

# Bafna Pharmaceuticals Ltd.,



25<sup>th</sup> Annual Report



**FINANCIAL YEAR 2019 - 20**

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**BAFNA PHARMACEUTICALS LIMITED**

**25<sup>th</sup> ANNUAL REPORT  
FINANCIAL YEAR 2019-20**

## CONTENTS

Company Snapshot .....	3
Key Message from CMD .....	4
Director's Report .....	6
Annexure to Director's Report .....	16
Corporate Governance .....	35
Auditor's certificate on Compliance .....	51
Management Discussion and Analysis .....	52
Standalone Financial Statements as at 31 <sup>st</sup> March, 2020 .....	57
Standalone – Auditor's Report .....	58
Standalone – Balance Sheet .....	69
Standalone – Statement of Profit & Loss .....	71
Standalone – Cash Flow Statement .....	72
Standalone – Notes .....	73
Standalone – Related Party Disclosures .....	83
Consolidated Financial Statements as at 31 <sup>st</sup> March, 2020 .....	102
Consolidated – Auditor's Report .....	103
Consolidated – Balance Sheet .....	114
Consolidated – Statement of Profit & Loss .....	116
Consolidated – Cash Flow Statement .....	117
Consolidated – Notes .....	118
Consolidated – Related Party Disclosures .....	128
Notice .....	147

### **Cautionary Statement**

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

## COMPANY SNAPSHOT

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

### **Registered Office**

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

### **Share Transfer Agents**

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

### **Auditors**

M/s. SATHYANARAYANAN & CO.,  
Chartered Accountants, Chennai

### **Factories**

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

### **Internal Auditors**

M/s. Soleti Associates,  
Chartered Accountants,  
Chennai

### **Board of Directors**

Shri Bafna Mahaveer Chand  
*Chairman & Managing Director*

Shri Paras Bafna  
*Whole time Director*

Shri V. Rajamani  
*Non-Executive Independent Director*

Shri B. Kamlesh Kumar  
*Non-Executive Independent Director*

Shri Sunil Bafna  
*Non-Executive Independent Director*

Smt K. Sabitha  
*Women Director*

### **Audit Committee**

Shri V. Rajamani  
Shri B. Kamlesh Kumar  
Shri Paras Bafna

### **Stakeholders Relationship Committee (Investor Grievance and Share Transfer Committee)**

Shri Sunil Bafna  
Shri Bafna Mahaveer Chand  
Shri Paras Bafna

### **Nomination and Remuneration Committee**

Shri Sunil Bafna  
Shri V Rajamani  
Shri Babulal Kamlesh Kumar

## KEY MESSAGE FROM CMD

### Dear Shareholders,

While we had a better year, it was the last few days of the Financial Year 2019-20, where our culture was truly tested. I am pleased to inform you that amidst a global pandemic, we continued to be guided by our principles of employee safety and wellbeing, business continuity, and social responsibility.

Despite the headwinds caused by COVID-19 during the last few months, through a dedicated workforce, we have ensured continued production and supply of medicines.

Your company continues to prioritize and invest in nurturing talent and development whilst focusing on its diversity and inclusion agenda. As we march towards a post-pandemic world, the next few months will be challenging but your company's robust business model, better financials, and deep relationships with customers, will play a critical role in keeping us ahead of the curve. The future of your company looks prosperous with a dynamic relationship with our new investor M/s. SRJR Life sciences LLP. I believe your company is poised to embrace the change and take the business to new heights. As always, my sincere gratitude to all stakeholders for your continued trust, confidence, and support as you stood by the company in its most difficult times.

As you are aware, your company has successfully warded off prolonged litigations in the NCLT, Chennai, NCLAT, New Delhi and the Supreme Court of India. Now, with the timely support of our new investor, M/s. SRJR Life Sciences LLP, your Company is debt-free as on March 2020.

Even though the revenues fell slightly compared to last year, the operational performance hindered due to prolonged litigations, resulted in delayed supplies. Even though the supplies were erratic we have not lost a single customer. Now our prime focus will be to satisfy customers with timely supplies first, instead of focusing on expanding to new territories. Your Company will henceforth focus on bottom line instead of top line.

Research & Development is the backbone of our business and a key determinant of our future growth and profitability. Our efforts to move up, in the pharmaceutical value chain mandate that we keep investing in FR&D. Our FR&D is mainly targeted at developing complex generics and niche products.

We continue to be disciplined in identifying potential FR&D projects for the generics market while simultaneously investing in developing a specialty portfolio. This will enhance our product pipeline for regulated and emerging markets.

We are gradually ramping up our generic specialty business along with our already successful CMO business. We plan to increase its contribution to consolidate our revenues in the long term. We are also expecting reasonable growth in our business in the emerging markets.



Given these factors, we expect top line growth in our revenues for FY21 over FY20 and better EBDITA.

Also, dear family this year marks the silver jubilee of your company becoming a public limited concern. I take this opportunity to thank to all our Stakeholders, Board of Directors and the entire Team of BAFNA Pharmaceuticals who stood by the company in both its best and most trying years. We now complete our 25 Years of continued existence in this competitive pharmaceutical biosphere.

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

We are thankful for your support as a shareholder.

Warm Regards

Sd/-

**Mahaveer Chand Bafna**

Chairman & Managing Director

DIN: 01458211

## DIRECTOR'S REPORT

To

### The Shareholders,

Your Directors have pleasure in presenting the Twenty Fifth Annual Report of your Company together with Audited Accounts for the Financial Year ended 31<sup>st</sup> March,2020.

### Financial Performance

The summarized Audited Financial Results for the year ended 31<sup>st</sup> March, 2020 along with comparative figures for the previous year is as under:

(Rs.in Lakhs)

Particulars	Standalone		Consolidated	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Total Income	4272.78	4401.25	4272.78	4401.25
Total Expenditure	4460.58	6224.22	4461.11	6230.53
Profit /(loss) before exceptional items and tax	(187.80)	(1822.97)	(188.34)	(1829.28)
Tax expenses (Deferred Tax)	-	150.07	-	106.74
Profit/ (Loss) for the period	(187.80)	(1973.04)	(188.34)	(1936.02)
Profit of Non controlling Interest/ Minority interest		-	(28.69)	(52.01)
Exceptional items	(2332.56)	-	(2255.91)	100.99
Total Comprehensive Income for the year	(2520.36)	(1973.04)	(2472.93)	(1887.05)

### Standalone Operating Results

The sales and operating income was Rs.4,272.78 Lakhs in comparison to Rs.4,401.25 Lakhs in the previous year. The Loss for the year under review is 2520.36 Lakhs as against Rs.1,973.04 Lakhs for the previous year.

### Consolidated Operating Results

The consolidated revenue from operation was Rs. 4,272.78 Lakhs in comparison to Rs.4,401.25 Lakhs of the previous year. The consolidated net loss for the year 2020 was Rs.2,472.93 Lakhs as against FY 2019 of Rs.1,887.05 Lakhs.

### Subsidiary Company & Consolidated Financial Results

The consolidated financial results comprise of M/s. Bafna Pharmaceuticals Limited and its subsidiary M/s. Bafna Lifestyles Remedies Limited. Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020 forms part of the Annual Report.

As required under the SEBI (Listing Obligations and Disclosure Requirement) Regulation,2015, the consolidated financial statements of the Company and its subsidiary are attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under Section 133 of the Companies Act, 2013. The consolidated financial statements disclose the assets, liabilities, income, expenses and other details of the Company and its subsidiaries.



### Material/Significant changes in subsidiary:

The Company's subsidiary Company M/s.Bafna Lifestyles Remedies Limited (BLRL) was manufacturing Raricap tablets for Strides Shasun Pharma Ltd. During one of the Audits, Strides Shasun disqualified the facility and hence there are no operation since September 2016 in the subsidiary company.

Since, there is a diminution in the value of investment made in the subsidiary, the value is considered as NIL and hence the same has been written off in the books of the parent Company i.e Bafna Pharmaceuticals Limited at the Board meeting held on 13th February 2020. As per Indian Accounting Standard IND AS-110, the financial result of Subsidiary Company has to be consolidated with parent company as long as it controls/ hold the shares in the subsidiary Company. The consolidated financial results in future shall be dispensed with as the Company is in the process of striking of name of subsidiary Company.

A statement pursuant to Section 129 of the Companies Act, 2013, relating to subsidiary companies is attached and forms part of the report.

### Change in Capital Structure

(Rs. In Lakhs)

Particulars	31 <sup>st</sup> March,2020	31 <sup>st</sup> March,2019
Authorized Capital	4000.00	4000.00
Issued, Subscribed & Paid up Capital	236.56*	2365.63

\*Pursuant to the Resolution Plan approved by the Hon'ble National Company Law Tribunal, Chennai Bench vide its Order dated 01<sup>st</sup> February 2019 the fully paid up Equity Shares is reduced to 10% in the following manner:-

### Paid-up Equity Share Capital Structure Pre and Post reduction

Pre-Reduction	Post Reduction
2,36,56,335 equity shares of Rs.10/- each aggregating to Rs.23,65,63,350/-	23,65,634 equity shares of Rs. 10/- each aggregating to Rs.2,36,56,340/-

\*Post reduction of Capital, the Company had applied for listing permission with NSE and BSE. The Company has received listing approval 2365634 equity shares of Rs.10/- each from NSE and BSE.

### Allotment

The Board at its meeting held on 13.02.2020, wherein Mr. Bafna Mahaveer Chand had explained in detail that the Investors mentioned in the Resolution Plan had backed out due to personal reasons and Mr. Bafna had to identify another new Investor. To Implement the Approved Resolution plan, the Resolution applicant identified M/s.CVR ENTERPRISES LLP, as New Investor, invested Rs. 48.33 Crs to successfully implement the plan. Further an amount Rs. 7.02 Crs was received from M/s. SRJR Lifesciences LLP an affiliate of CVR Enterprises LLP, as Cheque on 30.03.2020 and the same could be deposited on 30.05.2020 owing to lock down due to COVID 19.

The Implementation and Monitoring Committee, appointed by Committee of Creditors , comprising of the Supervisor earlier who was Resolution Professional, Two Representatives of Financial Creditors and two from the Corporate Debtor had made payments to the Operational creditors, Financial Creditors, CIRP Cost, Employee dues and other legal and professional fees as part of the Resolution plan approved by the Hon'ble NCLT, Chennai Bench. The Implementation and Monitoring Committee after settling the claims of Operational Creditors, Financial Creditors, CIRP Cost, Employee dues and other legal and professional fees as per NCLT, Chennai order. As per resolution Plan approved by NCLT Chennai order which was also upheld by NCLAT Delhi and Supreme Court

The Resolution Applicant shall be liable to make the payment towards only the liabilities assumed in the Resolution Plan and only for the specifically accepted amount as per the Proposed Resolution Plan. No crystallised or Contingent Liabilities as on the Resolution Plan approval date shall be payable which has not been specifically accepted and provided for in the proposed resolution Plan . All payment proposed against deemed assumed Liabilities, Contigent Liablieties , disputed Liabilities and Such liabilities shall be considered as full and Final amount payable towards such liabilities . No further claims or litigation shall be admissible against the Corporate debtor or Resolution Applicant for any such Liabilities stated herein . No liabilities shall be admissible which has not specifically been assumed under the resulation plan .

Further any liability crystallizing out of the contingent liabilities or disputed legal cases of the Company or any other unknown or unclaimed liability pertaining to a transaction or incident dating to a period prior to the Insolvency Commencement date or during the corporate insolvency resolution process which does not find a place in the approved Resolution Plan, shall be deemed to have lapsed on the approval of the plan; and the Company shall be deemed to have been duly discharged from all legal liability arising from such antecedent claims

Hence no fresh claims shall be entertained by the company in future and all outstanding liabilities shall deemed to be extinguished . The same was notified on the Company's website by The Implementation and Monitoring Committee.

### **Implementation of Resolution Plan**

Please refer to the Order dated 01st February, 2019 passed by the Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench ("NCLT Order") under Section 31(1) of the Insolvency and Bankruptcy Code, 2016 ("Code") approving the Resolution Plan ( the "Approved Resolution Plan").

Please also refer to the subsequent order(s) passed by National Company Law Appellate Tribunal, ("NCLAT"), New Delhi vide its Order dated 04<sup>th</sup> July 2019 and later by the Supreme Court of India vide its Order dated 15<sup>th</sup> July 2019 (Civil Appeal No.: 5344/ 2019).

As per the Code the Approved Resolution Plan is binding on the Company, its employees, Members, Creditors, Guarantors and other stake holders involved in the Resolution Plan including the Resolution Applicant.

In this regard the claims filed by the financial creditor/operational creditor and other creditors under the Code was verified and accepted by the Interim Resolution Professional ("IRP") and Resolution Professional ("RP")("Claim").Pursuant to the Approved Resolution Plan, the sums so paid are towards the full and final settlement of the dues/ claims as aforesaid. No Further claims under the code shall be entertained if no claims had been filed either with IRP/RP. Refer Newspaper publication dated19/07/2018 requesting creditors for filling the Claim .

Further, as per IBC Code and NCLT, Chennai order and subsequent order(s) passed by National Company Law Appellate Tribunal, ("NCLAT"), New Delhi vide its Order dated 04<sup>th</sup> July 2019 and later by the Supreme Court of India vide its Order dated 15<sup>th</sup> July 2019 (Civil Appeal No.: 5344/ 2019) there are no debt or payment is due or outstanding, as of date hereof, from the Company to any Vendors / Financial institutions /Persons , and that no other contingent liability or guarantee or letter of support or other security interest exist as of day to anybody's favor (or for anybody's benefit) from the Company and all obligations there under shall be deemed to have been extinguished, as per the approved Resolution Plan.

Further any liability crystallizing out of the contingent liabilities or disputed legal cases of the Company or any other unknown or unclaimed liability pertaining to a transaction or incident dating to a period prior to the Insolvency Commencement date or during the corporate insolvency resolution process which does not find a place in the approved Resolution Plan, shall be deemed to have lapsed on the approval of the plan; and the Company shall be deemed to have been duly discharged from all legal liability arising from such antecedent claims

The Total amount Rs. 55.35 Crs as per resolution Plan was fully received and therefore the shares shall be allotted to M/S. SRJR Life sciences LLP. The Company is taking necessary steps to allot the shares as soon as possible and list the same in Stock Exchanges, but the delay is due to the present Covid 19 situation in the Country . Hence the Board at their meeting held on 25.06.2020 decided to disclose the amount under the head Share application money pending allotment.

### **Fixed Deposits**

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

### **Dividend**

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

### **Reserves**

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

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

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

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

### **Impact of CoVID 19**

The outbreak of COVID 19 pandemic across the globe and India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. On March 11, 2020, the World Health Organization declared the Novel Corona Virus (COVID-19) as a pandemic. Besides the toll that this outbreak had on human life, it has also disrupted the social, economic and finance structure of the entire world. In India, from March 25, 2020 to May 31, 2020 the central government declared a national lockdown, restricting the movement of the entire population of the country as a preventive measure against the spread of COVID-19. The Tamil Nadu Government has further declared lockdown upto July 31<sup>st</sup> 2020.

The extent to which the COVID 19 pandemic will impact the Company's future results will depend on developments, which are highly uncertain, including among other thing, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company. The company will continue to closely monitor any material changes to future economic conditions.

Although there are uncertainties due to the pandemic and reversal of the positive momentum gained in the last quarter of FY2020, the inherent resilience of the business model position the Company well to navigate the challenges ahead and gain market share.

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

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

### **Risk Management Policy:**

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

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

The company has adequate internal financial controls such as defining authority to authorize financial transactions, Internal Audit and review of financial statement mechanism in vogue.

### **Directors**

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

Mrs. Sabitha K (DIN: 02643259) was appointed as Whole-Time Women Director w.e.f 27.03.2015 for a period of five years which was confirmed by shareholders at the 21st Annual General Meeting held on 28<sup>th</sup> September 2016.

Considering her vast and rich experience the Board of Directors at its meeting held on 13.02.2020, based on the recommendation of Nomination & Remuneration committee and subject to approval of Members, re-appointed Sabitha K (DIN: 02643259) as Whole Time Director of the company for a period of three years with effect from 27.03.2020 and ratify remuneration with effect from 01.04.2019. The Board recommends her re-appointment of Mrs. Sabitha K as a Whole-Time Director of the Company.

Mr. Palamadai Krishnan Sundaresan (DIN:06954189) was appointed as Additional Non-executive Independent Director with effect from 25.06.2020. The Board recommends his appointment as an Independent Director of the Company for a period of 5 years with effect from the date of appointment.

Further, Mr. Babulal Kamlesh Kumar was re-appointed as an Non-Executive Independent Director of the Company with effect from February 08, 2019 pursuant to the provisions of section 161(1) of the Companies Act, 2013 and Articles of Association of the company by the Board of Directors and confirmed by the Members of the Company, by way of Ordinary Resolution, instead of Special Resolution at the 24<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> June 2019. Therefore, the Board of Directors recommend the Special Resolution for confirmation / approval / ratification of the appointment of Mr. Babulal Kamesh Kumar at this annual general meeting

Mr. V. Rajamani (DIN: 00052868), Non-executive Independent Director resigned from the Board with effect from 25.06.2020. The Board wishes to place on record the valuable services rendered by Mr. V. Rajamani during his tenure as Director.

The Independent Directors have furnished necessary declarations as required under Companies Act, 2013.

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

Mr. Mahaveer Chand Bafna, being non independent director is liable to retire by rotation in terms of Section 152 of the Companies Act, 2013 and being eligible offered himself for appointment.

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

### **Details of KMP:**

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

Mr. Mahaveer Chand Bafna- Managing Director, Mr. M. Sridhar- Chief Financial Officer

Mr. Jitendra Kumar Pal- Company Secretary

### **Auditors**

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

of auditor's appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 07, 2018.

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

**Auditors' Report:**

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

**Comments on Auditors' Report:**

Reply to the qualifications made in Auditor's report:

Qualification	Reply
a. Quantification and valuation of Work in progress (WIP) is computed on estimated basis by the Management, and not on as per methodologies prescribed as per IND AS 2. Inventory costing system in the production units have to be streamlined.	Due to migration from normal accounting package to SAP system, the Company has not valued inventories WIP on the basis of IND AS2 principle. However since SAP is fully functional for and from the financial year 2020-21, the inventory valuation would be streamlined to comply with the standard and the impact would be quantified appropriately.
b. The Company has not followed or complied with the Impairment principles prescribed as per IND AS 109 in respect of write off and write back of financial assets	Pursuant to the approval of the Resolution Plan by the NCLT, Chennai, Wherein the Resolution Applicant – Mr. Bafna Mahaveer Chand had Appealed for Certain Write offs and Write backs of assets and Liabilities (based on business prudence and Judgement). In accordance with the same, the Company has written off and written back certain assets and Liabilities and net effect of the same is shown under the Head ' Exceptional Items" .

**Cost Audit**

Cost Audit specified under Section 148 of the Companies Act, 2013 does not apply to the Company since the turnover of the Company is less than the limit prescribed.

**Listing**

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

**Particulars of Employees**

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

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

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

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

### **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.

The number of employees as on 31<sup>st</sup> March, 2020 was 264 as against 258 during FY2018-19.

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

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

### **Insider Trading Regulations**

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

### **Corporate Governance**

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

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

The Board of Directors has approved policy as per the said Act and an Internal Complaints Committee was constituted, with following members

- |                       |   |          |
|-----------------------|---|----------|
| (i) Smt. Hemalatha S, | - | Chairman |
| (ii) Smt. Geetha S,   | - | Member   |
| (iii) Smt. .Ashitha K | - | Member   |

The committee placed certificate before the Board of Directors on the status of compliance of the Act. As per the certificate provided by the said committee no complaints were received during the year & that there are no complaints pending as on 31<sup>st</sup> March,2020.

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

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

Particulars of contracts or arrangements with Related parties referred to in Sub-Section (1) of Section 188:

The transactions entered into by the Company with the related parties are in the ordinary course of business and at arm's length basis. The particulars of transactions are mentioned in Form AOC 2 and are annexed to this report.

### **Corporate Social Responsibility**

Corporate Social Responsibility as prescribed under the provisions of Sec 135 of the Companies Act, 2013 is not applicable to the Company, But however Company is committed to improve the quality of life of the work force and their families and also the community and society at large. The Company believes in undertaking business in such a way that it leads to overall development of all stake holders and society.

### **Secretarial Audit for the FY 2019-20**

In terms of Section 204 of the Companies Act, 2013, the Rules made there under & other applicable provisions, if any, the company is required to appoint Secretarial Auditor to carry out secretarial Audit of the Company. Your Board of Directors has appointed M/s. A.K. Jain & Associates, Practicing Company Secretaries, Chennai for purpose of Secretarial Audit for the FY 2019-20 at the Board Meeting held on 13.02.2020.

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

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

<b>S.No</b>	<b>QUALIFICATION</b>	<b>MANAGEMENT'S EXPLANATION</b>
1	The Company has re-appointed Mr. Babulal Kamlesh Kumar as an Independent Non-Executive Director for a second term with effect from 08.02.2019, by way passing of Ordinary Resolution, at its 24 <sup>th</sup> Annual General Meeting held on 27 <sup>th</sup> June 2019, instead of passing Special Resolution as prescribed under Section 149 (10) of the Companies Act, 2013 and Regulation 25 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;	By inadvertence Ordinary Resolution passed instead of Special Resolution at the 24 <sup>th</sup> Annual General Meeting held on 27 <sup>th</sup> June 2019. The ordinary resolution was approved by 99% of the members who voted in favor of the resolution. As per Section 114 of Companies Act 2013 a resolution will be called as Special Resolution if the votes cast in favour of the resolution, whether on a show of hands, or electronically or on a poll, as the case may be, by members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. The Company has taken adequate steps to ensure due compliance.
2	The Company has belatedly filed the Certificate issued under Regulation 40(9) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Half year ended 31 <sup>st</sup> March, 2019 with the BSE Limited.	The delay caused in filing the Certificate under Regulation 40(9) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the BSE Limited was due to inadvertence. The Company has taken adequate steps to ensure the timely compliance of the filings with the Stock Exchange and other Statutory Auhtorities.

### **Appointment of M/s. Soleti Associates., Chartered Accountant, Chennai as Internal Auditors & approved their Scope, Functions, Periodicity & Methodology**

In terms of Section 138 of the Companies Act, 2013 & other applicable provisions, if any, Board of Directors at the Board Meeting held on 28.05.2018 has appointed Mr.CA Renga subramaniam, Partner of M/s.Soleti Associates, Chartered Accountants,, Chennai as Internal Auditors and further approved their Scope, Functions, and Periodicity & Methodology.

#### **Audit Committee:**

In terms of Section 177 of the Companies Act, 2013 and other applicable provisions if any and as per the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as on 31<sup>st</sup> March, 2020 the Audit committee comprises of 4 Directors out of which 3 are Non-Executive Independent Directors. The terms of reference of Audit Committee includes matters specified in section 177 of the Companies Act 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure requirements) Regulations,2015.

The Audit Committee consists of the following :-

Mr. V Rajamani- Chairman

Mr. Sunil Bafna- Member (Till 10.08.2019)

Mr. Babulal Kamlesh Kumar – Member

Mr. Paras Bafna- Member

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

In terms of Section 178 of the Companies Act, 2013 & other applicable provisions, if any, Board of Directors at the Board Meeting held on 30.05.2014 has renamed the existing "Remuneration Committee" of the Board of Directors as "Nomination & Remuneration Committee". The Policy of Nomination & Remuneration Committee was detailed in the corporate governance report. The constitution, terms and references and other details are elaborated in the Corporate Governance report annexed with this report.

The Nomination and Remuneration Committee was re-constituted with effect from 08<sup>th</sup> February, 2019 and its composition is as follows:-

Mr. Sunil Bafna- Chairman

Mr. V Rajamani- Member

Mr. Babulal Kamlesh Kumar – Member

#### **Stakeholders Relationship Committee**

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

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

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



**Extract of Annual Return:**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed along with the Director's Report.

**Number of Board Meetings:**

The Board of Directors met 5 times during the year under review and the gap between 2 meetings did not exceed 120 days.

**Directors Responsibility Statement**

Your Directors wish to inform that the Audited Accounts contains Financial Statements for the financial year ended 31<sup>st</sup>March,2020 are in full conformity with the requirements of the Companies Act, 2013. They believe that the Financial Statements reflect fairly the form and substance of 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 loss of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Accounts have been prepared on a "going concern basis".

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

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

**Acknowledgement and Appreciation**

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

On behalf of the Board of Directors

**For BAFNA PHARMACEUTICALS LIMITED**  
(CIN L24294TN1995PLC030698)

Sd/-

Sd/-

Place: Chennai  
Date: 25.06.2020

**Paras Bafna**  
(DIN: 01933663)  
Whole Time Director

**Bafna Mahaveer Chand**  
(DIN: 01458211)  
Chairman & Managing Director

## ANNEXURE TO THE DIRECTOR'S REPORT

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

### FORM - A

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

##### A. Conservation of Energy

##### Power & Fuel Consumption

SI No	Particulars	2020	2019
1.	<b>Purchased:</b> Units(Lakhs) Total Amount (Rs. In lakhs) Rate / Unit (Rs.)	Units 28.25 Lakhs Rs. 217.72 Lakhs Rs. 7.71	Units 21.98 Lakhs Rs. 204.81 Lakhs Rs. 9.32
2.	<b>Own Generation Through Diesel Generator</b> Units (KSH) in lakhs) Unit per Lt. of Diesel Cost/Unit (Rs.)	Units 1.52 Lakhs Unit 2 Per Litre Rs. 33.72 Per Unit	Units 1.23 Lakhs Unit 2 Per Litre Rs. 36.59 Per Unit

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

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

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

### FORM B

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

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

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

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

During the year the company has received prestigious DSIR (Department of Science and Industrial Research) certification for our R & D centre. DSIR is a department under the Ministry of Science and Technology, Government of India.

