



BAFNA PHARMACEUTICALS LIMITED

17th Annual Report

Financial Year 2011-12

Raricap*

turns

42

Since 1971... The **Legacy**
Continues...

Par excellence in treating
Iron Deficiency Anaemia



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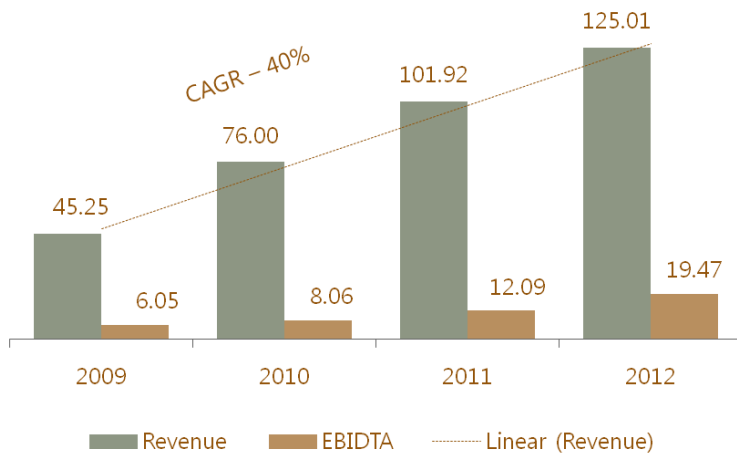
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KEY FINANCIAL INDICATORS¹

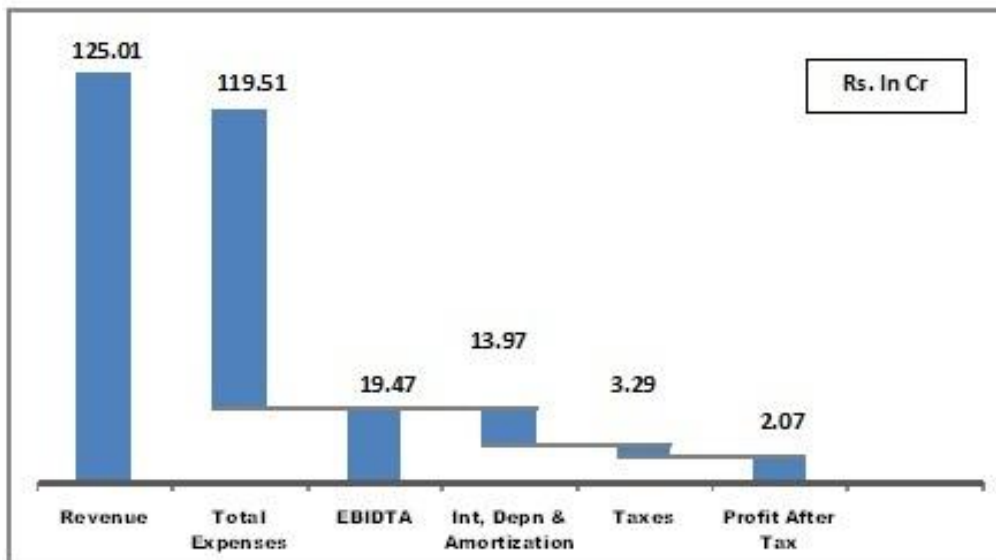
Revenue Growth

Rupees in Crores



- Sales for FY 12 has grown by 23% to Rs 125.01 Cr over the last year sales of Rs. 101.92 Cr
- EBIDTA margins have increased by 61% in spite of increase in expenses due to brand launches. Revenue from R&D services of Rs. 2.97 Cr is the major driver for the boost in EBIDTA
- Impressive growth in revenue with a CAGR of 40%

Profitability Statement



¹ Financial figures depicted in the graphs are from standalone financials of Bafna Pharmaceuticals Limited as FY 12 is the first year for consolidated financials of Bafna Pharmaceuticals Limited.

COMPANY SNAPSHOT

Name of Company	:	Bafna Pharmaceuticals Limited
Incorporation	:	1995
Initial Public Offering	:	2008
Total Revenue	:	Rs. 125.01 Cr
Net Profit	:	Rs. 2.07 Cr
Listing	:	Bombay Stock Exchange

Registered Office

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

Bankers

State Bank of India
Export – Import Bank of India
IDBI Bank
DBS Bank Ltd

Share Transfer Agents

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

Auditors

M/s. Abhay Jain & Co
Chartered Accountants
Room No.72, 3rd Floor, 4/16, Sunkurama Street
Chennai – 600 001

Factories

No: 13, S.V. Koil Street,
Madhavaram,
Chennai – 600 060
India

147, Madhavaram Redhills High Road.
Grantlyon, Redhills,
Chennai – 600 052
India

Board of Directors

Shri. Bafna Mahaveer Chand
Chairman & Managing Director

Shri. Paras Bafna
Whole time Director

Shri. Sunil Bafna
Non-Executive Independent Director

Shri. V. Rajamani
Non-Executive Independent Director

Shri. R. Dwarakanathan
Non-Executive Independent Director

Shri. A. Sahasranaman
Non-Executive Independent Director

Audit Committee

Shri. V. Rajamani
Shri. R. Dwarakanathan
Shri. Bafna Mahaveer Chand

Investor Grievance and Share Committee

Shri. Bafna Mahaveer Chand
Shri. Paras Bafna
Shri. Sunil Bafna

BOARD OF DIRECTORS / CEO – BRIEF PROFILE

Shri. Bafna Mahaveer Chand | Chairman & Managing Director

He is the main Promoter of the Company and has over three decades of experience in Pharmaceutical industry. He is a Chemistry Graduate from Madras University. He is considered to be a doyen in the industry with in-depth know-how and expertise of all the faculties & operations of the industry. Thanks to his diligence and vision, the company has transformed itself from a proprietary firm to a listed entity, credited with a facility accredited by UK-MHRA. Being an expert in both domestic and international business, his contributions towards developing domestic institutional business and international CRAMS business, setting up the State – of – the art R&D center and the drive to acquire the Marque Brand 'Raricap' have scripted the success story of the company. He has been recently honored by the National Level Entrepreneurship Excellence award in 2010.

Shri. Paras Bafna | Whole time Director

He is one of the Promoter - Director of the Company. He is a Commerce Graduate and MBA with 22 years of experience in Planning & Production. His innate understanding of emerging pharmaceutical market trends has helped us to advance technically by innovative methods. His astute thinking and management skills are largely responsible for the smooth functioning of our factories.

Shri. V. Rajamani | Independent Director

He is a greatly experienced, specialized in Financial Management, Secretarial Department and Company Accounts. He is a Graduate in Arts and a FICWA and ACS and has over three decades of experience in the areas of Finance and Administration. Prior to joining Bafna Pharma, he has served as the Company Secretary and Chief Vigilance Officer of M/s. Manganese Ore India Limited at Nagpur from 1980 to 1986. From 1986 to 1988 he worked as Additional / General Manager (co-ordination) and as Director of M/s. Neyveli Lignite Corporation. He is a Director in Morgan Industries Limited. He brings with him rich experience on account of the various posts / position held in the secretarial / financial departments held in the Central Government undertakings where he worked earlier.

Shri. R. Dwarakanathan | Independent Director

He is greatly experienced, specialized in Financial Planning & Management. Shri. R. Dwarakanathan is post graduate in Arts from Madras University and an MBA from Wichita State University, Kansas, USA and also has to his credit CAIIB, Diploma in Industrial Finance and Corporation. He has over 36 years of experience in the field of banking and finance. He started his career in State Bank of India and rose to the level of General Manager (Operations), Local Head Office, General Manager cum Vice Principal, State Bank Staff College at the time of his retirement in April, 2000. He is specialized in various areas such as Financial Management,

Corporate Credit, Foreign Exchange, Organizational Development, Inspection and Management Audit and Rehabilitation of Sick Units. Presently he is serving as a Senior Faculty in Loyola Institute of Business Administration, Chennai.

Shri. A. Sahasranaman | Independent Director

He is a top-level bureaucrat, a research scholar and an accomplished author. Having completed his Master's in Economics, he subsequently joined the Indian Administrative Service, Jammu & Kashmir Cadre and served from 1973 – 1996 under several strategic posts. Apart from this he reserves the distinction for having acted as the Executive Director, Council for Leather Exports – Chennai. He has lent his expertise to UNDP - Dept. of Industrial Policy & Promotion, Govt. of India. He resumed his tryst with Jammu & Kashmir by accepting an invitation by the state government to serve as the Principal Secretary, Dept. of Industries and Commerce from 2003 – 2005. Since July 2002, he is serving as the Honorary Director of Indian Leather Industry Foundation, Chennai chapter. In addition to his professional legacy, he is also a renowned author of several books and articles pertaining to the development & promotion of small-scale industries in India.

Shri. Sunil Bafna | Independent Director

He is B.A. (Corporate Secretaryship) Graduate from Madras University and he has completed a specialized course in Financial Management. He brings with him over 16 years of experience in functions of financial planning and management.

Shri. Shyam Sundar Bharti | CEO

A banker by profession, he is specialized in corporate finance and general management. He has done his masters in management from Jamnalal Bajaj Institute of Management Studies (JBIMS) and graduation in law from Lucknow University. He also has CAIIB to his credit. He brings over 30 years of banking industry experience and has held various senior positions such as Senior Vice President of Centurion Bank of Punjab and COO of a Chemical Company before joining Bafna Pharma. He manages the general management, finance and human resources in the company.

KEY MESSAGE FROM CMD²

Dear shareholders,

We have just completed one more eventful year. Bafna Pharma's acquisition of marquee brand **Raricap** and launch of the brand in Indian market is the most important milestone in the company's growth story. Bafna Pharma grew about 23% last year with an EBIDTA of 61%.



We keep reiterating that value growth of Bafna Pharma is three pronged as mentioned in my previous messages addressed to investors and to other stake holders. We continue our journey in these paths with success this year too. Some of the key highlights are

Improving revenue from CRAMS

- Traditionally, Company has been strong in export / contract manufacturing and has clocked revenue of Rs. 40 Cr in FY 12, a 100 % YOY Growth.
- Bafna Pharma made a fillip in the research stream of CRAMS market through inauguration of a dedicated state of the art 5000 Sq Ft formulation R&D facility in FY 11.
- I shared with you last year that apart from quality research support to the company, the facility will earn revenue by offering research service to customers. R&D services have earned a handsome Rs. 2.97 Cr in FY 12 and identified it as a separate profit centre in the coming years.

Market expansion through launch of brands in Non - Regulated markets

- We have been consciously increasing our global foot print. For the first time, we documented the details of the product application and registration in FY 10 annual report.
- Today, I am happy to share you that we have expanded the presence from 80 product registrations and 81 product applications in FY 10 to 119 product registrations and 170 product applications in FY 12. This includes 30 site variation approvals from UK. We have expanded the potential of product presence in 23 countries.

² The financial information shared in my statement are from standalone financials of Bafna Pharmaceuticals limited for clarity as the consolidated financials have the impact of newly formed subsidiary named Bafna Lifestyle Remedies Limited.

Value growth factors

- We had identified domestic branded formulations business as one of key focus areas for company's long term value growth. We made a bold move by acquiring the marquee brand 'Raricap' from Global Pharma MNC Johnson & Johnson and positioned the company as an active player in domestic branded formulations market
- We launched 'Raricap' under Bafna Pharma's banner to domestic market in FY 12. It has clocked Rs.7.8 Cr in the first year of launch.
- We started process on taking RARICAP across globe
- We have launched three more brands namely BSF (Dietary Supplement), Molev (Antiasthamics) and Lopih (Lowering pregnancy induced hypertension) segments for women wellness.
- We started focusing on Brands and branded generics in emerging market
- We started focusing on Potent drugs in matured markets

We continue to focus on growing revenues, improving margins and thus enhancing market value of the company. We will continue launch brands across the geographies both in domestic and international markets.

The growth path is not short of challenges. Particularly, in highly competitive domestic branded business, the company faces the increasing expenses and longer operating cash cycle due to the inherent characteristics of this market. We are now focusing on domestic operations to deliver focused growth.

I congratulate the entire Bafna Pharma team for expanding the markets & launching new products with a grand success. I thank all share holders and other partners in the business for the continuous faith on us and support you have extended to us till date.

Warm Regards,

Bafna Mahaveer Chand

Chairman & Managing Director



Annual Report 2011-12

DIRECTORS' REPORT

To
The Shareholders

Your Directors have pleasure in presenting the Seventeenth Annual Report of your Company together with Audited Accounts for the Financial Year ended 31st March, 2012.

Financial Performance

The summarized Audited Financial Results for the year ended 31st March, 2012 along with comparative figures for the previous year is as under:

Rupees in Lakhs

PARTICULARS	Standalone		Consolidated
	2012	2011	2012
Total Income	1250082.36	1019243.03	1301111.96
Total Expenditure	1136737.07	941314.95	1183049.62
Profit before Depreciation & Taxation	113345.29	77928.08	118062.34
Less: Depreciation	58380.11	27690.70	55034.44
Less: Exceptional Items	1311.28	0	1320.34
Profit before Tax	53653.90	50237.38	53714.10
Less: Provision for Taxation	10500.00	10658.90	10500.00
Less: Provision for Deferred Tax	22413.01	6096.57	24159.38
Minority Interest (Loss)	-	-	(647.19)
Profit after Tax for the year	20740.89	33481.91	18407.53

The Company's revenue for the year FY'12 is Rs.1250082.36 (Rs. '000) as against Rs.1019243.03 (Rs. '000) in FY'11 registering a YOY growth of 22.64%.

Awards & Achievements

IDMA - Gold Award – Quality Excellence Award

Category: Formulations Units - Companies with total annual turnover above Rs. 100 Crores

Subsidiary Company & Consolidated Financial Results

The consolidated results of the Company comprise of M/s. Bafna Pharmaceuticals Limited and its subsidiary M/s. Bafna Lifestyles Remedies Limited. Consolidated Financial Statements for the year ended March 31, 2012 forms part of the Annual Report.

The consolidated financial statements prepared in accordance with Accounting Standard – 21 issued by the Institute of Chartered Accountants of India forming part of this Annual Report include the financial information of the subsidiary company.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies is attached to the accounts.

Change in Capital Structure

Amount in Rs

Particulars	31.03.2012	31.03.2011
Authorized Capital	40,00,00,000	20,00,00,000
Issued, Subscribed & Paid up Capital	18,38,13,350	17,48,13,350

The company has allotted 9, 00,000 Equity shares on 13.01.2012.

Fixed Deposits

Your company has not accepted any deposits from the public during the year under report.

Dividend

Considering the resource requirements for working capital, the company wishes to conserve the resources and so your Directors do not recommend any dividend for the Financial Year.

Depository system

Company's shares are under compulsory demat mode and members are requested to dematerialize their share for operational convenience.

Directors

Shri. A. Sahasranaman and Shri.R. Dwarakanathan, Directors are liable to retire by rotation. They being eligible offer themselves for re-appointment.

Auditors

M/s. Abhay Jain & Co., Chartered Accountants, Chennai the Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Cost Audit

The Board of Directors of the Company appointed M/s. Sivasubramanian & Co., Cost Accountants, as the Cost Auditor of the Company for audit of cost accounts relating to formulations the year ended 31st March 2012. The Cost Audit report for the year ended 31st March 2012 shall be submitted to the Central Government in due course.

Preferential Issue of Shares & Warrants

The company in accordance with Statutory provisions including SEBI {Issue of Capital and Disclosure Requirements} Regulations, 2009, Listing Agreement entered into with the Stock Exchange and with the approval of members has issued and allotted on 13th day of January, 2012, 9,00,000 Equity shares of Rs.10/- each at a premium of Rs.40/- per share and 25,00,000 warrants convertible into 25,00,000 Equity shares of Rs.10/- each at a premium of Rs.40/- per share. The aforesaid shares and warrants are subject to lock-in period as prescribed under SEBI Guidelines. With respect to allotment of warrants the company has received

25% of the warrant price on subscription and the balance issue price is payable upon exercise of the right to apply for Equity Shares within a period of 18 months from the date of issue of warrants.

The Statement of utilization of proceeds of 9,00,000 Equity shares and 25,00,000 warrants convertible into 25,00,000 Equity shares:

1. Nature of Issue

Issue of 9,00,000 Equity Shares of Rs.10/- each at a premium of Rs.40/- per share and 25,00,000 warrants convertible into 25,00,000 Equity Shares of Rs.10/- each at a premium of Rs.40/- on preferential basis as per SEBI {Issue of Capital and Disclosure Requirements} Regulations, 2009.

2. Size of the issue

9, 00,000 Equity Shares and 25, 00,000 warrants convertible into 25, 00,000 Equity Shares.

3. Aggregate amount of the issue size

Rupees in Lakhs

SI No	Particulars	Amount
1	9,00,000 Equity Shares	450.00
2	25,00,000 warrants convertible into 25,00,000 Equity Shares	312.50
	TOTAL	762.50

4. Objects of the issue

To augment and achieve the long term plans of the Company and to meet the funds requirements for expansion, product and market diversification, brand acquisition(s), repayment of Term Loan(s) / Debt, working capital and general corporate purposes.

5. Utilisation of the issue

Funds raised have been utilized as per the objects of the issue as stated below:

Rupees in Lakhs

SI No	Particulars	Amount
1	For expansion	412.50
2	For working capital	350.00
	TOTAL	762.50

Outstanding warrants

The Board of Directors allotted 23,18,000 warrants convertible into 23,18,000 equity shares on 17.03.2011; the said warrants are yet to be converted into Equity Shares. And further allotted 25,00,000 warrants convertible into 25, 00,000 equity shares on 13.01.2012, the said warrants are yet to be converted into Equity Shares.

Listing

The Company shares are listed at Bombay Stock Exchange Limited and the necessary Listing Fees have been paid to the stock exchange. The company has made an application to National Stock Exchange of India Limited for Listing the Equity Shares.

Revised Schedule VI

The revised Schedule VI has become applicable to the company for presentation of Financial Statements for the year ended 31st March, 2012 accordingly previous year / period figures have been regrouped / reclassified wherever necessary.

Particulars of employees

There are no employees covered under the provisions of Section 217(2A) of the Companies Act, 1956 and the Rules made there under. Therefore a statement giving particulars of employees in pursuance to the above referred section is not enclosed.

Foreign Exchange

Your company earned foreign exchange of Rs.385883.60 (Rs.'000) (previous year Rs.240451.23 (Rs.'000)) from exports and the foreign exchange outgo was Rs. 43012.41 (Rs.'000) (previous year Rs.34191.62 (Rs.'000)) on account of international travel and purchase of foreign currency during the year ended 31st March, 2012.

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 corporate office and strongly believe that the workers will continue to work towards profitable and productive company.

During the economic downturn, the Human resources played a key role of strategic influencer, and in alignment with business goals, delivered on numerous initiatives. We believe that employee's engagement with higher expectations leads to maximum contributions. Acquisition and retention of talent continues to be a major thrust area. With an eye on long term, the company has begun several programmes and engages employees to enhance their knowledge / skills in line with company's goals.

As on 31st March, 2012 the number of employees were 358 including managerial staff.

Conservation of energy

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 company has taken few measures in relation to conservation of energy and technology absorption. In production process we are using steam boilers in addition to use of certain drying system. This together with other measures that are taken by the Company is expected to result in conservation of energy consumed and reduction in power and fuel charges.

Corporate Governance

The company has complied with the provisions of the Clause 49 of the Listing Agreement related to Corporate Governance except for placing of subsidiary details before Board & Audit Committee during September & December, 2011 quarter and the same were placed before the Audit committee & Board along with Audited Financial Results for March, 2012. Certificate from the Auditor is enclosed and forms part of the Annual Report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report, as required under the Listing Agreement with the Stock Exchange is enclosed and forms part of Annual Report.

Directors Responsibility Statement

Your Directors wish to inform that the Audited Accounts contains Financial Statements for the financial year ended 31st March, 2012 are in full conformity with the requirements of the Companies Act, 1956. They believe that the Financial Statements reflect fairly the form and substance of transaction carried out during the year and reasonably present your Company's financial conditions and result of operations.

Your Directors further confirm that in preparation of the Annual Accounts:

- The applicable accounting standards had been followed and wherever required, proper explanations relating to material departures have been given;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Accounts have been prepared on a "going concern" basis.

Acknowledgement and Appreciation

Your Directors would like to thank Company's Bankers – State Bank of India, Export & Import Bank of India, DBS Bank & IDBI Bank for their continued support and they would also 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.

On behalf of the Board of Directors
For Bafna Pharmaceuticals Limited

Paras Bafna Bafna Mahaveer Chand
Whole Time Director Chairman & Managing Director

Place: Chennai
Date : 30.05.2012

CORPORATE GOVERNANCE

For the year ended 31st March, 2012

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.

I. COMPANY'S PHILOSOPHY

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

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 Managing Director oversee the functional matters of the Company.

Agenda for Board meetings:

The Chairman & Managing Director finalizes the agenda for the Board & Committee meetings. The agenda for the Board Meeting includes:

- (i) Minutes of meetings of Committee(s) including subsidiary company.
- (ii) Declaration by directors & notice of interest of directors
- (iii) Details of utilization of issue proceeds
- (iv) Terms of Appointment, remuneration & resignation of Directors, CEO, Statutory Auditors, internal Auditor, cost auditor
- (v) Operating plans of business, business risk exposures, its management & related action plans
- (vi) Quarterly and annual results, Auditors Report & the Report of the Board of Director's.

