able to follow the principles as per IND AS 2, which will be complied in the ensuing year.

## 5. Financial Instruments:

Non derivative financial instruments consist of:

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

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

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

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

- i. Cash and cash equivalents

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

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

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

- iii. Borrowings – Secured and Unsecured

The Company has borrowed Rs 300 lakhs from TATA Capital for the purposes of capital expenditure at the end of the financial year.

The Company has also borrowed unsecured loans for the purposes of meeting working capital needs during end-March 2021.

iv. Non- Current Liabilities -- Income Tax

All eligible claims were settled as per Resolution Plan approved by NCLT, Chennai, except for INR10 lakhs kept under separate no lien account in respect of pending dues in respect of Income tax towards Assessment year 2015-16 (pending for approval from the department).

**6. IND AS 7: Cash Flow Statement:**

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

**7. IND-AS 10: Events after the reporting period: Uncertainty due to COVID-19**

The central and state governments of India, implemented a lockdown on account of COVID-19 during the last week of March 2020. The real impact was felt at the commencement of FY 2020-21, however, the Company could register higher turnover despite migrant labour issues, transportation and delivery delays, lockdowns, etc. The Company had minimal impact during the year since the situation post Q1 improved with return of labour force and near to normalization of operations up to the end of Q4.

From the beginning of the financial year 2021-22 until date of approval of financial statements, the Company had to undergo minor setbacks due to imposition of lock down during May / June 2021.

The Company would assess the impact at the end of Q1 or later, since the economic matrix on account of the pandemic is still evolving and we will attempt to assess the impacts at that juncture.

**8. Income Tax**

- a. Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum alternate tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income tax act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.
- b. Budget 2019 proposed that under section 115JB of the Income Tax, 1961 for calculating book profit, the aggregate amount of unabsorbed depreciation and loss (excluding depreciation) brought forward shall also be allowed to be reduced in case of "Companies which have been subject to IBC proceedings". This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-21 and subsequent assessment years.
- c. Amendment to IND-AS 12 – Income Taxes: The Ministry of Corporate Affairs issued amendments to IND-AS 12 – Income Taxes. The amendments clarify that an entity shall recognize the income

tax consequences of dividends on financial instruments classified as equity according to where the entity originally recognized those past transactions or events that generated distributable profits were recognized. The adoption of amendment to IND-AS 12 did not have any material impact on the standalone financial statements of the Company.

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

Owing to Accumulated losses to the extent of Rs. 83 Crs as on 31.03.2020, the Company has not provided deferred tax during the current Financial Year ended 31.03.2021. In this respect, reference is drawn to clause 8(b) hereinabove.

**10. Property, Plant and Equipment:**

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

Assumptions and Key Sources of estimation uncertainty

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

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

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

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

### **Subsequent costs**

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

### **Depreciation**

Depreciation is recognized in the Statement of Profit and Loss under Straight Line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in schedule III. Assets costing Rs.5000 or below acquired during the year considered not material and are depreciated in full, retaining 5% on the WDV of the asset. The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

The input into SAP in respect of useful life and residual lives of brought forward assets as well as new additions needs to be reassessed on year-on-year basis as per IND AS 16. This process would be streamlined in the FY 2021-22.

The Company proposes to carry out valuation of the PPE through a Registered valuer during the FY 2021-22, and assess the impairment (if any) and accordingly reassess / review the useful life and the residual values .

During the three quarters preceding Q4, the Company had charged off depreciation to the Profit and Loss statement not exactly based on number of days used but has rounded off the effect to one months' time period. However, while preparing the standalone financial statement, the same has been correctly computed for the full year, and the balance figure has been charged off in Q4 profit and loss statement.

## **11. Leases**

The Company as Lessor:

The Company has leased out a small portion of its Grantylon factory property and has disclosed the Rent received. It is a simple lease arrangement and does not have any unusual covenants attached to it, and hence, no impact in respect of IND-AS 17 on the standalone financials.

