



BAFNA PHARMACEUTICALS LTD.,

REGD. OFFICE: "BAFNA TOWERS" 299, THAMBU CHETTY STREET, CHENNAI-600 001, INDIA.
PHONE: 044-25267517/25270992/42677555, FAX: 91-44-25231264, email: info@bafnapharma.com, Website, www.bafnapharma.com
CIN : L24294 TN1995PLC030698

Date: 03rd Oct 2018

Listing Department
BSE Limited, P J Towers
Dalal Street, Mumbai – 400 001

Security code : 532989
Security ID : BAFNAPHARM

Dear Sir,

Sub: Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Submission of Annual Report for the year ending 31st March 2018

Please find attached Annual Report for the year ending 31st March 2018. Please take it on record.

Thanking you,
For BAFNA PHARMACEUTICALS LIMITED

Jitendra Kumar Pal
Company Secretary



23rd

**ANNUAL
REPORT**



 **BAFNA**
PHARMACEUTICALS LTD.,

FINANCIAL YEAR 2017 - 18



BAFNA PHARMACEUTICALS LIMITED

**23RD ANNUAL REPORT
FINANCIAL YEAR 2017-18**

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Cautionary Statement

Statements in this Report, including those relating to Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's performance include economic developments within & outside the country, demand and supply conditions in the industry, changes in input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations. Bafna Pharma undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

COMPANY SNAPSHOT

Name of Company	:	Bafna Pharmaceuticals Limited
CIN	:	L24294TN1995PLC030698
Incorporation	:	1995
Initial Public Offering	:	2008
Total Revenue	:	Rs. 66.10 Cr
Net Profit	:	Rs. (18.47) Cr
Listing	:	(i) BSE & (ii) NSE

Registered Office

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

Bankers

SBI, IDBI, DBS, DCB, BOC

Share Transfer Agents

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

Auditors

M/s. Satyanarayanan & 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

Mohamed Safwan & Co, Chartered Accountants,
Chennai

Cost Auditors

M/s. Thanigaimani & Associates
Cost Auditor, Chennai

Board of Directors

Shri Bafna Mahaveer Chand
Chairman & Managing Director
Shri Paras Bafna
Whole time Director
Shri V. Rajamani
Non-Executive Independent Director
Shri R. Dwarakanathan
Non-Executive Independent Director
Shri B. Kamlesh Kumar
Non-Executive Independent Director
Shri Sunil Bafna
Non-Executive Independent Director
Shri Nirav Vikram Maniar
Additional Director
Smt K. Sabitha
Whole time Director

Audit Committee

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

Stakeholders Relationship Committee (Investor Grievance and Share Transfer Committee)

Shri Sunil Bafna
Shri Bafna Mahaveer Chand
Shri Paras Bafna

KEY MESSAGE FROM CMD

Dear Shareholders,

I welcome you all to the 23rd Annual General Meeting of the Company.

I take immense pleasure to inform that your company had passed the UK- MHRA audit for the sixth Consecutive Term .

At Bafna, our business objectives have always been aligned with the evolving needs of customers. When we are progressing on many fronts, consolidation of our competencies is critical to sustain momentum and growth. Multiple corporate initiatives helped us elevate the scale and scope of business.

The overall sale during the consolidation phase was Rs. 78.50 Crores as compared to Rs.66.10 Crores in the previous year. Your company is shifting its majority of focus on exports because of the product approvals obtained which was filed during the previous years and approval in countries where registrations are very tough.

During the year under review the Company has in order to reduce the debt has undertaken two major decision. As a result of that the debt has reduced from Rs. 80 Crores to Rs. 44 Crores.