- (vii) Limited Review report of Auditors, Reconciliation of Share Capital Audit, Show cause, demand, prosecution & penalty notices, statement of compliances from various statutory authorities, non-compliance of any regulatory, statutory or listing requirements & details pertaining to delay in share transfer, etc
- (viii) Loans & investments made, borrowings made, guarantees given, major investment, collaboration agreement
- (ix) Details of significant transactions, related party transactions and arrangements with subsidiary company, sale of material nature of investments, subsidiaries, assets which are not in normal course of business including material default in financial obligations.
- (x) Cost Audit Report, Internal audit report, significant changes in accounting policies and internal controls, changes in government policies & its impact thereof on directors responsibilities

The Board comprises of 6 (six) Directors, out of which 2 (Two) are Executive Directors, 4 are Non-Executive and Independent Directors as mentioned below:

Name of Director	Position	Directorship in other public Limited Companies incorporated in India	Membership/ Chairmanship across all other companies in which the person is a Director
Shri. Bafna Mahaveer Chand	Chairman & Managing Director	Bafna Lifestyles Remedies Limited (Resigned w.e.f. 22.03.2012)	NIL
Shri. Paras Bafna	Whole Time Director	NIL	NIL
Shri. Sunil Bafna	Non-Executive Independent Director	NIL	NIL
Shri. V.Rajamani	Non-Executive Independent Director	Morgan Industries Limited	NIL
Shri. R.Dwarakanathan	Non-Executive Independent Director	NIL	NIL
Shri. A. Sahasranaman	Non-Executive	1. Indian Leather Industry	NIL

	Independent Director	Foundation 2. Bhartiya Investments Ltd. 3. Chennai Environmental Management Company of Tanners
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The number of Board Meetings and the attendance of directors along with their attendance at the last AGM during the financial year 2011-12 are as follows:

Name of Director	No. of Meetings Attended	AGM Date & Attendance – 23 rd September, 2011
Shri. Bafna Mahaveer Chand	8	P
Shri. Paras Bafna	8	P
Shri. Sunil Bafna	8	P
Shri. V.Rajamani	8	P
Shri. R.Dwarakanathan	8	P
Shri. A. Sahasranaman	8	A

"P" represents Present

"A" represents Absent

During the year under review Eight Board Meetings were held and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

(1)	30.05.2011	(2)	07.06.2011	(3)	10.08.2011	(4)	24.08.2011
(5)	12.11.2011	(6)	13.01.2012	(7)	10.02.2012	(8)	28.03.2012

Other than the Managing Director and the Whole Time Director, all other Directors attending meetings of the Board & Audit Committee are entitled to sitting fees of Rs.5, 000/- for every meeting attended by them.

Necessary quorum was present at all these meetings. No other compensation is paid / payable to Non-Executive Directors.

The company has appointed M/s. R. Sathyanarayanan & Co., Chartered Accountants Chennai as the Internal Auditors of the Company. The points raised by the internal auditor are placed before the Audit Committee & Board of Directors for their appropriate action.

The agenda and notes on agenda are circulated to the Directors, in advance, in the defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

III. COMMITTEE OF DIRECTORS

A. Audit committee

The terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement, as amended, as well as in Section 292A of the Companies Act, 1956.

The responsibilities of the Audit Committee include inter alia,

1. To review Appointment, re-appointment and replacement, if any shall be recommended for Statutory Auditor, Internal Auditor, Cost Auditor by the Audit Committee to the Board including the remuneration / fees payable to them.
2. To review the financial reporting process and to ensure financial statements are correct, sufficient and credible.
3. To review with the management, the quarterly & annual financial statements before submission to the Board for approval, including reasons for changes in accounting policies and practices, reviewing the Audit Report including qualifications, if any and ensuring for corrective measures, major accounting entries involving estimates based on the exercise of judgment by the management, audit findings and adjustments made in the financial statements arising out of audit findings, Compliance with listing and other legal requirements relating to financial statements.
4. To review with the management, the statement of uses / application of funds raised through preferential issue and making appropriate recommendations to the Board to take up steps in this matter.

5. To review with the management, the act of Statutory including Cost Auditors and Internal Auditors, sufficiency of internal control systems including the structure of internal audit department, reporting structure, coverage & frequency of internal audit and also discussing with internal auditors.
6. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
7. Appointment of MD / CEO after assessing the qualifications, experience & background, etc. of the candidate.
8. To review the following information:
 - The management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions;
 - Internal audit reports relating to internal control weaknesses;
9. Reviewing the financial statements and in particular the investments made by the unlisted subsidiary of the Company.
10. To seek information from any employee, to obtain outside legal or other professional advice, to secure attendance of outsiders with relevant expertise, if it considers necessary and such other powers.

Audit Committee meetings are generally attended by CEO, Manager Accounts & Finance, Statutory Auditors.

The Composition of the Audit Committee as on 31st March, 2012 is as follows:

- Shri. V.Rajamani - Chairman
- Shri. R.Dwarakanathan - Member
- Shri. Bafna Mahaveer Chand - Member

During 2011-12 the details of the meetings attended by the members were as follows:

Name of Directors	Status	No. of Meetings attended
Shri. V.Rajamani	Chairman	4
Shri. R.Dwarakanathan	Member	4
Shri. Bafna Mahaveer Chand	Member	4

The dates on which the Audit Committee Meetings were held are as follows:

(1) 30.05.2011 (2) 10.08.2011 (3) 12.11.2011 (4) 10.02.2012

The quorum of two Independent Directors as required by the Listing Agreement was present in all the Audit Committee Meetings held during the year. Shri. V.Rajamani, the Chairman of the Audit Committee was present in the AGM held on 23rd September, 2011 and provided clarifications to the shareholders queries.

All directors attending meetings of the Audit Committee are entitled to sitting fees of Rs.5,000/- for every meeting attended by them.

B. REMUNERATION COMMITTEE

The Company has set up a Remuneration Committee. The Composition of the Remuneration Committee as on 31st March, 2012 is as follows:

- Shri. R.Dwarakanathan - Chairman
- Shri. V.Rajamani - Member
- Shri. Sunil Bafna - Member

Scope of Remuneration Committee

The Remuneration Committee of the Company was approved and re-constituted by the Board of Directors. This committee comprise of three members all of them being Independent Directors.

The terms of reference to the said committee are as follows:

1. To review market practices and to decide / make recommendations to the Board on remuneration packages applicable to the Managing Director, Executive Directors and the Senior Executives of the Company.
2. The Committee may also decide on the commission and / or other incentives payable taking into account the individual performance as well as that of the company.
3. The remuneration committee thus assesses the overall compensation structure and policies of the company with an objective to attract, retain and motivate employees and to consider grant of stock options to employees, etc.

During the year under review no Remuneration Committee meetings were held.

C. INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

The Investor Grievance and Share Transfer Committee was appointed and approved by the Board of Directors.

The composition of the Investor Grievance and Share Transfer Committee as on 31st March, 2012 is as follows:

- Shri. Bafna Mahaveer Chand - Chairman
- Shri. Paras Bafna - Member
- Shri. Sunil Bafna - Member

Scope of Investor Grievance and Share Transfer Committee include:

1. The Committee shall oversee share transfers; monitor the redressal of shareholders & investors complaints.
2. The Committee shall also review the processes and service standards adopted by the Registrar and Share Transfer Agents, the complaints received by the Company and their resolution.
3. All shareholder complaints received during the year 2011-12 have been resolved and there are no pending complaints.

IV. GENERAL BODY MEETINGS:

Date, Time and Venue of the last three Annual General Meetings:

FY ended	Date	Time	Venue	If Special Resolution is passed
31 st March, 2009	25.09.2009	12.00 Noon	Factory at 147, Madhavaram Redhills High Road, Grantlyon Village, Vadakarai Post, Chennai - 600052	NO
31 st March, 2010	23.08.2010	12.00 Noon	Factory at 147, Madhavaram Redhills High Road, Grantlyon Village, Vadakarai Post, Chennai - 600052	NO
31 st March, 2011	23.09.2011	12.00 Noon	Hotel Ashoka, NO.47, Pantheon Road, Egmore, Chennai – 600008	YES*

*Three Special Resolutions were passed

- (i) Preferential Issue of 11,00,000 Warrants to Promoters
- (ii) Preferential Issue of 25,00,000 Warrants to Non-Promoters
- (iii) Preferential Issue of 9,00,000 Equity Shares to Non-Promoters

Extra-Ordinary General Meetings:

During the period under review, two Extra-Ordinary General Meetings were held, the details of which are furnished below:

1. On Thursday the 7th day of July, 2011 an Extra-Ordinary General Meeting was held at our Factory at 147, Madhavaram Red Hills High Road, Grantlyon, Chennai – 600052 and following resolutions were passed:
 - (a) Increase of Authorized Capital from Rs.20.00 Crore to Rs.40.00 Crore & resulting in amendment in Memorandum of Association.
 - (b) The above resolution resulting in Alteration of Articles of Association for reflecting the increased Authorized Capital of Rs.40.00 Crore.
 - (c) Preferential Issue of 12,00,000 Warrants to Promoters.
 - (d) Preferential Issue of 27,00,000 Warrants to Non-Promoters.
 - (e) Preferential Issue of 15,00,000 Equity Shares to Non-Promoters.

However, as some of the proposed allottees have withdrawn their consent, after due consideration the Management & the Board of Directors have decided to cancel and withdraw the aforesaid preferential issue of shares & warrants at their meeting held on 24.08.2011.

2. As advised by the BSE during the period under review an Extra-Ordinary General Meeting was held at our Factory at 147, Madhavaram Red Hills High Road, Grantlyon, Chennai – 600052 on Wednesday the 22nd day of February, 2012 to ratify Item No.6 of the Notice of the 16th Annual General Meeting held on 23rd September, 2011.

Special Resolution passed through Postal Ballot

No special resolution was passed through Postal Ballot during the Financial Year 2011-12. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

Outstanding warrants

The Board of Directors allotted 23,18,000 warrants convertible into 23,18,000 equity shares on 17.03.2011, the said warrants are yet to be converted into Equity Shares. And further allotted 25,00,000 warrants convertible into 25,00,000 equity on 13.01.2012, the said warrants are also yet to be converted into Equity Shares.

CEO / CFO certification:

The Chairman & Managing Director, CEO & Manager Accounts & Finance of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49.

Disclosures

The Company has complied with the requirements of the Listing Agreement entered with the Bombay Stock Exchange and SEBI Regulations and guidelines. No penalties were imposed or strictures were passed against the company with regard to the Capital Market.

The company does not have a formal whistle blower policy. However, no person has been denied access to the Audit Committee.

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement except for placing of subsidiary details before Board & Audit Committee during September & December, 2011 quarter and the same were placed before the Audit committee & Board along with Audited Financial Results for March, 2012. And the company has complied some of the non-mandatory requirements also.

V. MEANS OF COMMUNICATION

The quarterly & annual financial results of the company are published generally in English & Vernacular (Tamil) dailies such as the Economic Times & Makkal Kural.

No individual information to the shareholders is given, since the information is published in the newspapers and is also updated in the Company's website.

VI. CODE OF CONDUCT

The Company proposes to have an approved Code of conduct applicable to the Directors and Employees.

VII. NUMBER OF SHARES / CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

Name of the Non-Executive Directors	Number of Equity Shares held
Shri. Sunil Bafna	5000
Shri. V.Rajamani	NIL
Shri. R.Dwarakanathan	NIL
Shri. A. Sahasranaman	NIL

VIII. REMUNERATION POLICY AND REMUNERATION TO DIRECTORS

A. Executive Directors

The remuneration paid to the Managing Director and the Whole Time Director have been approved by the Shareholders of the Company and is subject to the limits laid down under Section 198, 309 and Schedule XIII to the Companies Act, 1956.

B. Non-Executive Directors

The Non-Executive Directors were not paid any amount, other than sitting fees of Rs.5000/- for every Board and its Audit Committee Meetings attended by them.

On behalf of the Board of Directors
For BAFNA PHARMACEUTICALS LIMITED

Bafna Mahaveer Chand
Chairman & Managing Director

Place : Chennai

Date : 30.05.2012

CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, CEO / CFO certification was submitted to the Board.

To the Board of Directors, Bafna Pharmaceuticals Limited, Chennai

We, Bafna Mahaveer Chand, Chairman & Managing Director, S.S.Bharti, CEO and M.Sridhar, Manager Accounts & Finance of Bafna Pharmaceuticals Limited to the best of our knowledge and belief certify that,

- a) We have reviewed the Financial Statements and The Cash Flow Statement of the Company for the year 2011-12:
 - These financial statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
 - These financial statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulation.
- b) These are, to the best of our knowledge and belief, no transaction entered into by the company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee
 - Significant changes in internal control over financial reporting during the year;
 - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
 - Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Bafna Mahaveer Chand

S.S.Bharti

M.Sridhar

Chairman & Managing Director CEO

Manager Accounts & Finance

Date: 25.05.2012

Place: Chennai

MANAGEMENT DISCUSSION AND ANALYSIS

General economic health is not so detrimental for the industry

Global economic scenario is still to respond to the remedial actions from federal governments and other world bodies particularly in three major economies. US government is mulling over for a quantitative easing and Euro zone is partly thinking of disintegrating the structure, China is exploring fiscal stimuli in spite of caution from analysts about tipping of asset bubble driven by previous stimuli doses.

FY 12 for India has not been as good as usual registering a humble growth rate of about 6.5 % as against the average growth rate of about 8% for the past 5 years. The analysts and economists call for fiscal stimuli as monetary expansion and interest rate reduction are expected to worsen already higher inflation levels.

In this backdrop, analysts estimate that the growth in Pharma industry is expected to survive good revenue growth both in export and domestic market with a CAGR of about 20% and 15% in next four to five years.

According to a report by Edelweiss, Some of key trends to watch for planning our growth strategy are,

- Possibility of decreasing generic opportunity due to shrinking patent cliff pipe line in the US. This could impact US market focused opportunity from about USD 7 Bn in CY 12 to USD 3-4 Bn in further years
- Domestic market will remain to be a key growth driver. But profitability could be impacted due to operational bottle necks, regulatory risks (price control) and increased expenses to explore new geographies in Tier II and Tier III cities.
- Emerging markets constitute to about 20% of the overall revenue of Indian companies and will continue to drive the revenue growth. But the key to success is the market selection.
- There will be downside impact on earnings growth momentum beyond FY 13 at about 13% during FY 13 – 14, against the rate of over 25% between FY 06-11. Lowering US opportunity, margin pressure at domestic market and a likely slow down in overall revenue growth are the key reasons attributed to impacting earnings growth.

Bafna pharma's growth trajectory is safe and effective

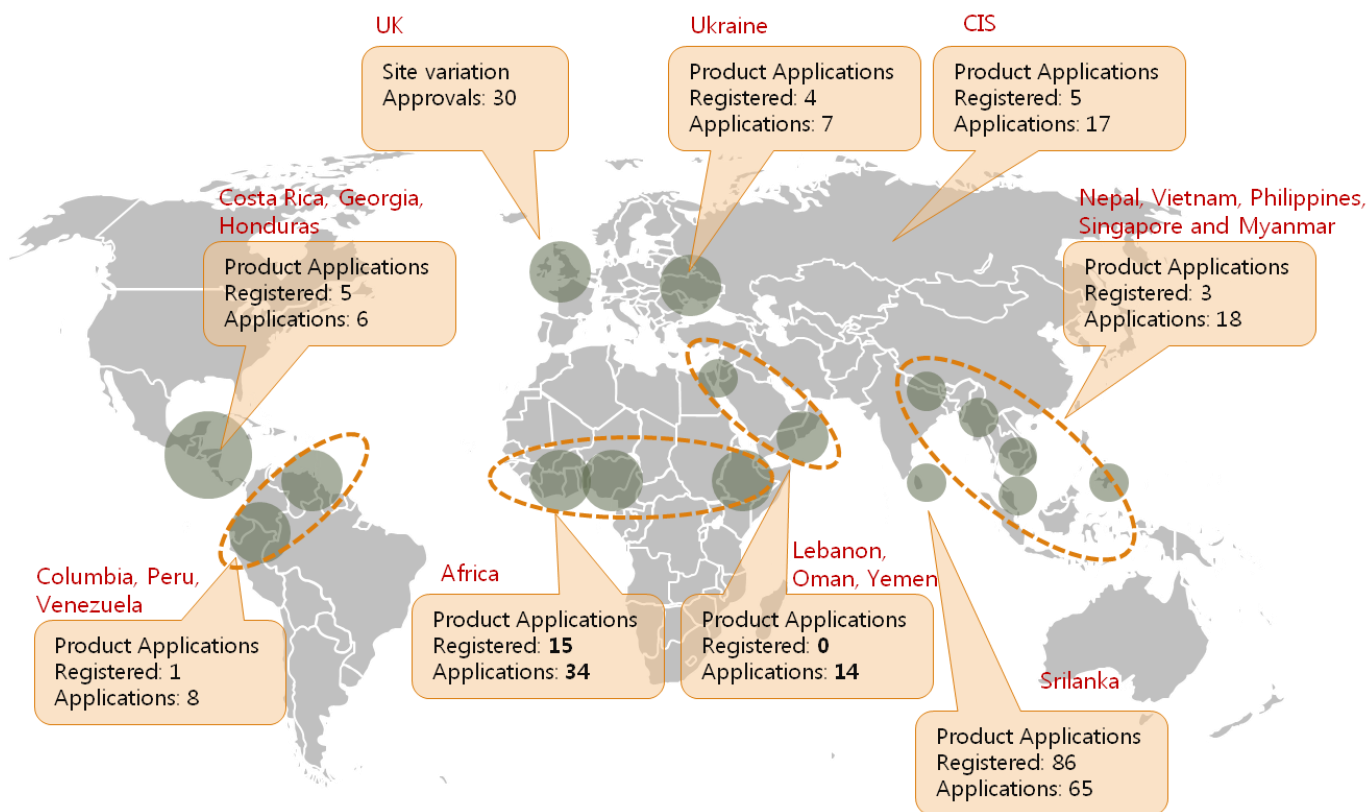
Top management in Bafna Pharma is consciously watching the macro trends for the course correction. The growth strategy that the company had formulated and is pursuing is in line with the industry trend Bafna Pharma formulated a five year plan in FY 10 and is identified growth paths, namely domestic branded sales, branded generics, brands in emerging markets & CRAMS.

Bafna Pharma has recorded a revenue growth of CAGR of about 40%³ in the past 4 years. The company plans to aim at a CAGR of about 30% for the next 5 years. The management has laid down the following as the key growth drivers for the future growth,

- Sales growth will be driven by growing domestic brands and export business. Consciously Bafna Pharma is planning to change the composition of business by reducing the share of thin margin domestic institutional business. It is evident from the decreasing sales of domestic sales from Rs.82 Cr in FY 11 to Rs.77 Cr in FY 12
- The company plans to improve EBIDTA margins by following modes
 - Changing composition of sales more in favor of high margin branded business
 - Launching new brands and to launch **Raricap** across key geographies where Bafna Pharma already has presence.
 - Bafna Pharma has extended the global foot print from 80 product approvals in FY 10 to 149 product approvals in FY 12. This includes the 11 site variation approvals in FY 10 to 30 in FY 12.
 - Company intends to improve the cash cycle by reducing the debtors' period and hence to relieve the pressures of working capital requirements. By this the reliance on loan funds will decrease and hence decrease in financial expenses.
- Company is in all-aggressive mode for branding and sales promotion. So, funds raised will be used for these activities and to acquire new brands
- **Raricap** will be a key bet for the company for all branded business as a launch pad. Some key pointers related to **Raricap** are
 - **Raricap** will continue to drive growth in branded business. Bafna Pharma has acquired global rights for **Raricap** from J&J.
 - Successful Pan India launch (Except Rajasthan & M.P) promoted by the marketing of team of 300 plus people.
 - After a successful launch in Srilanka, Singapore, the company has initiated the launch in Europe, USA and other emerging markets
 - Plans to launch the brand extension like **RARICAP** drop, **RARICAP** Kandy

³ Financial information refer to standalone financials of Bafna Pharmaceuticals Limited

Bafna Pharma's growing global foot print



Domestic Market

Consciously Bafna Pharma is planning to change the composition of business by reducing the share of thin margin domestic institutional business. It is evident from the decreasing sales of domestic sales from Rs.82 Cr in FY 11 to Rs.77 Cr in FY 12. As part of value migration, the company has planned for a launch of series of branded formulations in the women wellness segment.

Outlook

Pharmaceuticals markets both domestic and international are more prone to regulatory risks apart from the regular business risks. Bafna pharma's management has a good understanding of the contours of these markets with hands-on experience to handle the threats arising out of the uncertainties. Also, the company mitigates the risks by strategic association with local partners. The competitive environment is also expected

to remain intense. Your Company will ensure that it remains competitive, in market and in costs, and will manage the business more dynamically.

Internal Control Systems and their Adequacy

The company has established internal control system, commensurate with the size and spread, with defined guidelines on compliance, which enables it to run its factories and office with a fair degree of comfort. The system incorporates continuous monitoring, routine reporting, checks and balances, purchase policies, authorization and delegation procedures and audit etc.. The internal audit department maintains a regular surveillance over the entire operations.

