

FINANCIAL YEAR - 2022-23



2023

28th
ANNUAL
REPORT



BAFNA PHARMACEUTICALS LIMITED

**28th ANNUAL REPORT
FINANCIAL YEAR 2022-23**

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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.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 28TH ANNUAL GENERAL MEETING OF THE MEMBERS OF BAFNA PHARMACEUTICALS LIMITED WILL BE HELD ON FRIDAY, THE 22 OF SEPTEMBER 2023, AT 10:25 AM (IST) THROUGH VIDEO CONFERENCING (“VC”)/ OTHER AUDIO-VISUAL MEANS (“OAVM”) TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

ITEM NO. 1:

Adoption of Financial Statements:

To receive, consider and adopt the Audited financial statements of the Company for the financial year ended March 31, 2023, the Reports of the board of Directors’ and Auditor’s thereon.

ITEM NO. 2:

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

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

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

SPECIAL BUSINESS:

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

ITEM NO. 3:

To appoint M/s N Sivashankaran & Co., Cost Accountant as cost auditor of the Company and to fix their remuneration.

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, payment of Rupees 75,000/- (Seventy-five thousand Rupees only) plus applicable taxes thereon and reimbursement of out-of-pocket expenses at actual, to M/s SIVASHANKARAN & Co., Cost Accountants (FRN 100662) who have been appointed by the Board pursuant to the recommendation of Audit Committee as Cost Auditor of the Company for conducting the cost audit of the accounts for the financial year 2023-24 be and is hereby ratified.

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

ITEM NO. 4:

Appointment of Shri Vinayak Dinesh Dendukuri (DIN: 07601309) as a Director and Whole-time Director.

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

“RESOLVED THAT Shri Vinayak Dinesh Dendukuri (DIN: 07601309) be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of section 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and any other Rules thereunder read with Schedule V of the said Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof,

and related clauses of Articles of Association of the Company, as amended from time to time, approval of the Members of the Company be and is hereby accorded for the appointment of Shri Vinayak Dinesh Dendukuri (DIN: 07601309) as the Whole-time Director of the Company for a period of 5 years i.e., up to June 25, 2028, not exceeding the period as prescribed under Section 196 of the Act, if any, by the Company at a remuneration of Rs. 36, 00,000/- (Thirty-six Lakhs only) as cost-to-company basis, provided however that the remuneration payable to Shri Vinayak Dinesh Dendukuri, shall not exceed the limits prescribed under Schedule V of the Companies Act, 2013, including any amendment(s) modification(s), variation(s) or re-enactment(s) thereof from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such as acts, deeds, matters and things and execute all such agreements, documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any Directors(s) or Committee of Directors to give effect to the aforesaid resolution.”

ITEM NO. 5:

Appointment of Mr. Upendar Mekala Redday (DIN: 08898174) as a Non-executive Director of the Company.

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

“**RESOLVED THAT** pursuant to the provisions of Section 152 and all other applicable provisions of the Companies Act, 2013, and the Rules framed thereunder (including any statutory modification(s) or amendment(s) or re-enactment(s) or amendment(s) thereof for the time being in force) and pursuant to the recommendation and approval of the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. Upendar Mekala Redday (DIN: 08898174), who was appointed by the Board of Directors as an Additional Director (Non-executive and Non-independent) of the Company with effect from June 26, 2023, pursuant to the provisions of Section 161 of the Companies Act and Articles of Association of the Company, and who holds office as an Additional Director up to the date of this Annual General Meeting of the Company, be and is hereby appointed as a Director (Non-executive and Non-independent) of the Company, liable to retire by rotation.”

As Special Resolution

ITEM NO. 5:

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

To consider and if though fit, to pass, with or without modification(s), the following Resolutions, as a Special Resolution:

“**RESOLVED THAT** in accordance with the provisions of Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 (the “Act”), Rules made thereunder read with Schedule IV to the Act, and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 16(1)(b) and 17 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendments(s), modification(s), variation(s) or re-enactment(s) thereof, the appointment of Mr. Krishna Yeachuri (DIN: 00066898) who meets the criteria of independence and who is eligible for appointment as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company, for a tenure of five years and whose office shall not be liable to retire by rotation and that he shall be paid sitting fees and reimbursed expenses for attending Board and Committee meetings as applicable till the end of his tenure in terms of the offer of his appointment.

By Order of the Board of Directors
For Bafna Pharmaceuticals Limited
Sd/-

Place: Chennai.

Date: August 11, 2023.

Vishnu Vasudeva Kuppia
Company Secretary & Compliance Officer

NOTES:

1. In accordance with the General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020 read with General Circular No.02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 8, 2021, General Circular No. 21/2021 dated December 14, 2021, General Circular No.02/2022 dated May 5, 2022 and the latest being General Circular No. 10/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs (MCA) (hereinafter collectively referred to as "MCA circulars"), applicable provisions of the Companies Act, 2013 and the rules made thereunder and the latest SEBI Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), companies are allowed to hold Annual General Meeting (AGM) through Video Conference (VC)/Other Audio Visual Means (OAVM) ("VC"), without the physical presence of Members at a common venue. The Registered office of the Company shall be deemed to be the venue for the AGM. Hence, in compliance with the above-mentioned Circulars, the AGM of the Company is being held through VC.
2. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 ("the Act ") and Regulation 17(11) and 36(3) of SEBI (LODR) and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, setting out the material facts concerning agenda No. 3 and special business under agenda Nos.3 to 6 in the Notice, are annexed.
3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy, to attend and vote on his/her behalf, and such proxy need not be a member of the Company. Since the AGM is being held in accordance with the Circulars through VC, the facility for appointment of proxies by the Members will not be available and hence the Route map, Proxy Form and Attendance Slip are not annexed to this Notice. In case of joint holders attending/participating in the Meeting, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already cast by remote e-Voting by the first holder.

The attendance of the Members participating in the AGM through VC will be recorded digitally. The attendance of the Members attending the AGM through VC will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

4. Pursuant to Regulation 42 of SEBI (LODR) September 08, 2023, (Friday) is fixed as the 'Cut-Off Date' for determining entitlement of the Members to cast and attend the 28th Annual General Meeting for the FY 2022-23.
5. In compliance with the Circulars, Notice of the AGM along with the Annual Report 2022-23 are being sent only through electronic mode to those Members whose email address are registered with the Company/ RTA/Depositories. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website www.bafnapharma.com website of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively and on the website of CDSL www.evotingindia.com.
6. All documents referred to in this Notice and other statutory registers like Register of Directors and Key Managerial Personnel and their shareholdings (Section 170 of the Act), the Register of Contracts or Arrangements in which the Directors are interested (Section 189 of the Act) etc. maintained, will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e., September 22, 2023. Members seeking to inspect such documents can send an email to cs@bafnapharma.com. The

said documents would also be available online for inspection during the AGM at the CDSL e-Voting portal www.evotingindia.com.

7. Pursuant to Regulation 36 of the SEBI (LODR), additional information/particulars, in respect of the directors seeking appointment/ re-appointment of directors at the AGM are furnished in the explanatory statement forming part of this Notice. The directors have furnished consent(s)/ declaration(s) for their appointment/ re-appointment as required under the Companies Act, 2013 and related Rules.
8. The Members desirous of obtaining information, if any, with regard to the audited annual accounts of the Company for the financial year 2022-23 or on any other related subject may write to the Company at e-mail IDs; profit@bafnapharma.com or cs@bafnapharma.com at least 15 days before the date fixed for the AGM, so that the information required could be kept ready.
9. The Board has appointed Shri Pankaj Metha, Practicing Company Secretary (CP No.10598), as the Scrutinizer for ensuring e-Voting in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman of the Company ('the Chairman') or to any other person authorized by the Chairman (who shall countersign the same) after the completion of the scrutiny of the e-Voting (votes cast during the AGM and votes cast through remote e-Voting), within 2 working days from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges, CDSL and RTA. The same will also be displayed on the Company's website www.bafnapharma.com and on the website of CDSL www.evotingindia.com. The Company has availed the services of CDSL for arrangement of the AGM on VC to enable the Members to participate in the meeting in terms of the MCA Circulars cited above. Also, the Company has provided a facility to the members to exercise their rights to vote electronically through electronic voting service facility provided by CDSL.
10. Voting through electronic means (e-Voting): Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 substituted by the Companies (Management and Administration) Amendment Rules, 2015 read with Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company has provided a facility to the Members to exercise their right to vote electronically through electronic voting (e-Voting) service facility provided/made available by the Central Depository Services Limited (CDSL). The facility for voting through electronic voting system will also be made available during the Annual General Meeting (AGM) and the Members who have not already cast their votes by remote e-Voting shall be able to exercise their right to vote during said AGM through e-Voting. Members who have cast their votes by remote e-Voting prior to the AGM may attend the AGM on VC but shall not be allowed to vote again. The instructions for e-Voting are annexed to the Notice.

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

- i. The remote e-Voting period commences on Tuesday, September 19, 2023 (9:00 a.m. IST) and ends on Thursday September 21, 2023 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday, September 08, 2023 i.e. cut-off date, may cast their vote electronically. The remote e-Voting module shall be disabled by CDSL for voting thereafter. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. ii. Process and manner for remote e-Voting are explained herein below: **Step 1:** Access to CDSL e-Voting system **Step 2:** Cast your

vote electronically and join virtual meeting on CDSL e-Voting system. **Step 3:** Access to CDSL e-Voting system are mentioned below:

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, individual shareholders holding securities in DEMAT mode are allowed to vote through their DEMAT account maintained with depositories and depository participants. Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-Voting facility.

THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

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

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

- (i) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date> may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

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

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

Step 3: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit cdsl website www.cdslindia.com and click on login icon & New System Myeasi Tab. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at cdsl website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at 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 CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk. evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

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

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

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

6) If you are a first-time user follow the steps given below:

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

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

(xvii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cs@bafnapharma.com (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 at least **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning

their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

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

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

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

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

Annexure to the Notice

Explanatory Statement: [Pursuant to Section 102(1) of the Companies Act, 2013, Regulation 17(11) of the SEBI (LODR) Regulations, 2015 and additional information on appointment/re-appointment of directors as required under Regulation 36 of the said regulations and secretarial standards to the extent applicable].

The following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3 to 6 of this

Notice.

In respect of item No. 02 To appoint Mrs. Akila Chintalapati Raju (DIN: 07590312) as director liable to retire by rotation and being eligible offers herself for re-appointment.

Item No. 2 is an ordinary business. However, in terms of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2, brief resume and other particulars relating to Mrs. Akila Chintalapati Raju (DIN: 07590312), Director, are provided for the information of Members, in the table given below:

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

In respect of Item No.3 - To appoint M/s N Sivashankaran & Co., Cost Accountant as cost auditor of the Company and to fix their remuneration.

The Board, on the recommendation of the Audit Committee, has approved the reappointment of M/s. N Sivashankaran & Co., Cost Accountants, represented by Mr. N Sivashankaran, Cost Accountant, as Cost Auditor at a remuneration of Rs. 75,000/- (Rupees Seventy-Five Thousand only) per annum plus out of pocket expenses, at actuals and applicable taxes, to conduct the audit of the cost records of the Company for the year ending 31st March, 2023. In accordance with the provisions of the Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be Approved by the members of the Company. The Board, on the recommendation of the Audit Committee, recommends the resolution set forth in Item No. 3 of the notice for approval of the members by passing an Ordinary Resolution. None of the Directors/ key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 3 of the notice.

In respect of Item No.4 - Appointment of Shri Vinayak Dinesh Dendukuri.

The Board of Directors of your Company, on the recommendations of the Nomination & Remuneration Committee on fit and proper criteria, tenure and remuneration has appointed Shri Vinayak Dinesh Dendukuri (DIN: 07601309) as an Additional Director and the Whole-time Director of the Company with effect from June 26, 2023 in terms of the applicable clauses of the Articles of Association of the Company and Section 161, 196, 197, 198, and all other applicable provisions, if any, of the Companies Act, 2013, related rules, read with Schedule V to the said Act, and applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, for a period of five years from the date of his appointment i.e., up to June 24, 2028, at such remuneration, as detailed in the terms and conditions of appointment. The said appointment is subject to approval by the members of the Company in terms of the provisions of the above cited acts/rules/ directions/ regulations and the Board of directors is seeking the approval of the members in the ensuing AGM.

Item No. 4 is an Special business. However, in terms of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2, brief resume and other particulars relating to Shri Vinayak Dinesh Dendukuri, Director, are provided for the information of Members, in the table given below:

Name of the Director	Vinayak Dinesh Dendukuri
Director Identification Number (DIN)	07601309
Age	36
Nationality	Indian
Date of first appointment on the Board	June 26, 2023.
Qualification	Master's in Microbiology, Immunology, and Biochemistry from the University of Rochester, USA.
Brief profile & nature of expertise in specific functional areas	Shri Vinayak is the Co-founder & Director of NOVICK Biosciences. Under his guidance and leadership, NOVICK has established a system that delivers high-quality pharmaceutical product development services, assuring sound fiscal operations. Mr. Vinayak is also a Director of Brane Enterprises, a company emphasizing natural language (no coding) and machine learning. Prior to this role, Mr. Vinayak was Drug Safety Scientist at Quintiles, leading Phase II and Phase III clinical trials across the globe for major pharmaceutical companies. Mr. Vinayak also served as a Scientist in several positions at Sanofi Pasteur and GlaxoSmithKline, USA.
Terms and conditions of appointment & details of remuneration	Shri. Vinayak Dinesh Dendukuri has appointed for a term of 5 years at a Remuneration of Rs. 36 lakhs per annum on Cost to Company basis.
No. of meetings of the Board attended during the year	Not applicable. Shri. Vinayak Dinesh Dendukuri has been appointed as Director in the current Financial Year i.e., on June 26, 2023.
Directorships, Trusteeships, Partnerships, etc. held in other companies, firms, trusts, entities, etc.	Directorships in 5 companies: Beltree Lifesciences India Private limited, Brane Enterprises Private Limited, Brane Products Private Limited, Brane Services Private Limited, Novick Bio-Sciences Private Limited, and Designated Partner in Next-Spaces Ecobuild India LLP

Memberships/ Chairmanships of the committee of the Board of Directors of the Company / other Companies	He is not Member or Chairman in any committee of the Board of Directors of the Company/ other Companies.
Listed entities from which the Director has resigned in the past three years	Not applicable.
Number of shares held in the Company including as a beneficial owner	Shri Vinayak Dinesh Dendukuri is not holding any equity share in the Company (both own and held by/for other persons on a beneficial basis) and has not availed any loan from the Company as per his declarations.
Disclosure of relationships between directors inter-se	None of the directors are related inter-se. No Director or any Key Managerial Personnel or the relatives of the directors or Key Managerial Personnel is in any way concerned or interested, financially or otherwise.
Details of remuneration sought to be paid, if any	The details of remuneration are provided infra
Justification for choosing the appointee for appointment (Skills and capability required for the role and the Director meets such requirement) (applicable only for Independent Directors)	Not applicable as he is not an Independent Director. However, he possesses the skills and capability required for the role.

He is not disqualified from being appointed as a director in terms of Section 164 of the Companies Act, 2013. The requisite Form DIR-8 is received from him, in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, confirming his eligibility. He has also confirmed that he is not debarred from holding the office of director by virtue of any order by SEBI or any other authority.

Basic Pay: Rs. 1,65,587/- per Month; House Rent Allowance: Rs. 82,794/- per month Conveyance Allowance: Rs. 1,600/- per month, Special Allowance: Rs. 25,997/- per month, Employer contribution to EPF: Rs. 1,950/- per month, Contribution to Gratuity Rs. 8,279/- per month, and Bonus Rs. 13,793/- per month, leave as per HR Policy of the Company: Casual leave 12 days in a calendar year, Privilege leave and other benefits will be availed as per HR Policy of the Company.

The consents, declarations, deeds and covenants executed by Shri Vinayak Dinesh Dendukuri would be available for inspection by the members as mentioned in the notes to this Notice.

The Nomination & Remuneration Committee at its meeting held on June 26, 2023 has determined that Shri Vinayak Dinesh Dendukuri is to be a fit and proper candidate for appointment. Your directors are of the opinion that Shri Vinayak Dinesh Dendukuri fulfils the conditions specified in the Companies Act, 2013, and SEBI (LODR) Regulations, 2015, for appointment as a director and his appointment as a director would be in the best interest of the Company. The Board of Directors has recommended for appointment of Shri Vinayak Dinesh Dendukuri, as a director as proposed at Item No.4 (Special Business) of the Notice.

In respect of Item No.5 - Appointment of Shri Upendar Mekala Reddy.