The Company as Lessee:

The Company has entered into an operating lease, is paying rent in respect of the office premises and part

of the factory land at Madhavaram, and is following the policy of writing off as an expense since it estimates that it would not have any substantial / material impact in respect of IND AS 116.

## 12. Employee Benefits

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

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

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

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

### b) Gratuity

The Company has an obligation towards gratuity. A defined benefit retirement plan (Gratuity Plan) covering eligible employees in accordance with Indian Laws. The Gratuity Plan provides for a lump sum payment to employees on retirement, death while employed or on termination of employment for an amount equivalent to 15 days of last drawn salary payable for each completed year of service. Actuarial valuation has been computed by a third-party assessor as on the balance sheet date, using projected unit credit method whereby the approximate liability as on 31.3.2021 is estimated to be Rs 2.40 crores. Gratuity scheme is being managed by Life Insurance Corporation (LIC) of India Ltd. However, the liability as per the LIC of India and as the third-party actuary firm is yet to be compared and the impact needs to be quantified, which the company proposes to carry out in the ensuing financial period.

#### Amendment to IND-AS 19 - Plan Amendment, Curtailment or Settlement

The Ministry of Corporate Affairs issued amendments to IND-AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the re-measurement using the assumptions used for the re-measurement; and determine the net interest for the remaining period based on the re-measured net defined benefit, liability or asset. The impact of the adoption of amendment to IND-AS 19 is yet to be arrived at by the company, and the same, if any, would be quantified during the ensuing financial period.

## 13. Effects of change in Foreign exchange rates

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

Differences in rates on account of varying dates of raising invoices and realizations thereof.

Restating the outstanding balances from overseas parties on account of export sales effected.

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

#### **14. Borrowing Costs**

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

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

During Q4 of FY 2020-21, the Company has borrowed Rs 3 crores from TATA Capital for outlay towards specific capex purposes, and hence, is following the policy of writing off the finance costs to the Profit and Loss account.

- 15. Cost Audit:** As per Rule 4 of the Companies (Cost records and audit) rules, 2014 read with section 148 (1), any Company (being in the regulated sector) which has crossed the threshold limit of Rs 50 crores is required to maintain cost records for the FY 2020-21, and required to carry out cost audit for the FY 2021-22. In respect of cost records, owing to implementation of SAP which has not fully been streamlined as detailed clause 12 hereinabove, have been maintained manually, The relevant financial information in this respect, provided as part of the annual financial statements are based on such manual cost records.

#### **16. Earnings per share (EPS)**

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

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

#### **17. Interim Financial Reporting**

This Report explains the events and transactions that are significant to the understanding of changes in the financial position and performance of the entity since the end of the last annual reporting period. Information disclosed in relation to those events and transactions shall update the relevant information presented in the most recent annual financial report.

#### **18. Impairment of Assets**

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

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

#### **Reversal of impairment loss**

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

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

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

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

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

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

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

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

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

### **20. Intangible Assets**

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

#### **Subsequent expenditure**

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



### **Amortization of intangible asset with finite useful lives**

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

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

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

### **21. IND-AS 108: Segment Reporting**

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

### **22. Regulatory Deferral Accounts**

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

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

### **23. Financial risk management**

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

#### **23.1 Credit risk**

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

#### **23.2 Liquidity risk**

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

#### **23.3 Market risk**

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

#### **23.4 Commodity price risk**

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

### **23.5 Foreign currency exchange risk**

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

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

### **24. Foreign currency sensitivity analysis.**

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

( Fig in Lakhs)

<b>Particulars</b>	<b>USD</b>	<b>GBP</b>	<b>AUD</b>	<b>EUR</b>
As on March 31, 2021				
- Liabilities	0.23	0.38	0.00	0.42
- assets	5.15	1.19	6.47	0.28
As on March 31, 2020				
- Liabilities	0.00	0.51	0.00	0.41
- assets	4.45	2.04	1.83	0.28

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

### **25. Capital Management**

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

### **26. Dues to MSMEs:**

The majority of the company's vendors fall under the MSME Category and hence treated as dues payables to them as per agreed terms of credit.