Material Development in Human Resources / Industrial Relations Front

Acquisition and retention of talent continues to be a major thrust area. With a eye on long term, the company has begun several programmes and engages employees to enhance their knowledge / skills in line with company's goals. The company presently has 300 plus marketing team after successful PAN India launch of **Raricap**. Industrial Relations situation remain peaceful. The number of employees as on 31st March, 2012 was 358.

Cautionary Statement

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

On behalf of the Board of Directors
For BAFNA PHARMACEUTICALS LIMITED

Bafna Mahaveer Chand
Chairman & Managing Director

Place : Chennai

Date : 30.05.2012

GENERAL SHAREHOLDERS' INFORMATION

- Annual General Meeting** : On Thursday the 27th day of September, 2012 at 3.00 pm
- Venue** : M.A.CHIDAMBARAM STADIUM, 5, VICTORIA HOSTEL ROAD
CHEPAUK, Chennai, 600005.
- Financial Year:** : The Accounting year covers the period from
1st April, 2011 to 31st March, 2012.
Financial reporting for the quarters ending on:
30th June, 2012 - By 31st July, 2012
30th September, 2012 - By 31st October, 2012
31st December, 2012 - By 31st January, 2013
31st March, 2013 - By 30th April, 2013
- Book Closure Dates** : 22.09.2012 to 27.09.2012 (Both days inclusive)
- Dividend Payment Date** : Not Applicable
- Listing on Stock Exchange** : Bombay Stock Exchange Limited.
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001.
The company has paid Annual listing fees up to date. The Company has applied for listing of the shares at the National Stock Exchange (NSE) and waiting for its approval.
- Stock code** : 532989 (BSE)
Bafna Pharmaceuticals Ltd.
- Depositories** : a) **The National Securities Depository Limited**
4th Floor, Trade World, Kamala Mill Compound,
Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
b) **Central Depository Services (India) Limited**
Phiroze Jeejeebhoy Towers, 17th Floor,
Dalal Street, Mumbai – 400 001.
- ISIN No.** : INE878I01014
- Number of Shareholders** : 4809 (As at 31st March, 2012)

Shareholding Pattern : (As at 31st March, 2012)

Particulars	Holding (%)
Promoters & Promoters Group	40.26
Non Resident Individuals	3.59
Financial Institutions	-
Insurance Companies	-
Resident Individuals	42.99
Bodies Corporate	10.50
Nationalized banks & Mutual funds	-
Others	2.66
Total	100.00

Share market data: Movement of the Company's shares at Bombay Stock Exchange (BSE), Mumbai with monthly high and low prices.

Month	High	Low
April - 11	43.85	41.10
May - 11	48.05	46.65
June - 11	51.40	48.55
July - 11	52.45	51.35
Aug – 11	45.95	44.50
Sep – 11	45.85	44.20
Oct – 11	44.00	41.50
Nov - 11	38.00	34.30
Dec – 11	37.65	37.00
Jan – 12	43.50	41.60
Feb – 12	49.90	48.45
Mar – 12	47.40	45.75

Share Transfer System:

The Company has appointed Share Transfer Agents M/s. Cameo Corporate Services Ltd, Chennai, with effect from 01.07.2008, which carries out the entire Share related works.

Outstanding GDRs/ ADRs/warrants or any Convertible instruments, Conversion date and Likely impact on equity: The Board of Directors allotted 23,18,000 warrants convertible into 23,18,000 equity shares on 17.03.2011, the said warrants are yet to be converted into Equity Shares. And further allotted 25,00,000 warrants convertible into 25,00,000 equity on 13.01.2012, the said warrants are also yet to be converted into Equity Shares.

Plant Location : This information forms part of the 'Company Snapshots' section in the Annual Report.

Registrars and share : Cameo Corporate Services Ltd.
Transfer Agents and No.1, Club House Road, Chennai – 600 002.
Address for Phone: 044 - 28460390
Correspondence Fax No: 044 – 28460129
E- Mail: investor@cameoindia.com

Compliance certificate from Auditors of the company

As required by Clause 49 of the Listing Agreement, the Auditors' certificate is given as an appendix to the report on Corporate Governance.

By Order of the Board
for BAFNA PHARMACEUTICALS LTD.

Bafna Mahaveer Chand
Chairman & Managing Director

Date: 30/05/2012

Place: Chennai

AUDITOR'S CERTIFICATE ON COMPLIANCE

Auditors' Certificate regarding compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement.

To the Members of BAFNA PHARMACEUTICALS LIMITED

We have examined the compliance of the conditions of Corporate Governance by the company with the Stock Exchange in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the 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 explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement except for placing of subsidiary details before the Board and Audit Committee during September and December 2011 quarter and the same was placed before the Audit committee and Board only with Audited Financial results for March 2012.

We state that in respect of investor grievances received during the year ended 31st March 2012, no investor grievances are pending against the company for the period exceeding one month as per records maintained by the company which are presented to the shareholders / investors Grievance Committee.

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

For ABHAY JAIN & CO.,

Chartered Accountants

FRN: 000008S

(A.K. JAIN)

Partner

Place: Chennai

Date: 30.05.2012

M. No. 70224

AUDITOR'S REPORT

TO THE MEMBERS OF M/S. BAFNA PHARMACEUTICALS LIMITED, CHENNAI

1. We have audited the attached Balance Sheet of M/S. BAFNA PHARMACEUTICALS LIMITED as at 31st March, 2012 and the Profit & Loss Account of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 as amended by the Companies (Auditors Report) Amendment) order, 2004, issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order;
 - (i) Further to our comments in the annexure referred to above, we report that: We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for of the audit; In our opinion proper books of accounts as required by law have been kept by the company, so far as appear from the examination of the books.
 - (ii) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - (iii) In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 212 of the Companies Act 1956.
 - (iv) On the basis of the written representations from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2012 and
- b) In the case of the Profit and Loss Account of the Profit for the year ended on that date.
- c) In the case of Cash Flow Statement of Cash Flow for the Year ended as of that date.

For ABHAY JAIN & CO

Chartered Accountants

FRN: 000008S

(A.K.JAIN)

Partner

M.No. 70224

Place: Chennai

Date: 30.05.2012

ANNEXURE REFERRED TO THE AUDITORS' REPORT REFERRED TO IN PARAGAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF M/S BAFNA PHARMACEUTICALS LIMITED, CHENNAI ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2012.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. On the basis of information available except in respect Grantlyon Unit where, the fixed assets register is being maintained.
- (b) All the fixed Assets have been physically verified by the management during the year. There is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off any substantial part of fixed assets so as to affect its going concern status.
- (ii) (a) According to information and explanation given to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) According to Information and Explanation given to us, the company has not taken any loan secured/ Unsecured from the company/ firm/or other parties covered in the Register Maintained U/S 301 of the Companies Act, 1956.
- (b) According to the information and explanation given to us, during the year, the company has not granted any loan to a company, firm or other parties covered in the Register maintained U/S 301 of the Companies Act, 1956.
- (c) According to information and explanations given to us, the loans and advances granted is interest free and in the opinion of the Management of the company, it is not prima facie prejudicial to the interest of the company.

- (d) According to information and explanations given to us, there is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate Internal Control Procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakhs rupees in respect of any party covered during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public during the year under report.
- (vii) In our opinion, and according to the information and explanations given to us, company has an Internal Audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Vat, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there were no dues of Sales Tax, Income Tax, Excise Duty, Custom Duty, Wealth Tax and cess, which have not been deposited on account of any dispute.

- (x) The company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and bank.
- (xii) We are of the opinion that the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion the company is not dealing in or trading in shares securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion, the terms and conditions on which the company has given guarantees for Rs.6.50 Crores for loans taken by M/s. BAFNA LIFESTYLES REMEDIES LIMITED from M/s. AXIS Bank is not prejudicial to the interest of the company.
- (xvi) In our opinion the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short terms basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.

- (xviii) (a) According to the information and explanation given to us, the company has made preferential allotment of 9,00,000 Equity Shares of the face value of Rs.10/- each at a premium of Rs.40/- per share aggregating to Rs.4,50,00,000/- to strategic Investors and they are not covered in the register maintained U/s 301 of the Companies Act,1956.
- (b) Further, 25,00,000 Convertible Share Warrants have been allotted to Promoters & Strategic Investors on 13th January, 2012 convertible into equal number of Equity Shares of face value of Rs.10/- each at a premium of Rs.40/- per warrant. For the aforesaid Share Warrants, the allottee has already paid Rs.12.50/- per Warrant aggregating to Rs.3,12,50,000/-. For the aforesaid Warrants right to exercise conversion option is available within 18 months from the date of allotment of Warrants.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- (xx) The Company has not raised any money by public issue during the year accordingly the provision of Paragraph 4(xx) of the Companies (Auditor's Report) order 2003 is not applicable.
- (xxi) According to information and explanation given to us, that no fraud on or by the company have been noticed or reported during the course of our audit.

for ABHAY JAIN & CO,
Chartered Accountants
FRN: 000008S

(A.K.JAIN)
Partner
M. NO 70224

Date: 30.05.2012

Place: Chennai

BALANCE SHEET AS AT 31ST MARCH 2012*Rupees in '000'*

Particulars	Notes	March 31, 2012		March 31, 2011	
EQUITY AND LIABILITES					
(1) Shareholders' Funds					
(a) Share Capital	3	1,83,813.35		1,74,813.35	
(b) Reserves & Surplus	4	3,96,404.75		3,39,663.86	
(c) Money Received Against Share Warrants	5	58,660.35	6,38,878.45	27,410.35	5,41,887.56
(2) Share Application Money Pending Allotment		-		-	
(3) NON-CURRENT LIABILITES					
(a) Long Term Borrowings	6	2,37,296.82		3,10,337.45	
(b) Deferred Tax Liabilities (Net)	7	50,589.75		28,176.74	
(c) Other Long Term Liabilities		-		-	
(d) Long Term Provisions		-	2,87,886.58	-	3,38,514.19
(4) CURRENT LIABILITES					
(a) Short Term Borrowings	8	5,69,189.62		2,00,136.68	
(b) Trade Payables	9	5,31,027.55		2,54,754.44	
(c) Other Current Liabilities	10	46,620.77		20,919.87	
(d) Short Term Provisions		-	11,46,837.93	-	4,75,810.99
TOTAL			20,73,602.96		13,56,212.73

Rupees in '000'

Particulars	Notes		March 31, 2012		March 31, 2011
ASSETS					
(1) NON CURRENT ASSETS					
(a) FIXED ASSETS					
(i) Tangible Assets	11	4,93,972.34		4,70,412.06	
(ii) Intangible Assets	11.1	2,04,241.88		-	
(iii) Capital Work-in-Progress		-		-	
(iv) Intangible Assets under Development		-		-	
(b) Non Current Investment	12	14,300.00		-	
(c) Deferred Tax Assets (Net)		-		-	
(b) Long Term Loans and Advances		-		-	
(e) Other Non Current Assets	13	44,107.20		12,171.78	
			7,56,621.42		4,82,583.84
(2) CURRENT ASSETS					
(a) Current Investments		-		-	
(b) Inventories	14	2,25,831.43		1,47,476.48	
(c) Trade Receivables	15	8,16,231.40		3,49,864.40	
(d) Cash and cash Equivalents	16	23,077.40		1,17,799.52	
(e) Short Term Loans and Advances	17	2,51,841.30		2,58,488.50	
(f) Other Current Assets		-		-	
			13,16,981.53		8,73,628.90
TOTAL			20,73,602.96		13,56,212.73

Significant Accounting Policies, Notes on Financial statements 1 to 33

As per Our report of even date attached

For M/s. ABHAY JAIN & CO
Chartered Accountants
FRN 000008S

(A.K.JAIN)
Partner
M.No: 70224

(BAFNA MAHAVEER CHAND)
Managing Director

(PARAS BAFNA)
Director

(K.PREMNATHA)
Company Secretary.

Place : Chennai
Date : 30.05.2012

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2012*Rupees in '000'*

PARTICULARS	NOTE	March 31, 2012	March 31, 2011
Revenue from Operations	18	12,09,819.95	10,13,031.93
Other Income	19	40,262.41	6,210.10
Total Revenue		12,50,082.36	10,19,243.03
EXPENSES			
Cost of Material Consumed	20	3,65,161.92	3,22,108.09
Purchase of Stock- in-Trade	21	6,33,593.15	5,37,776.69
Changes in Inventories of Finished Goods	22	(58,182.56)	(24,343.46)
Payment to Employees	23	56,669.92	30,912.95
Financial Expenses	24	81,323.65	42,963.31
Depreciation and Amortisation expenses	25	58,380.11	27,685.90
Other Expenses	26	58,170.99	31,902.17
Total Expenses		11,95,117.18	9,69,005.65
Profit before Exceptional Items and Tax		54,965.18	50,237.38
Exceptional Items		1,311.28	-
Profit before Extraordinary items		53,653.90	50,237.38
Extraordinary items		-	-
Profit before Tax		53,653.90	50,237.38
Current Tax		(10,500.00)	(7,800.00)
Deferred Tax		(22,413.01)	(6,096.57)
Tax for Earlier Years		-	(2,858.90)
Profit (Loss) for the period		20,740.89	33,481.91
Earnings per Equity Share			
(1) Basic		1.19	1.92
(2) Diluted		1.19	1.92

Significant Accounting Policies, Notes on Financial statements 1 to 33

As per Our report of even date attached

For M/s. ABHAY JAIN & CO
Chartered Accountants
FRN 000008S

(A.K.JAIN)
Partner
M.No: 70224

(BAFNA MAHAVEER CHAND)
Managing Director

(PARAS BAFNA)
Director

(K.PREMNATHA)
Company Secretary.

Place : Chennai
Date : 30.05.2012

CASH FLOW STATEMENTFOR THE YEAR ENDED 31ST MARCH, 2012*Rupees in '000'*

Particulars	March 31, 2012	March 31, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	53,653.90	47,377.48
Add: Depreciation and Amortisation Expenses	58,380.11	27,685.90
Add: Interest Paid	81,323.65	42,963.31
Less: Interest Received	(3,243.70)	(2,843.77)
Less: Other Income	(37,018.71)	-
Operating Profit before changes of Working Capital	1,53,095.25	1,15,182.93
Adjustment For:		
Change of Inventories	(78,354.95)	(54,094.85)
Change in Debtors	(4,66,367.00)	(1,46,580.78)
Change in Other Current Assets	-	(1,34,701.87)
Change in Current Liabilities	3,01,974.01	1,64,462.66
Cash generated from Operation	(89,652.69)	(55,731.92)
Less: Tax Paid	(10,500.00)	(7,800.00)
Net Cash From Operating Activities	(1,00,152.69)	(63,531.92)
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Investments	-	-
Purchase of Fixed Assets	(2,71,385.16)	(35,133.69)
Increase in Work in Progress	-	(72,719.96)
Repayment of Long Term Loans	(73,040.62)	-
Other Income	37,018.71	-
Interest Received	3,243.70	2,843.77
Change in Other Non- Current Assets	(61,032.54)	-
Net Cash used in Investing Activities	(3,65,195.91)	(1,05,009.88)

Rupees in '000'

Particulars	March 31, 2012	March 31, 2011
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Shares & Application Activities:	76,250.00	98,360.35
Proceed from Long Term Loans	-	2,12,921.98
Proceeds from Short Term Loans	3,69,052.93	-
Proceed from Unsecured Loan	-	(390.00)
Interest Paid	(81,323.65)	(42,963.31)
Change in Other Current Assets	6,647.20	
Share Issue Expenses	-	-
Net Cash from Financing Activities	3,70,626.48	2,67,929.02
NET INCREASE/ (DECREASE)	(94,722.12)	99,387.23
IN CASH OR CASH EQUIVALENTS	(94,722.12)	99,387.23
OPENING BALANCE OF CASH & CASH EQUIVALENTS	1,17,799.52	18,412.30
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	23,077.40	1,17,799.52

NOTE: Share application money given to subsidiary/Associate aggregating to Rs. 143 Lakhs (Previous year Rs.105 Lakhs) have been converted into Investment in Equity shares

As per Our report of even date attached

For M/s. ABHAY JAIN & CO
Chartered Accountants
FRN 000008S

(A.K.JAIN)
Partner
M.No: 70224

(BAFNA MAHAVEER CHAND)
Managing Director

(PARAS BAFNA)
Director

(K.PREMNATHA)
Company Secretary.

Place : Chennai
Date : 30.05.2012

NOTES ON FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. Corporate Information

Bafna Pharmaceuticals Limited (The Company) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act 1956. Its Shares are listed in Bombay Stock Exchange in India. The Company is engaged in the manufacture of drugs and medicines and selling a reputed brand namely **RARICAP**. The Company has also got an excellent Research and Development Facility for life saving drugs. The Company caters to both domestic and international markets.

2. Basis of Preparation of Financial Statements

The financial statement are prepared under historical cost conversion, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

Summary of Significant Accounting Policies

a. Change in Presentation of financial statement:

During the year ended 31st March, 2012 the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

b. Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible fixed assets:

Fixed assets, acquired are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalized criteria are met and directly attributable cost or bringing the assets to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of

replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The company adjusts exchange differences arising on transaction/settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciation asset to the cost of the asset and depreciates the same over the remaining life of the asset.

d. Depreciation on tangible assets:

Depreciation on fixed assets is calculated on written down value (WDV) method on the plant & machinery situated at Madhavaram unit and straight line method is charged only to the Grantlyon unit using the rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule XIV to the Companies Act, 1956.

Depreciation for additions to / deletions from owned assets is calculated on prorata from / to the day of addition /deletion.

e. Intangible assets:

Intangible assets are tested for impairment on an annual basis. These generally include cost of Developed products, in process R&D and Customer relationships. Costs incurred for applying research results or other knowledge to develop new products is capitalized to the extent that these products are expected to generate future financial benefits. In case of in process R&D, amortization will begin when product is approved and launched.

Intangible assets are requested at acquisition value with deduction for accumulated amortization and any impairment losses. Amortization take place on a straight line basis over the assets anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible assets is expected to be used and generally does not exceeds 10 years.

The estimated useful life of each major category of intangible assets is as follow:

Assets	Estimated useful life
Customers Relationships	5 years
Developed Products	5 years
Brand & Trade Marks	10 years

f. Borrowing costs:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange difference from foreign borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attribute 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. All other borrowing costs are expensed in the period they occur.

g. Investments:

Long term investments are valued at cost. The investment is made only in subsidiary company i.e., M/s Bafna Life Style Remedies Ltd

h. Inventories:

Raw materials, components, store and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the site.

i. Revenue Recognition:

Revenue from sale of products is recognized when practically all obligation connected with the transaction risks and rights to the buyer have been fulfilled and excluded sales tax and state value added taxes. This usually occurs upon dispatch and collection of the receivable is reasonably certain.

Interest income is recognized using time proportion method based on the rates implicit in the transaction.

j. Foreign Currency Transactions:

Transaction in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange difference arising on settlement thereof during the year are recognized as income or expenses in the Profit and Loss Account.

Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet and the exchange/gain loss is suitably dealt with in the Profit & Loss Account.

k. Employee Benefits:

Liability for employee benefits, both short and long term, which are due as per the terms of employment, are recorded in accordance with Accounting Standard -15(Revised) "Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2006.

l. Gratuity:

Bafna Pharmaceuticals Limited has an obligation towards gratuity, a defined benefit retirement plan (Gratuity Plan) covering eligible employees in accordance with Indian Law. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death while employment or on termination of employment in an amount equivalent to 15 days last drawn salary payable for each

completed year of service. The liability for the eligible employees is determined on the basis of actuarial valuation as on the balance sheet date, using projected unit credit method and is funded with Gratuity fund managed by **Life Insurance Corporation of India Ltd.**

m. Income Taxes:

Current Tax:

Current tax is determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Taxes:

Deferred tax is calculated at the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence are recognized and carried forward only to the extent they can be realized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax to be utilized.

n. Segment reporting:

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. The company primarily operates in single business segment which is generic pharmaceutical, and accordingly there are no primary segments to be reported as per Accounting Standard 17 "Segment Reporting".

o. Earnings per share:

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share and also the weighted average number of shares considered for deriving basic earnings per share which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

p. Impairment of assets:

In the opinion of the Company, the recoverable amount of the fixed assets of the company will not be lower than the book value of the fixed assets. Hence no provision has been made for impairment.

