

BAFNA PHARMACEUTICALS LIMITED

18th ANNUAL REPORT

FINANCIAL YEAR 2012 - 13

Raricap*

turns

43

Since 1971... The *Legacy* Continues...

Fighting for *anaemia-free* India



The one and only brand with
Multi-layer Delivery System (MDS) Technology

Start with

R_x

Raricap* Forte

Each tablet contains Ferrous Calcium Citrate equi. to elemental Iron 50 mg + Folic Acid 0.3 mg

Switch to

R_x

Raricap*

Each tablet contains Ferrous Calcium Citrate equi. to elemental Iron 25 mg + Folic Acid 0.3 mg

R_x

Raricap* Combi

Single kit for more Convenience

In

Iron Deficiency (Anaemia)

R_x

The only non-black Iron

Raricap* Drops

Ferrous Calcium Citrate equi. to elemental Iron 10 mg + Folic Acid 0.3 mg / 1 ml

R_x

Raricap* L Suspension

Ferrous Calcium Citrate equi. to elemental Iron 25 mg + Folic Acid 0.3 mg / 5 ml

Contents

Key Financial Indicators	1
Company Snapshot.....	2
Profile - Board of Directors	3
Key Message from CMD	5
Annual Report 2012-13.....	7
Director's Report.....	8
Corporate Governance	19
General Shareholders' Information	26
Management Discussion and Analysis.....	33
CMD / CEO / Manager - Accounts & Finance Certification	38
Auditors Certificate on Compliance	39
Standalone Financial Statements as at 31 st March, 2013	40
Standalone - Auditors' Report.....	41
Standalone - Balance Sheet.....	46
Standalone - Statement of Profit & Loss	48
Standalone - Cash Flow Statement.....	49
Standalone - Notes	51
Standalone - Fixed Assets.....	60
Standalone - Related party disclosures.....	67
Consolidated Financial Statements as at 31 st March, 2013	71
Consolidated – Auditors' Report	72
Consolidated – Balance Sheet.....	74
Consolidated – Statement of Profit & Loss.....	76
Consolidated – Cash Flow Statement	77
Consolidated – Notes.....	79
Consolidated – Fixed Assets	84
Consolidated – Related party disclosures	92
Statement pursuant to Section 212.....	96
Subsidiary Financial Statements as at 31 st March, 2013.....	97

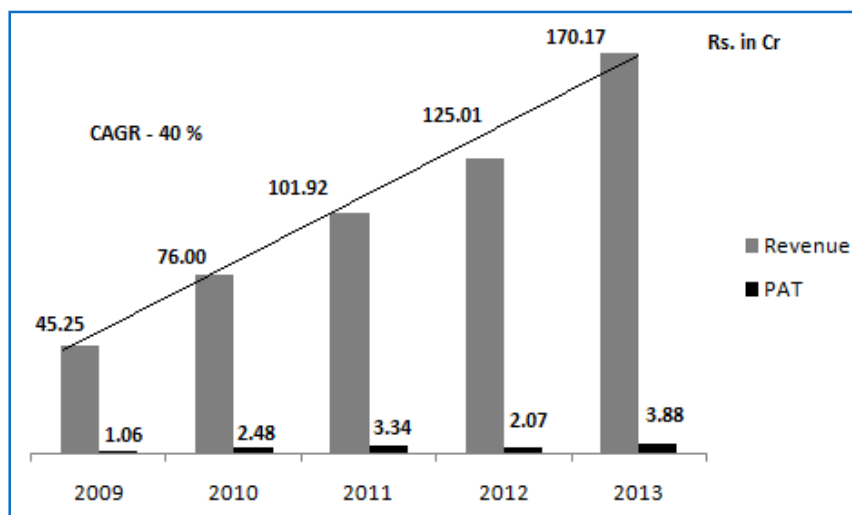
<i>Subsidiary – Directors Report.....</i>	<i>98</i>
<i>Subsidiary – Compliance Certificate</i>	<i>100</i>
<i>Subsidiary – Auditors’ Report.....</i>	<i>105</i>
<i>Subsidiary – Balance Sheet</i>	<i>110</i>
<i>Subsidiary –Statement of Profit & Loss.....</i>	<i>112</i>
<i>Subsidiary – Cash Flow Statement</i>	<i>113</i>
<i>Subsidiary – Notes</i>	<i>115</i>
<i>Notice.....</i>	<i>128</i>
<i>Attendance Slip</i>	<i>141</i>

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.

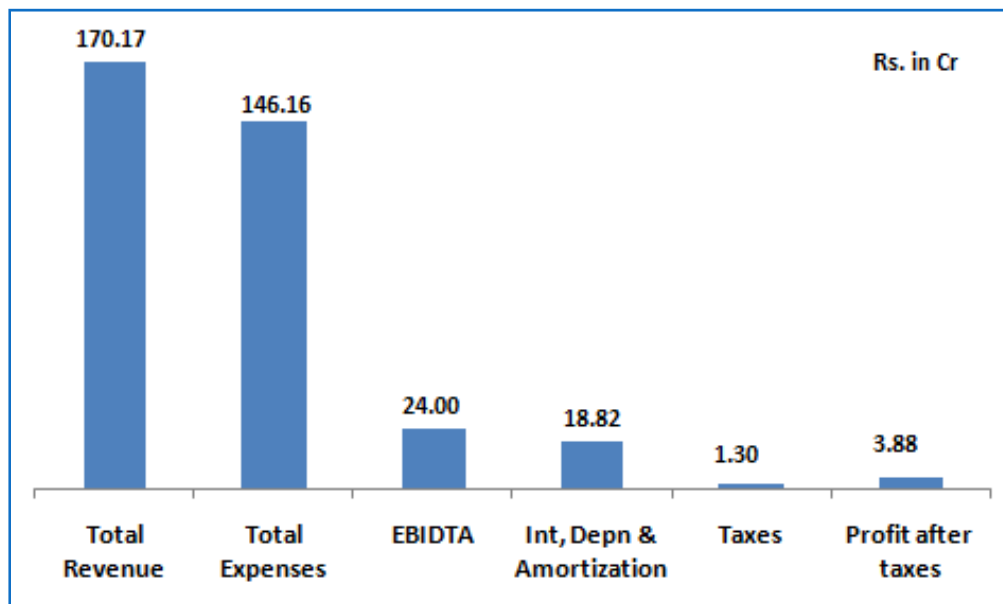
Key Financial Indicators

Revenue Growth



- Sales for the FY '13 has grown by 35% to Rs. 170.17 Cr over the last year sales of Rs. 125.01 Cr.
- Maintaining the growth in revenue with a CAGR of 40%
- Maintaining the growth in PAT with a CAGR of above 50%

Profitability Statement



Note: Financial figures depicted in graphs are from Standalone Financials of Bafna Pharmaceuticals Limited.

Company Snapshot

Name of Company	:	Bafna Pharmaceuticals Limited
Incorporation	:	1995
Initial Public Offering	:	2008
Total Revenue	:	Rs. 1,701,663.58 (In '000)
Net Profit	:	Rs. 38,792.31 (In '000)
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

M/s. R. Sathyanarayanan & Co.,
Chartered Accountants, Chennai

Cost Auditors

M/s. R. Sivasubramanian
Cost Auditor, Chennai

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

Profile - Board of Directors

Shri Bafna Mahaveer Chand, Managing Director

He is the main Promoter of the Company and has over three decades of experience in Pharmaceutical industry. He is a Chemistry Graduate from Madras University. 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. Thanks to his diligence and vision, the company has transformed itself from a proprietary firm to a listed entity, credited with a facility accredited by UK-MHRA. Being an expert in both domestic and international business, his contributions towards developing domestic institutional business and international CRAMS business, setting up the State-of-the art R&D center and the drive to acquire the Marque Brand 'Raricap' have scripted the success story of the company. He has been honored by the National Level Entrepreneurship Excellence award in 2010.

Shri Paras Bafna, Whole time Director

He is one of the Promoter - Director of the Company. He is a Commerce Graduate and MBA with 23 years of experience in Planning & Production. 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 posts / position held in the secretarial / 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. He 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 three decades 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, Organizational 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 17 years of experience in functions of financial planning and management.

Shri B Kamlesh Kumar, Independent Director

He is specialized in Finance, Taxation and Capital Market. He is a graduate in B.A (Corporate) (1986-88) from A.M. Jain College, Chennai. He became a Member in the Institute of Chartered Accountants of India in 1992 and presently a fellow member of Institute of Chartered Accountants of India. He is a Director in JBM Properties Limited from 1996, Director (Finance) in JBM Shelters (P) Ltd from 2006 taking charge of Finance and Accounts Departments. Also he is a Director in Bafna Lifestyle Remedies Ltd from 2012. He has attended various National and International seminars on Audit, Finance and Capital Market. He has over two decades of experience in Taxation and Capital Market. He brings with him rich experience in Taxation, Accounts, Capital Market, Finance & Banking.

Key Message from CMD

Dear shareholders,

I am pleased to inform you that your company has succeeded in delivering the main objects of Pubic Issue during 2008 namely:

- (i) Establishing MHRA aggregated facility & presence in the regulatory market
- (ii) Emerging market
- (iii) CRAMS



The success story continues and your company has acquired the legacy brand RARICAP from Johnson & Johnson. And today you will be happy to note that, in domestic marketing your company has presence PAN India except Rajasthan & Madhya Pradesh.

Now with the acquisition of RARICAP, we have visibility in domestic market also. We are striving very hard for RARICAP to earn its old glory. In the domestic brand market along with RARICAP your company has launched new products in women wellness & child care therapeutic segments. And plans are in force to launch few more products during the FY 14, and I am happy to share with you that, these products are under development with our own established R & D.

After the successful launch of RARICAP in Sri Lanka & Singapore your company has initiated steps in various other countries for registration and launching the product including US & Europe.

I am happy to share with you that your company is the first company to launch the products Ivab, Reclap & Olemebaf in ROW market.

As informed earlier in our last Annual General Meeting your company is focusing on Regulated Market as contract manufacturer, establishing its brands in emerging markets. In R & D your company is now developing new products with focus on Europe and other emerging market.

Revenue Front

- Traditionally, Company has been strong in export / contract manufacturing and has clocked revenue of Rs. 987,108.75 (in '000) in FY 13 as against Rs. 381,580.41 (in '000) in FY 12, a 158% YOY Growth.
- Our R&D services have achieved a growth rate of 341%. Income from R&D services during the year is Rs. 131,162.93 (in '000) as against Rs. 29,720.48 (in '000) in FY 12.
- Our sales through "RARICAP" during the year is Rs. 164,789.57 (in '000) as against Rs. 77,783.19 (in '000) achieving a YOY 110 % growth.

Market expansion through launch of brands in Non - Regulated markets

- For the first time, we documented the details of the product application and registration in FY 10 annual report with presence of 80 product registrations.
- During FY 13 the company got registrations for 27 products as follows: (i) 15 in Sri Lanka (ii) 2 in Nepal (iii) 1 in Ethiopia (iv) 2 in Nigeria (v) 1 in Honduras (vi) 1 in Uzbekistan (vii) 3 in Vietnam and (viii) 2 in Ghana. As on date we have more than 173 Product registrations and 174 Product applications across globe. This includes 18 site variation approvals from UK.

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.
- Make RARICAP world brand by introducing in as many countries as possible.
- Launch line-extensions of RARICAP and other products in woman wellness and child care therapeutic segment.

We continue to focus on growing revenues, improving margins and thus enhancing market value of the company. We will continue launching brands across the geographies both in domestic and international markets. During FY 14 the plans are in force to launch at least five products in Domestic Market.

The Company is today rolling out in the market a lot of what we had planned over the years. We see the current phase as one of investment and expansion.

The company is in growth/expansion mode requiring further investment; your company is therefore evaluating various options to raise additional funds.

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
Chairman & Managing Director

Annual Report 2012-13



Annual Report 2012-13

Director's Report

DIRECTOR'S REPORT

To The Shareholders

Your Directors have pleasure in presenting the Eighteenth Annual Report of your Company together with Audited Accounts for the Financial Year ended 31st March, 2013.

Financial Performance

The summarized Audited Financial Results for the year ended 31st March, 2013 along with comparative figures for the previous year is as under:

Particulars	(Rs. In '000)			
	Standalone		Consolidated	
	31 st March, 2013	31 st March, 2012	31 st March, 2013	31 st March, 2012
Total Income	1,701,663.58	1,250,082.36	1,788,086.40	1,301,111.96
Total Expenditure	1,649,869.18	1,136,737.07	1,734,489.87	1,183,049.62
Profit before Depreciation & Taxation	127,698.69	113,345.29	136,093.42	118,062.34
Less: Depreciation	75,904.29	58,380.11	82,496.89	55,034.44
Less: Exceptional Items	-	1,311.28	(1,324.17)	1,320.34
Profit before Tax	51,794.40	53,653.90	54,920.70	53,714.10
Less: Provision for Taxation	8,600.00	10,500.00	8,950.00	10,500.00
Less: Provision for Deferred Tax	4,402.09	22,413.01	5,839.16	24,159.38
Minority Interest (Loss)	-	-	(504.75)	(647.19)
Profit after Tax for the year	38,792.31	207,40.89	39,626.78	18,407.53

Consolidated Operating Results

The consolidated sales and operating income increased to Rs. 1,788,086.40 (in '000) from Rs. 1,301,111.96 (in '000) in the previous year yielding a growth of 37%. The consolidated operating profit for the year was Rs. 136,093.42 (in '000) as against Rs. 118,062.34 (in '000) in the previous year registering an increase of 15%. The consolidated net profit increased to Rs. 39,626.78 (in '000) from Rs. 18,407.53 (in '000) in the previous year registering a growth of 115%.

Standalone Operating Results

The sales and operating income increased to Rs. 1,701,663.58 (in '000) from Rs. 1,250,082.36 (in '000) in the previous year yielding a growth of 35%. The operating profit for the year under review increased to Rs. 127,698.69 (in '000) as against Rs. 113,345.29 (in '000) in the previous year registering a growth of 12%. The profits after tax for the year under review increased to Rs. 38,792.31 (in '000) as against Rs. 207,40.89 (in '000) in the previous year registering a growth of 87%.

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 31st March, 2013 forms part of the Annual Report.

The consolidated financial statements are prepared in accordance with Accounting Standard – 21 issued by the Institute of Chartered Accountants of India.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies is attached and forms part of the report.

Change in Capital Structure

Particulars	(Rs. In '000)	
	31 st March, 2013	31 st March, 2012
Authorized Capital	400,000.00	400,000.00
Issued, Subscribed & Paid up Capital	186,563.35	183,813.35

Out of the convertible warrants allotted on 17.03.2011, the company has allotted 125,000 Equity shares on 14.08.2012 and 150,000 Equity shares on 15.09.2012 pursuant to conversion of warrants.

Fixed Deposits

The company has not accepted / invited any deposits from the public in terms of Section 58A and 58AA of the Companies Act, 1956.

Dividend

The Directors have pleasure in recommending a dividend of 6% i.e. Rs. 0.60/- per equity share of Rs.10/- each for the year ended 31st March, 2013 which is subject to the approval of shareholders at the ensuing Annual General Meeting. And once the same is approved by the shareholders, it is payable to those shareholders whose names appear in the Register of Members as per book closure dates.

Depository system

Dematerialisation is the process of converting physical shares (share certificates) into an electronic form. Shares once converted into dematerialised form are held in a Demat account. As per SEBI directive the equity shares are to be traded in demat mode compulsorily by all investors w.e.f. 26th June, 2000.

The Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of its shares. Company's shares are eligible for dematerialisation in both NSDL Depository System and CDSL Depository System.

Company's shares are under compulsory demat mode and members are requested to dematerialize their shares for operational convenience.

The ISIN of the scrip is INE878I01014. As on 31st March, 2013, around 62% of the total equity capital of the Company was held in dematerialised form.

Directors

Board of Directors accepted the resignation of Shri A. Sahasranaman, Independent Director w.e.f. 20.05.2013, who has resigned due to personal commitments. Board placed on record their appreciation for the contribution made & valuable advice provided by him during his tenure.

Pursuant to the provisions of Articles of Association & the provisions in the Companies Act, 1956 Shri V. Rajamani and Shri Sunil Bafna, Directors are liable to retire by rotation at the ensuing Annual General Meeting and they being eligible offer themselves for re-appointment. And your Directors recommend their appointment for better prospects of the company. Particulars of Shri V.Rajamani and Shri Sunil Bafna are given in the Notice of the 18th Annual General Meeting as well as in the Report on Corporate Governance.

The Board of Directors at its meeting held on 20.05.2013, has subject to provisions of sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and further subject to the consent and approval of Shareholders re-appointed Shri Bafna Mahaveer Chand as Chairman & Managing Director and Shri Paras Bafna as Whole Time Director for a period of three years effective from 01.07.2013. The particulars of Shri Bafna Mahaveer Chand and Shri Paras Bafna are given in the Notice of the 18th Annual General Meeting as well as in the Report on Corporate Governance.

Brief profile of Director(s) is included elsewhere in the report and forms part of this report.

Auditors

The Auditors M/s. Abhay Jain & Co., Chartered Accountants, Chennai retire at the conclusion of the ensuing Annual General Meeting and have confirmed eligibility for their re-appointment. The Board recommends their reappointment as Statutory Auditors of the Company. The report of Auditors and notes forming part of the Accounts are attached along with the Annual Report.

Cost Audit

The Board of Directors of the Company appointed M/s. Sivasubramanian & Co., Cost Accountants, as the Cost Auditor of the Company for audit of cost accounts relating to formulations the year ended 31st March 2013. The Cost Audit report for the year ended 31st March 2012 was filed on 03.04.2013 and the Cost Audit Compliance Report was filed on 03.04.2013. The Cost Audit Report & Cost Audit Compliance Report for the year ended 31st March, 2013 shall be submitted to the Central Government in due course.

Preferential Issue of Shares & Warrants

The Company has issued and allotted 1,500,000 Equity Shares and 2,318,000 Warrants convertible into 2,318,000 Equity Shares of Rs. 10/- each at a premium of Rs. 37.30/- on 17th day of March, 2011. Out of the above warrants allotted on 17.03.2011, 125,000 warrants were converted into equity shares on 14.08.2012 and further 150,000 warrants were converted into equity shares on 15.09.2012 after receipt of balance money. And the remaining 2,043,000 warrants lapsed as balance money was not received within the stipulated time.

Further on 13th January, 2012 the Company has issued and allotted 900,000 Equity shares and 2,500,000 warrants convertible into 2,500,000 Equity shares of Rs. 10/- each at a premium of Rs. 40/- per share, the aforesaid 2,500,000 warrants are yet to be converted into Equity Shares.

The aforesaid shares and warrants were subject to lock-in period as prescribed under SEBI Guidelines. With respect to allotment of warrants the company has received 25% of the warrant price on subscription and the balance is payable upon exercise of the right to apply for Equity Shares within a period of 18 months from the date of issue of warrants.

1. Nature of Issue

From the warrants allotted on 17.03.2011, during the year the company has allotted 1,25,000 Equity shares on 14.08.2012 and further allotted 1,50,000 Equity Shares on 15.09.2012 pursuant to conversion of warrants.

2. Size of the issue

From the warrants allotted on 17.03.2011, during the year the company has allotted 1,25,000 Equity shares on 14.08.2012 and further allotted 1,50,000 Equity Shares on 15.09.2012 pursuant to conversion of warrants.

3. Aggregate amount of the issue size

(Rs. In '000)		
SI No	Particulars	Amount
1	275,000 Equity Shares (75% of issue price of Rs. 47.30/-)	9,755.62
	TOTAL	9,755.62

4. Objects of the issue

To augment and achieve the long term plans of the Company and to meet the funds requirements for expansion, product and market diversification, brand acquisition(s), repayment of Term Loan(s) / Debt, working capital and general corporate purposes.

5. Utilisation of the issue

Funds raised have been utilized as per the objects of the issue as stated below:

(Rs. In '000)		
SI No	Particulars	Amount
1	For working capital	9,755.62
	TOTAL	9,755.25

Outstanding warrants

The Board of Directors allotted 2,500,000 warrants convertible into 2,500,000 equity shares on 13.01.2012, the said warrants are yet to be converted into Equity Shares.

Listing

We are happy to inform you that, your company got listed with National Stock Exchange of India Limited w.e.f. 12th November, 2012, adding one more trading platform for shareholders.

Presently, the Company's shares are listed at Bombay Stock Exchange Limited and at National Stock Exchange of India Limited; the necessary Listing Fees have been paid to the stock exchange(s).

Revised Schedule VI

The revised Schedule VI has become applicable to the company for presentation of Financial Statements, accordingly previous year / period figures have been regrouped / reclassified wherever necessary.

Particulars of employees

There are no employees covered under the provisions of Section 217(2A) of the Companies Act, 1956 and the rules made there under. Therefore a statement giving particulars of employees in pursuance to the above referred section is not enclosed.

Foreign Exchange earnings and outgo

The particulars in respect of Foreign Exchange Earnings and Outgo as required under Section 217 (1) (e) of the Companies Act, 1956, are given as in Annexure to this report.

Human Resource, Industrial Relations, Environment, Occupational Health and Safety

The Company is continuously focusing on managing talent and increasingly systematizing the HR processes. We have excellent industrial relations across all facilities including corporate office and strongly believe that the workers will continue to work towards profitable and productive company.

During the economic downturn, the Human resources played a key role of strategic influencer, and in alignment with business goals, delivered on numerous initiatives. We believe that employee's engagement with higher expectations leads to maximum contributions. Acquisition and retention of talent continues to be a major thrust area. With an eye on long term, the company has begun several programmes and engages employees to enhance their knowledge / skills in line with company's goals.

The number of employees as on 31st March, 2013 was 572 comprising of 27 at Head Office, 35 as managerial staff, 185 at factories, 325 as marketing staff as against 358 during FY 12, an increase of 214 number of employees.

Conservation of energy, Technology Absorption & Research and Development (R & D)

The company is conscious of its responsibility to conserve the energy and has taken measures in relation to conservation of energy and technology absorption. The particulars in respect to conservation of energy, Technology Absorption & Research and Development as required under Section 217 (1) (e) of the Companies Act, 1956, are given as an Annexure to this report.

Insider Trading Regulations

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the code of conduct for prevention of insider trading and the code for corporate disclosures are in force.

Corporate Governance

Report on Corporate Governance and Certificate of the Auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, are enclosed elsewhere in the Annual Report and forms part of this report.

Corporate Social Responsibility

Corporate Social Responsibility is commitment of the Company to improve the quality of life of the workforce and their families and also the community and society at large. The Company believes in undertaking business in such a way that it leads to overall development of all stake holders and society.

Management Discussion and Analysis Report

Management Discussion and Analysis Report, as required under the Listing Agreement with the Stock Exchange is enclosed elsewhere in the Annual Report and forms part of this Report.

Directors Responsibility Statement

Your Directors wish to inform that the Audited Accounts contains Financial Statements for the financial year ended 31st March, 2013 are in full conformity with the requirements of the Companies Act, 1956. They believe that the Financial Statements reflect fairly the form and substance of transaction carried out during the year and reasonably present your Company's financial conditions and result of operations.

Your Directors further confirm that in preparation of the Annual Accounts:

- The applicable accounting standards had been followed and wherever required, proper explanations relating to material departures have been given;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Accounts have been prepared on a "going concern" basis.

Acknowledgement and Appreciation

Your Directors would like to thank Company's Bankers – SBI, EXIM, DBS, DCB, BOC & IDBI for their continued support and they would also like to express their gratitude for the co-operation and assistance extended to the Company by its Customers, Suppliers, Technical Consultants, Contractors, Government and Local Authorities, etc. The Directors also wish to thank all its Shareholders for their unstinted support. The Directors would like to sincerely thank and place on record their appreciation of the consistent and dedicated services of the employees at all levels who have immensely contributed to the performance of the Company during the period under review.

On behalf of the Board of Directors
For Bafna Pharmaceuticals Limited

Paras Bafna Bafna Mahaveer Chand
Whole Time Director Chairman & Managing Director

Place: Chennai
Date: 20.05.2013

ANNEXURE TO THE DIRECTOR'S REPORT

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

FORM - A

Disclosure of particulars with respect to Conservation of Energy

A. Conservation of Energy

Power & Fuel Consumption

SI No	Particulars	2013	2012
1.	Purchased: Units(Lakhs) Total Amount (Rs. In lakhs) Rate / Unit (Rs.)	Units 14.32 Lakhs Rs. 102.80 Lakhs Rs. 7.17 per unit	Units 18.41 Lakhs Rs. 105.11 Lakhs Rs. 5.71 per unit
2.	Own Generation Through Diesel Generator Units (KSH) in lakhs Unit per Lt. of Diesel Cost/Unit (Rs. in lakhs)	Units 3.04 Lakhs Unit 2 per Litre Rs. 23.88 per unit	Units 2.99 Lakhs Unit 2 per Litre Rs. 21.68 per unit

B. Consumption per Unit of Production:

Since the company manufactures different Drugs & Drug Intermediates, it is not possible to give consumption per unit of production.

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

I. RESEARCH AND DEVELOPMENT (R&D)

(a) Specific areas in which R&D is carried out by your company

R&D is a process intended to create new or improved technology that can provide a competitive advantage to our business.