### **27. Corporate Social Responsibilities**

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

companies in immediately preceding Financial Year:

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

Even though the company has registered Profit before tax of more than Rs 5 crores, the section prescribes average of 3 years' PBT to be computed, in which case this does not apply to the Company for the FY 2020-21.

## NOTICE

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of Bafna Pharmaceuticals Limited will be held on Saturday, the 14th day of August 2021, at 11.00 a.m. 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, 2021, the Reports of the Board of Directors and Auditor's thereon.

### **SPECIAL BUSINESS:**

#### **Item No.2:**

##### **Regularisation of Appointment of Ms.S. Hemalatha (DIN:02714329) as Whole-Time Director**

To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

RESOLVED FURTHER THAT in accordance with the recommendations of the Nomination and Remuneration Committee of the Board of Directors and pursuant to the provisions of Sections 196, 197 read with Schedule V to the Act, and other applicable provisions, if any, of the Act and the Rules made there under, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Articles of Association of the Company consent of the Members be and is hereby accorded to the appointment of Ms. S. Hemalatha as a Whole-Time Director of the Company who was appointed as a Whole Time Director of the Company with effect from 10.09.2020 for a period of three years effective from 10<sup>th</sup> September 2020 to 09<sup>th</sup> September 2023 on the terms and conditions including remuneration as set out in the statement annexed to the Notice of this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the appointment and/ or remuneration based on the recommendation of the Nomination & Remuneration Committee, subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013 thereof for the time being in force.

"RESOLVED FURTHER THAT the following terms and conditions to be approved considering the limit specified under sec 197 and Schedule V of the Companies Act, 2013:

Salary scale: Rs. 124718/- per month subject to the maximum as may be determined by the Board and Schedule V of the Companies Act, 2013 and any modification thereof.

Perquisites: Gratuity, Contribution to Provident Fund, Superannuation Fund, Encashment of Leave and Annuity fund as per the rules of the Company

RESOLVED FURTHER THAT in the case of loss or inadequacy of profits in any financial year of the company, during her tenure, the remuneration payable to Ms. S Hemalatha shall be subject to the provisions of Section II of Part II of Schedule V to the Companies Act, 2013

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Directors of the Company be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem 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.

**Item No.3:****Regularisation of Appointment of Mrs. Akila C Raju (DIN:07590312) as a Director (Non Executive & Non-Independent)**

To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 149,152,160 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force) [the Act], Mrs. Akila C Raju (DIN:07590312) who was appointed as an additional director of the Company with effect from 10<sup>th</sup> September 2020 by the Board of Director pursuant to Section 161 of the Act and as recommended by the Nomination and Remuneration Committee and who holds office only upto the date of the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing her candidature for the office of Director, be and is hereby appointed as a Non- Executive Director of the Company, whose period of office will be liable to determination by retirement of directors by rotation.

"RESOLVED FURTHER THAT any of the Director / Company Secretary of the Company for the time being be and are hereby severally authorized to sign and execute all such documents and papers as may be required for the purpose and file necessary e-form with the Registrar of Companies and to do all such acts, deeds and things as may considered expedient and necessary in this regard."

**Item No.4****Regularisation of Appointment of Mrs. Ravichandran Chitra (DIN:07749125) as an Independent Non Executive Director**

To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the company be and is hereby accorded to the appointment of Mrs. Ravichandran Chitra (DIN:07749125), who was appointed by the Board of Directors as an Additional Non Executive Independent Director of the Company with effect from 12<sup>th</sup> November, 2020 pursuant to the provisions of section 161(1) of the Companies Act, 2013 and pursuant to the applicable Articles of Association of the company, and who has submitted a declaration that she meets the criteria of the independent directorship as provided in section 149(6) of the Act and she is not debarred from holding the office of director by virtue of any SEBI order or any other such authority be and is hereby appointed as an Independent Non Executive Director of the Company, who shall hold office for a period of five years, from the date of appointment and whose office shall not, henceforth, be liable to retire by rotation."