The Board of Directors of your Company, on the recommendations of the Nomination & Remuneration Committee on fit and proper criteria, tenure and remuneration has appointed Shri Upendar Mekala Reddy (DIN: 08898174) as an Additional Director and the Non-executive Non-independent Director of the Company with effect from June 26, 2023 in terms of the applicable clauses of the Articles of Association of the Company and Section 161 and all other applicable provisions, if any, of the Companies Act, 2013, related rules, and applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, for a period of five years from the date of his appointment i.e., up to June 24, 2028, at such remuneration, as detailed in the terms and conditions of appointment. The said appointment is subject to approval by the members of the Company in terms of the provisions of the above cited acts/rules/ directions/ regulations and the Board of directors is seeking the approval of the members in the ensuing AGM.

Item No. 5 is an Special business. However, in terms of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2, brief resume and other particulars relating to Shri Upendar Mekala Reddy, Director, are provided for the information of Members, in the table given below:

Name of the Director	Upendar Mekala Reddy
Director Identification Number (DIN)	08898174
Age	42
Nationality	Indian
Date of first appointment on the Board	June 26, 2023.
Qualification	Master of Business Administration (Finance) from Indian Institute of Management, Kozhikode, Bachelor of Technology in Computer Science Engineering from JNTU, Hyderabad & FRM Certification from Global Association of Risk Professionals.
Brief profile & nature of expertise in specific functional areas	<p>Shri Upendar has over 15 years of experience spanning project and structured finance, fund raising, Mergers and Acquisitions and Investment Banking. He has executed transactions across sectors including Power (Renewable & Non-renewable), Pharmaceuticals, Roads, Manufacturing, Cement, Real estate, Ports, etc.</p> <p>Prior to iLabs Group, Upendar was working as Vice President with Edelweiss Financial Services handling the wholesale and structured lending business. He also worked as Assistant Vice President with IL&FS Financial Services and Senior Manager with L&T Infrastructure Finance in the Project Finance Team.</p>
Terms and conditions of appointment & details of remuneration	Shri. Upendar has been appointed for a term of 5 years.
No. of meetings of the Board attended during the year	Not applicable. Shri Upendar Mekala Reddy has been appointed as Director in the current Financial Year i.e., on June 26, 2023.
Directorships, Trusteeships, Partnerships, etc. held in other companies, firms, trusts, entities, etc.	Directorships in 5 companies: Tanjore Power Limited, Ramanagaram Enterprises Private Limited, Sai Wardha Power Generation Private Limited, Capitalone Infrastructure India Private Limited and Sigma Advanced Systems Private Limited, and Designated Partner in two partnership firms: Hillpark Event Management LLP And Upap Business Solutions LLP.

Memberships/ Chairmanships of the committee of the Board of Directors of the Company / other Companies	He is not Member or Chairman in any committee of the Board of Directors of the Company/ other Companies.
Listed entities from which the Director has resigned in the past three years	Not applicable.
Number of shares held in the Company including as a beneficial owner	Shri Upendar Mekala Reddy is not holding any equity share in the Company (both own and held by/for other persons on a beneficial basis) and has not availed any loan from the Company as per his declarations.
Disclosure of relationships between directors inter-se	None of the directors are related inter-se. No Director or any Key Managerial Personnel or the relatives of the directors or Key Managerial Personnel is in any way concerned or interested, financially or otherwise.
Details of remuneration sought to be paid, if any	<p>A Non-executive director of the Company would be eligible to receive a sitting fee of Rs. 10,000/- for attending the meeting of the Board and Rs. 10,000/- for attending Committee meeting. The Directors are also eligible for re-imbursment of travelling and lodging expenses relating to meeting as per Articles of Association of the Company. The consents, declarations, deeds and covenants executed by Shri Upendar Mekala Reddy would be available for inspection by the members as mentioned in the notes to this Notice.</p> <p>Your directors are of the opinion that Shri Upendar Mekala Reddy fulfils the conditions specified in the Companies Act, 2013, SEBI (LODR) Regulations, 2015, for appointment as a Director of the Company and his appointment as a director would be in the best interest of the Company.</p>
Justification for choosing the appointee for appointment (Skills and capability required for the role and the Director meets such requirement) (Applicable only for Independent Directors)	Not applicable as he is not an Independent Director. However, he possesses the skills and capability required for the role.

He is not disqualified from being appointed as a director in terms of Section 164 of the Companies Act, 2013. The requisite Form DIR-8 is received from him, in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, confirming his eligibility. He has also confirmed that he is not debarred from holding the office of director by virtue of any order by SEBI or any other authority.

Remuneration & key terms of appointment: Shri Upendar Mekala Reddy, a non-executive non-independent Director of the Company would be eligible to receive a sitting fee of Rs.10,000/- for attending the meeting of the Board and Rs.10,000/- for attending a meeting of the Committee. The Directors are also eligible for re-imbursment of travel and lodging expenses relating to meetings as per the Articles of Association of the Company. Shri Upendar Mekala Reddy has been appointed as a director liable to retire by rotation. He is a Non-Executive Director.

The consents, declarations, deeds and covenants executed by Shri Upendar Mekala Reddy would be available for inspection by the members as mentioned in the notes to this Notice.

The Nomination & Remuneration Committee at its meeting held on June 26, 2023 has determined that Shri Upendar Mekala Reddy is to be a fit and proper candidate for appointment. Your directors are of the opinion that Shri Upendar Mekala Reddy fulfils the conditions specified in the Companies Act, 2013, and SEBI (LODR) Regulations, 2015, for appointment as a director and his appointment as a director would be in the best interest of the Company. The Board of Directors has recommended for appointment of Shri Upendar Mekala Reddy, as a director as proposed at Item No.5 (Special Business) of the Notice.

In respect of Item No.6 - Appointment of Shri Krishna Yeachuri.

The Board of Directors of your Company, on the recommendations of the Nomination & Remuneration Committee on fit and proper criteria, tenure and remuneration has appointed Shri Krishna Yeachuri (DIN: 00066898) as an Additional Director and the non-executive independent director of the Company with effect from June 26, 2023 in terms of the applicable clauses of the Articles of Association of the Company and Section 161 and all other applicable provisions, if any, of the Companies Act, 2013, related rules, read with Schedule IV to the said Act, and applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, for a period of five years from the date of his appointment i.e., up to June 24, 2028, at such remuneration, as detailed in the terms and conditions of appointment. The said appointment is subject to approval by the members of the Company in terms of the provisions of the above cited acts/rules/ directions/ regulations and the Board of directors is seeking the approval of the members in the ensuing AGM.

Item No. 6 is a special business, in terms of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard-2, brief resume and other particulars relating to Shri Krishna Yeachuri, Director, are provided for the information of Members, in the table given below:

Name of the Director	Krishna Yeachuri
Director Identification Number (DIN)	00066898
Age	64
Nationality	Indian
Date of first appointment on the Board	June 26, 2023.
Qualification	Chartered Accountant
Brief profile & nature of expertise in specific functional areas	<p>A Strategic advisor since January 2010 on Business growth, corporate restructuring, Acquisitions, Business Integration and Transition, arranging Private Equity, Debt financing and other Financing requirements through varied Financing instruments and deals.</p> <p>Experience includes:</p> <ul style="list-style-type: none"> • Setting up of Investment opportunities and projects abroad, Corporate and Investment structuring in lieu thereof; local legal compliances and tax issues, investment concessions and repatriations. • Strategic planning to translate the chosen growth model and vision into attainable results, Coordination and nexus between the Board and the top management team.

	<ul style="list-style-type: none"> Leading Business development meetings with overseas customers and Investors and Board meetings and Members meetings involving group expansion activities, CAPEX plans, interim performance reviews. Structuring and Consolidation – three mergers- creating synergies and adding value in terms of resource pooling and cost savings. Formulation of Joint ventures, Financial strategies, pricing matters and brand registrations with 'Community trademarks bureau' for European union brand registrations. Assessment of business potential, business risks including political stability, entry and exit policies, monitoring of exchange risks prior to commencement of new businesses and during their currency; Fund raise – Private equity, capital markets as well as Debt and structured financing. <p>Worked with reputed companies such as Coromandel Fertilizers Ltd, DCL Polyesters Ltd, GCI SA – a Belgium company, RA Chempharma (part of Advent now), Aurore Life Sciences.</p>
Terms and conditions of appointment & details of remuneration	Shri. Krishna Yeachuri has been appointed for a term of 5 years.
No. of meetings of the Board attended during the year	Not applicable. Shri Krishna Yeachuri has been appointed as Director in the current Financial Year i.e., on June 26, 2023.
Directorships, Trusteeships, Partnerships, etc. held in other companies, firms, trusts, entities, etc.	Directorships in 5 companies: Megasoft Limited, Beanstalk Investment Consultants Private Limited, Amicus Formulations India Private Limited, Pufmed Therapeutics Private Limited, Auravita Lifesciences Private Limited and Designated Partner in one partnership firms: Beanstalk Consultants LLP.
Memberships/ Chairmanships of the committee of the Board of Directors of the Company / other Companies	He is not Member or Chairman in any committee of the Board of Directors of the Company/ other Companies.
Listed entities from which the Director has resigned in the past three years	Not applicable.
Number of shares held in the Company including as a beneficial owner	Shri Krishna Yeachuri is not holding any equity share in the Company (both own and held by/for other persons on a beneficial basis) and has not availed any loan from the Company as per his declarations.
Disclosure of relationships between directors inter-se	<p>None of the directors are related inter-se.</p> <p>No Director or any Key Managerial Personnel or the relatives of the directors or Key Managerial Personnel is in any way concerned or interested, financially or otherwise.</p>

<p>Details of remuneration sought to be paid, if any</p>	<p>A Non-executive director of the Company would be eligible to receive a sitting fee of Rs. 10,000/- for attending the meeting of the Board and Rs. 10,000/- for attending Committee meeting. The Directors are also eligible for re-imbusement of travelling and lodging expenses relating to meeting as per Articles of Association of the Company. The consents, declarations, deeds and covenants executed by Shri Krishna Yeachuri would be available for inspection by the members as mentioned in the notes to this Notice.</p> <p>Your directors are of the opinion that Shri Krishna Yeachuri fulfils the conditions specified in the Companies Act, 2013, SEBI (LODR) Regulations, 2015, for appointment as a Director of the Company and his appointment as a director would be in the best interest of the Company.</p>
<p>Justification for choosing the appointee for appointment (Skills and capability required for the role and the Director meets such requirement) (Applicable only for Independent Directors)</p>	<p>Shri Krishna Yeachuri is Member of the Institute of Chartered Accountants of India, having vast experience as A Strategic advisor since January 2010 on Business growth, corporate restructuring, Acquisitions, Business Integration and Transition, arranging Private Equity, Debt financing and other Financing requirements through varied Financing instrument and he possesses the skills and capability required for the role.</p>

He is not disqualified from being appointed as a director in terms of Section 164 of the Companies Act, 2013. The requisite Form DIR-8 is received from him, in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, confirming his eligibility. He has also confirmed that he is not debarred from holding the office of director by virtue of any order by SEBI or any other authority.

Remuneration & key terms of appointment: Shri Krishna Yeachuri, a non-executive independent director of the Company would be eligible to receive a sitting fee of Rs.10,000/- for attending the meeting of the Board and Rs.10,000/- for attending a meeting of the Committee. The Directors are also eligible for re-imbusement of travel and lodging expenses relating to meetings as per the Articles of Association of the Company. Shri Krishna Yeachuri has been appointed as a Non-executive Independent director and not liable to retire by rotation.

The consents, declarations, deeds and covenants executed by Shri Krishna Yeachuri would be available for inspection by the members as mentioned in the notes to this Notice.

The Nomination & Remuneration Committee at its meeting held on June 26, 2023 has determined that Shri Krishna Yeachuri is to be a fit and proper candidate for appointment. Your directors are of the opinion that Shri Krishna Yeachuri fulfils the conditions specified in the Companies Act, 2013, and SEBI (LODR) Regulations, 2015, for appointment as a director and his appointment as a director would be in the best interest of the Company. The Board of Directors has recommended for appointment of Shri Krishna Yeachuri, as a director as proposed at Item No.6 (Special Business) of the Notice.

COMPANY SNAPSHOT

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

Registered Office

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

Share Transfer Agents

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

Auditors

BRAHMAYYA & CO.,
Chartered Accountants, Chennai

Factories

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

Internal Auditors

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

Board of Directors

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
(Resigned on January 13, 2023)*

R. Chitra

Non- Executive Independent Director

Bafna Mahaveer Chand

Chief Executive Officer

Audit Committee

P K Sundaresan

B. Kamlesh Kumar

Atul Sachdeva (*Up to January 13, 2023*)

R. Chitra (*appointed from August 11, 2022*)

Nomination and Remuneration Committee

B. Kamlesh Kumar

P K Sundaresan

Akila C Raju

Stakeholders Relationship Committee

R. Chitra

S. Hemalatha

Atul Sachdeva (*up to January 13, 2023*)

Akila C Raju (*from April 07, 2023*)

Corporate Social Responsibility Committee

R Chitra

S Hemalatha

T Atul Sachdeva (*Up to January 13, 2023*)

B Kamlesh Kumar (*from April 07, 2023*)

Melagiri Sridhar

Chief Financial Officer

Roopa Ravikumar (*Resigned on August 11, 2022*)

Company Secretary

Vishnu Vasudeva Kuppa (*Appointed on April 07, 2023*)

Company Secretary

KEY MESSAGE FROM CHAIRPERSON & EXECUTIVE DIRECTOR

Dear Stakeholders,

On behalf of everyone at BAFNA PHARMACEUTICALS LIMITED, I would like to begin by expressing my sincere gratitude for your continued support and understanding regarding our business.

We look to grow consistently by increasing our market share of our existing products portfolio. We always believe that progress and commercial viability in this changing pharmaceutical business dynamics is only possible through hard work and ethical practices.

Our sales revenues continue to grow strongly from INR 86.83 Crs in 2022 to INR 118.62 Crs in 2023 despite certain challenges. This success is because of our valued customers and trustworthy partners who put their faith in us. At the same time we have an internal driving force of dedicated and specialized team members who exceed the call of duty realizing their true potential in our result driven and challenging work environment. It is their efforts that make it possible for BAFNA to increase and grow our business consistently.

We are well positioned for the future with our focused strategy and ongoing investments in the facility, our manufacturing competence and advanced management practices to achieve operational excellence. We will continue to make considerable investments to strengthen our pipeline of affordable niche products.

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

I once again thank our esteemed shareholders, partners and stakeholders for placing their continued trust and confidence in us.



Best Regards

Sd/-

S. Hemalatha

Chairperson & Executive Director

DIN:02714329

DIRECTOR'S REPORT

To

The Shareholders,

Your directors' have pleasure in presenting the Twenty Eighth Annual Report of your Company together with Audited Accounts for the Financial Year ended 31st March, 2023.

Financial Performance

The summarized Audited Financial Results for the year ended 31st March, 2023 along with comparative figures for the Previous year is as under:

(Rs.in Lakhs)

Particulars	Financial Highlights	
	31 st March 2023	31 st March 2022
Revenue from operations	11,534.99	8,514.03
Other Income	327.27	169.80
Total Income	11,862.26	8,683.83
Expenses		
Operating Expenditure	9,963.43	7,317.84
EBITDA	1,898.83	1,365.99
Depreciation and Amortization Expenses	533.44	549.33
Earnings before interest and taxes	1,365.39	816.66
Interest expenses	203.76	79.38
Profit before taxes	1,161.63	737.28
Less Exceptional Items	-	215.65
Less OCI	-15.31	2.40
Net profit before taxes	1,176.94	521.63
Tax expenses (Current and Deferred Tax)	27.83	-
Net profit for the year	1,149.11	521.63

Operating Results

Your Company's Total Income during the year under review i.e., year 2022-23 was INR 11,862.26 Lakhs as compared to the previous year 2021-22, Rs. 8,683.83 Lakhs. Profit before Tax after other comprehensive income for the year 2022-23 was Rs. 1176.94 lakhs as against Rs.521.63 in the previous year. Profit after Tax for the year 2022-23 stood at Rs. 1,149.11 Lakhs stood at Rs. 521.63 Lakhs as against in the previous year.

Change in Capital Structure

(Rs. In Lakhs)

Particulars	31 st March, 2023	31 st March, 2022
Authorized Capital	4,000.00	4,000.00
Issued, Subscribed & Paid-up Capital	2,365.63	2,365.63

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

Fixed Deposits

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

Dividend

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

Reserves

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

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

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

Change in the nature of business

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

Risk Management Policy:

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

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

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

Directors

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

Directors Liable to Retire by Rotation

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

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

Mrs. Roopa Ravikumar – Company Secretary (appointed on March 22, 2022 and resigned on August 11, 2022)

Mr. Vishnu Vasudeva Kuppa – Company Secretary – appointed on April 07, 2023.

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. Brahmayya & Co, Chartered Accountants, Chennai (FRN:000511S), were appointed as Statutory Auditors of the Company for a period of five years at the 27th annual general meeting held for the financial year 2021- 2022 till the conclusion of 32nd annual general meeting.

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

Auditors' Report:

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

Cost Audit

The Board has appointed M/s N. Sivashankaran & Co, Cost Accountants (Registration No: 100662) as the Cost Auditor of the Company to conduct audit of cost records made and maintained by the Company for financial year 2023 – 2024 at a remuneration as fixed by the Board subject to approval of members of the Company.

