

20<sup>TH</sup> ANNUAL REPORT



**BAFNA  
PHARMACEUTICALS LTD.,**



FINANCIAL YEAR 2014-15



BAFNA PHARMACEUTICALS LIMITED  
20TH ANNUAL REPORT

FINANCIAL YEAR 2014-15



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**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
Total Revenue	:	Rs. 143.65 Cr
Net Profit	:	Rs. 6.11 Cr
Listing	:	(i) BSE & (ii) NSE

### **Registered Office**

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

### **Bankers**

SBI, EXIM, IDBI,  
DBS, DCB, BOC

### **Share Transfer Agents**

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

### **Auditors**

M/s. Abhay Jain & 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**

Mr. Garurav Jain,  
Chartered Accountant, Chennai

### **Cost Auditors**

M/s. Thanigaimani & Associates  
Cost Auditor, 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 R. Dwarakanathan  
Non-Executive Independent Director  
Shri B. Kamlesh Kumar  
Non-Executive Independent Director  
Shri Sunil Bafna  
Non-Executive Independent Director  
Smt K. Sabitha  
Executive Non - Independent Director  
(Appointed w.e.f 27th March 2015)

### **Audit Committee**

Shri V. Rajamani  
Shri R. Dwarakanathan  
Shri B. Kamlesh Kumar  
Shri Bafna Mahaveer Chand

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

Shri Sunil Bafna  
Shri Bafna Mahaveer Chand  
Shri Paras Bafna

## Key Message from CMD

**Dear shareholders,**

I once again welcome you all for the 20<sup>th</sup> Annual General Meeting of the Company. I take immense pleasure to inform you that we have successfully completed the MHRA renewal audit during the year for the 4<sup>th</sup> successive Term. We could achieve this because of the standards maintained in your company and the quality of people on Board.



I am pleased to share with you that your company has Joint Ventured with M/s. Strides Health Care Private Limited – a subsidiary of M/s. STRIDES ARCO LABS, Bangalore on account of transfer of Domestic Branded business, Where BAFNA Holds 26% and Strides Holds 74%.

The transfer of domestic branded business was initiated for settlement of debts and reduction of bank borrowings. Your Directors have made a conscious decision for Transfer of Domestic Branded business purely for welfare of the Company in the long run.

Strides Arco labs Bangalore being good value creator with Global presence. I am sure Strides marketing team Raricap Brand will become Global Brand. This will benefit your company in the long run and will unlock value for your company which holds 26% equity in the joint venture.

The Grantlyon facility had to be upgraded to meet the current EU GMP norms for MHRA Audit and hence the facility had to be shut down for 4 months without Production. Your company has successfully cleared MHRA UK audit in February .

Due to the transfer of Domestic Branded business and 4 months shutdown of the facility for up gradation has affected the cash flow cycle, hence, sales was lower than compared to the previous year.

The company filed many dossiers in various countries and the approval for the products is expected in the ensuing year. I am confident that these would increase the revenues in exports.

### **Market expansion through launch of Products in `emerging markets**

- During FY 15 the company got registrations for 38 products as follows: (i) 13 in Sri Lanka (ii) 14 in Nepal (iii) 2 in Nigeria (iv) 1 in Philippines (v) 1 in Ghana (vi) 7 in Ukraine.
- As on date we have more than 129 Product registrations and 156 Product applications across globe.

**Value growth factors**

- Focus on increasing revenue from contract manufacturing in Regulated markets.
- Increase volume from existing emerging markets & further increase revenue by introducing new products.
- Expand to new geographies.
- Focus on FR&D for launching new products.
- Focus on export in Africa, UK and CIS Countries.

We continue to focus on growing revenues, improving margins and thus enhancing market value of the company. We will continue launching Products across the geographies

I take this opportunity to sincerely thank the Board for their invaluable guidance & support during this process. I congratulate & thank the entire Bafna Pharma Team for their undaunted commitment, incredible dedication and value contribution. I thank all share holders and other partners in the business for the continuous faith on us and support you have extended to us till date.

Warm Regards,

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

Annual Report 2014-15



*Annual Report 2014-15*



## Director's Report

### To The Shareholders

Your Directors have pleasure in presenting the Twentieth Annual Report of your Company together with Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2015.