Rs. in '000'

3	SHARE CAPITAL	As at 31st March 2012	As at 31st March 2011
	Authorised Share capital		
	4,00,00,000 Equity shares of Rs 10 each	4,00,000.00	2,00,000.00
		4,00,000.00	2,00,000.00
	Issued subscribed & Paid up capital		
	1,83,81,335 Equity shares of Rs 10 each fully paid up.	1,83,813.35	1,74,813.35
	TOTAL	1,83,813.35	1,74,813.35
3.1	9,00,000 Shares out of the issued, subscribed and paid up share capital were allotted as a Preferential allotment on 13.01.2012 at a premium of Rs. 40/- per share. Pending listing approval.		
3.2	15,00,000 shares out of the issued, subscribed and paid up share capital were allotted as Preferential allotment on 17.03.2011 at a premium of Rs.37.30/- per share.		
3.3	54,29,014 Shares out of the issued, subscribed and paid up share capital were allotted as a bonus shares by capitalisation of General Reserves.		
3.4	1,00,000 shares out of the issued, subscribed and paid-up share capital were issued as a fully paid up shares pursuant to an agreement without payment being received in cash.		
3.4	The Detail of Shareholders holding more than 5% shares.	As at 31st March 2012	As at 31st March 2011
	Name of the shareholders		
	Bafna Mahaveer Chand	15.65	14.64
	Sasikala Bafna	6.62	-
	Chetna Bafna	6.48	6.81
	Paras Bafna	-	5.21
	Total	28.75	26.66
3.6	The reconciliation of the number of shares outstanding is as set out below		
	Equity shares at the beginning of the year	1,74,813.35	1,59,813.35
	Add: Shares issued on preferential allotment	9,000.00	15,000.00
	Equity shares at the end of the year	1,83,813.35	1,74,813.35

Rs. in '000'

4	RESERVES & SURPLUS	As at 31st March 2012	As at 31st March 2011
	Capital Reserve		
	Opening Balance	1498.43	1498.43
		1498.43	1498.43
	Share Premium Account		
	Opening Balance	2,56,856.18	2,00,906.18
	Add: Amount received from Preferential allotment	36,000.00	55,950.00
		2,92,856.18	2,56,856.18
	Profit and Loss Account		
	Opening Balance	75,471.24	45,340.42
	Add: Profit for the year	20,740.89	33,480.91
		96,212.12	78,821.33
	Less: Appropriation		
	Transfer to General reserve	(2,074.09)	(3,348.09)
	TOTAL	94,138.03	75,471.24
	General reserve		
	Opening Balance	5,838.02	2,489.93
	Add: Transfer from Profit & Loss Account for the year	2,074.09	3,348.09
	General reserve (net) (D)	7,912.11	5,838.02
	Total Reserve and Surplus for the year (A+B+C+D)	3,96,404.75	3,39,663.86

5	EQUITY SHARE WARRANT		
	Opening Balance	27,410.35	27,410.35
	Add: Amount received from Preferential Allotment	31,250.00	-
		58,660.35	27,410.35
5.1	The Company has raised money by issuing Equity share warrant to the extent of 25,00,000 share warrants @ Rs.50/- per Warrant out of which 25% upfront money has been received during the year.		

Rs. in '000'

6	LONGTERM BORROWING	As at 31st March 2012	As at 31st March 2011
	Secured		
	STATE BANK OF INDIA (TERM LOAN)	19,661.15	20,847.22
	STATE BANK OF INDIA (FCNRB LOANS)	29,079.07	1,03,995.69
	STATE BANK OF INIDA (CORPORATE LOANS)	20,347.59	16,841.98
	Axis Bank (Car Loan)	66.86	301.66
	STATE BANK OF INDIA (CAR LOAN)	142.15	350.90
	EXPORT IMPORT BANK OF INDIA	1,68,000.00	1,68,000.00
	Total	2,37,296.82	3,10,337.45
	SECURITIES OFFERED		
	STATE BANK OF INDIA		
6.1.1	First Charge on the entire current assets as paripassu basis with Industrial Development Bank of India and Development Bank of Singapore.		
6.1.2	First Charge on the entire Fixed assets created/ proposed to be acquired out of FCNRB and Term Loan.		
6.1.3	Personally guaranteed by Directors Mr. Bafna Mahaveer Chand and Mr. Paras Bafna		
	INDUSTRIAL DEVELOPMENT BANK OF INDIA		
6.1.4	First Paripassu Charge on the entire current assets		
6.1.5	Personally guaranteed by Directors Mr. Bafna Mahaveer Chand and Mr. Paras Bafna		
	EXPORT- IMPORT BANK OF INDIA		
6.1.6	Exclusive charge on the Brand RARICAP		
6.1.7	First paripassu charge on the entire movable and immovable fixed assets both present and future		
	DEVELOPMENT BANK OF SINGAPORE		
6.1.8	First Paripassu Charge on the entire current assets along with other Working Capital Bankers in MBA		
6.1.9	Second Paripassu charge on the entire fixed assets of the company.		
7	DEFERRED TAX LIABILITIES(NET)	As at 31st March 2012	As at 31st March 2011
	DEFERRED TAX LIABILITIES (NET)	50,589.75	28,176.74
	Related to Fixed Assets	-	-
	Total	50,589.75	28,176.74

Rs. in '000'

8	SHORT TERM BORROWINGS		
	Particulars	As at 31st March 2012	As at 31st March 2011
	SECURED		
I	STATE BANK OF INDIA		
a)	Cash Credit Account	1,60,723.59	-
b)	Bill Discounting Account	56,070.83	40,971.83
c)	Export Packing Credit	46,038.60	37,945.94
d)	Collection (Export Bills)	20,383.93	-
e)	Short Loan Credit (SLC)	41,961.99	17,580.21
f)	Loans instalments Repayable within one year	58,323.53	-
g)	Packing Credit Foreign Bills	-	44,026.75
II	INDUSTRIAL DEVELOPMENT OF INDIA		
a)	Bill Discounting	3,009.19	29,914.51
b)	Cash credit Account	81,304.69	-
III	DEVELOPMENT BANK OF SINGAPORE		
a)	Cash Credit Account	65,232.17	-
b)	WCDL	10,000.00	-
c)	Packing Credit Foreign Bills	24,964.43	-
IV	BANK OF CEYLON		
	Bill Discounting	-	29,697.45
IV	AXIS BANK		
	Current account	1,176.68	-
	Total	5,69,189.62	2,00,136.68
	SECURITIES OFFERED		
	STATE BANK OF INDIA		
8.1.1	First Charge on the entire current assets as paripassu basis with Industrial Development Bank of India and Development Bank of Singapore.		
8.1.2	First Charge on the entire Fixed assets created/ proposed to be acquired out of Term Loan.		
8.1.3	Personally guaranteed by Directors Mr. Bafna Mahaveer Chand and Mr. Paras Bafna		
	INDUSTRIAL DEVELOPMENT BANK OF INDIA		
8.1.4	First Paripassu Charge on the entire current assets		
8.1.5	Personally guaranteed by Directors Mr. Bafna Mahaveer Chand and Mr. Paras Bafna		

Rs. in '000'

EXPORT- IMPORT BANK OF INDIA			
8.1.6	Second charge on the Brand RARICAP		
8.1.7	First paripassu charge on the entire movable and immovable fixed assets both present and future		
DEVELOPMENT BANK OF SINGAPORE			
8.1.8	First Paripassu Charge on the entire current assets along with other Working Capital Bankers in MBA		
8.1.9	Second Paripassu charge on the entire fixed assets of the company.		
9	TRADE PAYABLES		
		As at 31st March 2012	As at 31st March 2011
	Unsecured		
	Sundry Creditors	5,31,027.55	2,54,754.44
	Total	5,31,027.55	2,54,754.44
10	OTHER CURRENT LIABILITES		
	Outstanding expenses	22,231.15	6,454.06
	Sales Tax	1,045.95	315.28
	TDS payable	1,171.78	1,462.08
	Income Tax	10,500.00	7,800.00
	Advance from Customer	5,546.88	4,362.45
	Trade deposit	6,125.00	526.00
	Total	46,620.77	20,919.87
12	NON CURRENT INVESTMENT		
	14,30,000 shares @Rs.10/- Each in BAFNA LIFESTLYES REMEDIES LIMITED	14,300.00	-
	Total	14,300.00	-
13	OTHER NON CURRENT ASSETS		
	Product Registration	9609.63	2,117.59
	Deferred Revenue Expenditure	39,240.50	-
	Preliminary expenses and Share issue Expenses	10,054.18	15,081.28
		58,904.31	17,198.87
	Less: Amortisation charged to P&L Account	14,797.12	5,027.09
	Total	44,107.20	12,171.78

Rs. in '000'

14	INVENTORIES		
		As at 31st March 2012	As at 31st March 2011
	Raw material(Valued at cost)	86,075.27	52,835.24
	Work in progress(valued at cost)	41,609.02	22,147.49
	Finished Product(valued at cost or market value whichever is less)	62,325.97	23,604.95
	Packing material(Valued at cost)	16,627.57	32,895.21
	Stores and spares (At Cost)	19,193.60	15,993.60
	Total	2,25,831.43	1,47,476.48
15	TRADE RECEIVABLES		
	(Unsecured Considered Good)		
	Trade Receivables - More than Six month	2,83,868.09	48,470.50
	Others	5,32,363.31	3,01,392.90
	Total	8,16,231.40	3,49,864.40
16	CASH AND CASH EQUIVALENTS		
	Cash on hand	747.47	2,026.81
	Balance with:		
	In current account	1,041.38	82,748.39
	In Fixed Deposits	21,288.55	33,024.32
	Total	23,077.40	1,17,799.52
17	SHORT TERM LOANS AND ADVANCES		
	(Unsecured considered good, recoverable in cash or in kind or for value to be received)		
	Advance to suppliers	1,76,846.27	1,47,386.35
	Advance Others	17,762.91	51,896.71
	Deposits with Govt. or Semi Govt. Dept.	3,236.14	5,253.37
	Deposits with Others	18,498.00	18,767.08
	Interest Accrued But Not Due	293.44	709.81
	Prepaid expenses	1,361.34	347.15
	Cenvat Credit & PLA Account	18,718.97	19,486.84
	Sales Tax Refund account	7,100.74	6,655.21
	TDS Receivable	417.63	380.12
	License On hand	1,143.04	1,143.04
	Brand Building	6,462.82	6,462.82
	Total	2,51,841.30	2,58,488.50

Rs. in '000'

18	REVENUE FROM OPERATIONS	As at 31st March 2012	As at 31st March 2011
	Sales:		
	Sales (Domestic)	8,39,590.49	7,79,205.17
	Less: Excise Duty on local sales	9,331.15	4,966.26
		8,30,259.35	7,74,238.91
	Sales(Export)	3,81,580.41	2,40,451.23
	Less: Excise Duty on Export Sales	2,019.81	1,658.21
		3,79,560.60	2,38,793.02
	Revenue from operations	12,09,819.95	10,13,031.93
	Note : Sale of goods in DTA has been made to the tune of Rs.26,698.84 ('000) and has been included in the Export Sales		
19	OTHER INCOME		
	Interest Received Bank	195.70	364.17
	Interest Received Others	3,048.00	2,843.77
	Gain or (Loss) on Exchange	7,283.85	2,004.38
	Export Incentive	-	975.12
	Discount Received	14.38	22.67
	R & D Product Development Charges	29,720.48	-
	Total other income	40,262.41	6,210.10
20	COST OF RAW MATERIAL CONSUMED		
	Opening stock	52,835.24	37,351.37
	Add: Purchase	2,76,365.02	2,51,449.76
		3,29,200.26	2,88,801.12
	Less: Closing stock	86,075.27	52,835.24
	Raw Material Consumption (A)	2,43,124.99	2,35,965.88
20.1	COST OF PACKING MATERIAL CONSUMED		
	Opening stock	32,895.21	21,673.29
	Add: Purchase	62,201.41	55,525.81
		95,096.61	77,199.10
	Less: Closing stock	16,627.57	32,895.21
	Packing material consumption (B)	78,469.04	44,303.90

Rs. in '000'

20.2	MANUFACTURING EXPENSES		
		As at 31st March 2012	As at 31st March 2011
	Consumable Stores	858.60	1,209.79
	Analytical Expenses	1,886.49	2,016.14
	Power & Fuel	17,197.14	14,360.34
	Machinery Maintenance	5,840.97	1,587.99
	Factory Maintenance	2,575.60	434.02
	Chemical Purchase	2,337.88	2,174.77
	Security Charges	1,234.83	982.18
	Repairs & Maintenance	1,400.94	1,664.64
	Other Manufacturing Expenses	7,385.90	14,885.41
	(C)	40,718.36	39,315.28
20.3	Freight		
	Freight Charges (D)	2,849.53	2,523.03
	COST OF MATERIAL CONSUMED (A+B+C+D)	3,65,161.92	3,22,108.09
21	PURCHASE OF STOCK IN TRADE		
	Purchase of stock in Trade	6,33,593.15	5,37,776.69
	Total	6,33,593.15	5,37,776.69
22	CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE		
	Closing Inventories:		
	Finished Goods	62,325.97	23,604.95
	Work in progress	41,609.02	22,147.49
		1,03,935.00	45,752.44
	Opening Inventories:		
	Finished Goods	23,604.95	2,198.50
	Work in progress	22,147.49	19,210.48
		45,752.44	21,408.98
	Change in Inventory	(58,182.56)	(24,343.46)

Rs. in '000'

23	EMPLOYEE BENEFITS EXPENSES		
		As at 31st March 2012	As at 31st March 2011
	Salaries	42,321.71	25,672.25
	Bonus	6,226.29	2,537.95
	PF Companies contribution	3,043.84	1,390.13
	ESI Companies Contribution	1,071.76	431.68
	Staff welfare	4,006.32	880.95
	Total	56,669.92	30,912.95
24	FINANCIAL EXPENSES		
	Interest to bank	70,705.38	29,033.96
	Bank charges	8,558.78	6,590.38
	Interest others	2,059.49	7,338.97
	Total	81,323.65	42,963.31
25	DEPRECIATION AND AMORTISATION CHARGES		
	Depreciation and Amortisation expenses	58,380.11	27,685.90
		58,380.11	27,685.90
26	OTHER EXPENSES		
	Rent	1,967.27	1,136.12
	Postage and Telegram	964.46	574.91
	Insurance	2,321.81	2,369.53
	Conveyance	1,626.42	1,581.64
	Travelling expenses	10,555.59	1,263.08
	Printing and stationary	1,348.73	1,285.75
	Fees	2,538.86	933.24
	Office Maintenance	258.09	510.11
	Miscellaneous Expenses	1,182.55	697.88
	Professional Charges	3296.34	6,054.78
	Computer Maintenance	1,425.81	1,209.56
	Sales Tax	1,271.09	-
	Freight and Transportation	12,058.13	4,592.27
	Sales promotion	1,148.88	2,078.45
	Commission/ Liasoning charges	5,127.08	-
	Payment to Auditors	558.71	330.90
	Telephone	607.73	553.48
	Subscription & Membership	289.75	111.65

Rs. in '000'

	OTHER EXPENSES contd...	As at 31st March 2012	As at 31st March 2011
	Donation	1.10	51.50
	Vehicle Maintenance	313.53	252.23
	MOT & Inspection Charges	30.40	-
	Service Tax	43.02	32.43
	Discount Allowed	1,388.28	9.62
	Packing Charges	103.49	154.49
	Exchange Difference	3,852.30	-
	Registration New Products	-	257.87
	Advertisement	1,149.03	936.50
	MHRA Expenses	1,077.57	-
	Liquidative Damages	-	3,461.68
	Directors Salary	1,440.00	1,320.00
	Directors Sitting Fees	225.00	142.50
	TOTAL	58,170.99	31,902.17
26.1	PAYMENT TO AUDITORS AS		
	Statutory Audit Fees	393.26	275.75
	Tax Audit Fees	55.15	55.15
	Certification fees	110.30	-
		558.71	330.90

26.2	DIRECTORS REMUNERATION				
		Bafna Mahaveer Chand		Paras Bafna	
		<i>(RS IN "000")</i>		<i>(RS IN "000")</i>	
		As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
a)	Salary	720.00	720.00	720.00	600.00
b)	Contribution to PF	86.40	86.40	86.40	72.00
c)	Lease Rent for Car	60.00	60.00	60.00	60.00
	Total	866.40	866.40	866.40	732.00

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

		<i>Rs. in '000'</i>		<i>Rs. in '000'</i>		
26.4	EXPENDITURE IN FOREIGN CURRENCY	As on 31st March 2012		As on 31st March 2011		
	RAW MATERIAL	USD	681.21	33,042.13	456.10	21,827.56
		EURO	15.20	981.08	5.93	364.98
		GBP	15.60	1,162.47	23.26	1,553.77
	CAPITAL GOODS	USD	5.47	245.99	131.22	6,250.24
		EURO	4.75	306.95	9.50	602.57
		JPY (YEN)	-	-	4,710.00	2,575.31
		SWISS FRANC	-	-	17.50	800.68
	OVERSEAS TRAVEL	INR	-	77.83	-	216.85
	PRODUCT REGISTRATION CHARGES	USD	134.45	6,661.29		
	TENDER PARTICIPATION	USD	12.50	612.50		

		<i>Rs. in '000'</i>		<i>Rs. in '000'</i>	
27	EARNINGS IN FOREIGN CURRENCY	As at 31st March 2012		As at 31st March 2011	
	EXPORT SALES	USD	4483.12		3661.74
		INR	211796.14		167684.01
		GBP	1947.15		1037.23
		INR	147388.62		72767.22
Note : Sale of goods to EOU (Exporter) has been made to the tune of Rs.26,698.84 ('000) and has been included in the Export Sales. (Sales are inclusive of Excise Duty)					

Rs. in '000'

29	CONTINGENT LIABILITIES NOT PROVIDED FOR	As at 31st March 2012	As at 31st March 2011
a)	In respect of Letter of Credit and Bank Guarantee	60,080.02	62,212.56
b)	Bonds have been executed in favour of Customs Authorities for the purchase of materials and capital goods without payment of duty	77,000.00	57,000.00

Rs. in '000'

30	SECONDARY SEGMENT / GEOGRAPHICAL SEGMENT					
The Company has indentified manufacture of Medicine and drugs as the only primary reportable segment						
Segment						
	PARTICULARS	INDIA	ASIA	UK	AFRICA	TOTAL
	Sales	8,30,259.35	2,28,170.40	1,45,728.71	5,661.49	1,209,819.95
	Operating Expenses	7,80,104.99	2,14,387.07	1,36,925.52	5,319.49	1,136,737.07
	Operating Income/ Loss	50,154.35	13,783.33	8,803.19	342.00	73,082.87
	Unallocable Income					40,262.41
	Total Income					113,345.28
	Unallocable Expenses					(59,691.39)
	Net profit before Tax					53,653.90
	Income Tax and Deferred tax					(32,913.01)
	Net profit after Tax					20,740.89

FIXED ASSETS

Rs. in '000'

1 FIXED ASSETS										
1										
Description	Gross block				Depreciation/ Amortisation				NET BLOCK	
	As at 01-04-2011	Additions	Deductions/ Adjustments	As at 31/03/2012	As at 01-04-2011	For the year	Deductions	As at 31/03/12	As at 31/03/2012	As at 31/03/2011
Land	1,931.99	-	-	1,931.99	-	-	-	-	1,931.99	1,931.99
Good Will	1,000.00	-	-	1,000.00	1,000.00	-	-	1,000.00	-	-
Factory Building	1,28,426.33	87,173.34	-	2,15,599.67	13,286.82	5,701.42	-	18,988.24	1,96,611.43	1,15,139.50
Light Ceiling	812.40	-	-	812.40	387.20	42.52	-	429.72	382.68	425.20
Aluminium Partition	232.12	-	-	232.12	110.63	12.15	-	122.78	109.34	121.49
Plant & Machinery	1,13,093.38	64,438.69	-	1,77,532.07	28,204.89	5,637.84	-	33,842.72	1,43,689.35	84,888.49
Lab Equipments	46,709.60	9,299.85	-	56,009.45	7,381.94	2,738.75	-	10,120.70	45,888.75	39,327.65
Factory Equipments	7,485.98	408.90	-	7,894.87	1,212.50	398.95	-	1,611.44	6,283.43	6,273.48
Pollution Control Devices	932.81	-	-	932.81	244.14	54.76	-	298.90	633.91	688.67
Power Factor	66.95	-	-	66.95	58.19	1.22	-	59.41	7.54	8.76
Bottle Washing & Filling Machinery	1,971.06	-	-	1,971.06	1,634.72	46.79	-	1,681.50	289.56	336.34
Electrical Equipment & Installations	32,162.48	-	-	32,162.48	4,501.00	1,517.64	-	6,018.65	26,143.84	27,661.48
Electrical Fixtures & Fittings	255.20	-	-	255.20	159.33	13.34	-	172.67	82.53	95.86
Generator	4,541.17	801.64	-	5,342.81	800.59	266.35	-	1,066.94	4,275.87	3,740.58
Air Floating & Circulating System	44,914.47	2,528.05	-	47,442.53	7,256.22	2,306.96	-	9,563.18	37,879.34	37,658.25
Boiler	761.68	-	-	761.68	162.17	36.72	-	198.89	562.79	599.50
Camera	2,856.77	1,401.78	-	4,258.55	373.26	138.79	-	512.05	3,746.50	2,483.51
Air Conditioner	1,129.35	-	-	1,129.35	569.20	52.74	-	621.94	507.41	560.15
U.P.S	4,849.78	250.00	-	5,099.78	768.09	283.28	-	1,051.37	4,048.42	4,081.69
Office Equipments	1,209.47	217.24	-	1,426.70	310.12	80.23	-	390.35	1,036.35	899.35
Cell Phone	85.47	127.45	-	212.92	40.20	10.31	-	50.51	162.41	45.27
Dies & Punches	3,818.43	1,136.94	-	4,955.37	1,171.49	499.35	-	1,670.84	3,284.53	2,646.94
Computer	5,031.59	1,449.00	-	6,480.59	3,326.70	821.79	-	4,148.49	2,332.11	1,704.89
Furniture & Fittings	2,115.01	629.14	-	2,744.15	1,115.49	171.38	-	1,286.87	1,457.28	999.52
Vehicle	1,276.73	-	-	1,276.73	469.39	112.30	-	581.69	695.04	807.34
Accessories	683.68	-	-	683.68	29.87	34.51	-	64.38	619.30	653.82
Chiller Systems	-	3,017.74	-	3,017.74	-	6.66	-	6.66	3,011.08	-
Bio-Equipment	-	1,446.73	-	1,446.73	-	3.19	-	3.19	1,443.54	-
Water Systems	-	6,473.29	-	6,473.29	-	17.77	-	17.77	6,455.52	-
ETP Plant	-	420.00	-	420.00	-	19.47	-	19.47	400.53	-
Capital Work In progress	1,36,632.33	-	1,36,632.33	-	-	-	-	-	-	-
TOTAL	5,44,986.21	1,81,219.77	1,36,632.33	5,89,573.65	74,574.16	21,027.15	-	95,601.31	4,93,972.34	4,70,412.06
Previous year	4,37,132.57	1,07,853.65	-	5,44,986.21	51,915.34	22,658.81	-	74,574.16	4,70,412.06	-

