

**FINANCIAL YEAR
2020 - 21**



2021
**ANNUAL
REPORT**

BAFNA
PHARMACEUTICALS LTD.,



BAFNA PHARMACEUTICALS LIMITED

26th ANNUAL REPORT
FINANCIAL YEAR 2020-21

CONTENTS

Company Snapshot	3
Key Message from Chairperson & Executive Director	4
Director's Report	6
Annexure to Director's Report	16
Corporate Governance	23
Auditor's certificate on Compliance	41
Management Discussion and Analysis	42
Financial Statements as at 31 st March, 2021	50
Auditor's Report	51
Balance Sheet	62
Statement of Profit & Loss	64
Cash Flow Statement	65
Notes	66
Notice	90

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

Name of Company	:	Bafna Pharmaceuticals Limited
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. R. 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

S. Hemalatha
Chairperson & Executive Director

Akila C Raju
Non-Executive Non Independent Director

P K Sundaresan
Non- Executive Independent Director

B. Kamlesh Kumar
Non-Executive Independent Director

Atul Sachdeva
Non-Executive Non Independent Director

R. Chitra
Non- Executive Independent Director

Audit Committee

P K Sundaresan
B. Kamlesh Kumar
Atul Sachdeva

Nomination and Remuneration Committee

B. Kamlesh Kumar
P K Sundaresan
Akila C Raju

Stakeholders Relationship Committee

R. Chitra
S. Hemalatha
Atul Sachdeva

CEO

Bafna Mahaveer Chand

CFO

M. Sridhar

Company Secretary

Jitendra Kumar Pal

KEY MESSAGE FROM CHAIRPERSON & EXECUTIVE DIRECTOR

Dear Stakeholders,

We hope that you have been safe and healthy through this singular and unprecedented challenge that humanity is faced with today. Although the demand for pharmaceuticals is least disrupted relative to other industries, operational challenges have increased manifold. 2020 was an extraordinary and challenging year for all of us. Despite the challenges, your Company remained resilient and focused on our strategic priorities.



Last financial year was indeed the demonstration of our resilient business model. As we overcame challenges, we continued to achieve growth across all our geographies and segments.

According to IQVIA, the global medicine market is expected to grow at 3–6% CAGR through 2025, reaching about \$1.6 trillion in total market size in 2025. This excludes spending on COVID-19 vaccines, where total cumulative spending through 2025 is projected to be \$157 Billion.

Supply chain disruptions reduced mobility and industry-wide dislocation caused by the COVID-19 pandemic impacted various aspects of our operations. Nonetheless, we strengthened our reputation for resilience and reliability by continuing to deliver around the world. At the same time, we prioritized the health and safety of our people and implemented additional safety measures at our facilities.

With a legacy of over 26 years and a mission to help improve healthcare with innovation, commitment and trust, we have continuously worked on enhancing quality and value for our customers and stakeholders during 2020-21.

Your Company has shown remarkable agility and resilience throughout the year in unprecedented circumstances. This has included hundreds of colleagues who have continued to work in our manufacturing facilities throughout the pandemic to ensure that vital medicines continued to be manufactured so as to reach patients on time.

Amid the pandemic and challenges thrown by it, the global pharmaceutical industry responded with tenacity. Since March 2020, the industry has been hit with debilitating restrictions and impediments in reaching customers and supplying drugs within India and to the world. However, the pharmaceutical industry has surpassed expectations in response to this global crisis, supplying drugs to over 150 countries besides meeting all domestic demands.

In 2020-21, our overall revenue grew by 59.37% to 7196.72 Lakhs. This performance was possible due to our commitment to delivering quality products, maintaining the highest levels of compliance, manufacturing excellence and improving our supply chain in the past years.

We are well positioned for the future with our focused strategy and ongoing investments in facility, our manufacturing competence and advanced management practices to achieve operational excellence.

Despite multiple disruptions resulting from the COVID-19 pandemic and lockdowns, our teams, including Manufacturing, Operations, Supply Chain, HR, IT and Finance have done a remarkable job of ensuring minimum disturbances by optimizing overall productivity and efficiency without compromising on safety protocols.

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

I want to thank our esteemed shareholders, partners and stakeholders for placing their trust and confidence in us. We will emerge stronger together from this global crisis.

Best Regards

S. Hemalatha

Chairperson & Executive Director

DIN:02714329

DIRECTOR'S REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report of your Company together with Audited Accounts for the Financial Year ended 31st March, 2021.

Financial Performance

The summarized Audited Financial Results for the year ended 31st March, 2021 along with comparative figures for the previous year is as under:

(Rs.in Lakhs)

Particulars	Standalone	
	31 st March 2021	31 st March 2020
Revenue from operations	7121.79	4247.24
Other Income	74.93	25.54
Total Income	7196.72	4272.78
Expenses		
Operating Expenditure	6166.23	4133.92
EBDITA	1030.49	138.86
Depreciation and Amortisation Expenses	447.82	326.66
Profit before Exceptional Items and Taxes	582.67	187.80
Add:Exceptional Items	-	(2332.56)
Profit before tax (PBT)	582.67	(2520.36)
Tax expenses (Current and Deferred Tax)	-	-
Profit for the year	582.67	(2520.36)

Standalone Operating Results

Your Company's Total Income during the year under review was Rs.7196.72 Lakhs as compared to Rs.4272.78 Lakhs in the previous year. Profit before Tax for the year 2020-21 was Rs.582.67 Lakhs as against Rs.187.80 Lakhs in the previous year. Profit After Tax for the year 2020-21 stood at Rs.582.67 Lakhs as against Loss of Rs.2520.36 Lakhs.