"RESOLVED FURTHER THAT to give effect to this resolution the Board of Directors be and are hereby authorised to do all the acts, deeds, matters and things as they may in their absolute discretion deem 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, proper, desirable or expedient."

**Item No.5:****Regularization of Appointment of Mr. Atul Sachdeva (DIN:07645130) as a Director (Non Executive & Non-Independent)**

To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 149,152,160 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or

enactment thereof for the time being in force) [the Act], Mr. Atul Sachdeva (DIN:07645130) who was appointed as an additional director of the Company with effect from 12<sup>th</sup> November 2020 by the Board of Director pursuant to Section 161 of the Act and as recommended by the Nomination and Remuneration Committee and who holds office only upto the date of the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Non- Executive Director of the Company, whose period of office will be liable to determination by retirement of directors by rotation.

“RESOLVED FURTHER THAT any of the Director / Company Secretary of the Company for the time being be and are hereby severally authorized to sign and execute all such documents and papers as may be required for the purpose and file necessary e-form with the Registrar of Companies and to do all such acts, deeds and things as may considered expedient and necessary in this regard.”

#### **Item No.6:**

##### **Appointment of Cost Auditor**

“RESOLVED THAT pursuant to Section 148 and other applicable Provisions of the Companies Act, 2013 and Rules made thereunder read with the Companies (Audit and Auditors) Rules, 2014, and subject to approval(s), as may be required, M/s. N SIVASHANKARAN & CO, Cost Accountants (FRN 100662), be and is hereby appointed as the Cost Auditor of the Company to conduct audit of cost accounting records maintained by the Company for the products/services covered under MCA Cost Audit Order(s) for the financial year 2021-22 at a remuneration of Rs.60, 000 plus GST and out-of-pocket expenses. The remuneration includes checking and XBRL filing of Cost Audit Report for the pharmaceutical products covered under the Cost Audit.”

“RESOLVED FURTHER THAT Ms.S. Hemalatha, Executive Director (DIN: 02714329) of the Company be and is hereby authorised to file necessary forms with the Registrar of Companies and to do all such acts, deeds and things as may be necessary to give effect to the above resolution.”

**For Bafna Pharmaceuticals Limited**

Place: Chennai  
Date: 25.06.2021

**Jitendra Kumar Pal**  
Company Secretary

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

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 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.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of *ascertaining the quorum under Section 103 of the Companies Act, 2013.*
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, , the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.bafnapharma.com](http://www.bafnapharma.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. [www.evotingindia.com](http://www.evotingindia.com)).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.
9. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to [akjainassociates@gmail.com](mailto:akjainassociates@gmail.com)
10. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Cameo Corporate Services Limited for assistance in this regard.
11. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with Cameo Corporate Services Limited in case the shares are held by them in physical form.
12. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before July 30, 2021 through email on [cs@bafnapharma.com](mailto:cs@bafnapharma.com). The same will be replied by the Company suitably.

13. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, pursuant to the provisions of Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended to date, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Company has transferred unpaid dividend for the Financial Year 2012-13 to IEPF. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). The Member/ Claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules.
14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.bafnapharma.com](http://www.bafnapharma.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
16. Additional information pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015) the notes on Directors seeking appointment / re-appointment at the Annual *General Meeting* are furnished and forms part of this Notice. *The said Directors have furnished necessary consents/ declarations for their appointment/re-appointment.*
17. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of item no.2 to 6 of the *accompanying notice is annexed hereto.*
18. The Register of Members and the Share Transfer Books of the Company will remain closed from 07.08.2021 to 14.08.2021 (both dates inclusive) for the purpose of annual general meeting.
19. Shareholders holding shares in physical form, whose email id are not yet registered are requested to register the email id / mobile number through the Company Registrar i.e. Cameo Corporate Services Limited vide url <https://investors.cameoindia.com>. *Those shareholders who are holding shares in demat form are requested to update their email id with their DP, in order to receive the Notice to the AGM and the Annual report via email.*

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- 1) The voting period begins on 11th August 2021 at 9.00 a.m and ends on 13<sup>th</sup> August 2021 at 05.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 07<sup>th</sup> August 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- 2) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting *venue.*
- 3) 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.