Rs. in '000'

11. <u>FIXED ASSETS</u>											
1											
INTANGIBLE ASSETS											
Description											
Gross block											
Depreciation/ Amortisation											
NET BLOCK											
		As at 01- 04- 2011	Additions	Deducti ons/ Adjust ments	As at 31/03/2012	As at 01-04- 2011	For the year	Deduct ions/ Adjust ments	As at 31/03/2012	As at 31/03/2012	As at 31/03/20 11
	Raricap (Brand)	-	2,26,797.72	-	2,26,797.72	-	22,555.84	-	22,555.84	2,04,241.88	-
		-	2,26,797.72	-	2,26,797.72	-	22,555.84	-	22,555.84	2,04,241.88	-

RELATED PARTY DISCLOSURES

Rs. in '000'

28	RELATED PARTY DISCLOSURES					
	As per Accounting Standard 18, the disclosures of transactions with the related Parties are given below:					
	List of Related Parties where control exists and related Parties with whom transactions have taken place and relationship					
28.1	Name of the related Party					
a)	Mr. BAFNA MAHAVEER CHAND					
b)	Mr. PARAS BAFNA					
c)	Mrs. CHETNA BAFNA					
d)	Mr. NAVEEN BAFNA					
28.2	Directors' Interest					
a)	BAFNA LIFESTYLES REMEDIES LIMITED					
b)	BAFNA LIFELINE PRIVATE LIMITED					
c)	BHANSILAL & CO (HUF)					
Sl. NO	Particulars	Associates	Key Management Personnel	Rel of KMP	Total as on 31.03.2012	As on 31.03.2011
1	Purchase of goods	Bafna Lifestyles Remedies Ltd			6,596.99	4,842.54
2	Sale of goods	Bafna Lifestyles Remedies Ltd			1,205.97	-
3	Sale of Fixed Assets				-	
4	Rendering Services	Bafna Lifestyles Remedies Ltd	Bafna Mahaveer Chand, Paras Bafna, Chetna Bafna and Naveen Bafna		3,840.01	1,598.40
5	Agency agreements				-	
6	Leasing or Hire Purchase	Bafna Lifestyles Remedies Ltd			2,925.00	2,925.00
7	Transfer of R&D					

Rs. in '000'

8	License Agreements					
9	Finance loans and Equity in Cash or Kind	Bafna Lifestyles Remedies Ltd			14,300.00	-
10	Guarantee and Collaterals	Bafna Lifestyles Remedies Ltd			65,000.00	65,000.00
11	Manage Contracts including for Deputation of Employees				-	-
12	Rent		Bafna Mahaveer Chand	Bhansilal Bafna (HUF)	1,460.00	420.00

31	CENVAT
	CENVAT Credit is reckoned for the material, Capital Goods, stores and consumables purchased and entered into the factory Premises
32	GENERAL
a)	Tax deducted at Source from the payment to contractors, professional charges and salaries have been deposited in time.
b)	Balances under Trade Payables, debtors, loans and advances are subject to confirmation.
c)	Advances given to suppliers for supply of materials and others remain unconfirmed. It was explained that supply will be made in the ensuing year
d)	Loans and advances include outstanding balances of deposits with Corporate bodies is given below

		<i>(RS IN "000")</i>	
Additional Disclosures			
1	Purchase of finished goods	633,593.15	
2	Sale of Finished Goods (Inclusive of excise duty)		
	Domestic	839,590.49	
	Export	381,580.41	
3	Consumption of Raw Material		
	Indigenous 62%	151,797	
	Imported 38%	91,327.89	
4	Stores & Spares 100%	858.60	
	Name of the Body Corporate	As at 31st March, 2012	As at 31st March, 2011
	TAMILNADU STEEL TUBES LIMITED	1,34,000.00	14,445.18
e)	The Fixed deposit of sum of Rs. 21,288.55 (Rs.33,024.31) lying with State bank of India are under lien against Bank Guarantee Margin, LC Margin Money and Loan against Deposit		
f)	The Company has raised Rs.76,250 ('000) through preferential allotment and deployed Rs.412.50 ('000')for Expansion activities of the Marketing Division of RARICAP in various		
33	The Ministry of Corporate Affairs, Government of India, vide General Circular No: 2 and 3 dated 8th February 2011 and 21st February 2011 respectively, has granted a general exemption from Compliance of Section 212 of the Companies Act 1956, subject to fulfilment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the consolidated Financial Statements.		

Signature to notes to accounts from no. 1 to no. 33

As per Our report of even date attached

For M/s. ABHAY JAIN & CO

Chartered Accountants

FRN 000008S

(A.K.JAIN)

Partner

M.No: 70224

(BAFNA MAHAVEER CHAND)

Managing Director

(PARAS BAFNA)

Director

(K.PREMNATHA)

Company Secretary.

Place : Chennai

Date : 30.05.2012

CONSOLIDATED FINANCIAL
STATEMENTS

BAFNA PHARMA LIMITED CONSOLIDATED AUDIT REPORT**AUDITOR'S REPORT- CONSOLIDATED****TO THE MEMBERS OF M/S. BAFNA PHARMACEUTICALS LIMITED, CHENNAI**

1. We have audited the attached Consolidated Balance Sheet of M/S BAFNA PHARMACUTICALS LIMITED (The Company) and its Subsidiary as at 31st March, 2012 and the Consolidated Profit & Loss Account and Cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management, and have been prepared by the Management on the basis of separate financial statements and other financial information regarding component. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company's Management in accordance with the requirements of Accounting Standard AS 21, Consolidated Financial Statement.
4. In our opinion and to the best of our information and according to the explanations given to us, the attached Financial Statements gives a True and Fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Consolidated Balance Sheet, of the state of affairs of the company as at 31st March, 2012; and
 - b) In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date.
 - c) In the case of the Consolidated Cash flows statement, of the Cash flow for the year ended on that date.

For ABHAY JAIN & CO
Chartered Accountants
FRN: 000008S
(A.K.JAIN)
Partner
M.No. 70224

Place: Chennai
Date: 30.05.2012

BALANCE SHEET – CONSOLIDATEDFOR THE YEAR ENDED 31ST MARCH, 2012*Rupees in '000'*

Particulars	Notes	March 31, 2012
EQUITY AND LIABILITIES		
(1) Shareholders' Funds		
(a) Share Capital	3	1,83,813.35
(b) Reserves & Surplus	4	3,95,692.83
(c) Money Received Against Share Warrants	5	58,660.35
(2) Minority Interest	6	8,002.82
(3) Share Application Money Pending Allotment		-
(4) Non-Current Liabilities		
(a) Long Term Borrowings	7	2,63,305.74
(b) Deferred Tax Liabilities (Net)	8	52,499.95
(c) Other Long Term Liabilities		
(d) Long Term Provisions		
(4) Current Liabilities		
(a) Short Term Borrowings	9	5,91,092.04
(b) Trade Payables	10	5,85,747.06
(c) Other Current Liabilities	11	50,583.27
(d) Short Term Provisions		-
Total		21,89,397.42
ASSETS		
(1) NON CURRENT ASSETS		
(a) Fixed Assets		
(i) Tangible Assets	12	5,57,802.63
(ii) Intangible Assets	12.1	2,04,241.88
(iii) Good will		358.03
(iv) Capital Work-in-Progress		-
(v) Intangible Assets under Development		-
(b) Non Current Assets		-
(c) Deferred Tax Assets (Net)		-
(b) Long Term Loans and Advances		-
(e) Other Non Current Assets	13	60,810.33
(2) CURRENT ASSETS		
(a) Current Investments		-
(b) Inventories	14	2,39,189.54
(c) Trade Receivables	15	8,38,415.71
(d) Cash and cash Equivalents	16	24,647.86
(e) Short Term Loans and Advances	17	2,63,931.43
(f) Other Current Assets		-
TOTAL		21,89,397.42

Significant accounting policies, Notes on financial statements 1 to 32

As per Our report of even date attached

For M/s. ABHAY JAIN & CO

Chartered Accountants

FRN 000008S

(A.K.JAIN)

Partner

M.No: 70224

(BAFNA MAHAVEER CHAND)

Managing Director

(PARAS BAFNA)

Director

(K.PREMNATHA)

Company Secretary.

Place : Chennai

Date : 30.05.2012

STATEMENT OF PROFIT & LOSS – CONSOLIDATED

FOR THE YEAR ENDED 31ST MARCH, 2012*Rupees in '000'*

PARTICULARS	NOTES	March 31, 2012
Revenue from Operations	18	12,56,621.10
Other Income	19	44,490.86
Total Revenue		13,01,111.96
EXPENSES		
Cost of Material Consumed	20	3,66,951.39
Purchase of Stock- in-Trade	21	6,78,914.04
Changes in Inventories of Finished Goods	22	(65,517.36)
Employees benefit Expenses	23	58,568.63
Financial Costs	24	83,196.39
Depreciation and Amortization Expenses	25	63,027.90
Other Expenses	26	60,936.54
Total Expenses		12,46,077.52
Profit before Exceptional Items and Tax		55,034.44
Exceptional Items		1,320.34
Profit before Extraordinary items		53,714.10
Extraordinary items		-
Profit before Tax		53,714.10
Current Tax		(10,500.00)
Deferred Tax		(24,159.38)
Tax for Earlier Years		-
Profit of Minority Interest		(647.19)
Profit (Loss) for the period		18,407.53
Earnings per Equity Share		
(1) Basic		1.04
(2) Diluted		1.04

Significant accounting policies, Notes on financial statements 1 to 32

As per Our report of even date attached

For M/s. ABHAY JAIN & CO

Chartered Accountants

FRN 000008S

(A.K.JAIN)

Partner

M.No: 70224

(BAFNA MAHAVEER CHAND)

Managing Director

(PARAS BAFNA)

Director

(K.PREMNATHA)

Company Secretary.

Place : Chennai

Date : 30.05.2012

CASH FLOW STATEMENT – CONSOLIDATEDFOR THE YEAR ENDED 31ST MARCH, 2012*Rupees in '000'*

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2012		
Particulars	AS AT 31 ST MARCH 2012	
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	53,714.10	
Add: Depreciation and Amortisation Expenses	63,027.90	
Add: Interest Paid	83,196.40	
Less: Interest Received	(3,243.70)	
Less: Other Income	(41,247.16)	
Operating Profit before change of Working Capital	1,55,447.52	-
Adjustment for Change in Working Capital		
Change of Inventories	(87,566.74)	
Change in Debtors	(4,81,109.35)	
Change in Current Liabilities	3,27,715.27	
Cash generated from Operations	(85,513.30)	
Less: Tax Paid	(10,500.00)	
Net Cash From Operating Activity		(96,013.30)
CASH FLOW FROM INVESTING ACTIVITIES:		
Sale of Fixed Investments	-	
Purchase of Fixed Assets	(2,99,790.63)	
Increase in Work in Progress	-	
Repayment of Long Term Loans	-	
	(2,99,790.63)	
Other Income	41,247.16	
Interest Received	3,243.70	
Change in other Non-Current Assets	(53,895.19)	

Rupees in '000'

Particulars	AS AT 31 ST MARCH 2012	
Net Cash used in Investing Activities		(3,09,194.96)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Shares & Application Activities	76,250.00	
Proceeds from Long Term Loans	(70,949.37)	
Proceeds from Short Term Loans	3,87,588.28	
Proceeds from Unsecured Loan	-	
Interest Paid	(83,196.40)	
Changes in other Non Current Assets	907.81	
Net Cash from Financing Activities		3,10,600.33
NET INCREASE/(DECREASE)		(94,607.93)
IN CASH OR CASH EQUIVALENTS		(94,607.93)
OPENING BALANCE OF CASH & CASH EQUIVALENTS		1,19,255.79
CLOSING BALANCE OF CASH & CASH EQUIVALENTS		24,647.86

As per Our report of even date attached

For M/s. ABHAY JAIN & CO
Chartered Accountants
FRN 000008S

(A.K.JAIN)
Partner
M.No: 70224

(BAFNA MAHAVEER CHAND)
Managing Director

(PARAS BAFNA)
Director

(K.PREMNATHA)
Company Secretary.

Place : Chennai
Date : 30.05.2012

NOTES - CONSOLIDATED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

1. Corporate Information

Bafna Pharmaceuticals Limited (The Company) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its Shares are listed in Bombay Stock Exchange in India. The Company is engaged in the manufacture of drugs and medicines and selling a reputed brand namely **RARICAP**. The Company has also got an excellent Research and Development Facility for life saving drugs. The Company caters to both domestic and international markets.

Bafna Lifestyles Remedies Limited (The Company) is a public Company domiciled in India and incorporated under the Provisions of the Companies Act, 1956. The Company is engaged in the manufacture of drugs and Medicines. The Company caters to the domestic Market and is planning for exports in the future.

2. Summary of Significant Accounting Policies

The consolidated financial statement relate to Bafna Pharmaceuticals Ltd (‘the company) and its subsidiary. The consolidated financial statement has been prepared on the following basis:

1. The financial statement of the company and its subsidiary company are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses. After fully eliminating intra-group balances and intra-group transactions in accordance with accounting standard (AS) 21-“Consolidated financial statements”).
2. The difference between the costs of investment in the subsidiary over the net asset at the time of acquisition of shares in the subsidiary has recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
3. Minority interests shares of net profit of consolidated of subsidiary for the year is identified and adjusted against the income of the group in order to arrive the net income attribute to share holders of the company.
4. Minority interest’s shares of net Asset has been computed and disclosed in the Consolidated Balance sheet of the Company.
5. As for as possible the consolidation of financial statement are prepared using uniform accounting policies for like transactions and other event in similar circumstances and are presented in the same manner as the companies separate financial statements.

B) Other significant accounting policies

These are set out under "Significant accounting Policies" as given in the Companies Separate financial statement".

Rs. in '000

3	SHARE CAPITAL	As at 31st March 2012
	Authorised Share capital	
	4,00,00,000 Equity shares of Rs 10 each	4,00,000.00
		4,00,000.00
	Issued subscribed & Paid up capital	
	1,83,81,335 Equity shares of Rs 10 each fully paid up.	1,83,813.35
	TOTAL	1,83,813.35
3.1	9,00,000 Shares out of the issued, subscribed and paid up share capital were allotted as a preferential allotment on 13.01.2012 at a premium of RS 40/- per share. Pending listing approval.	
3.2	15,00,000 Shares out of the issued, subscribed and paid up share capital were allotted as a preferential allotment on 17.03.2011 at a premium of Rs.37.30/- per share.	
3.3	54,29,014 Shares out of the issued, subscribed and paid up share capital were allotted as a bonus shares by capitalisation of General Reserves.	
3.4	1,00,000 shares out of the issued, subscribed and paid up share capital were issued as a fully paid up shares pursuant to an agreement without payment being received in cash.	
3.5	The Detail of Shareholders holding more than 5% shares.	
	Name of the shareholders	
	Bafna Mahaveer Chand	15.65
	Sasikala Bafna	6.62
	Chetna Bafna	6.48
	Total	28.75
4	RESERVES & SURPLUS	
	Capital Reserve	
	Balance Brought Forward	1,498.43
	(A)	1,498.43
	Share Premium Account	
	Balance Brought Forward	2,56,856.18
	Add: Amount received from Preferential allotment	36,000.00
	(B)	2,92,856.18

Rs. in '000'

Profit and Loss Account		As at 31st March 2012
	Balance Brought Forward	75,471.24
	Add: Profit for the year	20,740.89
		96,212.12
	Less: Appropriation:	
	Transfer to General reserve	(2,074.09)
	TOTAL (C)	94,138.03
General reserve		
	Balance Brought Forward	5,838.02
	Add: Transfer from Profit & Loss Account for the year	2,074.09
	Less: Capital Loss in Consolidation (D)	(711.92)
	General reserve (net)	7,200.19
	Total Reserve and Surplus for the year (A+B+C+D)	3,95,692.83
5	EQUITY SHARE WARRANT	58,660.35
		58,660.35
5.1	The Company has raised money by issuing Equity share warrant to the extent of 25,00,000 share warrants @ Rs.50/ per share out of which 25% Upfront money has been received during the year	
6	CALCULATION OF MINORITY INTEREST	As at 31st March 2012
	Share Capital	8,650.00
	Capital Profit	(216.56)
	Revenue profit	(430.62)
	Total	8,002.82
7	LONGTERM BORROWING	
	Secured	
	STATE BANK OF INDIA (TERM LOAN)	19,661.15
	STATE BANK OF INDIA (FCNRB LOANS)	29,079.07
	STATE BANK OF INIDA (CORPORATE LOANS)	20,347.59
	Axis Bank (Car Loan)	66.87
	STATE BANK OF INDIA (CAR LOAN)	142.15
	EXIM BANK OF INDIA	1,68,000.00
	Term Loan With Axis Bank	26,008.92
	Total	2,63,305.74

	SECURITIES OFFERED
	STATE BANK OF INDIA
7.1.1	First Charge on the entire current assets as paripassu basis with Industrial Development Bank of India and Development Bank of Singapore.
7.1.2	First Charge on the entire Fixed assets created/ proposed to be acquired out of FCRNB and Term Loan.
7.1.3	Personally guaranteed by Directors Mr. Bafna Mahaveer Chand and Mr. Paras Bafna
	INDUSTRIAL DEVELOPMENT BANK OF INDIA
7.1.4	First Paripassu Charge on the entire current assets
7.1.5	Personally guaranteed by Directors Mr. Bafna Mahaveer Chand and Mr. Paras Bafna
	EXPORT- IMPORT BANK OF INDIA
7.1.6	First Paripassu charge on the Brand RARICAP
7.1.7	First paripassu charge on the entire movable and immovable fixed assets both present and future
	DEVELOPMENT BANK OF SINGAPORE
7.1.8	First Paripassu Charge on the entire current assets along with other Working Capital Bankers in MBA
7.1.9	Second Paripassu charge on the entire fixed assets of the company.
	AXIS BANK
7.1.10	Secured by First Charge on the entire Fixed Assets and proposed to be acquired out of Term Loan and personally guaranteed by Mr. Bafna Mahaveer Chand and Mr. Paras Bafna
7.1.11	Corporate Guarantee By M/s. BAFNA PHARMACEUTICALS LIMITED

Rs. in '000'

8	DEFERRED TAX LIABILITIES(NET)	
	Particulars	As at 31st March 2012
	DEFERRED TAX LIABILITIES (NET)	52,499.95
	Related to Fixed Assets	-
	Total	52,499.95
9	SHORT TERM BORROWINGS	
	Particulars	
	SECURED	
I	STATE BANK OF INDIA	
a)	Cash Credit Account	1,60,723.59
b)	Bill Discounting Account	56,070.83
c)	Export Packing Credit	46,038.60
d)	Collection (Export Bills)	20,383.93
e)	Short Loan Credit (SLC)	41,961.99

Rs. in '000'

		As at 31st March 2012
f)	Loans instalments Repayable within one year	58,323.53
II	INDUSTRIAL DEVELOPMENT BANK OF INDIA	
a)	Bill Discounting	3,009.19
b)	Cash credit Account	81,304.69
III	DEVELOPMENT BANK OF SINGAPORE	
a)	Cash Credit Account	65,232.17
b)	WCDL	10,000.00
c)	Packing Credit Foreign Bills	24,964.43
IV	BANK OF CEYLON	
	Bill Discounting	-
IV	AXIS BANK	
	Current account	1,176.68
	Cash Credit Account	21,902.43
	Total	5,91,092.04
	SECURITIES OFFERED	
	STATE BANK OF INDIA	
9.1.1	First Charge on the entire current assets as paripassu basis with Industrial Development Bank of India and Development Bank of Singapore	
9.1.2	First Charge on the entire Fixed assets created/ proposed to be acquired out of Term Loan.	
9.1.3	Personal guarantee of Two Directors Mr. Bafna Mahaveer Chand and Mr. Paras Bafna	
	INDUSTRIAL DEVELOPMENT BANK OF INDIA	
9.1.4	First Paripassu Charge on the entire current assets	
9.1.5	Personal guarantee of Two Directors Mr. Bafna Mahaveer Chand and Mr. Paras Bafna	
	EXPORT- IMPORT BANK OF INDIA	
9.1.6	Second charge on the Brand RARICAP	
9.1.7	First paripassu charge on the entire movable and immovable fixed assets both present and future	
	DEVELOPMENT BANK OF SINGAPORE	
9.1.8	First Paripassu Charge on the entire current assets along with other Working Capital Bankers in MBA	
9.1.9	Second Paripassu charge on the entire fixed assets of the company.	
9.1.10	Axis Bank	
	Secured by First Charge on the entire Current Assets both present and future and personally guaranteed by Mr. Bafna Mahaveer Chand and Mr. Paras Bafna	
9.1.11	Corporate Guarantee By M/s. BAFNA PHARMACEUTICALS LIMITED	