R & D key role-Formulation Development

- Design and development of new dosage forms
- Pre formulation studies
- Lab / pilot scale studies
- Process optimization/validation studies
- Stability studies
- Technology transfer

Bafna Analytical R&D is well supported by analytical development team which is committed for development of analytical methodologies that provide sensitive, precise, rugged & accurate data in minimum time. Key activities include development & validation of various analytical test procedures for Assay, Content Uniformity, Dissolution, Related Substances, Residual Solvents, other in-house test procedures & finalization of their Specifications. Bafna R&D providing complete documentation supports for EU Dossier submission & ANDA dossier submission

R & D key role-Analytical Development.

- Stability Testing
- Method Development and Validation

(b) Benefits derived as a result of the above

- these give us a unique selling point (USP) & then patents can be acquired for these products.
- once the product is developed it shall generate a strong stream of revenue for many years
- R&D is able to build business advantage over its competitors by bringing innovative products
- engaging in research helps us to build a brand. People will trust our company with a strong scientific research and development base.

(c) Future plan of action

- To develop the pharmaceutical products.
- To design and develop the products indigenously for the ever expanding Pharma market.
- To enhance the quality and efficacy in all our medical formulations.
- To achieve and maintain consistency in quality.
- To ensure consistent efforts towards training and skill development of all our employees.
- To committed to make Quality a way of life regardless of commercial consequences.
- To adopt, adhere and promote environment friendly practices and processes.

(d) Expenditure on R&D

(Rs. in '000)

Particulars	Current Year	Previous Year
Capital	214.00	10581.00
Recurring/Revenue	12042.00	5678. 00
TOTAL	12256.00	16259.00
% of R&D expenditure to sales	0. 73%	1.31%

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**a) Efforts in brief, made towards technology absorption, adaptation and innovation:**

With latest technology, its development & up-gradation enable us to provide technically superior, process efficient and International standards product.

The company has its own R&D centre's which have been developing and improving process for manufacture of Delayed release tablets, Sustained Release Tablets, Orally Disintegrating Tablets, Liquid orals, Syrups, Suspensions & Dry Syrup formulations.

b) Benefits derived as a result of the above efforts:**Sustained Release Dosage Forms**

Sustained release dosage forms are designed to release a drug at a predetermined rate in order to maintain a constant drug concentration for a specific period of time with minimum side effects. This can be achieved through a variety of formulations.

Advantages:

- Control of drug therapy is achieved
- Frequency of drug administration is reduced
- Patient compliance can be improved
- Drug administration can be made convenient

- The safety margin of high potency drug can be increased
- Drugs with shorter half-life can be given in less frequent dose with better compliance.
- Less fluctuating blood plasma concentrations
- absorption can be modified or enhanced

Oral Disintegrating Tablets (ODTs)

An **Orally Disintegrating Tablet** or **Orodispersible Tablets** are designed to be dissolved on the tongue rather than as a swallowed whole. The ODT serves as an alternative dosage form for patients who experience dysphagia (difficulty in swallowing) or where compliance is a known issue and therefore an easier dosage form to take & also ensures that medication is taken.

Advantages

- Easy to administer to patients who can't swallow
- Pre-gastric absorption and increased bioavailability
- Convenient for administration without accessibility of water
- Excellent mouth feel property produced by added flavors
- Quick dissolution and rapid absorption
- Improved patient complacence
- Rapid onset of Therapeutic effect

Gastro-Resistant Dosage Forms (Enteric Coated Tablets)

Gastro-resistant dosage forms are designed and intended to release the drug by displaying resistance to the stomach, mostly by delaying the release of the drug in the stomach, followed by intestinal release.

Advantages

- Drugs irritating gastric mucosa in the stomach can be released in intestine
- Advantageous for drugs with local action in intestine
- Minimizes digestive discomfort
- Protects gastric sensitive drugs

Chewable Tablets Technology

- Create a more 'user-friendly' experience
- Eliminate need to take water with tablets
- Increase compliance
- Overcome swallowing difficulties
- Reduce risk of esophagitis
- Dose precisions
- Higher Palatability
- Better availability
- Easy of administration while traveling

c) Details of technology imported during the last 5 years

No technology has been imported during the past five years.

FORM C

FOREIGN EXCHANGE EARNINGS & OUTGO

(a) Activities relating to exports, initiative taken to increase exports, developments of new export markets for products and services and export plans.

During the year the company has got 27 product registrations. As on date we have more than 173 product registrations and 174 product applications across globe, this includes 18 site variation approvals from UK. We are also waiting for site approvals from 4 (four) countries. All these provide a basis for expanding our exports.

The export turnover consists of Rs. 98.71 Cr of the total turnover for the FY 13 as against Rs. 38.15 Cr for the previous year

(b) Foreign Exchange earned and used

- (i) Your Company has earned foreign exchange of Rs.1,118,271.68 (in '000) (previous year Rs. 415,604.08 (in '000))
- (ii) Foreign Exchange outgo was Rs.60,815.43 (in '000) (previous year Rs. 43,012.41 (in '000) on account of international travel & purchase of foreign currency.

Corporate Governance

CORPORATE GOVERNANCE

For the year ended 31st March, 2013

Corporate Governance provides that a company is directed in such a way that it performs efficiently and effectively, keeping in view the long term interest of the shareholders, while respecting laws and regulations of the land and contributing as a responsible corporate body to the national exchequer.

I. COMPANY'S PHILOSOPHY

Your Company believes in professionalism of management, transparency and sound business ethics. It encourages wide participation from all stakeholders.

II. BOARD OF DIRECTORS

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Chairman and Managing Director oversee the functional matters of the Company.

Agenda for Board meetings:

The Chairman & Managing Director finalizes the agenda for the Board & Committee meetings. The agenda for the Board Meeting includes:

- (i) Minutes of meetings of Committee(s) including subsidiary company;
- (ii) Declaration by directors & notice of interest of directors;
- (iii) Details of utilization of issue proceeds;
- (iv) Terms of Appointment, remuneration & resignation of Directors, CEO, Statutory Auditors, internal Auditor, cost auditor;
- (v) Operating plans of business, business risk exposures, its management & related action plans;
- (vi) Quarterly and annual results, Auditors Report & the Report of the Board of Director's;
- (vii) Limited Review report of Auditors, Reconciliation of Share Capital Audit, Show cause, demand, prosecution & penalty notices, statement of compliances from various statutory authorities, non-compliance of any regulatory, statutory or listing requirements & details pertaining to delay in share transfer, etc;
- (viii) Loans & investments made, borrowings made, guarantees given, major investment, collaboration agreement;
- (ix) Details of significant transactions, related party transactions & arrangements with subsidiary company, sale of material nature of investments, subsidiaries, assets which are not in normal course of business including material default in financial obligations;

- (x) Cost Audit Report, Internal audit report, significant changes in accounting policies and internal controls, changes in government policies & its impact thereof on directors responsibilities;

The Board comprises of 6 (six) Directors, out of which 2 (Two) are Executive Directors, 4 are Non-Executive and Independent Directors as mentioned below:

Name of Director	Position	Directorship in other public Limited Companies incorporated in India	Membership/ Chairmanship across all other companies in which the person is a Director
Shri Bafna Mahaveer Chand	Chairman & Managing Director	NIL	NIL
Shri Paras Bafna	Whole Time Director	NIL	NIL
Shri Sunil Bafna	Non-Executive Independent Director	NIL	NIL
Shri V.Rajamani	Non-Executive Independent Director	Morgan Industries Limited	NIL
Shri R.Dwarakanathan	Non-Executive Independent Director	NIL	NIL
Shri A. Sahasranaman (Resigned w.e.f. 20.05.2013)	Non-Executive Independent Director	1. Indian Leather Industry Foundation 2. Bhartiya International Ltd 3. Chennai Environmental Management Company Of Tanners 4. Bafna Lifestyles Remedies Ltd (Resigned w.e.f. 18.05.2013)	NIL

The number of Board Meetings and the attendance of directors along with their attendance at the last AGM during the financial year 2012-13 are as follows:

Name of Director	No. of Meetings Attended	AGM Date & Attendance – 27th September, 2012
Shri Bafna Mahaveer Chand	10	P

Shri Paras Bafna	10	P
Shri Sunil Bafna	10	A
Shri V.Rajamani	10	P
Shri R.Dwarakanathan	9	P
Shri A. Sahasranaman (Resigned w.e.f. 20.05.2013)	7	A

"P" represents Present

"A" represents Absent

During the year under review Ten Board Meetings were held and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

- | | | | | | | | |
|-----|------------|------|------------|-----|------------|-----|------------|
| (1) | 30.05.2012 | (2) | 23.06.2012 | (3) | 14.08.2012 | (4) | 15.09.2012 |
| (5) | 07.11.2012 | (6) | 26.12.2012 | (7) | 09.02.2013 | (8) | 19.02.2013 |
| (9) | 04.03.2013 | (10) | 27.03.2013 | | | | |

Other than the Managing Director and the Whole Time Director, all other Directors attending meetings of the Board & Audit Committee are entitled to sitting fees of Rs. 5,000/- for every meeting attended by them.

Necessary quorum was present at all these meetings. No other compensation is paid / payable to Non-Executive Directors.

M/s. R. Sathyanarayanan & Co., Chartered Accountants, Chennai are the Internal Auditors of the Company. The points raised by the internal auditors are placed before the Audit Committee & Board of Directors for their appropriate action.

The agenda and notes on agenda are circulated to the Directors, in advance, in the defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

III. Audit committee

The terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement, as amended, as well as in Section 292A of the Companies Act, 1956. The responsibilities of the Audit Committee include inter alia,

1. To review Appointment, re-appointment and replacement, if any shall be recommended for Statutory Auditor, Internal Auditor, and Cost Auditor by the Audit Committee to the Board including the remuneration / fees payable to them.
2. To review the financial reporting process and to ensure financial statements are correct, sufficient and credible.
3. To review with the management, the quarterly & annual financial statements before submission to the Board for approval, including reasons for changes in accounting policies and practices, reviewing the Audit Report including qualifications, if any and ensuring for

corrective measures, major accounting entries involving estimates based on the exercise of judgment by the management, audit findings and adjustments made in the financial statements arising out of audit findings, Compliance with listing and other legal requirements relating to financial statements.

4. To review with the management, the statement of uses / application of funds raised through preferential issue and making appropriate recommendations to the Board to take up steps in this matter.
5. To review with the management, the act of Statutory including Cost Auditors and Internal Auditors, sufficiency of internal control systems including the structure of internal audit department, reporting structure, coverage & frequency of internal audit and also discussing with internal auditors.
6. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
7. Appointment of MD / CEO after assessing the qualifications, experience & background, etc. of the candidate.
8. To review the following information:
 - The management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions;
 - Internal audit reports relating to internal control weaknesses;
9. Reviewing the financial statements including the investments made by the unlisted subsidiary of the Company.
10. To seek information from any employee, to obtain outside legal or other professional advice, to secure attendance of outsiders with relevant expertise, if it considers necessary and such other powers.

Audit Committee meetings are generally attended by CEO, Manager Accounts & Finance, Statutory Auditors.

The Composition of the Audit Committee as on 31st March, 2013 is as follows:

- Shri V.Rajamani - Chairman
- Shri R.Dwarakanathan - Member
- Shri Bafna Mahaveer Chand - Member

During 2012-13 the details of the meetings attended by the members were as follows:

Name of Directors	Status	No. of Meetings attended
Shri V.Rajamani	Chairman	5
Shri R.Dwarakanathan	Member	5
Shri Bafna Mahaveer Chand	Member	5

The dates on which the Audit Committee Meetings were held are as follows:

(1) 30.05.2012 (2) 14.08.2012 (3) 07.11.2012 (4) 26.12.2012 (5) 09.02.2013

The quorum of two Independent Directors as required by the Listing Agreement was present in all the Audit Committee Meetings held during the year. Shri V.Rajamani, the Chairman of the Audit Committee was present in the 17th AGM held on 27th September, 2012 and provided clarifications to the shareholders queries.

All directors attending meetings of the Audit Committee are entitled to sitting fees of Rs. 5,000/- for every meeting attended by them.

IV. REMUNERATION COMMITTEE

The Company has set up a Remuneration Committee. The Composition of the Remuneration Committee as on 31st March, 2013 is as follows:

- Shri R.Dwarakanathan - Chairman
- Shri V.Rajamani - Member
- Shri Sunil Bafna - Member

Scope of Remuneration Committee

The Remuneration Committee of the Company was approved and re-constituted by the Board of Directors. This committee comprise of three members all of them being Independent Directors.

The terms of reference to the said committee are as follows:

1. To review market practices and to decide / make recommendations to the Board on remuneration packages applicable to the Managing Director, Executive Directors and the Senior Executives of the Company.
2. The Committee may also decide on the commission and / or other incentives payable taking into account the individual performance as well as that of the company.
3. The remuneration committee thus assesses the overall compensation structure and policies of the company with an objective to attract, retain and motivate employees and to consider grant of stock options to employees, etc.

No Committee meetings were held during the financial year 2012-13.

V. INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

The Investor Grievance and Share Transfer Committee was appointed and approved by the Board of Directors.

The composition of the Investor Grievance and Share Transfer Committee as on 31st March, 2013 is as follows:

- Shri Bafna Mahaveer Chand - Chairman
- Shri Paras Bafna - Member
- Shri Sunil Bafna - Member

Scope of Investor Grievance and Share Transfer Committee include:

1. The Committee shall oversee share transfers; monitor the redressal of shareholders & investors complaints.
2. The Committee shall also review the processes and service standards adopted by the Registrar and Share Transfer Agents, the complaints received by the Company and their resolution.
3. All shareholder complaints received during the year 2012-13 have been resolved and there are no pending complaints.

During the year the committee met on (i) 31.05.2012 & (ii) 20.12.2012

VI. GENERAL BODY MEETINGS:

Date, Time and Venue of the last three Annual General Meetings:

FY ended	Date	Time	Venue	If Resolution is passed
31 st March, 2010	23.08.2010	12.00 Noon	Factory at 147, Madhavaram Redhills High Road, Grantlyon Village, Vadakarai Post, Chennai - 600052	NO
31 st March, 2011	23.09.2011	12.00 Noon	Hotel Ashoka, NO.47, Pantheon Road, Egmore, Chennai – 600008	YES*
31 st March, 2012	27.09.2012	3.00 PM	The TNCA Club, MA Chidambaram Stadium, 5, Victoria Hostel Road, Chepauk, Chennai - 600005	YES**

*Three Special Resolutions were passed

- (i) Preferential Issue of 11,00,000 Warrants to Promoters
- (ii) Preferential Issue of 25,00,000 Warrants to Non-Promoters
- (iii) Preferential Issue of 9,00,000 Equity Shares to Non-Promoters

** Special Resolutions were passed for amendment in Articles of Association of the company.

Extra-Ordinary General Meetings:

During the period under review there were no Extra-ordinary General Meetings.

Special Resolution passed through Postal Ballot

No special resolution was passed through Postal Ballot during the Financial Year 2012-13. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

Outstanding warrants

The Board of Directors allotted 25,00,000 warrants convertible into 25,00,000 equity on 13.01.2012, the said warrants are yet to be converted into Equity Shares.

CMD / CEO / Manager – Accounts & Finance Certification

The Chairman & Managing Director, CEO and Manager - Accounts & Finance of the Company give quarterly and annual certification on financial reporting and internal controls to the Board in terms of Clause 49.

Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members of the Company. All the Directors have affirmed compliance with the code of conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Chairman & Managing Director, has been annexed to the Corporate Governance Report.

VII. DISCLOSURES

(a) In terms of the Accounting Standard-18 "related Party disclosures", as notified under the companies (Accounting Standards) Rules, 2006, the company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in Note No. 28 to the Accounts forming part of this Annual report. Transactions with related parties entered into by the company are in the normal course of business on arm's length basis and do not have potential conflicts with the company. During FY '13, the company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the company at large.

All details on the financial and commercial transactions, where Directors may have a potential interest, are provided to the Board / Audit Committee. The interested Directors are neither eligible to participate in the discussion, nor do they vote on such matters.

(b) The Company has complied with the requirements of the Listing Agreement entered with the BSE & NSE and SEBI Regulations and guidelines. No penalties were imposed or strictures were passed against the company with regard to the Capital Market.

(c) The company does not have a formal whistle blower policy. However, no person has been denied access to the Audit Committee.

(d) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement. And the company has complied some of the non-mandatory requirements also.

VIII. MEANS OF COMMUNICATION

The Board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

The quarterly & annual financial results of the company are published generally in English Newspaper in Economic Times & Vernacular (Tamil) language in Makkal Kural.

The same is updated at the website of the company at www.bafnapharma.com.

General Shareholders' Information

Annual General Meeting : on Monday the 30th day of September, 2013 at 2.30 P.M.

Venue : At NARADA GANA SABHA (Mini Hall),
314, T.T.K. Road, Alwarpet, Chennai – 600018

Financial Year: : The Accounting year covers the period from
1st April, 2012 to 31st March, 2013.

Financial reporting for the quarters ending on:

30th June, 2013	- By 31 st July, 2013
30th September, 2013	- By 31 st October, 2013
31st December, 2013	- By 31 st January, 2014
31st March, 2014	- By 30 th April, 2014

Book Closure Dates : 21.09.2013 to 30.09.2013 (Both Days inclusive)

Dividend Payment Date : The proposed dividend, if approved at the ensuing Annual General Meeting will be distributed on or around 5th October, 2013.

Listing on Stock Exchange : (i) Bombay Stock Exchange Limited.
Stock code (BSE): 532989
(ii) National Stock Exchange of India Limited
Scrip Symbol (NSE): BAFNAPHARM

The Equity Shares of the Company were listed with National Stock Exchange of India Limited w.e.f. 12th November, 2012.

The company has paid Annual listing fees up to date.

Depositories : **a) The National Securities Depository Limited**
4th Floor, Trade World, Kamala Mill Compound,
Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
b) Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers, 17th Floor,
Dalal Street, Mumbai – 400 001.

ISIN No. : INE878I01014

Number of Shareholders : 4539 (As at 31st March, 2013)

Shareholding Pattern as at 31st March, 2013

Particulars	Holding (%)
Promoters & Promoters Group	37.37
Total (A)	37.37
Public - Institutions	0.00
Total (B)	0.00
Public – Non Institutions	
Bodies Corporate	17.42
Individuals	38.76
Others	6.45
Total (C)	62.63
Total (A+B+C)	100.00

Distribution of Shareholding as on 31st March, 2013

Share or Debenture Holding	Share / Debenture Holders		Share Debenture Amount	
Rs.	Number	% of Total	Rs.	% of Total
10-5000	3810	83.94	7,024,840	3.77
5001-10000	250	5.51	2,190,400	1.17
10001-20000	153	3.37	2,497,850	1.34
20001-30000	65	1.43	1,762,270	0.94
30001-40000	35	0.77	1,283,700	0.69
40001-50000	36	0.79	1,730,810	0.93
50001-100000	60	1.32	4,666,970	2.50
100000-And above	130	2.87	165,406,510	88.66
TOTAL	4539	100.00	186,563,350	100.00

Share market data: Monthly Share Price movement during the financial year ended 31st March, 2013 at BSE & NSE

Month	BSE			NSE*		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
Apr- 12	52.70	44.00	629510	NA	NA	NA
May- 12	52.25	42.80	721327	NA	NA	NA
June- 12	50.55	43.80	808270	NA	NA	NA
July - 12	50.00	42.55	602781	NA	NA	NA
Aug - 12	49.85	40.70	725622	NA	NA	NA
Sep - 12	48.00	39.80	855478	NA	NA	NA
Oct - 12	50.25	43.00	1798752	NA	NA	NA
Nov - 12	51.70	44.00	893925	53.00	44.05	230349
Dec - 12	51.40	45.10	816882	52.50	44.65	586135
Jan - 13	51.70	42.70	491625	52.45	40.00	240178
Feb - 13	47.95	38.00	766409	49.90	37.50	368681
Mar - 13	43.00	33.40	756059	42.65	33.80	366020

* Listed at NSE w.e.f. 12.11.2012

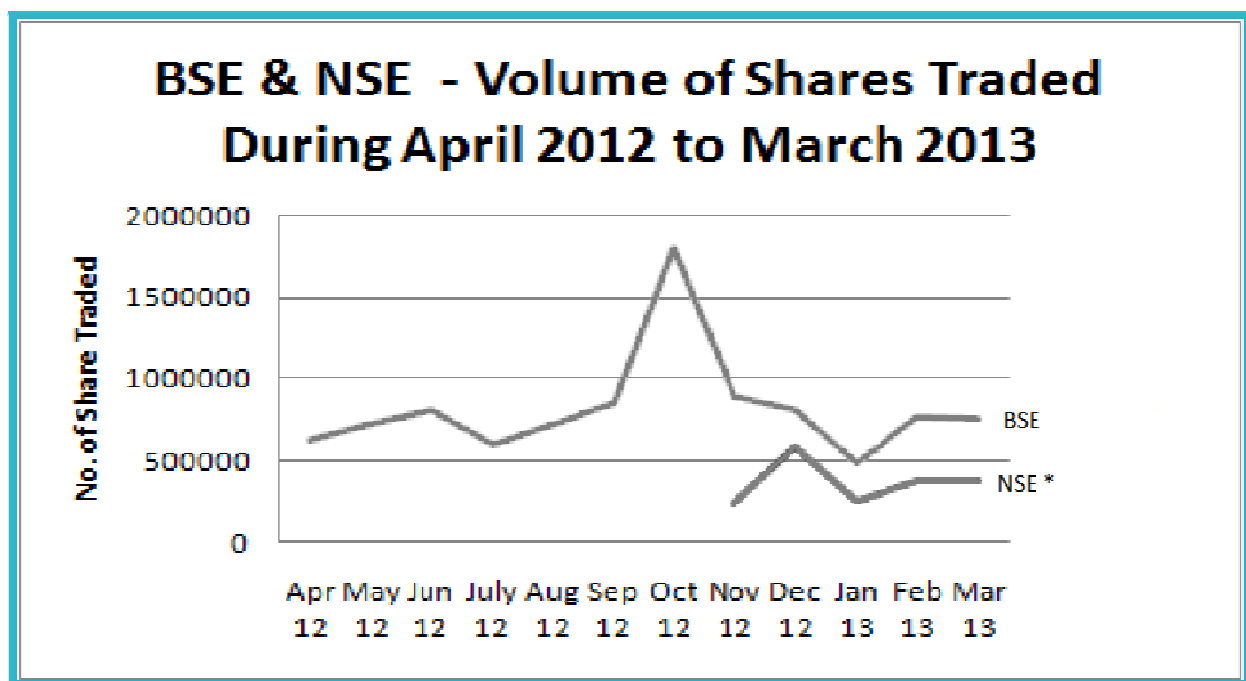
Reconciliation of Share Capital Audit:

A qualified Practicing Company Secretary carries out reconciliation of share capital audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. As on 31st March, 2013, the audit confirms that the total issued / paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. And also the report of the Practicing Company Secretary as required under Listing Agreement is forwarded to the Stock Exchanges within the prescribed time.

Share Transfer System:

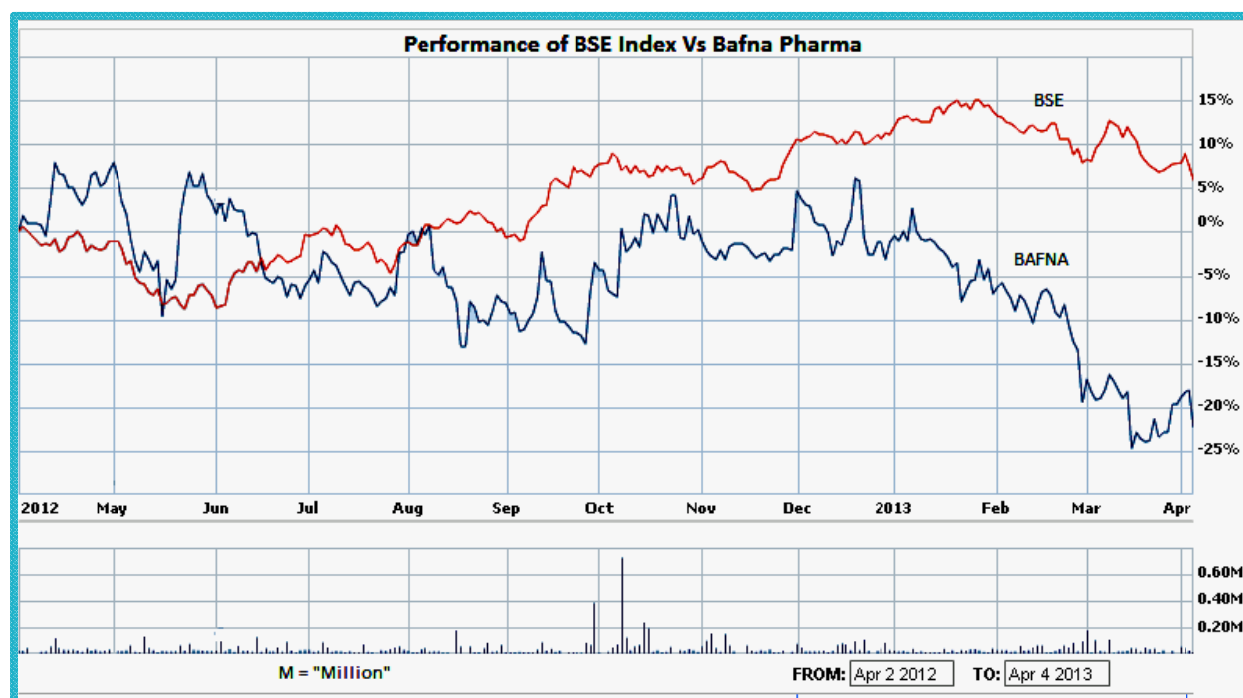
The Company has appointed Share Transfer Agents M/s. Cameo Corporate Services Ltd, Chennai which carries out the entire Share related works.

