



Bafna Pharmaceuticals Limited

Wellness beyond boundaries



16th Annual Report

Financial Year 2010 -11



Mr. Bafna Mahaveer Chand, Chairman & Managing Director, Bafna Pharma receives IDMA Quality Excellence Silver Award 2010 – in the category of Formulation Units IDMA Award



Mr. Bafna Mahaveer Chand, Chairman & Managing Director, Bafna Pharma receives National Level Entrepreneurship Excellence Award in the manufacturing sector from Small & Medium Business Development Chamber of India (SME Chamber of India)

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Disclaimer

Statements in this annual reports appearing in some sections including "Key Message from MD" and "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations, plan or predictions or industry conditions or events may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results, performance or achievements could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, regulatory approvals for the product applications and competitors' pricing in the company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour unrest or other difficulties etc. The Company assumes no responsibility to publicly update, amend, modify or revise any forward looking statements, on the basis of any subsequent development, new information or future events or otherwise except as required by applicable law. Unless the context otherwise requires, all references in this document to "we", "us", "our" or "your" refers to Bafna Pharmaceuticals Limited (The Company).

Key Highlights

Key Financial Indicators

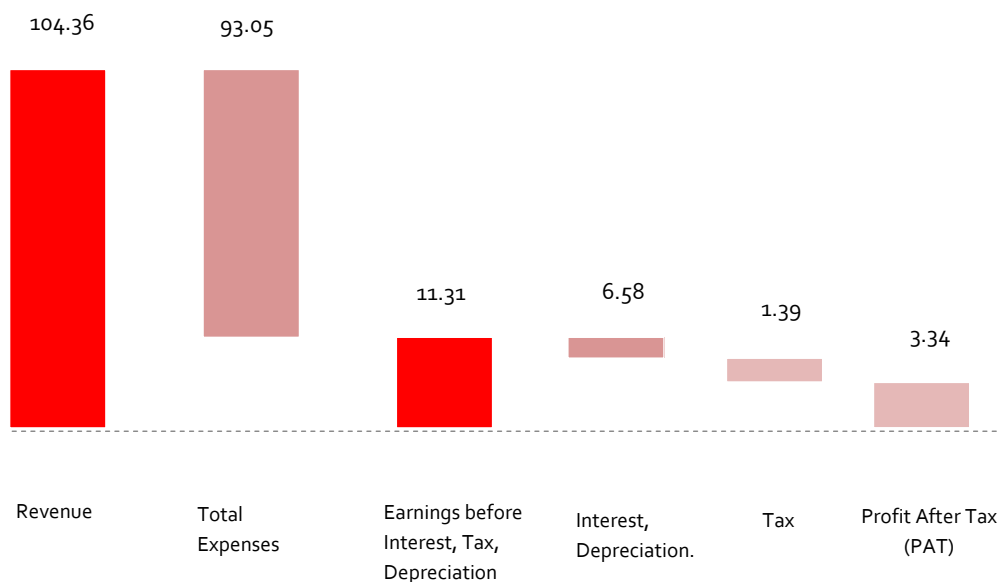
Company has achieved a Year Over Year (YOY) revenue growth of 36%. Domestic sales contributed Rs. 77.42 Cr and exports contribute to Rs.23.87 Cr. While the ratio of domestic sales has increased to about 51%, the EBIDTA margins have improved by 5%

An improved EBIDTA margin in spite of less - margin institutional business dominating sales, underlines the fact that business from regulated markets brought in better margins.

- ▲ Achieved Rs. 100 Cr Turnover with an YOY growth of 36%
- ▲ Improved EBIDTA margins at 41% compared to that of 36% in FY 10
- ▲ Growth In PBT and PAT at 19% And 35% Respectively

Profitability Statement

(Rupees in Crores)



Company Snapshot

Name of Company	:	Bafna Pharmaceuticals Limited
Incorporation	:	1995
Initial Public offering	:	2008
Total Revenue	:	Rs. 104.36 Cr
Net Profit	:	Rs. 3.34 Cr
Listing	:	Bombay Stock Exchange

Registered Office

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

Bankers

State Bank of India

Leather International Branch
Chennai

Export – Import Bank of India

Rajaji Salai, Chennai – 600 001

IDBI Bank

Specialised Corporate Branch, T.Nagar, Chennai

Bank of Ceylon

Poonamallee High Road, Chennai

Share Transfer Agents

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

Auditors

M/s. Abhay Jain & Co

Chartered Accountants

Room No.72, 3rd Floor, 4/16, Sunkurama Street
Chennai – 600 001

Factories

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

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

Board of Directors

Shri. Bafna Mahaveer Chand
Chairman & Managing Director

Shri. Paras Bafna
Whole time Director

Shri. Sunil Bafna
Non-Executive Independent Director

Shri. V. Rajamani
Non-Executive Independent Director

Shri. R. Dwarakanathan
Non-Executive Independent Director

Shri. A.Sahasranaman
Non-Executive Independent Director

Audit Committee

Shri. V. Rajamani

Shri. R. Dwarakanathan

Shri. Bafna Mahaveer Chand

Investor Grievance and Share Committee

Shri. Bafna Mahaveer Chand

Shri. Paras Bafna

Shri. Sunil Bafna

Board of Directors & CEO - Brief Profile

Shri. Bafna Mahaveer Chand | Chairman & Managing Director

Being the main promoter of the company, 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. He is a chemistry graduate from Madras University. Backed up an experience that spans for more than three decades, he has spearheaded the company with diligence and vision that transformed the company from a proprietary firm to a listed entity, credited with a facility accredited by UK-MHRA. Being an expert in managing both domestic institutional supplies and international business, his contributions in bagging supply contracts of the central government & several state governments of India, setting up the State – of – the art R&D center and receiving the National Level Entrepreneurship Excellence award in 2010 are just a few glimpses of His success sojourn, at Bafna Pharma.

