

THIRTEENTH ANNUAL REPORT 2007-2008

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BAFNA PHARMACEUTICALS LTD

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BOARD OF DIRECTORS

MR. BAFNA MAHAVEER CHAND
Chairman & Managing Director

MR. PARAS BAFNA
Whole time Director

MR. SUNIL BAFNA

MR. V. RAJAMANI

MR. RATAN CHAND LODHA

MR. R. DWARAKANATHAN

MR. A. SAHASRANAMAN

MR. R. JAYARAMAN
Company Secretary

BOARD COMMITTEES:

AUDIT COMMITTEE:

MR. V. RAJAMANI
MR. R. DWARAKANATHAN
MR. RATAN CHAND LODHA
MR. BAFNA MAHAVEER CHAND

AUDITORS

M/s. ABHAY JAIN & CO.,
Chartered Accountants
Room No.72, 3rd Floor,
4/16, Sunkurama Street
Chennai – 600 001

BANKERS

State Bank of India
Siruthozil Branch,
Chennai – 600 034.

REGISTERED OFFICE

BAFNA TOWERS,
No: 299, Thambu Chetty Street,
Chennai – 600 001

REGISTRARS &

TRANSFER AGENTS:

CAMEO CORPORATE
SERVICES LIMITED
"Subramanian Building",
No.1, Club House Road,
Chennai-600 002.

INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE:

MR. BAFNA MAHAVEER CHAND
MR. PARAS BAFNA
MR. RATAN CHAND LODHA

FACTORIES:

13, S.V. Koil Street,
Madhavaram,
Chennai – 600 060.

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

BAFNA PHARMACEUTICALS LTD.

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BAFNA PHARMACEUTICALS LTD.**BOARD OF DIRECTOR – BRIEF PROFILE**

S. No.	Name of the Director	Profile
1	Mr. BAFNA MAHAVEER CHAND. (47 years) Chairman & Managing Director.	Shri Bafna Mahaveer Chand is a Chemistry Graduate from Madras University. He has more than 26 years experience in the trade, Manufacture and sale of Pharmaceuticals and Formulations. Shri Bafna Mahaveer Chand is the main Promoter of the Company. He has vast experience in institutional supplies and was instrumental in getting significant supply contracts to Government including Andhra Pradesh, Tamil Nadu, Kerala and west Bengal) besides ESI Corporation and supplies to Sri Lanka, Ukraine and other countries.
2	Mr. PARAS BAFNA (42 years) Whole time Director	Shri Paras Bafna is one of the Promoter - Director of the Company and he is associated with the Company since its inception. He is a Commerce Graduate and MBA with 19 years of experience in Planning & Production, Management and Registration of Pharmaceuticals products. At present he is the Whole time Director of the Company and he is in charge of Madhavaram unit.
3	Mr. SUNIL BAFNA (31 years) Director.	Shri Sunil Bafna is B.A.(Corporate Secretaryship) Graduate from Madras University and has about 15 years of experience in the areas of real Estate and Finance
4	Mr. V. RAJAMANI. (69 years) Director	Shri V. Rajamani is a Graduate in Arts and a FICWA and ACS and has over three decades of experience in the areas of Finance and Administration. He retired as Director, Finance from Neyveli Lignite Corporation. He is also a Director of few other Companies.
5	Mr. RATAN CHAND LODHA (46 years) Director	He is a businessman having over 22 years experience in the areas of finance, investment and exports. He is also director on the Board of RCL Agro Foods Pvt Ltd. and Refex Refrigerants Ltd.

BAFNA PHARMACEUTICALS LTD.**BOARD OF DIRECTOR – BRIEF PROFILE**

S. No.	Name of the Director	Profile
6	Mr. R. DWARAKANATHAN (68 years) Director.	<p>Mr. R. Dwarakanathan is Post Graduate in Arts from Madras University and an MBA from Wichita State University, Kansas, USA and also has to his credit CAIIB, Diploma in Industrial Finance and Corporation. He has over 35 years of experience in the field of banking and finance. He started his career in State Bank of India and rose in rank holding various important positions such as the Deputy Zonal Manager, General Manager (Operations), Local Head Office, General Manager cum Vice Principal, State Bank Staff College at the time of his retirement in April, 2000. He is also serving as a Senior Faculty in Loyola Institute of Business Administration, Chennai since past five years.</p>
7	Mr. A. SAHASRANAMAN (60 years) Director.	<p>Mr. A. Sahasranaman is a Master of Arts in Economics. He has over 30 years of experience. He joined Indian Police Services, Tamilnadu Cadre where he worked for two years in important positions such as Sub-Divisional Magistrate/Deputy Secretary, Deputy Commissioner – Cum District Magistrate Cum District Development Commissioner, Director Handlooms and Managing director of J & K Handloom Development Corporation. For six years he was also the Executive Director, Council for Leather Exports, Chennai under the Ministry of Commerce, Government of India. He was the Commissioner / Secretary, Housing and Urban Development Department, Government of Jammu & Kashmir and Divisional Commissioner, Jammu He has authored many books besides a large number of articles on various aspects of SSI in India. He is also Director in three other companies viz. Bhartiya Investments Ltd, Vesuvio Papers Pvt Ltd and Indian Leather Industry Foundation (Sec. 25 Company).</p>

BAFNA PHARMACEUTICALS LTD.



NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held at our Factory at No.147, Madhavaram Redhills High Road, Grantlyon Village, Chennai – 600 052 at 12.00 Noon on Wednesday the 24th September, 2008 to transact the following business

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account of the Company for the Financial year ended 31.03.2008 and the Balance Sheet as at 31.03.2008 together with the Directors' Report and Auditor's Report thereon.
2. To appoint a Director in the place of Mr. R. Dwarakanathan, who retires by rotation and being eligible offers himself for re-appointment as a Director.
3. To appoint a Director in the place of Mr. A. Sahasranaman who retires by rotation and being eligible offers himself for re-appointment as a Director.
4. To consider and if though fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

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

**By Order of the Board
for Bafna Pharmaceuticals Ltd.**

Date :20.08.2008
PLACE: CHENNAI.

**Sd-
BAFNA MAHAVEER CHAND
CHAIRMAN & MANAGING DIRECTOR**

BAFNA PHARMACEUTICALS LTD.**NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. (Proxy form is annexed herewith). The proxy form duly completed must be sent so as to reach the Company at its Registered Office at No. 299, Thambu Chetty Street, Chennai – 600 001 not less than 48 hours before the commencement of the meeting.
2. Members / Proxies should bring the Attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the Hall for attending the meeting.
3. Members are requested to bring their copies of the Annual Report with them.
4. Relevant Explanatory Statement of material facts pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business of the Notice is annexed hereto.
5. Members are requested to notify immediately any change in their address with their Folio numbers to the Company's Share Transfer Agents viz. Cameo Corporate Services Limited.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPAINES ACT, 1956:**Item No.2 of the Notice to the Members.**

Mr. R. Dwarakanathan, was appointed as Director at the Annual General Meeting held on 23.09.2006.

Mr. R. Dwarakanathan is a post graduate in Arts from Madras University and an MBA from Wichita State University, Kansas, USA and also has to his credit CAIIB, Diploma in Industrial Finance and Corporation. He has over 35 years of experience in the field of banking and finance. He retired from State Bank of India as General Manager cum Vice Principal, State Bank Staff College in 2000. He is presently serving as a Senior Faculty in Loyola Institute of Business Administration, Chennai.

In terms of Section 257 of the Companies Act, 1956, read with Article 120 of the Articles of Association of the Company, Mr. R. Dwarakanathan is retiring by rotation and is seeking reappointment at the ensuing Annual General Meeting. Mr. R. Dwarakanathan's knowledge and experience will greatly benefit the Company.

Accordingly, an ordinary resolution set out under Item No.2 of the Notice is submitted to the meeting. Mr. R. Dwarakanathan does not hold any shares in the Company.

BAFNA PHARMACEUTICALS LTD.**Interest of Directors**

Mr. R. Dwarakanathan is interested in the resolution. None of the other directors is interested or concerned in the resolution.

Item No.3 of the Notice to the Members.

Mr. A. Sahasranaman, was appointed as Director at the Annual General Meeting held on 23.09.2006.

Mr. A. SAHARANAMAN is a Master of Arts in Economics. He has over 30 years of experience. He is an IAS and held various positions including Director, Handlooms and Managing director of J & K Handloom Development Corporation. For six years he was also the Executive Director, Council for Leather Exports, Chennai under the Ministry of Commerce, Government of India. He was the Commissioner / Secretary, Housing and Urban Development Department, Government of Jammu & Kashmir and Divisional Commissioner, Jammu He has authored many books besides a large number of articles on various aspects of SSI in India

In terms of Section 257 of the Companies Act, 1956, read with Article 120 of the Articles of Association of the Company, Mr. A. Sahasranaman is retiring by rotation and is seeking reappointment at the ensuing Annual General Meeting. Mr. A. Sahasranaman knowledge and experience will greatly benefit the Company.

Accordingly, an ordinary resolution set out under Item No.3 of the notice is submitted to the meeting. Mr. A. Sahasranaman does not hold any shares in the Company.

Interest of Directors

Mr. A. Sahasranaman is interested in the resolution. None of the other directors is interested or concerned in the resolution.

For and on behalf of the Board

DATE: 20.08.2008.
PLACE: CHENNAI.