Subsidiary Company and Consolidated Financial Statements

Pursuant to the approval of the shareholders at 25th Annual General Meeting held on 31st July 2020 application for strike off the Company's subsidiary Company M/s.Bafna Lifestyles Remedies Limited (BLRL) was filed with Ministry of Corporate Affairs under Section 248 of the Companies Act 2013 and hence consolidated financial statements was not provided since the name of the Company has been strike off.

Change in Capital Structure

(Rs. In Lakhs)

Particulars	31st March, 2021	31st March, 2020
Authorized Capital	4000.00	4000.00
Issued, Subscribed & Paid up Capital	2365.56	236.56*

- * Pursuant to the approval of National Company Law Tribunal, Chennai under IBC, 2016 vide its Order dated 01st February 2019 there was 90% capital reduction.

During the year under review the Issued, Subscribed and Paid up capital has been increased from Rs.236.56 lakhs to Rs.2365.56 lakhs by way of preferential allotment of shares as per the Order passed by National Company Law Tribunal, Chennai under IBC, 2016.

Allotment and listing of 21290701 shares pursuant to the approved Resolution Plan under IBC 2016

During the year under review pursuant to the approved Resolution Plan under IBC 2016 by Hon'ble National Company Law Tribunal, Chennai vide its order dated 01st February 2019 and consequent approval of the Board at their meeting held on 10.09.2020 allotted 2,12,90,701 equity shares of Rs.10 each at a premium of Rs.16/- each (issue price Rs.26) to SRJR Lifesciences LLP.

Name of Allottee	No of shares allotted	Distinctive Number (From)	Distinctive Number (To)
SRJR Lifesciences LLP	2,12,90,701	2365635	23656335

Post listing of 21290701 shares at NSE and BSE the issued, subscribed and paid up capital now stands at Rs.23,65,63,350/- consisting of 23656335 equity shares of Rs.10 each as on 31st March 2021.

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 in view of the accumulated losses.

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;

Implementation of Resolution Plan

During the year under review the Company has fully implemented Resolution Plan as approved by the National Company Law Tribunal, Chennai vide its Order dated 01st February 2019.

Impact of CoVID 19

Your Directors have been periodically reviewing with the Management, the impact of COVID-19 on the Company. The business model position was such that the Company was able to minimize the impact on operation of the Company and was able to deliver better growth prospectus.

Change in the nature of business

Your Company is engaged in the 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 , Internal Audit and review of financial statement mechanism in vogue except in few areas :

- Although the company has an organization structure, now with the implementation of SAP, authority matrix has to be formulated and clearly documented,
- Standard operating procedures in respect of various functions, processes and approvals have to be documented and made available to the functional heads to ensure controls.
- Roles and responsibilities have to be documented as per terms or in line with KRAs mentioned in employees' appointment letters
- Regular employee performance reviews have to be held and increments / incentives have to be fixed and paid on the basis of the same.

Directors

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

Inductions

Ms. S. Hemalatha (DIN:02714329) was appointed as Additional Whole-Time Director with effect from 10.09.2020. The Board recommends her appointment as a Whole-Time Director of the Company for a period of three years with effect from the date of appointment.

Mrs. Akila C Raju (DIN: 07590312) was appointed as an Additional Director (Non-Executive) of the Company with effect from 10.09.2020. The Board recommends her appointment as a Non- Executive Director of the Company whose period is liable to retire by rotation.

Harish Battu Laxmaiah (DIN: 06390117) was appointed as an Additional Director (Non-executive) with effect from 10.09.2020.

Ms.Ravichandran Chitra (DIN: 07749125) was appointed as Additional Non-executive Independent Director with effect from 12.11.2020. The Board recommends her appointment as an Independent Director of the Company for a period of 5 years with effect from the date of appointment.

Mr.Atul Sachdeva (DIN: 07645130) was appointed as an Additional Director (Non-Executive) of the Company with effect from 12.11.2020. The Board recommends his appointment as a Non- Executive Director of the Company whose period is liable to retire by rotation.

Mr. Palamadai Krishnan Sundaresan (DIN:06954189) was appointed as an Additional Non-executive Independent Director with effect from 25.06.2020 for a period of five years which was ratified at the 25th Annual General Meeting held on 31.07.2020.

Resignations

Mr. V. Rajamani (DIN: 00052868), Non-executive Independent Director resigned from the Board with effect from 25.06.2020. Sunil Bafna (DIN: 01458225) Non-executive Independent Director resigned from the Board with effect from 10.09.2020. Mr.Paras Bafna(DIN: 01933663 and Mrs.Sabitha (DIN: 02643259), resigned as Directors with effect from 10.09.2020.

Mr. Mahaveer Chand Bafna (DIN: 01458211) resigned as Director as well as Managing Director with effect from 10.09.2020.

Harish Battu Laxmaiah (DIN: 06390117) resigned as an Additional Director (Non-executive) with effect from 12.11.2020.

The Board wishes to place on record their valuable services rendered by them during their tenure as Director.

Directors Liable to Retire by Rotation

The executive and Non-executive Non-independent Directors in the current board were all appointed after the last Annual General Meeting held on 31st July 2020, their appointments need to be regularized at 26th Annual General Meeting. Hence no director will be bound to retire by rotation in the 26th Annual General Meeting.

Information Relating to Appointment/ Reappointment of Directors

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.

Appointment of CEO

Mr. Mahaveer Chand Bafna (DIN: 01458211) was appointed as Chief Executive Officer (CEO) with effect from 10.09.2020

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- Chief Executive Officer,

Mr. M. Sridhar- Chief Financial Officer

Mr. Jitendra Kumar Pal- Company Secretary

Declaration by Independent Directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/ she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Auditors

As per the provisions of the Companies Act, 2013, M/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 in 2017 till the conclusion of 27th 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 statements 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 the Directors Report.

Auditors' Report:

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