Listing

The Company's shares are listed at

- (i) BSE Limited (BSE) with Scrip Code No.532989 and
- (ii) National Stock Exchange of India Limited with Scrip symbol BAFNAPH.

Particulars of Employees

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

Name	Ratio
Hemalatha Shanmugam	5:1

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

Ms. Hemalatha Shanmugam	Nil
Mr. Mahaveer Chand Bafna	Nil
Mr. Sridhar .M	Nil
Mrs. Roopa Ravikumar	Nil

- a. The percentage increase in the median remuneration of employees in the financial year: 26%

Information as per Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in 'Annexure – A' to this Report. Further, the information pertaining to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, pertaining to the names and other particulars of employees is available for inspection at the Registered office of the Company during

business hours and pursuant to the second proviso to Section 136(1) of the Act, the Report and the accounts are being sent to the members excluding this. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary/ Compliance Officer either at the Registered/Corporate Office address or by email to cs@bafnapharma.com

Foreign Exchange Earnings and Outgo

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

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

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

The number of employees as on 31st March 2023 was 588, as against 495 as on 31st March 2022.

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

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

Insider Trading Regulations

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

Corporate Governance

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

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

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

The committee placed a certificate before the Board of Directors on the status of compliance of the Act. As per the certificate provided by the said committee no complaints were received during the year & that there are no complaints pending as on 31st March 2023.

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/qualitypolicies.html>

Corporate Social Responsibility

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

SI No	Name	Designation
1	R. Chitra	Chairperson of Committee
2.	S. Hemalatha	Member
3	Atul Sachdeva (Resigned on January 13, 2023)	Member
4	Babulal Kamlesh Kumar (April 07, 2023)	Member

Secretarial Audit for the FY 2022-23

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 2022-2023 at the Board Meeting held on 10.02.2022.

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

Audit Committee:

In terms of Section 177 of the Companies Act, 2013, and other applicable provisions if any, and as per the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as on 31st March, 2023, the Audit Committee consist 3 directors as on March 31, 2023, all the three directors are Non-executive Independent Directors. However, the Committee consist 1 non-executive non-independent director up to January 13, 2023,

The terms of reference of the Audit Committee includes matters specified in section 177 of the Companies Act 2013, and Regulation 18 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

The Audit Committee consists of the following: -

Mr. P K Sundaresan- Chairman

Mr. B. Kamlesh Kumar – Member

Mr. Atul S- Member (Resigned on January 13, 2023)

Ms. R Chitra – Member (appointed from August 11, 2022)

Nomination & Remuneration Committee

In terms of Section 178 of the Companies Act, 2013 & other applicable provisions, if any, and as per the Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as on 31st March, 2023 the "Nomination & Remuneration Committee" comprises of 3 Directors out of which two are Non-Executive Independent Directors and other one is Non- Executive & Non- Independent. The Policy of Nomination & Remuneration Committee was detailed in the corporate governance report. The constitution, terms and references and other details are elaborated in the Corporate Governance report annexed with this report.

The Nomination and Remuneration Committee consists of the following:-

Mr. B. Kamlesh Kumar – Chairman

Mr. P.K. Sundaresan- Member

Mrs. Akila C Raju – Member

Stakeholders Relationship Committee

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

The Stakeholders Relationship Committee consists of the following: -

Ms. R Chitra – Chairperson

Ms. S Hemalatha – Member

Mr. Atul Sachdeva – Member (Resigned on January 13, 2023)

Ms. Akila C. Raju – Member (with effect from April 07, 2023)

COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLOSURES:

The Board reply for the Secretarial Auditor observations:

Sl. No.	Secretarial Auditor Observations	Board's Reply
01	The Composition of the Board of Directors of the Company is not in compliance with the Regulation 17(1)(c) of SEBI (LODR) Regulations, 2015, with effect from 14.01.2023.	Appointment of a person on the Board requires cautious decision, as such, the process of appointment took more time to fill the position, your Board of Director have appointed Three new Directors on the Board on June 26, 2023.

Sl. No.	Secretarial Auditor Observations	Board's Reply
02	The Company did not have a Company Secretary cum Compliance Officer as required under Section 203 of the Companies Act, 2013, and Regulation 6 of SEBI (LODR) Regulations, 2015, during the period from 12.08.2022, to 31.03.2023.	The Management has put all its effort to fill the post in-time, however, offer letter for the post was issued to four qualified professionals: Ms. Pragyan Shree on September 01, 2022, Mr. Poornasandar on November 25, 2022, Mr. Aditya Srivastava on January 25, 2023 and Mr. Akshay Saxena on February 07, 2023, the First Three incumbents after receiving the Offer Letter did not accept the job citing personal reasons, and Mr. Akshay Saxena who accepted to Join on February 07, 2023, could not joined us as he had met with a fatal accident and recovery will take long time.
03	The Composition of Stakeholder Relationship Committee did not comprise of requisite number of Directors, as prescribed under Regulation 20(2A) of SEBI (LODR) Regulations, 2015, during the period from 14.01.2023, to 31.03.2023.	Mr. Atul Sachdeva, Non-executive Director of the Company was also member of the Stakeholder Relationship Committee. Mr. Atul had resigned from his position as Director of the Company with effect from 14.01.2023, as such, his membership in the said committee was also vacated, your Board of Directors has filled the vacancy on April 07, 2023, by nominating Ms. Akhila C Raju as member of the Committee.
04	No Stakeholders Relationship Committee meeting was held during the year under review as prescribed under Regulation 20(3A) of SEBI (LODR) Regulations, 2015.	As no complaints or grievances were registered by the stakeholders during the FY 2022-23, as such, the SRC meeting was not held.
05	The Company has belatedly filed the statement of investors compliant, with the National Stock Exchange, for the quarter ended September 30, 2022, as prescribed under Regulation 13(3) of SEBI (LODR) Regulations, 2015.	Due to connectivity issues, the form Investors Complaint was filed in time with the National Stock Exchange of India Limited.
06	The Company did not comply with the Minimum Public Shareholding requirements as prescribed under Regulation 38 of SEBI (LODR) Regulations, 2015, read with Rule 19(2) and Rule 19A of Securities Contract (Regulation) Rules, 1957, from 01.04.2022, to 19.09.2022, and 21.10.2022, to 24.02.2023.	The Company has already complied with the requirement of Regulation 38 of Minimum Public Shareholding requirements as prescribed under Regulation 38 of SEBI (LODR) Regulations, 2015, read with Rule 19(2) and Rule 19A of Securities Contract (Regulation) Rules, 1957.
07	The Company did not maintain Structured Digital Data base as prescribed under Regulation 3(5) and 3(6) of SEBI (PIT) Regulations, 2015, up to quarter ended on 30.09.2022.	The Board has implemented Structured Digital Database with effect from October 01, 2022,

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 2022-2023 is uploaded on the website of the Company and the same is available at <https://bafnapharma.com>

Number of Board Meetings:

The Board of Directors met 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)

As required under Section 124 of the Act, 2137 equity shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more was transferred by the Company to the Investor Education and Protection Fund Authority (IEPF).

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

Directors Responsibility Statement

Your directors wish to inform that the Audited Accounts containing Financial Statements for the financial year ended 31st March, 2023, 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

1. The applicable Indian Accounting Standards had been followed and wherever required, proper explanations relating to material departures have been given;
2. 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;
3. 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;
4. The Accounts have been prepared on a "going concern basis".
5. 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.
6. 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 28th Annual General Meeting of the Company including the Annual Report for FY 2022- 2023 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' and 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

Sd/-

S. Hemalatha

Chairperson & Executive Director

DIN:02714329

Place: Chennai

Date: 11-08-2023

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	2023	2022
1.	Purchased: Units(Lakhs) Total Amount (Rs. In lakhs) Rate / Unit (Rs.)	Units 34.08 Lakhs Rs. 394.29 Lakhs/ Rs. 11.57 per unit	Units 36.74 Lakhs Rs.304.41 lakhs / Rs. 8.28 per unit
2.	Own Generation Through Diesel Generator Units (KSH) in lakhs) Unit per Lt. of Diesel Cost/Unit (Rs.)	Liters 1.45 lakhs 2.9 lakhs units. Rs. 45.84 per unit.	Liters 0.92 lakhs 1.85 lakhs units Rs. 45.84 per unit

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

B. Consumption per Unit of Production:

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

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

I. RESEARCH AND DEVELOPMENT (R&D)

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

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

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

(b) Benefits derived as a result of the above

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

(c) Future plan of action

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

(d) Expenditure on R&D

(Rs. in Lakhs)

Particulars	For the year ended 31 st March 2023	For the year ended 31 st March 2022
Capital Expenditure	-	-
Recurring/Revenue	152.12 Lakhs	147.28 Lakhs
Total	152.12 Lakhs	147.28 Lakhs

II. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

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

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

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

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

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

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.

Your Company got registrations for 186 products in the following countries (i) 2 in DRC (ii) 40 in Nigeria (iii) 22 in Philippines (iv) 42 in Sri Lanka (v) 7 in Ethiopia (vi) 15 in Tanzania (vii) 20 in Ukraine (viii) 2 in Peru (ix) 10 in Nepal (x) 1 in Myanmar (xi) 7 in Mauritius (xii) 8 in Madagascar (xiii) 5 in Kenya (xiv) 4 in Honduras (xv) and 1 in Guatemala. As on date we have over 41 Product registration (which are included in the above list) and 232 Products applications is pending for approval across the globe.

(b) Foreign Exchange earned and used

- (i) Your Company has earned foreign exchange of Rs. 8850.87 Lakhs (previous year Rs. 5476.49 lakhs)

Foreign Exchange Outgo

- (ii) Outgo was Rs.906.12 Lakhs (previous year Rs 318.77 Lakhs) on account of international travel & purchase of foreign currency.

On behalf of the Board of Directors

For BAFNA PHARMACEUTICALS LIMITED

(CIN: L24294TN1995PLC030698)

Sd/-

S. Hemalatha

(DIN: 02714329)

Chairperson & Executive Director

Place: Chennai

Date: 11.08.2023

C. SECRETARIAL AUDIT REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2023

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

To

The Members,

BAFNA PHARMACEUTICALS LIMITED

299, THAMBU CHETTY STREET,
Chennai – 600001

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

Based on our verification of the Company's books,papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2023, complied with the statutory provisions listed here under and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2023 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

- a) The composition of Board of Directors of the Company is not in compliance with Regulation 17(1)(c) of SEBI (LODR) Regulations, 2015 with effect from 14.01.2023.
- b) The Company did not have a Company Secretary cum Compliance Officer as required u/s 203 of the Companies Act, 2013, and Regulation 6 of SEBI (LODR) Regulations, 2015 during the period from 12.08.2022 to 31.03.2023.
- c) The composition of the Stakeholders Relationship Committee did not comprise of requisite number of Directors, as prescribed under Regulation 20(2A) of SEBI (LODR) Regulations, 2015, during the period from 14.01.2023 to 31.03.2023.
- d) No Stakeholders Relationship Committee meeting was held during the year under review as prescribed under Regulation 20(3A) of SEBI (LODR) Regulations, 2015.

- e) The Company has belatedly submitted the Statement of Investor Complaint, with the National Stock Exchange, for the quarter ended 30.09.2022 as prescribed under Regulation 13(3) of SEBI (LODR) Regulations, 2015.
- f) The Company did not comply with the Minimum Public Shareholding requirements as prescribed under Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 from 01.04.2022 to 19.09.2022 and 21.10.2022 to 24.02.2023.
- g) The Company did not maintain structured digital database as prescribed under Regulations 3(5) & 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015 upto quarter ended on 30.09.2022.

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) All the decisions at Board meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.
- d) There are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

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

For A.K.JAIN & ASSOCIATES

Company Secretaries

Place: Chennai

Date: 27.05.2023

Sd/-

ANIL KUMAR JAIN

Partner

M.No. F4851

C.P. No. 3283

UDIN: F004851E000399817

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: 27.05.2023

Sd/-

ANIL KUMAR JAIN

Partner

M.No. F4851

C.P. No. 3283

UDIN: F004851E000399817

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31ST MARCH,2023

For the year March 31st 2023, 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 shareholders in the functioning of the Board. This in turn will help the corporate to raise short-term working capital from banks and long-term funds from different organizations at short notice at cheaper rates. Shareholders 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 behavior 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, 2023, (Mr. Atul Sachdeva Non-executive non-independent director was resigned on January 13, 2023) the Company has five directors, of the five directors, (80%) four directors are non-executive director out of which three directors (75%) 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 (except for the period from January 13, 2023, the Boards' strength reduced to 5, which supposed to be minimum six directors).

- 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, 2023, 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:

May 26, 2022, August 11, 2022, November 11, 2022 and February 08, 2023.

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, 2023, 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 FY22 - 23	Whether attended last AGM held on 28 th July, 2022.	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	4	Yes	-	-	-	-	-
B. Kamlesh Kumar DIN:01218959	Independent Non-Executive	4	Yes	-	-	-	-	-
P K Sundaresan DIN:06954189	Independent Non-Executive	4	Yes	-	-	-	-	-
Akilapriya C Raju DIN:07590312	Non-Independent & Non-Executive	2	Yes	-	-	-	-	-
R. Chitra DIN:07749125	Independent Non-Executive	4	Yes	-	-	-	-	-
Atul Sachdeva DIN:07645130	Non-Independent & Non-Executive	1	Yes	-	-	-	-	-

- vi. During FY 2022 – 2023, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- vii. The Board periodically reviews the compliance reports of all laws applicable to the Company.
- viii. Details of equity shares of the Company held by the Directors as on March 31, 2023 are given below:

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

III. Committees of the Board

i. There are Four Board Committees as on March 31, 2023, details of which are as follows:

Name of the Committee	Extract of terms of reference	Category & composition		Other details
		Name	Category	
Audit Committee	<p>Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act.</p> <ul style="list-style-type: none"> Oversight of financial reporting process. Reviewing with the management, the annual financial statements and auditors' report thereon before Submission to the Board for approval. Evaluation of internal financial controls and risk management systems Recommendation for appointment, remuneration and terms of appointment of auditors of the Company 	P K Sundaresan	Independent Non-Executive	<ul style="list-style-type: none"> 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. Committee invites such of the executives as it considers appropriate, representatives of the statutory auditors and internal Auditors, to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.
		B. Kamlesh Kumar	Independent Non-Executive	
		Atul Sachdeva	Non-Independent Non-Executive (Resigned on January 13, 2023)	
		R Chitra	Non-executive independent (appointed on the Committee on August 11, 2022)	

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"> Recommend to the Board the setup and composition of the Board and its Committees. Recommend to the Board the appointment / re-appointment of Directors and Key Managerial Personnel. Support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual Directors. Recommend to the Board the Remuneration Policy for Directors, executive team or Key Managerial Personnel as well as the rest of employees. Oversee familiarization programs for Directors. 	B. Kamlesh Kumar	Independent Non-Executive	<ul style="list-style-type: none"> One Nomination and Remuneration Committee meetings were held during the Year under review. The Company does not have any Employee Stock Option Scheme. The previous AGM of the Company was held on July 28, 2022, and was attended by Mr. Kamalesh Kumar Chairman of the Nomination and Remuneration committee
		P K Sundaresan	Independent Non-Executive	
		Akilapriya 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"> • Consider and resolve the grievances of security holders. • Consider and approve issue of share certificates, transfer and transmission of securities, etc. • Review activities with regard to the Health Safety and Sustainability initiatives of the Company. 	R Chitra	Independent Non-Executive	<ul style="list-style-type: none"> • Details of Investor complaints and Compliance Officer are provided at serial no. III (ii) below.
		S. Hemalatha	Whole-Time Director	
		Atul Sachdeva	Non-Independent Non-Executive (Resigned on January 13, 2023)	
		Akila C. Raju.	Non-executive non-independent (appointed from April 07, 2023)	

Name of the Committee	Extract of terms of reference	Category & composition		Other details
		Name	Category	
Corporate Social Responsibility Committee	Committee is constituted in line with the provisions of Section 135 of the Act.	R Chitra	Independent Non-Executive	
		S. Hemalatha	Whole-Time Director	
		Atul Sachdeva	Non-Independent Non-Executive (Resigned on January 13, 2023)	
		B Kamlesh Kumar.	Non-executive independent (appointed from April 07, 2023)	

Stakeholders' Relationship Committee - other details :

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

Roopa Ravikumar

(Resigned on August 11, 2022)

Vishnu Vasudeva Kuppa

(Appointed on April 07, 2023)

Company Secretary

Bafna Pharmaceuticals Limited

No.299, Thambu Chetty Street, Chennai-600001 Telephone: 91 44 42677555

E-mail : cs@bafnapharma.com

- b. Details of investor complaints received and redressed during financial year 2022 - 2023 are as follows:

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

- iii. Nomination and Remuneration Committee -other details

Performance Evaluation Criteria for Independent Directors:

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

Remuneration Policy

The Remuneration policy is available on <http://bafnapharma.com/qualitypolicies.html>

iv. Details of Remuneration for the year ended 31st March 2023

Executive Director

Name of Director	Salary (Rs.in Lakhs)
S. Hemalatha* (w.e.f 10.09.2020)	15.94

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

Non- Executive Directors

Name	Sitting fees (₹in Lakhs)
P K Sundaresan	1.10
B. Kamlesh Kumar	1.10
R. Chitra	0.90

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 meetings held			
Date of meetings	26.05.2022, 11.08.2022, 11.11.2022, 08.02.2023.	30.08.2022, 19.01.2023	
Number of meetings attended			
Name of member			
P K Sundaresan	4	2	-
B. Kamlesh Kumar	4	2	-
Atul Sachdeva	1	-	-
Chitra Ravichandran	2	-	-
Akila C. Raju	-	1	-
Whether quorum was present for all the meetings	The necessary quorum was present for all the above committee meetings		

VI. GENERAL BODY MEETINGS

- i. General Meeting
 - a. Annual General Meeting

FY ended	Date	Time	Venue	If special resolution was passed
31 st 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 st 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 st March 2020	31.07.2020	12.00 Noon	Meeting conducted through VC / OAVM pursuant to the MCA Circular	Yes
31 st March 2021	14.08.2021	11:00 am	Meeting conducted through VC / OAVM pursuant to the MCA Circular	Yes
31 st March 2022	28.07.2022	11:00 am	Meeting conducted through VC / OAVM pursuant to the MCA Circular	Yes

- b. Extraordinary General Meeting

No extraordinary general meeting of the members was held during 2022 - 2023.