- Product Development and report of new formulations.
- Stability studies of new formulations as per ICH guidelines
- Technology Transfer and Process validation of new formulations
- Technology Transfer and Analytical method validation of new formulations

- Dossier preparation for regulatory approval
- Registration of Products in various countries with respective regulatory requirements
- Trouble shooting in existing Products
- Filed patents of Chewable Raricap tablets
- Bioavailability studies to confirm therapeutic efficacy

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

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

**(c) Future plan of action**

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

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

**(Rs. in Lakhs)**

Particulars	as at 31.03.2020	as at 31.03.2019
Capital Expenditure	5.99	-
Recurring/Revenue	100.95	75.27
<b>Total</b>	<b>106.94</b>	75.27

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

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

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

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

- The R & D centre has been upgraded and adopted various methods of drug particle coating with a gastro-resistant polymers of various genre to improve drug safety and efficacy and technology is absorbed into process scale up of branded generics with innovative methodologies involving combination with taste masking technology (with Ion-Exchange resins) – for producing efficacious generics with highly taste masked bitter drugs.
- The R&D centre also absorbed and adopted innovative techniques of Multi-layer Coating technology which is subjected to scale up levels to produce stable and effective dosage forms – especially applicable for drug products that are pH sensitive and for intestinal release and gastric resistance.
- Participating and Collaboration with scientific conferences and research institutions for the development and further research of new drug formulations and novel technologies
- Procuring scientific journals and standard pharmacopoeia editions for the R & D library upgrade.
- Collaborations with institutions in providing research related guidance and facilities to intern scholars.

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

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

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

No technology has been imported during the past five years.

**FORM C**

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

In this context, I would like to inform you that during FY 2020, your company got registrations for 22 products in the following countries (i) 1 in Nepal (ii) 1 in Nigeria (iii) 11 in Philippines (iv) 5 in Srilanka (v) 2 in Tanzania (vi) 2 in Ukraine. As on date we have over 186 Product registrations and 219 Product applications is pending for approval across the globe

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

Name of Currency	FC (In lakhs)	INR (In lakhs)
USD	22.32	1,559.86
GBP	9.35	833.07
AUD	2.21	103.38
Total	33.88	2,496.31

**Foreign Exchange Outgo**

Name of Currency	FC (In lakhs)	INR (In lakhs)
USD	1.68	119.79
GBP	1.11	101.06
EURO	0.18	14.15
Total	2.96	234.99

On behalf of the Board of Directors

**For BAFNA PHARMACEUTICALS LIMITED**

(CIN L24294TN1995PLC030698)

Sd/-

Sd/-

Place: Chennai

Date: 25.06.2020

**Paras Bafna**

(DIN: 01933663)

Whole Time Director

**Bafna Mahaveer Chand**

(DIN: 01458211)

Chairman & Managing Director

## ANNEXURES TO DIRECTOR'S REPORT

**A Declaration From Independent Directors on Annual Basis**

**B Details of Subsidiary in Form AOC -1**

**C. Secretarial Audit Report**

**D. Extract of Annual Return in MGT 9**

**E. AOC 2**

**A. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Company has obtained declaration from Independent Directors on annual basis to comply the conditions as laid down SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, read with Sec 149 of the Companies Act, 2013 and Schedule IV of the Companies Act, 2013.

## B. Form AOC -1

### **STATEMENT CONTAINING SALIENT FEATURES OF FINANCIAL STATEMENT OF THE SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES**

#### **FORM AOC-1**

**(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)**

#### **PART A : SUBSIDIARIES ( IN 000' )**

S No. : 1  
Name of the subsidiary : Bafna Life Styles Remedies Limited  
Reporting period for the Subsidiary concerned, : 31<sup>st</sup> March 2020  
If different from the holding company's reporting period : ( Same as holding Company )  
Reporting currency and Exchange rate as on the last date : NA  
of the relevant Financial year in the case of foreign subsidiaries.

(Rs.in Lakhs)

	<b>31.03.2020</b>	<b>31.03.2019</b>
Share capital	229.50	229.50
Reserves & Surplus	(208.08)	(284.20)
Total assets	21.59	22.67
Total Liabilities	21.59	22.67
Investments	-	-
Turnover	-	-
Profit/ (Loss) before taxation	(0.53)	(6.32)
Deferred tax	-	(43.33)
Exceptional items	76.65	100.99
Comprehensive Income for the period	76.12	138.01
Proposed Dividend	NIL	NIL
% of shareholding		62.31
Names of subsidiaries which are yet to commence operations	NIL	NIL
Names of subsidiaries which have been liquidated or sold during the year	NIL	NIL

#### **PART B: ASSOCIATES AND JOINT VENTURES: NIL**

#### **FOR R.SATHYANAYANAN & CO**

Chartered Accountants  
FRN No: 003656 S

Sd/-

**R.SATHYANARAYANAN**

(Partner)

M.No. 028377

Sd/-

**(BAFNA MAHAVEER CHAND)**

DIN 01458211

Managing Director

Sd/-

**(PARAS BAFNA)**

DIN 01933663

Whole Time Director

Place: Chennai

Date: 25.06.2020

## C. SECRETARIAL AUDIT REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2020

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

To

The Members,

**BAFNA PHARMACEUTICALS LIMITED**

299, THAMBU CHETTY STREET,  
Chennai – 600001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s.BAFNA PHARMACEUTICALS LIMITED (CIN: L28931TN1986PLC012728)**(hereinafter called as "**The Company**"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Insolvency and Bankruptcy Code, 2016 and the Regulations framed thereunder;
- (v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

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

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

- a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- d) The Securities and Exchange Board of India (Issue and Listing of Non-convertible and Redeemable Preference Shares) Regulations, 2013;
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

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

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

- (a) The Factories Act, 1948;
- (b) Drug and Cosmetics Act, 1940;
- (c) Drugs (Price Control) Order, 2013;
- (d) The Water (Prevention and Control of Pollution) Act, 1974.
- (e) The Air (Prevention and Control of Pollution) Act, 1981.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

- a) The Company has re-appointed Mr. Babulal Kamlesh Kumar as an Independent Non-Executive Director for a second term with effect from 08.02.2019, by way passing of Ordinary Resolution, at its 24<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> June 2019, instead of passing Special Resolution as prescribed under Section 149 (10) of the Companies Act, 2013 and Regulation 25 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) The Company has belatedly filed the Certificate issued under Regulation 40(9) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Half year ended 31<sup>st</sup> March, 2019 with the BSE Limited.



We further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, except to the extent of re-appointment of Mr. Babulal Kamlesh Kumar.
- b) Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) Majority decisions are carried through while there were no dissenting members.
- d) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the Hon'ble National Company Law Tribunal, Chennai Bench vide its Order dated 01<sup>st</sup> February, 2019 had approved the Resolution Plan submitted by Mr. Mahaveer Chand Bafna, the Resolution applicant.

In terms of the Approved Resolution Plan, the fully paid up Equity Shares existing as on 30<sup>th</sup> June, 2018 was reduced to 10% in the following manner:-

**Pre and Post reduction of Paid-up Equity Share Capital**

Pre-Reduction	Post Reduction
2,36,56,335 equity shares of Rs.10/- each aggregating to Rs.23,65,63,350/-	23,65,634 equity shares of Rs. 10/- each aggregating to Rs.2,36,56,340/-

Accordingly, the Company had cancelled and reduced its Equity Share Capital to 23,65,634 Equity Shares of Rs.10/- each amounting to Rs.2,36,56,340/-. The Company had then applied for recommencement of trading to National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) after the aforesaid reduction of Capital. Thereafter, the Company has received In-Principle Approval from BSE vide its letter reference No. DCS/AMAL/SD/1650/2019-20 dated January 13, 2020 and from NSE vide its letter Ref: NSE/LIST/98716 dated January 02, 2020 for listing of 23,65,634 Equity Shares of Rs.10/- each of the Company.

The Company has also received trading approval for 23,65,634 Equity shares of Rs.10/- each from BSE vide its letter reference No. DCS/AMAL/TP/SD/10185/2019-20 dated 25<sup>th</sup> February, 2020 and from NSE vide its letter reference No. NSE/LIST/102590 dated 25<sup>th</sup> February 2020.

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

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

Company Secretaries

Place: Chennai  
Date: 25.06.2020

Sd/-

**BALU SRIDHAR**

Partner

M.No. F5869

C.P. No. 3550

UDIN: F005869B000383246

## Annexure A

To,  
The Members,  
BAFNA PHARMACEUTICALS LIMITED  
299, THAMBU CHETTY STREET,  
Chennai – 600 001

Our Secretarial Audit Report of even date is to be read along with this letter.

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

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

Company Secretaries

Place: Chennai  
Date: 25.06.2020

Sd/-

**BALU SRIDHAR**

Partner

M.No. F5869

C.P. No. 3550

UDIN: F005869B000383246

## D. EXTRACT OF ANNUAL RETURN IN FORM MGT 9

### EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L24294TN1995PLC030698
- ii) Registration Date : 28/03/1995
- iii) Name of the Company : BAFNA PHARMACEUTICALS LIMITED
- iv) Category / Sub-Category of the Company : Company Limited by Shares
- v) Address of the Registered office and contact details : New No: 68, Old No : 299,  
Thambu Chetty Street, Chennai - 600001
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent : CAMEO CORPORATE SERVICES LIMITED,  
SUBRAMANIAM BUILDING, NO: 1,  
CLUB HOUSE ROAD, CHENNAI – 600002  
PHONE: 044- 28460390 (6 LINES),  
FAX: 044- 28460129.

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

*All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-*

S No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	PHARMACEUTICALS	3003	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding Subsidiary/ Associate	% of shares held	Applicable Section
1	BAFNA LIFESTYLE REMEDIES LTD 299, THAMBU CHETTY STREET, CHENNAI -600001	U52599TN1994PLC027134	SUBSIDIARY	62.31	2(87)

<b>IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)</b>	
<b>(i) Category-wise Share Holding</b>	
Name of the Company	: BAFNA PHARMACEUTICALS LIMITED
Face Value	: 10 /-
Paidup Shares as on 28-Feb-2020	: 2365634
Paidup Shares as on 31-Mar-2020	: 2365634
For the Period From	: 28-Feb-2020 To : 31-Mar-2020 (Post capital reduction)

Category code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>									
1.	INDIAN									
a.	INDIVIDUALS/HINDU UNDIVIDED FAMILY	0	0	0	0.0000	0	0	0	0	0.0000
b.	CENTRAL GOVERNMENT/ STATE GOVERNMENT(S)	0	0	0	0.0000	0	0	0	0.0000	0.0000
c.	BODIES CORPORATE	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	FINANCIAL INSTITUTIONS/ BANKS	0	0	0	0.0000	0	0	0	0.0000	0.0000
e.	ANY OTHER									
	DIRECTORS AND THEIR RELATIVES	6235865	0	0	26.36	624491	0	624491	26.40	0.0000
	Partnership Firms	0	0	0	0	0	0	0	0	0.0000
	<b>SUB - TOTAL (A)(1)</b>	<b>6235865</b>	<b>0</b>	<b>0</b>	<b>26.36</b>	<b>624641</b>	<b>0</b>	<b>624641</b>	<b>26.4048</b>	<b>26.3984</b>
2.	FOREIGN									
a.	INDIVIDUALS (NON- RESIDENT INDIVIDUALS / FOREIGN INDIVIDUALS)	0	0	0	0.0000	0	0	0	0.0000	0.0000
b.	BODIES CORPORATE	0	0	0	0.0000	0	0	0	0.0000	0.0000
c.	INSTITUTIONS	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	QUALIFIED FOREIGN INVESTOR	0	0	0	0.0000	0	0	0	0.0000	0.0000
e.	ANY OTHER									
	<b>SUB - TOTAL (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>
	<b>TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A)(1)+(A)(2)</b>	<b>6235865</b>	<b>0</b>	<b>0</b>	<b>26.36</b>	<b>624641</b>	<b>0</b>	<b>624641</b>	<b>26.4048</b>	<b>26.3984</b>

Category code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>									
1.	INSTITUTIONS	0	0	0	0.0000	0	0	0	0.0000	0.0000
a.	MUTUAL FUNDS/UTI	0	0	0	0.0000	0	0	0	0.0000	0.0000
b.	FINANCIAL INSTITUTIONS/BANKS	0	0	0	0.0000	0	0	0	0.0000	0.0000
c.	CENTRAL GOVERNMENT/ STATE GOVERNMENT(S)	0	0	0	0.0000	0	0	0	0.0000	0.0000
e.	INSURANCE COMPANIES	0	0	0	0.0000	0	0	0	0.0000	0.0000
f.	FOREIGN INSTITUTIONAL INVESTORS	0	0	0	0.0000	0	0	0	0.0000	0.0000
g.	FOREIGN VENTURE CAPITAL INVESTORS	0	0	0	0.0000	0	0	0	0.0000	0.0000
h.	QUALIFIED FOREIGN INVESTOR									
i.	ANY OTHER	0	0	0	0.0000	0	0	0	0.0000	0.0000
	<b>SUB - TOTAL (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>
2.	NON-INSTITUTIONS									
a.	BODIES CORPORATE	111816	500	112316	4.7478	112959	500	113459	4.7961	0.0483
b.	INDIVIDUALS -									
	I INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH	644597	7540	652137	27.5671	641788	7540	649328	27.4483	-0.1187
	II INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH	1430453	0	1430453	60.4680	822274	0	822274	34.7591	-25.7089
c.	QUALIFIED FOREIGN INVESTOR	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	ANY OTHER									
	CLEARING MEMBERS	0	0	0	0.0000	1975	0	1975	0.0834	0.0834
	HINDU UNDIVIDED FAMILIES	59784	0	59784	2.5271	43862	0	43862	1.8541	-0.6730
	NON RESIDENT INDIANS	110794	0	110794	4.6834	110095	0	110095	4.6539	-0.0295
		<b>170578</b>	<b>0</b>	<b>170578</b>	<b>7.2106</b>	<b>155932</b>	<b>0</b>	<b>155932</b>	<b>6.5915</b>	<b>-0.6191</b>
	<b>SUB - TOTAL (B)(2)</b>	<b>2357444</b>	<b>8040</b>	<b>2365484</b>	<b>99.9936</b>	<b>1732953</b>	<b>8040</b>	<b>1740993</b>	<b>73.5951</b>	<b>-26.3984</b>
	<b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2)</b>	<b>2357444</b>	<b>8040</b>	<b>2365484</b>	<b>99.9936</b>	<b>1732953</b>	<b>8040</b>	<b>1740993</b>	<b>73.5951</b>	<b>-26.3984</b>
	<b>TOTAL (A)+(B)</b>	<b>2357594</b>	<b>8040</b>	<b>2365634</b>	<b>100.0000</b>	<b>2357594</b>	<b>8040</b>	<b>2365634</b>	<b>100.0000</b>	<b>0.0000</b>
<b>C.</b>	<b>SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED</b>									
	Promoter and Promoter Group	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Public	0	0	0	0.0000	0	0	0	0.0000	0.0000
	<b>TOTAL CUSTODIAN (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>2357594</b>	<b>8040</b>	<b>2365634</b>	<b>100.0000</b>	<b>2357594</b>	<b>8040</b>	<b>2365634</b>	<b>100.0000</b>	<b>0.0000</b>

## ii) Shareholding of promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year		% change in shareholding during the year
		No of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No of shares	% of total shares of the company	
1	CHETNA BAFNA	213280	9.0157	0.0000	213280	9.0157	0.0000
2	MAHAVEER CHAND BAFNA	149615	6.3245	6.2776	149615	6.3245	0.0000
3	SASIKALA BAFNA	62757	2.6528	2.6528	62757	2.6528	0.0000
4	AMRI BAI BAFNA	51989	2.1976	2.1135	51989	2.1976	0.0000
5	PARAS BAFNA	91167	3.8537	1.7402	91167	3.8537	0.0000
6	NAVEENBAFNA M	39371	1.6642	0.0000	39171	1.6558	-0.0084
7	MAHAVEER CHAND BAFNA HUF .	15823	0.6688	0.6688	15823	0.6688	0.0000
8	PARAS BAFNA .HUF	49	0.0020	0.0000	49	0.0020	0.0000

## (iii) Change in Promoters' Shareholding (there is no change in promoters shareholding during the year)

## (iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	CHETNA BAFNA				
	At the beginning of the year 28-Feb-2020	213280	9.0157	213280	9.0157
	At the end of the Year 31-Mar-2020	213280	9.0157	213280	9.0157
2	MAHAVEER CHAND BAFNA				
	At the beginning of the year 28-Feb-2020	149615	6.3245	149615	6.3245
	At the end of the Year 31-Mar-2020	149615	6.3245	149615	6.3245
3	VRUSHALI HIMANSHU SHAH				
	At the beginning of the year 28-Feb-2020	100000	4.2271	100000	4.2271
	At the end of the Year 31-Mar-2020	100000	4.2271	100000	4.2271

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
4	ANUSHREE HIMANSHUBHAI SHAH				
	At the beginning of the year 28-Feb-2020	100000	4.2271	100000	4.2271
	At the end of the Year 31-Mar-2020	100000	4.2271	100000	4.2271
5	LINDAJEET KAUR RUPRAI				
	At the beginning of the year 28-Feb-2020	66735	2.8210	66735	2.8210
	At the end of the Year 31-Mar-2020	66735	2.8210	66735	2.8210
6	SASIKALA BAFNA				
	At the beginning of the year 28-Feb-2020	62757	2.6528	62757	2.6528
	At the end of the Year 31-Mar-2020	62757	2.6528	62757	2.6528
7	NISHA JIGNESH MEHTA				
	At the beginning of the year 28-Feb-2020	55062	2.3275	55062	2.3275
	At the end of the Year 31-Mar-2020	55062	2.3275	55062	2.3275
8	AMRI BAI BAFNA				
	At the beginning of the year 28-Feb-2020	51989	2.1976	51989	2.1976
	At the end of the Year 31-Mar-2020	51989	2.1976	51989	2.1976
9	PARAS BAFNA				
	At the beginning of the year 28-Feb-2020	50000	2.1135	50000	2.1135
	At the end of the Year 31-Mar-2020	50000	2.1135	50000	2.1135
	HAVING SAME PAN				
9	PARAS BAFNA				
	At the beginning of the year 28-Feb-2020	41167	1.7402	41167	1.7402
	At the end of the Year 31-Mar-2020	41167	1.7402	41167	1.7402
10	SUBRAMANIAN P				
	At the beginning of the year 28-Feb-2020	41597	1.7583	41597	1.7583
	At the end of the Year 31-Mar-2020	41597	1.7583	41597	1.7583
	NEW TOP 10 AS ON (31-Mar-2020)				
11	NIRAV VIKRAM MANIAR .				
	At the beginning of the year 28-Feb-2020	40000	1.6908	40000	1.6908
	At the end of the Year 31-Mar-2020	40000	1.6908	40000	1.6908
12	RAMESH KUMAR CHOPRA				
	At the beginning of the year 28-Feb-2020	38325	1.6200	38325	1.6200
	At the end of the Year 31-Mar-2020	38325	1.6200	38325	1.6200

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
13	"P SHOBHA JT1 : PADAM J CHALLANI"				
	At the beginning of the year 28-Feb-2020	38044	1.6081	38044	1.6081
	At the end of the Year 31-Mar-2020	38044	1.6081	38044	1.6081
14	GYANMAL JAIN				
	At the beginning of the year 28-Feb-2020	33949	1.4350	33949	1.4350
	At the end of the Year 31-Mar-2020	33949	1.4350	33949	1.4350
15	DHIRENDRA SOMAIYA				
	At the beginning of the year 28-Feb-2020	32820	1.3873	32820	1.3873
	At the end of the Year 31-Mar-2020	32820	1.3873	32820	1.3873

**(v) Shareholding of Directors and Key Managerial Personnel:**

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Mahaveer Chand Bafna	1643313	6.95	165438	6.95
2	Paras Bafna	912163	3.85	91216	3.85
3	Sunil Bafna	5000	0.02	500	0.02



**V. INDEBTEDNESS**

(Rs. In Lakhs)

**Indebtedness of the Company including interest outstanding / accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	4284.98	213.06	-	4498.04
ii) Interest due but not paid	124.75	-	-	124.75
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>4409.73</b>	<b>213.06</b>	<b>-</b>	<b>4622.79</b>
<b>Change in Indebtedness during the Financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Addition	-	88.7	-	88.7
Reduction	4409.73	-	-	4409.73
<b>Net Change Indebtedness</b>	<b>(4409.73)</b>	<b>88.7</b>	<b>-</b>	<b>(4321.03)</b>
At the end of the financial year				
i) Principal Amount	-	301.76	-	301.76
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>301.76</b>	<b>-</b>	<b>301.76</b>

**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER: (RS. IN LAKHS)**

S No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Bafna Mahaveer Chand Managing Director	Paras Bafna Whole Time Director	Sabitha Executive Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.50	16.00	10.18	<b>46.68</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-

S No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Bafna Mahaveer Chand Managing Director	Paras Bafna Whole Time Director	Sabitha Executive Director	
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	<b>20.50</b>	<b>16.00</b>	<b>10.18</b>	<b>46.68</b>
	Total (A) Remuneration for the purpose of Schedule V	-	-	-	<b>46.68</b>

**B. REMUNERATION TO OTHER DIRECTORS: (AMOUNT IN LAKHS)**

S No.	Particulars of Remuneration	Name of Directors			Total Amount
		V. Rajamani	Kamlesh Kumar	Sunil Bafna	
1	Independent Directors Fee for attending board / committee meetings	0.63	0.62	0.40	1.65
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	0.63	0.62	0.40	1.65
2	Other Non-Executive Directors				
	Fee for attending board /committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	<b>Total (B)=(1+2)</b>	<b>0.63</b>	<b>0.62</b>	<b>0.40</b>	<b>1.65</b>
	<b>Total Managerial Remuneration (A+B) (For Remuneration U/s 197)</b>	-	-	-	<b>48.33</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Rs. In Lakhs)**

S No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CFO	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10.55	8.80	19.35
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (C)	<b>10.55</b>	<b>8.80</b>	<b>19.35</b>

**PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT, Chennai / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**NIL**

## ANNEXURE-C'

### Form No. AOC-2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act  
and Rule 8(2) of the Companies(Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis: NIL**

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

SI no	Particulars	Details			
(a)	Name of the related party and nature of relationship	Bafna Mahaveer Chand	Bhansilal Bafna (HUF)	Bafna Mahaveer Chand & Paras Bafna	Bafna Mahaveer Chand, Paras Bafna & Naveen Bafna
(b)	Nature of contracts / arrangements / transactions	Payment of Rent	Leasing / Hire purchase	Finance loan and equity in cash or kind	Rendering of service
(c)	Duration of the contracts / arrangements/transactions	2019-20	2019-20	2019-20	2019-20
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Payment of Rs.24.61/- Lakhs towards Rent to Shri.Bafna Mahaveer Chand	Payment of Rs.6.75/- Lakhs towards leasing and hire purchase	Loan from Rs.301.76/- Lakhs	Salary payment Rs.36.50/- Lakhs.
(e)	Date(s) of approval by the Board	25.06.2020	25.06.2020	25.06.2020	25.06.2020
(f)	Amount paid as advances, if any	Nil	Nil	Nil	Nil

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE

### For the year ended 31st March,2020

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

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

### I. COMPANY'S PHILOSOPHY

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

### 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. The Board of Directors consists of Executive & Non-Executive Independent Directors.

#### Agenda for Board meetings:

The Chairman & Managing Director finalizes the agenda for the Board & Committee meetings. The agenda for the Board Meeting inter alia are

- (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 and 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, Showcause, 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 & 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;

### III. CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

Balu Sridhar, partner of A.K.Jain & Associates, Company Secretaries has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section as Annexure A.

The Board comprises of 6(Six) Directors, out of which 3(Three) are Executive Directors, 3(Three) are Non- Executive and Independent Directors mentioned below

Name of Director	DIN	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	01458211	Chairman & Managing Director	NIL	NIL
Shri ParasBafna	01933663	Whole Time Director	NIL	NIL
Shri Sunil Bafna	01458225	Non-Executive Independent Director	NIL	NIL
Shri V. Rajamani	00052868	Non-Executive Independent Director	Morgan Industries Limited	NIL
Smt K. Sabitha	02643259	Executive Non-Independent Director	Bafna Lifestyles RemediesLimited	NIL
Babulal Kamelesh Kumar	01218959	Non-executive IndependentDirector	Bafna Lifestyles RemediesLimited	Nil

During the year under review five 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) 27.05.2019
- (2) 10.08.2019
- (3) 13.11.2019
- (4) 25.12.2019
- (5) 13.02.2020

The details of attendance of directors at the Board Meetings during the financial year 2019-20 and the last AGM held on 27th June 2019 are as follows

<b>Name of Director</b>	<b>No. of Meetings Attended</b>	<b>AGM Date (27.06.2019) &amp; Attendance</b>
Shri Bafna Mahaveer Chand	5	P
Shri Paras Bafna	5	P
Shri Sunil Bafna	5	P
Shri V Rajamani	5	P
Smt K Sabitha	5	P
Shri Babulal Kamelesh Kumar	5	P

**“P” represents Present “A” represents Absent “NA” represent Not Applicable**

None of the Non-executive Independent Directors has any pecuniary relationship or transactions with the company.

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 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.

#### **Remuneration to Directors:**

- Since, all the non executive directors are independent directors ,there were no pecuniary transactions had been entered with or payments had been made to the non executive directors, except sitting fees. The detail of the sitting fees paid to the Non Executive Directors is detailed in Part VI of Form MGT-9 annexed with the Directors’ report.
- All elements of remuneration package of individual directors are detailed in Part VI of Form MGT-9 annexed with the Directors’ report.

