

FOURTEENTH ANNUAL REPORT 2008-2009

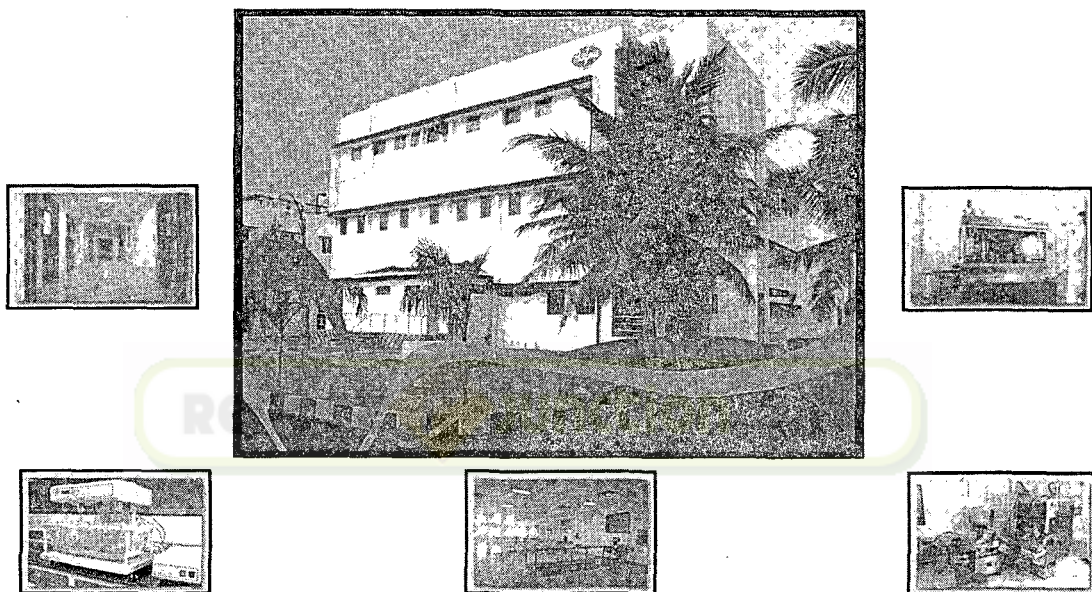


BAFNA PHARMACEUTICALS LTD.



BAFNA PHARMACEUTICALS LTD.,

BRIDGING THE GAP BETWEEN HEALTH AND MANKIND



▲ **MHRA ACCREDITED FACILITY**

▲ **STATE OF THE ART SOLID DOSAGE MANUFACTURING FACILITY AT CHENNAI, INDIA**

▲ **INTEGRATED FORMULATION RESEARCH AND DEVELOPMENT FACILITY**

▲ **TIE UP WITH INNOVATOR MANUFACTURERS FOR GLOBAL / DOMESTIC OUTSOURCING**

▲ **TIE UP WITH UK BASED COMPANIES FOR CONTRACT MANUFACTURING**



FOURTEENTH ANNUAL REPORT 2008 - 2009

BOARD OF DIRECTORS :

MR. BAFNA MAHAVEER CHAND
Chairman & Managing Director

MR. PARAS BAFNA
Whole time Director

MR. SUNIL BAFNA

MR. V. RAJAMANI

MR. R. DWARAKANATHAN

MR. A. SAHASRANAMAN

MR. RATAN CHAND LODHA*
(*Resigned on 04.10.2008)

MR. R. JAYARAMAN
COMPANY SECRETARY

BOARD COMMITTEES :

AUDIT COMMITTEE :

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

AUDITORS:

M/s. ABHAY JAIN & CO.,
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.

SHARE 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. SUNIL BAFNA

FACTORIES:

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

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

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BOARD OF DIRECTOR – BRIEF PROFILE:

Sl. No.	Name of the Director	Profile
1.	Mr. Bafna Mahaveer Chand. (48 years) Chairman & Managing Director.	Shri Bafna Mahaveer Chand is a Chemistry Graduate from Madras University. He has more than 27 years of experience in Pharmaceuticals formulations. Shri Bafna Mahaveer Chand is the main Promoter of the Company.
2.	Mr. Paras Bafna (43 years) Whole time Director.	Shri Paras Bafna is one of the Promoter - Director of the Company. He is a Commerce Graduate and MBA with 20 years of experience in Planning & Production. At present he is the Whole time Director of the Company and he is in charge of Madhavaram unit.
3.	Mr. Sunil Bafna (32 years) Director.	Shri Sunil Bafna is B.A.(Corporate Secretaryship) from Madras University and has about 12 years of experience in the areas of Real Estate and Finance.
4.	Mr. V. Rajamani. (70 years) Director	Shri V. Rajamani is a Graduate in Arts and 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 Director of M/s. Morgan Industries Ltd.
5.	Mr. R. Dwarakanathan (69 years) Director.	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 Co-operation. 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 to the level of General Manager cum Vice Principal, State Bank Staff College at the time of his retirement. He is also serving as a Senior Faculty in Loyola Institute of Business Administration, Chennai for the past eight years.