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

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

VI. CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

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

- VII. VII. M/s. Brahmayya & Co., Chartered Accountants (Firm Registration Number. 000511S) has been appointed as the Statutory Auditors of the Company in 27th AGM for a period of 5 years i.e., till the conclusion of the 32nd AGM. The particulars of payment of Statutory Auditors' fees, on consolidated basis for FY 2022-2023 is given below:

(Rs. in Lakhs)

Particulars	Amount
Services as statutory auditors (including quarterly audits)	8.00

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 2022 - 2023 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	http://bafnapharma.com/financials.html
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 was not complied with Minimum Public shareholding as per the provisions of Regulation 38 of SEBI (LODR) Regulations, 2015, as such both the Stock Exchanges have imposed penalties, however, the Company has applied for waiver of penalty application before the designated stock exchange: NSE, order from the Stock Exchanges is awaited.	
Whistle Blower Policy and Vigil Mechanism	Regulation 22 of SEBI Listing Regulations	The Company has this Policy and has established the necessary vigil mechanism for directors and employees to report Concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company.	http://bafnapharma.com/qualitypolicies.html
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.	http://bafnapharma.com/qualitypolicies.html

Particulars	Statutes	Details	Website link for details / policy
Policy on Archival and Preservation of Documents	Regulation 9 of SEBI Listing Regulations	The Company has adopted this policy.	http://bafnapharma.com/qualitypolicies.html
Reconciliation of Share Capital Audit Report	Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and SEBI Circular No D&CC / FITTC/ Cir-16/2002 dated December 31, 2002.	A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.	http://bafnapharma.com/secretarial-compliance.html
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, 2023. 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.	http://bafnapharma.com/qualitypolicies.html
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.	http://bafnapharma.com/qualitypolicies.html
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.	http://bafnapharma.com .
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.	http://bafnapharma.com/qualitypolicies.html

VI. 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 <http://bafnapharma.com.html>. A Management Discussion and Analysis Report is a part of this Integrated Annual Report.

Other Disclosers

Risk Management Policy

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

Board Evaluation framework

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

Succession plan for Board & Senior Management

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

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

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

Related Party Transactions:

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

Code of Conduct

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

Code of Conduct for prohibition of insider trading:

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

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

Declaration on Compliance with Code of Conduct

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby affirmed that for the financial year ended March 31, 2023, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

Code of Conduct

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

I hereby confirm that:

As provided under the SEBI Listing Regulations 2015, all Board members and senior management Personnel have affirmed compliance with the code of conduct of the Company for the financial year ended 31st March 2023, and copy of the code of conduct is placed on the website of the Company at <http://bafnapharma.com.html>.

On behalf of the Board of Directors,

Sd/-

S. HEMALATHA

Chairperson & Executive Director

DIN: 02714329

Place: Chennai

Date: 11.08.2023

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, 2023, 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: 27.05.2023

Sd/-

BALU SRIDHAR

Partner

M.No. F5869

C.P. No. 3550

UDIN: F004851E000399850

GENERAL SHAREHOLDERS' INFORMATION

I. Annual General

Date: 22-09-2023

Time : 10.25 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, 2023

AGM in: September 22, 2023.

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:

1. National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex Bandra (East), Mumbai 400 051
2. Bombay Stock Exchange 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 2022 -2023, on NSE and BSE:

The closing market price of equity share for the year ending 31st March, 2023 was Rs.82.65 on BSE & Rs.82 on NSE

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
Apr-22	139	125.75	15,193	140	124.65	73,869
May-22	141	110.30	17,263	139.70	111.70	44,357
Jun-22	117.85	112	10193	128.15	108	1,24,255
Jul-22	132	107.6	6878	118.90	103.15	17,978
Aug-22	124	103.10	10677	123.50	107	28,603
Sep-22	119.2	97.35	29240	118.80	95.65	55,713
Oct-22	106	97.15	3845	107.90	98	6,555
Nov-22	106.95	95	14027	105.85	95.05	23,431
Dec-22	104.8	96	9062	104.95	97.05	14,440
Jan-23	105	95.95	4702	105	95.05	8,353
Feb-23	105.45	87.60	6716	102.35	90	38,467
Mar-23	99.45	78.51	9756	97.85	77.05	30,154

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 affected through the depositories with no involvement of the Company.

xii. Shareholding as on March 31, 2023

a. Distribution of equity shareholding as on March 31, 2023:

Share holding	Shareholders		Shareholding	
	Shares	Number	% of Total	Shares
1-100	6,143	85.0006	1,61,419	0.6823
101-500	789	10.9173	1,91,528	0.8096
501-1000	131	1.8126	97,263	0.4111
1001-2000	69	0.9547	99,891	0.4222
2001-3000	27	0.3735	64,196	0.2713
3001-4000	12	0.1660	42,729	0.1806
4001-5000	11	0.1522	50,239	0.2123
5001- 10000	11	0.1527	80,180	0.3393
10001 – above	34	0.4704	2,28,68,890	96.6713
TOTAL	7227	100.00	2,36,56,335	100.00

b. Categories of equity shareholding as on March 31, 2023:

Particulars	Holding (%)
Promoters & Promoters Group	90
Total (A)	90
Public – Institutions	-
Total (B)	90
Public – Non-Institutions	
Bodies Corporate	2.81
NRI's	0.47
Clearing members	0
HUF	1.08
Individuals	5.63
IEPF	0.01
Total (C)	10
Total (A+B+C)	100.00

c. Top Ten Equity Shareholders of the Company as on March 31, 2023:

SI No	Name of the Shareholder	Number of Equity Shares Held	Percentage of Holding
1	SRJR Lifesciences LLP	2,11,88,159	89.5665
2	Monarch Net worth Finserve private Limited	3,18,254	1.3453
3	Vishwas Jain HUF	2,13,280	0.9015
4	Sera Investment & Finance India Limited	1,11,237	0.4702
5	Akira Pharma Private Limited	1,04,995	0.4438
6	Anushree Himanshubhai Shah	1,00,000	0.4227
7	Vrushali Himanshu Shah	1,00,000	0.4227
8	Guttikonda Vara Lakshmi	72,478	0.3063
9	Lindajeet Kaur Ruprai	66,735	0.2821
10	Nisha Jignesh Mehta	55,062	0.2327

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 99.9660 % percent of the Company's equity share capital are dematerialized as on March 31, 2023. 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, 2023, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

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

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

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

No transfer of unclaimed/unpaid amounts have been made to the Investor Education and protection fund during the year 2022 – 2023.

xix. Plant Location

The Company has two manufacturing facilities situated at:

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

xx. Address for Correspondence:

Bafna Pharmaceuticals Limited

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

Designated email address for Investor Services: cs@bafnapharma.com

Website: 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 2022-2023 and that to the best of my knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. I accept overall responsibility for establishing and monitoring the Company's Internal Control System for financial reporting and evaluating its effectiveness. Internal audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit committee of the Board. The auditors and audit committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses
4. I have indicated to the auditors and to the Audit Committee:
 - a. significant changes, if any, in internal control over financial reporting during the year;
 - b. significant changes, if any, in accounting policies during the year;
 - c. Instances of significant fraud, if any, of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting. However, there was no such instance.

On behalf of the Board of Directors

For BAFNA PHARMACEUTICALS LIMITED

(CIN L24294TN1995PLC030698)

Sd/-

S. Hemalatha

Chairperson & Executive Director

DIN:02714329

Place: Chennai

Date: 11-08-2023

AUDITORS CERTIFICATE ON COMPLIANCE

To

The Members of

BAFNA PHARMACEUTICALS LIMITED

We have examined the compliance of the conditions of Corporate Governance by Bafna Pharmaceuticals Limited ('the Company') for the year ended on March 31, 2023, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of corporate governance as stipulated in the SEBI Listing Regulations, except for Regulation 17(1)(c), Regulation 20(2A) and 20(3A) of the SEBI Listing Regulations, for the year ended on 31st March 2023

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

For A.K. JAIN & ASSOCIATES
Company Secretaries.

Sd/-

BALU SRIDHAR

Partner

M.No. F5869

C.P.NO. 3550

UDIN: F005869E000859942

Place: Chennai

Date: 24.08.2023

MANAGEMENT DISCUSSION AND ANALYSIS

Global overview:

FY 2023 was a good year with strong performance across multiple parameters. Despite an intensely competitive environment, we saw robust top-line growth and an increase in core operating profit through our new launches and growth in existing categories. Like many other businesses, we had to navigate the challenges of operating in a volatile macroeconomic environment. We experienced an increase in cost due to inflation, including higher shipping, utilities, and employee benefit costs, and volatility in the forex market. However, thanks to operating efficiencies, we were able to absorb these increases, minimize their overall impact and demonstrate the strength and resilience of our underlying business.

Recognizing the importance of emerging trends in the pharma sector, we are excited and committed to progress on our journey in two horizons. Horizon 1 continues our emphasis on 'Growing the Core': while Horizon 2 focuses on 'Building the Future'. In other words, Horizon 2 priorities beyond the core. It includes scaling up some of our existing business as well as venturing into new spaces.

INDIAN PHARMACEUTICAL OVERVIEW

The **pharmaceutical industry in India** was valued at an estimated US\$42 billion in 2021. India is the world's largest provider of generic medicines by volume, with a 20% share of total global pharmaceutical exports. It is also the largest vaccine supplier in the world by volume, accounting for more than 50% of all vaccines manufactured in the world. Indian pharmaceutical products are exported to various regulated markets including the US, UK, European Union and Canada.

According to Economic Survey 2023, the turnover in the domestic pharmaceutical market was estimated to be \$41 billion. India's pharmaceutical exports revenue was \$25.3 billion in fiscal year 2022-23, according to the data released by Pharmexcil India ranked third globally in terms of dollar value of drugs and medicines exports.

Major pharmaceutical hubs in India are (anticlockwise from northwest): Vadodara, Ahmedabad, Ankleshwar, Vapi, Baddi, Sikkim, Kolkata, Visakhapatnam, Hyderabad, Bangalore, Chennai, Margo, Navi Mumbai, Mumbai, Pune, Aurangabad and Pithampur.

Relation between pharma and biotech

India's biopharmaceutical industry clocked a 17% growth with revenues of Rs. 137 billion (\$1.8 billion) in the 2009-10 financial year over the previous fiscal. Bio-pharma was the biggest contributor generating 60 percent of the industry's growth at Rs. 8,829 crore, followed by bio-services at Rs. 2,639 crore and bio-agri at Rs. 1,936 crore.[18] Indian companies carved a niche in both the Indian and world market with their expertise in reverse-engineering new processes for manufacturing drugs at low costs which became the advantage for industry.

Incentives for R&D, product development and high-value production

Government of India has launched a Production Linked Incentive (PLI) Scheme for Pharmaceuticals with provision for disbursement of US\$2 billion or ₹15,000 crore government incentives, which will run from 2020-21 to 2028-29, to reduce import dependence, benefit domestic manufacturers, boost product diversification and innovation for development of complex and high-tech products especially in vitro diagnostic devices and emerging technologies especially in cell based or gene therapy, employment generation and production of wide range of lower cost affordable medicines for consumers with the aim to achieve incremental sales of US\$4 billion or INR 29,400 crore and incremental exports of US\$2.7 billion or INR 19,600 crore between 2022-23 to 2027-28.

Manufacture of API supplies in India

To eliminate the dependence on China after the 2017 China-India border standoff to foster an Atmanirbhar Bharat, in July 2021 India's Council of Scientific and Industrial Research (CSIR) initiated a Make in India program in collaboration with the coal and petroleum industries of India to end-to-end manufacture 56 prioritized active pharmaceutical ingredient (API) for the essential medicines. In 2016-17, China was the largest supplier of API to India with 66% share by volume of API raw material supplies to India worth US\$2.4 billion or INR 18,000 crore, followed by US\$1.6 billion API imported from Germany, the US, Italy and Singapore are other major suppliers to India.

Exports

The Indian pharma sector recorded its best-ever exports performance in 2022-23, with a remarkable growth of almost

\$10 billion in 8 years. The country's pharma sector witnessed a growth of 103% since 2013-14, from INR 90,415 crore in 2013-14 to INR 1,83,422 crore in 2021-22. The industry had registered a sharp growth by achieving an export of \$25.39 billion with a year-on-year (y-o-y) growth.

Indian pharmaceutical exports stood at US\$ 25.39 billion in FY23 and US\$ 22.21 billion in FY22 (until February 2022). India is the 12th largest exporter of medical goods in the world. The country's pharmaceutical sector contributes 6.6% to the total merchandise exports. As of May 2021, India supplied a total of 586.4 lakh COVID-19 vaccines, comprising grants (81.3 lakh), commercial exports (339.7 lakh) and exports under the COVAX platform (165.5 lakh), to 71 countries. Indian drugs are exported to more than 200 countries in the world. Generic drugs account for 20% approx. of the global export in terms.

The foreign direct investment (FDI) inflows in the Indian drugs and pharmaceuticals sector reached US\$ 2.05 billion on March 2023, thereby FDI equity inflow into the pharmaceutical industry in India has jumped by 45.4% in the fiscal year ended March 2023, compared to inflow in the previous fiscal year. FDI crossed \$2.05 billion compared to \$1.41 billion of the previous year. This follows on the back of a decline of 5% in foreign equity infusion for the fiscal year 2021-22.



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

Building on the outstanding performance in the previous FY22, Indian pharma exports once again registered a healthy performance in 2022-23. The pharma exports in 2022-23 sustained a positive growth despite the global trade disruptions and drop in demand for Covid related medicines.

Source: Press release by Ministry of commerce and industry

R&D spending in Indian pharmaceuticals

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

As per the Union Budget 2023-24, INR 3,201 crore (US\$ 419.2 million) has been set aside for research and INR. 89,155 crores have been allocated for the Ministry of Health and Family Welfare.

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

RISK AND CONCERNS

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

COMPANY OVERVIEW

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

Bafna pharma's global foot print –

S.No	Name of Country	No. of Products Approvals	No. of Application Pending for Registration
1	AZERBAIJAN	-	6
2	AUSTRALIA	-	6
3	BOLIVIA	-	1
4	CAMBODIA	-	-
5	CAMEROON	-	7
6	DEMOCRATIC REPUBLIC OF THE CONGO	2	2
7	ETHIOPIA	7	20
8	GHANA	-	9
9	GUATEMALA	1	1
10	HONDURAS	4	9
11	KAZAKHSTAN	-	-
12	KENYA	5	-
13	MAURITIUS	7	-
14	MADAGASCAR	8	9
15	MYANMAR	1	-
16	NEPAL	10	24
17	NIGERIA	40	31
18	PERU	2	-
19	PHILIPPINES	22	29
20	RUSSIA	-	3
21	RWANDA	-	9
22	SRI LANKA	42	22
23	TANZANIA	15	17
24	UGANDA	-	9
25	UK	-	1
26	UKRAINE	20	1

S.No	Name of Country	No. of Products Approvals	No. of Application Pending for Registration
27	VIETNAM	-	6
28	ZAMBIA	-	9
29	Nicaragua	-	1
	TOTAL	186	232

Performance and operations review

Operating results

Major highlights

- Increase in total revenue of your Company by 37% and from sales by 35% of the previous year.
- Increase in EBIDTA by 64% from the previous year.
- Increase by 221% of Profit after tax including exceptional items from the year ended 31st March 2023

The sales and operating income were INR 11,862.26 Lakhs in comparison to INR 8,683.83 Lakhs in the previous year registering a growth of 37%. EBIDTA was INR 1,886.31 Lakhs for the year ending 31st March 2023 in comparison to INR 1147.94 Lakhs for the previous year registering a growth of 64 %.