Graphical presentation of number of shares traded during the financial year ended 31st March, 2013 at BSE & NSE

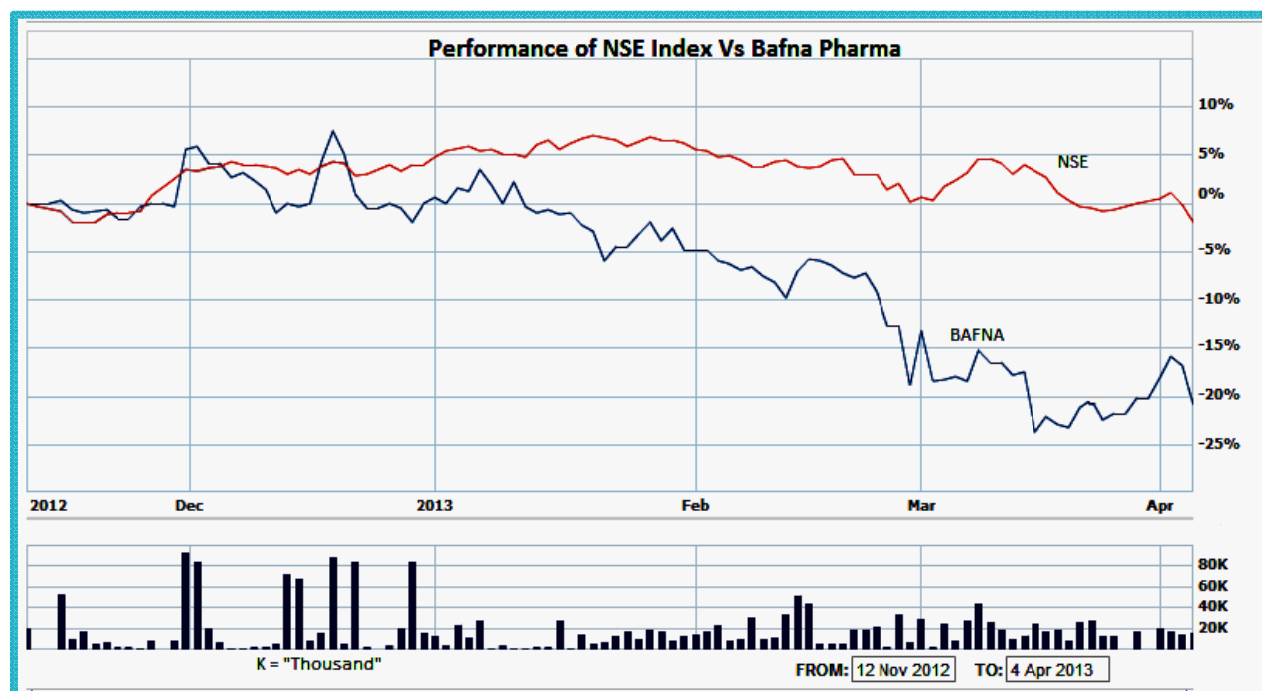


* Listed at NSE w.e.f. 12.11.2012

Performance of BSE Index Vs Bafna Pharma



Performance of NSE Index Vs Bafna Pharma



Depository system

Dematerialisation is the process of converting physical shares (share certificates) into an electronic form. Shares once converted into dematerialised form are held in a Demat account. As per SEBI directive the equity shares are to be traded in demat mode compulsorily by all investors w.e.f. 26th June, 2000.

The Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of its shares. Company's shares are eligible for dematerialisation in both NSDL Depository System and CDSL Depository System.

Company's shares are under compulsory demat mode and members are requested to dematerialize their share for operational convenience. The ISIN of the scrip is INE878I01014.

As on 31st March, 2013, around 62% of the total equity capital of the Company was held in dematerialised form.

Outstanding GDRs/ ADRs/warrants or any Convertible instruments, Conversion date and likely impact on equity:

The Board of Directors allotted 25,00,000 warrants convertible into 25,00,000 equity on 13.01.2012, the said warrants are yet to be converted into Equity Shares.

Plant Location : This information forms part of the 'Company Snapshots' section in the Annual Report.

Address for Correspondence:

The Company has appointed Cameo Corporate Services Limited as its Share Transfer Agents. All communications with regard to transfer, transmission, instructions / enquiries on Electronic Clearing Service (ECS), dividend, dematerializing of shares, etc. should be addressed to the Share Transfer Agents at the following address.

Registrars and share Transfer Agents (RTA) : Cameo Corporate Services Ltd.
No.1, Club House Road, Chennai – 600 002.
Phone: 044 – 28460390, Fax No: 044 – 28460129
E- Mail id of RTA investor@cameoindia.com
Email id of Company for investor's cs@bafnapharma.com
Phone: 044-42677555

NUMBER OF SHARES / CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

Name of the Non-Executive Directors	Number of Equity Shares held
Shri Sunil Bafna	5000
Shri V.Rajamani	NIL
Shri R.Dwarakanathan	NIL
Shri A. Sahasranaman	NIL

REMUNERATION POLICY AND REMUNERATION TO DIRECTORS**A. Executive Directors**

The remuneration paid to the Managing Director and the Whole Time Director are approved by the Shareholders of the Company and is subject to the limits laid down under Section 198, 309 and Schedule XIII to the Companies Act, 1956.

B. Non-Executive Directors

The Non-Executive Directors were not paid any amount, other than sitting fees of Rs.5000/- for every Board and Committee Meetings attended by them.

Compliance certificate from Auditors of the company

As required by Clause 49 of the Listing Agreement, the Auditors' certificate annexed elsewhere in the Annual report forms part of this report.

On behalf of the Board of Directors
For BAFNA PHARMACEUTICALS LIMITED

Place: Chennai
Date: 20.05.2013

Bafna Mahaveer Chand
Chairman & Managing Director

ANNEXURE

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Bafna Mahaveer Chand, Chairman & Managing Director of Bafna Pharmaceuticals Limited ("the Company") hereby declare that, to the best of my information, all the Board Members of the Company have affirmed their compliance and undertaken to continue to comply with the Code of Conduct laid down by the Board of Directors of the Company for Board members.

Bafna Mahaveer Chand
Chairman & Managing Director

Place: Chennai
Date: 20.05.2013

Management Discussion and Analysis

Economic & Industry Overview

Economic developments globally for the last few years are very volatile with debt crisis in Europe, large swings in investment sentiment, state of US economy, etc. The year under review was also adversely affected by severe inflationary pressures, raising interest cost, volatile rupee-dollar ratio with a tendency to get weaker and currency concerns in many trading partner-countries.

Pharmaceutical industry is presently facing many challenges and uncertainties. The industry continues to grow modestly, while adapting to unparalleled changes. This is putting pressure on the companies to focus on ways to increase the productivity and streamline the significant overheads.

Pharmaceutical market research firm, IMS Health forecast that the global pharmaceutical market will grow between 3% and 6% annually up to 2015, based on sales of US\$ 856 billion in 2010. According to the data, overall market volume should increase by between US\$ 210 billion and US\$ 240 billion up until 2015, then reaching a total volume of between US\$ 1,065 billion and US\$ 1,095 billion.

Pharmaceuticals markets both domestic and international are more prone to regulatory risks apart from the regular business risks.

Stringent regulatory norms like the Notification of new pricing policy is going to have a great impact on the whole industry by capping of prices of 348 essential medicines based on the arithmetic average of prices of all drugs in a particular segment with more than one per cent market share, any company changing composition of any of these drugs will need to seek a separate price approval from the regulator or empowered committee and prices will be reviewed periodically. It is estimated that around 30 per cent of the pharma market would come under price control as compared to 17 per cent previously. The Company manages its product portfolio so as to move away, reduce and minimize the product weightage of drugs under price control.

India's pharmaceutical industry is at an advantageous position compared to other emerging countries. The Indian pharmaceutical market is expected to grow at a compound annual growth rate (CAGR) of 14-17 per cent over 2012-16. India is now among the top five pharmaceutical emerging markets. The outlook on the Indian pharmaceutical industry remains favorable, according to a report by ICRA and Moody's.

Risks and concerns

The road ahead is challenging for the global and Indian pharmaceutical sector. The competition is expected to be more aggressive leading to price pressures. Uncertainty in global economic growth coupled with inflationary pressures is expected to impact the growth rate in India and consequently the Company's operations. Pharmaceuticals markets both domestic and international are more prone to regulatory risks apart from the regular business risks.

Risk management is integral part of the company's plans, business strategies, monitoring systems and results. It takes in all organizational processes geared to early risk detection,

identification and timely implementation of appropriate counter-measures.

Your company constantly reviews its policies and procedures to adhere to ensure conformity to the various regulatory approvals for its manufacturing facilities.

Bafna Pharma's growth trajectory is safe and effective

It is estimated that, the pharmaceutical industry will feel the impact of economic climate, but to extent lesser than many other industries.

The setting up of sales & marketing team PAN India (except Madhya Pradesh and Rajasthan) has been a great boon & motivating factor for the company. The company has consciously entered Women's Healthcare segment. The company is positive on the products already launched which would augment the growth in times to come. And further your company is positive on the new products to be introduced during FY'14.

In geographical terms, our focus after setting up domestic marketing division is further to penetrate the market both urban and rural areas. Internationally, our focus is on expanding the revenue from registered products and applying for registration of products enabling for more revenue generation opportunities.

In line with identified growth paths namely domestic branded sales, branded generics, brands in emerging markets & CRAMS, the company has reduced the thin margin domestic institutional business and your company is building up the Domestic Marketing team.

We strategically capitalized on our brand RARICAP and also by introducing product extensions including drops, syrup, etc. an approach which we believe will work wonders for the company.

Your company continuous to work towards optimizing the capacities of its manufacturing facilities and also on adding additional capacities aimed at the business opportunities available to its in its domain capability in line with its strategy. Your Company will try to ensure that it remains competitive in market, in costs and will try to manage the business more dynamically.

The growth achieved by the company during the last few years has set the pace for future growth. We now feel that the fundamentals are in place and your company is well equipped to meet the future challenges on the strength of its state of the art infrastructure, R & D wing and Domestic Marketing division. Our expanding customer base is a great boon & motivating factor for the company.

The company is in growth/expansion mode requiring further investment; your company is therefore evaluating various options to raise additional funds.

We are and will be investing in building the necessary system and infrastructure required to manage our growth. We will continue to invest in our manufacturing facilities, R & D, registrations and programs to build revenue. We have acquired and expect to acquire business and technologies as and when the opportunity presents itself.

We will be able to achieve BEP for RARICAP acquisition during FY'14.

The company plans to improve EBIDTA margins by following modes:

- Acquisition of RARICAP and after establishing our own Domestic Sales & Marketing division, utilizing the setup for launching other products into the Domestic Market;
- Successfully launching “Raricap” in other countries namely Singapore, Sri Lanka. And plans for launch of Raricap across key geographies;
- Conscious decision for reducing the share of thin margin domestic institutional supplies by changing composition of sales more in favor of high margin branded business;
- We started focusing on Brands and branded generics in emerging market;
- We started focusing on Potent drugs in matured markets;
- Increase share of revenue from R & D;
- Improving revenue from existing RARICAP and its extensions & launch of new extensions for RARICAP;
- Company intends to improve the cash cycle by reducing the debtors’ period aimed at relieving the pressures of working capital requirements. By this the reliance on loan funds will decrease and hence decrease in financial expenses.

Bafna Pharma’s Global footprint

S No.	Name of Country	No. of products registered	No. of Applications pending for registration
1	Sri Lanka	106	62
2	Nepal	2	8
3	Ethopia	1	8
4	Nigeria	4	20
5	Honduras	3	0
6	Uzbekhistan	6	0
7	Vietnam	3	0
8	Ghana	15	10
9	Kryghistan	4	-
10	Georgia	2	-
11	Phillipines	3	12
13	Myanmar	1	5
14	Cambodia	-	1

15	Lebanon	-	8
16	Oman	-	4
17	Singapore	-	2
18	Yemen	-	3
19	Kenya	-	1
20	Columbia	1	6
21	Veninzula	-	1
22	Peru	-	1
23	Costa Rica	-	5
24	Cameroon	-	4
25	Ukraine	4	13
26	UK	18	-
	TOTAL	173	174

Performance and operations review

Bafna Pharma has recorded a revenue growth of CAGR of about 40% in the past 4 years. The company aims at a CAGR of about 30% for the next 3 years.

Consolidated Operating Results

The consolidated sales and operating income increased to Rs. 1,788,086.40 (in '000) from Rs. 1,301,111.96 (in '000) in the previous year yielding a growth of 37%. The consolidated operating profit for the year was Rs. 136,093.42 (in '000) as against Rs. 118,062.34 (in '000) in the previous year registering an increase of 15%. The consolidated net profit increased to Rs. 39,626.78 (in '000) from Rs. 18,407.53 (in '000) in the previous year registering a growth of 115%.

Standalone Operating Results

The sales and operating income increased to Rs. 1,701,663.58 (in '000) from Rs. 1,250,082.36 (in '000) in the previous year yielding a growth of 35%. The operating profit for the year under review increased to Rs. 127,698.69 (in '000) as against Rs. 113,345.29 (in '000) in the previous year registering a growth of 12%. The profits after tax for the year under review increased to Rs. 38,792.31 (in '000) as against Rs. 207,40.89 (in '000) in the previous year registering a growth of 87%. The Company is taking effective steps to improve earnings before income tax in current year.

Internal Control Systems and their Adequacy

The company has established internal control system, commensurate with the size and spread, with defined guidelines on compliance, which enables it to run its factories and office with a fair degree of comfort.

Internal Audit is being undertaken by independent Audit firm M/s. Sathyanarayanan & Co., Chartered Accountants, Chennai.

Internal controls are implemented to safeguard its assets, to keep constant check on cost structure, to provide adequate financial and accounting controls and implement accounting standards. The system incorporates continuous monitoring, routine reporting, checks and balances, purchase policies, authorization and delegation procedures and audit etc.

Internal controls are adequately supported by Internal Audit and periodic review by the management.

The Audit Committee meets periodically to review with the management, statutory auditors and with the internal auditors, adequacy / scope of internal audit function, significant findings and follow up thereon and findings of any abnormal nature.

The system is improved and modified continuously to meet with changes in business condition, statutory and accounting requirements.

Material Development in Human Resources / Industrial Relations Front

Industrial Relations situation remain peaceful. The number of employees as on 31st March, 2013 was 572 comprising of 27 at Head Office, 35 as managerial staff, 185 at factories, 325 as marketing staff as against 358 during FY 12, an increase of 214 number of employees.

The growth attained by the Company is largely a function of the competence and quality of its human resources. The work environment is very challenging and performance-oriented, recognising employee potentials together with providing them adequate opportunities. We have made efforts to discipline our hiring process. Acquisition and retention of talent continues to be a major thrust area. With eye on long term, the company has begun several programmes and engages employees to enhance their knowledge / skills in line with company's goals.

On behalf of the Board of Directors
For BAFNA PHARMACEUTICALS LIMITED

Bafna Mahaveer Chand
Chairman & Managing Director

Place: Chennai
Date: 20.05.2013

CMD / CEO / Manager - Accounts & Finance Certification

As required by Clause 49 of the Listing Agreement, CEO / CFO certification was submitted to the Board.

To

The Board of Directors,

Bafna Pharmaceuticals Limited, Chennai

We, Bafna Mahaveer Chand, Chairman & Managing Director, S.S. Bharti, CEO and M. Sridhar - Manager Accounts & Finance of Bafna Pharmaceuticals Limited to the best of our knowledge and belief certify that,

- a) We have reviewed the Financial Statements and The Cash Flow Statement of the Company for the year 2012-13:
 - These financial statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
 - These financial statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulation.
- b) These are, to the best of our knowledge and belief, no transaction entered into by the company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee
 - Significant changes in internal control over financial reporting during the year;
 - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
 - Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Bafna Mahaveer Chand
Chairman & Managing Director

S.S. Bharti
CEO

M. Sridhar
Manager Accounts & Finance

Date: 15.05.2013

Place: Chennai

Auditors Certificate on Compliance

Auditors' Certificate regarding compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement.

To

The Members of BAFNA PHARMACEUTICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Bafna Pharmaceuticals Limited (the Company) for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2013, no investor grievances are pending against the company for the period exceeding one month as per records maintained by the company which are presented to the shareholders / investors Grievance Committee.

We further state that such Compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For ABHAY JAIN & CO.,
Chartered Accountants
FRN: 000008S

(A.K.JAIN)
Partner
M.No.70224

Place: Chennai

Date: 20.05.2013

Standalone Financial Statements as at 31st March, 2013

Standalone Financial Statements

Standalone - Auditors' Report

AUDITOR'S REPORT

TO THE MEMBERS OF BAFNA PHARMACEUTICALS LTD

Report on the Financial Statements

We have audited the accompanying financial statements of BAFNA PHARMACEUTICALS Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

- b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For ABHAY JAIN & Co.,
Chartered Accountants
FRN: 000008S

A K JAIN
(Partner)
Membership No: 70224

Place: Chennai
Date: 20.05.2013

The Annexure referred to in paragraph 1 of Our Report of even date to the members of BAFNA PHARMACEUTICALS LIMITED on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks, as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
 (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern status.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted / taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii (c), iii (d), iii (f) and iii (g) of the order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 b) As per information & explanations given to us and in our opinion, the transaction made in pursuance of contract/ arrangement entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/-, in respect of each party during the year have been made in prices which appear reasonable as per information available with the Company.

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956. And the provision of Clause VI of Paragraph 4 of the Order is not applicable to the Company.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the Cost Records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rule 2011, prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed Cost records have been maintained. We have however, not made a detailed examination of the Cost Records with a view to determine whether they are accurate or complete.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this Clause XIII of Paragraph 4 of the Order is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Hence, the provision of Clause XIV of Paragraph 4 of the Order is not applicable to the Company.
15. The Company has given Corporate Guarantee to the extent of Rs. 6.50 Crores to M/s. Bank of Ceylon on behalf of Bafna Lifestyles Remedies Limited, according to the information and explanations given to us, we are of the opinion that the Terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
16. The Company has raised new Term loans during the year. The Term loans outstanding at the beginning of the year and those raised during the year have been applied for the purpose for which they were raised.

17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. The Company issued 23,18,000 Share Warrants on 17.03.2011 which was due for conversion during the year under audit. According to the information and explanation given to us the company converted and allotted 2,75,000 equity shares and the balance of 20,43,000 share warrants were forfeited. We also report that the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained u/s 301 of the Companies Act, 1956.
19. The Company has no outstanding debentures during the period under audit. Hence, the provision of Clause XIX of Paragraph 4 of the Order is not applicable to the Company.
20. The Company has not raised any money by public issue during the year. Hence, the provision of Clause XX of Paragraph 4 of the Order is not applicable to the Company.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For ABHAY JAIN & Co.,
Chartered Accountants
FRN: 000008S

A K JAIN
(Partner)
Membership No: 70224

Place: Chennai
Date: 20.05.2013

Standalone - Balance Sheet**BALANCE SHEET AS AT 31ST MARCH, 2013****(Rs. in '000)**

Particulars	NOTE	March 31, 2013		March 31, 2012	
EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	3	186,563.35		183,813.35	
(b) Reserves & Surplus	4	456,594.24		396,404.75	
(c) Money Received Against Share Warrants	5	31,250.00	674,407.59	58,660.35	638,878.45
(2) Share Application Money Pending Allotment			-		-
(3) Non-Current Liabilities					
(a) Long Term Borrowings	6	225,538.55		237,296.82	
(b) Deferred Tax Liabilities (Net)	7	54,991.84		50,589.75	
(c) Other Long Term Liabilities	6.1	8,800.00		6,125.00	
(d) Long Term Provisions		-	289,330.39	-	294,011.57
(4) Current Liabilities					
(a) Short Term Borrowings	8	684,840.80		569,189.62	
(b) Trade Payables	9	720,884.73		531,027.54	
(c) Other Current Liabilities	10	59,954.20		40,495.78	
(d) Short Term Provisions		-	1,465,679.73	-	1,140,712.94
Total			2,429,417.71		2,073,602.96
ASSETS					
(1) Non Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	11	482,415.98		493,972.34	
(ii) Intangible Assets	11.1	181,562.11		204,241.88	
(iii) Capital Work-in-Progress		-		-	
(iv) Intangible Assets under Development		-		-	
(b) Non Current Investment	12	14,300.00		14,300.00	
(c) Deferred Tax Assets (Net)		-		-	
(b) Long Term Loans and Advances		-		-	
(e) Other Non Current Assets	13	77,915.40	756,193.49	44,107.20	756,621.42
(2) Current Assets					
(a) Current Investments		-		-	

(b) Inventories	14	210,494.26		225,831.43	
(c) Trade Receivables	15	854,708.16		816,231.40	
(d) Cash and cash Equivalents	16	207,208.13		23,077.40	
(e) Short Term Loans and Advances	17	400,813.67		251,841.31	
(b) Other Current Assets		-	1,673,224.22	-	1,316,981.54
Total			2,429,417.71		2,073,602.96

Significant Accounting policies, Notes on Financial Statements 1 to 33

As per report of our even date attached

For Abhay Jain & Co
Chartered Accountants
FRN No.000008S

On behalf of Board

A.K. Jain
(Partner)

Bafna Mahaveer Chand
(Managing Director)

Paras Bafna
(Whole Time Director)

Place: Chennai
Date: 20.05.2013

K. Premnatha
(Company Secretary)

Standalone - Statement of Profit & Loss**STATEMENT OF PROFIT AND LOSS AS AT 31ST MARCH, 2013****(Rs. in '000)**

Particulars	NOTE	March 31, 2013	March 31, 2012
Revenue from Operations	18	1,671,359.05	1,239,540.43
Other Income	19	30,304.53	10,541.93
Total Revenue		1,701,663.58	1,250,082.36
Expenses			
Cost of Material Consumed	20	426,997.14	365,161.92
Purchase of Stock-in-trade	21	849,223.33	633,593.15
Changes in Inventories of Finished Goods	22	(13,818.17)	(58,182.56)
Payment to Employees	23	105,966.02	56,669.92
Financial Expenses	24	112,326.75	81,323.65
Depreciation and Amortization expenses	25	75,904.29	58,380.11
Other Expenses	26	93,269.80	58,170.99
Total Expenses		1,649,869.18	1,195,117.18
Profit before Exceptional Items and Tax		51,794.40	54,965.18
Exceptional Items		-	1,311.28
Profit before Extraordinary items		51,794.40	53,653.90
Extraordinary items		-	-
Profit before Tax		51,794.40	53,653.90
Current Tax		(8,600.00)	(10,500.00)
Deferred Tax		(4,402.09)	(22,413.01)
Tax for Earlier Years		-	-
Profit (Loss) for the period		38,792.31	20,740.89
Earnings per Equity Share			
(1) Basic		2.08	1.19
(2) Diluted		2.08	1.19

Significant Accounting policies, Notes on Financial Statements 1 to 33

As per report of our even date attached

For Abhay Jain & Co
Chartered Accountants
FRN No.000008S

On behalf of Board

A.K. Jain
(Partner)

Bafna Mahaveer Chand
(Managing Director)

Paras Bafna
(Whole Time Director)

Place: Chennai
Date: 20.05.2013

K. Premnatha
(Company Secretary)

Standalone - Cash Flow Statement**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013** (Rs. in '000)

Particulars	March 31, 2013		March 31, 2012	
Cash Flow From Operating Activities				
Net Profit Before Tax	51,794.40		53,653.90	
Add: Depreciation and Amortization Expenses	75,904.29		58,380.11	
Add Interest Paid	112,326.75		81,323.65	
Less: Interest Received	(3,925.66)		(3,243.70)	
Less: Other Income	(26,378.87)		(37,018.71)	
Operating Profit before change of Working Capital	209,720.92		153,095.25	
Adjustment For:				
Change of Inventories	15,337.17		(78,354.95)	
Change in Debtors	(38,476.76)		(466,367.00)	
Change in Other Current Assets	(148,972.36)		6,647.20	
Change in Current Liabilities	324,966.79		671,026.95	
Cash generated from Operation	362,575.76		286,047.45	
Less: Tax Paid	(8,600.00)		(10,500.00)	
Net Cash From Operating Activities		353,975.76		275,547.45
Cash Flow from Investing Activities:				
Sale of Fixed Investments	-		-	
Purchase of Fixed Assets	(17,162.21)		(271,385.16)	
Repayment of Long Term Loans	(11,758.27)		(73,040.62)	
Other Income	26,378.87		37,018.71	
Interest Received	3,925.66		3,243.70	
Change in Other Non- Current Assets	(58,314.15)		(61,032.54)	
Net Cash used in Investing Activities		(56,930.10)		(365,195.91)
Cash Flow from Financing Activities				
Issue of Shares & Application Activities	9,755.63		76,250.00	
Proceed from Long Term Liabilities	2,675.00		-	
Proceed from Long Term Loans	-		-	
Interest Paid	(112,326.75)		(81,323.65)	
Dividend and Dividend Tax Expenses	(13,018.80)		-	
Net Cash from Financing Activities		(112,914.93)		(5,073.65)
Net Increase/ (Decrease)		184,130.73		(94,722.12)

In Cash or Cash Equivalents		184,130.73		(94,722.12)
Opening Balance of Cash & Cash Equivalents		23,077.40		117,799.52
Closing Balance of Cash & Cash Equivalents		207,208.13		23,077.40

As per report of our even date attached

For Abhay Jain & Co
Chartered Accountants
FRN No.000008S

On behalf of Board

A.K. Jain
(Partner)

Bafna Mahaveer Chand
(Managing Director)

Paras Bafna
(Whole Time Director)

Place: Chennai
Date: 20.05.2013

K. Premnatha
(Company Secretary)

Standalone - Notes

Significant Accounting Policies and Notes to Financial Statements for the year ended 31st March, 2013

1. Corporate Information

Bafna Pharmaceuticals Limited (The Company) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its Shares are listed in BSE and NSE in India. The Company is engaged in the manufacture of drugs and medicines and selling a reputed brand namely RARICAP. The Company has also got an excellent Research and Development Facility for life saving drugs. The Company caters to both domestic and international markets.