**Details of Director seeking re-appointment at the ensuing Annual general meeting have been furnished in the Notice convening the meeting of the Shareholders.**

**The details of shares held by the Directors of the Company are furnished below:**

<b>Name of the Director</b>	<b>No of equity shares</b>
Shri Bafna Mahaveer Chand*	1,49,615
Shri Paras Bafna	9,11,67
Shri Sunil Bafna	500

\*Includes 1108 fractional shares allotted due to capital reduction

## I. Audit committee

The Audit committee comprises of 4 Directors out of which 3 are Non-Executive Independent Directors as at 31<sup>st</sup> March 2020. The composition of Committee till 21<sup>st</sup> August 2018 was:-

- Shri V.Rajamani - Chairman
- Shri Babulal Kamlesh Kumar - Member
- Shri Sunil Bafna - Member (till 10.08.2019)
- Shri Paras Bafna - Member

Upon Sunil Bafna opted out from the Committee , the Audit Committee was re-constituted with effect from 10<sup>th</sup> August 2019 and the composition of the Committee is as under:-

- Shri V.Rajamani - Chairman
- Shri Paras Bafna - Member
- Shri Babulal Kamlesh Kumar - Member

The Composition of the Audit Committee as on 31st March, 2020 is as follows

- Shri V.Rajamani - Chairman
- Shri Paras Bafna - Member
- Shri Babulal Kamlesh Kumar - Member

During 2019-20 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 B Kamlesh Kumar	Member	4
Shri Paras Bafna	Member	3
Shri Sunil Bafna ( till 10.08.2019)	Member	1

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

- (1) 27.05.2019 (2)10.08.2019 (3)13.11.2019 (4) 13.02.2020

The quorum of two Independent Directors as required by the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, 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 24<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> June,2019 and provided clarifications to the shareholders queries.

The terms of reference of the Committee inter alia includes the following

1. To review Appointment, re-appointment and replacement, if any shall be recommended for Statutory Auditor,



Internal Auditor, and 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 including 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, Internal Auditors and other Senior Management persons.

## II. NOMINATION & REMUNERATION COMMITTEE

The Composition Committee as on 31st March, 2020 is as follows

- |                              |   |          |
|------------------------------|---|----------|
| • Shri Sunil Bafna           | - | Chairman |
| • Shri V.Rajamani            | - | Member   |
| • Shri Babulal Kamlesh Kumar | - | Member   |

This committee comprise of three members all of them being Independent Directors. The terms of reference of the Committee inter alia includes the following

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.
4. Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensure that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.
5. Succession planning of the Board of Directors and Senior Management Employees;
6. Identifying and selecting candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
7. Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;

During the financial year 2019-20 committee meeting was held on 27.05.2019 and 13.02.2020 and the details of attendance of the committee is as follows.

<b>Name</b>	<b>No of meeting attended</b>
Shri Sunil Bafna	2
Shri V.Rajamani	2
Shri Babualal Kamlesh Kumar	2

### **III. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The composition of the Investor Grievance and Share Transfer Committee as on 31st March, 2020 is as follows

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

During the financial year 2019-20 committee meeting was held on 29.08.2019 and 25.12.2019 and the details of attendance of the committee is as follows.

<b>Name</b>	<b>No of meeting attended</b>
Shri Sunil Bafna	2
Shri Mahaveer Chand Bafna	2
Shri Paras Bafna	2

The responsibilities of the Committee inter alia are:

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. There were five complaints received and resolved during the year 2019-20 and there are no pending complaints as on 31st March,2020.

SEBI vide Circular Ref CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES. The Company has received five complaints during the year under review. The Five complaints were resolved during the year.

Name and Designation of Compliance Officer: Jitendra Kumar Pal

Number of shareholders' complaints received so far; 5

Number not solved to the satisfaction of shareholders; NIL

Number of pending complaints : NIL

#### **IV. INDEPENDENT DIRECTORS MEETING**

During the year under review, the Independent Directors met on 13.02.2020, inter alia, to discuss

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole.
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between them management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Majority of the independent Directors were present at the meeting.

## V. GENERAL BODY MEETINGS

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

<b>FY ended</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>	<b>If special resolution was passed</b>
31 <sup>st</sup> March,2017	30.09.2017	02.00 PM	147, Madhavaram Redhills High Road, Grantlyon Village, Chennai -600052	No
31 <sup>st</sup> March 2018	29.09.2018	10.00 AM	Andhra Social and Cultural Association, Krishna Hall, No.22, Vijayaraghava Road, T. Nagar, Chennai - 600 017	Yes
31 <sup>st</sup> March 2019	27.06.2019	03.00 PM	Andhra Social and Cultural Association, Krishna Hall, No.22, Vijayaraghava Road, T. Nagar, Chennai - 600 017	Yes

In compliance with the provisions of Section 108 of the Companies Act 2013 and Rule 20 of the Companies (Management and Administration) Rules,2014, the company has provided members the facility to exercise their votes by electronic means / Ballot form for all the resolutions detailed in the Notice sent for the AGM.

### **Extra-Ordinary General Meetings**

During the period under review there were no Extra-ordinary General Meetings.

### **Special Resolution passed through Postal Ballot**

There was no special resolution passed through postal ballot during the year under review.

### **CMD Certification**

The Chairman & Managing Director of the Company give quarterly and annual certification on financial reporting and internal controls to the Board in terms of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirement) Regulation,2015.

### **Whistle Blower Policy / Vigil Mechanism**

In terms of Section 177 of the Companies Act, 2013, rules made there under & other applicable provisions, if any, Board of Directors has approved Whistle Blower Policy/Vigil Mechanism at the Board Meeting held on 30.05.2014. Prior to this, no person was denied access to the Audit Committee.

### **Risk Management Policy**

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

### **Board Evaluation framework**

In terms of Section 134, 178, Schedule IV of the Companies Act,2013, rules made there under & other applicable provisions,if any,Board of Directors has approved Board Evaluation Frame work. Pursuant to the provisions of

the Companies Act, 2013 and SEBI (LODR) REGULATION, 2015, the performance of all the Directors have been evaluated by the Board periodically at its respective meetings as to their contribution for the betterment and progress of the Company. The board also,carried out annual performance evaluation of the working of its Audit ,Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process

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

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

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

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

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

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

#### **Code of Conduct**

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

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

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

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

#### **Declaration on Compliance with Code of Conduct**

Pursuant to SEBI( Listing Obligations and Disclosure Requirements) Regulations,2015, it is hereby affirmed that for the financial year ended March31,2019, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

Sd/-

**Bafna Mahaveer Chand**

(DIN01458211)

Managing Director

## **VI. DISCLOSURES**

- (a) In terms of the Accounting Standard-18 "Related Party Disclosures", as notified under the companies (Accounting Standards) Rules, 2006, the company has identified the related parties covered there in and details of transactions with such related parties have been disclosed in Note No.30 of standalone and Note No.32 of consolidated to the Accounts forming part of this Annual report. Transactions with related parties entered into by the company are in the normal course of business on arm's length basis and do not have potential conflicts with the company. During FY'19, the company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the company at large. The register of contracts for the transactions in which Directors are interested is placed before the Board regularly for its approval. All details on the financial and commercial transactions, where Directors may have a potential interest, are provided to the Board/Audit Committee. The interested Directors are neither eligible to participate in the discussion, nor do they vote on such matters.
- (b) The Company has generally complied with the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, and SEBI Regulations and guidelines. No penalties were imposed or strictures were passed against the company with regard to the Capital Market.
- (c) The Company has complied with the mandatory requirements of 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations). And the company has complied some of the non-mandatory requirements also.

## **VII. MEANS OF COMMUNICATION**

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

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

The same is updated at the website of the company at [www.bafnapharma.com](http://www.bafnapharma.com).

## **VIII REMOTE E-VOTING**

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged CDSL to provide e-voting facility to all the members. Members whose names appear on the register of members as on 24<sup>th</sup> July 2020 shall be eligible to participate in the e-voting.

## CERTIFICATE

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

To,

**The Members of**

**BAFNA PHARMACEUTICALS LIMITED**

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

**Chennai – 600001**

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

On the basis of the written Representations and Declarations received from the Directors of the Company and taken on record by the Board of Directors of the Company, as on March 31, 2020, none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities Exchange Board Of India, Ministry of Corporate Affairs or any such statutory authorities.

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

Company Secretaries

Place: Chennai

Date: 25.06.2020

Sd/-

**BALU SRIDHAR**

Partner

M.No. F5869

C.P. No. 3550

UDIN: F005869B000383246

## GENERAL SHAREHOLDERS' INFORMATION

<b>Annual General</b>	:	Friday, the 31 <sup>st</sup> July, 2020 at 12.00 Noon
<b>Meeting Venue</b>	:	AGM will be held through Video Conferencing or Other Audio Visual Means
<b>Financial Year</b>	:	The Accounting year covers the period from 1 <sup>st</sup> April to 31 <sup>st</sup> March.
Financial reporting for the quarters ending on (tentative)		
30 <sup>th</sup> June, 2020	-	Before 14 <sup>th</sup> August, 2020
30 <sup>th</sup> September, 2020	-	Before 14 <sup>th</sup> November, 2020
31 <sup>st</sup> December, 2020	-	Before 14 <sup>th</sup> February, 2021
31 <sup>st</sup> March, 2021	-	Before the end of 30 <sup>th</sup> May, 2021
<b>Book Closure Dates</b>	:	25.07.2020 to 31.07.2020 (both dates inclusive)
<b>Dividend Payment Date</b>	:	No Dividend in view of Loss
<b>Cut-off date for taking list of Shareholders fore-voting</b>	:	24.07.2020
<b>Registered office</b>	:	Bafna Pharmaceuticals Limited New No.68, Old No.299, Thambu Chetty Street, Chennai - 600001
<b>Listing on Stock Exchange</b>	:	(i) BSE Limited. Stock code (BSE)532989  (ii) National Stock Exchange of India Limited Scrip Symbol (NSE) BAFNAPHARM upto August 2019 and BAFNAPH Listing fee for the financial year 2019-20 has been paid. Listing fee for the financial year 2020-21 has not yet paid.
<b>Depositories</b>	:	a) The National Securities Depository Limited 4 <sup>th</sup> Floor, Trade World, Kamala Mill Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013  b) Central Depository Services (India) Limited Phiroze Jeejeebhoy Towers, 17 <sup>th</sup> Floor, Dalal Street, Mumbai-400001
<b>ISIN No.</b>	:	INE878I01014 till August 2019 and INE878I01022 wef Feb 2020
<b>Number of Shareholders</b>	:	7719 (As at 31 <sup>st</sup> March, 2020)



## Shareholding Pattern as at 31<sup>st</sup> March,2020

Particulars	Holding (%)
Promoters & Promoters Group	26.36%
<b>Total (A)</b>	<b>26.36%</b>
<b>Public – Institutions</b>	0.00
<b>Total (B)</b>	<b>0.00</b>
<b>Public – Non Institutions</b>	
Bodies Corporate	5.07
Individuals	62.03
Others	6.54
<b>Total (C)</b>	<b>73.64</b>
<b>Total (A+B+C)</b>	<b>100.00</b>

## Distribution of Shareholding as on 31<sup>st</sup> March, 2020

Share or Debenture Holding Rs.	Share Holders		Share Holding	
	Number	% of Total	Rs.	% of Total
1-100	6680	86.5397	184616	7.8040
101-500	766	9.9235	186446	7.8814
501-1000	121	1.5675	90375	3.8203
1001-2000	62	0.8032	88892	3.7576
2001-3000	27	0.3497	65797	2.7813
3001-4000	6	0.0777	22290	0.9422
4001-5000	6	0.0777	27682	1.1701
5001-10000	14	0.1813	107537	4.5458
10001- and above	37	0.4793	1591999	67.2969
<b>TOTAL</b>	<b>7719</b>	<b>100.00</b>	<b>2365634</b>	<b>100.0000</b>

## Share market data: Monthly Share Price movement during the financial year ended 31<sup>st</sup> March,2020 at BSE& NSE

The closing market price of equity share for the year ending 31<sup>st</sup> March, 2020 (last trading day of the year was 31<sup>st</sup> March 2020) was Rs.13.30 on NSE & Rs.8.86 on 20<sup>th</sup> March 2020 on BSE.

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
Apr-19	10.50	8.74	10871	10.10	8.50	205000
May-19	8.55	7.57	5001	13.20	7.50	784000
Jun-19	9.88	5.33	14851	11.40	5.35	132000
Jul-19	7.00	5.07	32275	7.00	4.75	103000

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
Aug-19	5.94	4.65	951	5.70	3.55	74000
Sep-19	No trading due to capital reduction		-	No trading due to capital reduction		-
Oct-19	No trading due to capital reduction		-	No trading due to capital reduction		-
Nov-19	No trading due to capital reduction		-	No trading due to capital reduction		-
Dec-19	No trading due to capital reduction		-	No trading due to capital reduction		-
Jan-20	No trading due to capital reduction		-	No trading due to capital reduction		-
Feb-20	No trading due to capital reduction		-	No trading due to capital reduction		-
Mar-20	8.86	5.25	1301	13.30	4.40	12000

#### Reconciliation of Share Capital Audit:

Practicing Company Secretaries carry out reconciliation of share capital audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. As on 31<sup>st</sup> March, 2020, the audit confirms that the total issued/paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. And also the report of the Practicing Company Secretaries as required under SEBI (LODR) Regulation, 2015, is forwarded to the Stock Exchanges within the prescribed time..

#### Share Transfer System:

The Company has appointed Share Transfer Agent M/s. Cameo Corporate Services Ltd, Chennai which carries out the entire Share related works. Share transfers will be registered and returned within a period of fifteen days from the date of receipt, if all the documents are accurate in all aspects. The Stakeholders Relationship Committee (Investor Grievance and Share Transfer Committee) meeting takes place as per the requirements/circumstances then prevailing.

#### Depository system

Dematerialization is the process of converting physical shares (share certificates) into an electronic form. Shares once converted into dematerialized form are held in a Demat account. As per SEBI directive the equity shares are to be traded in demat mode compulsorily by all investors w.e.f. 26<sup>th</sup> June, 2000.

The Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of its shares. Company's shares are eligible for dematerialization in both NSDL Depository System and CDSL Depository System.

Company's shares are under compulsory demat mode and members are requested to dematerialize their share for operational convenience. The ISIN of the scrip is INE878I01014 till August 2019 and INE878I01022 with effect from February 2020 in view of Capital reduction as approved by NCLT, Chennai

As on 31<sup>st</sup> March, 2020, around 99.66 % of the total equity capital of the Company was held in dematerialized form and only 0.34 % of the total equity capital of the Company was held in physical form.

**Outstanding GDRs/ ADRs/warrants or any Convertible instruments, Conversion date and likely impact on equity:**

Nil

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

**Address for Correspondence:**

The Company has appointed Cameo Corporate Services Limited as its Share Transfer Agents. All communications with regard to transfer, transmission, instructions / enquiries on Electronic Clearing Service (ECS), dividend, dematerializing of shares, etc. should be addressed to the Share Transfer Agents at the following address.

Registrars and share : Cameo Corporate Services Ltd.  
 Transfer Agents (RTA) : No.1, Club House Road, Chennai – 600 002  
 Phone: 044 – 28460390, Fax No: 044 – 28460129  
 E- Mail id of RTA : investor@cameoindia.com  
 Email id of Company for investor's : cs@bafnapharma.com  
 Phone: 044-42677555

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

Name of the Non-Executive Directors	Number of Equity Shares held
Shri Sunil Bafna	500

**REMUNERATION POLICY AND REMUNERATION TO DIRECTORS****Executive Directors**

The remuneration paid to the Managing Director and the Whole Time Director are approved by the Shareholders of the Company and is subject to the limits laid down under Section 197 and Schedule V to the Companies Act, 2013.

**Non-Executive Directors**

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

**Compliance certificate from Auditors of the company**

As required by Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), the Auditors' certificate annexed else where in the Annual report forms part of this report.

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

Place: Chennai  
 Date: 25.06.2020

**Bafna Mahaveer Chand**  
 (DIN: 01458211)  
 Managing Director

## Certification by Managing Director

I, Bafna Mahaveer Chand, Managing Director of BAFNA PHARMACEUTICALS LIMITED, certify that:

1. I have reviewed the financial statements for the year 2019-20 and that to the best of my knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. I accept over all responsibility for establishing and monitoring the Company's Internal Control System for financial reporting and evaluating its effectiveness. Internal audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit committee of the Board. The auditors and audit committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses
4. I have indicated to the auditors and to the Audit Committee:
  - a. significant changes, if any, in internal control over financial reporting during the year;
  - b. significant changes, if any, in accounting policies during the year;
  - c. instances of significant fraud, if any, of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting. However, there was no such instance.

On behalf of the Board of Directors

**For BAFNA PHARMACEUTICALS LIMITED**

(CIN L24294TN1995PLC030698)

Place: Chennai

Date: 25.06.2020

**Bafna Mahaveer Chand**

(DIN: 01458211)

Managing Director

## AUDITORS CERTIFICATE ON COMPLIANCE

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

We have examined the compliance of the conditions of Corporate Governance by Bafna Pharmaceuticals Limited ('the Company') for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020 except for the below observation:

The Company has re-appointed Mr. Babulal Kamlesh Kumar as an Independent Non-Executive Director for a second term with effect from 08.02.2019, by way passing of Ordinary Resolution, at its 24<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> June 2019, instead of passing Special Resolution as prescribed under Section 149 (10) of the Companies Act, 2013 and Regulation 25 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

FOR R.SATHYANAYANAN & CO  
Chartered Accountants  
ICAI Regn. No: 003656S

Place: Chennai  
Date: 25.06.2020

SD/-  
R. SATHYANARAYAN  
Partner  
M.No. 028377  
UDIN: 20028377AAAAAI7859

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Economic & Industry Overview**

As per the International Monetary Fund, global economic growth was expected to rise from 2.9 percent in 2019 to 3.3 percent in 2020, slightly weaker than earlier projections. Economic weakness in certain emerging market economies, especially India led to this revision of growth prospects. Stronger multilateral cooperation, more balanced policy mix at national levels and impact of monetary policy easing could help strengthen economic activity and prevent downside risks.

However, the coronavirus (COVID-19) outbreak has brought considerable human suffering and major economic disruption with the growth prospects of the global economy becoming highly uncertain. Adverse impact on global business confidence has been witnessed in the first quarter of 2020, with financial markets demonstrating high volatility and capital flight, especially in emerging market economies where investors have been major sellers in stock markets. IMF predicts that global growth is expected to fall below 2019 levels.

Economic growth, an expanding global population, rise in incomes and technological change are expected to contribute to growth in the pharmaceutical industry. However, social, economic and political challenges remain in meeting unmet medical needs. The global healthcare market continues to grow, despite signs of economic slowdown in some countries. Global medicine spending is expected to rise from US\$955 billion in 2019 to over US\$1.1 trillion by 2024, per IQVIA.

### **Pharmaceuticals sector overview**

The global pharmaceuticals industry offers significant opportunities to service the healthcare needs of a growing and ageing global population. The Industry has witnessed major investments in developing innovative medicines like monoclonal anti bodies, immunotherapy drugs and gene therapies. Many of these medicines have seen significant success as they are serving the unmet medical needs of patients, resulting in improved medical outcomes and thus changing the lives of patients.

The industry will have to adapt to this changed scenario, although it also offers significant learning opportunities. These changing dynamics are also likely to have an impact on competition since return ratios on investments in the European and emerging generics business are growing up and down and not every generics company will be able to remain economically viable at the current rate of price.

### **Pharma outlook : positive factors**

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

### **India**

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

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

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

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

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

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

### **Cost efficiency-**

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

India's pharmaceuticals exports stood at US \$ 13.69 billion in FY 2020. The exports are expected to reach US \$ 22 billion by 2020.

### **Economic drivers**

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

### **Policy Support**

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

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

### **Increasing Investment**

Increasing private sector investments in R&D and acquisitions are driving the sector's growth. In FY 18, Indian Pharma Companies invested 8.8% of their sales in R&D.

Indian drugs and pharmaceuticals sector has received cumulative FDI worth US \$ 16.39 billion between April 2000 and December 2019.

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

### **Risks and concerns**

Risk is a potential event or non-event, the occurrence or non-occurrence of which, can adversely affect the objectives or strategy of the Company or result in opportunities being missed. A risk could be categorized into financial, operational, strategic, regulatory/ statutory, reputational, political, catastrophic/ pandemic etc.

The global pharma business is marked by a variety of risks. Pharmaceutical companies struggle to globally enforce IP protection, particularly in some emerging markets. Enhanced regulatory scrutiny is set against a backdrop of increasing patient advocacy, social media and affiliate marketing programs. The digitization and proliferation of electronic medical records, networked medical devices, mobile health applications, cloud-based technologies and data-sharing among industry stakeholders have increased the complexity of managing information assets, particularly protected/patient health information and intellectual property. The success of new products in the global pharmaceutical industry will more than offset global pricing pressures, supporting an outlook change from stable to positive for the industry

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

### Company Overview

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

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

Bafna Pharma's Global footprint

S.No	Name of Country	No. of Products Approvals	No. of Application Pending for Registration
1	AZERBAIJAN	1	2
2	CAMBODIA	2	10
3	CAMEROON	6	-
4	ETHIOPIA	5	7
5	GUATEMALA	-	1
6	GHANA	-	2
7	HOUDURAS	4	9
8	KAZAKHSTAN	2	3
9	KENYA	2	6
10	MYANMAR	-	8
11	NICARAGUA/COSTARICA/EL SALVADOR	-	2
12	NEPAL	10	20
13	NIGERIA	32	19
14	PERU	4	6
15	PHILIPPINES	20	19



S.No	Name of Country	No. of Products Approvals	No. of Application Pending for Registration
16	RUSSIA	3	1
17	RWANDA	-	2
18	SRI LANKA	43	51
19	TAJKISTAN	3	-
20	TANZANIA	10	13
21	UK	16	-
22	UKRAINE	20	18
23	VIETNAM	-	6
24	YEMEN	3	11
25	ZAMBIA	-	2
26	UAE	-	1
	TOTAL	186	219

## Performance and operations review

### Consolidated Operating Results

The consolidated revenue from operation was Rs. 4272.79 Lakhs in comparison to Rs.4401.26 Lakhs of the previous year. The consolidated net loss for the year 2020 was Rs. 2472.93 Lakhs as against FY 2019 of Rs. 1887.05 Lakhs.

### Standalone Operating Results

The sales and operating income was Rs.4272.78 Lakhs in comparison to Rs. 4401.25 Lakhs in the previous year. The operating Loss for the year under review is Rs.2520.36 Lakhs as against Rs. 1973.04 Lakhs for the previous year

### Internal Control Systems

The company has reasonable internal control systems, with defined guidelines on compliance, which enables it to run its facilities and head office with a fair degree of comfort. Internal Audit is being undertaken by Independent Auditor M/s. Soleti Associates, Chartered Accountant, Chennai, for the Financial year 2019-20 and 2020-21.

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

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

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

The number of employees as on 31st March, 2020 was 264.

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

On behalf of the Board of Directors

**For BAFNA PHARMACEUTICALSLIMITED**

Place: Chennai

Date: 25.06.2020

Sd/-

**Bafna Mahaveer Chand**

(DIN01458211)

Chairman & Managing Director

# Standalone Financial Statements

# STANDALONE - AUDITORS' REPORT

## Independent Auditors Report

**To The Members of Bafna Pharmaceuticals Limited**

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

#### **Opinion**

We have audited the accompanying standalone financial statements of **Bafna Pharmaceuticals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IndAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its Loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date, except in respect of matters stated as per 1(d) under "Report on Other Legal and Regulatory Requirements" herein below.

#### **Basis for Opinion**

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our modified audit opinion on the Standalone Financial Statements.

#### **Emphasis of Matter**

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

Our opinion is not modified in respect of the above.

## Key Audit Matters

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

### *Key Audit Matter Description*

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

the end product, once they were legally transferred to them in compliance with agreed-upon specifications. The transfer of goods also prevented other entities from directing the use of, and obtaining the benefits from, an asset. Test checks indicated that there was no scope for repurchase agreements, consignment arrangements or bill-and-hold arrangements.

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

### **Other Matters**

Further to the continuous spreading of COVID -19 across India, the Indian Government announced a strict 21-day lockdown on March 24, 2020, which was further extended till June 30, 2020 across India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

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

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

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

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the IndAS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

1. As required by Section 143(3) of the Act, based on our audit we report, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, except in respect of:
    - (i) *Quantification and valuation of Work in progress (WIP) is computed on estimated basis by the Management, and not on as per methodologies prescribed as per IND AS 2. Inventory costing system in the production units have to be streamlined.*
    - (ii) *The Company has not followed or complied with the Impairment principles prescribed as per IND AS 109 in respect of write off and write back of financial assets.*
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.



- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – We draw reference to the Clause no. 21 of the Notes to Standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **R.SATHYANARAYANAN&CO**  
Chartered Accountants  
Firm Registration Number: 003656S

Sd/-

**(R. SATHYANARAYAN)**

Partner

Membership number: 028377

Place: Chennai

Date: 25.06.2020

## **ANNEXURE “A” to the Independent Auditors’ Report on the IND AS Financial Statements of BAFNA PHARMACEUTICALS LIMITED**

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

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

We have audited the internal financial controls over financial reporting of Bafna Pharmaceuticals Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

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

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

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting

includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2020, except for the following areas:

- a. Certain Balances of Debtors, Creditors and current assets are subject to confirmation.
- b. Balances pertaining to Advances given to suppliers for supply of materials and others remain unconfirmed.

The above modified opinion has appeared in our report pertaining to the previous year as well.