Key Ratio for the year ending 31st March 2023

Key Financial Ratios		31 st March 2023
Profitability Ratio		
Operating Profit Margin (%)	Profit from Operations/ Sale of Products	10.07 %
Net Profit Margin (%)	Profit after Tax/ Revenue from operations	9.69 %
Return on Net Worth	Profit after Tax/ Shareholders equity	1.61
EBITDA %	EBITDA %	15.90 %
Efficiency Ratios		
Current Ratio	Current assets/ current liabilities	1.88
Inventory turnover ratio	Sale of products/ Average inventories	5.43
Debtors turnover ratio	Sale of products/ Average trade receivables	4.12
FA Turnover Ratio	Sale of Products/ Average Fixed Assets	3.40

Internal control systems

The Company has internal control systems, with defined guidelines on compliance, which enables it to run its facilities and head office with a fair degree of comfort. Internal Audit was undertaken by an Independent Auditor M/s K S Rao & Co., Chartered Accountant firm, Chennai, for the financial year 2022-2023.

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 March 31, 2022, was 495 and on March 31, 2023, was 588.

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.

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Financial Statements

AUDITORS' REPORT

To

The Members

Bafna Pharmaceuticals Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of Bafna Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2023, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date and notes to the Financial Statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with 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 31st March 2023, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

Emphasis of Matters

Attention is invited to:

- a. the non-receipt of the foreign currency receivables as on 31st March 2023 aggregating to ₹ 203 Lakhs which are outstanding beyond the stipulated time period permitted under the RBI Master Direction on Export of Goods and Services vide FED Master Direction No. 16/2015-16 dated 1st January, 2016 (as amended), issued by the Reserve Bank of India ("RBI"). The management of the Company is in the process of obtaining approval towards extension of time limits for realization or write off of the balances. Pending such confirmation, no adjustment is envisaged in the books of accounts for the reporting period.
- b. the non-compliance with Minimum Public Shareholding ("MPS") requirements specified in Rule 19 (2) and Rule 19A of the Securities Contracts (Regulations) Rules, 1957, as amended and Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("Listing Regulations") of Securities and Exchange Board of India ("SEBI") during the year. The Company had received communications from BSE Limited and National Stock Exchange of India Limited in respect to such non-compliance and penalties have been

imposed on the Company. The Company had subsequently met the MPS criteria and is in the process of obtaining waiver of the penalties levied.

- c. the adjustment of Income Tax Refund pertaining to previous assessment years amounting to ₹ 45.17 Lakhs. The Income Tax Department has issued the refund order on various dates for respective assessment years; however, such refunds have been adjusted against the outstanding demands through Centralized Processing Centre (“CPC”). As represented by the management, the Company has filed a writ petition with the Honourable Madras High Court against the adjustment of refund issued with the outstanding demand.
- d. the non-compliance of Section 203 of the Companies Act, 2013, and Regulation 6 of Listing Regulations with respect to non-appointment of Company Secretary cum Compliance Officer from 12th August 2022. Subsequently, on 7th April 2023, the Board considered and approved the appointment of a Company Secretary.
- e. the non-compliance in respect to the composition of Board of Directors of the Company, as required by the Regulation 17(1)(c) of the Listing Regulations. With effect from 14th January 2023, the Board comprised of 5 Directors, whereas the said regulations mandates requirement of not less than 6 Directors.

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

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of the most significance in our audit of the Financial Statements of the financial year ended 31st March 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters as Key Audit Matters to be communicated in our report:

Key Audit Matters	Auditor’s Response
<p>Property Plant and Equipment</p> <p>Peculiarity and technical complexities of Property, Plant and Equipment used in the operations and different IT systems used for maintaining Fixed Asset Register (FAR) requires more attention to ensure reasonably accurateness and completeness of financial reporting in respect of Property, Plant and Equipment. Further, due to technical complexities, the management is required to assess and make estimates/judgements about capitalization, estimated useful life, impairment etc. which may have material impact on the Financial Statements.</p>	<p>Our audit approach include:</p> <ul style="list-style-type: none"> • Review of the technical evaluation report of the independent agency • Evaluating the competence and objectivity of the expert • We assessed the Company’s process regarding maintenance of records, Valuation and accounting of transactions relating to Property, Plant and Equipment as per Ind AS 16. • We have evaluated the design of internal controls relating to recording and valuation of Property, Plant and Equipment. • We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment. • We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level. • We have reviewed management judgement pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of the Act.

Key Audit Matters	Auditor's Response
<p>Litigations, Claims, Provisions and Contingent Liabilities</p> <p>As disclosed in Note 33 detailing contingent liability and provision for contingencies, the Company is involved in litigations concerning direct tax, indirect tax and other matters that are pending with various statutory authorities.</p> <p>Whether a liability is recognized or disclosed as a contingent liability in the Financial Statements is inherently judgemental and dependent on a number of significant assumptions and assessments.</p> <p>The amounts involved are potentially significant and determining the amount, if any, to be recognized or disclosed in the Financial Statements, is inherently subjective.</p>	<p>Our audit approach include:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the Company's accounting policies, including those relating to provision and contingent liability by comparing with the applicable Indian Accounting Standards; • Assessed the Company's process for identification of the pending litigations and completeness for financial reporting and also for monitoring of significant developments in relation to such pending litigations; • Engaged subject matter specialists to gain an understanding of the current status of litigations and monitored changes in the disputes, if any, through discussions with the management and by reading external advice received by the Company, where relevant, to establish that the provisions had been appropriately recognized or disclosed as required; • Assessed the Company's assumptions and estimates in respect of litigations, including the liabilities or provisions recognized or contingent liabilities disclosed in the Financial Statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts; • Obtained details of completed tax assessments and demands for the year ended 31st March 2023 from the management. • We involved our internal experts to review the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. • Assessed the management's conclusions through understanding precedents set in similar cases; and considering the appropriateness of the Company's description of the disclosures related to litigations and whether these adequately presented in the Financial Statements.
<p>Inventories</p> <p>Inventories are also the critical component of Financial Statements. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations.</p>	<p>Our audit approach include:</p> <ul style="list-style-type: none"> • We assessed the Company's process regarding Maintenance of records, Valuation and accounting of transactions relating to inventories as per the Ind AS 2. • We have evaluated the design of Internal Controls relating to recording and valuation of inventories. • We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to inventories. • We have verified the compliance with the standard norms relating to production as framed and timely updated by the management.

Other Information

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

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management Responsibilities for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, 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, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the financial year ended 31st March 2023 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.

Other Matters

The financial statements for the year ended 31st March 2022 were audited by other auditor, who have issued unmodified report vide report dated 26th May 2022. This report has been furnished to us by the Management, which has been relied upon by us for the purpose of audit of this financial statement

Our opinion is not modified in this respect.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2020 ("the Order"), issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015 as amended.
 - e. On the basis of the written representations received from the directors as on 31st March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note: 33(C) to the Financial Statements).
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d. (i) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries:

- (ii) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company has not declared or paid any dividend during the year.
- f. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1st April 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March 2023.
4. With respect to the other matters to be included in the Auditor's Report in accordance with requirement of section 197(16) of the Act, as amended:

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

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

Sd/-

Lokesh Vasedevan

Partner

Membership No: 222320

UDIN: 23222320BGYUWT5397

Place: Gurgaon

Date: 27th May 2023

Annexure 'A' to the Independent Auditor's Report

The "Annexure A" referred to in clause 1 of "Report on Other Legal and Regulatory Requirements" paragraph of the Independent Auditor's Report of even date to the members of Bafna Pharmaceuticals Limited on the Financial Statements as on and for the year ended 31st March 2023.

- i) a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
(B) The Company has maintained proper records showing full particulars of intangible assets under development.
- b) We are informed that a test of physical verification of property, plant and equipment was carried out by the management at a reasonable interval and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of these assets is reasonable having regards to the size of the Company and nature of its assets.
- c) The title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) as disclosed in the financial statements are held in the name of the Company.
- d) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has not revalued any of its property, plant and equipment and intangible assets under development during the year ended 31st March 2023.
- e) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, there are no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii) (a) The management has conducted physical verification of inventory at the reasonable interval during the year and no discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns/ statements filed by the Company with such banks are not in agreement with the books of account of the Company as follows:

(₹ in lakhs)

Name of the Bank	Quarter	Particulars of Security Provided	Amount as per books of accounts	Amount as reported in Quarterly return	Variance
ICICI Bank	June-22	Inventory	1,911.01	1,867.52	43.39
		Books Debts	2,261.58	2,238.15	23.43
		Sundry Creditors	1,180.62	1,355.75	175.14
	Sept-22	Inventory	2,157.86	1,862.81	295.05
		Books Debts	2,103.29	2,465.66	(362.37)
		Sundry Creditors	1,654.88	1,712.03	57.15
	Dec-22	Inventory	2,794.39	2,208.14	586.25
		Books Debts	3,731.70	3,755.47	(23.77)
		Sundry Creditors	3,192.46	2,739.16	(453.30)
	Mar-23	Inventory	2,221.96	1,905.76	316.20
		Books Debts	4,102.75	4,144.73	(41.98)
		Sundry Creditors	2,755.77	2732.70	(23.07)

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

(₹ in lakhs)

Particulars	Amount
Aggregate amount of Staff Advances provided during the year ended 31 st March 2023	22.27
Balance outstanding as at balance sheet date 31 st March 2023	6.40

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, in our opinion the terms and conditions for the grant of staff advances during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, in our opinion, the Company has given staff advances to its employees during the year as per the Company's policy and receipts are generally regular.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, there is no overdue amount.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, there are no staff advances granted that has fallen due during the year, which has been renewed or extended or fresh staff advances granted to settle the overdue of existing staff advances given to same employees.

- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has not granted any loans or advances to employees during the year without specifying any terms or period of repayment.
- iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013.
- v) According to the information and explanations given to us and based on our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has not accepted any deposits from the public and no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal. Therefore, the provisions of clause (v) of the paragraph 3 of the Order are not applicable to the Company.
- vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the same.
- vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Service Tax, Excise Duty, Value Added Tax, Goods and Service Tax, Duty of Customs, Cess, and Other Statutory Dues with the appropriate authorities. There are no outstanding undisputed statutory dues on the last day of financial year concerned for a period of more than 6 month from the date they become payable except as follows:

(₹ in lakhs)

Name of the Statute	Nature of Dues	Amount	Period to which amount relates
SEBI Regulations	Penalties levied by BSE Limited.*	3.01	Sept-2020
SEBI Regulations	Penalties levied by BSE Limited.*	1.30	Mar-2022
SEBI Regulations	Penalties levied by BSE Limited.*	5.37	Jun-2022
SEBI Regulations	Penalties levied by BSE Limited.*	4.78	Sept-2022
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	3.01	Sept-2020
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	1.30	Mar- 2022
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	5.37	Jun-2022
SEBI Regulations	Penalties levied by National Stock Exchange of India Limited.*	4.78	Sept-2022
Income Tax Act 1961	Tax Deducted at Source**	0.00***	FY 2007-2008
Income Tax Act 1961	Tax Deducted at Source**	1.00	FY 2008-2009
Income Tax Act 1961	Tax Deducted at Source**	0.37	FY 2009-2010

Name of the Statute	Nature of Dues	Amount	Period to which amount relates
Income Tax Act 1961	Tax Deducted at Source**	2.41	FY 2010-2011
Income Tax Act 1961	Tax Deducted at Source**	0.19	FY 2011-2012
Income Tax Act 1961	Tax Deducted at Source**	0.82	FY 2012-2013
Income Tax Act 1961	Tax Deducted at Source**	2.46	FY 2013-2014
Income Tax Act 1961	Tax Deducted at Source**	2.88	FY 2014-2015
Income Tax Act 1961	Tax Deducted at Source**	8.26	FY 2015-2016
Income Tax Act 1961	Tax Deducted at Source**	6.31	FY 2016-2017
Income Tax Act 1961	Tax Deducted at Source**	6.01	FY 2017-2018
Income Tax Act 1961	Tax Deducted at Source**	4.78	FY 2018-2019
Income Tax Act 1961	Tax Deducted at Source**	3.73	FY 2019-2020
Income Tax Act 1961	Tax Deducted at Source**	1.05	FY 2020-2021
Income Tax Act 1961	Tax Deducted at Source**	0.68	FY 2021-2022
Income Tax Act 1961	Tax Deducted at Source**	0.30	FY 2022-2023

* According to the information and explanations given to us, the Company has made suitable representation seeking waiver of penalties imposed by BSE Limited and National Stock Exchange of India Limited.

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

***Amount is less than one thousand.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, the particulars of dues of Income Tax or Sales Tax or Service Tax or Excise Duty or Value Added Tax or Goods and Services Tax or Cess or Stamp Duty as at 31st March 2023 which have not been deposited on account of any dispute are as under:

(₹ in lakhs)

Nature of Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount
Income Tax Act 1961	Income Tax	Honourable High Court of Madras	AY 2015-16	342.19
Finance Act 1994	Service Tax	Honourable High Court of Madras	Various Period from FY 2014-15 to June 2018	22.32
Goods and Service Tax Act	Sales Tax	Honourable High Court of Madras	FY 2016 - 17	25.26
Foreign Trade (Development and regulation Act 1992	Penalty Under Foreign Trade (Development & Regulation Act, 1992	Honourable High Court of Madras	Various Period for Advance Authorization obtained in October, 2004	20.00

Nature of Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount
Provident Fund Act 1952	Provident Fund	Honourable High Court of Madras	FY 2016-2018	33.67

- viii) According to the information and explanations given to us, and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- ix) a) According to the information and explanations give to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year. However, with respect to interest free loan availed from KMP in previous financial years, the terms and conditions for repayment of principal has not been stipulated and accordingly we are unable to comment on the default in repayment of such loans.

(₹ in lakhs)

Particulars	Amount
Outstanding at the beginning of the year	201.67
Repaid during the year	51.00
Outstanding at the end of the year	150.67

According to the information and explanations given to us and on the basis of our examination of records of the Company, carried out in accordance with the generally accepted auditing practices in India, the loan has not been demanded for repayment in full during the relevant financial year. (Refer Note 13 to the Financial Statements)

- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company has not been declared a wilful defaulter by any bank or financial institution, or government or any government authority or any other lenders.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, term loans were applied for the purpose for which they were obtained during the year.
- d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, in our opinion, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company does not have any subsidiaries, joint ventures, associate companies. Therefore, the provisions of clause (ix)(e) of the paragraph 3 of the Order are not applicable to the Company.
- f) According to the information and explanations given to us and on the basis of our examination of records of the Company, carried out in accordance with the generally accepted auditing practices in India, in our opinion, the Company does not have subsidiaries, joint ventures, associate companies. Accordingly, the provisions of clause (ix)(f) of the paragraph 3 of the Order is not applicable to the Company.

- x) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xi) a) According to the information and explanation given to us and on the basis of our examination of records and books of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the Company or on the Company, noticed or reported during the year, nor we have been informed of any such cases by the management during the course of our audit.
- b) No report under Section 143 (12) of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) According to the information and explanations given to us by the management of the Company, the Company has not received any whistle blower complaints during the year. Therefore, the provision of clause (xi)(c) of the paragraph 3 of the Order is not applicable to the Company.
- xii) In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii)(a), (xii)(b) and (xii)(c) of the paragraph 3 of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties, prima facie are in compliance with the provision of Section 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable Ind AS.
- xiv) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company has an internal audit system that commensurate with the size and nature of its business.
- b) We have considered, the internal audit reports for the year under audit, issued to the Company.
- xv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company has not entered into non-cash transactions with directors or persons connected with them. Therefore, the provisions of clause (xv) of the paragraph 3 of the Order is not applicable to the Company.
- xvi) a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provision of clause (xvi) (a) of the paragraph 3 of the Order is not applicable to the Company.
- b) The Company has not conducted non-banking financial/housing finance activities during the year. Therefore, the provision of clause (xvi)(b) of the paragraph 3 of the Order is not applicable to the Company.

- c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, the provision of clause (xvi)(c) of the paragraph 3 of the Order is not applicable to the Company.
- d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Therefore, the provision of clause (xiv)(d) of the paragraph 3 of the Order is not applicable to the Company.
- xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- xviii) There has been no resignation of the statutory auditors during the year. Therefore, the provision of clause (xviii) of the paragraph 3 of the Order is not applicable to the Company.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, there is no requirement of spending towards Corporate Social Responsibility ("CSR") as the Company has incurred losses (Refer Note No. 43 to the Financial Statements). Therefore, the provision of clause (xx) (a) of the paragraph 3 of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, there is no requirement of spending towards Corporate Social Responsibility ("CSR") and there are no ongoing projects as at balance sheet date, therefore, the Company does not have any amount remaining unspent under Section 135(6) of the Act. Therefore, the provision of clause (xx) (b) of the paragraph 3 of the Order is not applicable to the Company.