Shri. Shyam Sundar Bharti | CEO

He brings a vast experience in general management and financial management backed by his vast experience from banking Industry. He has done his MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai (JBIMS) and law graduation from Lucknow University. He also has CAIIB to his credit. A banker by profession for over 3 decades, he has held various positions including being a Senior Vice President of Centurion Bank of Punjab. After having transcribed a success story in leading a chemical company to greater heights as COO, he joined the senior management of Bafna Pharma to lead the company to next orbit of growth. He is specialized in mobilizing the internal resources, strategic management and plays vital role in dealing with the Financial Institutions and Human Resources.

Shri. Paras Bafna | Whole time Director

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

Shri. V. Rajamani | Independent Director

He is a greatly experienced, specialized in Financial Management, Secretarial Department and Company Accounts. He is a Graduate in Arts and a FICWA and ACS and has over three decades of experience in the areas of Finance and Administration. Prior to joining Bafna Pharma, he has served as the Company Secretary and Chief Vigilance Officer of M/s. Manganese Ore India Limited at Nagpur from 1980 to 1986. From 1986 to 1988 he worked as Additional / General Manager (co-ordination) and as Director of M/s. Neyveli Lignite Corporation. He is a Director in Morgan Industries

Limited. He brings with him rich experience on account of the various positions held in the secretarial and financial departments held in the Central Government undertakings where he worked earlier.

Shri. R. Dwarakanathan**| Independent Director**

He is greatly experienced, specialized in Financial Planning & Management. Shri. R. Dwarakanathan is post graduate in Arts from Madras University and an MBA from Wichita State University, Kansas, USA and also has to his credit CAIIB, Diploma in Industrial Finance and Corporation. He has over 36 years of experience in the field of banking and finance. He started his career in State Bank of India and rose to the level of General Manager (Operations), Local Head Office, General Manager cum Vice Principal, State Bank Staff College at the time of his retirement in April, 2000. He is specialized in various areas such as Financial Management, Corporate Credit, Foreign Exchange, Organisational Development, Inspection and Management Audit and Rehabilitation of Sick Units. Presently he is serving as a Senior Faculty in Loyola Institute of Business Administration, Chennai.

Shri. A. Sahasranaman**| Independent Director**

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

Shri. Sunil Bafna**| Independent Director**

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

Key Message from MD

Dear Shareholders,

I am elated to share that Bafna Pharma has achieved more feats in last fiscal. Financial year 2011 could be termed as eventful that has laid base for value - based growth that the company has always envisaged.



I would like to share you some important events and indicators that underline the business focus and commitment of the management,

- Company has joined Rs.100 Cr revenue club in Pharma space registering Rs.104.36 Crores in this fiscal achieving a YOY growth of 36%.
- Our endeavours to progress towards high margin business have resulted in improved EBDITA margins from 35% in last fiscal to 41% in this fiscal. The YOY growth in PBT and PAT margins are 19% and 35% respectively.
- Number of product approvals in both regulated and non-regulated markets has increased from 80 to 109. This includes the 12 site variation approvals from Europe. Company has applied for 12 more site variation approvals.
- As reiterated in the last Annual General Meeting, company sees launch of brands in domestic market as one of major growth drivers of the business. Since Bafna Pharma's growth was driven by exports to global markets and domestic institutional business, management realised that domestic brand business requires different kind of skill sets, resources and strategic focus.
- Recent acquisition of iconic brand "Raricap" from Pharma Major Johnson & Johnson associate company N.R. Jet Enterprises is a major shot in the arm for the company's endeavours in domestic market.
- Formulation R&D plant that was launched this year is currently developing 12 products.

As outlined earlier, the company's main drivers of growth has some good progress.

1. CRAMS (Contract Research and Manufacturing Services) business is growing steadfast and is still the major contributor of business. 29 new product approvals including 1 site variation approval from UK will support growth in this segment. Apart from new product applications in existing regions, we have entered into new geographies like Columbia, Taiwan, Costarica, Myanmar, Panama, Cambodia and Peru.
2. Launch of brands in non-regulated market continues with launch of brands in Anti Hypertensives, Anti Asthmatics, Arthritis therapeutic segments in Srilankan market.
3. Company's acquisition of the brand Raricap has helped to launch the domestic brand business by grabbing the considerable 'Mind Share' of medical fraternity. As a strategic move, Raricap will be used as launch pad for our domestic brands. Company has lined up product launches in Tamil Nadu, Andhra Pradesh, West Bengal and Maharashtra in FY 12.

Our experienced management constantly scans the environment to draft future course of action. We strongly feel that growing private consumption in India will boost the future growth in healthcare and pharma market.

I look next year as 'Year of Brand Business' with much of resources focussed on capitalising the new found boost and attention that Bafna Pharma has garnered. As a constant strive to improve share holders' value, the company is streamlining its business to improve the margins. I thank you all for the constant support for our endeavours and the faith you have reposed on us.

Warm Regards,

Bafna Mahaveer Chand
Chairman & Managing Director