The Company has sold 26% equity stake i.e 11,26,666 shares (Eleven Lakh Twenty-Six Thousand Six Hundred and Sixty-Six) and value being Rs. 16.90 Crs (Rupees Sixteen Crores and Ninety Lakhs only) in Strides Healthcare Private Limited (Unlisted Company) to Strides Shasun Limited for a total cash consideration of Rs. 46.93 Crores (Rupees Forty Six Crores and Ninety Three Lakhs Only) and used the proceeds to settle Long Term Loan from M/s ADITYA BIRLA FINANCE LIMITED to the extent of Rs. 39.43 Crs together with Interest and the remaining amount of Rs. 7.5 Crores used for current liabilities.

The Board of the Subsidiary Company (Bafna Lifestyle Remedies Limited) sold the Fixed assets of the Subsidiary Company and the sale proceeds was used to settle the dues owing to the Holding Company viz Bafna Pharmaceuticals Limited (BAFNA).

The company has filed dossiers in various countries and approvals for these products are expected in the ensuing year. Consequently, the company is hopeful of growing exports and launching products across geographies.

The Indian domestic market segment continues to face significant challenges particularly with respect to the realization cycle and while we will maintain our presence in the domestic market, the operations will be scaled down.

I would like to share with you a synopsis of the revised strategy:

- a. Focus on increasing revenue from contract manufacturing in Regulated markets.
- b. Focus on FR&D for launching new products.
- c. Expand presence in the UK and other European countries.
- d. Increase number of niche products in SAARC countries, in order to increase market share.
- e. Further increase revenue in existing markets by introducing new products. Africa and CIS countries would be our immediate target markets.



In this context, I would like to inform you that during FY18, your company got registrations for 69 products: (i) 18 in Sri Lanka (ii) 2 in Cambodia (iii) 1 in Peru (iv) 4 in Ukraine (v) 2 in Ethiopia (vi) 2 in Kazakhstan (vii) 6 in Cameroon (viii) 5 in Uzbekistan (ix) 2 in Kenya (x) 16 in UK (xi) 1 in Costa Rica (xii) 3 in Russia (xiii) 7 in Tanzania. As on date we have over **183** Product registrations and 164 Product applications is pending for approval across the globe.

The Company is witnessing a better acceptance of its products across multiple countries in its target markets and the increased order book is a reflection of the same.

Your Company is putting in significant efforts and resources in upgrading our manufacturing facilities to ensure that its products meet the ever growing and evolving global standards. The renewal with MHRA is one of the outcomes of these efforts.

At the close, I would like to thank the entire team of Bafna for their continued efforts, dedication and commitment. We are fortunate to have long term focused shareholders and would like to express our gratitude for their trust and confidence in us.

Warm Regards,

Bafna Mahaveer Chand

Chairman & Managing Director

(DIN: 01458211)

DIRECTOR'S REPORT

To

The Shareholders

Your Directors have pleasure in presenting the Twenty Third Annual Report of your Company together with Audited Accounts for the Financial Year ended 31st March, 2018.

Financial Performance

The summarized Audited Financial Results for the year ended 31st March, 2018 along with comparative figures for the previous year is as under:

(Rs. In lakhs)

Particulars	Standalone		Consolidated	
	31 st March, 2018	31 st March, 2017	31 st March, 2018	31 st March, 2017
Total Income	7843.51	6610.17	7850.15	6610.17
Total Expenditure	9271.08	8540.71	9321.82	8646.44
Profit /(loss) before exceptional items and tax	(1427.56)	(1930.54)	(1471.66)	(2036.27)
Exceptional items	-	-	-	-
Profit /(loss) before tax	(1427.56)	(1930.54)	(1471.66)	(2036.27)
Tax expenses (Deferred)	217.52	83.52	219.27	(90.30)
Profit / (loss) after tax	(1645.09)	(1847.02)	(1690.93)	(1945.97)

Consolidated Operating Results

The consolidated sales and operating income increased to Rs. 78.50 Cr from Rs.66.10 Cr in the previous year. The consolidated net loss for the year 2018 was Rs. 16.91 Cr as against FY 2017 of Rs.19.46 Cr.