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

Sd/-

Lokesh Vasedevan

Partner

Membership No: 222320

UDIN: 23222320BGYUWT5397

Place: Gurgaon

Date: 27th May 2023

Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Bafna Pharmaceuticals Limited of even date)

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

We have audited the internal financial controls with reference to Financial Statements of Bafna Pharmaceuticals Limited (the “Company”) as of 31st March 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

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

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

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

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial controls 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 controls 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls 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, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2023, based on the criteria for internal financial controls over financial reporting established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Brahmaya & Co
Chartered Accountants

Firm Regn No: 000511S

Sd/-

Lokesh Vasedevan

Partner

Membership No: 222320

UDIN: 23222320BGYUWT5397

Place: Gurgaon

Date: 27th May 2023

BALANCE SHEET AS AT 31ST MARCH, 2023

(Rs. in Lakhs)

Particulars	Note No	As at 31 st March, 2023	As at 31 st March, 2022
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	3	4,022.97	3,884.56
(b) Intangible Assets under Development	4	150.00	-
(c) Financial Assets			
i) Other Financial Assets	5	54.18	41.92
Total Non Current Assets		4,227.15	3,926.48
2 Current Assets			
(a) Inventories	6	2,221.96	2,028.05
(b) Financial Assets			
(i) Trade Receivables	7	4,114.85	1,477.96
(ii) Loans	8	5.41	9.67
(iii) Cash and Cash Equivalents	9	781.00	17.30
Total Financial Asset		4,901.26	1,504.93
(c) Current Tax Assets (Net)	10	47.47	62.55
(d) Other Current Assets	11	1,560.48	1,492.45
Total Current Assets		8,731.17	5,087.98
Total Assets		12,958.32	9,014.46
II EQUITY AND LIABILITIES			
A EQUITY			
(a) Equity Share Capital	12	2,365.63	2,365.63
(b) Other Equity		4,979.83	3,830.74
Total Equity		7,345.46	6,196.37
B LIABILITIES			
(1) Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	843.33	531.70
Total Financial Liabilities		843.33	531.70
(b) Government Grant	14	121.90	85.12
Total Non Current Liabilities		965.23	616.82

Balance Sheet as at 31st March, 2023 - (Contd.)

(Rs. in Lakhs)

Particulars	Note No	As at 31 st March, 2023	As at 31 st March, 2022
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	1,449.06	574.24
(ii) Trade payables	16		
a. total outstanding dues of Micro and Small Enterprises		806.33	219.64
b. total outstanding dues of Other than Micro and Small Enterprises		2,039.74	1,020.85
(iii) Other financial liabilities	17	67.71	37.10
Total Financial Liabilities		4,362.84	1,851.83
(b) Other current liabilities	18	212.00	186.82
(c) Provisions	19	62.91	156.06
(d) Government Grant	14	9.88	6.56
Total Current Liabilities		4,647.63	2,201.27
Total Equity and Liabilities		12,958.32	9,014.46

Summary of Significant Accounting Policies

1-2

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

Chartered Accountants

Firm Regn No. 000511S

Sd/-

Lokesh Vasudevan

(Partner)

M.No. 222320

Place : Gurugram

Date : 27th May 2023

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

Sd/-

S HEMALATHA

[Chairperson & Executive Director]

[DIN : 02714329]

Sd/-

MELAGIRI SRIDHAR

[Chief Financial Officer]

Sd/-

BAFNA MAHAVEER CHAND

[Chief Executive Officer]

Sd/-

VISHNU VASUDEVA KUPPA

[Company Secretary]

M.No.57108

Place : Chennai

Date : 27th May 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

(Rs. in Lakhs)

	Note No	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
I Revenue from Operations	20	11,534.99	8,514.03
II Other Income	21	327.27	169.80
III Total Income (I + II)		11,862.26	8,683.83
IV EXPENSES			
Cost of Material Consumed	22	5,957.04	4,170.34
Purchase of Traded Goods	23	640.54	-
Manufacturing Expenses	24	1,352.89	1,135.11
Change in Inventories of Semi Finished Goods and Finished Goods	25	(291.07)	(177.40)
Employee benefits expenses	26	1,586.59	1,464.82
Finance cost	27	203.76	79.38
Depreciation and Amortization expense	28	533.44	549.33
Other expenses	29	717.44	724.97
Total Expenses (IV)		10,700.63	7,946.55
V Profit / (Loss) before Exceptional Items and Tax (III - IV)		1,161.63	737.28
VI Exceptional Items		-	215.65
VII Profit / (Loss) before Tax (V - VI)		1,161.63	521.63
VIII Tax Expense			
Relating to previous periods		27.83	-
Total Tax Expense (VIII)		27.83	-
XIII Profit / (Loss) for the Period (IX + XII)		1,133.80	521.63
XIV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit and loss		15.31	(2.40)
XV Total Comprehensive Income for the period (XIII + XIV)		1,149.11	519.23
VIII Earnings Per Equity Share			
Basic (Rs.)		4.86	2.19
Diluted (Rs.)		4.86	2.19

Summary of Significant Accounting Policies 1-2

The accompanying notes form an integral part of the Financial Statements

In Terms of our Report of even date

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

For Brahmayya & Co.

Chartered Accountants

Firm Regn No. 000511S

Sd/-

Lokesh Vasudevan

(Partner)

M.No. 222320

Sd/-

S HEMALATHA

[Chairperson & Executive Director]

[DIN : 02714329]

Sd/-

MELAGIRI SRIDHAR

[Chief Financial Officer]

Sd/-

BAFNA MAHAVEER CHAND

[Chief Executive Officer]

Sd/-

VISHNU VASUDEVA KUPPA

[Company Secretary]

M.No.57108

Place : Gurugram

Date : 27th May 2023

Place : Chennai

Date : 27th May 2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2023

(Rs. in Lakhs)

	Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
A.	CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
	Profit / (Loss) before Tax	1,176.94	519.23
	Adjustments for:		
	Depreciation and Amortization	533.44	549.33
	(Profit) / Loss on Sale of PPE, Intangible Assets and Investment Property	(19.64)	-
	Provision for Expected Credit Loss on Financial Assets (Net)	36.86	-
	Provision on Recoverability of Non Financial Assets (Net)	40.41	-
	Bad Debts and Irrecoverable Balances Written Off	30.44	
	Interest Income	(2.97)	(1.49)
	Government Grant	(9.88)	(6.55)
	Interest Expenses	179.75	8.86
	Cash Generated Before Working Capital Changes	1,965.35	1,069.38
	Movement In Working Capital		
	Increase / (Decrease) in Trade Payables	1,605.58	1,221.77
	Increase / (Decrease) in Provisions	(93.15)	156.06
	Increase / (Decrease) in Other Financial Liabilities	19.60	(51.17)
	Increase / (Decrease) in Other Liabilities	25.19	52.56
	(Increase) / Decrease in Trade Receivables	(2,704.19)	(611.21)
	(Increase) / Decrease in Inventories	(193.91)	(483.72)
	(Increase) / Decrease in Loans	4.26	(7.41)
	(Increase) / Decrease in Other Financial Assets	(52.68)	15.64
	(Increase) / Decrease in Other Assets	(68.03)	(372.05)
	Cash Generated From Operations	508.02	989.85
	Direct Taxes Paid	(12.77)	(17.02)
	Net Cash Flow From / (Used in) Operating Activities	495.25	972.83
B.	CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
	Purchase of Property Plant and Equipments	(671.87)	(754.12)
	Proceeds from Sale of Property Plant and Equipments	19.64	
	Receipt of Government Grants	50.00	98.21
	Intangible Assets Under Development	(150.00)	-
	Interest Income Received	2.97	1.49
	Net Cash Flow From / (Used in) Investing Activities	(749.26)	(654.42)
C.	CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
	Proceeds/ (Repayment) of Long Term Borrowings	1,186.45	(472.66)
	Interest Paid	(168.74)	(8.82)
	Net Cash Flow From / (Used in) Financing Activities	1,017.71	(481.48)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2023- (Contd.)

(Rs. in Lakhs)

	Particulars	For the Year Ended 31 st March, 2023	For the Year Ended 31 st March, 2022
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	763.70	(163.07)
	Cash and Cash Equivalents at the beginning of the year	17.30	180.37
	Cash and Cash Equivalents at the end of the year	<u>781.00</u>	<u>17.30</u>
	Components of Cash and Cash Equivalents		
	Cash and cheques on Hand	0.40	0.08
	Balances with Banks		
	-On Current Accounts	12.55	1.86
	-On EEFC Accounts	653.30	-
	Cheques, Drafts on hand	114.75	15.36
	Cash and cash Equivalent (as per Note 9)	<u>781.00</u>	<u>17.30</u>
	Changes in Liabilities arising from Financing Activities including both changes arising from cash flow and non cash flow :		
	Long Term Borrowings	843.33	531.70
	Short Term Borrowings	1,449.06	574.25
	Interest Accrued and Due on Borrowings	11.01	-
	Total	<u>2,303.40</u>	<u>1,105.95</u>
D	Total Movement	1,197.46	
E	Non Cash Changes		
	Interest Charged	(179.75)	
	Changes in Financing Cash Flow	<u>1,017.71</u>	

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

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

Chartered Accountants

Firm Regn No. 000511S

Sd/-

Lokesh Vasudevan

(Partner)

M.No. 222320

Place : Gurugram

Date : 27th May 2023

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

Sd/-

S HEMALATHA

[Chairperson & Executive Director]

[DIN : 02714329]

Sd/-

MELAGIRI SRIDHAR

[Chief Financial Officer]

Sd/-

BAFNA MAHAVEER CHAND

[Chief Executive Officer]

Sd/-

VISHNU VASUDEVA KUPPA

[Company Secretary]

M.No.57108

Place : Chennai

Date : 27th May 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

A. Equity Share Capital

Particulars	No of Shares	Amount
Balance as at 01st April 2021	236.56	2,365.63
Changes in Equity Share Capital During 2021-22	-	-
Balance as at 31st March 2022	236.56	2,365.63
Changes in Equity Share Capital During 2022-23	-	-
Balance as at 31st March 2023	236.56	2,365.63

B. Other Equity

Particulars	Reserves and Surplus				
	Capital Reserve	Securities Premium Account	General Reserve	Retained earnings	Total
Balance as at 01st April 2021	2,698.14	7,537.65	192.35	(7,116.66)	3,311.48
Government Grants	98.21	-	-	-	98.21
Changes in accounting policy/prior period errors	(98.21)	-	-	-	(98.21)
Current year profit	-	-	-	521.66	521.66
Total Comprehensive Income after tax	-	-	-	(2.40)	(2.40)
Balance as at 31st March 2022	2,698.14	7,537.65	192.35	(6,597.40)	3,830.74
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-
Current year profit	-	-	-	1,133.80	1,133.80
Other Comprehensive Income after tax for the Period	-	-	-	15.29	15.29
Balance as at 31st March 2023	2,698.14	7,537.65	192.35	(5,488.31)	4,979.83

In Terms of our Report of even date

For Brahmayya & Co.

Chartered Accountants

Firm Regn No. 0005115

Sd/-

Lokesh Vasudevan

(Partner)

M.No. 222320

Place : Gurugram

Date : 27th May 2023

For and on Behalf of the Board

Bafna Pharmaceuticals Limited

Sd/-

S HEMALATHA

[Chairperson & Executive Director]

[DIN : 02714329]

Sd/-

MELAGIRI SRIDHAR

[Chief Financial Officer]

Place : Chennai

Date : 27th May 2023

Sd/-

BAFNA MAHAVEER CHAND

[Chief Executive Officer]

Sd/-

VISHNU VASUDEVA KUPPA

[Company Secretary]

M.No.57108

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

1. Corporate Information

BAFNA PHARMACEUTICALS LIMITED ('Bafna pharma' or 'the Company') is a Public Limited Company domiciled and incorporated in India, having its registered office at New No. 68 Old No. 299, Thambu Chetty Street, Chennai – 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 27th May 2023.

2.1. Basis of Preparation

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

a) Compliance with Ind AS

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

b) Historical cost convention

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

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

c) Current / Non – Current Classification

The Company presents assets and liabilities in the balance sheet based on current and non current classification.

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

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

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

Deferred Tax Assets and Liabilities are classified as non current.

2.2. Use of Significant Accounting Estimates and Judgements

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

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

A. Use of estimation and assumption

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

a) Property, Plant and Equipment & Intangible Assets

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

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

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

c) Income Taxes

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

B. Critical judgements made in applying accounting policies

a) Revenue recognition

The Company recognizes revenue from contracts with customers based on a five-step model as per Ind AS 115 (Refer Note 2.3 (R)) which involves judgements such as identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. The management exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time It considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

b) Recognition of Deferred Tax Assets

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

c) Evaluation of Indicators for Impairment of Assets

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

d) Expected Credit Losses

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

e) Useful Life of Depreciable/Amortizable Assets

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

f) Fair Value Measurements

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

g) Provisions

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

h) Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain or not to exercise the option to renew or terminate the lease. That considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

C. Recent pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March 2023, MCA notifies the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1st April 2023 as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Tax

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 107 – Financial Instruments: Disclosures and Ind AS 34 – Interim Financial Reporting

These amendments are consequent to the amendments in Ind AS 1 related to change from ‘significant accounting policies’ to ‘material accounting policy information’. The Company does not expect this amendment to have any significant impact on its financial statements

The Company has not early adopted any amendments that have been notified but are not yet effective.

2.3 Significant Accounting Policies

A Property, Plant and Equipment and Depreciation

Initial Recognition

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

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

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

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

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

Subsequent measurement

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

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

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

Depreciation

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

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

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

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

De-recognition

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

Capital Work in Progress and Capital Advances

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

B Intangible Assets & Amortization

Initial Recognition

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

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

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

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

Subsequent measurement and amortization

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

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

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

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

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

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

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

De-recognition

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

C Inventories

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

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

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

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

D Impairment of Non – Financial Assets

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

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

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

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

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

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

E Financial Assets

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

Initial recognition

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

Subsequent Measurement

a) Financial assets measured at amortized cost:

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

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

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

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

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

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

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

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

Impairment

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

a) Trade Receivables

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

b) Other Financial Assets

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

De-recognition

A financial asset is de recognized only when:

- The Company has transferred the rights to receive cash flows from the financial asset, or
- The contractual right to receive cash flows from financial asset is expired, or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

F Cash and Cash Equivalents

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

G Non-current Assets held for sale

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

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

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

G Share Capital

Equity Shares are classified as equity.

H Financial Liabilities

Initial Recognition

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

Subsequent Measurement - at amortized cost

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

De-recognition

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

Offsetting of financial instruments

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

I Borrowing Costs

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

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

J Employee benefits

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

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

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

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

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

K Share Based Payments - Employee Stock Option Scheme

The Company has formulated an Employees Stock Option Scheme which provides that subject to continued employment with the Company or the Group, employees of the Company and its Subsidiary are granted an option to acquire equity shares of the Company that may be exercised within a specified period. The fair value of options granted under Employee Stock Option Plan is recognized as a deferred employee's stock option compensation with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

L Income Taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current income tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity). Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

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

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

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

M Leases

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

Company as a lessee

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

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

The Company's lease assets consists of the following:

Asset Description	Useful life
Leasehold Land	As per Lease period
Leasehold Building	Lower of Lease period or useful life

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

Initial Measurement

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

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

Subsequent Measurement

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

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

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

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

Company as a lessor

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

N Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

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

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

O Contingent Liabilities

Contingent liability is disclosed in case of:

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

P Contingent Assets

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

Q Fair Value Measurements

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

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

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

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

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

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

R Revenue Recognition

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

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

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

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

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

S Other Income

Interest Income

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

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

Dividend income

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

T Foreign currency transactions

Functional and presentation Currency

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

On the initial recognition, transactions in currencies other than the Company's functional currency (foreign currencies) are translated at exchange rates on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate on that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous period are recognised in profit or loss in the period in which they arise.