Rs. in '000'

10	TRADE PAYABLES	As at 31st March 2012
	Unsecured	
	Sundry Creditors Bafna Pharmaceuticals Ltd	5,31,027.55
	Sundry Creditors Bafna Lifestyles Remedies Ltd	54,719.52
	Total	5,85,747.06
11	OTHER CURRENT LIABILITES	
	Outstanding expenses	24,770.29
	Sales Tax	1,045.95
	TDS payable	1,245.15
	Advance from Customer	5,546.88
	Income Tax	10,500.00
	Trade deposit	7,475.00
	Total	50,583.27
13	OTHER NON CURRENT ASSETS	
	Product Registration	9,609.63
	Deferred Revenue Expenditure	59,878.70
	Preliminary expenses and Share issue Expenses	10,294.90
		79,783.23
	Less: Amortisation charged to P&L Account	18,972.90
	Total	60,810.33
14	INVENTORIES	
	Raw material(Valued at cost)	86,880.23
	Work in progress(valued at cost)	42,320.11
	Finished Product(valued at cost or market value whichever is less)	73,096.01
	Packing material(Valued at cost)	17,663.02
	Stores and spares (At Cost)	19,230.17
	Total	2,39,189.54
15	TRADE RECEIVABLES	
	(Unsecured Considered Good)	
	Trade Receivables- More than Six month	2,85,254.84
	Others	5,53,160.87
	Total	8,38,415.71

Rs. in '000'

16	CASH AND CASH EQUIVALENTS	As at 31st March 2012
	Cash on hand	2,208.16
	Balance with Banks:	
	In current account	976.15
	In Fixed Deposits	21,463.55
	Total	24,647.86
17	SHORT TERM LOANS AND ADVANCES	
	(Unsecured considered good, recoverable in cash or in kind or for value to be received)	
	Advance to suppliers	1,85,314.37
	Advance Others	20,229.82
	Deposits with Govt. or Semi Govt. Dept.	3,301.49
	Deposits with Others	18,498.00
	Interest Accrued But Not Due	293.44
	Prepaid expenses	1,813.62
	Cenvat Credit & PLA Account	18,718.97
	Sales Tax Refund account	7,274.14
	TDS Receivable	881.72
	License On hand	1,143.04
	Brand Building	6,462.82
	Total	2,63,931.43
18	REVENUE FROM OPERATIONS	
	Sales:	
	Sales (Domestic)	8,92,988.63
	Less: Excise Duty on local sales	9,331.15
		8,83,657.49
	Sales(Export)	3,81,580.41
	Less: Excise Duty on Export Sales	2,019.81
		3,79,560.60
	Less: Sales of BLRL to BPL	(6,596.99)
	Revenue from operations	12,56,621.10
	Note : Sale of goods to EOU (Exporter) has been made to the tune of Rs.26,698.84 ('000) and has been included in the Export Sales	

Rs. in '000'

19	OTHER INCOME	As at 31st March 2012
	Interest Received Bank	195.70
	Interest Received Others	3,048.00
	Gain or (Loss) on Exchange	7,283.85
	Discount Received	14.38
	R & D Product Development Charges	29,720.48
	Commission Received	4,228.45
	Total other income	44,490.86
20	COST OF RAW MATERIAL CONSUMED:	
	Opening stock	52,835.24
	Add: Purchase	2,78,118.46
		3,30,953.70
	Less: Closing stock	86,880.23
	Raw Material Consumed (A)	2,44,073.47
20.1	COST OF PACKING MATERIAL CONSUMED:	
	Opening stock	32,895.21
	Add: Purchase	63,534.69
		96,429.90
	Less: Closing stock	17,663.02
	Packing Material Consumption (B)	78,766.88
20.2	MANUFACTURING EXPENSES	
	Consumable Stores	869.18
	Analytical Expenses	1,886.49
	Power & Fuel	17,330.58
	Machinery Maintenance	5,904.38
	Factory Maintenance	2,575.60
	Chemical Purchase	2,337.88
	Security Charges	1,390.35
	Repairs & Maintenance	1,400.94
	Other Manufacturing	7,385.90
	Total (C)	41,081.31
20.3	Freight	
	Freight Charges	3,029.72
	Total (D)	3,029.72
	COST OF MATERIAL CONSUMED (A+B+C+D)	3,66,951.39

Rs. in '000'

21	PURCHASE OF STOCK IN TRADE	As at 31st March 2012
	Purchase of stock in Trade	6,78,914.04
	Total	6,78,914.04
22	CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE	
	Closing Inventories:	
	Finished Goods	73,096.01
	Work in progress	42,320.11
		1,15,416.12
	Opening Inventories:	
	Finished Goods	27,751.28
	Work in progress	22,147.49
		49,898.77
	Change in inventory	(65,517.36)
23	EMPLOYEE BENEFITS EXPENSES	
	Salaries	43,140.53
	Bonus	6,226.29
	PF Companies contribution	3,633.63
	ESI Companies Contribution	1,144.62
	Staff welfare	4,423.57
	Total	58,568.63
24	FINANCIAL EXPENSES	
	Interest to bank	72,279.60
	Bank charges	8,607.61
	Interest others	2,309.18
	Total	83,196.39
25	DEPRECIATION AND AMORTISATION CHARGES	
	Depreciation and Amortisation expenses	63,027.90
		63,027.90
26	OTHER EXPENSES	
	Rent	2,256.67
	Postage & Telegram	975.58
	Telephone	607.73
	Insurance	2,336.34
	Conveyance	1,634.56

Rs. in '000'

	As at 31st March 2012
Travelling Expenses	11,312.66
Printing & Stationery	1,545.77
Subscription & Membership	289.75
Fees	2,647.52
Office Maintenance	269.57
Donation	1.10
Vehicle Maintenance	313.53
Miscellaneous Expenses	1,260.04
Professional Charges	3,299.21
Computer Maintenance	1,428.51
MOT & Inspection Charges	30.40
Service Tax	43.02
Discount Allowed	1,388.28
Packing Charges	103.49
Exchange Difference	3,852.30
Freight & Transportation	12,172.32
Advertisement	1,149.03
Sales Promotion	1,242.10
Commission/Liasoning Charges	6,171.00
Sales Tax	1,271.09
MHRA Expenses	1,077.57
Directors Salary	1,440.00
Payment to Auditors	592.42
Directors Sitting Fees	225.00
TOTAL	60,936.54
26.1 PAYMENT TO AUDITORS AS	
Statutory Audit Fees	426.97
Tax Audit Fees	55.15
Certification fees	110.30
Total	592.42

Rs. in '000'

26.2	DIRECTORS REMUNERATION	Bafna Mahaveer Chand		Paras Bafna	
		As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
a)	Salary	720.00	720.00	720.00	600.00
b)	Contribution to PF	86.40	86.40	86.40	72.00
c)	Lease Rent for Car	60.00	60.00	60.00	60.00
	Total	866.40	866.40	866.40	732.00
26.3	FOREIGN CURRENCY TRANSACTIONS				
a)	Income of foreign currency Transaction is recorded at the rate of exchange prevailing on the date, when the relevant transaction has taken place. Realized gains or losses on the exchange are recognized in the Profit and loss account.				

Rs. in '000'

26.4	EXPENDITURE IN FOREIGN CURRENCY			
	RAW MATERIAL	USD	681.21	33,042.13
		EURO	15.20	981.08
		GBP	15.60	1,162.47
	CAPITAL GOODS	USD	5.47	245.99
		EURO	4.75	306.95
	PRODUCT REGISTRATION CHARGES	USD	134.45	6,661.29
	TENDER PARTICIPATION	USD	12.50	612.50
27	EARNINGS IN FOREIGN CURRENCY		As at 31st March 2012	
	EXPORT SALES	USD		4,483.12
		INR		2,11,796.14
		GBP		1,947.15
		INR		1,47,388.62
	Note : Sale of goods to EOU (Exporter) has been made to the tune of Rs.26,698.84 ('000) and has been included in the Export Sales.(Sales are inclusive of Excise Duty)			

FIXED ASSETS - CONSOLIDATED

Rs. in '000'

12	FIXED ASSETS	Gross block				Depreciation/Amortisation				NET
		As on 01.04.11	Additions	Deductio ns/	As on 31.03.2012	As on 01.04.11	For the year	Deduc tions/	Total Depreciation	As on 31.03.12
	Land	10,492.43	-	-	10,492.43	-	-	-	-	10,492.43
	Good Will	1,000.00	-	-	1,000.00	1,000.00	-	-	1,000.00	-
	Good Will Purchased	-	358.03	-	358.03	-	-	-	-	358.03
	Factory Building	1,49,958.29	96,609.41	-	2,46,567.70	15,652.43	5,904.61	-	21,557.04	2,25,010.66
	Light Ceiling	812.40	-	-	812.40	387.20	42.52	-	429.72	382.68
	Aluminium Partition	232.12	-	-	232.12	110.63	12.15	-	122.78	109.34
	Plant & Machinery	1,21,928.69	77,507.87	-	1,99,436.56	28,512.14	5,851.25	-	34,363.38	1,65,073.18
	Lab Equipments	46,709.60	9,299.85	-	56,009.45	7,381.94	2,738.75	-	10,120.70	45,888.75
	Factory Equipments	7,485.98	408.90	-	7,894.87	1,212.50	398.95	-	1,611.44	6,283.43
	Pollution Control Devices	932.81	-	-	932.81	244.14	54.76	-	298.90	633.91
	Power Factor Controller	66.95	-	-	66.95	58.19	1.22	-	59.41	7.54
	Bottle Washing & Filling	1,971.06	-	-	1,971.06	1,634.72	46.79	-	1,681.50	289.56
	Machinery	-	-	-	-	-	-	-	-	-
	Electrical Equipment & Installations	32,162.48	-	-	32,162.48	4,501.00	1,517.64	-	6,018.65	26,143.84
	Electrical Fixtures & Fittings	255.20	4,856.89	-	5,112.09	159.33	61.33	-	220.66	4,891.43
	Generator	4,541.17	1,452.35	-	5,993.52	800.59	272.78	-	1,073.37	4,920.15
	Air Floating & Circulating System	44,914.47	2,528.05	-	47,442.53	7,256.22	2,306.96	-	9,563.18	37,879.34
	Boiler	761.68	-	-	761.68	162.17	36.72	-	198.89	562.79
	Camera	2,856.77	1,401.78	-	4,258.55	373.26	138.79	-	512.05	3,746.50
	Air Conditioner	1,129.35	-	-	1,129.35	569.20	52.74	-	621.94	507.41
	U.P.S	4,849.78	250.00	-	5,099.78	768.09	283.28	-	1,051.37	4,048.42
	Office Equipments	1,209.47	217.24	-	1,426.70	310.12	80.23	-	390.35	1,036.35
	Cell Phone	85.47	127.45	-	212.92	40.20	10.31	-	50.51	162.41
	Dies & Punches	3,818.43	1,136.94	-	4,955.37	1,171.49	499.35	-	1,670.84	3,284.53
	Computer	5,031.59	1,483.60	-	6,515.19	3,326.70	822.77	-	4,149.47	2,365.73
	Furniture & Fittings	2,139.36	629.14	-	2,768.50	1,139.84	171.38	-	1,311.22	1,457.28
	Vehicle	1,276.73	-	-	1,276.73	469.39	112.30	-	581.69	695.04
	Accessories	683.68	-	-	683.68	29.87	34.51	-	64.38	619.30
	Chiller Systems	-	3,017.74	-	3,017.74	-	6.66	-	6.66	3,011.08
	Bio-Equipment	-	1,446.73	-	1,446.73	-	3.19	-	3.19	1,443.54
	Water Systems	-	6,473.29	-	6,473.29	-	17.77	-	17.77	6,455.52
	ETP Plant	-	420.00	-	420.00	-	19.47	-	19.47	400.53

	Capital Work In progress	136,632.33		136,632.33	-	-	-	-	-	-
	TOTAL	5,83,938.27	2,09,625.25	1,36,632.33	6,56,931.19	77,271.37	21,499.1	-	98,770.52	5,58,160.67
10.1	INTANGIBLE									
	Raricap (Brand)	-	2,26,797.72	-	2,26,797.72	-	22,555.8	-	22,555.84	2,04,241.88
	TOTAL	-	2,26,797.72	-	2,26,797.72	-	22,555.8	-	22,555.84	2,04,241.88

RELATED PARTY DISCLOSURES - CONSOLIDATED

28	RELATED PARTY DISCLOSURES
	As per Accounting Standard 18, the disclosures of transactions with the related Parties are given below:
	List of Related Parties where control exists and related Parties with whom transactions have taken place and relationship
28.1	<u>Name of the related Party</u>
a)	Mr. BAFNA MAHAVEER CHAND
b)	Mr. PARAS BAFNA
c)	Mrs. CHETNA BAFNA
d)	Mr. NAVEEN BAFNA
28.2	Directors' Interest
a)	BAFNA LIFESTYLES REMEDIES LIMITED
b)	BAFNA LIFELINE PRIVATE LIMITED
c)	BHANSILAL & CO (HUF)

Rs. in '000'

Sl.NO	Particulars	Associates	Key Management Personnel	Rel of KMP	Total as on 31.03.2012
1	Purchase of goods	Bafna Lifestyles Remedies Ltd			6,596.99
2	Sale of goods	Bafna Lifestyles Remedies Ltd			1,205.97
3	Sale of Fixed Assets				-
4	Rendering Services	Bafna Lifestyles Remedies Ltd	Bafna Mahaveer Chand, Paras Bafna, Chetna Bafna and Naveen Bafna		3,840.01
5	Agency agreements				-

6	Leasing or Hire Purchase	Bafna Lifestyles Remedies Ltd			2,925.00
7	Transfer of R&D				
8	License Agreements				
9	Finance loans and Equity in Cash or Kind	Bafna Lifestyles Remedies Ltd			14,300.00
10	Guarantee and Collaterals	Bafna Lifestyles Remedies Ltd			65,000.00
11	Manage Contracts including for Deputation of Employees				-
12	Rent		Bafna Mahaveer Chand	Bhansilal Bafna (HUF)	1,460.00

27	CONTINGENT LIABILITIES NOT PROVIDED FOR					As at 31st March 2012
a)	In respect of Letter of Credit and Bank Guarantee					63,080.02
b)	Bonds have been executed in favour of Customs Authorities for the purchase of materials and capital goods without payment of duty					77,000.00
29	SECONDARY SEGMENT / GEOGRAPHICAL SEGMENT					(Rs. In '000)
The Company has indentifies manufacture of Medicine and drugs as the only primary reportable Segment						
	PARTICULARS	INDIA	ASIA	UK	AFRICA	Total
	Sales	8,30,259.35	2,28,170.40	1,45,728.71	5,661.49	12,09,819.95
	Operating Expenses	7,80,104.99	2,14,387.07	1,36,925.52	5,319.49	11,36,737.07
	Operating Income/ Loss	50,154.35	13,783.33	8,803.19	342.00	73,082.87
	Unallocable Income					40,262.41
	Total Income					1,13,345.28
	Unallocable Expenses					(59,691.39)
	Net profit before Tax					53,653.90
	Income Tax and Deferred tax					(32,913.01)
	Net profit after Tax					20,740.89

Rs. in '000'

30	CENVAT	
	Cenvat Credit is reckoned for the material, Capital Goods, stores and consumables purchased and entered into the factory Premises	
31	GENERAL	
a)	Tax deducted at Source from the payment to contractors, professional charges and salaries have been deposited in time	
b)	Balances under Trade Payables, debtors, loans and advances are subject to confirmation.	
c)	Advances given to suppliers for supply of materials and others remain unconfirmed. It was explained that supply will be made in the ensuing year	
d)	Loans and advances include outstanding balances of deposits with Corporate bodies is given below	
	Additional disclosures	
1	Purchase of Finished Goods	633,593.15
2	Sale of Finished Goods (Inclusive of Excise Duty)	
	Domestic	839,590.49
	Export	381,580.41
3	Consumption of Raw Material	
	Indigenous 62%	151,797.10
	Imported 38%	91,327.89
4	Stores & Spares 100%	858.60
	Name of the Body Corporate	As at 31st March 2012
	TAMILNADU STEEL TUBES LIMITED	134,000.00
e)	The Fixed deposit of sum of Rs. 21,288.55 (Rs.33,024.31) lying with State bank of India are under lien against Bank Guarantee Margin LC Margin Money and Loan against deposit.	
f)	The Company has raised Rs.76,250 ('000) through preferential allotment and deployed Rs.412.50 ('000') for Expansion activities of the Marketing Division of RARICAP in different states and the balance amount was utilized towards working capital.	
g)	Previous year figures have not been given, since this being the first year of consolidation of Financial Statement	

32	The Ministry of corporate affairs, Government of India, vide General Circular No: 2 and 3 dated 8th February 2011 and 21st February 2011 respectively, has granted a general exemption from Compliance of Section 212 of the companies' act 1956, subject to fulfilment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the consolidated Financial Statements.
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Signature to notes to accounts from no.1 to no. 32

As per Our report of even date attached

For M/s. ABHAY JAIN & CO

Chartered Accountants

FRN 000008S

(A.K.JAIN)

Partner

M.No: 70224

(BAFNA MAHAVEER CHAND)

Managing Director

(PARAS BAFNA)

Director

(K.PREMNATHA)

Company Secretary.

Place : Chennai

Date : 30.05.2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Statement Regarding Subsidiary Company pursuant to Section 212 of the Companies Act, 1956

1. Name of the subsidiary Company : BAFNA LIFESTYLES REMEDIES LIMITED
2. Holding Company's interest : 62.31 %
3. Net aggregate amount of Subsidiary Profit /
(Loss) not dealt with in the Holding Company's Accounts
 - (i) For the financial period of the Subsidiary ended
as on 31st March, 2012 : (Loss) Rs.6,47,185
 - (ii) For the previous financial periods of the Subsidiary
Since it became Holding Company's Subsidiary : N.A
4. Net aggregate amount of Subsidiary's Profit/
Dealt with in the Holding Company's Account
 - (i) For the financial period of the subsidiary ended
As on 31st March, 2012 : (Loss) Rs. 10,69,943/-
 - (ii) For the previous financial periods of the Subsidiary
Since it became Holding Company's subsidiary: N.A

For M/s. ABHAY JAIN & CO
Chartered Accountants
FRN 000008S

(A.K.JAIN)
Partner
M.No: 70224

(BAFNA MAHAVEER CHAND)
Managing Director

(PARAS BAFNA)
Director

(K.PREMNATHA)
Company Secretary.

Place : Chennai
Date : 30.05.2012

SUBSIDIARY M/S. BAFNA LIFESTYLES
REMEDIES LIMITED

DIRECTORS REPORT

Dear Shareholders,

The Directors have pleasure in submitting the Annual Report along with the audited Balance Sheet as at 31st March, 2012.

FINANCIAL RESULTS:

PARTICULARS	Year ended 31.03.2012 (In Rs.'000)	Year ended 31.03.2011 (In Rs.'000)
Profit before depreciation	4717.05	(2730.77)
Less: Depreciation for the year	4647.79	2578.48
Profit/Loss after Depreciation	69.26	(152.29)
Less: Earlier year Income Tax written Back / Exceptional Item	9.07	28.06
Profit before tax	60.19	(124.23)
Less: Provision for tax	-	-
Less: Deferred Tax	1746.36	125.55
Profit/Loss for the year	(1686.17)	(249.78)
Balance brought forward	(30.96)	968.82
Less: Utilized for issue of Bonus Shares	-	750.00
Profit/Loss carried forward to Balance sheet	(1717.13)	(30.96)

Your directors are striving hard to improve the overall performance of the company in the years to come and are taking steps to achieve the same.

DIVIDEND:

Your directors do not recommend any dividend during the year under review.

FIXED DEPOSITS:

Your company has not accepted any deposits from the public during the year under report.

AUDITORS:

M/s. Abhay Jain & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment. The Shareholders are requested to appoint auditors and fix their remuneration.

COMPLIANCE CERTIFICATE:

As required under proviso to Section 383A (1) of the Companies Act, 1956, a Secretarial Compliance Certificate issued by a practicing Company Secretary is being attached to this report.

SUBSIDIARY OF M/S. BAFNA PHARMACEUTICALS LIMITED:

After the allotment of 14,30,000 Equity Shares to M/s. Bafna Pharmaceuticals Limited through preferential issue, the company has become a subsidiary of M/s. Bafna Pharmaceuticals Limited as it is holding more than 51% of the Share Capital.

DIRECTORS:

Ms. S. Hemalatha retire by rotation, she being eligible offer herself for re-appointment. Your directors recommend her appointment for better prospects of the company.