BOARD OF DIRECTOR – BRIEF PROFILE

S. No.	Name of the Director	Profile
6.	Mr. A. Sahasranaman (61 years) Director.	<p>Mr.A.Sahasranaman is Master of Arts in Economics. He has over 30 years of experience. He joined Indian Administrative Service, Jammu and Kashmir Cadre where he held 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 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 has implemented many International Projects under the aegis of UNDP, UNDO and EUROPEAN UNION.</p> <p>He is Director in Bhartiya International Ltd, Vesuvio Papers Pvt. Ltd. and Indian Leather Industry Foundation (Sec. 25 Company)</p>
7.	Mr. Ratan Chand Lodha (47 years) Director * *Resigned on 04.10.2008	<p>He is a businessman having over 23 years experience in the areas of finance, investment and exports. He is Director on the Boards of RCL Agro Foods Pvt.Ltd. and Refex Refrigerants Ltd.</p>

**NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the Company will be held at 12 Noon on Friday the 25th September 2009 at our Factory at 147, Madhavaram Redhills High Road, Grantlyon Village, Chennai 600 052 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 31.03.2009 and the Balance Sheet as on 31.03.2009 together with the Directors' Report and Auditor's Report thereon.
2. To appoint a Director in the place of Mr. U. Sunil Bafna, 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. V. Rajamani, who retires by rotation and being eligible offers himself for re-appointment as a Director.
4. To consider and if thought 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.**

Sd/-

Date : 26.06.2009

Place: CHENNAI.

**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 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 Bafna Towers, 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. The Register of Members and the Share Transfer Books of the Company will remain closed for two days on 23rd and 24th of September, 2009.
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.

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

Sd/-

Date : 26.06.2009
Place: CHENNAI.

**BAFNA MAHAVEER CHAND
CHAIRMAN & MANAGING DIRECTOR**

BAFNA PHARMACEUTICALS LTD.**DIRECTORS' REPORT**

To
The Shareholders,

Your Directors have pleasure in presenting the Fourteenth Annual Report of your Company together with Audited Accounts for the Financial Year ended 31st March, 2009.

Financial Performance:

The summarised Audited Financial Results for the year ended 31st March, 2009 along with comparative figures for the previous year is as under:

Particulars	For the year ended 31.03.2009 (Rs. in lakhs)	For the year ended 31.03.2008 (Rs. in lakhs)
Total income	4525.20	4037.75
Total Expenditure	4277.66	3907.98
Profit Before Tax	247.54	129.77
Provision for Taxation	140.79	9.92
Profit after Tax	106.75	119.85

Continuing the positive trend, your Company is trying to improve its performance. The sales achieved during the financial year ended 31st March 2009, was Rs.4525.20 Lakhs as against Rs. 4037.75 lakhs in the previous year showing a growth of 12.07 %. In spite of comparative PBT was higher, the net profit at Rs.106.75 lakhs was lower than that of the previous year (Rs. 119.85 lakhs) by 10.92%. This was due to significant increase in Depreciation Charges relating to new facility at Grantlyon Village for the year as your Company has been in an investment mode during the year. Your Directors are hopeful that the new capacity would be fully operational in the current financial year.

Your Company was able to achieve top line growth in spite of the slow down in the economy. The margins could have been further improved but for inflationary pressures in cost of raw materials. The Company continues to focus on improving its product mix, cutting its cost and improving service level to customers so as to retain its competitive edge.

In spite of the global economic crisis your Company is continuing its efforts to reach out to a large number of customers particularly in European and African Countries through

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innovative products and value added services. The new products continue to grow well and provide excellent opportunity to build customer base for the future.

UTILISATION OF IPO FUNDS:

Your Company has successfully completed Public Issue of 64,00,000 Equity Shares of Rs.10/- each at a Premium of Rs. 30/- per share, that is each share at a price of Rs. 40/- for cash aggregating Rs. 25.60 crores. The issue was oversubscribed by about 6 times. The post issue formalities including listing of shares with Bombay Stock Exchange Limited have been completed.

Out of the proceeds of Public Issue, as per the estimates and objects of the issue, a part repayment of loan to SBI amounting to Rs. 4 crores was effected and the Company is now taking steps to set up a state of the art R&D facility with a view to develop this as a separate profit centre. Steps are also being taken to strengthen both Domestic and International market network with brand building and product development as support activities. A total of Rs. 20.10 crores have already been spent on these activities leaving a balance of Rs. 5.50 crores, which is kept in the form of short term deposits.

RENEWAL OF MHRA ACCREDITATION:

Your Directors are extremely delighted to inform you that the Grantlyon manufacturing unit of your company had obtained the MHRA Accreditation for an initial period of one year, has now been re-assessed for compliance and the unit has complied with all requirements of MHRA certification requirements and the MHRA certification has been renewed for another period of three years. Your Directors consider this as a significant achievement and would like to thank its customers for the confidence reposed in the Company and its Grantlyon unit employees for living up to the toughest standards set by MHRA, UK.

Further, your Directors are happy to inform you that during the financial year, your Company has also been awarded the ISO 9001:2000 Certification for Manufacture and Export of Pharmaceutical Products.

CHALLENGES AND OPPORTUNITES:

As you are aware the world markets have faced tremendous upheaval, change, challenge and downturn. Indian Pharma Companies have witnessed an unprecedented impact on its earnings and it is further confounded by the foreign currency volatility and this has led to export driven companies like ours suffering losses on account of foreign exchange hedging. Our performance also faces challenges due to such factors impacting our profits.

In spite of the said economic turmoil, the opportunities in foreign markets especially in the