### Financial Performance

The summarized Audited Financial Results for the year ended 31<sup>st</sup> March, 2015 along with comparative figures for the previous year is as under:

(Rs. In '000)

Particulars	Standalone		Consolidated	
	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014
Total Income	14,36,553.02	17,89,445.90	1,436,815.13	1,871,940.30
<b>Total Expenditure</b>	<b>12,96,506.57</b>	<b>1,683,959.02</b>	<b>1,287,946.12</b>	<b>1,757,089.94</b>
Profit before Depreciation & Taxation	140,046.45	105,486.88	148,869.01	114,850.36
Less: Depreciation	52,375.87	83,235.79	59,854.65	89,938.37
Less: Exceptional Items	-	-	28,342.57	-
<b>Profit before Tax</b>	<b>60,789.57</b>	<b>22,251.09</b>	<b>60,671.79</b>	<b>24,911.99</b>
Less: Provision for Taxation	(22,587.38)	(4,200.00)	(22,587.38)	(4,700.00)
Less: Provision for Deferred Tax	22,871.05	(4,689.69)	24,113.06	(5,767.72)
Minority Interest (Loss)		-	(423.68)	(408.14)
<b>Profit after Tax for the year</b>	<b>61,073.34</b>	<b>13,361.40</b>	<b>61,773.79</b>	<b>14,036.14</b>

### Consolidated Operating Results

The consolidated sales and operating income decreased to Rs. 143.68 Cr from Rs. 187.19 Cr in the previous year yielding a decline in growth of 23.24% due to sale of Brand happened during the year. The consolidated operating profit for the year was Rs. 14.89 Cr as against Rs. 11.49 Cr in the previous year. The consolidated net profit for the year 2015 was Rs. 6.18 Cr as against FY 2014 of Rs. 1.40 Cr.

### Standalone Operating Results

The sales and operating income decreased to Rs. 143.66 Cr from Rs. 178.94 Cr in the previous year decline rate of 19.72%. The operating profit for the year under review is Rs. 14.00 Cr as against Rs. 10.55 Cr in the previous year. The profit after tax for the year under review is Rs. 6.11 Cr as against Rs. 1.34 Cr in the previous year.

The company is in growth/expansion mode requiring further investment; your company is therefore evaluating various options to raise additional funds for which shareholders approval may be sought as and when things are finalized.

### 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, 2015 forms part of the Annual Report.

As required under the Listing Agreements entered into with the Stock Exchanges, 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, during the year the subsidiary company has discontinued the marketing activities.

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

Particulars	(Rs. In '000)	
	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014
Authorized Capital	400,000.00	400,000.00
Issued, Subscribed & Paid up Capital	186,563.35	186,563.35

### 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 Company wishes to conserve the resources, hence your directors do not recommend any dividend for the Financial Year.

### Directors

During the year Ms. K.Sabitha was appointed as an Additional director / women director in the Board meeting held on 27<sup>th</sup> March 2015. Your Board recommends for appointment of Ms. K. Sabitha as a Director.

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

Pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 read with Rules thereon, Shri V. Rajamani, Shri R. Dwarakanathan, Shri B. Kamlesh Kumar & Shri Sunil Bafna were appointed as Independent Directors for five consecutive years in the Nineteenth AGM held on 10.09.2014 upto 09.09.2019. Accordingly all the Independent Directors were appointed in the last AGM to align with the requirement of the Companies Act, 2013. The necessary declarations were also obtained from the Independent Directors on yearly

### Directors liable to retire by rotation

Shri. Bafna Mahaveer Chand, Chairman & Managing Director & Shri. Paras Bafna, Whole Time Director are not liable to retire by rotation as per their terms of appointment / Articles Of Association of the company. However, they are subject to retire by rotation as per the provisions of Section 149 & 152 of the Companies Act, 2013. All Directors in the Board are Independent except Shri. Bafna Mahaveer Chand & Shri. Paras Bafna and as Independent Directors are not liable to retire by rotation, Shri. Bafna Mahaveer Chand & Shri. Paras Bafna will retire by rotation in terms of Section 152 of the Companies Act, 2013 and being eligible they have offered themselves for re-appointment. Upon re-appointment as Director Shri. Bafna Mahaveer Chand shall continue to hold office as the Chairman and Managing Director of the Company.