2. Basis of Preparation of Financial Statements

The financial statement are prepared under historical cost conversion, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

Summary of Significant Accounting Policies

a. Change in Presentation of financial statement:

During the year ended 31st March 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified, regrouped and rearranged the previous year figures wherever necessary in the current year.

b. Use of estimates.

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible fixed assets.

Fixed assets, acquired are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalized criteria are met and directly attributable cost or bringing the assets to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The company adjusts exchange differences arising on transaction/settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciation asset to the cost of the asset and depreciates the same over the remaining life of the asset.

d. Depreciation on tangible assets

Depreciation on fixed assets is calculated on written down value (WDV) method on the Plant & machinery situated at Madhavaram units and straight line method is charged only to the Grantlyon unit using the

rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule XIV to the Companies Act, 1956.

Depreciation for additions to / deletions from owned assets is calculated on pro rata from / to the day of addition / deletion.

e. Intangible assets

Intangible assets are tested for impairment on an annual basis. These generally include cost of Developed products, in process R&D and customer relationships. Costs incurred for applying research results or other knowledge to develop new products is capitalized to the extent that these products are expected to generate future financial benefits. In case of in process R&D, amortization will begin when product is approved and launched.

Intangible assets are reported at acquisition value with deduction for accumulated amortization and any impairment losses. Amortization take place on a straight line basis over the assets anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible assets is expected to be used and generally does not exceed 10 years.

The estimated useful life of each major category of intangible assets is as follow

Assets	Estimated useful life
Customers Relationships	5 years
Developed Products	5 years
Brand & Trade Marks	10 years

f. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange difference from foreign borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attribute to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

g. Investments

Long term investments are valued at cost. The investment are made only in subsidiary company i.e., M/s Bafna Lifestyles Remedies Ltd

h. Inventories

Raw materials, components, store and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis. Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the site.

i. Revenue Recognition

Revenue from sale of products is recognized when practically all obligations connected with the transaction risks and rights to the buyer have been fulfilled and excluded sales tax and state value added taxes. This usually occurs upon dispatch and collection of the receivable is reasonably certain.

Interest income is recognized using time proportion method based on the rates implicit in the transaction.

j. Foreign Currency Transactions

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Profit and Loss Account.

Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet and the exchanges gain / loss is suitably dealt with in the Profit & Loss Account.

k. Employee Benefits

Liability for employee benefits, both short and long term, which are due as per the terms of employment, are recorded in accordance with Accounting Standard -15 (Revised) "Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2006.

l. Gratuity

Bafna Pharmaceuticals Limited has an obligation towards gratuity, a defined benefit retirement plan (Gratuity Plan) covering eligible employees in accordance with Indian Law. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death while employment or on termination of employment in an amount equivalent to 15 days last drawn salary payable for each completed year of service. The liability for the eligible employees is determined on the basis of actuarial valuation as on the balance sheet date, using projected unit credit method and is funded with Gratuity fund managed by **Life Insurance Corporation of India Ltd.**

m. Income Taxes**Current Tax**

Current tax is determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Taxes

Deferred tax is calculated at the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence are recognized and carried forward only to the extent they can be realized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax to be utilized.

n. Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. The company primarily operates in single business segment which is generic pharmaceutical, and accordingly there are no primary segments to be reported as per Accounting Standard 17 "Segment Reporting".

o. Earnings per share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share and also

the weighted average number of shares considered for deriving basic earnings per share which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

p. Impairment of Assets

In the opinion of the Company, the recoverable amount of the fixed assets of the company will not be lower than the book value of the fixed assets, Hence no provision has been made for Impairment.

3 SHARE CAPITAL

(Rs. in '000)			
	Particulars	As at 31st March 2013	As at 31st March 2012
	Authorised Share capital		
	40,000,000 Equity shares of Rs 10 each	400,000.00	400,000.00
	Total	400,000.00	400,000.00
	Issued subscribed & Paid up capital		
	18,656,335 Equity shares of Rs 10 each fully paid up	186,563.35	183,813.35
	18,381,335 Equity shares of Rs 10 each fully paid up in the previous year		
	Total	186,563.35	183,813.35

3.1 900,000 Shares out of the issued, subscribed and paid up share capital were allotted as a preferential allotment on 13.01.2012 at a premium of Rs. 40/- per share.

3.2 1,500,000 shares out the issued, subscribed and paid up share capital were allotted as a preferential allotment on 17.03.2011 at a premium of Rs. 37.30/- Per share

3.3 The company has allotted 2,318,000 share warrants @ Rs. 47.30 per share warrant on 17.03.2011, out of the 2,318,000 warrants allotted on 17.03.2011, 125,000 Shares was allotted on 14.08.2012 and 150,000 Shares was allotted on 15.09.2012 pursuant to conversion of warrants.

3.4 5,429,014 Shares out of the issued, subscribed and paid up share capital were allotted as a bonus shares by capitalization of General Reserves.

3.5 100,000 shares out of the issued, subscribed and paid-up share capital were issued as a fully paid up shares pursuant to an agreement without payment being received in cash.

3.6 The details of Shareholding more than 5% shares

	Name of Shareholders	As at 31st March 2013	As at 31st March 2012
	Bafna Mahaveer Chand	12.73	15.65
	Sasikala Bafna	6.16	6.62
	Chetna Bafna	6.07	6.48
	Total	24.96	28.75

3.7 The reconciliation of the number of shares outstanding is set out below

(Rs. in '000)			
	Particulars	As at 31st March 2013	As at 31st March 2012
	Equity shares at the beginning of the year	183,813.35	174,813.35
	Add: Shares issued on preferential allotment	2,750.00	9,000.00

	(275,000 shares @ Rs.10/ each fully paid up)		
	Equity shares at the end of the year	186,563.35	183,813.35

4 RESERVES & SURPLUS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Capital Reserve		
	Opening Balance	1,498.43	1,498.43
	Share Forfeiture Account (2,043,000 Warrants @Rs. 11.825 per warrant)	24,158.48	-
	Sub-Total (A)	25,656.91	1,498.43
	Share Premium Account		
	Opening Balance	292,856.18	256,856.18
	Add: Amount received from Preferential allotment (275,000 shares @ Rs.37.30 per warrant)	10,257.50	36,000.00
	Sub-Total (B)	303,113.68	292,856.18
	Profit and Loss Account		
	Opening Balance	94,138.03	75,471.24
	Add: Profit for the year	38,792.31	20,740.89
		132,930.35	96,212.12
	Less : Appropriations		
	Transfer to General Reserve	(3,879.23)	(2,074.09)
	Proposed Dividend	(11,193.80)	-
	Tax on Dividend	(1,825.00)	-
	Sub-Total (C)	116,032.31	94,138.03
	General reserve.		
	Opening Balance	7,912.11	5,838.02
	Add: Transfer from Profit & Loss Account for the year	3,879.23	2,074.09
	General reserve (net) Sub-Total (D)	11,791.34	7,912.11
	Total Reserve and Surplus for the year (A+B+C+D)	456,594.24	396,404.75

5 EQUITY SHARE WARRANT

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Opening Balance	31,250.00	27,410.35
	Add: Amount received from Preferential Allotment	-	31,250.00
	Total	31,250.00	58,660.35

5.1 The Company has raised money by issuing Equity share warrant to the extent of 2,500,000 share warrant convertible into equity shares @ Rs. 50/- per warrant (including premium of Rs. 40/- per warrant) per out of which 25% upfront money has been received during the year.

5.2 Out of the 2,318,000 share warrants issued, the Company has forfeited 2,043,000 shares warrants on which the balance of 75% money were not received and the same has been transferred to Capital Reserve under the head Share forfeiture account.

6 LONGTERM BORROWING

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Secured		
	State Bank of India (Term Loan)	7,928.92	19,661.15
	State Bank of India (FCNRB Loans)	2,096.56	29,079.07
	State Bank of India (Corporate Loans)	63,246.93	20,347.59
	Axis Bank (Car Loan)	-	66.86
	State Bank of India (Car Loan)	266.16	142.15
	Export- Import Bank Of India	152,000.00	168,000.00
	Total	225,538.56	237,296.82

6.1 OTHER LONGTERM BORROWING

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Other Long term Borrowing		
	Trade Deposit	8,800.00	6,125.00
	Total	8,800.00	6,125.00

SECURITIES OFFERED

State Bank of India

6.1.1 First Charge on the entire current assets on paripassu basis with Export Import Bank of India.

6.1.2 First Charge on the entire fixed assets on Pari Passu basis with Export Import Bank of India except Fixed Assets acquired out of Term Loan Sanctioned by State Bank of India.

6.1.3 Second pari passu Charge on the entire fixed assets with Development Credit Bank, Development Bank of Singapore and Bank of Ceylon except Fixed Assets acquired out of Term Loan Sanctioned By State Bank of India.

6.1.4 Personal guarantee of Promoter Directors - Mr. Bafna Mahaveer Chand, Chairman and Managing Director and Mr. Paras Bafna, Whole Time Director.

Export- Import Bank of India

6.1.5 First Pari Passu charge on the Brand RARICAP along with State Bank of India.

6.1.6 First Charge on the entire fixed assets on Pari Passu basis with Export Import Bank of India except Fixed Assets acquired out of Term Loan Sanctioned by State Bank of India.

6.1.7 Personal guarantee of Promoter Directors - Mr. Bafna Mahaveer Chand, Chairman and Managing Director and Mr. Paras Bafna, Whole Time Director.

7 DEFERRED TAX LIABILITIES (NET)

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Deferred Tax Liabilities (Net) Related to Fixed Assets	54,991.84	50,589.75
	Total	54,991.84	50,589.75

8 SHORT TERM BORROWINGS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Secured		
I	State Bank of India		
a)	Cash Credit Account	191,941.51	160,723.59
b)	Bill Discounting Account	15,270.65	56,070.83
c)	Export Packing Credit	26,960.20	46,038.60
d)	Collection (Export Bills)	30,225.35	20,383.93
e)	Standby line of Credit (SLC)	11,939.87	41,961.99
f)	Loans installments Repayable within one year	80,998.39	58,323.53
g)	Packing Credit Foreign Bills	-	-
II	Industrial Development of India		
a)	Bill Discounting	45,840.75	3,009.19
b)	Cash credit Account	103,218.55	81,304.69
III	Development Bank of Singapore		
a)	Cash Credit Account	45,078.17	65,232.17
b)	WCDL	20,000.00	10,000.00
c)	Packing Credit Foreign Bills	1,561.24	24,964.43
IV	Bank of Ceylon		
	Cash Credit Account	50,226.90	-
	Bill Discounting	-	-
IV	Axis Bank		
	Current account	30.38	1,176.68
V	Development Credit Bank		
	Cash Credit Account	61,548.86	-
	Total	684,840.80	569,189.62

SECURITIES OFFERED**State Bank of India**

8.1.1 First Charge on the entire current assets on paripassu basis with all the MBA Banks

8.1.2 First Charge on the entire fixed assets on Pari Passu basis with Export Import Bank of India except Fixed Assets acquired out of Term Loan Sanctioned by State Bank of India.

8.1.3 Second pari passu Charge on the entire fixed assets with IDBI, Development Credit Bank, Development Bank of Singapore and Bank of Ceylon, except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India.

8.1.4 Personal guarantee of Promoter Directors - Mr. Bafna Mahaveer Chand, Chairman and Managing Director and Mr. Paras Bafna, Whole Time Director.

Industrial Development Bank of India

8.1.5 First Pari Passu Charge on the entire current assets along with other MBA Banks

8.1.6 Second pari passu Charge on the entire fixed assets except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India.

8.1.7 Personal guarantee of Promoter Directors - Mr. Bafna Mahaveer Chand, Chairman and Managing Director and Mr. Paras Bafna, Whole Time Director.

Development Bank of Singapore

8.1.7 First Pari Passu Charge on the entire current assets along with other MBA Banks

8.1.8 Second pari passu Charge on the entire fixed assets except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India.

Development Credit Bank

8.1.9 First Pari Passu Charge on the entire current assets along with other MBA Banks

8.1.10 Second pari passu Charge on the entire fixed assets except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India personal property of Mr. Bafna Mahaveer Chand and Mr. Paras Bafna

Bank of Ceylon

8.1.11 First Pari Passu Charge on the entire current assets along with other MBA Banks

8.1.12 Second pari passu Charge on the entire fixed assets except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India.

9 TRADE PAYABLES

(Rs. in '000)			
	Particulars	As at 31st March 2013	As at 31st March 2012
	Unsecured		
	Sundry Creditors	720,884.73	531,027.55
	Total	720,884.73	531,027.55

10 OTHER CURRENT LIABILITIES

(Rs. in '000)			
	Particulars	As at 31st March 2013	As at 31st March 2012
	Outstanding expenses	32,284.22	22,231.15
	Sales Tax	1,044.92	1,045.95

	TDS payable	880.50	1,171.78
	Income Tax	8,600.00	10,500.00
	Provision for DDT	1,825.00	-
	Provision for Dividend	11,193.80	-
	Advance from Customer	4,125.76	5,546.88
	Total	59,954.20	40,495.77

12 NON CURRENT INVESTMENT

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	1,430,000 shares @ Rs.10/- Each in BAFNA LIFESTLYES REMEDIES LIMITED (UNQUOTED)	14,300.00	14,300.00
	Total	14,300.00	14,300.00

13 OTHER NON CURRENT ASSETS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Product Registration	15,105.13	9,609.63
	Product Launch Expenditure	82,289.12	39,240.50
	Preliminary expenses and Share issue Expenses	5,027.09	10,054.18
		102,421.35	58,904.31
	Less: Amortization charged to P&L Account	24,505.94	14,797.12
	Total	77,915.40	44,107.20

14 INVENTORIES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Raw material (Valued at cost)	58,550.29	86,075.27
	Work in progress (valued at cost)	43,054.36	41,609.02
	Finished Product (valued at cost or market value whichever is less)	74,698.81	62,325.97
	Packing material (Valued at cost)	9,881.50	16,627.57
	Stores and spares (At Cost)	24,309.30	19,193.60
	Total	210,494.26	225,831.43

Standalone - Fixed Assets

11 FIXED ASSETS

(Rs. in '000)

Description	Gross block				Depreciation/ Amortization				Net Block	
	As at 01-04-2012	Additions	Deductions/ Adjustments	As at 31/03/2013	As at 01-04-2012	For the year	Deductions / Adjustments	As at 31/03/2013	As at 31/03/2013	As at 31/03/2012
Land	1,931.99	-	-	1,931.99	-	-	-	-	1,931.99	1,931.99
Good Will	1,000.00	-	-	1,000.00	1,000.00	-	-	1,000.00	-	-
Factory Building	215,599.67	257.14	-	215,856.81	18,988.24	8,904.59	-	27,892.83	187,963.98	196,611.43
Light Ceiling	812.40	-	-	812.40	429.72	38.27	-	467.99	344.41	382.68
Aluminum Partition	232.12	-	-	232.12	122.78	10.93	-	133.72	98.40	109.34
Plant & Machinery	177,532.07	9,222.14	-	186,754.21	33,842.72	8,436.16	-	42,278.88	144,475.33	143,689.35
Lab Equipments	56,009.45	3,402.19	-	59,411.64	10,120.70	3,003.91	-	13,124.61	46,287.03	45,888.75
Factory Equipments	7,894.87	-	-	7,894.87	1,611.44	398.96	-	2,010.40	5,884.47	6,283.43
Pollution Control Devices	932.81	280.35	-	1,213.16	298.90	54.39	-	353.29	859.87	633.91
Power Factor Controller	66.95	-	-	66.95	59.41	1.05	-	60.46	6.49	7.54
Bottle Washing & Filling Machinery	1,971.06	-	-	1,971.06	1,681.50	40.28	-	1,721.78	249.28	289.56
Electrical Equipment & Installations	32,162.48	-	-	32,162.48	6,018.65	1,529.23	-	7,547.88	24,614.61	26,143.84
Electrical Fixtures & Fittings	255.20	140.45	-	395.65	172.67	11.48	-	184.15	211.50	82.53
Generator	5,342.81	-	-	5,342.81	1,066.94	300.60	-	1,367.54	3,975.27	4,275.87
Air Floating & Circulating System	47,442.53	-	-	47,442.53	9,563.18	2,308.12	-	11,871.30	35,571.23	37,879.34
Boiler	761.68	49.35	-	811.03	198.89	37.14	-	236.03	575.00	562.79
Camera	4,258.55	-	-	4,258.55	512.05	202.28	-	714.33	3,544.22	3,746.50
Air Conditioner	1,129.35	106.07	-	1,235.42	621.94	59.96	-	681.90	553.52	507.41
U.P.S	5,099.78	405.44	-	5,505.23	1,051.37	283.84	-	1,335.21	4,170.02	4,048.42
Office Equipments	1,426.70	-	-	1,426.70	390.35	91.35	-	481.70	945.01	1,036.35
Cell Phone	212.92	50.37	-	263.29	50.51	25.29	-	75.80	187.49	162.41
Dies & Punches	4,955.37	864.75	-	5,820.12	1,670.84	612.37	-	2,283.21	3,536.91	3,284.53
Computer	6,480.59	1,146.95	-	7,627.54	4,148.49	1,211.16	-	5,359.65	2,267.90	2,332.11
Furniture & Fittings	2,744.15	76.37	-	2,820.52	1,286.87	204.75	-	1,491.62	1,328.90	1,457.28
Vehicle	1,276.73	481.90	-	1,758.63	581.69	272.42	-	854.11	904.52	695.04
Accessories	683.68	-	-	683.68	64.38	34.04	-	98.42	585.26	619.30
Chiller Systems	3,017.74	-	-	3,017.74	6.66	143.34	-	150.00	2,867.74	3,011.08
Bio-Equipment	1,446.73	-	-	1,446.73	3.19	68.72	-	71.91	1,374.82	1,443.54
Water Systems	6,473.29	64.12	-	6,537.41	17.77	304.17	-	321.93	6,215.47	6,455.52
ETP Plant	420.00	39.00	-	459.00	19.47	58.19	-	77.66	381.34	400.53
Shrink Pak	-	-	-	175.10	-	3.03	-	3.03	172.07	-

Machine		175.10								
HAVC Systems	-	400.52	-	400.52	-	68.56	-	68.56	331.96	-
Total	589,573.65	17,162.21	-	606,735.86	95,601.31	28,718.58	-	124,319.88	482,415.98	493,972.34
Previous year	544,986.21	181,219.77	136 632 .33	589,573.65	74,574.16	21,027.15	-	95,601.31	493,972.34	
11.1 FIXED ASSETS										
INTANGIBLE ASSETS										
Raricap (Brand)	226,797.72	-	-	226,797.72	22,555.84	22,679.77	-	45,235.61	181,562.11	204,241.88
Total	226,797.72	-	-	226,797.72	22,555.84	22,679.77	-	45,235.61	181,562.11	204,241.88

15 TRADE RECEIVABLES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	(Unsecured Considered Good)		
	Trade Receivables- More than Six month	69,107.10	283,868.09
	Others	785,601.06	532,363.31
	Total	854,708.16	816,231.40

16 CASH AND CASH EQUIVALENTS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Cash on hand	1,337.71	747.47
	Balance with:		
	In current account	186,249.89	1,041.38
	In Fixed Deposits	19,620.53	21,288.55
	Total	207,208.13	23,077.40

17 SHORT TERM LOANS AND ADVANCES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	(Unsecured considered good, recoverable in cash or in kind or for value to be received)		
	Advance to suppliers	296,473.79	176,846.27
	Advance Others	40,609.43	17,762.91
	Deposits with Govt. or Semi Govt. Dept.	2,469.71	3,236.14
	Deposits with Others	19,700.00	18,498.00
	Interest Accrued but not due	293.44	293.44
	Prepaid expenses	2,652.49	1,361.34
	Cenvat Credit & PLA Account	22,245.79	18,718.97
	Sales Tax Refund account	8,386.46	7,100.74

	TDS Receivable	376.70	417.63
	License On hand	1,143.04	1,143.04
	Brand Building	6,462.82	6,462.82
	Total	400,813.67	251,841.30

18 REVENUE FROM OPERATIONS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Sales (Domestic)	560,456.02	839,590.49
	Less: Excise Duty on local sales	6,146.32	9,331.15
	Sub-Total	554,309.69	830,259.35
	Sales (Export)	987,108.75	381,580.41
	Less: Excise Duty on Export Sales	1,222.32	2,019.81
	Sub-Total	985,886.43	379,560.60
	FR & D Income	131,162.93	29,720.48
	Revenue from operations	1,671,359.05	1,239,540.43

Note: Sale of goods to EOU (Exporter) has been made to the tune of Rs. 4803.782 ('000) (previous year 26698.84('000)) and has been included in the Export Sales.

19 OTHER INCOME

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Interest Received Bank	519.46	195.70
	Interest Received Others	3,406.20	3,048.00
	Gain or (Loss) on Exchange	23,762.98	7,283.85
	Export Incentive	2,449.57	-
	Discount Received	46.33	14.38
	Rent Received	120.00	-
	Total	30,304.53	10,541.93

20 COST OF RAW MATERIAL CONSUMED

(Rs. in '000)

	Particulars		As at 31st March 2013	As at 31st March 2012
	Opening stock		86,075.27	52,835.24
	Add: Purchase		300,918.15	276,365.02
			386,993.42	329,200.26

	Less: Closing stock		58,550.29	86,075.27
	Raw Material Consumption	(A)	328,443.13	243,124.99

20.1 COST OF PACKING MATERIAL CONSUMED

(Rs. in '000)

	Particulars		As at 31st March 2013	As at 31st March 2012
	Opening stock		16,627.57	32,895.21
	Add: Purchase		53,800.21	62,201.41
			70,427.78	95,096.61
	Less: Closing stock		9,881.50	16,627.57
	Packing material consumption	(B)	60,546.28	78,469.04

20.2 MANUFACTURING EXPENSES

(Rs. in '000)

	Particulars		As at 31st March 2013	As at 31st March 2012
	Consumable Stores		41.33	858.60
	Analytical Expenses		1,414.79	1,886.49
	Power & Fuel		17,855.19	17,197.14
	Machinery Maintenance		3,950.19	5,840.97
	Factory Maintenance		868.73	2,575.60
	Chemical Purchase		2,269.52	2,337.88
	Security Charges		1,427.50	1,234.83
	Repairs & Maintenance		1,461.04	1,400.94
	Other Manufacturing		6,244.17	7,385.90
	Total	(C)	35,532.45	40,718.36

20.3 FREIGHT

(Rs. in '000)

	Particulars		As at 31st March 2013	As at 31st March 2012
	Freight Charges	(D)	2,475.29	2,849.53
	COST OF MATERIAL CONSUMED (A+B+C+D)		426,997.14	365,161.92

21 PURCHASE OF STOCK IN TRADE

(Rs. in '000)

	Particulars		As at 31st March 2013	As at 31st March 2012
	Purchase of stock in Trade		849,223.33	633,593.15
	Total		849,223.33	633,593.15

22 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Closing Inventories:		
	Finished Goods	74,698.81	62,325.97
	Work in progress	43,054.36	41,609.02
		117,753.16	103,935.00
	Opening Inventories:		
	Finished Goods	62,325.97	23,604.95
	Work in progress	41,609.02	22,147.49
		103,935.00	45,752.44
	Change in Inventory	(13,818.17)	(58,182.56)

23 EMPLOYEE BENEFIT EXPENSES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Salaries	84,837.92	42,321.71
	Bonus	7,328.34	6,226.29
	PF Companies contribution	5,666.55	3,043.84
	ESI Companies Contribution	2,679.88	1,071.76
	Staff welfare	5,453.34	4,006.32
	Total	105,966.02	56,669.92

24 FINANCIAL EXPENSES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Interest to bank	97,674.91	70,705.38
	Bank charges	11,260.34	8,558.78
	Interest others	3,391.49	2,059.49
	Total	112,326.75	81,323.65

25 DEPRECIATION AND AMORTISATION EXPENSES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Depreciation and Amortization expenses	75,904.29	58,380.11
	Total	75,904.29	58,380.11

26 OTHER EXPENSES

		(Rs. in '000)	
	Particulars	As at 31st March 2013	As at 31st March 2012
	Rent	3,041.67	1,967.27
	Postage and Telegram	1,704.31	964.46
	Insurance	1,835.47	2,321.81
	Conveyance	1,139.47	1,626.42
	Travelling expenses	25,442.65	10,555.59
	Printing and stationary	1,171.05	1,348.73
	Fees	3,044.32	2,538.86
	Office Maintenance	404.81	258.09
	Miscellaneous Expenses	896.33	1,182.55
	Professional Charges	7,255.05	3,296.34
	Computer Maintenance	1,706.94	1,425.81
	Sales Tax	100.64	1,271.09
	Freight and Transportation	13,874.74	12,058.13
	Sales promotion	8,265.00	1,148.88
	Commission/ Laisoning charges	6,119.27	5,127.08
	Payment to Auditors	561.80	558.71
	Telephone	857.62	607.73
	Subscription & Membership	146.48	289.75
	Donation	-	1.10
	Vehicle Maintenance	443.47	313.53
	MOT & Inspection Charges	-	30.40
	Service Tax	672.75	43.02
	Discount Allowed	2,805.27	1,388.28
	Packing Charges	243.91	103.49
	Exchange Difference	2,430.01	3,852.30
	Advertisement	5,406.42	1,149.03
	MHRA Expenses	764.01	1,077.57
	Liquidative Damages	546.33	-
	Directors Salary	2,160.00	1,440.00
	Directors Sitting Fees	230.00	225.00
	Total	93,269.80	58,170.99

26.1 PAYMENT TO AUDITORS AS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Statutory Audit Fees	350.00	350.00
	Tax Audit Fees	50.00	50.00
	Certification Fees	100.00	100.00
	Service Tax	61.80	58.71
	TOTAL	561.80	558.71

26.2 DIRECTORS REMUNERATION

(Rs. in '000)

		Bafna Mahaveer Chand		Paras Bafna	
	Particulars	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
a)	Salary	1,200.00	720.00	960.00	720.00
b)	Contribution to PF	86.40	86.40	115.20	86.40
c)	Lease Rent for Car	60.00	60.00	60.00	60.00
	Total	1,346.40	866.40	1,135.20	866.40

26.3 FOREIGN CURRENCY TRANSACTIONS

a) Income of foreign currency Transaction is recorded at the rate of exchange prevailing on the date, when the relevant transaction has taken place. Realized gains or losses on the exchange are recognized in the Profit and loss account.