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

U Government Grants

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

V Earnings per share

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

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

W Segment Reporting

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

X Events after reporting date:

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

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

3. PROPERTY PLANT AND EQUIPMENT

	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Laboratory Equipments	Electrical Installations	Vehicles	Office Equipment	Computers	TOTAL ASSETS
Gross Block										
As at 1st April, 2021	19.32	2,251.21	3,957.02	184.61	957.05	339.12	18.22	32.92	197.13	7,956.60
Additions	-	205.87	568.26	0.54	15.32	-	25.53	9.61	12.12	837.25
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	19.32	2,457.08	4,525.28	185.15	972.37	339.12	43.75	42.53	209.27	8,793.85
Additions	-	50.68	489.87	-	101.67	-	8.97	7.64	13.02	671.85
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2023	19.32	2,507.76	5,015.15	185.15	1,074.04	339.12	52.72	50.17	222.29	9,465.70
Accumulated Depreciation										
As at 1st April, 2021	-	870.16	2,019.32	170.92	744.77	322.22	17.85	30.65	184.07	4,359.96
Charged For the Period	-	89.46	373.02	11.93	52.29	0.01	1.42	3.18	18.02	549.33
On Disposals	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	-	959.62	2,392.34	182.85	797.06	322.23	19.27	33.83	202.09	4,909.29
Charged For the Period	-	153.78	344.20	0.23	24.48	-	3.45	2.25	5.05	533.44
On Disposals	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2023	-	1,113.40	2,736.54	183.08	821.54	322.23	22.72	36.08	207.14	5,442.73
Net Block										
As at 31 st March, 2022	19.32	1,497.46	2,132.94	2.30	175.31	16.89	24.48	8.70	7.16	3,884.56
As at 31 st March, 2023	19.32	1,394.36	2,278.61	2.07	252.50	16.89	30.00	14.09	15.13	4,022.97

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

4 Intangible assets under development	As at				
	31 st March, 2023	31 st March, 2022			
Intangible assets under development	150.00	-			
	150.00	-			
Aging of Intangible assets under development as at 31 st March 2023					
	Less than 1 Year	1-2 Years	2-3 Year	More than 3 Years	Total
Projects in progress	150.00	-	-	-	150.00
	150.00				150.00

5 Other Financial Assets

	Non Current		Current	
	As at 31 st March, 2023	As at 31 st March, 2022	As at 31 st March, 2023	As at 31 st March, 2022
Security Deposits with Government Departments	46.67	35.05	-	-
Security Deposits with Related Parties	6.75	6.87	-	-
Security Deposits with Landlords & Others	0.76	-	-	-
	54.18	41.92	-	-

6 Inventories

(At lower of cost and net realisable value unless otherwise stated)

	As at 31 st March, 2023	As at 31 st March, 2022
Raw Materials	1,291.38	977.08
Consumables, Stores and Spares	196.35	607.81
Work-in-Progress	514.78	118.79
Finished Goods	219.45	324.37
Total	2,221.96	2,028.05

7 Trade Receivables

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured		
Considered Good	4,151.71	1,477.96
	4,151.71	1,477.96
Less: Provision for Expected Credit Losses	36.86	-
	4,114.85	1,477.96

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

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

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

Ageing for Trade Receivables as at 31st March 2022 is as follows:-

	Outstanding for following periods from Due date of Payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	1,269.70	155.61	7.34	13.30	32.01	1,477.96
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
	1,269.70	155.61	7.34	13.30	32.01	1,477.96
Less: Provision for Expected Credit Losses						-
						1,477.96

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

8 Loans	As at 31st March, 2023	As at 31st March, 2022
Unsecured, Considered Good		
Loans and Advances to Employees	5.41	9.67
Total Loans	5.41	9.67
9 Cash and Cash Equivalents	As at 31st March, 2023	As at 31st March, 2022
Cash on Hand	0.40	0.08
Balances with Banks		
-Current Accounts	12.55	1.86
-EEFC Accounts	653.30	-
-Deposit Accounts	114.75	15.36
	781.00	17.30
10 Current Tax Assets (Net)	As at 31st March, 2023	As at 31st March, 2022
Advance Tax (Net of Provision for Tax)	47.47	62.55
	47.47	62.55
11 Other Current Assets	As at 31st March, 2023	As at 31st March, 2022
Advances other than Capital Advances		
Advances for services / goods	96.30	54.33
Prepaid Expense	37.29	27.45
GST Receivables	1,467.30	1,410.67
Less Provision for GST Receivables	(40.41)	-
	1,560.48	1,492.45

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

12 Equity Share Capital	As at 31st March, 2023	As at 31st March, 2022
Authorised		
400 Lakhs (31 st March, 2022: 400 Lakhs) Equity Shares of ₹ 10 each	4,000.00	4,000.00
	4,000.00	4,000.00
Issued, Subscribed and Paid Up		
Equity Shares		
236.56 Lakhs (31 st March, 2022: 236.56 Lakhs) Equity Shares of ₹10 each, Fully Paid Up	2,365.63	2,365.63
	2,365.63	2,365.63

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

	As at 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2022
	No. Lakhs	-	No. Lakhs	-
Equity Shares of ₹ 10 Each, Fully paid up				
At the Beginning	236.56	2,365.63	236.56	2,365.63
Issued during the period	-	-	-	-
At the end	236.56	2,365.63	236.56	2,365.63

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

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

12.3 Shares held by Holding Company

	As at 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2022
	No. Lakhs		No. Lakhs	
Equity Shares of ₹ 10 each fully paid up Held By				
SRJR Life Sciences LLP, Holding Company	211.88	2,118.81	212.91	2,129.07

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

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

Equity Shares of ₹ 10 each held By	As at 31 st March, 2023	As at 31 st March, 2023	As at 31 st March, 2022	As at 31 st March, 2022
	No. Lakhs	% Holding	No. Lakhs	% Holding
SRJR Life Sciences LLP, Holding Company	211.88	89.57%	212.91	90%

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

12.5 Disclosure of Shareholding of Promoters

Shares held by promoters at the end of the year

Equity Shares of ₹ 10 Each, Fully paid up

	No. of shares	% of total shares
P PARAS BAFNA	0.50	0.21%
NAVEENBAFNA M	0.42	0.18%
BAFNA MAHAVEER CHAND	0.06	0.02%
SASIKALA BAFNA.	0.02	0.01%
PARAS BAFNA .	0.00	0.00%
SRJR LIFESCIENCES LLP	211.88	89.57%
AMRI BAI BAFNA	0.02	0.01%
Total No. of Shares.	212.91	90%

13 Borrowings

	Non Current		Current	
	As at 31 st March, 2023	As at 31 st March, 2022	As at 31 st March, 2023	As at 31 st March, 2022
Rupee Loans and Advances Secured				
From Banks	692.66	330.03	258.12	115.08
	692.66	330.03	258.12	115.08
From Related Parties Un-secured				
From KMPs	150.67	201.67	-	-
	150.67	201.67	-	-
	843.33	531.70	258.12	115.08
Amount disclosed under the head "Short Term Borrowings" (Note 15)			(258.12)	(115.08)
Total	843.33	531.70	-	-

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

Terms of the Borrowings

The Company has availed the Working Capital Loan, Cash Credit Facility and Car Loan from ICICI Bank Limited and Kotak Mahindra Bank. Working Capital Loans are repayable in 48 and 60 equated monthly installments. The loan carries interest rate of Repo Rate+4.50%. Working Capital Loans and Cash Credit Facility are secured by Current Assets, Movable Fixed Assets as primary security and Immovable Fixed Assets assets as collateral security. These loans are also guaranteed by the CVR Enterprise LLP and SRJR Lifesciences LLP (promoters of the Company). Car Loan is secured by hypothecation of the respective vehicles.

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

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

The Company is generally regular in registering and filing of charge forms with ROC within the statutory period. However during the year ended 31st March 2023, the Company has not filed charge form for creation/ modification of charge against the loan obtained from ICICI Bank as on 31st March 2023.

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

Name of the Bank	Quarter	Particulars of Security Provided	Amount as per books of accounts	Amount as reported in Quarterly Return	Variance	Remarks
ICICI Bank	Jun-22	Inventory	1,911.01	1,867.52	43.49	The relevant Statement have been provided pending reconciliation and book closure for the corresponding periods due to the valuation finished goods and work in progress.
		Books Debts	2,261.58	2,238.15	23.43	
		Sundry Creditors	1,180.62	1,355.75	(175.13)	
	Sep-22	Inventory	2,157.86	1,862.81	295.05	
		Books Debts	2,103.29	2,465.66	(362.37)	
		Sundry Creditors	1,654.88	1,712.03	(57.15)	
	Dec-22	Inventory	2,794.39	2,208.14	586.25	
		Books Debts	3,731.70	3,755.47	(23.77)	
		Sundry Creditors	3,192.46	2,739.16	453.30	
	Mar-23	Inventory	2,221.96	1,905.76	316.20	
		Books Debts	4,102.75	4,144.73	(41.98)	
		Sundry Creditors	2,755.77	2732.7	23.07	

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

14 Government Grants	Non Current		Current	
	As at 31 st March, 2023	As at 31 st March, 2022	As at 31 st March, 2023	As at 31 st March, 2022
Government Grants	121.90	85.12	9.88	6.56
Total	121.90	85.12	9.88	6.56

15 Short Term Borrowings	As at 31 st March, 2023	As at 31 st March, 2022
Current maturities of Long Term Borrowings	258.12	115.07
Cash Credits	1,190.94	459.17
Total	1,449.06	574.24

16 Trade Payable	As at 31 st March, 2023	As at 31 st March, 2022
Trade Payables (including acceptances)		
(a) total outstanding dues of micro enterprises and small enterprises	806.33	219.64
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	2,039.74	1,020.85
	2,846.07	1,240.49

Aging for Trade Payables as at 31st March 2023

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

Aging for Trade Payables as at 31st March 2022

Particulars	Outstanding for following Periods from Due Date of Payment				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
MSME	219.64	-	-	-	219.64
Others	1,020.85	-	-	-	1,020.85
Disputed Dues- MSME	-	-	-	-	-
Disputed Dues- Other Than MSME	-	-	-	-	-
	1,240.49	-	-	-	1,240.49

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

17 Other Current Financial Liabilities	As at 31st March, 2023	As at 31st March, 2022
Interest accrued and due on borrowings	11.01	-
Other Payables	56.70	37.10
	67.71	37.10
18 Other Current Liabilities	As at 31st March, 2023	As at 31st March, 2022
Salaries and other benefits Payable	186.17	154.89
Advance from Customers	4.00	-
Taxes Payable (Other than Income Tax)	8.12	8.99
Employee Contributions Payable	13.71	22.94
Total	212.00	186.82
19 Provisions	As at 31st March, 2023	As at 31st March, 2022
Provision for Gratuity	62.91	156.06
Total	62.91	156.06
20 Revenue from Operations	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Domestic Sales	2,554.45	2,698.86
Export Sales	8,850.88	5,476.49
Analytical Income	129.66	338.68
	11,534.99	8,514.03
21 Other Income	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Interest Income		
-From Bank	2.97	1.49
-From Others	1.48	1.87
Gain/(Loss) on Foreign Exchange Difference	147.74	36.12
Rent	0.83	0.83
Freight Income	128.40	9.86
Sale of MEIS Scrips	0.82	111.66
Claim Received from Insurance	15.29	1.10
Profit on Sale of Assets	19.64	-
Deferred Income-Government Grants	9.88	6.55
Misc Income	0.22	0.32
	327.27	169.80

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

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
22 Cost of Materials Consumed		
Consumption of Raw Material, Chemicals and Packing Materials	5,957.04	4,170.34
	5,957.04	4,170.34
23 Purchase of Traded Goods		
Purchases - Trading Materials	640.54	-
	640.54	-
24 Manufacturing Expenses		
Manufacturing Expenses	234.83	174.83
Consumables	57.84	129.78
Analytical Expenses	44.83	32.68
Repairs and Maintenance		-
-Machinery Maintenance	149.79	128.95
-Lab Equipment Maintenance	36.56	45.41
-Factory Maintenance	124.55	89.34
-Others	65.05	20.59
Chemical Expenses	69.16	69.98
Security Charges	20.00	23.21
Power and Fuel	527.01	389.49
Freight Charges	23.27	30.85
	1,352.89	1,135.11
25 Change in Inventories of Work in Progress and Finished Goods		
Opening Stock:		
-Work-in-Progress	118.79	97.35
-Finished Goods	324.37	168.41
	443.16	265.76
Closing Stock:		
-Work-in-Progress	514.78	118.79
-Finished Goods	219.45	324.37
	734.23	443.16
(Increase)/ Decrease in Closing Stock	(291.07)	(177.40)

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

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
26 Employee benefits expenses		
Salaries, allowances and benefits to employees	1,414.29	1,274.36
Contribution to Provident Fund and Other Funds	113.43	135.17
Staff Welfare Expense	58.87	55.29
Total	1,586.59	1,464.82
27 Finance cost		
Interest	179.75	52.42
Other Borrowing Cost (Upfront Fees, Commitment Charges etc.)	24.01	26.96
Total	203.76	79.38
28 Depreciation and Amortization Expense		
Depreciation on PPE	533.44	549.33
Total	533.44	549.33
29 Other Expenses		
Rent	20.53	19.20
Rates and taxes	10.43	0.58
Repairs and Maintenance:		
Computer Software	29.05	17.85
Others	12.70	8.16
Packing Expenses	0.36	(3.38)
Freight and Transportation	154.64	224.58
Insurance	17.12	17.13
Research and Registration Expenses	72.12	146.83
Donations	1.12	2.98
Commission	-	3.92

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

(Amounts are in ₹ Lakhs unless specified)

Business Promotion and Advertisement	36.64	9.63
Directors sitting fee	3.85	5.39
Electricity charges	3.69	3.72
Marketing and selling expenses	19.61	48.88
Postage and Courier	4.26	3.91
Printing and Stationery	19.85	16.86
Legal and Professional Fees	108.94	165.30
Remuneration to auditors (As Auditor):		
Audit Fee	8.00	5.00
Tax audit fees	-	-
Reimbursement of expenses to Auditors	0.70	-
Provision for Expected Credit Loss on Trade Receivables	36.86	-
Provision for Other Assets	40.41	
Travelling and conveyance	53.04	19.83
Bad Debts written off	30.44	(2.43)
Communication expenses	9.01	7.84
Miscellaneous expenses	24.07	3.19
Total	717.44	724.97

30 Exceptional items**For the year ended 31st March 2022**

During the Previous Year Ended 31st March 2022, the Company has accounted ₹ 215.65 Lakhs as Gratuity Provision for the earlier years based on the Actuarial Valuation Report obtained in the previous financial year.

31 Earning Per Share (EPS)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Total Operations for the year		
Net Profit / (Loss) after Taxation for Basic EPS	1,149.11	519.23
Net Profit/(Loss) for calculation of Basic EPS (A)	1,149.11	519.23
Net Profit as above	1,149.11	519.23
Add : Dividends on convertible preference shares & tax thereon	-	-
Add : Interest on bonds/Debentures/Loan convertible into equity shares (Net of tax)	-	-
Net Profit/(Loss) for calculation of Diluted EPS (B)	1,149.11	519.23

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

Weighted average number of Equity Shares for Basic (C)	236.56	236.56
Weighted average number of Equity Shares for Diluted EPS (D)	236.56	236.56

Basic EPS

Basic EPS (A) / (C)	4.86	2.19
Diluted EPS (B) / (D)	4.86	2.19

Diluted Earnings Per Share, when anti dilutive is restricted to Basic Earnings Per Share

32 Employee Benefits

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

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Net Employee benefit expense recognized in the employee cost in statement of profit & loss account		
Current service cost	27.10	25.07
Past service cost	-	-
Acquisition Adjustment	-	-
Interest cost on benefit obligation	10.77	15.77
Expected return on plan assets	-	-
Sub Total	37.87	40.84
Recognised in Other Comprehensive Income		
Net actuarial (gain)/loss recognized in the year		
i. Actuarial (Gains)/Losses on Obligation For the Period	(7.58)	3.78
ii. Return on Plan Assets, Excluding Interest Income	(7.73)	(1.38)
iii. Financial Assumptions on plan assets	-	-
Sub Total	(15.31)	2.40
Net benefit expense	22.56	43.24

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

Balance Sheet	As at 31st March, 2023	As at 31st March, 2022
Benefit asset / liability		
Present value of defined benefit obligation	(290.07)	(276.99)
Fair value of plan assets	227.16	120.93
Funded Status (Surplus/ (Deficit))	(62.91)	(156.06)
Assets / (Liability) recognized in the balance sheet	(62.91)	(156.06)
 Change in the present value of the defined benefit obligation		
Opening defined benefit obligation	276.99	249.50
Benefit transferred in	-	-
Benefit transferred Out	-	-
Benefits paid	(25.55)	(17.75)
Expenses Recognised in Statement of Profit and Loss Account	-	-
Current service cost	27.10	25.07
Past service cost	-	-
Acquisition Adjustment	-	-
Interest cost on benefit obligation	19.11	16.39
Recognised in Other Comprehensive Income	-	-
Actuarial (gain)/loss on obligation	(7.58)	3.78
Closing defined benefit obligation	290.07	276.99
 Change in the fair value of plan assets		
Opening fair value of plan assets	120.93	9.46
Interest Income	8.34	0.62
Contributions by employer	100.85	127.22
Assets Transferred In/Acquisitions	14.86	-
Return on Plan Assets	7.73	1.38
Benefits paid	(25.55)	(17.75)
Closing fair value of plan assets	227.16	120.93

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

Investment details of the plan assets

Insurance fund	221.65	106.95
Cash And Cash Equivalents	5.52	13.98
Special Deposits	-	-