Standalone Operating Results

The sales and operating income increased to Rs.78.44 Cr from Rs. 66.10 Cr in the previous year. The operating Loss for the year under review is Rs.14.28 Cr as against Rs.19.31 Cr in the previous year. The loss after tax for the year under review is Rs.16.45 Cr as against Rs.18.47 Cr in the previous year. The company is in growth/expansion mode requiring further investment; your company is therefore evaluating various options to raise additional funds for which shareholders approval may be sought as and when things are finalized.

Subsidiary Company & Consolidated Financial Results

The consolidated financial results comprise of M/s. Bafna Pharmaceuticals Limited and its subsidiary M/s. Bafna Lifestyles Remedies Limited. Consolidated Financial Statements for the year ended 31st March, 2018 forms part of the Annual Report.

As required under the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, the consolidated financial statements of the Company and its subsidiary are attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under Section 133 of the Companies Act, 2013. The consolidated financial statements disclose the assets, liabilities, income, expenses and other details of the Company and its subsidiaries.

During the year under review the Board of the Subsidiary Company (Bafna Lifestyle Remedies Limited) sold the Fixed assets of the Subsidiary Company and the sale proceeds was used to settle the dues owing to the Holding Company viz Bafna Pharmaceuticals Limited (BAFNA). The Company was holding 1,43,00,000 shares viz 62.31% in the subsidiary Company M/s. Bafna Lifestyle Remedies Limited.

Sale of Investment

During the year under review pursuant to Share Subscription Cum Shareholders Agreement ("SSSA") dated July 21, 2014 entered amongst the M/s. Bafna Pharmaceuticals Limited ("Bafna" or "the Company"), M/s. Strides Shasun Limited (formerly Strides Arcolab Ltd) ("Strides Shasun"), M/s. Strides Healthcare Private Limited (formerly Strides Actives Private Limited) and others, the Company was holding 11,26,666 (Eleven Lakh Twenty-Six Thousand Six Hundred and Sixty-Six) fully paid-up equity shares of face value of Rs. 10/- (Rupees Ten Only) each of Strides Healthcare Private Limited ("Strides Healthcare"), representing 26% of its total issued and paid-up capital (hereinafter referred to as 'Bafna Shares').

The SSSA, as amended from time to time, enabled Bafna to pledge Bafna Shares in order to avail new loan for its business ("Bafna Loan"), which shall be not exceeding Rs. 40 Crores. Further, the SSSA also provided that, in the event, notice of default is received from the lender of Bafna Loan and the default is not cured by Bafna within the prescribed period, then Strides Shasun shall have a call option on such Bafna Shares ("Bafna Default of Loan Call Option") by paying to the lender and clearing the pledge.

In furtherance to the SSSA, the Company has pledged Bafna Shares as a collateral security with Aditya Birla Finance Limited ("ABFL") and has obtained a sanctioned limit of loan amounting to Rs. 40 Crores for the purpose of its business operation. The amount of outstanding loan was Rs. 38 Crores ("Outstanding Loan") as on 22nd November 2017. The Company has committed a default and since the same was not cured within the prescribed time, Strides Shasun was proposing to exercise the Bafna Default of Loan Call Option in accordance with the SSSA. Pursuant to the payment of the Outstanding Loan amount by Strides Shasun to ABFL, the Company shall not have any claim or receivables towards consideration for the transfer of Bafna Shares.

Pursuant to the said SSSA the Company has transferred 26% equity stake i.e 11,26,666 (Eleven Lakh Twenty-Six Thousand Six Hundred and Sixty-Six) equity shares of face value Rs. 10/- (Rupees Ten only) each in Strides Healthcare Private Limited to Strides Shasun Limited for a total cash consideration of Rs. 46.93 Crores and the proceeds has been used to settle Long Term Loan from M/s ADITYA BIRLA FINANCE LIMITED to the extent of Rs. 39.43 Crs together with Interest and also other current liabilities.