26.4 EXPENDITURE IN FOREIGN CURRENCY

(in '000)

	Particulars		As at 31st March 2013		As at 31st March 2012	
	RAW MATERIAL	USD	6,096.74	34,133.95	681.21	33,042.13
		EURO	0.55	39.23	15.20	981.08
		GBP	62.90	5,433.80	15.60	1,162.47
	CAPITAL GOODS	USD	3.95	218.09	5.47	245.99
		EURO	0.75	54.78	4.75	306.95
		JPY (YEN)	-	-	-	-
		SWISS FRANC	-	-	-	-
	OVERSEAS TRAVEL	INR	-	-	-	77.83

	PRODUCT REGISTRATION CHARGES	USD	140.26	7,522.23	134.45	6,661.29
	MHRA AUDIT FEES	GBP	9.10	764.01	-	-
	TENDER PARTICIPATION	USD	-	-	12.50	612.50
	ADVANCE FOR EXPS	USD	232.16	12,649.34	-	-

27 EARNINGS IN FOREIGN CURRENCY

(in '000)

	Particulars		As at 31st March 2013	As at 31st March 2012
	EXPORT SALES	USD	14,329.60	4,483.12
		INR	772,939.64	211,796.14
		GBP	2,452.06	1,947.15
		INR	208,289.84	147,388.62
		AUD	106.11	-
		INR	5,879.27	-

Note: Sale of goods to EOU (Exporter) has been made to the tune of Rs 4,803.782 ('000) (Previous year 26,698.84 ('000)) and has been included in the Export Sales.

Standalone - Related party disclosures**28 RELATED PARTY DISCLOSURES**

As per Accounting Standard 18, the disclosures of transactions with the related Parties are given below:
List of Related Parties where control exists and related Parties with whom transactions have taken place and relationship

28.1 Name of the related Party

- a) Mr. BAFNA MAHAVEER CHAND
- b) Mr. PARAS BAFNA
- c) Mrs. CHETNA BAFNA
- d) Mr. NAVEEN BAFNA

28.2 Directors interest

- a) BAFNA LIFESTYLES REMEDIES LIMITED
- b) BAFNA LIFELINE PRIVATE LIMITED
- c) BHANSILAL & CO (HUF)

(Rs. in '000)

Sl.NO	Particulars	Associates	Key Management Personnel	Rel of KMP	Total as on 31.03.2013	Total as on 31.03.2012
1	Purchase of goods	Bafna Lifestyles Remedies Ltd			31,100.84	6,596.99
2	Sale of goods	Bafna Lifestyles			-	1,205.97

		Remedies Ltd				
3	Sale of Fixed Assets				-	-
4	Rendering Services	Bafna Lifestyles Remedies Ltd	Bafna Mahaveer Chand, Paras Bafna, Chetna Bafna and Naveen Bafna		2,601.60	3,840.01
5	Agency agreements				-	-
6	Leasing or Hire Purchase	Bafna Lifestyles Remedies Ltd		Bhansilal & Co (HUF)	2,925.00	2,925.00
7	Transfer of R&D				-	-
8	License Agreements				-	-
9	Finance loans and Equity in Cash or Kind	Bafna Lifestyles Remedies Ltd			14,300.00	14,300.00
10	Guarantee and Collaterals	Bafna Lifestyles Remedies Ltd			65,000.00	65,000.00
11	Manage Contracts including for Deputation of Employees				-	-
12	Rent		Bafna Mahaveer Chand	Bhansilal & Co (HUF)	1,865.40	1,460.00

29 CONTINGENT LIABILITIES NOT PROVIDED FOR**(Rs. in '000)**

	Particulars	As at 31st March 2013	As at 31st March 2012
a)	In respect of Letter of Credit and Bank Guarantee	53,726.08	60,080.02
b)	Bonds have been executed in favour of Customs Authorities for the purchase of materials and capital goods without payment of duty	87,000.00	77,000.00

30 SECONDARY SEGMENT/ GEOGRAPHICAL SEGMENT

The Company has indentified manufacture of Medicine and drugs as the only primary reportable Segment

(Rs. in '000)

						As at 31st March 2013	As at 31st March 2012
	Particulars	INDIA	ASIA	UK	AFRICA	Total	Total
	Sales	560,630.63	759,656.85	345,624.02	5,447.55	1,671,359.05	1,239,540.43
	Operating Expenses	423,452.64	573,780.10	261,054.95	4,114.61	1,262,402.30	1,136,737.07
	Operating Income/ Loss	137,177.99	185,876.75	84,569.07	1,332.93	408,956.74	102,803.36
	Unallocable Income					30,304.53	10,541.93
	Total Income					439,261.27	113,345.29
	Unallocable Expenses					(387,466.87)	(59,691.39)
	Net profit before Tax					51,794.40	53,653.90
	Income Tax and Deferred tax					(13,002.09)	(32,913.01)
	Net profit after Tax					38,792.31	20,740.89

31 CENVAT

Cenvat Credit is reckoned for the material, Capital Goods, stores and consumables purchased and entered into the factory Premises.

32 GENERAL

- Tax deducted at Source from the payment to contractors, professional charges and salaries have been deposited in time.
- Balances under Trade Payables, debtors, loans and advances are subject to confirmation.
- Advances given to suppliers for supply of materials and others remain unconfirmed. It was explained that supply will be made in the ensuing year
- Loans and advances include outstanding balances of deposits with Corporate bodies is given below

(Rs. in '000)

	Name of Body Corporate	As at 31st March 2013	As at 31st March 2012
	Tamilnadu Steel Tubes Limited (Including Interest thereon)	15,200.00	13,400.00

- The Fixed deposit of sum of Rs. 19,620.53 ('000) (Previous Year Rs. 21,288.55 ('000)) lying with State bank of India are under lien against Bank Guarantee Margin, LC Margin Money and Loan against Deposit

f) The Revised schedule VI of the Companies Act, 1956 become applicable during the year 2011-12 to the Company and hence previous Years figures have been reclassified, regrouped and re-arranged wherever necessary.

33 The Ministry of corporate affairs, Government of India, vide General Circular No: 2 and 3 dated 8th February 2011 and 21st February 2011 respectively, has granted a general exemption from Compliance of Section 212 of the Companies Act 1956, subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the consolidated Financial Statements.

SIGNATURE TO NOTE ON FINANCIAL STATEMENT No1 TO No: 33

For Abhay Jain & Co
Chartered Accountants
FRN No.000008S

On behalf of Board

A.K. Jain
(Partner)

Bafna Mahaveer Chand
(Managing Director)

Paras Bafna
(Whole Time Director)

Place: Chennai
Date: 20.05.2013

K. Premnatha
(Company Secretary)

Consolidated Financial Statements as at 31st March, 2013

Consolidated Financial Statements

Consolidated – Auditors' Report

AUDITOR'S REPORT

TO THE MEMBERS OF M/S BAFNA PHARMACEUTICALS LIMITED, CHENNAI

Report on the Consolidated Financial Statements

1. We have audited the attached Consolidated Financial statement of **M/s. Bafna Pharmaceuticals Limited** (The Company) and its Subsidiary which comprise the Consolidated Balance Sheet as at 31st March, 2013 the Consolidated Statement of Profit & Loss and the Consolidated Cash flow statement for the year then ended and a summary of Significant Accounting policies and other explanatory information.

Management's Responsibility for the consolidated financial statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with accounting principles generally accepted in India including accounting standards referred to in section 211(3c) of the Companies Act, 1956 ("The act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express opinion on the financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the groups preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedure that are appropriate in these circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the attached Financial Statements gives a True and Fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the company as at 31st March, 2013; and
- b) In the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date.
- c) In the case of the Consolidated Cash flows statement, of the Cash flow for the year ended on that date.

For **ABHAY JAIN & CO,**
Chartered Accountant
FRN NO: 000008S

(A.K. JAIN)
Partner
M. No. 70224

Place: Chennai
Dated: 20.05.2013

Consolidated – Balance Sheet**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013****(Rs. in '000)**

Particulars	NOTE	March 31, 2013		March 31, 2012	
EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	3	186,563.35		183,813.35	
(b) Reserves & Surplus	4	456,716.78		395,692.83	
(c) Money Received Against Share Warrants	5	31,250.00	674,530.13	58,660.35	638,166.53
(2) Minority Interest	6	8,507.58	8,507.58	8,002.82	8,002.82
(3) Share Application Money Pending Allotment			-		-
(4) Non-Current Liabilities					
(a) Long Term Borrowings	7	251,977.40		263,305.74	
(b) Deferred Tax Liabilities (Net)	8	58,339.11		52,499.95	
(c) Other Long Term Liabilities	7.1	12,400.00		9,725.00	
(d) Long Term Provisions		-	322,716.51	-	325,530.69
(4) Current Liabilities					
(a) Short Term Borrowings	9	749,863.90		591,092.04	
(b) Trade Payables	10	787,039.74		583,497.06	
(c) Other Current Liabilities	11	63,194.87		43,108.27	
(d) Short Term Provisions		-	1,600,098.51	-	1,217,697.37
Total			2,605,852.73		2,189,397.41
ASSETS					
(1) Non Current Assets					
(a) Fixed Assets					
(I) Tangible Assets	12	547,943.80		557,802.63	
(ii) Intangible Assets	12.1	181,562.11		204,241.88	
(iii) Good will	12.2	358.03		358.03	
(iv) Capital Work-in-Progress		-		-	
(v) Intangible Assets under Development		-	729,863.94	-	762,402.54
(b) Non Current Assets			-		-
(c) Deferred Tax Assets (Net)			-		-
(d) Long Term Loans and Advances			-		-
(e) Other Non Current Assets	13	90,442.75	90,442.75	60,810.33	60,810.33
(2) Current Assets					

(a) Current Investments		-		-	
(b) Inventories	14	222,127.20		239,189.54	
(c) Trade Receivables	15	916,271.76		838,415.71	
(d) Cash and cash Equivalents	16	210,708.99		24,647.86	
(e) Short Term Loans and Advances	17	436,438.08		263,931.43	
(f) Other Current Assets		-	1,785,546.03	-	1,366,184.54
Total			2,605,852.73		2,189,397.41

Significant Accounting policies, Notes on Financial Statements 1 to 32

As per report of our even date attached

For Abhay Jain & Co
Chartered Accountants
FRN No.000008S

On behalf of Board

A.K. Jain
(Partner)

Bafna Mahaveer Chand
(Managing Director)

Paras Bafna
(Whole Time Director)

Place: Chennai
Date: 20.05.2013

K. Premnatha
(Company Secretary)

Consolidated – Statement of Profit & Loss**CONSOLIDATED STATEMENT OF PROFIT & LOSS AS AT 31ST MARCH, 2013** (Rs. in '000)

Particulars	NOTE	March 31, 2013	March 31, 2012
Revenue from Operations	18	1,757,707.01	1,286,341.58
Other Income	19	30,379.38	14,770.38
Total Revenue		1,788,086.40	1,301,111.96
Expenses			
Cost of Material Consumed	20	444,609.49	366,951.39
Purchase of Stock- in-Trade	21	892,597.38	678,914.04
Changes in Inventories of Finished Goods	22	(8,095.73)	(65,517.36)
Employee Benefit Expenses	23	109,099.99	58,568.63
Financial Costs	24	119,132.93	83,196.39
Depreciation and Amortization Expenses	25	82,496.89	63,027.90
Other Expenses	26	94,648.91	60,936.54
Total Expenses		1,734,489.87	1,246,077.52
Profit before Exceptional Items and Tax		53,596.53	55,034.44
Exceptional Items		(1,324.17)	1,320.34
Profit before Extraordinary items		54,920.70	53,714.10
Extraordinary items		-	-
Profit before Tax		54,920.70	53,714.10
Current Tax		(8,950.00)	(10,500.00)
Deferred Tax		(5,839.16)	(24,159.38)
Tax for Earlier Years		-	-
Profit of Minority Interest		(504.75)	(647.19)
Profit (Loss) for the period		39,626.78	18,407.53
Earnings per Equity Share			
(1) Basic		2.14	1.04
(2) Diluted		2.14	1.04

Significant Accounting policies, Notes on Financial Statements 1 to 32

As per report of our even date attached

For Abhay Jain & Co
Chartered Accountants
FRN No.000008S

On behalf of Board

A.K. Jain
(Partner)

Bafna Mahaveer Chand
(Managing Director)

Paras Bafna
(Whole Time Director)

Place: Chennai
Date: 20.05.2013

K.Premnatha
(Company Secretary)

Consolidated – Cash Flow Statement**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013****(Rs. in '000)**

Particulars	March 31, 2013		March 31, 2012	
Cash Flow From Operating Activities				
Net Profit Before Tax	54,920.70		53,714.09	
Add: Depreciation and Amortization Expenses	82,496.89		63,027.90	
Add Interest Paid	119,132.93		83,196.40	
Less: Interest Received	(3,925.66)		(3,243.70)	
Less: Other Income	(26,453.73)		(41,247.16)	
Operating Profit before change of Working Capital	226,171.13	-	155,447.52	-
Adjustment for Change in Working Capital				
Change of Inventories	17,062.35		(87,566.74)	
Change in Debtors	(77,856.05)		(481,109.35)	
Change in Other Current Assets	(172,506.64)		907.81	
Change in Current Liabilities	382,401.13		715,303.55	
Cash generated from Operation	375,271.92		302,982.79	
Less: Tax Paid	(8,950.00)		(10,500.00)	
Net Cash From Operating Activity		366,321.92		292,482.79
Cash Flow from Investing Activities:				
Purchase of Fixed Assets	(21,276.57)		(299,790.63)	
Repayment of Long Term Loans	(11,758.27)		(70,949.37)	
Other Income	26,453.73		41,247.16	
Interest Received	3,925.66		3,243.70	
Change in other Non-Current Assets	(58,314.15)		(53,895.19)	
Net Cash used in Investing Activities		(60,969.60)		(380,144.33)
Cash Flow from Financing Activities				
Issue of Shares & Application Activities:	9,755.63		76,250.00	
Proceeds from other Long Term Liabilities	2,675.00		-	
Proceed from Long Term Loans	429.93		-	
Interest Paid	(119,132.93)		(83,196.40)	
Dividend and Tax expenses	(13,018.80)		-	
Net Cash from Financing Activities		(119,291.17)		(6,946.39)
Net Increase/ (Decrease)		186,061.14		(94,607.93)

In Cash or Cash Equivalents		186,061.14		(94,607.93)
Opening Balance of Cash & Cash Equivalents		24,647.86		119,255.79
Closing Balance of Cash & Cash Equivalents		210,708.99		24,647.86

As per report of our even date attached

For Abhay Jain & Co
Chartered Accountants
FRN No.000008S

On behalf of Board

A.K. Jain
(Partner)

Bafna Mahaveer Chand
(Managing Director)

Paras Bafna
(Whole Time Director)

Place: Chennai
Date: 20.05.2013

K. Premnatha
(Company Secretary)

Consolidated – Notes**NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013****3 SHARE CAPITAL**

(Rs. in '000)				
	Particulars		As at 31st March 2013	As at 31st March 2012
	Authorised Share capital			
	40,000,000 Equity shares of Rs 10 each		400,000.00	400,000.00
	Total		400,000.00	400,000.00
	Issued subscribed & Paid up capital			
	18,656,335 Equity shares of Rs 10 each fully paid up		186,563.35	183,813.35
	18,381,335 Equity shares of Rs 10 each fully paid up (Previous Year)			
	Total		186,563.35	183,813.35

3.1 900,000 Shares out of the issued, subscribed and paid up share capital were allotted as a preferential allotment on 13.01.2012 at a premium of Rs. 40/- per share.

3.2 1,500,000 shares out the issued, subscribed and paid up share capital were allotted as a preferential allotment on 17.03.2011 at a premium of Rs. 37.30/- per share

3.3 The company has allotted 2,318,000 share warrants @ Rs. 47.30/- per share warrant on 17.03.2011, out of the 2,318,000 warrants allotted on 17.03.2011, 125,000 Shares was allotted on 14.08.2012 and 150,000 Shares was allotted on 15.09.2012 pursuant to conversion of warrants.

3.4 5,429,014 Shares out of the issued, subscribed and paid up share capital were allotted as a bonus shares by capitalization of General Reserves.

3.5 100,000 shares out of the issued, subscribed and paid-up share capital were issued as a fully paid up shares pursuant to an agreement without payment being received in cash.

3.6 The detail of Shareholding more than 5% shares

	Name of Shareholders	As at 31st March 2013	As at 31st March 2012
	Bafna Mahaveer Chand	12.73	15.65
	Sasikala Bafna	6.16	6.62
	Chetna Bafna	6.07	6.48
	Total	24.96	28.75

4 RESERVES & SURPLUS

(Rs. in '000)				
	Particulars		As at 31st March 2013	As at 31st March 2012
	Capital Reserve			
	Balance Brought Forward		1,498.43	1,498.43
	Share Forfeiture Account		24,158.48	-

	Sub-Total	(A)	25,656.91	1,498.43
	Share Premium Account			
	Balance Brought Forward		292,856.18	256,856.18
	Add: Amount received from Preferential allotment		10,257.50	36,000.00
	Sub-Total	(B)	303,113.68	292,856.18
	Profit and Loss Account			
	Balance Brought Forward		94,138.03	75,471.24
	Add: Profit for the year		39,626.78	20,740.89
			133,764.81	96,212.12
	Less: Appropriation:			
	Transfer to General reserve		(3,879.23)	(2,074.09)
	Proposed Dividend		(11,193.80)	-
	Tax on Dividend		(1,825.00)	-
	Sub-Total	(C)	116,866.78	94,138.03
	General reserve.			
	Balance Brought Forward		7,200.19	5,838.02
	Add: Transfer from Profit & Loss Account for the year		3,879.23	2,074.09
	ADD: Capital profit on Consolidation		-	(711.92)
	General reserve (net)	(D)	11,079.42	7,200.19
	Total Reserve and Surplus for the year (A+B+C+D)		456,716.78	395,692.83

5 EQUITY SHARE WARRANT

		(Rs. in '000)	
	Particulars	As at 31st March 2013	As at 31st March 2012
	Equity Share Warrant	31,250.00	27,410.35
	Add : Additions during the year	-	31,250.00
	Total	31,250.00	58,660.35

5.1 The Company has raised money by issuing Equity share warrant to the extent of 2,500,000 share warrant convertible into equity shares @ Rs. 50 per warrant (including premium of Rs. 40/- per warrant) out of which 25% upfront money has been received during the year.

5.2 Out of the 2,318,000 share warrants issued, the Company has forfeited 2,043,000 shares warrants on which the balance of 75% money were not received and the same has been transferred to Capital Reserve under the head Share forfeiture account.

6 CALCULATION OF MINORITY INTEREST

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Share Capital	8,002.82	8,650.00
	Capital Profit	-	(216.56)
	Revenue profit	504.75	(430.62)
	Total	8,507.58	8,002.82

7 LONGTERM BORROWING

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Secured		
	State Bank of India (Term Loan)	7,928.92	19,661.15
	State Bank of India (FCNRB Loans)	2,096.56	29,079.07
	State Bank of India (Corporate Loans)	63,246.93	20,347.59
	Axis Bank (Car Loan)	-	66.87
	State Bank of India (Car Loan)	266.15	142.15
	Exim Bank of India	152,000.00	168,000.00
	Term Loan From Axis Bank	-	26,008.92
	Term Loan from Bank of Ceylon	26,438.85	-
	Total	251,977.40	263,305.74

7.1 OTHER LONGTERM BORROWING

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Trade Deposit	10,150.00	7,475.00
	Lease Deposit (BLRL)	2,250.00	2,250.00
	Total	12,400.00	9,725.00

SECURITIES OFFERED**State Bank of India**

7.1.1 First Charge on the entire current assets on paripassu basis with Export Import Bank of India.

7.1.2 First Charge on the entire Fixed assets on Pari Passu basis with Export Import Bank of India except Fixed Assets acquired out of Term Loan Sanctioned by State Bank of India.

7.1.3 Second pari passu Charge on the entire Fixed assets with Development Credit Bank, Development Bank of Singapore and Bank of Ceylon except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India.

7.1.4 Personal guarantee of Promoter Directors - Mr. Bafna Mahaveer Chand, Chairman and Managing Director and Mr. Paras Bafna, Whole Time Director.

Export- Import Bank Of India

7.1.5 First Pari Passu charge on the Brand RARICAP along with State Bank of India.

7.1.6 First Charge on the entire Fixed assets on Pari Passu basis with Export Import Bank of India except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India.

7.1.7 Personal guarantee of Promoter Directors - Mr. Bafna Mahaveer Chand, Chairman and Managing Director and Mr. Paras Bafna, Whole Time Director.

8 DEFERRED TAX LIABILITIES (NET)

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	DEFERRED TAX LIABILITIES (NET) Related to Fixed Assets	58,339.11	52,499.95
	Total	58,339.11	52,499.95

9 SHORT TERM BORROWINGS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Secured		
I	State Bank of India		
a)	Cash Credit Account	191,941.51	160,723.59
b)	Bill Discounting Account	15,270.65	56,070.83
c)	Export Packing Credit	26,960.20	46,038.60
d)	Collection (Export Bills)	30,225.35	20,383.93
e)	Short Loan Credit (SLC)	11,939.87	41,961.99
f)	Loans installments Repayable within one year	91,760.82	58,323.53
II	Industrial Development of India		
a)	Bill Discounting	45,840.75	3,009.19
b)	Cash credit Account	103,218.55	81,304.69
III	Development Bank of Singapore		
a)	Cash Credit Account	45,078.17	65,232.17
b)	WCDL	20,000.00	10,000.00
c)	Packing Credit Foreign Bills	1,561.24	24,964.43
IV	Bank of Ceylon		
	Cash Credit Account	104,420.57	-
	Bill Discounting	-	-
V	Axis Bank		

	Current account	97.38	1,176.68
	Cash Credit Account	-	21,902.43
VI	Development Credit Bank		
	Cash Credit Account	61,548.86	-
	Total	749,863.90	591,092.04

SECURITIES OFFERED**State Bank of India**

9.1.1 First Charge on the entire current assets on paripassu basis with all the MBA Banks

9.1.2 First Charge on the entire Fixed assets on Pari Passu basis with Export Import Bank of India except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India.

9.1.3 Second pari passu Charge on the entire Fixed assets with IDBI, Development Credit Bank, Development Bank of Singapore and Bank of Ceylon, except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India.

9.1.4 Personal guarantee of Promoter Directors - Mr. Bafna Mahaveer Chand, Chairman and Managing Director and Mr. Paras Bafna, Whole Time Director.

Industrial Development Bank of India

9.1.5 First Pari Passu Charge on the entire current assets along with other MBA Banks

9.1.6 Second pari passu Charge on the entire Fixed assets except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India.

9.1.7 Personal guarantee of Promoter Directors - Mr. Bafna Mahaveer Chand, Chairman and Managing Director and Mr. Paras Bafna, Whole Time Director.

Development Bank of Singapore

9.1.8 First Pari Passu Charge on the entire current assets along with other MBA Banks

9.1.9 Second pari passu Charge on the entire Fixed assets except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India.

Development Credit Bank

9.1.10 First Pari Passu Charge on the entire current assets along with other MBA Banks

9.1.11 Second pari passu Charge on the entire Fixed assets except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India personal property of Mr. Bafna Mahaveer Chand and Mr. Paras Bafna

Bank of Ceylon

9.1.12 First Pari Passu Charge on the entire current assets along with other MBA Banks

9.1.13 Second pari passu Charge on the entire Fixed assets except Fixed Assets acquired out of Term Loan sanctioned by State Bank of India.