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

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

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



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

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<i>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.</i>
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

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

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

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

- (i) After entering these details appropriately, click on "SUBMIT" tab.
- (ii) 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.
- (iii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (iv) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (v) 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.

- (vi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (vii) 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.
- (viii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (ix) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (x) 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.
- (xi) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@bafnapharma.com](mailto:cs@bafnapharma.com) (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**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 atleast five days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@bafnapharma.com](mailto:cs@bafnapharma.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance five days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@bafnapharma.com](mailto: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 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 AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall 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 ([cs@bafnapharma.com](mailto:cs@bafnapharma.com))/RTA email id** ([investor@cameoindia.com](mailto:investor@cameoindia.com))
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](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022-23058542/43.

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, MarathonFuturex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

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

The following Statement sets out all material facts relating to Item No. 2 to 6 mentioned in the accompanying Notice.

**ITEM NO.2**

The Board on the recommendation of the Nomination & Remuneration Committee at its meeting held on 10<sup>th</sup> September, 2020 approved the appointment of Ms. S. Hemalatha (DIN: 02714329) as the Whole-Time Director (WTD), of the Company for a period of three years effective from 10<sup>th</sup> September 2020 subject to the approval of the Members.

She is a Commerce graduate with. C.S. (Inter), ICWA (Inter) and having more than two decades of experience in Bafna. She is heading entire gamut of commercial initiatives for the organization. She has accumulated extensive experience throughout her career at Bafna Pharmaceuticals Limited.

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

It is proposed to seek Member's approval for the appointment of Ms. S. Hemalatha as a Whole-Time Director, of the Company.

**1. Salary scale:** Rs. 1,24,718/- per month subject to the maximum as may be determined by the Board and Schedule V of the Companies Act, 2013 and any modification thereof.

**2. Computation of Perquisites**

The following shall not be included the computation of perquisites (i) 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, (ii) Gratuity at the rate of half a month's salary for each completed year of service; (iii) Leave with full pay as per the rules of the Company with encashment of un-availed leave being allowed.

**3. Minimum remuneration**

In the case of loss or inadequacy of profits in any financial year of the company, during her tenure, the remuneration payable to Ms. S. Hemalatha shall be subject to the provisions of Section II of Part II of Schedule V to the Companies Act, 2013

**4. Valuation of perquisites**

Perquisites / allowances shall be valued as per Income-tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.

**5. Other terms**

The terms and conditions of the said appointment may be altered and varied from time to time by the Board of directors as it may, in its discretion, deem fit within the amount payable to the appointee in accordance with the provisions of the said Act or any amendments made therein or with the approval of the Central Government, if required.

Except Ms. S. Hemalatha an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No 02.

**ITEM NO. 3:**

The Board of Directors of the Company, on the recommendation of the Nomination and Remuneration Committee and taking into account the need for providing advice, guidance and mentorship to the Company's management, approved the appointment of Mrs. Akila C Raju as Director (Non-Executive & Non- Independent) of the Company, liable to retire by rotation subject to the approval of Shareholders.

Akila C Raju is a Partner at KCR Enterprise LLP . She holds a Masters in Law from New York University School of Law , New York, NY. Akila C Raju has over 7 Years of Experience in the Legal Field .Prior to KCR Enterprise LLP, Akila C Raju worked at J.Sagar and Associates, Bangalore office, in their corporate Law Department , with a focus on Private Equity and real estate transactions. Subsequently, Akila C Raju worked as the in-house Legal Counsel of Bangalore based Pharmaceutical company , Strides Shasun Ltd, where she led the legal team in setting up the companies Australia business. Post her move to Hyderabad, she focused representing clients in civil litigation matters. Akila C Raju is passionate about utilizing her legal skills to further Social Causes. While in New York, she Volutnteered at an immigration Clinic where worked pro bono on several asylum petitions as well as fighting deportation and removal notices.