However, the company has an established set of internal control over financial reporting criteria duly taking into consideration the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **R.SATHYANARAYANAN&CO**  
Chartered Accountants  
Firm Registration Number: 003656S

Sd/-

**(R. SATHYANARAYAN)**

Partner

Membership Number: 028377

Place: Chennai

Date: 25.06.2020

**ANNEXURE 'B' TO the Independent Auditors' Report on the IND AS Financial Statements of  
BAFNA PHARMACEUTICALS LIMITED**

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

- (i) In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification to cover all the items of fixed assets at reasonable intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us, the records examined by us, we report that, the title deeds, comprising all the immovable properties of land and buildings are held in the name of the Company as at the balance sheet date.
- (ii) (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals. There was no material discrepancies noticed on physical verification during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records. However, as stated in clause 1 (d) (1) of main report, quantification and valuation of work in progress is done on an estimated basis, and not as per IND AS 2. Costing methodologies of inventories at production units needs to be streamlined.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, or advances to any person listed in the register maintained under section 189 of the Companies Act, 2013 during the year.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Rules prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that though, prima facie, certain prescribed cost records have been made, the system requires more streamlining in respect of inventory costing methodologies as commented vide clause (ii) (b) here in above. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Services Tax, Value Added Tax, Customs Duty,

Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities, however, defaulted in remittance of Provident fund and ESIC dues as depicted below:

Name of the Statute	Nature of Dues	Amount (Rs. In Lakhs)	Payment to which the amount Relates
EPF & MP Act 1952	PF Contribution	38.60	Nov 2019 to March 2020
ESI Act 1948	ESI Contribution	17.76	Dec 2018 to March 2020
Income tax Act 1961	TDS	10.85	Jan 2020 to March 2020
Income tax Act 1961	Income tax	10.00	Assessment year 2015-16

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Services Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable, except for statutory dues.
- (c) According to information and explanations provided to us, during the year, the Company has implemented the resolution plan as approved by NCLT, Chennai, whereby the past arrears in respect of statutory dues (as depicted in the table above) were settled except for past dues of income tax (pending for confirmation from the department).
- (viii) According to the information and explanations given to us, the Company, as part of implementation of the resolution plan approved by the NCLT, Chennai, has settled its dues to the Financial creditors, and satisfaction of charge has been filed with the Registrar of Companies by the respective lenders. The Company has not availed any loans or borrowings from Government or any bank or financial institution during the year. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year, hence reporting under clause 3(ix) of the Order is not applicable to the company. As part of the approved resolution plan by NCLT, Chennai, the Company garnered equity investment from an investor and is holding the same as Share application money as on 31st March 2020.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence, reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Act, are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **R.SATHYANARAYANAN&CO**  
Chartered Accountants  
Firm Registration Number: 003656S

Sd/-

**(R. SATHYANARAYAN)**

Partner

Membership number: 028377

Place: Chennai

Date: 25.06.2020

## STANDALONE - BALANCE SHEET

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020

(All amounts in Rs.Lakhs)

Particulars	Note	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>A ASSETS</b>			
1 Non-Current Assets			
(a) Property, Plant and Equipment	3	3,496.91	3,701.90
(b) Capital Work-in-Progress		21.21	
(c) Goodwill			
(d) Other Intangible Assets			
(e) Financial Assets			
(i) Investments	4	-	143.00
(ii) Trade Receivables			
(iii) Loans			
(iv) Other financials assets	5	-	3,295.33
(g) Other Non-Current Assets	6	-	99.50
<b>Total Non-Current Assets</b>		<b>3,518.12</b>	<b>7,239.73</b>
2 <b>Current Assets</b>			
(a) Inventories	7	1,141.16	928.23
(b) Financials Assets			
(i) Investments			
(ii) Trade Receivables	8	603.48	2,483.37
(iii) Cash and Cash Equivalents	9	848.01	270.19
(iv) Bank balance other than mentioned above			
(v) Loans			
(vi) Other financials assets			
(c) Other Current Assets	10	995.33	1,142.45
(d) Assets classified as held for sale			
<b>Total Current Assets</b>		<b>3,587.98</b>	<b>4,824.24</b>
<b>Total Assets (1+2)</b>		<b>7,106.10</b>	<b>12,063.97</b>
<b>B EQUITY AND LIABILITIES</b>			
1 (a) Equity Capital	11	236.56	2,365.63
(b) Other Equity	12	<b>(677.59)</b>	(286.31)
(c) Share application money	13	5,535.58	-
<b>Total Equity</b>		<b>5,094.55</b>	<b>2,079.32</b>

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

Particulars	Note	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
2 Liabilities			
(a) Non-Current Liabilities			
(i) Financial Liabilities			
- Borrowings	14	301.76	2,298.82
- Trade Payable			
- Other Financial Liabilities			
(ii) Provisions			
(iii) Deferred Tax Liabilities (Net)	15	-	617.87
(iv) Other non-current liabilities	16	-	3.00
<b>Total Non-Current Liabilities</b>		<b>301.76</b>	<b>2,919.69</b>
(b) Current Liabilities			
(i) Financial Liabilities			
- Borrowings	17	-	2,323.97
- Trade Payable			
- Dues to micro and small enterprises			
- Dues to Others	18	1,254.14	3,942.40
- Other Financial Liabilities			
(ii) Other Current Liabilities	19	455.65	798.59
(iii) Provisions			
(iv) Current Tax Liabilities (net)			
<b>Total Current Liabilities</b>		<b>1,709.79</b>	<b>7,064.96</b>
Total Liabilities		<b>7,106.10</b>	<b>12,063.97</b>
<b>Total Equity and Liabilities</b>		<b>7,106.10</b>	<b>12,063.97</b>
Basis of preparation, measurement and significant accounting policies	2		

**Significant Accounting Policies and Notes of Financial Statements 1 to 35 as per our Report of event date****FOR R.SATHYANAYANAN & CO**

Chartered Accountants

FRN No: 003656 S

Sd/-

**R.SATHYANARAYAN**

(Partner)

M.No. 028377

Place : Chennai

Date : 25-06-2020

For and on Behalf of the Board

Sd/-

**BAFNA MAHAVEER CHAND**

[Managing Director]

[DIN : 01458211]

Sd/-

**M.SRIDHAR**

[Chief Financial Officer]

Sd/-

**PARAS BAFNA**

Whole Time Director]

[DIN : 01933663]

Sd/-

**JITENDRA KUMAR PAL**

[Company Secretary]

[M No : 15388]



## STANDALONE - PROFIT AND LOSS

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020 (All amounts in Rs.Lakhs)

	Note	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
<b>A</b>			
Income from operations			
(a) Net sales/income from operations	20	4,247.25	4,362.66
(b) Other Income	21	25.53	38.60
<b>Total income from operations net</b>		<b>4,272.78</b>	<b>4,401.26</b>
<b>B</b>			
Expenses			
(a) Cost of Raw Material Consumed	22	3,024.25	3,329.45
(b) Purchases of Stock in Trade	23	1.90	46.36
(c) Changes in Inventories of Finished Goods, Work in progress and Stock in trade	24	(323.78)	81.14
(d) Employee benefits expense	25	1,025.16	901.29
(e) Depreciation and amortisation expense	26	326.66	342.17
(f) Finance costs	27	9.55	212.64
(g) Other expenses	28	396.84	1,311.18
<b>Total expenses</b>		<b>4,460.58</b>	<b>6,224.23</b>
Profit before tax		(187.80)	(1,822.97)
Tax expense			
Current Tax		-	-
Deferred Tax		-	150.07
<b>Profit for the period</b>		<b>(187.80)</b>	<b>(1,973.04)</b>
<b>Exceptional Items</b>	<b>29</b>	<b>(2,332.56)</b>	-
<b>Other Comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		-	-
Total Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		-	-
Total other comprehensive income net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>(2,520.36)</b>	<b>(1,973.04)</b>
Earnings per Equity share			
Equity shares of par value Rs. 10 each			
(a) Basic		(106.54)	(8.34)
(b) Diluted		(106.54)	(8.34)
Basis of preparation, measurement and significant accounting policies	2		

#### Significant Accounting Policies and Notes of Financial Statements 1 to 35 as per our Report of event date FOR R.SATHYANAYANAN & CO

Chartered Accountants  
FRN No: 003656 S

Sd/-  
**R.SATHYANARAYAN**  
(Partner)  
M.No. 028377  
Place : Chennai  
Date : 25-06-2020

Sd/-  
**BAFNA MAHAVEER CHAND**  
[Managing Director]  
[DIN : 01458211]  
Sd/-  
**M.SRIDHAR**  
[Chief Financial Officer]

Sd/-  
**PARAS BAFNA**  
Whole Time Director  
[DIN : 01933663]  
Sd/-  
**JITENDRA KUMAR PAL**  
[Company Secretary]  
[M No : 15388]

For and on Behalf of the Board

## STANDALONE - CASH FLOWS

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020** (All amounts in Rs.Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
<b>Cash Flow from Operating Activities:</b>		
Net Profit Before Tax	(187.80)	(1,822.97)
<b>Adjustments for:</b>		
Depreciation	326.66	342.17
Interest Paid	9.55	212.64
Interest Received	(3.94)	(11.72)
Other Income	(20.84)	-
Lease Rent Received	(0.75)	(0.75)
Exceptional Item – Impact of impairment of Financial Assets	(2332.56)	-
<b>Operating Profit before Working Capital Changes</b>	<b>(2,209.69)</b>	<b>(1,280.63)</b>
Adjustment For:		
[Increase]/decrease in Inventories	(212.92)	139.19
[Increase]/decrease in Trade Receivables	1,879.90	(55.43)
[Increase]/decrease in Short Term Loans and Advances	147.11	(79.27)
Increase/[decrease] in Trade Payables	(2,688.26)	1,159.92
Increase/[decrease] in Other Current Liabilities	(342.93)	6.72
Cash generated from Operation	<b>(3,426.79)</b>	<b>(109.50)</b>
Less: Tax Paid	-	-
<b>Net Cash Used in Operating Activity (A)</b>	<b>(3,426.79)</b>	<b>(109.50)</b>
<b>Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(142.88)	(33.31)
Changes in Long Term Loans and Advances	3,295.33	437.46
Change in Other Non- Current Assets	99.50	(63.43)
Other Income	20.84	-
Interest Received	3.94	11.72
Lease Rent received	0.75	0.75
<b>Net Cash used in Investing Activities (B)</b>	<b>3,277.48</b>	<b>353.19</b>
<b>Cash Flow from Financing Activities</b>		
Issue of Shares, Share application money & Application Activities / Changes in Reserves	5,535.58	-
Changes in Long Term Borrowings	(2,000.06)	(26.12)
Changes in Short Term Borrowings	(2,323.97)	(5.14)
Interest Paid	(9.55)	(212.64)
Diminution in value of investment in subsidiary	143.00	-
Write back of deferred Tax liability	(617.87)	-
<b>Net Cash from Financing Activities (C)</b>	<b>727.13</b>	<b>(243.90)</b>
<b>Net Increase/ [Decrease] in Cash or Cash Equivalents [A+B+C]</b>	<b>577.82</b>	<b>0.21</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>270.19</b>	<b>270.40</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>848.01</b>	<b>270.19</b>

**Significant Accounting Policies and Notes of Financial Statements 1 to 35 as per our Report of event date**

**FOR R.SATHYANAYANAN & CO**

Chartered Accountants  
FRN No: 003656 S

Sd/-  
**R.SATHYANARAYAN**

(Partner)  
M.No. 028377  
Place : Chennai  
Date : 25-06-2020

For and on Behalf of the Board

Sd/-  
**BAFNA MAHAVEER CHAND**  
[Managing Director]  
[DIN : 01458211]

Sd/-  
**M.SRIDHAR**  
[Chief Financial Officer]

Sd/-  
**PARAS BAFNA**  
Whole Time Director  
[DIN : 01933663]

Sd/-  
**JITENDRA KUMAR PAL**  
[Company Secretary]  
[M No : 15388]

(All amounts in Rs.Lakhs)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020****3. PROPERTY PLANT AND EQUIPMENT**

	LAND	BUILDING	PLANT & MACHINERY	OFFICE EQUIPMENT	LAB EQUIPMENT	OTHER ANCILLARY EQUIPMENTS	HOT AIR VENTILATION COOLING SYSTEMS	ELECTRICAL INSTALLATION	FURNITURE & FITTINGS	VEHICLES	AIR CONDITIONERS & WATER COOLER	COMPUTER	TOTAL
<b>Gross Block</b>													
Balance as at 1 <sup>st</sup> April 2018	19.32	2,176.40	946.38	64.51	794.59	1,620.95	372.59	339.12	183.18	17.82	557.26	161.96	7,254.07
Additions			12.69		10.40							10.22	33.31
Disposals													-
Balance as at 31 <sup>st</sup> March 2019	19.32	2,176.40	959.07	64.51	804.99	1,620.95	372.59	339.12	183.18	17.82	557.26	172.19	7,287.38
Additions			61.34	0.28	29.42	13.23			0.84	0.40		16.17	121.67
Disposals													-
Balance as at 31 <sup>st</sup> March 2020	19.32	2,176.40	1,020.41	64.79	834.40	1,634.17	372.59	339.12	184.02	18.22	557.26	188.36	7,409.06
<b>CAPITAL WORK IN PROGRESS</b>													
Balance as at 1 <sup>st</sup> April 2018	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 <sup>st</sup> March 2019	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions		21.21											21.21
Disposals													-
Balance as at 31 <sup>st</sup> March 2020	-	21.21	-	-	-	-	-	-	-	-	-	-	21.21
<b>Accumulated Depreciation</b>													
Balance as at 1 <sup>st</sup> April 2018	-	659.54	236.03	53.37	560.53	809.39	52.73	312.17	131.35	16.66	281.14	147.48	3,260.40
Additions		73.53	98.60		69.85	35.61	17.70	10.03	13.16	1.16	5.06	0.40	325.08
Disposals													-
Balance as at 31 <sup>st</sup> March 2019	-	733.07	334.63	53.37	630.38	845.00	70.43	322.21	144.50	17.82	286.20	147.88	3,585.48
Additions		74.16	99.11	0.26	71.88	35.48	17.70	-	10.14	0.03	3.71	14.17	326.66
Disposals													-
Balance as at 31 <sup>st</sup> March 2020	-	807.23	433.74	53.63	702.26	880.48	88.12	322.21	154.64	17.85	289.92	162.06	3,912.14
<b>Net Block</b>													
Balance as at 31 <sup>st</sup> March 2018	19.32	1,516.85	710.35	11.14	234.06	811.56	319.87	26.94	51.84	1.16	276.12	14.48	3,993.67
Balance as at 31 <sup>st</sup> March 2019	19.32	1,443.33	624.44	11.14	174.60	775.95	302.17	16.91	38.68	(0.00)	271.05	24.31	3,701.90
Balance as at 31 <sup>st</sup> March 2020	19.32	1,390.38	586.67	11.16	132.14	753.70	284.47	16.91	29.38	0.37	267.34	26.30	3,518.12

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>4 OTHER FINANCIAL ASSETS</b>		
1430000 shares @Rs.10/- Each in BAFNA LIFESTLYES REMEDIES LIMITED (UNQUOTED)	-	143.00
	<u>-</u>	<u>143.00</u>
Diminution in value of investment in subsidiary. Hence written off		
<b>5 NON-CURRENT</b>		
Advance to suppliers	-	2,965.17
Advance Others	-	330.16
	<u>-</u>	<u>3,295.33</u>
<b>6 OTHER NON-CURRENT ASSETS</b>		
Product Registration	99.50	53.16
New Registrations	-	63.43
Sub Total	<b>99.50</b>	<b>116.59</b>
Less: Written off during the year	-	(17.09)
Less: Written off as per approved plan	(99.50)	-
	<u>-</u>	<u>99.50</u>
<b>7 INVENTORIES</b>		
Raw material	443.06	291.99
Work In Progress	291.83	128.50
Finished goods	268.54	108.08
Packing materials	120.16	89.21
Stores and spares	17.57	310.45
	<u>1,141.16</u>	<u>928.23</u>
<b>8 TRADE RECEIVABLES</b>		
(Unsecured unless otherwise stated)		
Considered good		
i) Trade receivables - More than 6 months	75.20	633.81
ii) Others	528.28	1,849.56
	<u>603.48</u>	<u>2,483.37</u>
<b>9 CASH AND CASH EQUIVALENTS</b>		
<b>Cash on hand</b>	0.43	0.28
<b>Balance with Banks</b>		
in current accounts	818.04	12.54
Margin money deposits	29.54	257.37
	<u>848.01</u>	<u>270.19</u>

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>10 OTHER CURRENT ASSETS</b>		
Advance To suppliers	202.13	-
Employee Advances	0.85	-
Deposits with Govt. or Semi Govt. Depot.	30.93	27.86
Deposits with Others	7.25	484.75
TDS Receivable	43.35	34.04
Sales Tax Refund account	-	4.22
GST receivable	698.02	572.20
Prepaid expenses	12.80	7.95
License On hand	-	11.43
	<b>995.33</b>	<b>1,142.45</b>

**11 EQUITY SHARE CAPITAL**

AUTHORISED CAPITAL		
40,000,000 EQUITY SHARES OF RS.10/- EACH	4,000	4,000
ISSUED, SUBSCRIBED & FULLY PAID-UP CAPITAL		
2365634 of Equity Shares of Rs.10/- each fully paid in cash	236.56	2,365.63

	As On March 31 <sup>st</sup> 2020		As On March 31 <sup>st</sup> 2019	
	Number of shares	Amount	Number of shares	Amount
a) Reconciliation of the number of shares				
EQUITY SHARES				
Balance as at the beginning of the year	236.56	2,365.63	236.56	2,365.63
Add: shares issued during the year	-	-	-	-
Less : Capital Reduction as per approved resolution plan	212.91	2,129.07	-	-
Balance as at the end of the year	23.66	236.56	236.56	2,365.63

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>12 OTHER EQUITY</b>		
A. Summary of Other Equity balance		
Capital Reserve	2,698.14	569.07
Share Premim	4,131.14	4,131.14
General Reserve	192.35	192.35
Retained Earnings	(7,699.23)	(5,178.87)
<b>Total Other Equity</b>	<b>(677.59)</b>	<b>(286.31)</b>
<b>13 SHARE APPLICATION MONEY</b>	5,535.58	-
<b>TOTAL</b>	<b>5,535.58</b>	-

Refer Page No.85 General Notes 35(g)

**STATEMENT OF CHANGES IN OTHER EQUITY**

	Reserves and Surplus				Total
	Capital Reserve	Share Preimum	General Reserve	Retained Earnings	
As at 1 <sup>st</sup> April 2019	569.07	4,131.14	192.35	(5,178.87)	(286.31)
Profit for the year	-	-	-	(187.80)	(187.80)
Exception items (Refer General notes 36(f))	-	-	-	(2332.56)	(2332.56)
Other comprehensive Income/ Loss for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(2,520.36)	2,144.76
As at 31 <sup>st</sup> March 2020	569.07	4,131.14	192.35	(7,699.23)	1,858.44

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>14 Borrowings</b>		
<b>Secured</b>		
DBS WORKING CAPITAL TERM LOAN	-	203.89
STATE BANK OF INDIA	-	1,881.87
<b>Un Secured</b>		
From DIRECTORS	253.83	213.06
Others	47.93	-
	<u>301.76</u>	<u>2,298.82</u>

The Implementation and Monitoring committee has fully settled the Financial Creditors(Bank borrowings) as per the approved Resolution Plan. The Financial Creditors on receipt of the same had issued NO DUE CERTIFICATES and filed the Satisfaction of Charges with Registrar of Companies.

**15 DEFERRED TAX LIABILITIES (NET)**

DEFERRED TAX LIABILITIES (NET)	-	617.87
	<u>-</u>	<u>617.87</u>

**16 OTHER NON-CURRENT LIABILITIES**

Trade Deposit	-	3.00
<b>Total</b>	<u>-</u>	<u>3.00</u>

**17 SHORT TERM BORROWINGS****SECURED****INDUSTRIAL DEVELOPMENT BANK OF INDIA**

Cash credit Account	-	1,003.22
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**BANK OF CEYLON**

Cash Credit Account	-	311.05
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**DEVELOPMENT CREDIT BANK**

Cash Credit Account	-	1,009.70
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<b>Total</b>	<u>-</u>	<u>2,323.97</u>
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The Implementation and Monitoring committee has fully settled the Financial Creditors(Bank borrowings) as per the approved Resolution Plan. The Financial Creditors on receipt of the same had issued NO DUE CERTIFICATES and filed the Satisfaction of Charges with Registrar of Companies.

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>18 TRADE PAYABLE :</b>		
DUES TO OTHERS		
Trade payable		
For Goods and Store Purchase	1,035.33	3,460.61
For Services	11.43	91.17
For Others	207.38	390.62
<b>Total</b>	<b>1,254.14</b>	<b>3,942.40</b>
The Implementation and Monitoring committee settled the Trade Payables as per the approved Resolution Plan.		
<b>19 OTHER CURRENT LIABILITIES</b>		
Outstanding expenses	183.82	458.72
TDS payable	10.85	14.83
Advance from Customer	250.98	125.35
Income Tax	10.00	199.69
<b>Total</b>	<b>455.65</b>	<b>798.59</b>
<b>20 REVENUE FROM OPERATIONS</b>		
Sales ( Domestic)	1,642.52	1,732.36
Sales(Export)	2,496.32	2,603.53
Other operating revenue		
FR & D INCOME - Analytical and research income	108.41	26.77
<b>Grand Total</b>	<b>4,247.25</b>	<b>4,362.66</b>
<b>21 OTHER INCOME</b>		
Interest Income		
Bank deposits	3.55	2.15
Others	0.39	9.57
Gain or (Loss) on Exchange Exchange	20.84	8.54
Export Incentive	-	1.30
Rent Received	0.75	0.75
Commission Received	-	16.29
	<b>25.53</b>	<b>38.60</b>



	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>22 COST OF MATERIALS CONSUMED</b>		
Cost Of Raw Materials Consumed		
Opening Stock	291.99	322.76
Add: Purchase	2,090.16	2,235.78
Less: Closing Stock	(443.06)	(291.99)
<b>Raw Material Consumed (A)</b>	<b>1,939.09</b>	<b>2,266.55</b>
 <b>COST OF PACKING MATERIAL CONSUMED:</b>		
Opening stock	89.21	112.97
Add:Purchase	412.20	362.99
Less: Closing stock	(120.16)	(89.21)
<b>Packing Material Consumption (B)</b>	<b>381.25</b>	<b>386.75</b>
<b>Manufacturing Expenses</b>		
Consumable Stores	42.74	30.35
Analytical Expenses	35.21	23.08
Power & Fuel	268.85	249.92
Machinery Maintenance	115.81	114.76
Factory Maintenance	34.05	74.74
Chemical Purchase	42.37	41.85
Security Charges	9.02	8.04
Repairs & Maintenance	13.73	5.44
Other Manufacturing	131.63	116.68
<b>TOTAL (C)</b>	<b>693.41</b>	<b>664.88</b>
 <b>Freight</b>		
Freight Charges (D)	10.49	11.27
<b>TOTAL COST OF MATERIALS CONSUMED (A+B+C+D)</b>	<b>3,024.25</b>	<b>3,329.45</b>
 <b>23 PURCHASE OF STOCK IN TRADE</b>		
Purchase of stock in Trade	1.90	46.36
	<b>1.90</b>	<b>46.36</b>

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS STOCK IN PROCESS &amp; STOCK-IN-TRADE</b>		
Closing Inventories :		
Finished Goods	268.54	108.08
Work in progress	291.83	128.50
<b>Total</b>	<b>560.37</b>	<b>236.58</b>
Opening Inventories :		
Finished Goods	108.08	163.28
Work in progress	128.50	154.44
<b>Total</b>	<b>236.58</b>	<b>317.72</b>
<b>Change In Inventories</b>	<b>(323.78)</b>	<b>81.14</b>
<b>25 EMPLOYEE BENEFITS EXPENSES</b>		
Salary	883.29	781.54
Bonus	31.00	31.00
P.F. Company's Contribution	47.59	44.94
E.S.I Company's Contribution	8.49	12.74
Staff Welfare	54.79	31.07
	<b>1,025.16</b>	<b>901.29</b>
<b>26 DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation and Amortisation expenses	326.66	342.17
	<b>326.66</b>	<b>342.17</b>
<b>27 FINANCE COST</b>		
Interest To Bank	-	196.82
Bank Charges	9.45	15.82
Interest To Others	0.10	-
	<b>9.55</b>	<b>212.64</b>

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>28 OTHER EXPENSES</b>		
A. MANAGERIAL REMUNERATION:		
Bafna Mahaveer Chand	20.50	18.60
Paras Bafna	16.00	14.40
	<b>36.50</b>	<b>33.00</b>
B. PAYMENT TO AUDITORS		
Audit Fees	3.50	3.50
Tax Audit Fees	0.50	0.50
Certification & Other Services	-	0.30
	<b>4.00</b>	<b>4.30</b>
C. INSURANCE EXPENSES		
Insurance	9.35	1.02
	<b>9.35</b>	<b>1.02</b>
D. OTHERS :		
Rent & lease rent	24.92	20.84
Postage & telegram	4.80	7.89
Telephone	4.10	3.61
Conveyance	12.25	10.67
Travelling expenses	15.21	15.64
Printing & stationery	16.76	15.82
Subscription & membership	0.58	0.31
Fees	13.76	15.26
Office maintenance	0.91	0.58
Internal Audit Fees	2.08	1.20
Vehicle maintenance	1.48	2.62
Miscellaneous expenses	3.93	8.55
Professional charges	22.58	16.80
Sundry Balances Written off	2.71	12.11
Directors sitting fees	1.65	1.27
Bad debts	-	947.48
Freight & transportation	30.59	75.36
Repairs & Maintenance- Building	46.35	8.41

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>28 OTHER EXPENSES - (Contd)</b>		
Advertisement	1.22	0.90
Sales promotion	4.97	4.72
MHRA (Technical Fees)	14.64	17.00
Commission/ Laisioning	3.71	-
Liquidative Damages	-	0.05
Packing Charges	0.13	0.20
Exchange Difference	5.56	8.69
Rates and Taxes	1.92	11.37
Software Maintenance	19.64	12.65
Consultant Fees	2.84	2.75
Legal Fees	56.77	-
IRP and RP Fees	21.05	16.22
Stock Exchange Fees	9.92	33.87
<b>TOTAL (E)</b>	<b>347.03</b>	<b>1,272.86</b>
<b>Grand Total - Other exp (A+B+C+D)</b>	<b>396.84</b>	<b>1,311.18</b>
<b>29</b> Exception Items - Refer Page No.85 General Notes 35(f)	2,332.56	-
<b>Grand Total</b>	<b>2,332.56</b>	-

**Significant Accounting Policies and Notes of Financial Statements 1 to 35 as per our Report of event date**

**FOR R.SATHYANAYANAN & CO**

Chartered Accountants

FRN No: 003656 S

Sd/-

**R.SATHYANARAYAN**

(Partner)

M.No. 028377

Place : Chennai

Date : 25-06-2020

For and on Behalf of the Board

Sd/-

**BAFNA MAHAVEER CHAND**

[Managing Director]

[DIN : 01458211]

Sd/-

**M.SRIDHAR**

[Chief Financial Officer]

Sd/-

**PARAS BAFNA**

Whole Time Director)

[DIN : 01933663]

Sd/-

**JITENDRA KUMAR PAL**

[Company Secretary]

[M No : 15388]

**30 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

**30.1 Name of the related Party**

- a) Mr.BAFNA MAHAVEER CHAND
- b) Mr. PARAS BAFNA
- b) Mrs. CHETNA BAFNA
- c) Mr. NAVEEN BAFNA
- d) MRs. SASIKALA BAFNA

**30.2 Directors' Interest**

- a) BAFNA LIFESTYLES REMEDIES LIMITED
- b) BHANSILAL & CO (HUF)

**30.3** The Directors of the Subsidiary Company Ms. Hemalatha and Ms. Sabitha are the employee of the Company

SI. NO	Particulars	Key Management Personnel	Rel of KMP	Total as on 31.03.2020	As on 31.03.2019
1	Rendering Services	Bafna Mahaveer Chand	Paras Bafna and Naveen Bafna	36.50	37.09
2	Leasing or Hire Purchase	-	Bhansilal Bafna (HUF)	6.75	6.75
3	Finance loans and Equity in Cash or Kind	Bafna Mahaveer Chand	Paras Bafna, Naveen Bafna and Sasikala Bafna	301.76	213.06
4	Rent	Bafna Mahaveer Chand	Bhansilal Bafna (HUF)	24.61	19.80

(All amounts in Rs.Lakhs)

### 31 FOREIGN CURRENCY TRANSACTIONS

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

### 32 RESEARCH AND DEVELOPMENT EXPENDITURE

(Rs. In lakhs)

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Capital Expenditure	5.99	-
Revenue Expenditure	100.95	75.27
<b>Total</b>	<b>106.94</b>	<b>75.27</b>

### 33 CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rs. In lakhs)

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
a) In respect of Letter of Credit and Bank Gaurantee	-	-
b) Bonds have been executed in favour of Customs Authorities for the purchase of materials and capital goods without payment of duty	2.50	2.50

### 34 GOODS AND SERVICE TAX

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

**35 GENERAL**

a) The details of Statutory dues pending as at 31<sup>st</sup> march 2020 are given below

Name of the Statue	Nature of Dues	Amount ( Rs. In Lakhs)	Payment to which the amount Relates
EPF & MP Act 1952	PF Contribution	38.60	Nov 2019 to March 2020
ESI Act 1948	ESI Contribution	17.76	Dec 2018 to March 2020
Income Tax Act 1961	TDS	10.85	Jan 2020 to March 2020
Income Tax Act 1961	Income Tax Dues	10.00	Assessment Year 2015-2016

- b) Balances under Trade Payables, debtors, loans and advances some of them remain unconfirmed.
- c) Advances given to suppliers for supply of materials and others remain unconfirmed. It was explained that supply will be made in the ensuing year.
- d) The Fixed deposit of sum of Rs. 29.54 ( Rs. in Lakhs) (Previous Year Rs257.37(Rs.In Lakhs) ) lying with ICICI are under lien against Bank Gaurantee Margin, LC Margin Money.
- e) Previous Years figures have been reclassified, regrouped and re-arranged wherever necessary.
- f) Pursuant to the approval of the Resolution Plan by the NCLT, Chennai, the company has implemented the plan . In accordance with the same, the Company has written off and written back certain assets and Liabilities and net effect of the same is shown under the Head ' Exceptional Items".
- g) The company received Money to implement the Resolution Plan and the balance money was received during the lock down period . There were some in delays obtaining approvals from Stock Exchanges with regard to Reduction of Share Capital and listing approval and also the Lock down resulted in delay in allotment of shares. Hence, shown under the head share application Money.