Material/significant changes in subsidiary:

The Company's subsidiary Company M/s. Bafna Lifestyle Remedies Limited (BLRL) was manufacturing Raricap tablets for strides shasun. During one audit strides shasun disqualified the facility and hence there were no operations in the subsidiary company.

A statement pursuant to Section 129 of the Companies Act, 2013, relating to subsidiary companies is attached and forms part of the report.

Change in Capital Structure

(Rs. In '000)

Particulars	31 st March, 2018	31 st March, 2017
Authorized Capital	400,000.00	400,000.00
Issued, Subscribed & Paid up Capital	236,563.35	186,563.35

Your Company, pursuant to 62 (1) (c) read with Section 42 of Companies Act, 2013 and Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, had passed Special resolution by way of postal ballot on 08.02.2017 for issue of 50,00,000 (Fifty Lakh only) Warrants carrying an option /entitlement to subscribe to Equity shares of Rs.10/- each at a premium of Rs.22/-each. Subsequently, the entire preferential issue of 50,00,000 Warrants were allotted.

The Board has been authorised to issue and allot equity shares as may be required upon conversion of 50,00,000 share Warrants issued by the Warrant Allotment Committee on 08th Jan 2017. Further, after receipt of entire money towards the share warrants on 12th Feb 2018 the Board has allotted the shares. The Company has applied for getting listing approval from BSE Ltd and National Stock Exchange of India Limited.

Fixed Deposits

The company has not accepted / invited any deposits from the public in terms of Section 73 of the Companies Act, 2013

Dividend

Due to losses, the Company has not declared any dividend for the Financial Year.

Reserves

The Company has not transferred any amount to the general reserves during the year.

Material Changes and Commitments Affecting The Financial Position Of The Company:

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future;

Due to establishment of National Company Law Tribunal (NCLT) and enactment of Insolvency and Bankruptcy Code, 2016, the above mentioned petitions filed before the Hon'ble High Court of Madras were transferred to Hon'ble NCLT, Chennai Bench and were numbered as TCP/96/IB/CB/2017 and TCP/456/IB/2017 respectively. The said case has been closed as per mutual consent and understanding and petition has been withdrawn.

ARIES an Operational Creditor has filed under Section 9 of the Insolvency and Bankruptcy Code 2016 a Petition with The National Company Law Tribunal, Single Bench, Chennai which has been admitted as CP/682/IB/2017 against the Company. The National Company Law Tribunal, Single Bench, Chennai has passed an order on 16th July 2018 for initiation of Corporate Insolvency Resolution Process (CIRP) against the Company and declare moratorium and appoint Interim Resolution Professional (IRP).

Encore Healthcare Limited an Operational Creditor has filed under Section 9 of the Insolvency and Bankruptcy Code 2016 a Petition with The National Company Law Tribunal, Chennai which has been admitted as CP/648/IB/2017 against the Company. The said case stand disposed off by the order of The National Company Law Tribunal, Divisional Bench, Chennai dated 20th July 2018 and ordered Encore Healthcare Limited to file its claim with the Interim Resolution Professional (IRP).

Calyx chemicals & pharmaceuticals Ltd an Operational Creditor has filed under Section 9 of the Insolvency and Bankruptcy Code 2016 a Petition with The National Company Law Tribunal, Chennai which has been admitted as CP/940/IB/2018 against the Company. The total amount of debt is Rs.21,11,706/-. Application stands disposed off vide order of The National Company Law Tribunal, Chennai dated 09th August 2018.

Dalas Biotech Limited an Operational Creditor has filed under Section 9 of the Insolvency and Bankruptcy Code 2016 a Petition with The National Company Law Tribunal, Chennai which has been admitted as CP/805/IB/2018 against the Company. The said case stand disposed off by the order of The National Company Law Tribunal, Chennai dated 25th July 2018 and ordered Dalas Biotech Limited to file its claim with the Interim Resolution Professional (IRP).