Considering her rich experience / expertise the Board recommends her appointment as a Non-executive Director as set out at Item No. 4 of the Notice for the approval of the Members

Except Mrs. Akila C Raju being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 03.

#### **ITEM NO.4**

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 12<sup>th</sup> November 2020 had proposed that Mrs. Ravichandran Chitra (DIN:07749125), be appointed as an Independent Director on the Board of the Company with effect from 12<sup>th</sup> November 2020 for a period of five years. The appointment of Mrs. Ravichandran Chitra, shall be effective only upon the approval by the members in the Meeting. Mrs. Ravichandran Chitra is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mrs. Ravichandran Chitra that she meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Mrs. Ravichandran Chitra fulfils the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations. Mrs. Ravichandran Chitra is independent of the management and possesses appropriate skills, experience and knowledge. Details of Mrs. Ravichandran Chitra are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Ordinary Resolution set out at Item No.4 of the notice for approval of members.

Except Mrs. Ravichandran Chitra being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 04.

#### **ITEM NO. 5:**

The Board of Directors of the Company, on the recommendation of the Nomination and Remuneration Committee and taking into account the need for providing advice, guidance and mentorship to the Company's management, approved the appointment of Mr. Atul Sachdeva as Director (Non-Executive & Non- Independent) of the Company, liable to retire by rotation subject to the approval of Shareholders.

Mr. Atul has more than 12 years of experience, out of which 11 years is in the pharma industry. He started his career as a financial analyst in 2008. In 2009, he joined Dr Reddy's Laboratories in Hyderabad as part of their corporate finance team and subsequently worked with their API business. Post Dr. Reddy's he worked with the DSM Sinochem Pharmaceuticals in Gurgaon (now Centrient Pharmaceuticals) for about four years and for one year he was associated with Biocon. He is currently with iLabs Capital and focusing on their Pharma investments.

He has an Electronics and Communication Engineering degree from Maharishi Dayanand University, Rohtak and an MBA from International Management Institute, Delhi.

Considering his rich experience / expertise the Board recommends his appointment as a Non-executive Director as set out at Item No. 6 of the Notice for the approval of the Members

Except Mr. Atul Sachdeva being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 05.

#### **ITEM NO.6**

The Board of Directors of the Company at their meeting held on 25th June, 2021 has, on recommendation by the Audit Committee, appointed M/s M/s. N SIVASHANKARAN & CO, Cost Accountants (FRN 100662), as the Cost Auditors for the Financial year 2021-22 at a remuneration of Rs. 60,000/- (Rupees Sixty Thousand Only) plus plus GST and out-of-pocket expenses.

As per Section 148 of Companies Act, 2013 and applicable rules thereunder, the remuneration payable to the Cost Auditor has to be ratified by the members of the Company. The Board considers the remuneration payable to the cost auditor as fair and recommends the resolution contained in item no.7 of the accompanying notice for approval of the members as an Ordinary Resolution.

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

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

**(i) Ms. S. Hemalatha (DIN: 02714329)**

Name of the Director	S. Hemalatha
Date of Birth	19-04-1975
Designation	Executive Director
Qualification & Expertise	She is a Commerce graduate with. C.S. (Inter), ICWA (Inter) and having more than two decades of experience in the Company. She is heading entire gamut of commercial initiatives for the organization. She has accumulated extensive experience throughout her career at Bafna Pharmaceuticals Limited.
Relationship with other directors in company	NIL
names of listed entities in which the person also holds the directorship and the membership of Committees of the board	NIL
Total shares held by him in the company	1199