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**Significant Accounting Policies and Notes of Financial Statement 1 to 35 as per our report of event date**
**FOR R.SATHYANAYANAN & CO**

Chartered Accountants

FRN No: 003656 S

Sd/-

**R.SATHYANARAYAN**

(Partner)

M.No. 028377

Place : Chennai

Date : 25-06-2020

For and on Behalf of the Board

Sd/-

**BAFNA MAHAVEER CHAND**

[Managing Director]

[DIN : 01458211]

Sd/-

**M.SRIDHAR**

[Chief Financial Officer]

Sd/-

**PARAS BAFNA**

Whole Time Director)

[DIN : 01933663]

Sd/-

**JITENDRA KUMAR PAL**

[Company Secretary]

[M No : 15388]

## STANDALONE - NOTES

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

#### A. Corporate information

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

The Company's shares are listed and traded on both Stock exchanges in India. The Company is engaged in the business of Manufacturing of Finished pharmaceutical formulations.

These Financial statements were authorised for issue by the Company's Board of Directors on the 25th of June 2020.

#### B. Significant Accounting Policies

##### 1 Basis of preparation

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

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

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

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

- b. The financial statements of the Company have been prepared and presented in accordance with IND-AS principles, however items of current assets and Liabilities have not been measured at fair values on account of reasons stated in (3) below under Basis of Measurement Management evaluates all the applicable accounting standards on going concern basis.
- c. All amounts included in the financial statements are reported in lakhs of Indian rupees except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures. Previous year figures have been regrouped/ re-arranged, wherever necessary.
- d. These financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following, which have been either written off or written back in accordance with resolution plan approved by NCLT, Chennai:



- i) Major items of Current assets: Long outstanding Receivables, Advances to Suppliers, Non-moving stores and spares
  - ii) Major items of Current Liabilities, Secured Loans: Financial creditors, Operational creditors, certain provisions and statutory dues.
- e. All other assets and liabilities have been classified as current or non-current as per the company's normal operating cycle. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

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

The Financial Statements Balance sheet, Statement of Profit and Loss, Statement of Changes in equity, Statement of Cash flow together with notes have been prepared in accordance with IND AS principles, as notified [subject to Clause 1 (b) above] above duly approved by the Board of Directors at its meeting held on 25<sup>th</sup> June 2020, except in respect of :

- a. Valuation and Measurement of Work in progress besides inventory costing methodology applied which is not strictly in consonance with IND AS 2 principles.
- b. Impairment of Financial instruments [stated 1(d) hereinabove], which is not in accordance with IND AS 109.

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

The Company adopted IND-AS for the first time in preparation of financial statements for the year ended March 31, 2018.

## **3. NCLT proceedings**

Initiation of IBC Proceedings had already been disclosed in detail in our annual Report for the FY 2018-2019. In continuation of the same, the proceedings are as follow:

### **Appeal with NCLAT**

Aggrieved by the Order of NCLT Chennai, M/s. Saravana Global Holdings Limited and P Shobha (minority shareholders) filed an appeal in the National Company Law Appellate Tribunal, New Delhi (NCLAT). NCLAT vide its order dated 28th February 2019 had passed the following Order:-

Until further order the monitoring committee will not handover the possession of corporate debtor to the Resolution Applicant if not yet handed over. In case the possession of the corporate debtor has been handed over, the resolution applicant will maintain the status quo and will not alienate, transfer or create third party encumbrance of movable or immovable property of the corporate debtor. The concerned person will ensure that the company remains a going concern.

The case posted to further hearing on 02nd April 2019

Subsequently Mr.Mahaveer Chand Bafna (Resolution Applicant), had filed a reply. Resolution Professional, COC and the Company (Corporate Debtor) were made party for hearing with Honourable NCLAT.

The case, posted to further hearings on various dates viz., 25th April 2019, 02nd May 2019 and 07th May 2019, the Honourable NCLAT instructed the respondents to file their written submission, not more than 3 pages and subsequent to the written submissions filed by Mr.Mahaveer Chand Bafna (Resolution Applicant) and parties concerned, the judgement was reserved on 09th May 2019 by NCLAT.

The judgement was pronounced by the NCLAT in the open Court of 04th of July 2019 in favour of Resolution applicant and copy of the order was received by the resolution applicant on 11th July 2019.

The order of the NCLAT was once again challenged by M/s. Saravana Global Holdings Limited in the Supreme Court and the case was posted for 15th July 2019.

The Honourable Supreme Court dismissed the case on the 15<sup>th</sup> of July 2019 and allowed the Resolution applicant to implement the Resolution Plan.

The Board at its meeting held on the 13th of February 2020, wherein Mr. Bafna Mahaveer Chand had explained in detail that the Investors mentioned in the Resolution Plan had backed out due to personal reasons and Mr. Bafna had to identify a new Investor. To Implement the Approved Resolution plan, the Resolution applicant identified M/s.CVR ENTERPRISES LLP, as New Investor, who invested Rs. 48.33 Crs to successfully implement the plan. Further an amount of Rs. 7.02 Crs was received from M/s. SRJR Lifesciences LLP an affiliate of CVR Enterprises LLP, as Cheque on the 30th of March, 2020 and the same could only be deposited on the 30th of May, 2020 owing to lock down due to COVID 19.

The Implementation and Monitoring Committee, appointed by the committee of Creditors had made payments to the Operational creditors, Financial Creditors, CIRP Cost, Employee dues and other legal and professional fees as part of the Resolution plan approved by NCLT Chennai. The Implementation and Monitoring Committee after settling the claims of Operational Creditors, Financial Creditors, CIRP Cost, Employee dues and other legal and professional fees as per NCLT, Chennai order also disclosed in the Company's website that no claims shall be entertained by the company in future and there will be no impact on the going concern status and company's operations in the future is disclosed under the head, Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future which is detailed at the end of the Directors' Report.

The Total amount as per resolution Plan, INR 55.35 Crs was fully received and therefore the appropriate percentage of shares shall be allotted to M/S. SRJR Lifesciences LLP. In view of the present Covid 19 situation in the Country, the allotment will be done at the earliest possible. Hence the Board in its meeting dated 25.06.2020 disclosed the amount under the head, Share application money pending allotment.

The Company is taking necessary steps to allot the shares as soon as possible and list the same in the Stock Exchanges,

### **Conclusion**

In view of the above, the process of restructuring of assets and liabilities detailed in the Resolution plan and

restatement thereof in the Accounts, which was deferred to be carried out during Financial year 2018-19, was implemented during the Financial year 2019-20, and accordingly, net amount of Rs 2332.56 lakhs was written off in the books of accounts. The impacts, disclosed as Exceptional item (Refer Note No: 30 of the Standalone Financial Statement) in the Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020.

The details of the same are as follows:

SUMMARY OF WRITE OFFS		SUMMARY OF WRITE BACKS	
Nature of Assets	Amount (Rs. In lakhs)	Nature of Liabilities	Amount (Rs. In lakhs)
Cash and Bank Balance	191.77	Financial Creditors	1,057.59
Non- Current Assets- Advance to Suppliers	3,021.91	Provision for Taxation	189.69
Stores & Spares	292.87	Trade Payables	2,296.88
Diminution in the Value of Subsidiary	143.00	Other Liabilities	718.16
Trade Receivables	1,908.96	<b>GRAND TOTAL</b>	<b>4,262.32</b>
Other Non- Current and Current Assets	1,036.38		
<b>GRAND TOTAL</b>	<b>6,594.88</b>		

#### 4. Revenue Recognition:

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

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

The Company adopts a five-step process:

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

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

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

- Whether the amount of consideration is highly susceptible to factors outside the influence of the entity.
- Whether there would be any uncertainty about the amount of consideration not capable of being resolved over a period.
- Whether we have experience in handling similar type of contracts

- Whether the contract has large number and broad range of deliverables and consideration amounts.
- Allocate transaction price to the separate performance obligation:

The Company assesses whether there are single or multiple performance

Obligations and accordingly, follows 2 price estimation methods:

- Costs plus a reasonable margin
- Evaluation of stand-alone prices of similar or same product(s). The Company also prefers discounts or preferences to customer if certain conditions/ policies are met. However, since most of them fixed price contracts, the second scenario generally does not arise.

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

- the customer has unconditional obligation to pay,
- customer has legal title,
- customer has physical possession
- customer has the risks and rewards of ownership of the goods
- the customer has accepted the goods.

Most of the company's contracts begin and end with the same accounting period, and hence, the necessity for restating the contract values does not arise.

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

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

## **5. Inventories (Ref; Note no: 8 of Standalone FS)**

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

Work in progress was being valued on an estimated basis since the accounting software was not supportive, and hence, the Company is in the process of migration to SAP for and from the FY 2020-21. Besides, in general, inventory valuation systems also need streamlining. Hence, the company has not been able to follow the principles as per IND AS 2, which will be complied with once SAP is installed and running.

During Q2, the Company would arrive at the correct WIP based on absorption costing through SAP and would be able to quantify the impact / difference in opening balance as on 1<sup>st</sup> April 2020.

The management has identified certain items of stores and spares as no longer saleable or usable, and hence, written off as part of resolution plan, which was approved by NCLT, Chennai.

## 6. Financial Instruments:

Non derivative financial instruments consist of:

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

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

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

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

i. Cash and cash equivalents

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal. (Ref: Note No.9 of Standalone Financial Statement)

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

As detailed in clause 1(d) and vide Clause 3 (NCLT, Chennai, proceedings), the Company has written off a sum of Rs 6594.88.Lakhs which were either long pending dues or considered as unrecoverable by the Management (by application of business prudence and judgement) as part of the Resolution plan approved by the NCLT, Chennai, wherein the resolution applicant, Mr Bafna Mahaveer Chand had proposed to do so. These were netted off against old balances of operational creditors and other liabilities (Rs.4262.32 Lakhs) which was also part of the resolution plan, and the balance was reflected as a line item under exceptional item in the Statement of Profit and Loss. The Company had opted for FVTPL method to give effect to the impairment. In this process, the process of impairment has not been strictly in compliance to principles as per IND AS 109 since it was part of the resolution plan of NCLT, Chennai, which is covered under The Insolvency and Bankruptcy Code, 2016.

The other Trade receivables are considered as Current and recoverable, and within the operating period of 12 months. Certain assets such as Government deposits, Statutory receivables (TDS and GST) are held as current assets even though part of the balances are ageing more than 12 months in order to maintain consistency of accounting principles and tracking the recoveries/ refunds. (Refer Note No: 5, 6, 7, 8, and 10 of the Standalone Financial Statement)

iii. Impairment of Investment in subsidiaries

The Company assesses investments in subsidiaries for impairment. Whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the investment in subsidiary.

Since there were no operations or business conducted in the case of subsidiary, M/S Bafna Lifestyle Remedies Ltd, for 3 years as on 31st March 2018 itself, and since all assets were disposed, this was construed as “Discontinued operations” during the previous period under IND AS 105.

The recoverable amount of such investment is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of the investment is calculated using projected future cash flows. If the recoverable amount of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss.

Owing to the sequence of events mentioned herein above, it was assessed that the recoverable amount as well as the fair value had completely diminished, the book value was written off to the Statement of Profit and Loss.(Refer: Separate line item in cash flow statement)

iv. Borrowings – Secured and Unsecured

All secured borrowings from various Banks were subject matter of settlement as per NCLT, Chennai, approved implementation plan, which was settled to the tune of 70% of the outstanding amounts with the respective institutions. The same has been elaborated vide clause 3 herein above. The resultant balance was Nil as at the end of the financial year. (Refer Note no 14 &17 of Standalone Financial Statement)

v. Current Liabilities – Trade payables and Statutory dues

As detailed in clause no 3 herein above, all eligible claims from suppliers were settled as per NCLT, Chennai, resolution plan at the agreed proportion. As regards statutory dues, except for INR10 lakhs kept under separate no lien account in respect of pending dues in respect of Income tax (pending for approval from the department), others have been remitted as per implementation plan.

Since the implementation has been comprehensively complied with, there is no impact to be measured in terms of assessment of fair values as per INDAS 109.(Refer Note No: 18 & 19 of the Standalone Financial Statement)

## 7. Reduction in Share capital:

In compliance with the Resolution plan approved by NCLT, Chennai, reduction in share capital to the tune of 90% was carried out, whereby the Equity share capital of the Company got reduced from Rs 2365.63 lakhs to Rs 236.56 lakhs, and difference has been added under Capital reserves.

As per implementation plan, investment from M/s CVR Enterprises LLP an Affiliate of M/s. SRJR Life sciences was infused as fresh equity to the tune of Rs 5535.58 Lakhs which was 2,12,90,701.no of shares at face value of Rs 10/- amounting to Rs.2129.07 Lakhs and premium of Rs 16/- per share amounting to Rs.3406.51 Lakhs.

Since the entire consideration for Equity shares were received only by 30.05.2020, the Allotment of equity shares to the said party as detailed in the resolution plan is to be carried out by the Company. (Refer Note No;11 and Note No12.of the Standalone Financial Statement)

## 8. IND AS 7: Cash Flow Statement:

Cash flows are reported using the indirect method, whereby, profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts

or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities. The Company has presented all the necessary disclosures required in the cash flow format.

Exceptional item, namely Net effect of write offs/write backs of financial assets (refer : Clause 3: NCLT, Chennai, proceedings- "Conclusion" part) has been disclosed as line item under operating activities, while diminution in value of investment in Subsidiary and write back of deferred tax liability have been disclosed as separate line items.

## **9. IND-AS 10: Events after the Reporting period:**

### **Uncertainty due to COVID-19**

The central and state governments of India, implemented a lockdown on account of COVID-19 during the last week of March 2020. The real impact was felt at the commencement of FY 2020-21. The Company did not have any impact during the last phase of FY 2019-20 since the factories were operating with planned production plan and with required staff/ labour strength.

From the beginning of the financial year until date of approval of financial statements, the Company is perceiving certain operational issues in the following area:

- Restrictive manpower usage due to lower productivity
- Delays in deliveries due to transportation
- Delays in receipt of Raw materials and other consumables resulting in cancellation of orders
- Delayed collections

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

## **10. Income Tax**

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

Appendix C to IND-AS 12 - Uncertainty over income tax treatments: Appendix C of IND-AS 12 clarifies the accounting for uncertainties in income taxes.

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IND-AS 12. The adoption of Appendix C to IND AS 12 did not have any material impact on the standalone financial statements of the Company.

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

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

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

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

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

As part of the resolution plan, the Company has written back the deferred tax liability of Rs. 617.87 lakhs since the importance of the same had got decimated owing to restructuring / impairment of financial assets in line with the NCLT, Chennai, order, and hence, such liabilities are considered as not payable. (Ref: Separate Line Item in the Cash flow statement)

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

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

Assumptions and Key Sources of estimation uncertainty

Useful life of Property, Plant & equipment (PPE)

The Company has reviewed the estimated useful lives of PPE at the end of each reporting period.



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

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

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

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

#### **Subsequent costs**

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

#### **Depreciation**

Depreciation is recognized in the Statement of Profit and Loss under Straight Line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in schedule II. Assets costing Rs.5000 or below acquired during the year considered not material and are depreciated in full, retaining Re.1/- per asset.

The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

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

### **13. Leases**

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

## 14. Employee Benefits

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

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

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

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

Name of the Statute	Nature of Dues	Amount (Rs. In Lakhs)	Payment to which the amount Relates
EPF & MP Act 1952	PF Contribution	38.60	Nov 2019 to March 2020
ESI Act 1948	ESI Contribution	17.76	Dec 2018 to March 2020

### b) Gratuity

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

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

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

## 15. Effects of change in Foreign exchange rates

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

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

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

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

## 16. Borrowing Costs

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

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

## 17. Related Party disclosures

Sl.No	Particulars	Key Management Personnel	Rel of KMP	31.03.2020	31.03.2019
1	Rendering Services	Bafna Mahaveer Chand	Paras Bafna and Navin Bafna	36.50	37.09
2	Leasing or Hire Purchase		M.Bhansilal &Co (HUF)	6.75	6.75
3	Finance loans and Equity in Cash or KIND	Bafna Mahaveer	Paras Bafna, Navin Bafna and Sasikala Bafna	301.76	213.06
4	Rent	Bafna Mahaveer Chand	M.Bhansilal &Co (HUF)	24.61	19.80

## 18. Earnings per share (EPS)

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

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

## 19. Interim Financial Reporting

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

## 20. Impairment of Assets

The carrying amount of the Company's assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there are any indications of impairment. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. Impairment losses recognised in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

### Reversal of impairment loss

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

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

The Company has carried out impairment of its financial assets and liabilities as detailed in Clause 6 (ii, iii & v))

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

## 21. Provisions, Legal Proceedings, Contingent Liabilities and Contingent Assets

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

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

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

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

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

The Contingent assets or liabilities are disclosed in respect of the financial period in question in the Note no: 33 of the standalone financial statement.

The relevant Clause as approved in the Resolution Plan is Reproduced herewith:

“Further any liability crystallizing out of the contingent liabilities or disputed legal cases of the Company or any other unknown or unclaimed liability pertaining to a transaction or incident dating to a period prior to the insolvency resolution process 'commencement date or during the corporate insolvency resolution process which does not find a place in the approved Resolution Plan, shall be deemed to have lapsed on the approval of the plan; and the Company shall be deemed to have been duly discharged from all legal liability arising from such antecedent claims.”

## **22. Intangible Assets**

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

### **Subsequent expenditure**

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

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

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

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

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

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

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

## **24. Regulatory Deferral Accounts**

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

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

## **25. Financial risk management**

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

### **Credit risk**

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

### **Liquidity risk**

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

### **Market risk**

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

### **Commodity price risk**

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

### **Foreign currency exchange risk**

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

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

### **Foreign currency sensitivity analysis**

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

( Fig in Lakhs)

<b>Particulars</b>	<b>USD</b>	<b>GBP</b>	<b>AUD</b>	<b>EUR</b>
<b>As on March 31, 2020</b>				
- Liabilities	0.00	0.51	0.00	0.41
- assets	4.45	2.04	1.83	0.28
<b>As on March 31, 2019</b>				
- Liabilities	0.00	0.00	0.00	0.00
- assets	6.78	.052	0.00	0.31

### **Interest rate risk management**

The Company's borrowings during the current period are very minimum since all the financial creditors have been settled vide NCLT, Chennai, implementation plan, and hence, the necessity to design any risk policy did not arise.

**26. Capital Management**

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

**27. Dues to MSMEs:**

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

**28. Corporate Social Responsibilities**

Sec. 135 of Companies act 2013, requires a company to spend towards Corporate Social responsibility, which however is not applicable to this Company.

# Consolidated Financial Statements



# CONSOLIDATED - BALANCE SHEET

## Independent Auditors Report To The Members of Bafna Pharmaceuticals Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated financial statements of **Bafna Pharmaceuticals Limited** ("the Holding Company"), and its subsidiary Bafna Life Style remedies Limited (the holding company and its subsidiary together referred to as "the Group") together which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory Information (herein after referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Company as at March 31, 2020, the Consolidated Loss and total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date, except in respect of matters stated as per 1(d) under "Report on Other Legal and Regulatory Requirements" herein below.

#### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our modified audit opinion on the Consolidated Financial Statements.

#### Emphasis of Matter

As specifically explained vide Clause no B (9) of Notes to Consolidated Financial statements, We have considered the basis of management judgment in determining impact on the financial statements of any subsequent events related to the COVID-19 pandemic, taking into consideration the date of the financial statements, the facts and circumstances pertaining to the entity, and the conditions that existed at, or arose after, that date. As the impacts of the COVID-19 outbreak continue to evolve, including regulatory restrictions/ conditions, capturing events that relate specifically to conditions that existed at the date of the financial statements, or after the date of the financial statements, we have considered all subsequent events and transactions to substantiate our conclusions on the appropriateness of management's assessment of the Covid'19 impact. Our opinion is not modified in respect of the above.

## Key Audit Matters

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

### *Key Audit Matter Description in respect of Holding Company*

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

transfer of goods also prevented other entities from directing the use of, and obtaining the benefits from, an asset. Test checks indicated that there was no scope for repurchase agreements, consignment arrangements or bill-and-hold arrangements.

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

### **Other Matters**

Further to the continuous spreading of COVID -19 across India, the Indian Government announced a strict 21-day lockdown on March 24, 2020, which was further extended till June 30, 2020 across India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

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

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

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

### **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the IndAS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

We draw your reference to clause no B (6) (iii) of Notes to consolidated financial statements whereby the fair value of investment of Holding company in the subsidiary company is considered as completely impaired. Reference is also drawn to the Note no 6 of the Standalone financial results whereby it has been decided by the Board to go in for strike off of the subsidiary company in the ensuing year.

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

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

1. As required by Section 143(3) of the Act, based on our audit we report, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the group so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act, except in respect of:
    - (i) *Quantification and valuation of Work in progress (WIP) is computed on estimated basis by the Management in respect of Holding company, and not on as per methodologies prescribed as per IND AS 2. Inventory costing system in the production units have to be streamlined.*
    - (ii) *The Holding Company has not followed or complied with the Impairment principles prescribed as per IND AS 109 in respect of write off and write back of financial assets.*
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Holding Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements – We draw reference to the Clause no. 21 of the Notes to Consolidated financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **R.SATHYANARAYANAN&CO**  
Chartered Accountants  
Firm Registration Number: 003656S

Sd/-

**(R. SATHYANARAYAN)**

Partner

Membership number: 028377

Place: Chennai

Date: 25.06.2020

## **Annexure “A” to the Independent Auditor’s Report**

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

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

We have audited the internal financial controls over financial reporting of Bafna Pharmaceuticals Limited (“the Holding Company”) as of March 31, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

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

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

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Holding Company and its subsidiary’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2020, except for the following areas:

- a. Certain Balances of Debtors, Creditors and current assetsof the Holding company are subject to confirmation.
- b. Balances pertaining to Advances given to suppliers for supply of materials and others of the Holding company remain unconfirmed.

The above modified opinion has appeared in our report pertaining to the previous year as well.

However, the Group has an established set of internal control over financial reporting criteria duly taking into consideration the essential components of internal control stated in the Guidance Note on Audit of Internal Financial ControlsOverFinancial Reporting issued by the Institute of Chartered Accountants ofIndia.