Mr. Gyanmal Jain, Mr. A. Sahasranaman & Mr. Babulal Kamlesh Kumar who were appointed as Additional Directors on 11th February, 2012. The Directors seek to regularize them.

Mr. Bafna Mahaveer Chand who was a Director of the Company has resigned from the services of the Company w.e.f. 22.03.2012.

PARTICULARS OF EMPLOYEES:

As required by Section 217(2A) of the Companies Act, 1956 the Directors state that none of the employees of the company are in receipt of remuneration in excess of the amount specified.

DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 your directors state;

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Loss of the company for that period;
- iii) that the directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

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

The company is taking all necessary measures to conserve the energy. There was no Technology absorption during the year under review. There is no foreign exchange earnings and outgo during the year.

HUMAN RESOURCES

The company recognizes the crucial role of human resource in realizing corporate objectives. Organization structure is reviewed to give a better scope for talented employees to move up in the hierarchy and make greater contribution.

ACKNOWLEDGEMENT:

Your directors take this opportunity to place on record, their gratitude for the company operation and support extended by the employees of the company, banks, shareholders and Government Authorities.

On behalf of Board of Directors

For BAFNA LIFESTYLES REMEDIES LIMITED

S. Hemalatha

K.Sabitha

Director

Director

Place: Chennai

Date: 23.05.2012

COMPLIANCE CERTIFICATE

CIN: U 52599 TN 1994 PLC 027134

AUTHORISED CAPITAL: RS. 300 LAKHS

To,

The Members,

M/s. BAFNA LIFESTYLES REMEDIES LIMITED

(Formerly Ranfab Pharmaceuticals Private Limited)

We have examined the registers, records, books and papers of **M/s. BAFNA LIFESTYLES REMEDIES LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In our opinion and to the best of the information and according to the examinations carried out by us and explanations furnished to us by the Company and its officers, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and wherever required entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Chennai, within the time prescribed / with late fees, if applicable under the Act and the rules made thereunder.
3. The Company, being a Public Limited Company, has the minimum prescribed paid up capital.
4. The Board of Directors met TWELVE times on 11.04.2011, 26.04.2011, 27.05.2011, 07.07.2011, 27.07.2011, 02.09.2011, 22.09.2011, 01.10.2011, 31.10.2011, 23.12.2011, 11.02.2012 & 22.03.2012 in respect of which meetings notices were given and the proceedings were recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2011 was held on 30.09.2011 after giving notice to the members of the Company and the resolutions passed thereat were recorded and signed in the Minutes Book maintained for the purpose.
7. Two extra ordinary meetings were held during the financial year after giving notice to the members of the Company and the resolutions passed thereat were recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contract falling within the purview of section 297 of the Act.
10. The Company has made entries in the register maintained under Section 301 of the Act.
11. According to the information & explanations given to us, there were no instances falling within the purview of Section 314 of the Act.
12. The Company has not issued any duplicate certificates during the year.
13. The Company has:
 - (i) delivered the certificates on allotment of securities. The Company has not made any transfer / transmission of securities during the said period under review.
 - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) not posted warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) no unpaid / unclaimed dividend, application money due for refund, matured deposit, matured debentures and the interest accrued thereon for a period of seven years, required to be transferred to Investor Education and Protection Fund during the financial year under review.
 - (v) generally complied with the requirements of section 217 of the Act.
14. The Board of directors of the Company is duly constituted and the appointment of Additional Directors has been duly made. There was no appointment of alternate directors and directors to fill casual vacancy during the financial year. During the Year under review, Mr. Bafna Mahaveer Chand, resigned from the Board of Directors with effect from 22.03.2012.
15. The Company has not appointed any Managing director / Whole time director / Manager during the financial year.
16. The Company has not appointed any sole - selling agents during the financial year.
17. The Company has not obtained any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has allotted 17,75,000 Equity shares of Rs.10/- each on 27.07.2011 and has allotted 3,95,000 Equity Shares of Rs.10/- each on 31.10.2011 during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any Preference shares / debentures, hence the question of redeeming any Preference shares / debentures does not arise.
22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the financial year under review.

24. The amount borrowed by the Company from directors, members, Public, financial institutions, Banks and others during the financial year ending 31.03.2012 are within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in the duly convened General Meeting held on 13.12.2010.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. According to the information and explanations given to us, there was no prosecutions initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. According to information and explanations given to us, the Company has not constituted its own Provident Fund Trust for its employees; therefore Section 418 of the Act is not applicable to the Company.

for A. K. JAIN & ASSOCIATES

Company Secretaries

Place: Chennai

Date : 23.05.2012

BALU SRIDHAR

Partner

C.P.No.3550

ANNEXURE ARegisters as maintained by the Company

1. Register of Members u/s 150.
2. Register of Share Transfer.
3. Register of Directors u/s 303.
4. Register of Directors Share Holdings u/s 307.
5. Register of Charges u/s 143.
6. Register of Contracts, Companies and Firms in which Directors of the Company are interested u/s 297, 299, 301 and 301(3).
7. Minutes of Meeting of the Board of Directors & the Share Holders u/s 193.

ANNEXURE BForms and Returns as filed by the Company with the Registrar of Companies, Chennai during the financial year ending on 31st March, 2012.

SI.NO.	e-Form	Particulars	Event date	SRN	Filed on	With additional fees
1.	23AC & 23ACA	Profit & Loss a/c and Balance Sheet filed u/s 220.	31.03.2011	P83767244	27.12.2011	Y
2.	66	Compliance Certificate filed u/s 383A.	31.03.2011	P83641019	24.12.2011	Y
3.	23	For Registration of Resolution(s) passed in the Extra Ordinary General Meeting of the Members filed u/s 192	27.06.2011 (EGM DATE)	B17048299	28.07.2011	Y

4.	2	For allotment of 17,75,000 Equity Shares of Rs. 10/- filed u/s 75	27.07.2011	S05589759	29.07.2011	N
5.	20B	Annual Return - Schedule V filed u/s 159.	30.09.2011	P83701235	26.12.2011	Y
6.	23	For Registration of Resolution(s) passed in the Extra Ordinary General Meeting of the Members filed u/s 192	31.10.2011 (EGM DATE)	B35603356	28.03.2012	Y
7.	2	For allotment of 3,95,000 Equity Shares of Rs. 10/- filed u/s 75	31.10.2011	S08250011	31.03.2012	Y
8.	32	For appointment / changes among directors filed u/s 303(2)	11.02.2012	B32395113	20.02.2012	N
9.	32	For appointment / changes among directors filed u/s 303(2)	22.03.2012	B35603943	28.03.2012	N

* * * * *

AUDITORS REPORT

AUDITORS' REPORT

TO THE MEMBERS OF M/S BAFNA LIFESTYLES REMEDIES LIMITED, CHENNAI (Formerly Known as RANFAB PHARMACEUTICALS PRIVATE LIMITED)

1. We have audited the attached Balance Sheet of **M/S BAFNA LIFESTYLES REMEDIES LIMITED, CHENNAI** as at 31st March, 2012 and the Profit & Loss Account and cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, as amended by Companies (Auditors Report (amended) order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order;
4. Further to our comments in the annexure referred to above, We report that:
 - (i) We have obtained all the information's and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 - (ii) In our opinion, proper books of Account as required by Law have been kept by the company, so far as appears from our examination of those books.
 - (iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.

- (iv) In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of the written representations from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2012; and
 - b) In the case of the Profit and Loss Account, of the loss for the year ended on that date.
 - c) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

for **ABHAY JAIN & CO,**
Chartered Accountants,
FRN NO: 000008S

(A.K. JAIN)
Partner
M. No. 70224

Place: Chennai
Dated: 23.05.2012

ANNEXURE REFERRED TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS M/S BAFNA LIFESTYLES REMEDIES LIMITED, CHENNAI (Formerly Known as RANFAB PHARMACEUTICALS PRIVATE LIMITED) ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2012.

- (i) (a) The Company has maintained the record of Fixed Assets which is available with the company. It shows full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year. There is a regular programme of verification of inventories, which in our opinion is reasonable having regard to the size of the company and the nature of its business.
- (c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The company has not granted nor taken any loan from companies, firms or other parties covered in the register to be maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate Internal Control Procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) In our opinion and according to the information and explanations given to us, the Transaction made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have so been entered.

- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
- (vi) In our opinion and according to the information and explanations given to us, company has not accepted any deposit from the public during the period under report.
- (vii) In our opinion Internal Audit is not applicable to the company.
- (viii) We have broadly reviewed the cost records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (I) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however not made a detailed examination of the Cost records with a view to determine whether they are accurate or complete.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty and cess.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty, service tax and cess were in arrears, as at 31.03.2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there were no dues of sales tax, Income Tax, Excise duty, Custom duty, wealth tax and cess, which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institutions and bank.
- (xii) We are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) The company has not given any guarantee for loans taken by others from banks or Financial institutions.
- (xvi) In our opinion, the Term Loan have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short-term basis have been used for purchase of Fixed Assets of the company. No Long term funds have been used to finance short-term assets.
- (xviii) According to the information and explanations given to us, the company has made preferential allotment of 21,70,000 Equity shares of the face value of Rs.10/- per share to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- (xx) We have verified the books of accounts of the company and report that the company has not raised any money by public issue during the period covered by audit report.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for **ABHAY JAIN & CO,**
Chartered Accountants,
FRN NO: 000008S
(A.K. JAIN)
Partner
M. No. 70224

Place: Chennai
Date :23.05.2012

SUBSIDIARY FINANCIALS

BALANCE SHEET

FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs.in'000)

	Note	March 31	
		2012	2011
<u>EQUITY AND LIABILITES</u>			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	3	22,950.00	1,250.00
(b) Reserves & Surplus	4	(1,717.13)	(30.96)
(c) Money Received Against Share Warrants		-	21,232.87
(2) Share Application Money Pending Allotment		-	17,900.00
(3) NON-CURRENT LIABILITES			
(a) Long Term Borrowings	5	26,008.92	24,041.18
(b) Deferred Tax Liabilities (Net)	6	1,910.20	163.84
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
		27,919.11	42,105.02
(4) CURRENT LIABILITES			
(a) Short Term Borrowings	7	21,902.43	3,243.56
(b) Trade Payables	8	54,719.52	11,456.29
(c) Other Current Liabilities	9	3,962.50	3,584.47
(d) Short Term Provisions		-	-
		80,584.45	18,284.32
TOTAL		129,736.43	61,608.38

ASSETS				(Rs.In '000)	
(1) NON CURRENT ASSETS					
(a) FIXED ASSETS	10				
(I) Tangible Assets		63,830.29		36,254.84	
(ii) Intangible Assets		-		-	
(iii) Capital Work-in-Progress		-		-	
(iv) Intangible Assets under Development					
(b) Deferred Tax Assets (Net)					
(c) Long Term Loans and Advances					
(d) Other Non Current Assets	11	16,703.13	80,533.42	5,958.24	42,213.08
(2) CURRENT ASSETS					
(a) Current Investments		-		-	
(b) Inventories	12	13,358.12		4,146.33	
(c) Trade Receivables	13	22,184.31		7,441.96	
(d) Cash and cash Equivalents	14	1,570.46		1,456.27	
(e) Short Term Loans and Advances	15	12,090.14		6,350.75	
(b) Other Current Assets		-		-	
			49,203.01		19,395.30
TOTAL			129,736.43		61,608.38

Significant Accounting Policies**Notes on Financial Statements****1 to 28**

As per our report of Even Date Annexed

For ABHAY JAIN & CO

Chartered Accountants

FRN : 000008S

(A.K. JAIN)

Partner.

M.No. 70224

S HEMALATHA

DIRECTOR

K SABITHA

DIRECTOR

Place: Chennai

Date: 23.05.2012

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2012

PARTICULARS	Note	(Rs. ' 000)	
		March 31	March 31
		2012	2011
Revenue from Operations	16	53,398.14	11,073.41
Other Income	17	4,228.45	-
Total Revenue		57,626.59	11,073.41
EXPENSES			
Cost of Raw Material Consumed	18	1,789.46	204.39
Purchase of Stock- in-Trade	19	51,917.88	10,943.82
Changes in Inventories of Finished Goods	20	(7,334.80)	(4,146.33)
Employee Benefit Expenses	21	1,898.71	285.05
Financial Costs	22	1,872.75	52.98
Depreciation and Amortization Expenses	23	4,647.79	2,578.48
Other Expenses	24	2,765.55	1,307.31
Total Expenses		57,557.33	11,225.70
Profit before Exceptional Items and Tax		69.26	(152.29)
Exceptional Items	25	9.07	28.06
Profit before Extraordinary items		60.19	(124.23)
Extraordinary Items		-	-
Profit before Tax		60.19	(124.23)
Current Tax		-	-
Deferred Tax		(1,746.36)	(125.55)
Profit (Loss) for the year		(1,686.17)	(249.78)
Brought forward from previous years		(30.96)	968.82
Less : Utilized for Bonus Shares		-	(750.00)
Profit (Loss) for the year		(1,717.13)	(30.96)
Earnings per Equity Share			
(1) Basic		(1.07)	(0.20)
(2) Diluted		(1.07)	(0.20)

Significant Accounting Policies**Notes on Financial Statements****1 to 28**

As per our report of Even Date Annexed

For ABHAY JAIN & CO

Chartered Accountants

FRN : 000008S

(A.K. JAIN)

Partner.

M.No. 70224

S HEMALATHA

DIRECTOR

K SABITHA

DIRECTOR

Place: Chennai

Date: 23.05.2012

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH 2012

	(Rs. '000)	
	For the Year 2011-12	
Cash flow from Operating Activities		
Net Profit Before Tax	60.19	
Add: Depreciation and Amortization	4,647.79	
Add : Interest Paid	1,872.75	
Less: Other Income	(4,228.45)	
Operating Profit before change of Working Capital	2,352.28	
Adjustment For Working capital:		
Change of Inventories	(9,211.79)	
Change in Debtors	(14,742.35)	
Change in Current Liabilities	25,741.26	
Cash generated from Operation	4,139.40	
Less: Tax Paid	-	
Net Cash From Operating Activities		4,139.40
Cash Flow from Investing Activities:		
Sale of Fixed Investments	-	
Purchase of Fixed Assets	(28,047.45)	
Increase in Work in Progress	-	
Project Expenses	-	
	(28,047.45)	
Other Income	4,228.45	
Change in Other Non- Current Assets	(14,920.68)	
Interest Received	-	
Net Cash used in Investing Activities		(38,739.68)
Cash Flow from Financing Activities		
Issue of Shares & Application Activities:	21,700.00	
Proceed from Long Term Loans	1,967.73	
Proceed from short term loans	18,658.87	

	(Rs.in'000)	
Proceed from Unsecured Loan	-	
	42,326.60	
Interest Paid	(1,872.75)	
Change in Other Current Assets	(5,739.38)	
Net Cash from Financing Activities	-	34,714.47
Net Increase/ (Decrease)		114.19
In Cash or Cash Equivalents		114.19
Opening Balance of Cash & Cash Equivalents		1,456.27
Closing Balance of Cash & Cash Equivalents		1,570.46

As per our report of Even Date Annexed

For ABHAY JAIN & CO

Chartered Accountants

FRN : 000008S

(A.K. JAIN)

Partner.

M.No. 70224

S HEMALATHA

DIRECTOR

K SABITHA

DIRECTOR

Place: Chennai

Date: 23.05.2012

SIGNIFICANT ACCOUNTING POLICIES

And Notes on Financial Statement for the year ended 31st March, 2012

1. Corporate Information :

Bafna Lifestyles Remedies Limited (The Company) is a public Company domiciled in India and incorporated under the Provisions of the Companies Act, 1956. The Company is engaged in the manufacture of drugs and Medicines. The Company caters to the domestic Market and is planning for exports in the future.

2. Basis of Preparation of Financial Statements

The financial statement are prepared under historical cost conversion, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

Summary of Significant Accounting Policies

a. Change in Presentation of financial statement

During the year ended 31st March 2012, the revised schedule VI notified under the Companies Act,1956, has become applicable to the company, for preparation and presentation of its financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible fixed assets

Fixed assets, acquired are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalized criteria are met and directly attributable cost or bringing the assets to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

d. Depreciation on tangible assets

Depreciation on fixed assets is calculated on written down value (WDV) method using the rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule XIV to the Companies Act, 1956.

Depreciation for additions to / deletions from owned assets is calculated on pro-rata from / to the day of addition /put to use and up to date of deletion.

e. Borrowing costs

Borrowing cost includes interest. Borrowing costs directly attribute 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. All other borrowing costs are expensed in the period they occur.

f. Inventories

Raw materials, components, store and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the site.

g. Revenue Recognition

Revenue from sale of products is recognized when practically all obligations connected with the transaction risks and rights to the buyer have been fulfilled and excluded sales tax and state value added taxes. This usually occurs upon dispatch and collection of the receivable is reasonably certain.

Interest income is recognized using time proportion method based on the rates implicit in the transaction.

h. Employee Benefits

Liability for employee benefits, both short and long term, which are due as per the terms of employment, are recorded in accordance with Accounting Standard -15(Revised) "Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2006.

i. Gratuity

BLRL has an obligation towards gratuity, a defined benefit retirement plan (Gratuity Plan) covering eligible employees in accordance with Indian Law. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death while employment or on termination of employment in an

amount equivalent to 15 days last drawn salary payable for each completed year of service. The liability for the eligible employees is determined on the basis of actuarial valuation as on the balance sheet date, using projected unit credit method and is funded with Gratuity fund managed by **Life Insurance Corporation of India Ltd.**

j. Income Taxes

Current Tax

Current tax is determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax

Deferred tax resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

k. Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. The company primarily operates in single business segment which is generic pharmaceutical, and accordingly there are no primary segments to be reported as per Accounting Standard 17 “Segment Reporting”.

l. Earnings per share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share and also the weighted average number of shares considered for deriving basic earnings per share which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

m. Impairment of assets

In the opinion of the company, the recoverable amount of the fixed assets of the company will not be lower than the book value of the fixed assets, hence no provision has been made for impairment.

(Rs.in'000)

		As at 31st March 2012	As at 31st March 2011
3	SHARE CAPITAL		
	Authorized Share capital		
	30,00,000 Equity shares of Rs 10 each	30,000.00	30,000.00
		30,000.00	30,000.00
	Issued subscribed & Paid up capital		
	2295000 Equity shares of Rs 10 each fully paid up in cash	22,950.00	1,250.00
	TOTAL	22,950.00	1,250.00
3.1	21,70,000 Shares out of the issued, subscribed and paid up share capital were allotted as preferential allotment during the year.		
3.2	75,000 Shares out of the issued, subscribed and paid up share capital were allotted as a bonus shares in the financial year 2010-11 by capitalization of Profit and Reserve.		
3.3	The details of Shareholders holding more than 5% shares.		
	Name of the shareholders		
	Bafna Pharmaceuticals Limited	1,430.00	-
	Chetna Bafna	408.25	-
	Sasikala Bafna	154.63	-
	Total	1,992.88	-
3.4	The reconciliation of the number of shares outstanding is set out below		
	Equity shares at the beginning of the year	1,250.00	500.00
	Add: Shares issued on preferential allotment	21,700.00	-
	Add: Bonus shares issued	-	750.00
	Equity shares at the end of the year	22,950.00	1,250.00
	General reserve.		
	Balance Brought Forward	(30.96)	968.82
	Less : utilized for Issue of bonus Shares	-	(750.00)
		(30.96)	218.82
	Add: Profit/Loss for the year	(1,686.17)	(249.78)
	Profit & Loss A/c	(1,717.13)	(30.96)

(Rs.in'000)

5	LONGTERM BORROWING		
	Secured		
	Term Loan With Axis Bank	26,008.92	24,041.18
	Total	26,008.92	24,041.18
	Securities offered		
5.1	Secured by First Charge on the entire Fixed Assets and proposed to be acquired out of Term Loan and also personally guaranteed by Mr. Bafna Mahaveer Chand and Mr. Paras Bafna		
5.2	Corporate Guarantee By M/s. BAFNA PHARMACEUTICALS LIMITED		
6	DEFERRED TAX LIABILITY(NET)		
	Deferred tax liability related to fixed assets	1,910.20	163.84
	Deferred tax assets	-	-
	Total	1,910.20	163.84
7	SHORT TERM BORROWINGS		
	Secured		
	Working capital loan from Axis Bank - cash credit account	21,902.43	3,243.56
	Total	21,902.43	3,243.56
	Securities offered		
7.1	Exclusive charge on the Entire current assets of the Company both present and Future		
7.2	Corporate Guarantee By M/s. BAFNA PHARMACEUTICALS LIMITED		
7.3	Personally guaranteed by Mr. Bafna Mahaveer Chand and Mr. Paras Bafna		
8	TRADE PAYABLES		
	Sundry Creditors	54,719.52	11,456.29
	For Goods Supplied	-	-
	For Services & Expenses	-	-
	Total	54,719.52	11,456.29
9	OTHER CURRENT LIABILITIES		
	Outstanding expenses	2,539.14	1,933.01
	TDS payable	73.37	1.46
	Trade deposit	1,350.00	1,650.00
	Total	3,962.50	3,584.47

(Rs.in'000)