9.1.14 Corporate Guarantee to the extent of Rs. 6.50 Crores by M/s. BAFNA PHARMACEUTICALS LIMITED

10 TRADE PAYABLES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Unsecured		
	Sundry Creditors BPL	720,884.73	531,027.55

	Sundry Creditors BLRL	66,155.01	52,469.52
	Total	787,039.74	583,497.06

11 OTHER CURRENT LIABILITIES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Outstanding expenses	35,021.23	24,770.29
	Sales Tax	1,162.73	1,045.95
	TDS payable	916.35	1,245.15
	Advance from Customer	4,125.76	5,546.88
	Income Tax	8,950.00	10,500.00
	Proposed Dividend	11,193.80	-
	Tax on Proposed Dividend	1,825.00	-
	Total	63,194.87	43,108.27

Consolidated – Fixed Assets**12 FIXED ASSETS**

(Rs. in '000)

(RS. IN '000)										
Description	Gross block				Depreciation/ Amortization				NET BLOCK	
	As at 01-04-2012	Additions	Deductions/ Adjustments	As at 31/03/2013	As at 01-04-2012	For the year	Deductions/ Adjustments	As at 31/03/2013	As at 31/03/2013	As at 31/03/2012
Land	10,492.43	-	-	10,492.43	-	-	-	-	10,492.43	10,492.43
Good Will	1,000.00	-	-	1,000.00	1,000.00	-	-	1,000.00	-	-
Factory Building	246,567.70	1,101.99	935.56	248,605.24	21,557.04	9,963.53	-	31,520.57	217,084.67	225,010.66
Light Ceiling	812.40	-	-	812.40	429.72	38.27	-	467.99	344.41	382.68
Aluminum Partition	232.12	-	-	232.12	122.78	10.93	-	133.72	98.40	109.34
Plant & Machinery	199,436.56	9,293.57	344.60	209,074.73	34,363.38	9,455.28	-	43,818.67	165,256.07	165,073.18
Lab Equipments	56,009.45	3,750.73	-	59,760.18	10,120.70	3,017.52	-	13,138.22	46,621.96	45,888.75
Factory Equipments	7,894.87	-	-	7,894.87	1,611.44	398.96	-	2,010.40	5,884.47	6,283.43
Pollution Control Devices	932.81	643.65	-	1,576.46	298.90	64.00	-	362.90	1,213.56	633.91
Power Factor Controller	66.95	-	-	66.95	59.41	1.05	-	60.46	6.49	7.54
Bottle Washing & Filling Machinery	1,971.06	-	-	1,971.06	1,681.50	40.28	-	1,721.78	249.28	289.56
Electrical Equipment & Installations	32,162.48	-	-	32,162.48	6,018.65	1,779.61	-	7,798.26	24,364.23	26,143.84
Electrical Fixtures &	5,112.09	755.16	31.60	5,898.85	220.66	11.48	-	232.14	5,666.71	4,891.43

Fittings										
Generator	5,993.52	-	4.23	5,997.75	1,073.37	331.50	-	1,404.88	4,592.88	4,920.15
Air Floating & Circulating System	47,442.53	-	-	47,442.53	9,563.18	2,308.12	-	11,871.30	35,571.23	37,879.34
Boiler	761.68	49.35	-	811.03	198.89	37.14	-	236.03	575.00	562.79
Camera	4,258.55	-	-	4,258.55	512.05	202.28	-	714.33	3,544.22	3,746.50
Air Conditioner	1,129.35	192.82	-	1,322.17	621.94	63.08	-	685.02	637.16	507.41
U.P.S	5,099.78	720.44	-	5,820.23	1,051.37	297.58	-	1,348.94	4,471.28	4,048.42
Office Equipments	1,426.70	-	-	1,426.70	390.35	91.35	-	481.70	945.01	1,036.35
Cell Phone	212.92	50.37	-	263.29	50.51	25.29	-	75.80	187.49	162.41
Dies & Punches	4,955.37	864.75	-	5,820.12	1,670.84	612.37	-	2,283.21	3,536.91	3,284.53
Computer	6,515.19	1,229.52	0.54	7,745.25	4,149.47	1,225.68	-	5,375.15	2,370.11	2,365.73
Furniture & Fittings	2,768.50	139.40	7.64	2,915.53	1,311.22	207.62	-	1,518.85	1,396.69	1,457.28
Vehicle	1,276.73	481.90	-	1,758.63	581.69	272.42	-	854.11	904.52	695.04
Accessories	683.68	-	-	683.68	64.38	34.04	-	98.42	585.26	619.30
Chiller Systems	3,017.74	-	-	3,017.74	6.66	143.34	-	150.00	2,867.74	3,011.08
Bio-Equipment	1,446.73	-	-	1,446.73	3.19	68.72	-	71.91	1,374.82	1,443.54
Water Systems	6,473.29	64.12	-	6,537.41	17.77	304.17	-	321.93	6,215.47	6,455.52
ETP Plant	420.00	39.00	-	459.00	19.47	58.19	-	77.66	381.34	400.53
Shrink Pak Machine	-	175.10	-	175.10	-	3.03	-	3.03	172.07	-
HAVC Systems	-	400.52	-	400.52	-	68.56	-	68.56	331.96	-
Total	656,573.16	19,952.39	1,324.17	677,849.73	98,770.52	31,135.39	-	129,905.91	547,943.80	557,802.64
12.1 INTANGIBLE ASSETS										
Raricap (Brand)	226,797.72	-	-	226,797.72	22,555.84	22,679.77	-	45,235.61	181,562.11	204,241.88
	226,797.72	-	-	226,797.72	22,555.84	22,679.77	-	45,235.61	181,562.11	204,241.88
12.2 INTANGIBLE ASSETS										
Good will on Consolidation	358.03	-	-	358.03	-	-	-	-	358.03	358.03
Total	358.03	-	-	358.03	-	-	-	-	358.03	358.03

13 OTHER NON CURRENT ASSETS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Product Registration	15,105.13	9,609.63
	Product Launch Expenditure	98,799.68	59,878.70
	Preliminary expenses and Share issue Expenses	5,219.66	10,294.90
		119,124.47	79,783.23
	Less: Amortization charged to P&L Account	28,681.72	18,972.90
	Total	90,442.75	60,810.33

14 INVENTORIES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Raw material (Valued at cost)	61,532.44	86,880.23
	Work in progress (valued at cost)	44,319.36	42,320.11
	Finished Product (valued at cost or market value whichever is less)	79,192.49	73,096.01
	Packing material (Valued at cost)	12,697.96	17,663.02
	Stores and spares (At Cost)	24,384.95	19,230.17
	Total	222,127.20	239,189.54

15 TRADE RECEIVABLES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	(Unsecured Considered Good)		
	Trade Receivables- More than Six month	70,493.85	285,254.84
	Others	845,777.91	553,160.87
	Total	916,271.76	838,415.71

16 CASH AND CASH EQUIVALENTS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Cash on hand	4,652.57	2,208.16
	Balance with:		
	In current account	186,260.89	976.15
	In Fixed Deposits	19,795.53	21,463.55
	Total	210,708.99	24,647.86

17 SHORT TERM LOANS AND ADVANCES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	(Unsecured considered good, recoverable in cash or in kind or for value to be received)		
	Advance to suppliers	328,329.97	185,314.37
	Advance Others	43,514.49	20,229.82
	Deposits with Govt. or Semi Govt. Dept.	2,535.05	3,301.49
	Deposits with Others	19,700.00	18,498.00
	Interest Accrued But Not Due	293.44	293.44

	Prepaid expenses	2,652.49	1,813.62
	Cenvat Credit & PLA Account	22,579.52	18,718.97
	Sales Tax Refund account	8,386.46	7,274.14
	TDS Receivable	840.80	881.72
	License On hand	1,143.04	1,143.04
	Brand Building	6,462.82	6,462.82
	Total	436,438.08	263,931.43

18 REVENUE FROM OPERATIONS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Sales:		
	Sales (Domestic)	686,082.88	892,988.63
	Less: Excise Duty on local sales	(14,324.39)	(9,331.15)
	Sub-Total	671,758.49	883,657.49
	Sales(Export)	987,108.75	381,580.41
	Less: Excise Duty on Export Sales	(1,222.32)	(2,019.81)
	Sub-total	985,886.43	379,560.60
	Less: Sales of BLRL to BPL	(31,100.84)	(6,596.99)
	Revenue from operations	1,626,544.09	1,256,621.10
	FR &D Income	131,162.93	29,720.48
	Grand Total	1,757,707.01	1,286,341.58

Note: Sale of goods to EOU (Exporter) has been made to the tune of Rs 4,803.782 ('000) (Previous year 26,698.84 ('000)) and has been included in the Export Sales

19 OTHER INCOME

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Interest Received Bank	519.46	195.70
	Interest Received Others	3,406.20	3,048.00
	Gain or (Loss) on Exchange	23,762.98	7,283.85
	Export Incentive	2,449.57	-
	Discount Received	83.14	14.38
	Commission Received	38.05	4,228.45
	Rent Received	120.00	-
	Total	30,379.38	14,770.38

20 COST OF RAW MATERIAL CONSUMED

(Rs. in '000)

	Particulars		As at 31st March 2013	As at 31st March 2012
	Opening stock		86,880.23	52,835.24
	Add: Purchase		312,103.95	278,118.46
			398,984.18	330,953.70
	Less: Closing stock		61,532.44	86,880.23
	Raw Material Consumed	A	337,451.74	244,073.47

20.1 COST OF PACKING MATERIAL CONSUMED

(Rs. in '000)

	Particulars		As at 31st March 2013	As at 31st March 2012
	Opening stock		17,663.02	32,895.21
	Add: Purchase		59,466.19	63,534.69
			77,129.21	96,429.90
	Less: Closing stock		12,697.96	17,663.02
	Packing Material Consumption	B	64,431.24	78,766.88

20.2 MANUFACTURING EXPENSES

(Rs. in '000)

	Particulars		As at 31st March 2013	As at 31st March 2012
	Consumable Stores		137.43	869.18
	Analytical Expenses		1,453.50	1,886.49
	Power & Fuel		20,268.15	17,330.58
	Machinery Maintenance		4,649.24	5,904.38
	Factory Maintenance		987.05	2,575.60
	Chemical Purchase		2,368.95	2,337.88
	Security Charges		1,616.26	1,390.35
	Repairs & Maintenance		2,251.25	1,400.94
	Other Manufacturing		6,261.64	7,385.90
	Total	C	39,993.46	41,081.31

20.3 Freight

(Rs. in '000)

	Particulars		As at 31st March 2013	As at 31st March 2012
	Freight Charges		2,733.05	3,029.72
	Total	D	2,733.05	3,029.72
	COST OF MATERIAL CONSUMED (A+B+C+D)		444,609.49	366,951.39

21 PURCHASE OF STOCK IN TRADE

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Purchase of stock in Trade	892,597.38	678,914.04
	Total	892,597.38	678,914.04

22 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Closing Inventories:		
	Finished Goods	79,192.49	73,096.01
	Work in progress	44,319.36	42,320.11
		123,511.85	115,416.12
	Opening Inventories:		
	Finished Goods	73,096.01	27,751.28
	Work in progress	42,320.11	22,147.49
		115,416.12	49,898.77
	Change in inventory	(8,095.73)	(65,517.36)

23 EMPLOYEE BENEFIT EXPENSES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Salaries	87,895.88	43,140.53
	Bonus	7,328.34	6,226.29
	PF Companies contribution	5,666.55	3,633.63
	ESI Companies Contribution	2,679.88	1,144.62
	Staff welfare	5,529.35	4,423.57
	Total	109,099.99	58,568.63

24 FINANCIAL COSTS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Interest to bank	104,196.73	72,279.60
	Bank charges	11,382.71	8,607.61
	Interest others	3,553.49	2,309.18
	Total	119,132.93	83,196.39

25 DEPRECIATION AND AMORTISATION CHARGES**(Rs. in '000)**

	Particulars	As at 31st March 2013	As at 31st March 2012
	Depreciation and Amortization expenses	82,496.89	63,027.90
	Total	82,496.89	63,027.90

26 OTHER EXPENSES**(Rs. in '000)**

	Particulars	As at 31st March 2013	As at 31st March 2012
	Rent	3,077.67	2,256.67
	Postage & Telegram	1,704.74	975.58
	Telephone	870.82	607.73
	Insurance	1,858.34	2,336.34
	Conveyance	1,157.04	1,634.56
	Travelling Expenses	25,442.65	11,312.66
	Printing & Stationery	1,402.59	1,545.77
	Subscription & Membership	146.48	289.75
	Fees	3,168.84	2,647.52
	Office Maintenance	404.81	269.57
	Donation	-	1.10
	Vehicle Maintenance	443.47	313.53
	Miscellaneous Expenses	897.85	1,260.04
	Professional Charges	7,360.52	3,299.21
	Computer Maintenance	1,961.57	1,428.51
	MOT & Inspection Charges	-	30.40
	Service Tax	792.20	43.02
	Discount Allowed	2,805.27	1,388.28
	Packing Charges	243.91	103.49
	Exchange Difference	2,430.01	3,852.30
	Freight & Transportation	13,905.22	12,172.32
	Advertisement	5,406.42	1,149.03
	Sales Promotion	8,265.00	1,242.10
	Commission/ Laisoning Charges	6,286.90	6,171.00
	Sales Tax	290.77	1,271.09
	Liquidative Damages	546.33	-

	MHRA Expenses	764.01	1,077.57
	Directors Salary	2,160.00	1,440.00
	Payment to Auditor	617.98	592.42
	Directors Sitting Fees	237.50	225.00
	Total	94,648.91	60,936.54

26.1 PAYMENT TO AUDITORS AS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Statutory Audit Fees	385.00	370.00
	Tax Audit Fees	65.00	60.00
	Certification fees	100.00	100.00
	Service Tax	67.98	62.42
	Total	617.98	592.42

26.2 DIRECTORS REMUNERATION

(Rs. in '000)

		Bafna Mahaveer Chand		Paras Bafna	
	Particulars	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
a)	Salary	1,200.00	720.00	960.00	720.00
b)	Contribution to PF	86.40	86.40	115.20	86.40
c)	Lease Rent for Car	60.00	60.00	60.00	60.00
	Total	1,346.40	866.40	1,135.20	866.40

26.3 FOREIGN CURRENCY TRANSACTIONS

a) Income of foreign currency Transaction is recorded at the rate of exchange prevailing on the date, when the relevant transaction has taken place. Realized gains or losses on the exchange is recognized in the Profit and loss account.

26.4 EXPENDITURE IN FOREIGN CURRENCY

(in '000)

	Particulars		As at 31st March 2013		As at 31st March 2012	
	RAW MATERIAL	USD	6,096.74	34,133.95	681.21	33,042.13
		EURO	0.55	39.23	15.20	981.08
		GBP	62.90	5,433.80	15.60	1,162.47
	CAPITAL GOODS	USD	3.95	218.09	5.47	245.99
		EURO	0.75	54.78	4.75	306.95

		JPY (YEN)				
		SWISS FRANC				
	OVERSEAS TRAVEL					
	PRODUCT REGISTRATION CHARGES	USD	140.26	7,522.23	134.45	6,661.29
	MHRA AUDIT FEES	USD	9.10	764.01		
	TENDER PARTICIPATION	USD	-	-	12.50	612.50
	ADVANCE FOR EXPS	USD	232.16	12,649.34		

27 EARNINGS IN FOREIGN CURRENCY**(in '000)**

	Particulars		As at 31st March 2013	As at 31st March 2012
	EXPORT SALES	USD	14,329.60	4,483.12
		INR	772,939.64	211,796.14
		GBP	2,452.06	1,947.15
		INR	208,289.84	147,388.62
		AUD	106.11	-
		INR	5,879.27	-

Note: Sale of goods to EOU (Exporter) has been made to the tune of Rs 4,803.782 ('000) (Previous year 26,698.84 ('000)) and has been included in the Export Sales.

Consolidated – Related party disclosures**28 RELATED PARTY DISCLOSURES**

As per Accounting Standard 18, the disclosures of transactions with the related Parties are given below:
List of Related Parties where control exists and related Parties with whom transactions have taken place and relationship

28.1 Name of the related Party

- a) Mr. BAFNA MAHAVEER CHAND
- b) Mr. PARAS BAFNA
- c) Mrs. CHETNA BAFNA
- d) Mr. NAVEEN BAFNA

28.2 Directors interest

- a) BAFNA LIFESTYLES REMEDIES LIMITED
- b) BAFNA LIFELINE PRIVATE LIMITED
- c) BHANSILAL & CO (HUF)

(Rs. in '000)

Sl.NO	Particulars	Associates	Key Management Personnel	Rel of KMP	Total as on 31.03.2013	Total as on 31.03.2012
1	Purchase of goods	Bafna Lifestyles Remedies Ltd			31,100.84	6,596.99
2	Sale of goods	Bafna Lifestyles Remedies Ltd			-	1,205.97
3	Sale of Fixed Assets				-	-
4	Rendering Services	Bafna Lifestyles Remedies Ltd	Bafna Mahaveer Chand, Paras Bafna, Chetna Bafna and Naveen Bafna		2,601.60	3,840.01
5	Agency agreements				-	-
6	Leasing or Hire Purchase	Bafna Lifestyles Remedies Ltd		Bhansilal & Co (HUF)	2,925.00	2,925.00
7	Transfer of R&D					
8	License Agreements					
9	Finance loans and Equity in Cash or Kind	Bafna Lifestyles Remedies Ltd			143,000.00	143,000.00
10	Guarantee and Collaterals	Bafna Lifestyles Remedies Ltd			65,000.00	65,000.00
11	Manage Contracts including for Deputation of Employees					
12	Rent		Bafna Mahaveer Chand	Bhansilal & Co (HUF)	1,865.40	1,460.00

27 CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
a)	In respect of Letter of Credit and Bank Guarantee	53,726.08	63,080.02
b)	Bonds have been executed in favour of Customs Authorities for the purchase of materials and capital goods without payment of duty	87,000.00	77,000.00

29 SECONDARY SEGMENT/ GEOGRAPHICAL SEGMENT

The Company has indentified manufacture of Medicine and drugs as the only primary reportable Segment

(Rs. in '000)							
	Particulars	INDIA	ASIA	UK	AFRICA	As at 31st March 2013	As at 31st March 2012
						Total	Total
	Sales	560,630.63	759,656.85	345,624.02	5,447.55	1,671,359.05	1,239,540.43
	Operating Expenses	423,452.64	573,780.10	261,054.95	4,114.61	1,262,402.30	1,136,737.07
	Operating Income/ Loss	137,177.99	185,876.75	84,569.07	1,332.93	408,956.74	102,803.36
	Unallocable Income					30,304.53	10,541.93
	Total Income					439,261.27	113,345.29
	Unallocable Expenses					(387,466.87)	(59,691.39)
	Net profit before Tax					51,794.40	53,653.90
	Income Tax and Deferred tax					(13,002.09)	(32,913.01)
	Net profit after Tax					38,792.31	20,740.89

30 CENVAT

Cenvat Credit is reckoned for the material, Capital Goods, stores and consumables purchased and entered into the factory Premises.

31 GENERAL

- Tax deducted at Source from the payment to contractors, professional charges and salaries have been deposited in time.
- Balances under Trade Payables, debtors, loans and advances are subject to confirmation.
- Advances given to suppliers for supply of materials and others remain unconfirmed. It was explained that supply will be made in the ensuing year
- Loans and advances include outstanding balances of deposits with Corporate bodies is given below

(Rs. in '000)			
	Name of Body Corporate	As at 31st March 2013	As at 31st March 2012
	Tamilnadu Steel Tubes Limited (Including Interest thereon)	15,200.00	13,400.00

- The Fixed deposit of sum of Rs. 19,620.53 ('000) (Previous Year Rs. 21,288.55 ('000)) lying with State bank of India are under lien against Bank Guarantee Margin, LC Margin Money and Loan against Deposit
- Previous Years figures have been reclassified, regrouped and re-arranged wherever necessary.

32 The Ministry of corporate affairs, Government of India, vide General Circular No: 2 and 3 dated 8th February 2011 and 21st February 2011 respectively, has granted a general exemption from Compliance of Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the consolidated Financial Statements.

SIGNATURE TO NOTE ON FINANCIAL STATEMENT No.1 TO No: 32

For Abhay Jain & Co
Chartered Accountants
FRN No.000008S

On behalf of Board

A.K. Jain
(Partner)

Bafna Mahaveer Chand
(Managing Director)

Paras Bafna
(Whole Time Director)

Place: Chennai
Date: 20.05.2013

K. Premnatha
(Company Secretary)

Statement pursuant to Section 212

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956

Statement Regarding Subsidiary Company pursuant to Section 212 of the Companies Act, 1956

1. Name of the subsidiary Company : BAFNA LIFESTYLES REMEDIES LIMITED
2. Holding Company's interest : 62.31%
3. Net aggregate amount of Subsidiary Profit /
(Loss) not dealt with in the Holding Company's Accounts
 - (i) For the financial period of the Subsidiary ended
As on 31st March, 2013 (Profit) : Rs. 5,04,752/-
 - (ii) For the previous financial periods of the Subsidiary
Since it became Holding Company's Subsidiary (Loss) : Rs. 6,47,185/-
4. Net aggregate amount of Subsidiary's Profit/
Dealt with in the Holding Company's Account
 - (i) For the financial period of the subsidiary ended
As on 31st March, 2013 (Profit) : Rs. 8,34,467/-
 - (ii) For the previous financial periods of the Subsidiary
Since it became Holding Company's subsidiary. (Loss) : Rs. 10, 69,943/-

For Abhay Jain & Co
Chartered Accountants
FRN No.000008S

On behalf of Board

A.K. Jain
(Partner)

Bafna Mahaveer Chand
(Managing Director)

Paras Bafna
(Whole Time Director)

Place: Chennai
Date: 20.05.2013

K.Premnatha
(Company Secretary)

Subsidiary Financial Statements as at 31st March, 2013

Subsidiary Financial Statements

Subsidiary – Directors Report

DIRECTORS REPORT **BAFNA LIFESTYLES REMEDIES LIMITED**

Dear Shareholders,

The Directors have pleasure in submitting the Annual Report along with the audited Balance Sheet as at 31st March, 2013.

FINANCIAL RESULTS:

PARTICULARS	(Rs. In '000)	
	2013	2012
Total Income	117523.66	57626.59
Total Expenditure	109128.94	52909.54
Profit before Depreciation & Taxation	8394.72	4717.05
Less: Depreciation & Amortization	-6592.60	-4647.79
Less: Exceptional Items	-1324.17	9.07
Profit before Tax	3126.29	60.19
Less: Current Tax	-350.00	0.00
Less: Deferred Tax	-1437.07	-1746.36
Profit after Tax for the year	1339.22	-1686.17
Brought forward from previous years	-1717.13	-30.96
Profit (loss) for the year	-377.91	-1717.13

Your directors are striving hard to improve the overall performance of the company in the years to come and are taking steps to achieve the same.

DIVIDEND:

Your directors do not recommend any dividend during the year under review.

FIXED DEPOSITS:

Your company has not accepted any deposits from the public during the year under report.

AUDITORS:

M/s. Abhay Jain & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment. The Shareholders are requested to appoint auditors and fix their remuneration.

COMPLIANCE CERTIFICATE:

As required under proviso to Section 383A(1) of the Companies Act, 1956, a Secretarial Compliance Certificate issued by a practicing Company Secretary is being attached to this report.

SUBSIDIARY OF M/S. BAFNA PHARMACEUTICALS LIMITED:

By virtue of holding more than 51% of the paid-up capital of the Company by M/s. Bafna Pharmaceuticals Limited, your company is a subsidiary of M/s. Bafna Pharmaceuticals Limited.

DIRECTORS:

Ms. Sabitha & Mr. Gyanmal Jain retire by rotation and being eligible offer themselves for re-appointment.

Your directors recommend their appointment for better prospects of the company.

PARTICULARS OF EMPLOYEES:

As required by Section 217(2A) of the Companies Act, 1956 the Directors state that none of the employees of the company are in receipt of remuneration in excess of the amount specified.

DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 your directors state;

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit of the company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The company is taking all necessary measures to conserve the energy. There was no Technology absorption during the year under review. There is no foreign exchange earnings and outgo during the year.

HUMAN RESOURCES

The company recognizes the crucial role of human resource in realizing corporate objectives. Organization structure is reviewed to give a better scope for talented employees to move up in the hierarchy and make greater contribution.

ACKNOWLEDGEMENT:

Your directors take this opportunity to place on record, their gratitude for the company operation and support extended by the employees of the company, banks, shareholders and Government Authorities.

On behalf of Board of Directors
For BAFNA LIFESTYLES REMEDIES LIMITED

Director

Director

Place: Chennai
Date: 18.05.2013

Subsidiary – Compliance Certificate

COMPLIANCE CERTIFICATE

CIN: U 52599 TN 1994 PLC 027134

AUTHORISED CAPITAL: RS 300 LAKHS

To,

The Members,

M/s. BAFNA LIFESTYLES REMEDIES LIMITED

(Formerly Ranfab Pharmaceuticals Private Limited)

We have examined the registers, records, books and papers of **M/s. BAFNA LIFESTYLES REMEDIES LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In our opinion and to the best of the information and according to the examinations carried out by us and explanations furnished to us by the Company and its officers, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and wherever required entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Chennai, within the time prescribed / with late fees, if applicable under the Act and the rules made thereunder.
3. The Company, being a Public Limited Company, has the minimum prescribed paid up capital.
4. The Board of Directors met FOUR times on 23.05.2012, 12.09.2012, 12.11.2012 and 09.02.2013 in respect of which meetings notices were given and the proceedings were recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2012 was held on 24.09.2012 after giving notice to the members of the Company and the resolutions passed thereat were recorded and signed in the Minutes Book maintained for the purpose.
7. No Extra Ordinary Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of section 297 of the Act.
10. The Company has made entries in the register maintained under Section 301 of the Act.
11. According to the information & explanations given to us, there were no instances falling within the purview of Section 314 of the Act.
12. The Company has not issued any duplicate certificates during the year.