For **R.SATHYANARAYANAN&CO**

Chartered Accountants

Firm Registration Number: 003656S

Sd/-

**(R. SATHYANARAYAN)**

Partner

Membership number: 028377

Place: Chennai

Date: 25.06.2020



## **Annexure B to the Independent Auditors' Report**

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

- (i) In respect of the Holding Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The company has a program of verification to cover all the items of fixed assets at reasonable intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us, the records examined by us, we report that, the title deeds, comprising all the immovable properties of land and buildings are held in the name of the Company as at the balance sheet date.
- (ii) (a) As explained to us, the inventories of the Holding company were physically verified during the year by the management at reasonable intervals. There was no material discrepancies noticed on physical verification during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The Holding Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records. However, as stated in clause 1 (d) (1) of main report, quantification and valuation of work in progress is done on an estimated basis, and not as per IND AS 2. Costing methodologies of inventories at production units needs to be streamlined.
- (iii) According to the information and explanations given to us, the Group has not granted any loans, or advanced to any person listed in the register maintained under section 189 of the Companies Act, 2013 during the year.
- (iv) In our opinion and according to the information and explanations given to us, the Holding company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Holding company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Holding Company pursuant to the Rules prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that though, prima facie, certain prescribed cost records have been made, the system requires more streamlining in respect of inventory costing methodologies as commented vide clause (ii) (b) hereinabove. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Holding Company has generally been regular in depositing undisputed statutory dues, including Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Services Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities, however, defaulted in remittance of Provident fund and ESIC dues as depicted below, besides one old due in respect of income tax:

Name of the Statute	Nature of Dues	Amount (Rs. In Lakhs)	Payment to which the amount Relates
EPF & MP Act 1952	PF Contribution	38.60	Nov 2019 to March 2020
ESI Act 1948	ESI Contribution	17.76	Dec 2018 to March 2020
Income tax Act 1961	TDS	10.85	Jan 2020 to March 2020
Income tax Act 1961	Income tax	10.00	Assessment year 2015-16

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Services Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable, except for statutory dues.
- (c) According to information and explanations provided to us, during the year, the Company has implemented the resolution plan as approved by NCLT, Chennai, whereby the past arrears in respect of statutory dues were settled except for past dues of income tax (pending for confirmation from the department).
- (viii) According to the information and explanations given to us, the Holding Company, as part of implementation of the resolution plan approved by the NCLT, Chennai, has settled its dues to the Financial creditors, and satisfaction of charge has been filed with the Registrar of Companies by the respective lenders. The Company has not availed any loans or borrowings from Government or any bank or financial institution during the year. The Company has not issued any debentures.
- (ix) The Holding Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year, hence reporting under clause 3(ix) of the Order is not applicable to the company. As part of the approved resolution plan by NCLT, Chennai, the Holding Company raised equity investment from an investor and is holding the same as Share application money as on 31st March 2020.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Holding Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- (xiv) During the year, the Holding Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence, reporting under clause 3 (xiv) of the Order is not applicable to the Holding Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Holding Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Act, are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **R.SATHYANARAYANAN&CO**  
Chartered Accountants  
Firm Registration Number: 003656S

Sd/-

**(R. SATHYANARAYAN)**

Partner

Membership number: 028377

Place: Chennai

Date: 25.06.2020

## CONSOLIDATED - BALANCE SHEET

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020**

(All amounts in Rs.Lakhs)

Particulars	Note	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>A ASSETS</b>			
1 Non-Current Assets			
(a) Property, Plant and Equipment	3	3,496.91	3,701.90
(b) Goodwill	4	3.58	3.58
(c) Capital Work In Progress		21.21	-
(e) Financial Assets			
(i) Investments		-	-
(ii) Trade Receivables			
(iii) Loans			
(iv) Other financials assets	5	-	3,295.33
(g) Other Non-Current Assets	6	-	99.50
<b>Total Non-Current Assets</b>		<b>3,521.69</b>	<b>7,100.31</b>
<b>2 Current Assets</b>			
(a) Inventories	7	1,141.16	928.23
(b) Financials Assets			
(i) Investments		-	
(ii) Trade Receivables	8	603.48	2,483.37
(iii) Cash and Cash Equivalents	9	848.07	271.32
(iv) Bank balance other than mentioned above		-	
(v) Loans		-	
(vi) Other financials assets			
(c) Other Current Assets	10	1,016.86	1,163.98
(d) Assets classified as held for sale			
<b>Total Current Assets</b>		<b>3,609.57</b>	<b>4,846.90</b>
<b>Total Assets (1+2)</b>		<b>7,131.26</b>	<b>11,947.21</b>
<b>B EQUITY AND LIABILITIES</b>			
1 (a) Equity Capital	11	236.56	2,365.63
(b) Other Equity	12	(660.67)	(459.81)
(c) Share application money	13	5,535.58	-
Equity Attributable to Equity Shareholders		<b>5,111.47</b>	<b>1,905.82</b>
(d) Non controlling Interests	14	8.07	(20.61)
<b>Total Equity</b>		<b>5,119.54</b>	<b>1,885.21</b>

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

Particulars	Note	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
2 Liabilities			
(a) Non-Current Liabilities			
(i) Financial Liabilities			
- Borrowings	15	301.76	2,298.82
- Trade Payable		-	-
- Other Financial Liabilities		-	-
(ii) Provisions			
(iii) Deferred Tax Liabilities (Net)	16	-	617.87
(iv) Other non-current liabilities	17	-	63.22
<b>Total Non-Current Liabilities</b>		<b>301.76</b>	<b>2,979.91</b>
(b) Current Liabilities			
(i) Financial Liabilities			
- Borrowings	18	-	2,323.97
- Trade Payable		-	-
- Dues to micro and small enterprises		-	-
- Dues to Others	19	1,254.14	3,955.85
- Other Financial Liabilities			
(ii) Other Current Liabilities	20	455.82	802.28
(iii) Provisions		-	-
(iv) Current Tax Liabilities (net)		-	-
<b>Total Current Liabilities</b>		<b>1,709.96</b>	<b>7,082.09</b>
<b>Total Liabilities</b>		<b>2,011.72</b>	<b>10,062.00</b>
<b>Total Equity and Liabilities</b>		<b>7,131.26</b>	<b>11,947.21</b>
Basis of preparation, measurement and significant accounting policies	2		

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

Chartered Accountants

FRN No: 003656 S

Sd/-

**R.SATHYANARAYAN**

(Partner)

M.No. 028377

Place : Chennai

Date : 25-06-2020

For and on Behalf of the Board

Sd/-

**BAFNA MAHAVEER CHAND**

[Managing Director]

[DIN : 01458211]

Sd/-

**M.SRIDHAR**

[Chief Financial Officer]

Sd/-

**PARAS BAFNA**

Whole Time Director]

[DIN : 01933663]

Sd/-

**JITENDRA KUMAR PAL**

[Company Secretary]

[M No : 15388]

## CONSOLIDATED - STATEMENT OF PROFIT AND LOSS

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(All amounts in Rs.Lakhs)

	Note	Year ended As at 31 <sup>st</sup> March, 2020	Year ended As at 31 <sup>st</sup> March, 2019
<b>A</b> Income from operations			
(a) Net sales/income from operations	21	4,247.25	4,362.66
(c) Other Income	22	25.53	38.60
<b>Total income from operations net</b>		<b>4,272.78</b>	<b>4,401.26</b>
<b>B</b> Expenses			
(a) Cost of Raw Material Consumed	23	3,024.25	3,329.44
(b) Purchases of Stock in Trade	24	1.90	46.36
(c) Changes in Inventories of Finished Goods, Work in progress and Stock in trade	25	(323.78)	81.14
(d) Employee benefits expense	26	1,025.16	901.29
(e) Depreciation and amortisation expense	27	326.66	347.62
(f) Finance costs	28	9.55	212.66
(g) Other expenses	29	397.38	1,312.03
<b>Total expenses</b>		<b>4,461.11</b>	<b>6,230.53</b>
Profit before tax		(188.34)	(1,829.28)
Tax expense			
Current Tax			
Deferred Tax		-	106.74
<b>Profit for the period</b>		<b>(188.34)</b>	<b>(1,936.02)</b>
Profit of Non controlling Interest /Minority Interest		(28.69)	(52.01)
<b>Exceptional Item</b>	<b>30</b>	(2,255.91)	100.99
<b>Other Comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		-	-
Total Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		(2,472.93)	<b>(1,887.05)</b>
Total other comprehensive income net of tax		-	-
Total comprehensive income for the period		<b>(2,472.93)</b>	<b>(1,887.05)</b>
Earnings per Equity share			
Equity shares of par value Rs. 10 each			
(a) Basic		(15.52)	(11.48)
(b) Diluted		(15.52)	(11.48)
Basis of preparation, measurement and significant accounting policies	2		

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

#### FOR R.SATHYANAYANAN & CO

Chartered Accountants

FRN No: 003656 S

Sd/-

**R.SATHYANARAYAN**

(Partner)

M.No. 028377

Place : Chennai

Date : 25-06-2020

For and on Behalf of the Board

Sd/-

**BAFNA MAHAVEER CHAND**

[Managing Director]

[DIN : 01458211]

Sd/-

**M.SRIDHAR**

[Chief Financial Officer]

Sd/-

**PARAS BAFNA**

[Whole Time Director]

[DIN : 01933663]

Sd/-

**JITENDRA KUMAR PAL**

[Company Secretary]

[M No : 15388]

## CONSOLIDATED - STATEMENT OF CASH FLOWS

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(All amounts in Rs.Lakhs)

Particulars	Year ended As at 31 <sup>st</sup> March, 2020	Year ended As at 31 <sup>st</sup> March, 2019
<b>Cash Flow from Operating Activities:</b>		
Net Profit Before Tax	(188.34)	(1,829.28)
<b>Adjustments for:</b>		
Depreciation	326.66	347.62
Interest Paid	9.55	212.66
Interest Received	(3.94)	(11.72)
Other Income	(20.84)	
Sundry Balance Write Back	-	(3.01)
Lease Rent Received	(0.75)	(0.75)
Exceptional Item – Impact of impairment financial Asset	(2,255.91)	-
<b>Operating Profit before Working Capital Changes</b>	<b>(2133.57)</b>	<b>(1,284.48)</b>
Adjustment For:		
[Increase]/decrease in Inventories	(212.92)	139.19
[Increase]/decrease in Trade Receivables	1,879.90	(55.43)
[Increase]/decrease in Short Term Loans and Advances	147.11	(80.55)
Increase/[decrease] in Trade Payables	(2,701.72)	1,094.84
Increase/[decrease] in Other Current Liabilities	(409.67)	7.71
<b>Cash generated from Operation</b>	<b>(3430.87)</b>	<b>178.71</b>
Less: Tax Paid	-	-
<b>Net Cash Used in Operating Activity (A)</b>	<b>(3,430.87)</b>	<b>(178.71)</b>
<b>Cash Flow from Investing Activities:</b>		
Sale of Fixed Assets		493.24
Purchase of Fixed Assets	(142.88)	(33.31)
Sundry Balance Written back	-	3.01
Lease Rent Received	0.75	0.75
Interest Received	3.94	11.72
Other Income	20.84	-
Changes in Long Term Loans and Advances	3,394.83	1,093.09
Change in Other Non- Current Assets	-	(32.29)
<b>Net Cash used in Investing Activities (B)</b>	<b>3,277.48</b>	<b>1,536.21</b>
<b>Cash Flow from Financing Activities</b>		
Issue of Shares, Share application money & Application Activities / Changes in Reserves	5,535.58	138.01
Changes Long Term Borrowings	(1,997.06)	(1,258.15)
Proceed from Short Term Borrowings	(2,323.97)	(5.14)
Interest Paid	(9.55)	(212.66)
Diminution in value of investment in subsidiary	143.00	-
Write back of deferred Tax liability	(617.87)	(43.33)
<b>Net Cash from Financing Activities (C)</b>	<b>730.14</b>	<b>(1,381.27)</b>
<b>Net Increase/ [Decrease] in Cash or Cash Equivalents [A+B+C]</b>	<b>576.75</b>	<b>(23.79)</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>271.32</b>	<b>295.12</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>848.07</b>	<b>271.32</b>

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

##### FOR R.SATHYANAYANAN & CO

Chartered Accountants  
FRN No: 003656 S

Sd/-  
**R.SATHYANARAYAN**

(Partner)  
M.No. 028377  
Place : Chennai  
Date : 25-06-2020

For and on Behalf of the Board

Sd/-  
**BAFNA MAHAVEER CHAND**  
[Managing Director]  
[DIN : 01458211]

Sd/-  
**M.SRIDHAR**  
[Chief Financial Officer]

Sd/-  
**PARAS BAFNA**  
Whole Time Director  
[DIN : 01933663]

Sd/-  
**JITENDRA KUMAR PAL**  
[Company Secretary]  
[M No : 15388]

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020****3. PROPERTY PLANT AND EQUIPMENT**

	LAND	BUILDING	PLANT & MACHINERY	OFFICE EQUIPMENT	LAB EQUIPMENT	OTHER ANCILLARY EQUIPMENTS	HOT AIR VENTILATION COOLING SYSTEMS	ELECTRICAL INSTALLATION	FURNITURE & FITTINGS	VEHICLES	AIR CONDITIONERS & WATER COOLER	COMPUTER	TOTAL
<b>Gross Block</b>													
Balance as at 1 <sup>st</sup> April 2018	19.32	2,176.40	946.38	64.51	794.59	1,620.95	372.59	339.12	183.18	17.82	557.26	161.96	7,254.07
Additions			12.69		10.40							10.22	33.31
Disposals													-
Balance as at 31 <sup>st</sup> March 2019	19.32	2,176.40	959.07	64.51	804.99	1,620.95	372.59	339.12	183.18	17.82	557.26	172.19	7,287.38
Additions			61.34	0.28	29.42	13.23			0.84	0.40		16.17	121.67
Disposals													-
Balance as at 31 <sup>st</sup> March 2020	19.32	2,176.40	1,020.41	64.79	834.40	1,634.17	372.59	339.12	184.02	18.22	557.26	188.36	7,409.06
<b>CAPITAL WORK IN PROGRESS</b>													
Balance as at 1 <sup>st</sup> April 2018	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions													-
Disposals													-
Balance as at 31 <sup>st</sup> March 2019	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions		21.21											21.21
Disposals													-
Balance as at 31 <sup>st</sup> March 2020	-	21.21											21.21
<b>Accumulated Depreciation</b>													
Balance as at 1 <sup>st</sup> April 2018	-	659.54	236.03	53.37	560.53	809.39	52.73	312.17	131.35	16.66	281.14	147.48	3,260.40
Additions		73.53	98.60		69.85	35.61	17.70	10.03	13.16	1.16	5.06	0.40	325.08
Disposals													-
Balance as at 31 <sup>st</sup> March 2019	-	733.07	334.63	53.37	630.38	845.00	70.43	322.21	144.50	17.82	286.20	147.88	3,585.48
Additions		74.16	99.11	0.26	71.88	35.48	17.70	-	10.14	0.03	3.71	14.17	326.66
Disposals													-
Balance as at 31 <sup>st</sup> March 2020	-	807.23	433.74	53.63	702.26	880.48	88.12	322.21	154.64	17.85	289.92	162.06	3,912.14
<b>Net Block</b>													
Balance as at 31 <sup>st</sup> March 2018	19.32	1,516.85	710.35	11.14	234.06	811.56	319.87	26.94	51.84	1.16	276.12	14.48	3,993.67
Balance as at 31 <sup>st</sup> March 2019	19.32	1,443.33	624.44	11.14	174.60	775.95	302.17	16.91	38.68	(0.00)	271.05	24.31	3,701.90
Balance as at 31 <sup>st</sup> March 2020	19.32	1,390.38	586.67	11.16	132.14	753.70	284.47	16.91	29.38	0.37	267.34	26.30	3,518.12



## CONSOLIDATED - NOTES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020

(All amounts in Rs.Lakhs)

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>4 INTANGIBLE ASSETS</b>		
<b>Gross Block</b>		
<b>Balance as at 31<sup>st</sup> March 2019</b>	3.58	3.58
Additions	-	-
Disposals	-	-
<b>Balance as at 31<sup>st</sup> March 2020</b>	3.58	3.58
<b>Accumulated Depreciation</b>		
<b>Balance as at 31<sup>st</sup> March 2019</b>	-	-
Additions	-	-
Disposals	-	-
<b>Balance as at 31<sup>st</sup> March 2020</b>	-	-
<b>Net Block</b>		
<b>Balance as at 31<sup>st</sup> March 2019</b>	3.58	3.58
<b>Balance as at 31<sup>st</sup> March 2020</b>	3.58	3.58
<b>5 OTHER FINANCIAL ASSETS</b>		
<b>NON-CURRENT</b>		
Advance to suppliers	-	2,965.17
Advance Others	-	330.16
	-	<b>3,295.33</b>
<b>6 OTHER NON-CURRENT ASSETS</b>		
Product Registration	99.50	53.16
New Registrations	-	63.43
Less: Amortisation charged to P&L Account	-	(17.09)
Less: Written off as per approved plan	(99.50)	-
	-	<b>99.50</b>
<b>7 INVENTORIES</b>		
Raw material	443.06	291.99
Work In Progress	291.83	128.50
Finished goods	268.54	108.08
Other goods	120.16	89.21
Stores and spares	17.57	310.45
	<b>1,141.16</b>	<b>928.23</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>
<b>8 TRADE RECEIVABLES</b>		
(Unsecured unless otherwise stated)		
Considered good		
i) Trade receivables - More than 6 months	75.20	1849.56
ii) Others	528.28	633.81
Considered doubtful		
Less: Allowance for bad and doubtful debts	-	-
	<b>603.48</b>	<b>2,483.37</b>
<b>9 CASH AND CASH EQUIVALENTS</b>		
<b>Cash on hand</b>	0.43	0.30
<b>Balance with Banks</b>		
in current accounts	818.10	13.65
<b>BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Earmarked balances with banks		
Margin money deposits	29.54	257.37
	<b>848.07</b>	<b>271.32</b>
<b>10 OTHER CURRENT ASSETS</b>		
Advance From Customers	202.13	-
Employees Advances	0.85	-
Deposits with Govt. or Semi Govt. Depot.	31.08	28.01
Deposits with Others	7.25	484.75
TDS Receivable	64.73	55.42
Sales Tax Refund account	-	4.22
GST receivable	698.02	572.20
Prepaid expenses	12.80	7.95
License On hand	-	11.43
	<b>1,016.86</b>	<b>1,163.98</b>
<b>11 EQUITY SHARE CAPITAL</b>		
	<b>Balance</b>	
As at 1 <sup>st</sup> April, 2019	2,365.63	
Less : Capital Reduction as per approved resolution plan	2,129.07	
As at 31 <sup>st</sup> March, 2020	<b>236.56</b>	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

	As at 31 <sup>ST</sup> March, 2020	As at 31 <sup>ST</sup> March, 2019
<b>12 A. OTHER EQUITY</b>		
A. Summary of Other Equity balance		
Capital Reserve	2,841.14	569.07
Share Premim	4,131.14	4,131.14
General Reserve	185.23	185.23
Retained Earnings	(7,818.18)	(5,345.25)
<b>Total Other Equity</b>	<b>(660.67)</b>	<b>(459.81)</b>
<b>13 SHARE APPLICATION MONEY</b>	5,535.58	
<b>TOTAL</b>	<b>5,535.58</b>	-
Refer Page No: 130 - General Notes 36(g)		
<b>14 NON CONTROLLING INTEREST</b>		
Share Capital	20.61	(72.63)
Revenue profit	(28.69)	93.24
<b>TOTAL</b>	<b>(8.07)</b>	<b>20.61</b>

**C. STATEMENT OF CHANGES IN OTHER EQUITY**

(All amounts in Rs.Lakhs)

	Reserves and Surplus				Total
	Capital Reserve	Share Preimum	General Reserve	Retained Earnings	
As at 1 <sup>st</sup> April, 2019	569.07	4,131.14	185.23	(5,345.25)	(459.81)
Profit for the year				(188.34)	(188.34)
Exceptional Items				(2,255.91)	(2,255.91)
Profit of Non controlling Interest /Minority Interest			-	(28.69)	(28.69)
Capital Reduction as per Resolution Plan	2,129.07				2,129.07
Diminution in Value of Investment in subsidiary	143.00				143.00
Other comprehensive Income/ Loss for the year					-
Total comprehensive income for the year	2,272.07	-	-	(2,472.93)	(200.86)
As at 31 <sup>st</sup> March, 2020	2,841.14	4,131.14	185.23	(7,818.18)	(660.67)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>15 BORROWINGS</b>		
<b>Secured</b>		
DBS WORKING CAPITAL TERM LOAN	-	203.89
STATE BANK OF INDIA	-	1,881.87
<b>Un Secured</b>		
From DIRECTORS	253.83	213.06
From Others	47.93	-
	<b>301.76</b>	<b>2,298.82</b>
<p>The Implementation and Monitoring committee has fully settled the Financial Creditors(Bank borrowings) as per the approved Resolution Plan. The Financial Creditors on receipt of the same had issued NO DUE CERTIFICATES and filed the Satisfaction of Charges with Registrar of Companies.</p>		
<b>16 DEFERRED TAX LIABILITIES (NET)</b>		
DEFERRED TAX LIABILITIES (NET)	-	617.87
	-	<b>617.87</b>
<b>17 OTHER NON-CURRENT LIABILITIES</b>		
Trade Deposit	-	3.00
M.R.Impex	-	60.22
<b>Total</b>	-	<b>63.22</b>
<b>18 SHORT TERM BORROWINGS</b>		
<b>SECURED</b>		
<b><u>INDUSTRIAL DEVELOPMENT BANK OF INDIA</u></b>		
Cash credit Account	-	1,003.22
<b><u>BANK OF CEYLON</u></b>		
Cash Credit Account	-	311.05
<b><u>DEVELOPMENT CREDIT BANK</u></b>		
Cash Credit Account	-	1,009.70
<b>Total</b>	-	<b>2,323.97</b>

The Implementation and Monitoring committee has fully settled the Financial Creditors(Bank borrowings) as per the approved Resolution Plan. The Financial Creditors on receipt of the same had issued NO DUE CERTIFICATES and filed the Satisfaction of Charges with Registrar of Companies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>19 TRADE PAYABLE</b>		
DUES TO OTHERS		
<b>Trade payable</b>		
Sundry Creditors BPL	1,254.14	3,942.40
Sundry Creditors BLRL	-	13.45
<b>Total</b>	<b>1,254.14</b>	<b>3,955.85</b>
The Implementation and Monitoring committee settled the Trade Payables as per the approved Resolution Plan.		
<b>20 OTHER CURRENT LIABILITIES</b>		
Outstanding expenses	183.99	462.41
TDS payable	10.85	14.83
Advance from Customer	250.98	125.35
Income Tax	10.00	199.69
<b>Total(B)</b>	<b>455.82</b>	<b>802.28</b>
<b>21 REVENUE FROM OPERATIONS</b>		
Sale of products		
Sales (Domestic)	1,642.52	1,732.36
Sales (Export)	2,496.32	2,603.53
Other operating revenue		
FR & D INCOME - Analytical research income	108.41	26.77
<b>Grand Total</b>	<b>4247.25</b>	<b>4362.66</b>
<b>22 OTHER INCOME</b>		
Interest Income		
Bank deposits	3.55	2.15
Others	0.39	9.57
Commission Received	-	13.28
Gain or (Loss) on Exchange Exchange	20.84	8.54
Export Incentive	-	1.30
Rent Received	0.75	0.75
Sundry Balances Written off	-	3.01
	<b>25.53</b>	<b>38.60</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>23 COST OF MATERIALS CONSUMED</b>		
<b>Cost Of Raw Materials Consumed</b>		
Opening Stock	291.99	322.76
Add: Purchase	2,090.16	2,235.78
Less: Closing Stock	(443.06)	(291.99)
<b>Raw Material Consumed (A)</b>	<b>1,939.10</b>	<b>2,266.55</b>
<b>COST OF PACKING MATERIAL CONSUMED:</b>		
Opening stock	89.21	112.97
Add:Purchase	412.20	362.99
Less: Closing stock	(120.16)	(89.21)
<b>Packing Material Consumption (B)</b>	<b>381.26</b>	<b>386.75</b>
<b>Manufacturing Expenses</b>		
Consumable Stores	42.74	30.35
Analytical Expenses	35.21	23.08
Power & Fuel	268.85	249.92
Machinery Maintenance	115.81	114.76
Factory Maintenance	34.05	74.74
Chemical Purchase	42.37	41.85
Security Charges	9.02	8.04
Repairs & Maintenance	13.73	5.44
Other Manufacturing	131.63	116.68
<b>TOTAL (C)</b>	<b>693.41</b>	<b>664.88</b>
<b>Freight</b>		
Freight Charges (D)	10.49	11.27
<b>TOTAL COST OF MATERIALS CONSUMED (A+B+C+D)</b>	<b>3,024.25</b>	<b>3,329.44</b>
<b>24 PURCHASE OF STOCK IN TRADE</b>		
Purchase of stock in Trade	1.90	46.36
	<b>1.90</b>	<b>46.36</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS STOCK IN PROCESS &amp; STOCK-IN-TRADE</b>		
Closing Inventories :		
Finished Goods	268.54	108.08
Work in progress	291.83	128.50
<b>Total</b>	<b>560.36</b>	<b>236.58</b>
Opening Inventories :		
Finished Goods	108.08	163.28
Work in progress	128.50	154.44
<b>Total</b>	<b>236.58</b>	<b>317.71</b>
<b>Change In Inventories</b>	<b>(323.78)</b>	<b>81.14</b>
<b>26 EMPLOYEE BENEFITS EXPENSES</b>		
Salary	883.29	781.54
Bonus	31.00	31.00
P.F. Company's Contribution	47.59	44.94
E.S.I Company's Contribution	8.49	12.74
Staff Welfare	54.79	31.07
	<b>1,025.16</b>	<b>901.29</b>
<b>27 DEPRECIATION AND AMORTISATION CHARGES</b>		
Depreciation and Amortisation expenes	326.66	347.62
	<b>326.66</b>	<b>347.62</b>
<b>28 FINANCE COST</b>		
Interest To Bank	-	196.84
Bank Charges	9.45	15.82
Interest To Others	0.10	-
	<b>9.55</b>	<b>212.66</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>29 OTHER EXPENSES</b>		
A. DIRECTORS REMUNERATION:		
Bafna Mahaveer Chand	20.50	18.60
Paras Bafna	16.00	14.40
	<b>36.50</b>	<b>33.00</b>
B. PAYMENT TO AUDITORS		
Audit Fees	3.50	3.62
Tax Audit Fees	0.50	0.50
Certification & Other Services	-	0.30
	<b>4.00</b>	<b>4.42</b>
C. INSURANCE EXPENSES		
Insurance	9.35	1.02
	<b>9.35</b>	<b>1.02</b>
D. OTHERS :		
Rent & lease rent	24.92	20.84
Postage & telegram	4.80	7.89
Telephone	4.10	3.61
Conveyance	12.25	10.67
Travelling expenses	15.21	15.64
Printing & stationery	16.76	15.82
Subscription & membership	0.58	0.31
Fees	13.76	15.51
Office maintenance	1.45	0.97
Vehicle maintenance	1.48	2.62
Miscellaneous expenses	3.93	8.55
Professional charges	22.58	16.80
Repairs & maintenance	46.35	8.41
Sundry Balances Written off	2.71	12.11