Assumptions

Discount Rate (%)	7.41	6.90
Estimated Rate of Return on Plan Assets	-	-
Attrition Rate (%)	10.00	10.00
Expected rate of salary increase (%)	8.00	8.00

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

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

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

Sensitivity analysis of the defined benefit obligation

Particulars	1% Increase		1% Decrease	
	2023	2022	2023	2022
Impact of the change in discount rate	(14.79)	(13.78)	16.64	15.54
Impact of the change in salary increase	15.70	14.44	(14.28)	(13.07)
Impact of the change in rate of Employee Turnover	(0.99)	(1.25)	1.06	1.36

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

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

Defined Contribution Plans

In respect of the defined contribution plan (Provident fund), an amount of Rs. 64.44. (Previous year : Rs. 54.62) Lakhs has been recognized as expenditure in the Statement of Profit and Loss

In respect of the State Plans (Employee State Insurance), an amount of Rs. 7.05 (Previous year : Rs. 8.46) Lakhs has been recognized as expenditure in the Statement of Profit and Loss

During the year the Company has provided Bonus and incentive of Rs. 87.96 (Previous Year: Rs. 78.66) Lakhs as expenditure in the Statement of Profit & Loss

33 Contingent Liabilities and Pending Litigations	As at 31st March, 2023	As at 31st March, 2022
A Contingent Liabilities		
a. Letter of Credit and Bank Guarantees	322.48	41.77
b. Bonds executed in favour of Customs Authorities for the purchase of materials and capital goods without payment of duty.	200.00	200.00
B Claims Not Acknowledged as Debt		
	As at 31st March, 2023	As at 31st March, 2022
Income Tax Act 1961 - Tax Deducted at Source	41.25	-
BSE Limited	20.64	-
National Stock Exchange Limited	20.04	-
<p>The Company has received communications from BSE Limited and National Stock Exchange of India Limited regarding the non-compliance with respect to Minimum Public Shareholding ("MPS") requirements specified in Rule 19 (2) and Rule 19A of the Securities Contracts (Regulations) Rules, 1957, as amended and Regulation 38 of the Listing Obligations and Disclosure Requirements Regulations of Securities Exchange Board of India ("SEBI") ("Listing Regulations") during the year. The Company has requested waiver for such penalties and also subsequently met the MPS criteria. Based on the internal assessment and communication with the BSE Limited and National Stock Exchange of India Limited, the management is confident of obtaining waiver from such penalties.</p>		
C Pending Litigations		
	As at 31st March, 2023	As at 31st March, 2022
i. Provident Fund	33.67	33.67
ii. Sales tax	25.26	25.26
iii. Service tax	22.31	22.31
iv. DGFT	20.00	20.00
v. Income Tax	342.19	273.87

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

(Amounts are in ₹ Lakhs unless specified)

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

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

34 Segment Reporting

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

35. Related Party disclosures

- a) Name of Related parties and description of relationship

Name of the Related Parties	Designation	Close Family Members
S. Hemalatha	Chairperson and Executive Director	
P K Sundaresan	Independent & Non Executive Director	
B. Kamlesh Kumar	Independent & Non Executive Director	
R. Chitra	Independent & Non Executive Director	
Akila C Raju	Non Executive Director	
Atul Sachdeva	Non Executive Director (upto13 th January 2023)	
SRJR Lifesciences LLP	Holding Company	
Bafna Mahaveer Chand	Chief Executive Officer	Sasikala Bafna- Wife Navin Bafna- Son Ruchika Saraf- Daughter- in-Law
M. Sridhar	Chief Financial Officer	
Jitendra Kumar Pal	Company Secretary - Upto 23 rd March 2022	
Roopa Ravikumar	Company Secretary - From 22 nd March 2022 to 11 th August 2022	

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

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

Bhansilal & Co (HUF)

Saffolco Pharmachem LLP

SMN Pharma Private Limited

b) Transactions During the Year with Related Parties

(₹ in lakhs)

Name of the Related Parties	Nature of Transactions	For the Year Ended 31 st March 2023	For the Year Ended 31 st March 2022
Bafna Mahaveer Chand	Remuneration	36.00	36.00
Navin Bafna	Remuneration	24.00	24.00
S. Hemalatha	Remuneration	14.97	14.42
S. Hemalatha	Salary Advance	1.08	-
M. Sridhar	Remuneration	11.87	11.68
M. Sridhar	Salary Advance	0.84	-
Jitendra Kumar Pal	Remuneration	-	9.38
Roopa Ravikumar	Remuneration	3.85	-
Sasikala Bafna	Rent	17.70	17.70
Bafna Mahaveer Chand	Loan Repaid/ (Taken)	50.00	(201.67)
Bafna Mahaveer Chand	Salary Advance	1.00	-
P K Sundaresan	Sitting Fees	1.21	1.54
B. Kamlesh Kumar	Sitting Fees	1.21	1.54
R. Chitra	Sitting Fees	0.77	0.66
Akila C Raju	Sitting Fees	0.44	0.33
Atul S	Sitting Fees	0.22	1.32
Bhansilal & co (HUF)	Rent	0.12	-
Saffolco Pharmachem LLP	Advance given against Services	19.50	-
SMN Pharma Private Limited	Advance given against Services	15.95	-
Ruchika Saraf	Advance given against Services	20.00	-
Saffolco Pharmachem LLP	Refund of Advance given against Services	(19.50)	-
SMN Pharma Private Limited	Refund of Advance given against Services	(15.95)	-
Ruchika Saraf	Refund of Advance given against Services	(20.00)	-

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

c) Year End Balances

(₹ in lakhs)

Name of the Related Parties	Nature of Transactions	As at 31 st March 2023	As at 31 st March 2022
Bafna Mahaveer Chand	Loan Payable	150.67	201.67
S. Hemalatha	Salary Advance Receivable	1.08	-
M. Sridhar	Salary Advance Receivable	0.84	-

36 Capital Management

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

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

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

(₹ in lakhs)

Particulars	As at 31 st March 2023	As at 31 st March 2022
Net Debts (Net of Cash and Cash Equivalents) (A)	1,511.39	1,088.65
Total Equity (B)	7,345.46	6,196.35
Net Debt to Equity Ratio (Times) (C)=(A)/(B)	0.21	0.18

37 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

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

Risk Exposures and Responses

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

i) Market risk

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

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

(Amounts are in ₹ Lakhs unless specified)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost. The Company's exposure to interest rate risk relates primarily to interest bearing financial liabilities. Interest rate risk is managed by the Company on an on-going basis with the primary objective of limiting the extent to which interest expense could be affected by an adverse movement in interest rates. There are no hedging instruments to mitigate this risk.

Sensitivity Analysis

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

	Profit / (Loss) before taxation	
	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Financial Liabilities - Borrowings		
+1% (100 basis points)	(2.13)	(0.52)
-1% (100 basis points)	2.13	0.52

Foreign currency risk

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

Commodity Risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases of Active Pharmaceutical Ingredients and other direct materials, whose prices are exposed to risk of fluctuation over short period of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials form the largest portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of 31st March, 2023, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

ii. Credit risk

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

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

(Amounts are in ₹ Lakhs unless specified)

Credit risk management

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

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

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

Particulars	Loans	Trade Receivables	Other Financial Assets
Loss allowance as on 1st April, 2021		-	-
Add / (less)			
Modification of contractual cash-flows that did not result in de-recognition		-	-
Write-offs		-	-
Recoveries		-	-
Impairment		-	-
Impairment Reversal		-	-
Loss allowance on 31st March, 2022		-	-
Add / (less)			
Modification of contractual cash-flows that did not result in de-recognition		-	-
Expected Credit Loss		36.86	-
Recoveries		-	-
Impairment		-	-
Impairment Reversal		-	-
Loss allowance on 31st March, 2023		36.86	-

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

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
31st March, 2023					
Borrowings	1,449.06	254.10	221.90	216.67	2,141.72
Borrowings from Related Parties	-	150.67			150.67
Trade Payables & Other Financial Liabilities	2,846.07	-	-	-	2,846.07
Total	4,295.13	404.77	221.90	216.67	5,138.46
31st March, 2022					
Borrowings	574.25	115.62	111.38	103.03	904.27
Borrowings from Related Parties		201.67			201.67
Trade Payables & Other Financial Liabilities	1,240.49				1,240.49
Total	1,814.74	317.29	111.38	103.03	2,346.44

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

c. Financial instruments by category

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

	As at 31 st March, 2023		
	FVTPL	FVOCI	Amortised Cost
Financial assets			
Trade receivables	-	-	4,114.85
Loans	-	-	5.41
Cash and cash equivalents	-	-	781.00
Other Financial Assets	-	-	54.18
Total	-	-	4,955.44

Financial liabilities

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

	As at 31 st March, 2022		
	FVTPL	FVOCI	Amortised Cost
Financial assets			
Trade receivables	-	-	1,477.96
Loans	-	-	9.67
Cash and cash equivalents	-	-	17.30
Other Financial Assets	-	-	41.92
Total	-	-	1,546.85

Financial liabilities

Borrowings	-	-	1,105.95
Trade payables	-	-	1,240.49
Other Financial Liabilities	-	-	37.10
Total	-	-	2,383.54

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

38 Fair value measurements

(i) Fair value hierarchy

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

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

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

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

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

As at 31 st March, 2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Other Financial Assets	-	-	54.18	54.18
Trade Receivables	-	-	4,114.85	4,114.85
Loans	-	-	5.41	5.41
Cash and Cash Equivalents	-	-	781.00	781.00
Total Financial Assets	-	-	4,955.44	4,955.44
Financial Liabilities				
Borrowings - Non Current	-	-	843.33	843.33
Borrowings - Current	-	-	1,449.06	1,449.06
Trade Payables	-	-	2,846.07	2,846.07
Other Financial Liabilities	-	-	67.71	67.71
Total Financial Liabilities	-	-	5,206.17	5,206.17

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

As at March 31st March, 2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Other Financial Assets	-	-	41.92	41.92
Trade Receivables	-	-	1,477.96	1,477.96
Loans	-	-	9.67	9.67
Cash and Cash Equivalents	-	-	17.30	17.30
Total Financial Assets	-	-	1,546.85	1,546.85
Financial Liabilities				
Borrowings - Non Current			531.70	531.70
Borrowings - Current			574.25	574.25
Trade Payables			1,240.49	1,240.49
Other Financial Liabilities			37.10	37.10
Total Financial Liabilities	-	-	2,383.54	2,383.54

Valuation Process and Technique Used to Determine Fair Value

Specific valuation techniques used to value financial instruments include:

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

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

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

39 Analytical Ratios

Ratio	Numerator	Denominator	As at 31 st March 2023	As at 31 st March 2022	% Variance	Reasons for Variance
Current Ratio (in times)	Total current assets	Total current liabilities	1.88	2.31	-18.72%	
Debt- Equity ratio (in times)	Debt consists of borrowings and lease liabilities	Total equity	0.31	0.18	74.85%	Increase in Borrowings owing to increase in operations post CIRP
Debt service coverage ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses (Dep and Amortization) + Interest + Other non-cash adjustments (loss on sale of Fixed Assets)	Debt service = Interest and lease payments + Principal repayments	1.19	1.76	-32.51%	Increase in Borrowings owing to increase in operations post CIRP
Return on equity ratio (in %)	Profit for the year less Preference dividend (if any)	Average total equity	16.75%	8.79%	90.58%	Increase in Sales and Performance Improvement.
Inventory Turnover Ratio	Sales	Average Inventory	5.43	4.77	13.88%	
Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables	4.12	7.26	-43.20%	Increase in Sales and Performance Improvement resulted in increase in Trade Receivables
Trade payables turnover ratio (in times)	Cost of rendering of Services + Other expenses	Average trade payables	3.89	8.43	-53.82%	Increase in Sales and Performance Improvement resulted in increase in Trade Payables

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

Ratio	Numerator	Denominator	As at 31 st March 2023	As at 31 st March 2022	% Variance	Reasons for Variance
Net capital turnover ratio (in times)	Revenue from operations	Average Working capital (i.e. Total current assets less Total current liabilities)	3.31	3.35	-1.30%	
Net profit ratio (in %)	Profit for the year	Total Income	9.56%	6.01%	59.12%	Increase in Sales and Performance Improvement
Return on capital employed (in %)	Profit before tax + finance costs - interest income	Capital employed = Net worth + Borrowings + Lease liabilities + Deferred tax liabilities - Current Investment - Cash and Cash Equivalents - Other Bank Balances	15.38%	8.23%	86.92%	Increase in Sales and Performance Improvement
Return on investment (in %)	Net Profit after taxes	Average Total Assets = Average of Opening Total Assets and Closing Total Assets excluding revaluation impact	10.32%	6.32%	63.33%	Increase in Sales and Performance Improvement

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

(Amounts are in ₹ Lakhs unless specified)

40 Leases

Company as lessee

The Company has entered into certain cancellable lease agreements mainly for office premises, land and infrastructure facilities' which are renewable on mutual agreement with the parties. At the date of commencement of the lease, the Company recognises a right of use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and low value leases. The Company applies the "short term lease" & "low value leases" recognition exemptions for these leases. Rent Expenses recorded for Short term and Low value lease was ₹ 20.53 Lakhs (31st March, 2022: ₹19.20 Lakhs).

41 Income Tax

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

42 Deferred Tax

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

43 Corporate Social Responsibility

The Company has met the criteria as specified under sub-section (1) of section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, during the year ended 31st March, 2023 however, in the absence of average net profits in the immediately three preceding years, there is no requirement for the Company to spend any amount under sub-section (5) of section 135 of the Act for the year ended 31st March 2023. Gross amount required to be spent by the Company during the year is ₹ NIL (31st March, 2022: ₹ NIL).

44 Disclosures of the transactions with Struck Off Companies

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

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

- (i) The Company does not have any Benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (ii) The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.
- (iii) The Company does not hold any investments and hence provisions for compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 (as amended) are not applicable.
- (iv) Utilisation of borrowed funds and share premium
 - A The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

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

(Amounts are in ₹ Lakhs unless specified)

- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
 - B The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries
 - (v) The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
 - (vi) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
 - (vii) No Scheme of Arrangements have been approved by the Competent Authority in terms of Sections 230 to 237 of the Act, during the year.
- 46** The Company's major business is with Foreign Customers. The Company has foreign currency receivables as on 31st March, 2023 of ₹ 203 Lakhs which are outstanding beyond the stipulated time period permitted under the RBI Master Direction on Export of Goods and Services vide FED Master Direction No. 16/2015-16 dated 1st January, 2016 (as amended), issued by the Reserve Bank of India (RBI) as of 31st March, 2023. The management of the Company is in the process of obtaining approval for extension of time limits for realization and also in process of receiving the payment and in regular discussion with the Customers. The management of the Company is confident of obtaining the approval for time extension and recovery of the amount within such extended time period.
- 47** Consequent to the revival of the Company through the Corporate Insolvency resolution process, the management is in the process of strengthening its Corporate Governance Practices including regularizing the requirement to maintain minimum number of directors and continued association of the full time company secretary. Active efforts are being undertaken to ensure effective compliance.
- 48** Disclosures required under Section 22 of MSMED Act 2006 under the Chapter on Delayed Payments to Micro, Small and Medium Enterprises

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

There are no Micro, Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at 31st March 2023. These information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the to the extent such parties have been identified on the information available with the Company.

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

In Terms of our Report of even date

For Brahmayya & Co.

Chartered Accountants
Firm Regn No. 000511S

Sd/-

Lokesh Vasudevan

(Partner)
M.No. 222320

Place : Gurugram
Date : 27th May 2023

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

Sd/-

S HEMALATHA

[Chairperson & Executive Director]
[DIN : 02714329]

Sd/-

MELAGIRI SRIDHAR

[Chief Financial Officer]

Place : Chennai
Date : 27th May 2023

Sd/-

BAFNA MAHAVEER CHAND

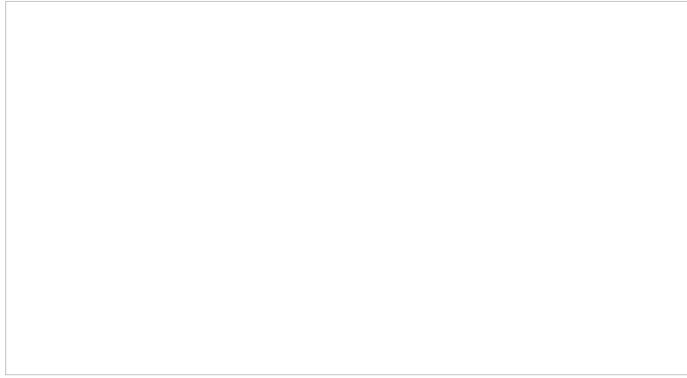
[Chief Executive Officer]

Sd/-

VISHNU VASUDEVA KUPPA

[Company Secretary]

M.No.57108



Awards & Achievements

Bafna received the prestigious “Export Excellence Award”

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

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

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



If undelivered, please return to:



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