13. The Company has:

- (i)** not made any allotment / transfer / transmission of securities during the financial year.
- (ii)** not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
- (iii)** not posted warrants to any member of the Company as no dividend was declared during the financial year.
- (iv)** no unpaid / unclaimed dividend, application money due for refund, matured deposit, matured debentures and the interest accrued thereon for a period of seven years, required to be transferred to Investor Education and Protection Fund during the financial year under review.
- (v)** generally complied with the requirements of section 217 of the Act.

14. The Board of directors of the Company is duly constituted and the appointment of Directors has been duly made. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.

15. The Company has not appointed any Managing director / Whole time director / Manager during the financial year.

16. The Company has not appointed any sole - selling agents during the financial year.

17. The Company has not obtained any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.

18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. The Company has not issued any Preference shares/debentures, hence the question of redeeming any Preference shares / debentures does not arise.

22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the financial year under review.

24. The amount borrowed by the Company from directors, members, public, financial institutions, Banks and others during the financial year ending 31.03.2013 are within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in the duly convened General Meeting held on 13.12.2010.

25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate.

26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the memorandum with respect to the name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered its articles of association during the financial year.

31. According to the information and explanations given to us, there was no prosecutions initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.

33. According to information and explanations given to us, the Company has not constituted its own Provident Fund Trust for its employees; therefore Section 418 of the Act is not applicable to the Company.

For A. K. JAIN & ASSOCIATES

Company Secretaries

PANKAJ MEHTA

Partner

M.No.A29407

C.P.No.10598

Place: Chennai

Date: 18.05.2013

ANNEXURE ARegisters as maintained by the Company

1. Register of Members u/s 150.
2. Register of Share Transfer.
3. Register of Directors u/s 303.
4. Register of Directors Share Holdings u/s 307.
5. Register of Charges u/s 143.
6. Register of Contracts, Companies and Firms in which Directors of the Company are interested u/s 297, 299, 301 and 301(3).
7. Minutes of Meeting of the Board of Directors & the Share Holders u/s 193.

ANNEXURE BForms and Returns as filed by the Company with the Registrar of Companies, Chennai during the financial year ending on 31st March, 2013.

Sl.NO.	e-Form	Particulars	Event date	SRN	Filed on	With additional fees
1.	17	For Registration of Satisfaction of charge in favour of AXIS BANK , CBB filed u/s 138/600	08.10.2012	B59405720	11.10.2012	NO
2.	8	Registration of Creation of charge in favour of BANK OF CEYLON, EGMORE BRANCH, CHENNAI filed u/s 125/127/135	12.09.2012	B59390005	11.10.2012	NO
3.	8	Registration of Creation of charge in favour of BANK OF CEYLON, EGMORE BRANCH, CHENNAI filed u/s 125/127/135	17.09.2012	B59759308	16.10.2012	NO
4.	32	For appointment / changes among directors filed u/s 303(2)	24.09.2012	B59795054	17.10.2012	NO
5.	66	Compliance Certificate filed u/s 383A.	31.03.2012	P90616566	17.10.2012	NO

6.	20B	Annual Return - Schedule V filed u/s 159.	24.09.2012	P91441501	22.10.2012	NO
7.	18	Change in Registered Office of Company, filed u/s.146	01.03.2013	B69221646	01.03.2013	NO
8.	23AC & 23ACA	Profit & Loss a/c and Balance Sheet filed u/s 220.	31.03.2012	Q06730410	17.02.2013	YES

* * * * *

Subsidiary – Auditors' Report

AUDITOR'S REPORT

TO THE MEMBERS OF BAFNA LIFESTYLES REMEDIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of BAFNA LIFESTYLES REMEDIES Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For ABHAY JAIN & Co.,
Chartered Accountants
FRN: 000008S

A K JAIN
(Partner)
Membership No. : 070224

Place: Chennai
Date: 18.05.2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of BAFNA LIFESTYLES REMEDIES, on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks, as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern status.

2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted / taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii (c), iii (d), iii (f) and iii (g) of the order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

b) As per information & explanations given to us and in our opinion, the transaction made in pursuance of contract/ arrangement entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/-, in respect of each party during the year have been made in prices which appear reasonable as per information available with the Company.

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956 and the provision of Clause VI of Paragraph 4 of the Order are not applicable to the Company.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the Cost Records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rule 2011, prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed Cost records have been maintained. We have however, not made a detailed examination of the Cost Records with a view to determine whether they are accurate or complete.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this Clause XIII of Paragraph 4 of the Order is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Hence, the provision of Clause XIV of Paragraph 4 of the Order is not applicable to the Company.
15. The Company has taken Corporate Guarantee to the extent of Rs. 6.50 Crores from M/s. BAFNA PHARMACEUTICALS LIMITED for Term Loan taken availed from M/s. BANK OF CEYLON. According to the information and explanations given to us, we are of the opinion that the Terms and Conditions thereof are not prima facie prejudicial to the interest of the Company.
16. The Company has raised new Term loans during the year. The Term loans outstanding at the beginning of the year and those raised during the year have been applied for the purpose for which they were raised.

17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

18. According to the information and explanation given to us, we report that the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register Maintained U/s 301 of the Companies Act, 1956.

19. The Company has no outstanding debentures during the period under audit. Hence, the provision of Clause XIX of Paragraph 4 of the Order is not applicable to the Company.

20. The Company has not raised any money by public issue during the year. Hence, the provision of Clause XX of Paragraph 4 of the Order is not applicable to the Company.

21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For ABHAY JAIN & Co.,
Chartered Accountants
FRN: 000008S

A K JAIN
(Partner)
Membership No. : 070224

Place: Chennai
Date: 18.05.2013

Subsidiary – Balance Sheet**BALANCE SHEET AS AT 31ST MARCH, 2013****(Rs. in '000)**

Particulars	NOTE	March 31, 2013		March 31, 2012	
EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	3	22,950.00		22,950.00	
(b) Reserves & Surplus	4	(377.91)		(1,717.13)	
(c) Money Received Against Share Warrants		-	22,572.09	-	21,232.87
(2) Share Application Money Pending Allotment		-		-	
(3) Non-Current Liabilities					
(a) Long Term Borrowings	5	26,438.85		26,008.92	
(b) Deferred Tax Liabilities (Net)	6	3,347.27		1,910.20	
(c) Other Long Term Liabilities	6.1	3,600.00		3,600.00	
(d) Long Term Provisions		-	33,386.12	-	31,519.11
(4) Current Liabilities					
(a) Short Term Borrowings	7	65,023.10		21,902.43	
(b) Trade Payables	8	66,155.01		51,119.52	
(c) Other Current Liabilities	9	3,240.67		3,962.50	
(d) Short Term Provisions		-	134,418.78	-	76,984.45
Total			190,376.99		129,736.43
ASSETS					
(1) Non Current Assets					
(a) Fixed Assets	10				
(i) Tangible Assets		65,527.83		63,830.29	
(ii) Intangible Assets		-		-	
(iii) Capital Work-in-Progress		-		-	
(iv) Intangible Assets under Development		-		-	
(b) Deferred Tax Assets (Net)		-		-	
(c) Long Term Loans and Advances		-		-	
(d) Other Non Current Assets	11	12,527.35	78,055.18	16,703.13	80,533.42
(2) Current Assets					
(a) Current Investments					
(b) Inventories	12	11,632.94		13,358.12	
(c) Trade Receivables	13	61,563.60		22,184.31	

(d) Cash and cash Equivalents	14	3,500.86		1,570.46	
(e) Short Term Loans and Advances	15	35,624.42		12,090.14	
(b) Other Current Assets		-	112,321.81	-	49,203.01
Total			190,376.99		129,736.43

Significant Accounting Policies and Notes on Financial Statements 1 to 29

As per our report of Even Date Annexed

For ABHAY JAIN & CO
Chartered Accountants
FRN : 000008S

On behalf of Board

A.K. JAIN
(Partner)
M. No. 70224

S HEMALATHA
(DIRECTOR)

K SABITHA
(DIRECTOR)

Place: Chennai
Date: 18.05.2013

Subsidiary –Statement of Profit & Loss**STATEMENT OF PROFIT & LOSS AS AT 31ST MARCH, 2013****(Rs. in '000)**

Particulars	NOTE	March 31, 2013	March 31, 2012
Revenue from Operations	16	117,448.80	53,398.14
Other Income	17	74.86	4,228.45
Total Revenue		117,523.66	57,626.59
EXPENSES			
Cost of Raw Material Consumed	18	17,612.35	1,789.46
Purchase of Stock- in-Trade	19	74,474.89	51,917.88
Changes in Inventories of Finished Goods	20	5,722.44	(7,334.80)
Employee Benefit Expenses	21	3,133.96	1,898.71
Financial Costs	22	6,806.18	1,872.75
Depreciation and Amortization Expenses	23	6,592.60	4,647.79
Other Expenses	24	1,379.11	2,765.55
Total Expenses		115,721.54	57,557.33
Profit before Exceptional Items and Tax		1,802.12	69.26
Exceptional Items	25	(1,324.17)	9.07
Profit before Extraordinary items		3,126.29	60.19
Extraordinary Items		-	-
Profit before Tax		3,126.29	60.19
Current Tax		(350.00)	-
Deferred Tax		(1,437.07)	(1,746.36)
Profit (Loss) for the year		1,339.22	(1,686.17)
Brought forward from previous years		(1,717.13)	(30.96)
Less : Utilized for Bonus Shares		-	-
Profit (Loss) for the year		(377.91)	(1,717.13)
Earnings per Equity Share			
(1) Basic		0.58	(1.07)
(2) Diluted		0.58	(1.07)

Significant Accounting Policies and Notes on Financial Statements 1 to 29

As per our report of Even Date Annexed

For ABHAY JAIN & CO

Chartered Accountants

FRN : 000008S

On behalf of Board

Place: Chennai

Date: 18.05.2013

A.K. JAIN

(Partner)

M. No. 70224

S HEMALATHA

(DIRECTOR)

K SABITHA

(DIRECTOR)

Subsidiary – Cash Flow Statement
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013
(Rs. in '000)

Particulars	March 31, 2013		March 31, 2012	
Cash flow from Operating Activities				
Net Profit Before Tax	3,126.29		60.19	
Add: Depreciation and Amortization	6,592.60		4,647.79	
Add : Interest Paid	6,806.18		1,872.75	
Less : Interest Received	-		-	
Less: Other Income	(74.86)		(4,228.45)	
Operating Profit before change of Working Capital	16,450.22		2,352.28	
Adjustment For Working capital:				
Change of Inventories	1,725.17		(9,211.79)	
Change in Debtors	(39,379.29)		(14,742.35)	
Change in Other Current Asset	(23,534.28)		(5,739.38)	
Change in Current Liabilities	57,434.34		44,400.12	
Cash generated from Operation	12,696.16		17,058.88	
Less: Tax Paid	(350.00)		-	
Net Cash From Operating Activities		12,346.16		17,058.88
Cash Flow from Investing Activities:				
Purchase of Fixed Assets	(4,114.36)		(28,047.45)	
Other Income	74.86		4,228.45	
Change in Other Non - Current Assets	-		(14,920.68)	
Net Cash used in Investing Activities		(4,039.50)		(38,739.68)
Cash Flow from Financing Activities				
Issue of Shares & Application Activities	-		21,700.00	
Proceed from Long Term Liabilities	-		-	
Proceed from Long Term Loans	429.93		1,967.73	
Interest Paid	(6,806.18)		(1,872.75)	
Dividend and Dividend Tax Expenses	-		-	
Net Cash from Financing Activities		(6,376.25)		21,794.99

Net Increase/ (Decrease)		1,930.40		114.19
In Cash or Cash Equivalents		1,930.40		114.19
Opening Balance of Cash & Cash Equivalents		1,570.46		1,456.27
Closing Balance of Cash & Cash Equivalents		3,500.86		1,570.46

Significant Accounting Policies and Notes on Financial Statements 1 to 29

As per our report of Even Date Annexed

For ABHAY JAIN & CO
Chartered Accountants
FRN : 000008S

On behalf of Board

A.K. JAIN
(Partner)
M. No. 70224

S HEMALATHA
(DIRECTOR)

K SABITHA
(DIRECTOR)

Place: Chennai
Date: 18.05.2013

Subsidiary – Notes

SIGNIFICANT ACCOUNTING POLICIES

1. Corporate Information

Bafna Lifestyles Remedies Limited (The Company) is a public Company domiciled in India and incorporated under the Provisions of the Companies Act, 1956. The Company is engaged in the manufacture of drugs and Medicines. The Company caters to the domestic Market and is planning for exports in the future.

2. Basis of Preparation of Financial Statements

The financial statement are prepared under historical cost conversion, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

Summary of Significant Accounting Policies

a. Change in Presentation of financial statement:

During the year ended 31st March 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

b. Use of estimates.

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible fixed assets.

Fixed assets, acquired are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalized criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

d. Depreciation on tangible assets

The Company was charging depreciation on WDV method (written down value) till the previous year, but during the year, company has changed the method of depreciation from WDV to SLM. Due to change in the method of depreciation the amount of Rs.1,324.17/- (Rs. In '000) has been written back in the Profit & Loss as the exceptional item.

Depreciation on fixed assets is calculated on Straight Line Method (SLM) using the rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule XIV to the Companies Act, 1956.

Depreciation for additions to / deletions from owned assets is calculated on pro rata from / to the day of addition /put to use and up to date of deletion.

e. Borrowing costs

Borrowing cost includes interest. Borrowing costs directly attribute to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

f. Inventories

Raw materials, components, store and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the site.

g. Revenue Recognition

Revenue from sale of products is recognized when practically all obligations connected with the transaction risks and rights to the buyer have been fulfilled and excluded sales tax and state value added taxes. This usually occurs upon dispatch and collection of the receivable is reasonably certain.

Interest income is recognized using time proportion method based on the rates implicit in the transaction.

h. Employee Benefits

Liability for employee benefits, both short and long term, which are due as per the terms of employment, are recorded in accordance with Accounting Standard -15 (Revised) "Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2006.

i. Gratuity

BLRL has an obligation towards gratuity, a defined benefit retirement plan (Gratuity Plan) covering eligible employees in accordance with Indian Law. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death while employment or on termination of employment in an amount equivalent to 15 days last drawn salary payable for each completed year of services. The liability for the eligible employees is determined on the basis of actuarial valuation as on the balance sheet date, using projected unit credit method and is funded with Gratuity fund managed by **Life Insurance Corporation of India Ltd.**

j. Income Taxes

Current Tax

Current tax is determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the

balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

k. Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. The company primarily operates in single business segment which is generic pharmaceutical, and accordingly there are no primary segments to be reported as per Accounting Standard 17 "Segment Reporting".

l. Earnings per share

The basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share and also the weighted average number of shares considered for deriving basic earnings per share which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

3 SHARE CAPITAL

(Rs. in '000)			
	Particulars	As at 31st March 2013	As at 31st March 2012
	Authorised Share capital		
	3,000,000 Equity shares of Rs 10 each	30,000.00	30,000.00
	Total	30,000.00	30,000.00
	Issued subscribed & Paid up capital		
	2,295,000 Equity shares of Rs 10 each fully paid up in cash	22,950.00	22,950.00
	Total	22,950.00	22,950.00

3.1 2,170,000 Shares out of the issued, subscribed and paid up share capital were allotted as a preferential allotment during the year 2011-12.

3.2 75,000 Shares out of the issued, subscribed and paid up share capital were allotted as a bonus shares in the financial year 2010-11 by capitalization of Profit and Reserve.

3.3 The detail of Shareholders holding more than 5% shares.

(Rs. in '000)			
	Name of Shareholders	As at 31st March 2013	As at 31st March 2012
	Bafna Pharmaceuticals Limited	1,430.00	1,430.00
	Chetna Bafna	408.25	408.25
	Shasikala Bafna	154.63	154.63
	Total	1,992.88	1,992.88

3.4 The reconciliation of the number of shares outstanding is set out below

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Equity shares at the beginning of the year	22,950.00	1,250.00
	Add: Shares issued on preferential allotment	-	21,700.00
	Add: Bonus shares issued	-	-
	Equity shares at the end of the year	22,950.00	22,950.00

4 RESERVES & SURPLUS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	General reserve.		
	Balance Brought Forward	(1,717.13)	(30.96)
	Less : utilized for Issue of bonus Shares	-	-
		(1,717.13)	(30.96)
	Add: Profit/Loss for the year	1,339.22	(1,686.17)
	Profit & Loss A/c	(377.91)	(1,717.13)

5 LONGTERM BORROWING

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Secured		
	Term Loan from Axis Bank	-	26,008.92
	Term Loan from Bank of Ceylon	26,438.85	-
	Total	26,438.85	26,008.92

Securities offered

5.1 Secured by First Charge on the entire Fixed Assets and proposed to be acquired out of Term Loan and also personally guaranteed by Mr. Bafna Mahaveer Chand and Mr. Paras Bafna, Chairman and Director of BAFNA PHARMACEUTICALS LIMITED

5.2 Corporate Guarantee by M/s. BAFNA PHARMACEUTICALS LIMITED

6 DEFERRED TAX LIABILITY (NET)

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Deferred tax liability	3,347.27	1,910.20
	Total	3,347.27	1,910.20

6.1 OTHER LONG TERM LIABILITIES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Lease Deposit received from BAFNA PHARMACEUTICALS LIMITED	2,250.00	2,250.00
	Trade Deposit	1,350.00	1,350.00
	Total	3,600.00	3,600.00

7 SHORT TERM BORROWINGS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Secured		
	Working capital loan from Axis Bank - cash credit account	-	21,902.43
	Working capital loan from Bank of Ceylon - cash credit account	54,193.67	-
	Current Account - Axis Bank	67.00	-
	Term Loan Installment due within one Year	10,762.43	-
	Total	65,023.10	21,902.43

Securities offered**7.1** Exclusive charge on the Entire current assets of the Company both present and Future**7.2** Corporate Guarantee by M/s. BAFNA PHARMACEUTICALS LIMITED**7.3** Personally guaranteed by Mr. Bafna Mahaveer Chand and Mr. Paras Bafna, the Chairman and Director respectively of BAFNA PHARMACEUTICALS LIMITED**8 TRADE PAYABLES**

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Sundry Creditors		
	For Goods Supplied	66,155.01	51,119.52
	For Services & Expenses	-	-
	Total	66,155.01	51,119.52

9 OTHER CURRENT LIABILITIES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Outstanding expenses	2,737.01	2,539.14
	TDS payable	35.85	73.37
	Sales Tax Payable	117.81	-

	Provision for Income Tax	350.00	-
	Total	3,240.67	2,612.50

10 FIXED ASSETS

(Rs. in '000)

Description	Gross block				Depreciation/ Amortization				NET BLOCK	
	As at 01-04-2012	Additions	Deductions/ Adjustments	As at 31/03/2013	As at 01-04-2012	For the year	Deductions/ Adjustments	As at 31/03/2013	As at 31/03/2013	As at 31/03/2012
Land	8,560.44	-	-	8,560.44	-	-	-	-	8,560.44	8,560.44
Building	30,968.02	844.85	935.56	32,748.43	2,568.80	1,058.94	-	3,627.74	29,120.69	28,399.22
Furniture & Fittings	24.35	63.03	7.64	95.02	24.35	2.87	-	27.22	67.79	-
Plant & Machinery	21,904.49	71.43	344.60	22,320.52	520.66	1,019.12	-	1,539.78	20,780.74	21,383.83
Computer	34.60	82.58	0.54	117.71	0.98	14.52	-	15.50	102.21	33.62
Electrical fittings	4,856.89	614.71	31.60	5,503.21	47.99	250.38	-	298.37	5,204.83	4,808.90
Generator	650.71	-	4.23	654.94	6.43	30.91	-	37.34	617.60	644.28
Air-Conditioner	-	86.75	-	86.75	-	3.12	-	3.12	83.63	-
Lab Equipments	-	348.54	-	348.54	-	13.61	-	13.61	334.93	-
Pollution Control Equipments	-	363.30	-	363.30	-	9.61	-	9.61	353.69	-
U.P.S	-	315.00	-	315.00	-	13.73	-	13.73	301.27	-
Total	66,999.50	2,790.19	1,324.17	71,113.86	3,169.21	2,416.82	-	5,586.03	65,527.83	63,830.29
Previous year Figures	38,952.05	28,047.45	-	66,999.50	2,697.21	472.00	-	3,169.21	63,830.29	

10.1 The Depreciation is charged in the Straight Line Method as decided by the Management and the impact of change in depreciation to the value of Rs. 1,324.17 ('000) has been considered in the Profit and loss account during the current year

11 OTHER NON CURRENT ASSETS

(Rs. in '000)

Particulars	As at 31st March 2013	As at 31st March 2012
Deferred Revenue expenditure	16,510.56	20,638.20
Preliminary expenses	192.58	240.72
	16,703.13	20,878.92
Less: Amortization charged to P&L Account	4,175.78	4,175.78
Total	12,527.35	16,703.14

11.1 1/5th of the above expenses has been charged to P&L A/c each year.

12 INVENTORIES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Raw material (Valued at cost)	2,982.15	804.96
	Work in progress (valued at cost)	1,265.00	711.09
	Finished Product (valued at cost or market value whichever is less)	4,493.69	10,770.04
	Packing material (Valued at cost)	2,816.46	1,035.45
	Stores and spares (At Cost)	75.65	36.58
	Total	11,632.94	13,358.12

13 TRADE RECEIVABLES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Trade Receivables - Due for More than Six month	1,386.75	1,386.75
	Other Debts (Unsecured Considered Good)	60,176.85	20,797.56
	Total	61,563.60	22,184.31

14 CASH AND CASH EQUIVALENTS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Cash on hand	3,314.86	1,460.69
	Balance with Bank:	-	-
	In current account	11.00	(65.23)
	In Fixed Deposits	175.00	175.00
	Total	3,500.86	1,570.46

15 SHORT TERM LOANS AND ADVANCES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Advance to suppliers	31,856.18	8,468.11
	Advance Others	2,905.06	2,466.91
	Deposits with Govt. or Semi Govt. Dept.	65.35	65.35
	Prepaid expenses	-	452.28
	TDS Receivable	464.10	464.10
	Sales Tax Refund account	-	173.39
	Cenvat and PLA Accounts	333.73	-
	Total	35,624.42	12,090.14

16 REVENUE FROM OPERATIONS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Sales	125,626.87	53,398.14
	Less : Excise Duty	8,178.07	-
	Revenue from operations	117,448.80	53,398.14

17 OTHER INCOME

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Commission Received	38.05	4,228.45
	Discount Received	36.81	-
	Total	74.86	4,228.45

18 COST OF MATERIAL CONSUMED

(Rs. in '000)

	Particulars		As at 31st March 2013	As at 31st March 2012
	Cost of Raw material consumed	18.1	9,008.61	948.48
	Cost of packing material consumed	18.2	3,884.96	297.84
	Manufacturing Expenses	18.3	4,461.02	362.95
	Freight	18.4	257.76	180.19
	Total		17,612.35	1,789.46

18.1 COST OF RAW MATERIAL CONSUMED

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Opening stock	804.96	-
	Add: Purchase	11,185.80	1,753.44
		11,990.76	1,753.44
	Less: Closing stock	2,982.15	804.96
	Raw material consumed	9,008.61	948.48

18.2 COST OF PACKING MATERIAL CONSUMED

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Opening stock	1,035.45	-

	Add: Purchase	5,665.97	1,333.29
		6,701.42	1,333.29
	Less: Closing stock	2,816.46	1,035.45
	Packing material consumed	3,884.96	297.84

18.3 MANUFACTURING EXPENSES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Consumable stores	96.10	10.58
	Power and Fuel	2,412.96	133.44
	Machinery Maintenance	572.50	63.41
	Security Charges	188.76	155.52
	Analytical expenses	38.71	-
	Chemical Purchases	99.43	-
	Lab equipment expenses	126.56	-
	Factory Maintenance	118.32	-
	Repairs & Maintenance	807.69	-
	Total	4,461.02	362.95

18.4 FREIGHT

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Freight	257.76	180.19
	Total	257.76	180.19

19 PURCHASE OF STOCK IN TRADE

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Purchase of stock in trade	74,474.89	51,917.88
	Total	74,474.89	51,917.88

20 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Closing Inventories:		
	Finished Goods	4,493.69	10,770.04

	Work in progress	1,265.00	711.09
		5,758.69	11,481.13
	Opening Inventories:		
	Finished Goods	10,770.04	4,146.33
	Work in progress	711.09	-
		11,481.13	4,146.33
	Change in inventory	5,722.44	(7,334.80)

21 EMPLOYEE BENEFITS EXPENSES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Salaries	3,057.96	1,481.46
	Staff welfare	76.01	417.25
	Total	3,133.96	1,898.71

22 FINANCIAL COSTS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Interest to bank	6,521.81	1,574.22
	Bank charges	122.37	48.83
	Interest to others	162.00	249.69
	Total	6,806.18	1,872.75

23 DEPRECIATION AND AMORTISATION EXPENSES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Depreciation as per Note-10	2,416.82	472.00
	Amortization expenses as per Note-11	4,175.78	4,175.78
		6,592.60	4,647.78
	Less: Transfer from revaluation reserve	-	-
	Total	6,592.60	4,647.78

24 OTHER EXPENSES

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Rent	36.00	289.39
	Postage and Telegram	0.43	11.12

	Insurance	22.87	14.52
	Conveyance	17.57	8.14
	Travelling expenses	-	757.07
	Printing and stationary	231.54	197.04
	Fees	124.52	108.66
	Office Maintenance	-	11.48
	Miscellaneous Expenses	1.52	77.50
	Professional Charges	105.47	2.88
	Computer Maintenance	254.62	2.70
	Sales Tax	190.14	-
	Freight and Transportation	30.48	114.20
	Sales promotion	-	93.22
	Commission / Laisoning charges	167.62	1,043.91
	Payment to Auditor (including service tax)	56.18	33.71
	Board Fees	7.50	-
	Telephone Charges	13.20	-
	Service Tax	119.45	-
	Total	1,379.11	2,765.55

24.1 PAYMENT TO AUDITOR

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Audit Fees	40.00	22.50
	Tax Audit Fee	10.00	7.50
	Certification Fee	6.18	3.71
	Total	56.18	33.71

25 EXCEPTIONAL ITEMS

(Rs. in '000)

	Particulars	As at 31st March 2013	As at 31st March 2012
	Prior period differential sales tax for the year 2008-09	-	9.07
	Prior Period Depreciation due to change of Method of Depreciation	(1,324.17)	-
	Total	(1,324.17)	9.07

26 RELATED PARTY DISCLOSURE**26.1 Name of the related Party**

a) Mr. BAFNA MAHAVEER CHAND

26.2 Directors' Interest

a) BAFNA PHARMACEUTICALS LIMITED

b) BAFNA LIFELINE PRIVATE LIMITED

(Rs. in '000)

Sl. No	Particulars	Associates	Key Management Personnel	Rel of KMP	Total as on 31.03.2013	As on 31.03.2012
1	Purchase of goods	Bafna Pharmaceuticals Limited			-	1,205.97
2	Sale of goods	Bafna Pharmaceuticals Limited			31,100.84	6,596.99
3	Sale of Fixed Assets				-	-
4	Rendering Services	Bafna Pharmaceuticals Limited			-	1,751.37
5	Agency agreements				-	-
6	Leasing or Hire Purchase	Bafna Pharmaceuticals Limited			2,250.00	2,250.00
7	Transfer of R&D				-	-
8	License Agreements				-	-
9	Finance loans and Equity in Cash or Kind	Bafna Pharmaceuticals Limited			14,300.00	14,300.00
10	Guarantee and Collaterals	Bafna Pharmaceuticals Limited			65,000.00	65,000.00
11	Manage Contracts including for Deputation of Employees				-	-
12	Rent		Bafna Mahaveer Chand		-	105.00

27 GENERAL

a) Balance in Sundry Debtors/ Creditors and advances are subject to confirmation.

b) Previous Year's Figures have been re-arranged, re-classified and re-grouped wherever necessary.