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>29 OTHER EXPENSES - (Contd)</b>		
Directors sitting fees	1.65	1.37
Bad debts	-	947.48
Freight & transportation	30.59	75.36
Advertisement	1.22	0.90
Sales promotion	4.97	4.72
MHRA Audit Fees	14.64	-
Commissioning & Laisioning	3.71	-
Liquidative Damages	-	0.05
Packing Charges	0.13	0.20
Rates & Taxes	1.92	11.37
Software Maintenance	19.64	12.65
Consultant Fees	2.84	19.75
Legal Fees	56.77	-
IRP and RP Fees	21.05	16.22
Exchange Difference	5.56	8.69
Stock Exchange Fees	9.92	33.87
Internal Audit Fees	2.08	1.20
<b>TOTAL</b>	<b>347.53</b>	<b>1,273.59</b>
<b>Grand Total - Other exp (A+B+C+D)</b>	<b>397.38</b>	<b>1,312.03</b>
<b>30</b> Exception Items - Refer Page No. 130 General Notes 36(f)	2,255.91	100.99
<b>Grand Total</b>	<b>2,255.91</b>	<b>-</b>

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

**FOR R.SATHYANAYANAN & CO**

Chartered Accountants

FRN No: 003656 S

Sd/-

**R.SATHYANARAYAN**

(Partner)

M.No. 028377

Place : Chennai

Date : 25-06-2020

For and on Behalf of the Board

Sd/-

**BAFNA MAHAVEER CHAND**

[Managing Director]

[DIN : 01458211]

Sd/-

**M.SRIDHAR**

[Chief Financial Officer]

Sd/-

**PARAS BAFNA**

Whole Time Director]

[DIN : 01933663]

Sd/-

**JITENDRA KUMAR PAL**

[Company Secretary]

[M No : 15388]

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

**31 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

**31.1 Name of the related Party**

- a) Mr.BAFNA MAHAVEER CHAND
- b) Mr. PARAS BAFNA
- c) Mrs. CHETNA BAFNA
- d) Mr. NAVEEN BAFNA
- e) Mrs. SASIKALA BAFNA

**31.2 Directors' Interest**

- a) BAFNA LIFESTYLES REMEDIES LIMITED
- b) BHANSILAL & CO (HUF)

**31.3** The Directors of the Subsidiary Company Ms. Hemalatha and Ms. Sabitha are the employee of the Company

SI. NO	Particulars	Key Management Personnel	Rel of KMP	Total as on 31.03.2020	As on 31.03.2019
1	Rendering Services	Bafna Mahaveer Chand	Paras Bafna and Naveen Bafna	36.50	37.09
2	Leasing or Hire Purchase	-	Bhansilal Bafna (HUF)	6.75	6.75
3	Finance loans and Equity in Cash or Kind	Bafna Mahaveer Chand	Paras Bafna, Naveen Bafna and Sasikala Bafna	301.76	213.06
4	Rent	Bafna Mahaveer Chand	Bhansilal Bafna (HUF)	24.61	19.80

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

**32 FOREIGN CURRENCY TRANSACTIONS**

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

**33 RESEARCH AND DEVELOPMENT EXPENDITURE**

(Rs. In lakhs)

<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2020</b>	<b>As at 31<sup>st</sup> March 2019</b>
Capital Expenditure	5.99	-
Revenue Expenditure	100.95	75.27
<b>Total</b>	<b>106.94</b>	<b>75.27</b>

**34 CONTINGENT LIABILITIES NOT PROVIDED FOR**

(Rs. In lakhs)

<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2020</b>	<b>As at 31<sup>st</sup> March 2019</b>
a) In respect of Letter of Credit and Bank Gaurantee	-	-
b) Bonds have been executed in favour of Customs Authorities for the purchase of materials and capital goods without payment of duty	2.50	2.50

**35 GOODS AND SERVICE TAX**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAR, 2020 - (Contd.)**

(All amounts in Rs.Lakhs)

**36 GENERAL**

- a) The details of Statutory dues pending as at 31<sup>st</sup> march 2020 are given below

Name of the Statue	Nature of Dues	Amount ( Rs. In Lakhs)	Payment to which the amount Relates
EPF & MP Act 1952	PF Contribution	38.60	Nov 2019 to March 2020
ESI Act 1948	ESI Contribution	17.76	Dec 2018 to March 2020
Income Tax Act 1961	TDS	10.85	Jan 2020 to March 2020
Income Tax Act 1961	Income Tax Dues	10.00	Assessment Year 2015-2016

- b) Balances under Trade Payables, debtors, loans and advances some of them remain unconfirmed.
- c) Advances given to suppliers for supply of materials and others remain unconfirmed. It was explained that supply will be made in the ensuing year.
- d) The Fixed deposit of sum of Rs. 29.54 ( Rs. in Lakhs) (Previous Year Rs257.37(Rs.In Lakhs) ) lying with ICICI are under lien against Bank Gaurantee Margin, LC Margin Money.
- e) Previous Years figures have been reclassified, regrouped and re-arranged wherever necessary.
- f) Pursuant to the approval of the Resolution Plan by the NCLT, Chennai, the company has implemented the plan . In accordance with the same, the Company has written off and written back certain assets and Liabilities and net effect of the same is shown under the Head ' Exceptional Items".
- g) The company received Money to implement the Resolution Plan and the balance money was received during the lock down period . There were some in delays obtaining approvals from Stock Exchanges with regard to Reduction of Share Capital and listing approval and also the Lock down resulted in delay in allotment of shares. Hence, shown under the head share application Money.

**Significant Accounting Policies and Notes of Financial Statement 1 to 36 as per our report of event date****FOR R.SATHYANAYANAN & CO**

Chartered Accountants

FRN No: 003656 S

Sd/-

**R.SATHYANARAYAN**

(Partner)

M.No. 028377

Place : Chennai

Date : 25-06-2020

For and on Behalf of the Board

Sd/-

**BAFNA MAHAVEER CHAND**

[Managing Director]

[DIN : 01458211]

Sd/-

**M.SRIDHAR**

[Chief Financial Officer]

Sd/-

**PARAS BAFNA**

Whole Time Director]

[DIN : 01933663]

Sd/-

**JITENDRA KUMAR PAL**

[Company Secretary]

[M No : 15388]

## CONSOLIDATED - NOTES

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

#### A. Corporate information

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

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

These Consolidated Financial statements were authorised for issue by the Company's Board of Directors on the 25th of June 2020.

#### B. Significant Accounting Policies

##### 1 Basis of preparation

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

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

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

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

- b. The financial statements of the Group have been prepared and presented in accordance with IND-AS principles, however items of current assets and Liabilities have not been measured at fair values on account of reasons stated in (3) below under Basis of Measurement Management evaluates all the applicable accounting standards on going concern basis.
- c. All amounts included in the financial statements are reported in lakhs of Indian rupees except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures. Previous year figures have been regrouped/ re-arranged, wherever necessary.
- d. These financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following in respect of the Holding Company, which have been either written off or written back in accordance with resolution plan approved by NCLT, Chennai:

- i) Major items of Current assets : Long outstanding Receivables, Advances to Suppliers, Non-moving stores and spares
  - ii) Major items of Current Liabilities, Secured Loans: Financial creditors, Operational creditors, certain provisions and statutory dues.
- e. All other assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

## **2. Statement of Compliance with IND AS**

The Consolidated Financial Statements Balance sheet, Statement of Profit and Loss, Statement of Changes in equity, Statement of Cash flow together with notes have been prepared in accordance with IND AS principles, as notified [subject to Clause 1 (b) above] above duly approved by the Board of Directors at its meeting held on 25<sup>th</sup> June 2020, except in respect of the Holding Company's financial instruments, i.e. :

- a. Valuation and Measurement of Work in progress besides inventory costing methodology applied which is not strictly in consonance with IND AS 2 principles.
- b. Impairment of Financial instruments [stated 1(d) hereinabove], which is not in accordance with IND AS 109.

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

The Group adopted Ind AS for the first time in preparation of financial statements for the year ended march 31, 2018.

## **3. NCLT proceedings in respect of the Holding Company**

Initiation of IBC Proceedings had already been disclosed in detail in our annual Report for the FY 2018-2019. In continuation of the same,, The proceedings are as follows :

Appeal with NCLAT

Aggrieved by the Order of NCLT Chennai, M/s Saravana Global Holdings Limited and P Shobha (minority shareholders) filed an appeal to National Company Law Appellate Tribunal, New Delhi (NCLAT). NCLAT vide its order dated 28th February 2019 has passed the following Order.:-

Until further order the monitoring committee will not handover the possession of corporate debtor to the Resolution Applicant if not yet handed over. In case the possession of the corporate debtor has been handed over the resolution applicant will maintain the status quo and will not alienate, transfer or create third party encumbrance of movable or immovable property of the corporate debtor. The concerned person will ensure that the company remains a going concern.

The case posted to further hearing on 02nd April 2019

Subsequently Mr. Mahaveer Chand Bafna (Resolution Applicant), had filed reply. Resolution Professional, COC and the Company (Corporate Debtor) were made party for hearing with Honourable NCLAT.

The case, posted to further hearings on various dates viz., 25th April 2019, 02nd May 2019 and 07th May 2019, the Honourable NCLAT instructed the respondents to file their written submission not more than 3 pages and subsequent to the written submissions filed by Mr. Mahaveer Chand Bafna (Resolution Applicant) and parties concerned, the judgement was reserved on 09th May 2019 by NCLAT.

The judgement was pronounced by the NCLAT in the open Court of 04th of July 2019 in favour of Resolution applicant and copy of the order was received by the resolution applicant on 11th July 2019.

The order of the NCLAT was once again challenged by M/s. Saravana Global Holdings Limited in the supreme Court and case was posted on 15th July 2019.

The Honourable Supreme Court dismissed the case on 15th July 2019 and allowed the Resolution applicant for Implementing the Resolution Plan.

The Board at its meeting held on 13.02.2020, wherein Mr. Bafna Mahaveer Chand had explained in detail that the Investors mentioned in the Resolution Plan had backed out due to personal reasons and Mr. Bafna had to identify an another new Investor . To Implement the Approved Resolution plan, the Resolution applicant identified M/s.CVR ENTERPRISES LLP, as New Investor, who invested Rs. 48.33 Crs to successfully implement the plan. Further an amount of Rs. 7.02 Crs was received from M/s. SRJR Lifesciences LLP an affiliate of CVR Enterprises LLP , as Cheque on 30.03.2020 and the same could be deposited on 30.05.2020 owing to lock down due to COVID 19.

The Implementation and Monitoring Committee, appointed by committee of Creditors , comprising of the Supervisor , earlier who was Resolution Professional , Two Representatives of Financial Creditors and one from the Corporate Debtor , had made payments to the Operational creditors ,Financial Creditors,, CIRP Cost , Employee dues and other legal and professional cfees as part of the Resolution plan approved by NCLT Chennai.The Implementation and Monitoring Committee after settling the claims of Operational Creditors, Financial Creditors,, CIRP Cost , Employee dues and other legal and professiona as per NCLT, Chennai, order also disclosed in the Company's website that no claims shall be made from the company is future and any impact on the going concern status and company's operations in future is disclosed under the head, Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future which is detailed at the end of the Directors' Report.

The Total amount as per resolution Plan Rs. 55.38 Crs was fully received and therefore the shares shall be allotted to M/S. SRJR Lifesciences LLP. In view of the present Covid 19 situation in the Country, The allotment will be done at the earliest . Hence the Board in its meeting dated 25.06.2020 disclosed the amount under the head Share application money pending allotment.

The Company is taking necessary steps to allot the shares as soon as possible and list the same in Stock Exchanges ,

Conclusion:

In view of the above, the process of restructuring of assets and liabilities detailed in the Resolution plan and restatement thereof in the Accounts, which was deferred to be carried out during Financial year 2018-19, was implemented during the Financial year 2019-20, and accordingly, net amount of Rs2332.56 Lakhs was written off in the books of accounts, the impact disclosed as Exceptional item in the Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020.

The details of the same are as follows

SUMMARY OF WRITE OFFS	
Nature of Assets	Amount (Rs. In lakhs)
Cash and Bank Balance	191.77
Non- Current Assets- Advance to Suppliers	3,021.91
Stores & Spares	292.87
Diminution in the Value of Subsidiary	143.00
Trade Receivables	1,908.96
Other Non- Current and Current Assets	1,036.38
GRAND TOTAL	6,594.88

SUMMARY OF WRITE BACKS	
Nature of Liabilities	Amount (Rs. In lakhs)
Financial Creditors	1,057.59
Provision for Taxation	189.69
Trade Payables	2,296.88
Other Liabilities	718.16
GRAND TOTAL	4,262.32

#### 4. Revenue Recognition:

The Group had applied IND AS 115 principles for the purposes of recognition of Revenues.

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

The Group adopts a five-step process:

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

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

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

- Whether the amount of consideration is highly susceptible to factors outside the influence of the entity.
- Whether there would be any uncertainty about the amount of consideration not capable of being resolved over a period of time.
- Whether we have experience in handling similar type of contracts
- Whether the contract has large number and broad range of deliverables and consideration amounts.
- Allocate transaction price to the separate performance obligation:



The Group assesses whether there are single or multiple performance obligations and accordingly, follows 2 price estimation methods: i) Costs plus a reasonable margin ii) evaluation of stand-alone prices of similar or same product(s). The Company also prefers discounts or preferences to customer if certain conditions/ policies are met. However, since most of them fixed price contracts, the second scenario generally does not arise.

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

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

Most of the company's contracts begin and end with the same accounting period, and hence, the necessity for restating the contract values does not arise.

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

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

## **5. Inventories (Ref; Note No.8 of Consolidated FS)**

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

Work in progress was being valued on an estimated basis since the accounting software was not supportive, and hence, the Holding Company is in the process of migration to SAP for and from the FY 2020-21. Besides, in general, inventory valuation systems also need streamlining. Hence, the Holding company has not been able to follow the principles as per IND AS 2, which will be complied with once SAP is installed and running.

During Q2, the Holding Company would arrive at the correct WIP based on absorption costing through SAP, and would be able to quantify the impact / difference in opening balance as on 1<sup>st</sup> April 2020.

The management has identified certain items of stores and spares as no longer saleable or usable, and hence, written off as part of resolution plan, which was approved by NCLT, Chennai.

## 6. Financial Instruments:

Non derivative financial instruments consist of:

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

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

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

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

### i. Cash and cash equivalents

The Group's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal. ( Ref: Note No.9 of Consolidated Balance sheet)

### ii. Receivables, Advances to suppliers and other current assets

As detailed in clause 1(d) and vide Clause 3 (NCLT, Chennai, proceedings), the Holding Company has written off a sum of Rs6594.88 Lakhs which were either long pending dues or considered as unrecoverable by the Management (by application of business prudence and judgement) as part of the Resolution plan approved by the NCLT, Chennai, wherein the resolution applicant, Mr Bafna Mahaveer Chand had proposed to do so. These were netted off against old balances of operational creditors and Others (Rs4262.32 Lakhs) which was also part of the resolution plan, and the balance was reflected as a line item under exceptional item in the Statement of Profit and Loss. The Holding Company had opted for FVTPL method to give effect to the impairment. In this process, the process of impairment has not been strictly in compliance to principles as per IND AS 109 since it was part of the resolution plan of NCLT, Chennai which is covered under The Insolvency and Bankruptcy Code, 2016.

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

(Refer Note No.5, 6, 7, 8, & 10 of Consolidated Financial Statement)

**iii. Impairment of Investment of Holding Company in subsidiary** (Refer: Separate line item in Consolidated Cash flow statement )

The Company assesses investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the investment in subsidiary.

Since there were no operations or business conducted in the case of subsidiary, M/S Bafna Lifestyle Remedies Ltd, for 3 years as on 31st March 2018 itself, and since all assets were disposed off, this was construed as “Discontinued operations” during the previous period under IND AS 105.

The recoverable amount of such investment is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of the investment is calculated using projected future cash flows. If the recoverable amount of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss.

Owing to the sequence of events mentioned hereinabove, it was assessed that the recoverable amount as well as the fair value had completely diminished, the book value was written off to the Statement of Profit and Loss.

**Borrowings – Secured and Unsecured**

All secured borrowings by the Holding Company from various Banks were subject matter of settlement as per NCLT, Chennai, approved implementation plan, which was settled to the tune of 70% of the outstanding amounts with the respective institutions. The same has been elaborated vide clause 3 herein above. The resultant balance was Nil as at the end of the financial year. (Refer Note No.15 & 18 of Consolidated Financial Statement)

**iv. Current Liabilities – Trade payables and Statutory dues**

As detailed in clause no 3 hereinabove, all eligible claims from suppliers of the Holding Company were settled as per NCLT, Chennai, resolution plan at the agreed proportion. As regards statutory dues, except for Rs.10 Lakhs kept under separate no lien account in respect of pending dues in respect of Income tax (pending for approval from the department), others have been remitted as per implementation plan.

Since the implementation has been comprehensively complied with, there is no impact to be measured in terms of assessment of fair values as per INDAS 109. (Refer Note No.19 & 20 of Consolidated Financial Statement)

**7. Reduction in Share capital:**

In compliance with the Resolution plan approved by NCLT, Chennai, reduction in share capital to the tune of 90% was carried out, whereby the Equity share capital of the Company got reduced from Rs 2365.63 lakhs to Rs 236.56 lakhs, and difference has been parked under Capital reserves.

As per implementation plan, investment from M/s CVR Enterprises LLP an Affiliate of M/s. SRJR Lifesciences was infused as fresh equity to the tune of Rs 5535.58 Lakhs which was 2,12,90,701.no of shares at face value of Rs 10/- amounting to Rs.2129.07 Lakhs.and premium of Rs 16/- per share amounting to Rs.3406.51 Lakhs.

Since the entire consideration for Equity shares were received only by 30.05.2020, the Allotment of equity shares to the said party as detailed in the resolution plan has to be carried out by the Company (Refer Note No;11 and Note No12.of the Consolidated Financial Statement )

#### **8. IND AS 7: Cash Flow Statement:**

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

Exceptional item, namely Net effect of write offs/write backs of financial assets (refer : Clause 3: NCLT, Chennai, proceedings- "Conclusion" part) has been disclosed as line item under operating activities, while Diminution in value of investment in Subsidiary and write back of deferred tax liability have been disclosed as separate line items.

The Group has not adopted a new policy nor has brought about any voluntary change to the Accounting policy.

#### **9. IND AS 10: Events after the Reporting period:**

Uncertainty relating to the global health pandemic on COVID-19

Since the lockdown on account of the COVID-19 pandemic was announced during the last week of March 2020, the real impact dawned since the commencement of FY 2020-21. The Holding Company did not have any impact during this last phase of FY 2019-20, since the factories were operating with planned production plan and with required staff/ labour strength..

From the beginning of Financial year until date of approval of financial statements, the Holding Company is perceiving certain operational issues in the following area:

- Restrictive manpower usage due to lower productivity
- Delays in deliveries due to transportation
- Delays in receipt of Raw materials and other consumables resulting in cancellation of orders
- Weak collections

The Holding Company would assess the impact as at the end of Q1 or during the later periods since the economic matrix on account of the pandemic is still evolving, and attempt to quantify the impact at that juncture.

#### **10. Income Taxes**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum alternate tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income tax act. However, credit of

such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of mat is recognized as an asset based on the management's estimate of its recoverability in the future.

Appendix C to IND AS 12 - Uncertainty over income tax treatments: Appendix C to Ind AS 12 clarifies the accounting for uncertainties in income taxes.

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of Appendix C to Ind AS 12 did not have any material impact on the Consolidated financial statements of the Company.

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

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

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

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

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

As part of the resolution plan, the Holding Company has written back the deferred tax liability of Rs. 617.87 lakhs since the importance of the same had got decimated owing to restructuring / impairment of financial assets in line with the NCLT, Chennai, order relating to , and hence, such liabilities is considered as not payable (Ref: Separate Line Item in the Consolidated Cash flow statement)

## 12. Property, Plant and Equipment:

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

Assumptions and Key Sources of estimation Uncertainty

Useful life of Property, Plant & equipment (PPE)

The Company has reviewed the estimated useful lives of PPE at the end of each reporting period.

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

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

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

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

### Subsequent costs

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

### Depreciation

Depreciation is recognized in the Statement of Profit and Loss under Straight Line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in schedule II. Assets costing Rs.5000 or below acquired during the year considered not material and are depreciated in full retaining Re.1/- per asset.

The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

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

### 13. Leases

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

### 14. Employee Benefits

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

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

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

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

Name of the Statute	Nature of Dues	Amount (Rs. In Lakhs)	Payment to which the amount Relates
EPF & MP Act 1952	PF Contribution	38.60	Nov 2019 to March 2020
ESI Act 1948	ESI Contribution	17.76	Dec 2018 to March 2020

#### ii) Gratuity

The Company 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 15days last drawn salary payable for each completed year of services. Actuarial valuation has been computed by a third party assessor 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. However, the Liability as per the LIC of India and as the third party actuary firm is yet to be compared and the impact needs to be quantified, which the company proposes to carry out in the ensuing financial period.

Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the re-measurement using the assumptions used for

the re-measurement; and determine the net interest for the remaining period based on the re-measured net defined benefit liability or asset. The impact of the adoption of amendment to Ind AS 19 is yet to be arrived at by the company, and the same, if any, would be quantified during the ensuing financial period.

#### 15. Effects of change in Foreign exchange rates

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

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

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

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

#### 16. Borrowing Costs

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

The Group does not have any instance of capitalising borrowal cost to its assets. The Borrowing costs booked in accounts are on account of costs of utilisation of minimum credit facilities extended by banks.

#### 17. Related Party disclosures

Sl.No	Particulars	Key Management Personnel	Rel of KMP	31.03.2020	31.03.2019
1	Rendering Services	Bafna Mahaveer Chand	Paras Bafna and Navin Bafna	36.50	37.09
2	Leasing or Hire Purchase		M.Bhansilal &Co (HUF)	6.75	6.75
3	Finance loans and Equity in Cash or KIND	Bafna Mahaveer	Paras Bafna, Navin Bafna and Sasikala Bafna	301.76	213.06
4	Rent	Bafna Mahaveer Chand	M.Bhansilal & Co (HUF)	24.61	19.80



## **18. Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share.

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

## **19. Interim Financial Reporting**

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

## **20. Impairment of Assets**

The carrying amount of the Company's assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized if the carrying of amount an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. Impairment losses recognised in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

Reversal of impairment loss

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

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

The Company has carried out impairment of its financial assets and liabilities as detailed in Clause 6 (ii, iii &v))

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

## **21. Provisions, Contingent Liabilities and Contingent Assets**

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

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

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

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

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

The Contingent assets or liabilities are disclosed in respect of the financial period in question in the Note no: 34 of the consolidated financial statement.

The relevant Clause as approved in the Resolution Plan is Reproduced herewith :

Further any liability crystallizing out of the contingent liabilities or disputed legal cases of the Company or any other unknown or unclaimed liability pertaining to a transaction or incident dating to a period prior to the Insolvency Commencement date or during the corporate insolvency resolution process which does not find a place in the approved Resolution Plan, shall be deemed to have lapsed on the approval of the plan; and the Company shall be deemed to have been duly discharged from all legal liability arising from such antecedent claims.

## **22. Intangible Assets**

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

Subsequent expenditure

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

Amortisation of intangible asset with finite useful lives

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

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

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

### **23. IND AS 108: Segment Reporting**

The Group has only one Segment of Business i.e.,Pharmaceuticals and the Financials are depicted as per INDAS requirements.

### **24. Regulatory Deferral Accounts**

The Holding Company's operations are subject to Technical Regulatory regimes such as MHRA of UK, WHO and various licences/approvals. They are pertinent in terms of maintaining high world class standards in order to enable procurement of export orders.

However, they are not exactly linked to product rates or neither is there any control factor on the prices that it would charge its customers.

Hence, there would be no direct monetary impact on the company, except for certain degree of Regulatory risks since the obtention of orders hinges on clearance of licences and approvals. There would be no impact on the rates or prices, and hence, does not require any specific disclosures.

### **25. Financial risk management**

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

#### **25.1 Credit risk :**

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

#### **25.2 Liquidity risk :**

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

#### **25.3 Market risk :**

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

#### **24.4 Commodity price risk**

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

## 24.5 Foreign currency risk management

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

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

- 25.6 Foreign currency sensitivity analysis the Company is principally exposed to foreign currency risk against USD, Euro and GBP

( Fig in Lakhs)

Particulars	USD	GBP	AUD	EUR
<b>As at march 31, 2020</b>				
- Liabilities	0.00	0.51	0.00	0.41
- assets	4.45	2.04	1.83	0.28
<b>As at march 31, 2019</b>				
- Liabilities	0.00	0.00	0.00	0.00
- assets	6.78	.052	0.00	0.31

## 25.7 Interest rate risk management

The Holding Company's borrowal during the current period is very minimum since all the financial creditors have been settled vide NCLT, Chennai, implementation plan, and hence, the necessity to design any risk policy did not arise.

## 26. Capital Management

The Group's capital comprises of equity share capital, retained earnings and other equity attributable to equity holders. the primary objective of Group's capital management is to maximise shareholders value.