Natural Capsules Ltd an Operational Creditor has filed under Section 9 of the Insolvency and Bankruptcy Code 2016 a Petition with The National Company Law Tribunal, Chennai which has been admitted as CP/222/IB/2018 against the Company. The said case stand disposed off by the order of The National Company Law Tribunal, Bench, Chennai dated 27th July 2018 and ordered Natural Capsules Ltd to file its claim with the Interim Resolution Professional (IRP).

Brenntag Ingredients (India) Private Limited an Operational Creditor has filed under Section 9 of the Insolvency and Bankruptcy Code 2016 a Petition with The National Company Law Tribunal, Chennai which has been admitted as CP/632/IB/2018 against the Company. The said case stand disposed off by the order of The National Company Law Tribunal, Bench, Chennai dated 31st July 2018 and ordered Brenntag Ingredients (India) Private Limited to file its claim with the Interim Resolution Professional (IRP).

Further, a criminal case was filed by M/s. Abhilash Chemicals Private Limited against all the Directors of the Company under Section 138 of the Negotiable Instruments Act for dishonor of cheque.

The above cases are pending before respective court / tribunal. Your Board of Directors of the Company are taking necessary steps to resolve the pending litigations.

Change In The Nature Of Business

Your Company is engaged in manufacture of pharmaceutical products. There is no change in the nature of business during the year compared to previous year.

Risk Management Policy:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Adequacy Of Internal Financial Controls With Reference To The Financial Statements:

The company has adequate internal financial controls such as defining authority to authorize financial transactions, Internal Audit and review of financial statement mechanism in vogue.

Directors

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

Pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 read with Rules thereon, Shri V. Rajamani & Shri Sunil Bafna were appointed as Independent Directors for five consecutive years in the Nineteenth AGM held on 10.09.2014 upto 09.09.2019. Shri V. Rajamani & Shri Sunil Bafna terms getting expired on 09.09.2019 and they will be re-appointed for second terms of five years as Independent Director and the matter has been disclosed in the annual general meeting notice. The Independent Directors have furnished necessary declarations as required under Companies Act, 2013.

Directors Liable to Retire by Rotation

Mrs. Sabitha K, being non independent directors, are liable to retire by rotation in terms of Section 152 of the Companies Act, 2013 and being eligible offered herself for re-appointment.

The brief resume of the Directors seeking appointment/ reappointment and other information have been detailed in the Notice. Your Board recommends the above appointments /reappointment of Directors in the best interest of the Company.

Details of KMP:

According to section 203 of the Companies Act, 2013, Shri. Bafna Mahaveer Chand, being a Managing Director is a Key Managerial Personnel of the Company.

During the year under review, Smt. Sapna Jain resigned from the post of Company Secretary with 08.08.2017 and subsequently Smt. Nirmala N was appointed as the Company Secretary on with effect from 10.11.2017. Smt. Nirmala N resigned from the post of Company Secretary with effect from 31.05.2018 and subsequently Shri Jitendra Kumar Pal was appointed as Company Secretary of the Company with effect from 01.06.2018. Shri. Sridhar was appointed as Chief Financial Officer on 27.05.2017.

Auditors

In compliance with the mandatory rotation of Auditors as per Companies Act, 2013, the Audit Committee and the Board of Directors in their respective meetings recommended the appointment of M/s. R. Sathyanarayanan & Co, Chartered Accountants, Chennai (FRN: 003656S) as statutory auditors of the Company, for a period of 5 years from the conclusion of this AGM until the conclusion of 27th Annual General Meeting, in place of the retiring Statutory Auditors M/s. Abhay Jain & Co., Chartered Accountants, Chennai.

M/s. R. Sathyanarayanan & Co, Chartered Accountants have given their consent for appointment and also confirmed that their appointment would be within the prescribed limits under Section 141 of the Companies Act, 2013. Accordingly, the appointment of M/s. R. Sathyanarayanan & Co, Chartered Accountants., Chartered Accountants, Chennai, as the Statutory Auditors of the Company, is being proposed as an Ordinary Resolution.