Sd/-
BAFNA MAHAVEER CHAND
CHAIRMAN & MANAGING DIRECTOR

BAFNA PHARMACEUTICALS LTD.**DIRECTORS' REPORT**

To

The Shareholders

Your Directors have pleasure in presenting the Thirteenth Annual Report of your Company together with Audited Accounts for the financial year ended 31st March, 2008.

FINANCIAL PERFORMANCE:

The summarized Audited Financial Results for the year ended 31st March, 2008 along with comparative figures for the previous year are as under:

PARTICULARS	Rs. in lakhs For the year ended 31.03.2008	Rs. in lakhs For the year ended 31.03.2007
Total income	4060.88	3861.95
Total Expenditure	3896.54	3750.25
Profit before Tax	129.77	111.70
Provision for Taxation	10.25	12.05
Profit after Tax	119.84	99.65

During the year under review, your company has been able to maintain its turnover and marginally enhance its profitability despite a difficult economic situation. Your company had to put a lot of efforts and resources in completing the new facility and achieving the MHRA accreditation. In this situation the performance is satisfactory.

Your Directors are confident that with the accreditation, the new facility would significantly contribute to enhanced turnover and profitability in the coming years.

DIVIDEND

In order to reinvest into the company for achieving our planned growth numbers, and to conserve resources, your Directors have decided not to recommend payment of dividend to shareholders for the current year.

MHRA ACCREDITATION

The New Grantlyon facility had started the trial production of Simvastatin Tablets 40 mg dosages for validation purposes for MHRA audit. The audit was conducted in February 08 and accreditation was granted in June 08. Over the last year, the plant & production teams, Quality team and the management team have gone through testing times in attempting to achieve the prestigious MHRA, UK accreditation.

Your Directors are happy to inform you, that this facility in MHRA compliant facility and started the commercial production for exports to the UK. This accreditation makes your company only the 35th facility to achieve this key recognition in India and has opened the gates for your company to explore markets of European Union.

Your Directors would like to put on record their sincere appreciation for our Consultants, our client from UK – Somex Pharmaceuticals, and the team at our Grantlyon facility, members of the certifying authority from MHRA UK and my colleagues on the Board for their unstinted support and guidance.

BUSINESS ALLIANCES FOR CRAMS & EXPORT OPPORTUNITIES IN UK AND EU

Your company has made significant strides in its planned strategic areas of business. During the year under review, your company has identified select pharmaceutical companies having operations in the UK and Europe, who are keen to partner with your company in the area of Contract Research and Manufacturing Services (CRAMS).

BAFNA PHARMACEUTICALS LTD.

The MHRA accreditation has opened up the opportunity of engaging with these select UK companies and your Directors see significant new business potential from these business alliances. Your Directors are happy to report that some of these alliances have now progressed to a formal agreement in the current year and certain select dosages are currently under production for export to UK.

BUSINESS ALLIANCES FOR CRAMS IN INDIA

Your Directors are happy to inform that your Company has been approved by few Multinational and Large Domestic Pharmaceuticals companies for CRAMS after few levels of Domestic and Global customer specific audits. The products will be sold domestically and will also be exported to Regulated markets. The formal agreements will be signed in due course of time.

OTHER EXPORT OPPORTUNITIES**SRI LANKA**

Sri Lanka continues to be the cornerstone of your companies export push. Your Directors are happy to inform that we continue to enjoy the co-operation of business support of our Sri Lankan partner and your Directors are confident of enhancing our exports to Sri Lanka in the coming years.

AFRICA

During the year under review, your Directors focused on Africa as one of the strategic growth markets for enhancing export revenues. As a first step, your directors have identified and signed up a local partner in Ghana and with the support of the Partner, your company has been obtained approval and registration for a select set of drugs from the local authorities for manufacture and export from India.

Your company is currently investing into developing the Ghana business opportunity. Your company is poised to generate a fresh stream of revenues from this region in the coming years.

CIS COUNTRIES

Your Directors are happy to inform that your company has been able to build upon its initial success in the Ukraine market of CIS nations. Your company has been able to enhance its export revenues from Ukraine in the year under review.

With the above average growth rates witnessed in BRIC regions, your company sees a large potential for new business from the CIS countries in the coming years.

FUTURE OUTLOOK

Your Directors are focusing on sustaining business from the identified international markets and penetrating new markets including focus on Formulation Development R&D for formulation developments.

As a first step, your company is setting up a state-of-the-art R&D facility under a subsidiary entity. This facility will focus on developing new Abbreviated New Drug Applications (ANDAs) and shall start filing these ANDAs for registration, approval and launch in the coming year. Your Directors have earmarked an amount as specified in the objects of the IPO towards setting up of the R&D facility.

Your Directors are also evaluating options of obtaining the US-FDA accreditation for the Grantlyon facility, which would enhance the prospects of your company exporting its products to the US market. Your Directors are in discussions with consultants to assess the cost and timelines for achieving such a accreditation.