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

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

**(iii) Mrs. Ravichandran Chitra (DIN: 07749125)**

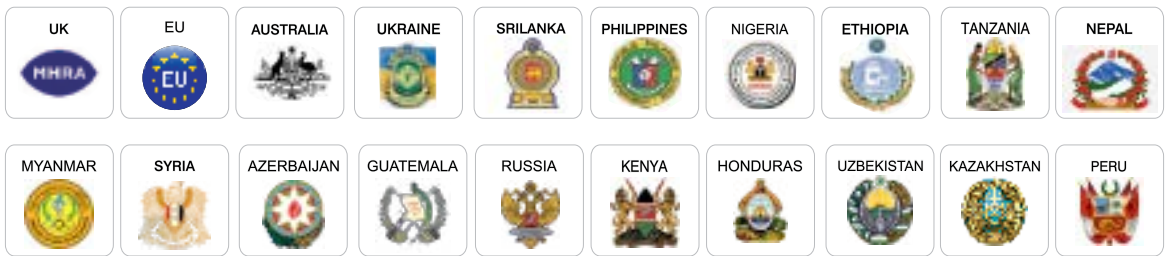
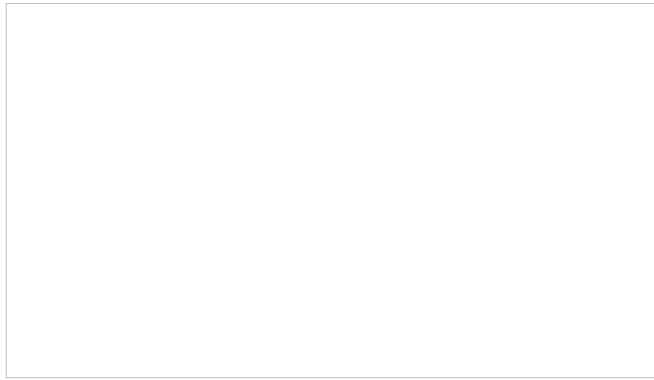
Name of the Director	Ravichandran Chitra
Date of Birth	25-04-1961
Designation	Director (Non-Executive & Independent)
Qualification & Expertise	B.Com, PGDPMIR- Madras School of Social Work, Chennai. She has over three decades of experience in: <ul style="list-style-type: none"> <li>• HR Management, Performance Management, Training &amp; Development, Corporate &amp; Legal Affairs, Labor laws, benefits and compensation management, and General Administration.</li> <li>• Proficiency in managing tasks involved in recruitment process including sourcing, screening, short-listing, scheduling/ conducting interviews and finalizing salaries</li> </ul>
Relationship with other directors in the company	NIL
names of listed entities in which the person also holds the directorship and the membership of Committees of the board	NIL
Total shares held by him in the company	NIL

**iv) Mr. Atul Sachdeva (DIN:07645130)**

Name of the Director	Atul Sachdeva
Date of Birth	22-11-1984
Status	Director (Non-Executive & Non- Independent)
Qualification & Expertise	Electronics and Communication Engineering degree from Maharishi Dayanand University, Rohtak and an MBA from International Management Institute, Delhi. Atul has more than 12 years of experience, out of which 11 years is in the pharma industry. He started his career as a financial analyst in 2008. In 2009, he joined Dr Reddy's Laboratories in Hyderabad as part of their corporate finance team and subsequently worked with their API business. Post Dr. Reddy's he worked with the DSM Sinochem Pharmaceuticals in Gurgaon (now Centrient Pharmaceuticals) for about four years and for one year he was associated with Biocon. He is currently with iLabs Capital and focusing on their Pharma investments.
Relationship with other directors in the company	NIL
names of listed entities in which the person also holds the directorship and the membership of Committees of the board	NIL
Total shares held by him in the company	NIL

**For Bafna Pharmaceuticals Limited**Place: Chennai  
Date: 25.06.2021**Jitendra Kumar Pal**  
Company Secretary





## Awards & Achievements

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

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

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

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

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



**If undelivered, please return to:**



**BAFNA PHARMACEUTICALS LTD.,**

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