Auditors' Report:

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

Comments on Auditors' Report:

Reply to the qualifications made in Auditor's report:

Qualification	Reply
a. Certain Balances of Debtors, Creditors and Deposits with Corporate bodies are subject to confirmation. b. Closing Balances pertaining to Advances given to suppliers for supply of materials and others remain unconfirmed.	The Company has sent confirmation letters to all the debtors, creditors and other corporate bodies but could not get the confirmation on time. However all the efforts has been taken to obtain the same. These dues are pending for long time.
Statutory dues	The Company is under going financial constraints due to which some statutory dues are pending. However the Company is taking sincere efforts to resolve the issue.
Re-appointment and remuneration of Managing Director and Whole time Director for the year ended 31st March 2018, except for obtaining approval from the Financial Institutions as prescribed under Schedule V of the Companies Act, 2013.	The Committee of Creditors constituted under the insolvency and Bankruptcy Code, 2016, in their meeting held on 04th September 2018 had given their consent for payment of remuneration to Managing Director and Whole-Time Director of the Company.

Cost Audit

The Board of Directors of the Company appointed M/s Thanigaimani & Associates, Cost Accountants (FRN No.101899) as the Cost Auditor of the Company for audit of cost accounts relating to formulations for the year ended 31st March 2018. The Cost Audit Report & Cost Audit Compliance Report for the year ended 31st March, 2018 shall be submitted to the Central Government in due course.

As per Section 148 read with Companies (Audit and Audit) Rules, 2014 and other applicable provisions if any of the Companies Act, 2013, the Board of Directors of the Company has appointed M/s Thanigaimani & Associates, Cost Accountants as Cost Auditor of the Company for the year ended 31st March, 2019. The remuneration proposed to be paid to the Cost Auditors, subject to the ratification by the members at the ensuing Annual General Meeting, would be Rs. 45,000/- (Rupees Forty Five Thousand Only) plus applicable taxes and out of pocket expenses.

Listing

The Company's shares are listed at (i) BSE Limited (BSE) with Scrip Code No. **532989** and at (ii) National Stock Exchange of India Limited with Scrip symbol **BAFNAPHARM**;

Particulars of Employees

- a) Details of employees, employed throughout the financial year, was in receipt of remuneration for that financial year, in the aggregate, was not less than Rs.1.02 Crores. –Nil-
- b) Details of employees, employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rs. Eight Lakhs and Fifty Thousand per month -Nil -
- c) Details of employees, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. – Nil -

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company and Rules 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, with respect to the statement showing ⁷the names of the top ten employees in terms of remuneration drawn, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

Foreign Exchange Earnings and Outgo

The particulars in respect of Foreign Exchange Earnings and Outgo as required under Section 134) of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules 2014, 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.

The number of employees as on 31st March, 2018 was 258 as against 230 during FY 2016-17, a net increase of 28 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 were given in the annexure to the Board's Report.

Insider Trading Regulations

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2005, as amended from time to time, the code of conduct for prevention of insider trading and the code for corporate disclosures are in force. The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated persons of the Company, as per SEBI (Prohibition of Insider Trading) Regulations, 2015.

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 Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with the Stock Exchanges, are enclosed elsewhere in the Annual Report and forms part of this report.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Board of Directors has approved policy as per the said Act. And an Internal Complaints Committee was constituted, with following members:

- | | | | |
|-------|--------------------------------------|---|-------------|
| (i) | Smt. Hemalatha, Asst General Manager | - | Chairperson |
| (ii) | Smt. Shunmugasundari, HR Executive | - | Member |
| (iii) | Smt. K.Ashitha, HR Executive | - | Member |

The committee placed certificate before the Board of Directors on the status of compliance of the Act. As per the certificate provided by the said committee no complaints were received during the year & that there are no complaints pending as on 31st March, 2018.