## 27. Dues to micro and small enterprises

The Majority of the Company's Vendors fall in the MSME Category and Hence Treated as dues payables to them.

## 28. Contribution to Corporate Social Responsibilities

Sec 135 of Companies act 2013, requires Group to spend towards Corporate Social responsibility, which however is not applicable to this Group.

## NOTICE

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the Members of Bafna Pharmaceuticals Limited will be held on Friday, the 31<sup>st</sup> day of July 2020, at 12.00 Noon IST through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following business:

### **ORDINARY BUSINESS:**

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

Item No.1: To receive, consider and adopt the Audited financial statements (including consolidated financial statements) of the Company for the financial year ended March 31, 2020, the Reports of the Board of Directors and Auditor's thereon.

#### **Item No.2: Appointment of Mr. Mahaveer Chand Bafna as director liable to retire by rotation:**

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the shareholders of the Company be and is hereby accorded to the appointment of Mr. Mahaveer Chand Bafna (DIN: 01458211) as a Director, who is liable to retire by rotation.

### **SPECIAL BUSINESS:**

#### **Item No.3:**

#### **Regularization of appointment of Mr. Babulal Kamlesh Kumar as an Independent Non-Executive Director**

**To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members of the company be and is hereby given to the appointment of Mr. Babulal Kamlesh Kumar (DIN: 01218959), who was appointed as an Non-Executive Independent Director of the Company with effect from February 08, 2019 pursuant to the provisions of section 161(1) of the Companies Act, 2013 and Articles of Association of the company by the Board of Directors and confirmed by the Members of the Company, by way of Ordinary Resolution, at the 24<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> June 2019 and who has submitted a declaration that he meets the criteria of the independent directorship as provided in section 149(6) of the Act and he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority, be and is hereby appointed as an Independent Non-Executive Director of the Company, who shall hold office for a period of five years from the date of appointment and whose office shall not, henceforth, be liable to retire by rotation."

"RESOLVED FURTHER THAT to give effect to this resolution the Board of Directors be and are hereby authorised to do all the acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

#### **Item No.4:**

#### **Re-appointment and increase of remuneration Mrs.Sabitha, Whole-Time Director (DIN: 02643259)**

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

"RESOLVED THAT pursuant to the provision of Section 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) , consent of the Members of the Company be and is hereby accorded

for re-appointment of Mrs. Sabitha K (DIN: 02643259) as Whole-Time Director for a period of three years i.e with effect from 27th March 2020, on the terms and conditions and remuneration, applicable with effect from 01<sup>st</sup> April, 2019, as set out below and detailed in the explanatory statement annexed hereto:

Salary scale: Rs. 80,950/- per month subject to the maximum as may be determined by the Board and Schedule V of the Companies Act, 2013 and any modification thereof.

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

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

“RESOLVED FURTHER THAT the Board of Directors (which includes any committee thereof) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by the Government from time to time.”

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Directors of the Company be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary.

**Item No.5:**

**Regularisation of Appointment of Mr. Palamadai Krishnan Sundaresan (DIN:06954189) as an Independent Non Executive Director**

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

“RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the company be and is hereby accorded to the appointment of Mr. Palamadai Krishnan Sundaresan (DIN:06954189), who was appointed by the Board of Directors as an Additional Non Executive Independent Director of the Company with effect from 25<sup>th</sup> June, 2020 pursuant to the provisions of section 161(1) of the Companies Act, 2013 and pursuant to the applicable Articles of Association of the company, and who has submitted a declaration that he meets the criteria of the independent directorship as provided in section 149(6) of the Act and he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority be and is hereby appointed as an Independent Non Executive Director of the Company, who shall hold office for a period of five years, from the date of appointment and whose office shall not, henceforth, be liable to retire by rotation.”

“RESOLVED FURTHER THAT to give effect to this resolution the Board of Directors be and are hereby authorised to do all the acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

**Item No.6:****Striking off the Subsidiary Company namely Bafna Life Styles Remedies Limited under section 248 of the Companies Act, 2013**

**To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:**

"RESOLVED THAT, in view of write off of the Investments made by the Company in M/s. Bafna Life Styles Remedies Limited, being the Subsidiary Company, the consent of the Company be and is hereby accorded for striking off the Subsidiary Company under section 248 of the Companies Act, 2013 and that Ms. Shanmugam Hemalatha (DIN.: 02714329), Director of the subsidiary Company be and is hereby authorized to make an application in this regard to the Registrar of Companies, Chennai and that they are also hereby authorized to sign/ execute such Applications, Affidavits, Indemnity Bonds, Letters, undertakings. Declarations, documents as may be required in this regard by the Registrar of Companies, Chennai on behalf of the Company."

RESOLVED FURTHER THAT the Board of Directors of the Subsidiary Company M/s. Bafna Life Styles Remedies Limited be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**Item No.7:****Financial Results of the Subsidiary Company namely Bafna Life Styles Remedies Limited not to consolidated with the parent Company i.e Bafna Pharmaceuticals Limited.**

**To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:**

"RESOLVED THAT, pursuant to applicable provisions of the Companies Act, 2013 and the applicable Indian Accounting Standards (Ind-AS) and in view of the write off of the Investment, by the Company, made in Subsidiary Company and above proposed Resolution in Item No.06, the consent of the Members of the Company be and is hereby given not to consolidate the financial results of the Subsidiary Company namely Bafna Life Styles Remedies Limited with the parent Company i.e Bafna Pharmaceuticals Limited with effect from the Financial Year commencing from 01<sup>st</sup> April, 2020

RESOLVED FURTHER THAT the Board of Subsidiary Company namely Bafna Life Styles Remedies Limited be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**ITEM NO.8****Increase of remuneration Mr.Mahaveer Chand Bafna, Managing Director (DIN: 01458211)**

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

"RESOLVED THAT pursuant to the provision of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule V and Rules made there under, including any statutory modification thereof, or any other law consent of the Members of the Company be and is hereby accorded for alteration in the remuneration structure of Mr. Mahaveer Chand Bafna Managing Director of the Company with effect from 01<sup>st</sup> February 2020 as under:

Salary scale: Rs. 2,50,000/- per month subject to the maximum as may be determined by the Board and Schedule V of the Companies Act, 2013 and any modification thereof.

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

RESOLVED FURTHER THAT in the case of loss or inadequacy of profits in any financial year of the company, during his tenure, the remuneration payable to Mr. Mahaveer Chand Bafna shall be subject to the provisions of Section II of Part II of Schedule V to the Companies Act, 2013

“RESOLVED FURTHER THAT the Board of Directors (which includes any committee thereof) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by the Government from time to time.”

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Directors of the Company be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary.

“RESOLVED FURTHER THAT RESOLVED FURTHER THAT any one of the Director or Mr. Jitendra Kumar Pal, Company Secretary be and is hereby authorised to file necessary forms with Ministry of Corporate Affairs.

#### **ITEM NO.9**

##### **Increase of remuneration Mr. Paras Bafna, Whole Time Director (DIN: 01933663)**

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

“RESOLVED THAT pursuant to the provision of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule V and Rules made there under, including any statutory modification thereof, or any other law consent of the Members of the Company be and is hereby accorded for alteration in the remuneration structure of Mr. Paras Bafna Whole-Time Director of the Company with effect from 01<sup>st</sup> February 2020 as under:

Salary scale: Rs. 2,00,000/- per month subject to the maximum as may be determined by the Board and Schedule V of the Companies Act, 2013 and any modification thereof.

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

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

“RESOLVED FURTHER THAT the Board of Directors (which includes any committee thereof) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by the Government from time to time.”



RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Directors of the Company be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary.

“RESOLVED FURTHER THAT any one of the Director or Mr. Jitendra Kumar Pal, Company Secretary be and is hereby authorised to file necessary forms with Ministry of Corporate Affairs.”

By Order of the Board of Directors  
**For Bafna Pharmaceuticals Limited**  
CIN: L24294TN1995PLC030698

Place: Chennai  
Date: 25.06.2020  
Registered Office:  
New No.68, Old No.299,  
Thambu Chetty Street, Chennai -600001

Sd/-  
**Bafna Mahaveer Chand**  
Managing Director  
(DIN: 01458211)

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

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at [www.bafnapharma.com](http://www.bafnapharma.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. [www.evotingindia.com](http://www.evotingindia.com)).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

8. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [akjainassociates@gmail.com](mailto:akjainassociates@gmail.com)
9. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Cameo Corporate Services Limited for assistance in this regard.
10. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with Cameo Corporate Services Limited in case the shares are held by them in physical form.
11. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before July 25, 2020 through email on [cs@bafnapharma.com](mailto:cs@bafnapharma.com). The same will be replied by the Company suitably.
12. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in).

Members who have not yet encashed their dividend warrant(s) pertaining to the final dividend for the financial year 2012-13 onwards are requested to lodge their claims with RTA immediately. It may be noted that the unclaimed Final Dividend for the financial year 2012-13 declared by the Company on 12th October, 2013 can be claimed by the Members up to 11th October, 2020

13. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.bafnapharma.com](http://www.bafnapharma.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
14. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
15. Additional information pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015) the notes on Directors seeking appointment / re-appointment at the Annual

General Meeting are furnished and forms part of this Notice. The said Directors have furnished necessary consents/ declarations for their appointment/re-appointment.

16. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of item no.3 to 9 of the accompanying notice is annexed hereto.
17. The Register of Members and the Share Transfer Books of the Company will remain closed from 24.07.2020 to 31.07.2020 (both dates inclusive) for the purpose of annual general meeting.
18. Shareholders holding shares in physical form, whose email id are not yet registered are requested to register the email id / mobile number through the Company Registrar i.e Cameo Corporate Services Limited vide url <https://investors.cameoindia.com>. *Those shareholders who are holding shares in demat form are requested to update their email id with their DP, in order to receive the Notice to the AGM and the Annual report via email.*

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

- 1) The voting period begins on 28<sup>th</sup> July 2020 at 10.00 a.m and ends on 30<sup>th</sup> July 2020 at 05.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 24<sup>th</sup> July 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- 2) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- 3) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 4) Click on "Shareholders" module.
- 5) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

*Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.*

- 6) Next enter the Image Verification as displayed and Click on Login.
- 7) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 8) If you are a first time user follow the steps given below:

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

- 9) After entering these details appropriately, click on "SUBMIT" tab.
- 10) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- 11) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- 12) Click on the EVSN for the relevant <Company Name>//Issuer company name on which you choose to vote.
- 13) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- 14) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 15) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- 16) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- 17) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- 18) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- 19) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@bafnapharma.com](mailto:cs@bafnapharma.com) The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such

shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

## **20) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@bafnapharma.com](mailto:cs@bafnapharma.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542 / 43..

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

### ITEM NO. 3:

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors had approved the appointment of Mr. Babulal Kamlesh Kumar (DIN: 01218959), as an Independent Director with effect from 08<sup>th</sup> February 2019 for a period of five years on the Board of the Company. The same was approved / ratified by the Members of the Company at 24<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> June 2019 vide Ordinary Resolution.

However, pursuant to the Provision of Section 149(10) Subject to the provisions of section 152, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report. Instead of passing Special Resolution, Mr. Babulal Kamlesh Kumar was re-appointed as an Independent Director with effect from 08<sup>th</sup> February 2019 at the 24<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> June 2019 by way of Ordinary Resolution, which was approved by the 99% of the Members who voted in favor of the Resolution.

In Order to rectify the aforesaid defect it is now proposed to pass a special resolution for confirmation/ approval / ratification of the appointment of Mr. Babulal Kamesh Kumar at this annual general meeting. Babulal Kamlesh Kumar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Babulal Kamlesh Kumar that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Mr. Babulal Kamlesh Kumar fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Babulal Kamlesh Kumar is independent of the management and possesses appropriate skills, experience and knowledge. Details of Mr. Babulal Kamlesh Kumar are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Special Resolution set out at Item No.3 of the notice for approval of members.

Except Mr. Babulal Kamlesh Kumar, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 03.

### ITEM NO. 4:

Mrs. Sabitha K (DIN: 02643259) an executive of the Company was appointed as Women cum Executive Director w.e.f 27.03.2015 for a period of five years which was confirmed by shareholders at the 21<sup>st</sup> Annual General Meeting held on 28<sup>th</sup> September 2016.

By considering her vast and rich experience the Board of Directors at its meeting held on 13.02.2020, based on the recommendation of Nomination & Remuneration committee and subject to approval of Members, reappointed Sabitha K (DIN: 02643259) as Whole Time Director of the company for a period of three years with effect from 27.03.2020 and ratify remuneration with effect from 01.04.2019.

Salary scale: Rs. 80,950/- per month.



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

Mrs. Sabitha K has given her consent to act as the Director of the Company in the form DIR – 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014 and declaration to the Board to the effect that he is not disqualified under sub-section (2) of Section 164 of the

### **Companies Act, 2013.**

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

### **ITEM NO.5**

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 25<sup>th</sup> June 2020 had proposed that Mr. Palamadai Krishnan Sundaresan (DIN:06954189), be appointed as an Independent Director on the Board of the Company with effect from 25<sup>th</sup> June 2020 for a period of five years. The appointment of Mr. Palamadai Krishnan Sundaresan, shall be effective only upon the approval by the members in the Meeting. Mr. Palamadai Krishnan Sundaresan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Palamadai Krishnan Sundaresan that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Mr. Palamadai Krishnan Sundaresan fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Palamadai Krishnan Sundaresan is independent of the management and possesses appropriate skills, experience and knowledge. Details of Mr. Palamadai Krishnan Sundaresan are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Ordinary Resolution set out at Item No.5 of the notice for approval of members.

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

### **ITEM NO.6**

M/s. Bafna Life Styles Remedies Limited, the Subsidiary Company is not carrying on any business operation due to various reasons from September 2016 onwards and has no further intentions to carry on any business considering the present market scenarios. Therefore, the Board of Directors of Bafna Pharmaceuticals Limited has written off the investment made in the subsidiary Company i.e Bafna Life Styles Remedies Limited at their meeting held on 13th February 2020, in view of total erosion of the Capital of the subsidiary Company. Since, the Subsidiary Company is not carrying on any business operations, it has been decided by the Board of Directors of the Subsidiary Company to apply for the strike off the name of the Company, as prescribed under Section 248 of the Companies Act, 2013, from the Register of Companies maintained

by the Registrar of Companies the Board of Directors, subject to the approval of the Members of the Holding Company. Hence the Board of Directors of the Company, in the best interest of the Company, recommends the special resolution as set out in Item No.06 of the Notice, for making application to strike-off of its the name of the subsidiary Company, for the approval of the Members.

All the Directors, Key Managerial Personnel and Promoters of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 06, to the extent of their shareholding in the Company and the Subsidiary Company.

#### **ITEM NO.7**

In view of the write-off of the Investments, by the Company, made in the Subsidiary Company i.e Bafna Life Styles Remedies Limited and subject to approval of resolutions as proposed in Item No.06 of the Notice for making application for the strike-off of the name of the Subsidiary Company, the Company, being the Holding / Parent Company shall not be required to consolidate the accounts of the Subsidiary Company with effect from the Financial year 2020-2021 onwards and the corresponding figures of the previous financial year.

Therefore, in accordance with the applicable Ind-AS the Board of Directors of the Company has decided to obtain the approval of Members of the Company in order to discontinue with the requirement of consolidation of the accounts of the Subsidiary Company with the Company.

The Board of Directors of the Company, in the best interest of the Company, recommends the special resolution as set out in Item No.07 of the Notice for the approval of the members.

All the Directors, Key Managerial Personnel and Promoters of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 07, to the extent of their shareholding in the Company and the Subsidiary Company.

Notes on Directors seeking appointment / re-appointment at the Annual General Meeting (Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015):

#### **ITEM NO.8**

Shri. Bafna Mahaveer Chand (DIN: 01458211) has been Director of the company from 1995. He has served the company for over three decades holding various positions including Managing Director. He was reappointed as Managing Director of the company in the 20<sup>th</sup> Annual general Meeting held on 29.09.2015 for the period of Two years with effect from 01.10.2015. His tenure as Managing Director will expire on 30.09.2017, therefore the Board of Directors at its meeting held on 08.08.2017, based on the recommendation of Nomination & Remuneration committee and subject to approval of Members, re-appointed Shri. Bafna Mahaveer Chand (DIN: 01458211) as Managing Director of the company for a period of three years with effect from 01.10.2017. According to section 203 of the Companies Act, 2013, Shri. Bafna Mahaveer Chand, being a Managing Director is also a key Managerial Personnel of the company. The Board of Directors at their meeting held on 13.02.2020 on recommendation of Nomination and Remuneration Committee approved the increase of remuneration of Mr. Paras Bafna with effect from 01<sup>st</sup> February 2020 subject to the approval of the shareholders.

Shri. Bafna Mahaveer Chand (DIN: 01458211) 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 honored by the National Level Entrepreneurship Excellence award in 2010.

The company intends to revise his remuneration for a period of three years effective from 1<sup>st</sup> February 2020, as mentioned below;

1. Salary scale: Rs. 2,50,000/- per month subject to the maximum as may be determined by the Board and Schedule V of the Companies Act, 2013 and any modification thereof.

**2. Computation of Perquisites**

*The following shall not be included the computation of perquisites (i) Company's contribution to provident fund and superannuation fund to the extent they are singly or put together are not taxable under the Income-tax Act, (ii) Gratuity at the rate of half a month's salary for each completed year of service; (iii) Leave with full pay as per the rules of the Company with encashment of un-availed leave being allowed.*

**3. Minimum remuneration**

In the case of loss or inadequacy of profits in any financial year of the company, during his tenure, the remuneration payable to Mr. Mahaveer Chand Bafna shall be subject to the provisions of Section II of Part II of Schedule V to the Companies Act, 2013

**4. Valuation of perquisites**

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

**5. Other terms**

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

*Except Shri. Bafna Mahaveer Chand being an appointee, and Shri. Paras Bafna, being a relative, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 08.*

**ITEM NO. 9**

Shri. Paras Bafna (DIN: 01933663) has been Director of the company from 1995. He has served the company for over three decades holding various positions including Whole time director. He was reappointed as Whole time director of the company in the 20<sup>th</sup> Annual general Meeting held on 29.09.2015 for the period of Two years with effect from 01.10.2015. His tenure as Whole time director will expire on 30.09.2017, therefore the Board of Directors at its meeting held on 08.08.2017, based on the recommendation of Nomination & Remuneration committee and subject to approval of Members, re-appointed Shri. Paras Bafna (DIN: 01933663) as Whole time director of the company for a period of three years with effect from 01.10.2017. The Board of Directors at their meeting held on 13.02.2020 on recommendation of Nomination and Remuneration Committee approved the increase of remuneration of Mr. Paras Bafna with effect from 01<sup>st</sup> February 2020 subject to the approval of the shareholders.

Shri. Paras Bafna is one of the Promoter - Director of the Company. He is a Commerce Graduate and MBA with more

than two decade 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.

The company intends to revise his remuneration for a period of three years effective from 1<sup>st</sup> February 2020, as mentioned below;

1. Salary scale: Rs. 2,00,000/- per month subject to the maximum as may be determined by the Board and Schedule V of the Companies Act, 2013 and any modification thereof.

## **2. Computation of Perquisites**

The following shall not be included the computation of perquisites (i) Company's contribution to provident fund and superannuation fund to the extent they are singly or put together are not taxable under the Income-tax Act, (ii) Gratuity at the rate of half a month's salary for each completed year of service; (iii) Leave with full pay as per the rules of the Company with encashment of un-availed leave being allowed.

## **3. Minimum remuneration**

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

## **4. Valuation of perquisites**

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

## **5. Other terms**

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

Except Shri. Paras Bafna being an appointee, and Shri. Bafna Mahaveer Chand, being a relative, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 09.

## **I. General Information**

- (1) Nature of the industry: Pharmaceuticals
- (2) Date of commencement of business: 28.03.1995
- (3) Financial Performance:

Year ended 31 <sup>st</sup> March	Revenue (Rs Lakhs)	Profit before tax (Rs Lakhs)	Profit after tax (Rs Lakhs)	Net worth (Rs Lakhs)	Fixed Assets-net (Rs Lakhs)	Dividend %	Earnings per share (Rupees)
2020	4272.78	(187.80)	(2520.36)		3496.91	Nil	(106.54)
2019	4401.25	(1822.97)	(1973.04)		3701.90	Nil	(8.34)
2018	7843.51	(1427.57)	(1645.09)		3993.67	Nil	(6.95)
2017	6610.16	(1930.54)	(1847.02)	3954.44	4332.31	NIL	(9.90)
2016	8,655.96	(1,252.75)	(1,218.44)	5,801.47	4,699.07	NIL	(6.53)
2015	14,365.53	607.90	610.73	7,019.91	4,862.95	NIL	3.27
2014	17,894.46	222.51	133.61	6,734.69	6,639.78	NIL	0.72
2013	17,016.64	517.94	387.92	6,601.08	6,293.33	6%	2.08
2012	12,500.82	536.54	207.41	6,245.78	6,982.14	NIL	1.19

**(i) Shri. Babulal Kamlesh Kumar (DIN: 01218959)**

Name of the Director	Babulal Kamlesh Kumar
Date of Birth	13-06-1968
Status	Non Executive – Independent Director
Qualification & Expertise	He is specialized in Finance, taxation and capital market. He is graduate in B.A. and Chartered Accountant. He brings with him rich experience in Taxation, accounts and Capital Market, Finance and Banking.
Relationship with other directors in the company	NIL
names of listed entities in which the person also holds the directorship and the membership of Committees of the board	NIL
Total shares held by him in the company	NIL

**(ii) Mr. Palamadai Krishnan Sundaresan (DIN:06954189)**

Name of the Director	Palamadai Krishnan Sundaresan
Date of Birth	20-05-1956
Status	Non Executive – Independent Director
Qualification & Expertise	B.Com., FCMA., FCS.,  Over 4 Decades of experience in Finance, Commercial and Operation & General Management with intensive experience in process and pharma industries
Relationship with other directors in the company	NIL
names of listed entities in which the person also holds the directorship and the membership of Committees of the board	NIL
Total shares held by him in the company	NIL

**(iii) Mrs. Sabitha K (DIN:02643259)**

Name of the Director	Sabitha K
Date of Birth	21.03.1972
Status	Woman Director
Qualification & Expertise	She is Post Graduate in International Business (MBA) and having more than 20 years of experience in Pharma Industry.
Relationship with other directors in the company	NIL
names of listed entities in which the person also holds the directorship and the membership of Committees of the board	NIL
Total shares held by him in the company	NIL

**i) Shri. Bafna Mahaveer Chand (DIN: 01458211)**

Name of the Director	Shri Bafna Mahaveer Chand
Date of Birth	01/11/1961
Status	Managing Director
Qualification & Expertise	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 honored by the National Level Entrepreneurship Excellence award in 2010.
Relationship with other directors in the company	Paras Bafna - relative
names of listed entities in which the person also holds the directorship and the membership of Committees of the board	Nil
Total shares held by him in the company	165438

**(ii) Shri. Paras Bafna (DIN: 01933663)**

Name of the Director	Shri Paras Bafna
Date of Birth	29/09/1966
Status	Whole-Time Director
Qualification & Expertise	He is one of the Promoter - Director of the Company. He is a Commerce Graduate and MBA with more than two decades 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.
Relationship with other directors in the company	Mahaveer Chand Bafna - relative
names of listed entities in which the person also holds the directorship and the membership of Committees of the board	Nil
Total shares held by him in the company	91216

By Order of the Board of Directors

**For Bafna Pharmaceuticals Limited**

CIN: L24294TN1995PLC030698

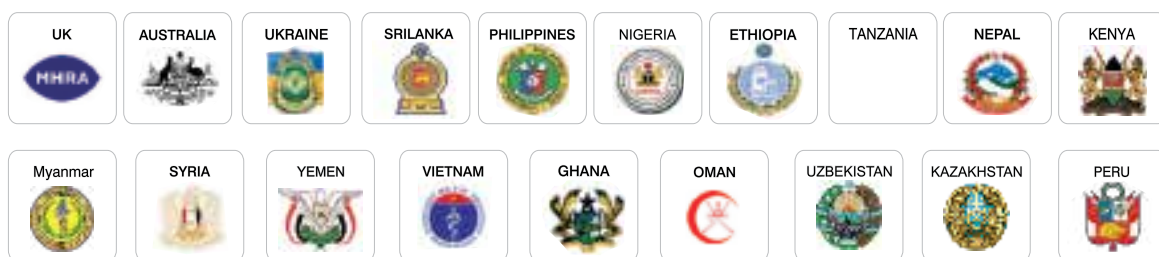
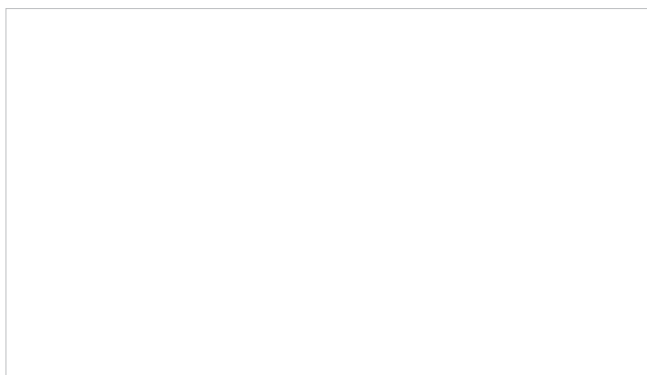
Place: Chennai  
Date: 25.06.2020  
Registered Office:  
New No.68, Old No.299,  
Thambu Chetty Street, Chennai -600001

Sd/-  
**Bafna Mahaveer Chand**  
Managing Director  
(DIN: 01458211)

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## 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 “**PIONEER 2012**” Award from “THE TIMES GROUP” for his contribution towards the success of Healthcare in TamilNadu

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



**If undelivered, please return to:**



**BAFNA PHARMACEUTICALS LTD.,**

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

Ph: 044 42677555 Fax: 044 42677599 Email: [info@bafnapharma.com](mailto:info@bafnapharma.com) Web: [www.bafnapharma.com](http://www.bafnapharma.com)