- c) Tax deducted at Source from the payment to contractors, professional charges and salaries have been deposited in time.
- d) The Fixed deposit of sum of Rs.175 ('000) lying with Bank of Ceylon are under lien against Bank Guarantee Margin LC Margin Money and Loan against deposit.
- e) As explained to us, there is no Contingent Liabilities for the year under audit.

28 Additional Disclosures

(Rs. in '000)			
	Particulars	As at 31st March 2013	As at 31st March 2012
1	Purchase of Finished Goods	74,474.89	51,917.88
2	Sale of Finished Goods(Inclusive of excise Duty)	125,626.87	53,398.14
3	Consumption of Raw Material		
	Indigenous	9,008.61	948.49
	Stores and Spares	96.10	858.60

29 The Ministry of Corporate Affairs, Government of India, vide General Circular No : 2 and 3 dated 8th February 2011 and 21st February 2011 respectively, has granted a general exemption from Compliance of Section 212 of the Companies Act, 1956 subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence entitled to the exemption. Necessary information relating to the subsidiaries has been included in the consolidated Financial Statements.

Significant Accounting Policies and Notes on Financial Statements 1 to 29

As per our report of Even Date Annexed

For ABHAY JAIN & CO

Chartered Accountants

FRN : 000008S

On behalf of Board

A.K. JAIN

(Partner)

M. No. 70224

S HEMALATHA

(DIRECTOR)

K SABITHA

(DIRECTOR)

Place: Chennai

Date: 18.05.2013

Notice

Notice

NOTICE

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of the Bafna Pharmaceuticals Limited will be held on Monday the 30th day of September, 2013 at 2.30 P.M at NARADA GANA SABHA (Mini Hall), 314, T.T.K. Road, Alwarpet, Chennai – 600018 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and the audited Statement of Profit and Loss for the year ended on that date, together with the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares @ Rs. 0.60/- per share of the face value of Rs.10/- each.
3. To appoint a Director in the place of Shri V.Rajamani, who retires by rotation and being eligible, offers himself for re-appointment as a Director.
4. To appoint a Director in the place of Shri Sunil Bafna who retires by rotation and being eligible offers himself for re-appointment as a Director.
5. 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."

SPECIAL BUSINESS:

6. **To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications and / or re-enactment thereof for the time being in force) and rules framed thereunder and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, consent of the members of the company be and is hereby accorded that the Articles of Association of the Company be and are hereby altered / amended by addition / insertion of Article 144(19) after the existing Article 144(18) as follows:

Article 144(19)

"Notwithstanding anything contrary contained in the Articles of Association, the Board of Directors shall have the power to appoint the same individual to hold and occupy the

positions of Chairman [of Board and / or General Meeting(s)] and Managing Director or such other equivalent managerial position thereof, in the Company."

RESOLVED FURTHER THAT the Board of Directors of the Company (herein referred to as the 'Board' which shall be deemed to include any committee or any person which the Board may constitute / nominate to exercise powers including the powers of this resolution) be authorised to carry on the above mentioned amendment(s) in the existing Articles of Association of the Company and that the Board may do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above and to settle any questions, difficulties or doubts that may arise in this regard without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution in the best interest of the company."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and the laws prevailing for the time being and subject to Schedule XIII to the Act, with such alterations and modifications, if any, that may be effected by the Central Government, pursuant to any change in policies or laws, guidelines, rules and regulations relating to the managerial remuneration, consent of the members of the company be and is hereby accorded for the re-appointment of Shri Bafna Mahaveer Chand as Chairman and Managing Director of the Company, for a period of three years from 01.07.2013 on following remuneration:

Salary scale: Rs. 1,00,000/- per month subject to the maximum as may be determined by the Board subject to the Schedule XIII of the Companies Act, 1956 and any modification thereof.

Perquisites: Gratuity, Contribution to Provident Fund, Superannuation Fund, Encashment of Leave and Annuity fund as per the rules of the Company.

RESOLVED FURTHER THAT in the case of loss or inadequacy of profits in any financial year of the company, during his tenure, the remuneration payable to Shri Bafna Mahaveer Chand shall be subject to the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of any statutory requirement, modification, and / or relaxation by the Central Government to the Schedule XIII or to any of the Sections of the Companies Act, 1956, the Board of Directors be and are hereby authorised to vary or increase the remuneration within such prescribed limit and the aforesaid resolution be suitably amended to give effect to such amendments, modifications, relaxations and / or variations without any further reference to the company in General Meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Directors of the Company be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute

all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution in the best interest of the company."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and the laws prevailing for the time being and subject to Schedule XIII to the Act, with such alterations and modifications, if any, that may be effected by the Central Government, pursuant to any change in policies or laws, guidelines, rules and regulations relating to the managerial remuneration, consent of the members of the Company be and is hereby accorded for the re-appointment of Shri Paras Bafna as Whole Time Director of the Company for a period of three years from 01.07.2013 on following remuneration:

Salary Scale: Rs. 80,000/- per month subject to the maximum as may be determined by the Board subject to Schedule XIII of the Companies Act, 1956 and any modification thereof.

Perquisites: Gratuity, Contribution to Provident Fund, Superannuation Fund, Encashment of leave & Annuity fund as per the rules of the company.

RESOLVED FURTHER THAT in the case of loss or inadequacy of profits in any financial year of the company, during his tenure, the remuneration payable to Shri Paras Bafna shall be subject to the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification, and / or relaxation by the Central Government to the Schedule XIII or to any of the Section of the Companies Act, 1956, the Board of Directors be and are hereby authorised to vary or increase the remuneration within such prescribed limit and the aforesaid resolution be suitably amended to give effect to such amendments, modifications, relaxations and / or variations without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Directors of the Company be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution in the best interest of the company."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Shri B KAMLESH KUMAR, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in pursuance of Section 260 of the Companies Act, 1956 and in respect of whom the company under Section 257 of the said Act received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

By Order of the Board
for BAFNA PHARMACEUTICALS LTD.

Bafna Mahaveer Chand
Chairman & Managing Director

Date: 10.08.2013

Place: Chennai

Notes:

1. *A member entitled to attend and vote at the General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however be deposited at the registered office of the Company not less than 48 (forty-eight) hours before the commencement of the Meeting.*

2. *Members / Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting. 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. The Board of Directors have recommended a dividend of 6% i.e. Rs. 0.60/- per equity share of Rs.10/- each for the year ended 31st March, 2013 which is subject to the approval of shareholders at the ensuing Annual General Meeting. If dividend on shares as recommended by the Directors is approved at the General Meeting, the payment will be made on or around 5th of October, 2013, as under:

(i) in respect of shares held in electronic form, to those persons whose names appear as beneficial owners in the statement(s) furnished by the Depository(ies) i.e. NSDL & CDSL as on the close of the market day prior to book closure;

(ii) in respect of shares held in physical form, to those Shareholders whose names appear on the company's register of members after giving effect to all valid share transfers in physical form lodged with the company before the date of book closure.

4. The Register of Members and Share Transfer Books of the company will remain closed from 21.09.2013 to 30.09.2013 (Both Days inclusive), for the purpose of payment of final dividend on

the equity shares for the financial year ended 31st March, 2013 & for the purpose of this General Meeting.

5. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting in accordance with provisions of Section 187 of the Companies Act, 1956.

6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

7. Members desirous of getting any information in respect of the Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the meeting so that the required information can be made available at the meeting.

8. Members are requested to notify immediately any change in their address with their Folio numbers to the Company' Share Transfer Agents viz. Cameo Corporate Services Limited.

9. The Ministry of Corporate Affairs (MCA) has taken the "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the MCA in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their email id through a letter giving consent for receiving notice / documents including Annual report through email with M/s. Cameo Corporate Services Limited.

10. Your Company has given option to receive Annual Report in soft copy to those members whose email ids are available / registered with the Registrar and Share Transfer Agents M/s. Cameo Corporate Services Limited.

11. No gifts / compliments / coupons will be distributed at the meeting.

12. (A) SEBI has made it mandatory to distribute dividends through Electronic Clearing Service (ECS); now National Clearing System (NECS), Members holding shares in electronic form may kindly note that their Bank Account details, as furnished by their DPs to the Company will be used. Members holding shares in electronic form are requested to intimate the following information to their DPs, if the same is not sent earlier:

(i) Particulars of Bank Account like name of the Bank, name of branch, bank account number allotted by the Bank, complete address of the bank with pin code along with email-id.

(ii) Any change in their address/email-id/NECS mandate/Bank details.

and are further requested not to send the same directly to the Company or to its Registrar and Share Transfer Agent.

(B) Members holding shares in physical form are requested to intimate to the Registrar & Share Transfer Agent (Cameo Corporate Services Limited, No.1, Club House Road, Chennai – 600002) of the Company under the signature of the Sole / First Joint Holder(s), the following information, if the same is not sent earlier:

(i) Name of the Sole / First Joint Holder(s) and the Folio Number, Particulars of Bank Account like name of the Bank, name of branch, bank account number allotted by the Bank, complete address of the bank with pin code along with email-id.

(ii) Any change in their address/email-ID/NECS mandate/Bank details.

13. Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges brief particulars of the Directors proposed for re-appointment/ appointment at the meeting is given below:

(a) Shri V.Rajamani

Name of the Director	Shri V.Rajamani
Date of Birth	17/02/1939
Status	Non-Executive Independent Director
Qualification & Expertise	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 posts / position held in the secretarial / financial departments held in the Central Government undertakings where he worked earlier.
Names of other public company(ies) in which directorship held	Morgan Industries Limited
Total shares held by him in the company	Nil
Relationship with other directors in the company	NA

(b) Shri Sunil Bafna

Name of the Director	Shri Sunil Bafna
Date of Birth	11/10/1976
Status	Non-Executive Independent Director
Qualification & Expertise	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 17 years of experience in functions of financial planning and management.
Names of other public company(ies) in which directorship held	Nil
Total shares held by him in the company	5,000
Relationship with other directors in the company	NA

(c) Shri Bafna Mahaveer Chand

Name of the Director	Shri Bafna Mahaveer Chand
Date of Birth	01/11/1961
Status	Executive – Non Independent Director
Qualification & Expertise	Shri Bafna Mahaveer Chand is the main Promoter of the Company and has over three decades of experience in Pharmaceutical industry. He is a Chemistry Graduate from Madras University. Thanks to his diligence and vision, the company has transformed itself from a proprietary firm to a listed entity, credited with a facility accredited by UK-MHRA. Being an expert in both domestic and international business, his contributions towards developing domestic institutional business and international CRAMS business, setting up the State-of-the art R&D center and the drive to acquire the Marque Brand 'Raricap' have scripted the success story of the company. To bag contracts from the state run health care institutions in Tamil Nadu, Kerala, Orissa, ESI corporation of HSCC and Central Government institutions, etc. To secure the manufacturing contracts from cross lands. He has been honored by the National Level Entrepreneurship Excellence award in 2010.
Names of other public company(ies) in which directorship held	Nil
Total shares held by him in the company	23,75,681
Relationship with other directors in the	NA

company	
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(d) Shri Paras Bafna

Name of the Director	Shri Paras Bafna
Date of Birth	29/09/1966
Status	Executive – Non Independent Director
Qualification & Expertise	Shri Paras Bafna is one of the Promoter - Director of the Company. He is a Commerce Graduate and MBA with 23 years of experience in Planning & Production. 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.
Names of other public company(ies) in which directorship held	Nil
Total shares held by him in the company	9,11,671
Relationship with other directors in the company	NA

(e) Shri B KAMLESH KUMAR

Name of the Director	Shri BABULAL KAMLESH KUMAR
Date of Birth	13/06/1968
Status	Non-Executive Independent Director
Qualification & Expertise	He is specialized in Finance, Taxation and Capital Market. He is a graduate in B.A (Corporate) (1986-88) from A.M. Jain College, Chennai. He became a Member in the Institute of Chartered Accountants of India in 1992 and presently a fellow member of Institute of Chartered Accountants of India. He is a Director in JBM Properties Limited from 1996, Director (Finance) in JBM Shelters (P) Ltd from 2006 taking charge of Finance and Accounts Departments. Also he is a Director in Bafna Lifestyle Remedies Ltd from 2012. He has attended various National and International seminars on Audit, Finance and Capital Market. He has over two

	decades of experience in Taxation and Capital Market. He brings with him rich experience in Taxation, Accounts, Capital Market, Finance & Banking.
Names of other public company(ies) in which directorship held	JBM Properties Limited Bafna Lifestyles Remedies Limited
Total shares held by him in the company	NIL
Relationship with other directors in the company	NA

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956:

Item No.6

The proposed Companies Bill which has been approved by Lok Sabha & Rajya Sabha envisages that a provision should be made in the Articles of Association of the Company for holding and occupying both the positions as Chairman and Managing Director of the Company by same individual.

In order to conform to the said provisions, the Board of Directors considered it is desirable to have suitable amendments made to the Articles of Association of the Company enabling the Board to appoint the same individual to hold and occupy both the position of Chairman and Managing Director in the Company, as envisaged in the said bill with authority of the Articles of Association of the Company and accordingly recommends the resolution at Item No. 6 for the approval of the members. At present Shri Bafna Mahaveer Chand, Managing Director of the Company is also the Chairman of the Board of Directors.

In terms of Section 31 of the Companies Act, 1956, any amendment to Articles of Association would require approval of the members by way of Special Resolution.

None of the Directors, other than Shri Bafna Mahaveer Chand, is concerned or interested in the above resolution.

Item No.7

Shri Bafna Mahaveer Chand is the main Promoter of the Company and has over three decades of experience in Pharmaceutical industry. He is a Chemistry Graduate from Madras University. Thanks to his diligence and vision, the company has transformed itself from a proprietary firm to a listed entity, credited with a facility accredited by UK-MHRA. Being an expert in both domestic and international business, his contributions towards developing domestic institutional business and international CRAMS business, setting up the State-of-the art R&D center and the drive to acquire the Marque Brand 'Raricap' have scripted the success story of the company. To bag contracts from the state run health care institutions in Tamil Nadu, Kerala, Orissa, ESI corporation of HSCC and Central Government institutions, etc. To secure the manufacturing contracts from cross lands. He has been honored by the National Level Entrepreneurship Excellence award in 2010.

As his term will expire on 30.06.2013, on the recommendation of the Remuneration Committee, the Board of Directors at its meeting held on 20.05.2013 subject to approval of the shareholders,

re-appointed Shri Bafna Mahaveer Chand for a further period of three years w.e.f. 01.07.2013 on a remuneration of Rs. 1,00,000/- per month along with other perquisites pursuant to Section 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions of the Companies Act, 1956, as recommended by the Remuneration Committee.

The terms and conditions of re-appointment of Shri Bafna Mahaveer Chand, as set out in the notice together with the explanatory statement, annexed thereto, shall be deemed to be an abstract of the terms and conditions of appointment of Chairman & Managing Director under Section 302 of the Companies Act, 1956.

Subject to the superintendence, control and direction of the Board, Shri Bafna Mahaveer Chand, Chairman & Managing Director shall be in charge of the management of the affairs of the Company and he shall perform such duties and exercise such powers as may be entrusted to him from time to time by the Board of Directors except such matters which are specifically to be done by the Board of Directors or under the Articles of Association of the Company or under the Companies Act, 1956 and the rules thereunder. Shri Bafna Mahaveer Chand shall faithfully and diligently conduct the business and affairs of the company. And for this purpose shall have the powers to do all such matters, deeds and things on behalf of the company as may be or are usual, necessary or expedient so to do and are not under the Act or any other law or by any direction of the Board or by the Memorandum and Articles of Association of the company expressly forbidden to be done by a Director.

The details of his other directorships and memberships in other companies/ committees are provided in the Corporate Governance report, which forms part of this Annual Report.

And in the same kind of industry and size of the company, the remuneration of Managing Director is close to or higher to the remuneration proposed.

The Board considers it desirable that the Company should continue to avail itself of the services of Shri Bafna Mahaveer Chand and accordingly recommends the resolution at Item No. 7 for the approval of the members.

None of the Directors, other than Shri Bafna Mahaveer Chand, is concerned or interested in the above resolution.

Item No.8

Shri Paras Bafna is one of the Promoter - Director of the Company. He is a Commerce Graduate and MBA with 23 years of experience in Planning & Production. 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.

As his term will expire on 30.06.2013, on the recommendation of the Remuneration Committee, the Board of Directors of the Company at its meeting held on 20.05.2013 subject to approval of the shareholders, re-appointed him as a Whole Time Director for a further period of three years on a remuneration of Rs. 80,000/- per month along with other perquisites pursuant to Section 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions of the Companies Act, 1956 as recommended by the Remuneration Committee.

The terms and conditions of re-appointment of Shri Paras Bafna, as set out in the notice together with the explanatory statement, annexed thereto, shall be deemed to be an abstract of

the terms and conditions of appointment of Whole Time Director under Section 302 of the Companies Act, 1956.

Subject to the superintendence, control and direction of the Board of the Company, Shri Paras Bafna as Whole Time Director apart from the activities entrusted to him, he will also look after the present and future projects. He will continue to advise and guide in the management of business and affairs of the company to the MD, CEO, Board and other senior officers of the company. And for this purpose shall have the powers to do all such matters, deeds and things on behalf of the company as may be or are usual, necessary, expedient so to do and are not under the Act or any other law or by any direction of the Board or by the Memorandum and Articles of Association of the company expressly forbidden to be done by a Director.

The details of his other directorships and memberships in other companies/ committees are provided in the Corporate Governance report, which forms part of this Annual Report.

And in the same kind of industry and size of the company, the remuneration of Whole Time Director is close to or higher to the remuneration proposed.

The Board considers it desirable that the Company should continue to avail itself of the services of Shri Paras Bafna and accordingly recommends the resolution at Item No. 8 for the approval of the members.

None of the Directors, other than Shri Paras Bafna, is concerned or interested in the above resolution.

Item No.9

Pursuant to provisions of Section 260 of the Companies Act, 1956, Shri B KAMLESH KUMAR was appointed as Additional Director at the meeting of the Board of Directors held on 10.08.2013; Shri B KAMLESH KUMAR holds office until conclusion of the ensuing Annual General Meeting.

The Company has received a notice in writing along with the necessary amount as deposit in accordance with the provisions of section 257 of the Companies Act 1956, from a member proposing candidature of Shri B KAMLESH KUMAR for directorship of the Company.

Shri B KAMLESH KUMAR is specialized in Finance, Taxation and Capital Market. He is a graduate in B.A (Corporate) (1986-88) from A.M. Jain College, Chennai. He became a Member in the Institute of Chartered Accountants of India in 1992 and presently a fellow member of Institute of Chartered Accountants of India. He is a Director in JBM Properties Limited from 1996, Director (Finance) in JBM Shelters (P) Ltd from 2006 taking charge of Finance and Accounts Departments. Also he is a Director in Bafna Lifestyle Remedies Ltd from 2012. He has attended various National and International seminars on Audit, Finance and Capital Market. He has over two decades of experience in Taxation and Capital Market. He brings with him rich experience in Taxation, Accounts, Capital Market, Finance & Banking.

The Board is of the opinion that his rich experience will certainly help the Company achieve its vision and grow simultaneously. A phenomenal personality like Shri B KAMLESH KUMAR as a director on the Board would prove to be a strong asset to the Company.

Accordingly, your Board recommends the acceptance of the Resolution as set out in Item No. 9 of the Notice of the Meeting.

None of the Directors, other than Shri B KAMLESH KUMAR, is concerned or interested in the above resolution.

By Order of the Board
for BAFNA PHARMACEUTICALS LTD.

Bafna Mahaveer Chand
Chairman & Managing Director

Date: 10.08.2013

Place: Chennai

Attendance Slip

BAFNA PHARMACEUTICALS LTD.

Regd. Office: New No. 68, Old No. 299,
Thambu Chetty Street, Chennai – 600 001

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

DP ID-Client ID/Folio No:

No. of Shares held:

I hereby record my presence at the Eighteenth Annual General Meeting held on Monday the 30th day of September, 2013 at NARADA GANA SABHA (Mini Hall), 314, T.T.K. Road, Alwarpet, Chennai – 600018 at 2.30 P.M as Shareholder/Proxy and at any adjournment thereof.

Name of the Shareholder/Proxy

Signature of the Shareholder/Proxy

✂-----

BAFNA PHARMACEUTICALS LTD.

Regd. Office: New No. 68, Old No. 299,
Thambu Chetty Street, Chennai – 600 001

PROXY FORM

DP ID-Client ID/Folio No:

No. of Shares held:

I/We _____ of _____ in the district of _____ being a member/members of BAFNA PHARMACEUTICALS LTD., hereby appoint _____ of _____ in the District of _____ or failing him _____ of _____ in the District of _____ as my / our Proxy to vote for me/ us on my/our behalf, at the Eighteenth Annual General Meeting held on Monday the 30th day of September, 2013 at NARADA GANA SABHA (Mini Hall), 314, T.T.K. Road, Alwarpet, Chennai – 600018 at 2.30 P.M and at any adjournment thereof.

Signed this _____ day of _____, 2013

Signature _____

Affix 1
Rupee
Revenue
Stamp

NOTE:

1. In the case of a Corporation, this Proxy shall be either given under the Common Seal or signed on its behalf by an Attorney or Officer of the Corporation.
2. Proxies to be valid must be deposited at the Registered Office of the Company, not later than 48 hours before the time for holding the Meeting.

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Awards & Achievements

- 2010** Our CMD **Mr. Bafna Mahaveer Chand** was awarded the National Level Entrepreneurship Excellence Award (Manufacturing Sector) from the SME Chamber of India
- 2011** Bafna received the prestigious Quality Excellence Award 2010 from IDMA (Indian Drug Manufacturers Association)
Our CMD **Mr. Bafna Mahaveer Chand** received the highly acclaimed "Udyog Rattan Award" & the company received "Excellence Award" from IES
- 2012** Our CMD **Mr. Bafna Mahaveer Chand** received "PIONEER 2012" Award from "THE TIMES GROUP" for his contribution towards the success of Healthcare in TamilNadu
- 2013** Bafna received the Prestigious Certificate Of Excellence From 16th State Pharmaceuticals Corporation (spc) Suppliers Convention 2013, Sri Lanka.



If undelivered, please return to:



BAFNA PHARMACEUTICALS LTD.,

Regd. Off: New No 68, Old No. 299, Thambu Chetty Street, Parrys, Chennai - 600 001.

Ph: 044 42677555 Fax: 044 42677599 Email: marketing@bafnapharma.com Web: www.bafnapharma.com