Particulars of Loans, Guarantee and Investment under Section 186 of Companies Act, 2013:

During the year under review, the investments made, the loans advanced, guarantees given and securities provided are within the limits prescribed under Section 186 of the Companies Act, 2013. Refer Notes to accounts for the above particulars.

Particulars of contracts or arrangements with Related parties referred to in Sub-Section (1) of Section 188:

The transactions entered into by the Company with the related parties were in the ordinary course of business and at arm's length basis. The particulars of transactions are mentioned in Form AOC 2 and is annexed to this report.

Corporate Social Responsibility

Corporate Social Responsibility prescribed under the provisions of Sec 135 of the Companies Act, 2013 is not applicable to the Company. But however, Company is committed 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.

Secretarial Audit for the FY 2017-18

In terms of Section 204 of the Companies Act, 2013, the rules made thereunder & other applicable provisions, if any, the company is required to appoint Secretarial Auditor to carry out Secretarial Audit of the Company. Your Board of Directors has appointed M/s. A.K. Jain & Associates, Practicing Company Secretaries, Chennai for purpose of Secretarial Audit for the FY 2017-18 at the Board Meeting held on 28.07.2017.

As required under section 204 (1) of the Companies Act, 2013 the Company has obtained a secretarial audit report. The copy of the Secretarial Audit report in MR 3 is attached as an annexure to the Director's Report.

The qualifications made by the Secretarial Auditor and the explanation to the observations are as follows:

S.No	QUALIFICATION	MANAGEMENT'S EXPLANATION
	The Company had not appointed Chief Financial Officer (CFO) within a period of Six months from the date of such vacancy as required under Section 203(4) of Companies Act, 2013 upto 27.05.2017.	The Board of Directors wish to state that the Chief Financial Officer has been appointed on 27/05/2017.
	The Company has not filed Form MGT-14 for the resolutions passed in the meeting of Board of Directors for Approval of Financial Statements for the financial year ended 31.03.2017 and for appointment of Secretarial Auditor, as prescribed under Section 117 read with Section 179 of the Companies Act, 2013.	The Company has inadvertently omitted to file the Form MGT-14s. The Company is taking utmost care to regularize the Company's compliance reporting mechanism. The Board assure that the Company will file all necessary returns.
	The Company has not disclosed the Voting Results of the Annual General Meeting held on 30th September, 2017 within the time prescribed under Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	The delay in reporting was due to inadvertence and unintentional. The Company is taking utmost care to regularize the Company's compliance reporting mechanism. The Board assure that the Company will report all the disclosures within the time prescribed.
	The Company has not disclosed the Outcome of the Board Meeting held on 08.08.2017 within the time prescribed under Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	The delay in reporting was due to inadvertence and unintentional. The Company is taking utmost care to regularize the Company's compliance reporting mechanism. The Board assure that the Company will report all the disclosures within the time prescribed.
	During the year, the Company did not disclose to the stock exchanges about the Insolvency Petitions filed against the Company by the creditors and the status of the litigation with impact, as required under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	The Company has inadvertently omitted to disclose the material events. The Company is taking utmost care to regularize the Company's compliance reporting mechanism. The Board assure that the Company will disclose all material events in future.
	The Company has complied with provisions of the Companies Act, 2013 for the re-appointment of Managing Director and Whole Time Director of the Company, except for obtaining approval from the Financial Institutions as prescribed under Schedule V of the Companies Act, 2013	The Committee of Creditors constituted under the insolvency and Bankruptcy Code, 2016, in their meeting held on 04 th Sep 2018 had given their consent for payment of remuneration to Managing Director and Whole-Time Director of the Company.

Appointment of M/s. Soleti Associates., Chartered Accountant, Chennai as Internal Auditors & approved their Scope, Functions, Periodicity & Methodology

In terms of Section 138 of the Companies Act, 2013 & other applicable provisions, if any, Board of Directors at the Board Meeting held on 28.05.2018 has appointed Mr. CA Rengasubramaniam, Partner of M/s. Soleti Associates, Chartered Accountants,, Chennai as Internal Auditors and further approved their Scope, Functions, and Periodicity & Methodology.