11	OTHER NON CURRENT ASSETS		
	Deferred Revenue expenditure	20,638.20	7,146.89
	Preliminary expenses	240.72	240.72
		20,878.92	7,387.61
	Less: Amortization charged to P&L Account	4,175.78	1,429.38
	Total	16,703.13	5,958.24
11.1	1/5th of the above expenses has been charged to P&L A/c each year.		
12	INVENTORIES		
	Raw material(Valued at cost)	804.96	-
	Work in progress (valued at cost)	711.09	-
	Finished Product (valued at cost or market value whichever is less)	10,770.04	4,146.33
	Packing material(Valued at cost)	1,035.45	-
	Stores and spares (At Cost)	36.58	-
	Total	13,358.12	4,146.33

10	FIXED ASSETS	<i>(in "000")</i>									
		Gross block				Depreciation/ Amortization				Net Block	
	Description	As on 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	As on 01.04.2011	For the year	Deductions/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	Land	8,560.44	-	-	8,560.44	-	-	-	-	8,560.44	8,560.44
	BUILDING	21,531.96	9,436.07	-	30,968.02	2,365.61	203.19	-	2,568.80	28,399.22	19,166.34
	Furniture & Fittings	24.35	-	-	24.35	24.35	-	-	24.35	-	-
	Plant & Machinery	8,835.31	13,069.18	-	21,904.49	307.25	213.41	-	520.66	21,383.83	8,528.06
	Computer	-	34.60	-	34.60	-	0.98	-	0.98	33.62	-
	Electrical fittings	-	4,856.89	-	4,856.89	-	47.99	-	47.99	4,808.90	-
	Generator	-	650.71	-	650.71	-	6.43	-	6.43	644.28	-
	TOTAL	38,952.05	28,047.45	-	66,999.50	2,697.21	472.00	-	3,169.21	63,830.29	36,254.84
	Previous year Figures	4,024.35	34,927.70	-	38,952.05	1,272.59	1,149.10	-	2,697.21	36,254.84	
10.1	All the Fixed Asset as referred above, were not utilized for most of the days during year, since these assets were in renovation and restructured as per the provisions of the Drug and Pharmaceuticals Licensing Act. Subsequently the assets were put into use for commercial production on 5th march 2012 hence depreciation has been charged										

	on fixed asset for 26 days for the year.		
13	TRADE RECEIVABLES	(Rs.in'000)	
	Trade Receivables- More than Six month	1,386.75	1,386.75
	(Unsecured Considered Good) Less than six month	20,797.56	6,055.21
	Total	22,184.31	7,441.96
14	CASH AND CASH EQUIVALENTS		
	Cash on hand	1,460.68	1,441.78
	Balance with Bank :		
	In current account	(65.23)	14.49
	In Fixed Deposits	175.00	-
	Total	1,570.46	1,456.27
15	SHORT TERM LOANS AND ADVANCES		
	Advance to suppliers	8,468.11	5,330.06
	Advance Others	2,466.91	891.38
	Deposits with Govt. or Semi Govt. Depot.	65.35	17.75
	Prepaid expenses	452.28	26.51
	TDS Receivable	464.10	-
	Sales Tax Refund account	173.39	85.06
	Total	12,090.14	6,350.75
16	REVENUE FROM OPERATIONS		
	Sales	53,398.14	11,073.41
	Revenue from operations	53,398.14	11,073.41
17	OTHER INCOME		
	Commission Received	4,228.45	-
	Total other income	4,228.45	-

(Rs.in'000)

18	COST OF MATERIAL CONSUMED	Ref.Note	As at 31st March 2012	As at 31st March 2011
	Cost of Raw material consumed	16.1	948.49	-
	Cost of packing material consumed	16.2	297.84	-

(Rs.in'000)

	Manufacturing Expenses	16.3	362.95	204.39
	Freight	16.4	180.19	-
	TOTAL		1,789.46	204.39
18.1	COST OF RAW MATERIAL CONSUMED		As at 31st March 2012	As at 31st March 2011
	Opening stock		-	-
	Add: Purchase		1,753.44	-
	Less: Closing stock		804.96	-
	Raw material consumed		948.49	-
18.2	COST OF PACKING MATERIAL CONSUMED:			
	Opening stock		-	-
	Add: Purchase		1,333.29	-
			1,333.29	-
	Less: Closing stock		1,035.45	-
	Packing material consumed		297.84	-
18.3	MANUFACTURING EXPENSES			
	Consumable stores		10.58	-
	Power and Fuel		133.44	83.92
	Machinery Maintenance		63.41	23.55

		(Rs.in'000)	
	Security Charges	155.52	96.92
	Total	362.95	204.39
18.4	FREIGHT	As at 31st March 2012	As at 31st March 2011
	Freight	180.19	-
		180.19	-
19	PURCHASE OF STOCK IN TRADE		
	Purchase of stock in trade	51,917.88	10,943.82
	Total	51,917.88	10,943.82
	<u>CHANGES IN INVENTORIES OF FINISHED GOODS</u>		
20	STOCK IN PROCESS AND STOCK IN TRADE		
	Closing Inventories:		
	Finished Goods	10,770.04	4,146.33
	Work in progress	711.09	-
		11,481.13	4,146.33
	Opening Inventories:		
	Finished Goods	4,146.33	-
	Work in progress	-	-
		4,146.33	-
	Change in inventory	7,334.80	4,146.33

(Rs.in'000)

21	EMPLOYEE BENEFITS EXPENSES	As at 31st March 2012	As at 31st March 2011
	Salaries	818.82	276.47
	PF Companies contribution	589.79	-
	ESI Companies Contribution	72.85	-
	Staff welfare	417.25	8.58
	Total	1,898.71	285.05

22	FINANCIAL COSTS		
	Interest to bank	1,574.22	31.05
	Bank charges	48.83	21.94
	Interest to others	249.69	-
	Total	1,872.75	52.98
23	DEPRECIATION AND AMORTISATION EXPENSES		
	Depreciation as per Note-8	472.00	1,149.10
	Amortization expenses as per Note-9	4,175.78	1,429.38
		4,647.79	2,578.48
	Less: Transfer from revaluation reserve.	-	-
	Total	4,647.79	2,578.48

(Rs.in'000)

24	OTHER EXPENSES		
	Rent	289.39	226.33
	Postage and Telegram	11.12	5.98
	Insurance	14.52	3.08
	Conveyance	8.14	-
	Travelling expenses	757.07	512.36
	Printing and stationary	197.04	74.74
	Fees	108.66	307.77
	Office Maintenance	11.48	26.92
	Miscellaneous Expenses	77.50	17.09
	Professional Charges	2.88	-
	Computer Maintenance	2.70	9.07
	Sales Tax	-	1.76
	Freight and Transportation	114.20	89.13
	Sales promotion	93.22	-
	Commission/ Liasioning charges	1,043.91	-
	Payment to Auditor (including of service tax)	33.71	33.09
	Total	2,765.55	1,307.31

(Rs.in'000)

24.1	PAYMENT TO AUDITOR		
	Audit Fees (Including Service Tax)	33.71	33.09
	Total	33.71	33.09
25	EXCEPTIONAL ITEMS		
	Prior period differential sales tax for the year 2008-09	9.07	28.06
	TOTAL	9.07	28.06
26	RELATED PARTY DISCLOSURE		
26.1	<u>Name of the related Party</u>		
a)	Mr. BAFNA MAHAVEER CHAND		
26.2	<u>Directors' Interest</u>		
a)	BAFNA PHARMACEUTICALS LIMITED		
b)	BAFNA LIFELINE PRIVATE LIMITED		

						<i>(` in "000")</i>	
SI.NO	Particulars	Associates	Key Management Personnel	Rel of KMP	As at 31st March 2012	As at 31st March 2011	
1	Purchase of goods	Bafna Pharmaceuticals Limited			1,205.97	4,842.54	
2	Sale of goods	Bafna Pharmaceuticals Limited			6,596.99	-	
3	Sale of Fixed Assets				-	-	
4	Rendering Services	Bafna Pharmaceuticals Limited			1,751.37	-	
5	Agency agreements				-		
6	Leasing or Hire Purchase	Bafna Pharmaceuticals Limited			2,250.00	2,250.00	
7	Transfer of R&D						
8	License Agreements						
9	Finance loans and Equity in Cash or Kind	Bafna Pharmaceuticals Limited			14,300.00	1050.00	

	10	Guarantee and Collaterals	Bafna Pharmaceuticals Limited			65,000.00	65,000.00
	11	Manage Contracts including for Deputation of Employees				-	
	12	Rent		Bafna Mahaveer Chand		105.00	-
27	GENERAL						
a)	Balance in Sundry Debtors/ Creditors and advances are subject to confirmation.						
b)	Previous Year's Figures have been re-arranged and re-grouped wherever necessary.						
c)	Tax deducted at Source from the payment to contractors, professional charges and salaries have been deposited in time						
d)	The Fixed deposit of sum of Rs.175 ('000) lying with Bank of Ceylon are under lien against Bank Guarantee Margin LC Margin Money and Loan against deposit.						
e)	The Company has raised Rs.21700 ('000) through preferential allotment and deployed Rs.21700 ('000') for Expansion activities and working capital						
f)	As explained to us, there is no Contingent Liabilities for the year under audit.						
g)	Additional Disclosures					(Rs. In '000)	
1	Purchase of Finished Goods					51,917.88	
2	Sale of Finished Goods (Inclusive of Excise Duty)						
	Domestic					53,398.14	
3	Consumption of Raw Material						

	Indigenous 100%	948.49
4	Stores & Spares 100%	858.60

28 The Ministry of corporate affairs, Government of India, vide General Circular No: 2 and 3 dated 8th February 2011 and 21st February 2011 respectively, has granted a general exemption from Compliance of Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the consolidated Financial Statements.

As per our report of Even Date Annexed
 For ABHAY JAIN & CO
 Chartered Accountants
 FRN : 000008S

Place: Chennai
 Date: 23.05.2012

(A.K. JAIN)
 Partner.
 M.No. 70224

S HEMALATHA
 DIRECTOR

K SABITHA
 DIRECTOR

DETAILS OF SUBSIDIARY

Key financial information of Bafna Lifestyle Remedies Ltd

Rs. in '000'

S. No.	Bafna Lifestyle Remedies Limited	March 2012
1	Capital	22,950.00
2	Reserves	(1,717.13)
3	Total assets	1,29,736.43
4	Total liabilities	1,29,736.43
6	Turnover/total income	57,626.59
7	Profit Before Tax	60.19
8	Provision for taxation	1,746.36
9	Profit after taxation	(1,686.17)



Annual Report 2011-12

AGM Notice

NOTICE

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Company will be held at THE TNCA CLUB, M.A.Chidambaram Stadium, 5, Victoria Hostel Road, Chepauk, Chennai – 600005 at 3.00 PM on Thursday the 27th Day of September, 2012 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and the audited Statement of Profit and Loss for the year ended on that date, together with the reports of the board of directors and auditors thereon.
2. To appoint a Director in the place of Shri. A. Sahasranaman, who retires by rotation and being eligible, offers himself for re-appointment as a Director.
3. To appoint a Director in the place of Shri. R.Dwarakanathan who retires by rotation and being eligible, offers himself for re-appointment as a Director.

4. To consider and if though fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT M/s. ABHAY JAIN & CO., Chartered Accountants, Chennai be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

5. To consider and if though fit, to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications and / or re-enactment thereof for the time being in force) and rules framed thereunder and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or

bodies, the Articles of Association of the Company be and are hereby altered/amended by substitution and/or addition and/or deletion as the case may be in the following manner:

- (i) After the existing Article 117, the following new Article be and is hereby inserted as Article 117(a):**

Article 117(a)

Notwithstanding anything contained in the Articles of Association of the Company, and to the extent permitted by the applicable laws, the company may provide the Video Conferencing facility and / or other permissible electronic or virtual facilities for communication to enable the shareholders of the company to participate in General Meetings of the company. And is / may be prescribed by relevant provisions, the members so participating shall be deemed to be present in such General Meeting(s) for the purposes of quorum, voting, recording of minutes and all other relevant provisions in this regard. Such participation by the Shareholders by the Shareholders at the General Meeting(s) of the Company through Video Conferencing facility and / or other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the company for the time being in force.

- (ii) After the existing Article 142, the following new Article be and is hereby inserted as Article 142(a):**

Article 142(a)

Notwithstanding anything contrary contained in the Articles of Association of the company, and to the extent permitted by the applicable laws, the Director(s) may participate in Meeting(s) of the Board and / or committee(s) thereof, through Video Conferencing facility and / or other permissible electronic or virtual facilities for communication. And as is / may be prescribed by relevant provisions, the Director(s) so participating shall be deemed to be present in the meeting(s) for the purpose of quorum, voting, recording of minutes and all other relevant provisions in this regard. Such participation by Director(s) at Meetings of the Board and Committee(s) thereof, through Video Conferencing facility and / or other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the company for the time being in force.

- (iii) After the existing Article 204(c), the following new Article be and is hereby inserted as Article 204(d):**

Article 204(d)

Notwithstanding anything contrary contained in the Articles of Association, and to the extent permitted by the applicable laws, a document including notice of General Meeting, Annual Report, etc.. may be served by

the Company on any member or persons entitled thereto by any electronic mode of communication and in such manner as is / may be permitted by law. Where a document is served by any such electronic mode, the service thereof shall be deemed to be effected in the manner as is / may be provided by any law.

(i) After the existing Article 207, the following new Article be and is hereby inserted as Article 208:

Article 208: POSTAL BALLOT

Notwithstanding anything contrary contained in the Articles of Association of the Company but subject to applicable provisions of the Companies Act, 1956 and any Rules/ Circulars/ Guidelines, etc... notified thereunder including any amendments made thereto from time to time by the Statutory Authorities in this behalf, and in case of the resolutions relating to such business as may be permitted to be conducted only by postal ballot (including electronic or any other mode as applicable for the time being in force) the company shall get such resolution passed by means of postal ballot, instead of transacting the business in General Meeting of the Company.

(ii) and that the Existing Article Nos. 208 to 212 renumbered as Article 209 to 213

RESOLVED FURTHER THAT the Board of Directors of the Company (herein referred to as the 'Board' which shall be deemed to include any committee or any person which the Board may constitute / nominate to exercise powers including the powers by this Resolution) be authorized to carry on the above mentioned amendments in the existing Articles of Association of the company and that the Board may do all such acts, deeds, matters and things as may be necessary to give effect to the above and to settle any questions, difficulties or doubts that may arise in this regard without being required to seek any further clarification, consent, or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution in the best interest of the company.

By Order of the Board
for BAFNA PHARMACEUTICALS LTD.

Bafna Mahaveer Chand
Chairman & Managing Director

Date : 14.08.2012

Place: Chennai

Notes:

1. *A member entitled to attend and vote at the General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.*
2. *Members / Proxies should bring the Attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the Hall for attending the meeting.*
3. *Members are requested to bring their copies of the Annual Report with them.*
4. *The Register of Members and Share Transfer Books of the company will remain closed from 22.09.2012 to 27.09.2012 (Both Days inclusive).*
5. *Members are requested to notify immediately any change in their address with their Folio numbers to the Company's Share Transfer Agents viz. Cameo Corporate Services Limited.*
6. *The Ministry of Corporate Affairs (MCA) has taken the "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the MCA in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their email id through a letter giving consent for receiving notice / documents including Annual report through email with M/s. Cameo Corporate Services Limited.*
7. *The Company has given option to receive Annual Report in soft copy to those members whose email ids are available / registered with the Registrar and Share Transfer Agents M/s. Cameo Corporate Services Limited.*
8. *Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.*

9. *In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.*
10. *No gifts / compliments / coupons will be distributed at the meeting.*
11. *Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges brief particulars of the Directors proposed for re-appointment/ appointment at the meeting is given below:*

(A)

Name of the Director	Shri. A. Sahasranaman
Date of Birth	18/03/1948
Status	Non-Executive Independent Director
Qualification & Expertise	He is a top-level bureaucrat, a research scholar and an accomplished author. Having completed his Master's in Economics, he subsequently joined the Indian Administrative Service, Jammu & Kashmir Cadre and served from 1973 – 1996 under several strategic posts. Apart from this he reserves the distinction for having acted as the Executive Director, Council for Leather Exports – Chennai. He has lent his expertise to UNDP - Dept. of Industrial Policy & Promotion, Govt. of India. He resumed his tryst with Jammu & Kashmir by accepting an invitation by the state government to serve as the Principal Secretary, Dept. of Industries and Commerce from 2003 – 2005. Since July 2002, he is serving as the Honorary Director of Indian Leather Industry Foundation, Chennai chapter. In addition to his professional legacy, he is also a renowned author of several books and articles pertaining to the development & promotion of small-scale industries in India.
Names of other company(ies) in which	1. Indian Leather Industry Foundation.

directorship held	2. Bhartiya Investments Ltd. 3. Chennai Environmental Management Company of Tanners
Total shares held by him in the company	NIL
Relationship with other directors in the company	NA

(B)

Name of the Director	Shri. R.Dwarakanathan
Date of Birth	27/04/1940
Status	Non-Executive Independent Director
Qualification & Expertise	He is greatly experienced, specialized in Financial Planning & Management. He is post graduate in Arts from Madras University and an MBA from Wichita State University, Kansas, USA and also has to his credit CAIIB, Diploma in Industrial Finance and Corporation. He has over 36 years of experience in the field of banking and finance. He started his career in State Bank of India and rose to the level of General Manager (Operations), Local Head Office, General Manager cum Vice Principal, State Bank Staff College at the time of his retirement in April, 2000. He is specialized in various areas such as Financial Management, Corporate Credit, Foreign Exchange, Organizational Development, Inspection and Management Audit and Rehabilitation of Sick Units. Presently he is serving as a Senior Faculty in Loyola Institute of Business Administration, Chennai.
Names of other company(ies) in which directorship held	NA
Total shares held by him in the company	NIL
Relationship with other directors in the company	NA

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 for Item No.5:

The Ministry of Corporate Affairs ("MCA") pursuant to the various Circular(s) including General Circular No.17/2011, No.18/2011, No.21/2011, No.27/2011, No.28/2011, No.35/ 2011 and No.72/ 2011 (the "Circulars") enabled participation by Shareholders or Directors in meetings under the companies Act, 1956 through electronic mode, communication to the shareholders in electronic form and provided electronic platform for electronic voting.

With a view to lending support to the Go Green initiative of the MCA and in order to bring the enabling provisions of the Circulars in the Articles of Association of the Company, it was considered appropriate to alter the Articles of Association of the Company as set out in the Resolution.

The Board of Directors recommends passing of the special resolution as set out in Item No. 5 in terms of Section 31 of the Companies Act, 1956 to the shareholders for amending the Articles of Association of the Company.

None of the Directors are interested in this resolution.

By Order of the Board
for BAFNA PHARMACEUTICALS LTD.

Bafna Mahaveer Chand
Chairman & Managing Director

Date : 14.08.2012

Place: Chennai

ATTENDANE SLIP**BAFNA PHARMACEUTICALS LTD.****Regd. Office:** 299, Thambu Chetty Street, Chennai – 600 001.**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

DP ID-Client ID/Folio No:

No. of Shares held:

I hereby record my presence at the Seventeenth Annual General Meeting held at THE TNCA CLUB, M.A.Chidambaram Stadium, 5, Victoria Hostel Road, Chepauk, Chennai – 600005 at 3.00 PM on Thursday the 27th Day of September, 2012 as Shareholder/Proxy and at any adjournment thereof.

Name of the Shareholder/Proxy

Signature of the Shareholder/Proxy

✂

BAFNA PHARMACEUTICALS LTD.**Regd. Office:** 299, Thambu Chetty Street, Chennai – 600 001.**PROXY FORM**

DP ID-Client ID/Folio No:

No. of Shares held:

I/We _____ of _____ in the _____ district of _____ being a member/members of BAFNA PHARMACEUTICALS LTD., hereby appoint _____ of _____ in the District of _____ or failing him _____ of _____ in the District of _____ as my / our Proxy to vote for me/ us on my/our behalf, at the Seventeenth Annual General Meeting of the Company to be held THE TNCA CLUB, M.A.Chidambaram Stadium, 5, Victoria Hostel Road, Chepauk, Chennai – 600005 at 3.00 PM on Thursday the 27th Day of September, 2012 and at any adjournment thereof.

Signature _____

Affix 1 Rupee Revenue Stamp

Signed this _____ day of _____, 2012

NOTE:

1. In the case of a Corporation, this Proxy shall be either given under the Common Seal or signed on its behalf by an Attorney or Officer of the Corporation.
2. Proxies to be valid must be deposited at the Registered Office of the Company, not later than 48 hours before the time for holding the Meeting.

Facilities & Accreditations

- **BAFNA** caters through two state of the art facilities in Chennai
- One is in Madhavaram which is WHO-GMP approved
- Another in Grantlyon which is approved by:



ISO
9001:2008



Ministry of Health
Philippines



Ministry of Health
Ethiopia



Ministry of Health
Australia



Ministry of Health
U.A.E



Ministry of Health
Ghana



Ministry of Health
Sri Lanka



UK MHRA

UK-MHRA



Awards & Achievements

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



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

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



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



Bafna Pharmaceuticals Ltd

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

Tel: +91-44-2526 7517; Fax: + 91-44-2523 1264;

www.bafnapharma.com