Audit Committee

In terms of Section 177 of the Companies Act, 2013 and other applicable provisions if any and as per the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit committee comprises of 4 Directors out of which 3 are Non-Executive Independent Directors. The terms of reference of Audit Committee includes matters specified in section 177 of the Companies Act 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as revised with effect from 1.10.2014). The Board has accepted all the recommendations of the audit committee made during the year

Nomination & Remuneration Committee

In terms of Section 178 of the Companies Act, 2013 & other applicable provisions, if any, Board of Directors at the Board Meeting held on 30.05.2014 has renamed the existing "Remuneration Committee" of the Board of Directors as "Nomination & Remuneration Committee". There was no change in the members of the Committee. The Policy of Nomination & remuneration committee was detailed in the corporate governance report. The constitution, terms and references and other details are elaborated in the Corporate Governance report annexed with this report.

Stakeholders Relationship Committee

In terms of Section 178 of the Companies Act, 2013 & other applicable provisions, if any, Board of Directors at their meeting held on 30.05.2014 renamed the existing "Investor Grievance & Share Transfer Committee" as "Stakeholders Relationship Committee". The constitution, terms and references and other details are elaborated in the Corporate Governance report annexed with this report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report, as required under the Listing Agreement with the Stock Exchange is enclosed in the Annual Report and forms part of this Report. Certain Statements in the report may be forward-looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance & outlook.

Extract of Annual Return:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed along with the Director's Report.

Number of Board Meetings:

The Board of Directors met 9 times during the year under review and the gap between 2 meetings did not exceed 120 days.

Directors Responsibility Statement

Your Directors wish to inform that the Audited Accounts contains Financial Statements for the financial year ended 31st March, 2018 are in full conformity with the requirements of the Companies Act, 2013. 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 loss 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, 2013 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.
- The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

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
(CIN L24294TN1995PLC030698)

Place: Chennai
Date: 05.09.2018

Paras Bafna
(DIN: 01933663)
Whole Time Director

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

ANNEXURE TO THE DIRECTOR'S REPORT

Information pursuant to Section 134 of the Companies Act, 2013
read with the Companies (Accounts) Rules, 2014.

FORM - A

Disclosure of particulars with respect to Conservation of Energy

A. Conservation of Energy

Power & Fuel Consumption

SI No	Particulars	2018	2017
1.	Purchased: Units(Lakhs) Total Amount (Rs. In lakhs) Rate / Unit (Rs.)	Units 17.85 Lakhs Rs. 159.85 Lakhs Rs. 8.96 per Unit	Units 17.51Lakhs Rs.155.54 Lakhs Rs.8.88 per Unit
2.	Own Generation Through Diesel Generator Units (KSH) in lakhs Unit per Lt. of Diesel Cost/Unit (Rs.)	Units 1.51 Lakhs Unit 2 Per Litre Rs. 30.58 Per Unit	Units 1.61 lakhs Unit 2 per litre Rs 28.34 per unit

The company is conscious of its responsibility to conserve the energy and has taken measures in relation to conservation of energy and technology absorption. No additional investments have been made during the year.

B. Consumption per Unit of Production:

In view of number of products with different sizes, shapes & other parameters, being manufactured by the company, it is not practicable to give information on consumption of fuel 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. Also focusing on process development for improving operational efficiency.

During the year the company has received prestigious DSIR (Department of Science and Industrial Research) certification for our R & D centre. DSIR is a department under the Ministry of Science and Technology, Government of India.

- Product Development and report of new formulations.
- Stability studies of new formulations as per ICH guidelines
- Technology Transfer and Process validation of new formulations
- Technology Transfer and Analytical method validation of new formulations

- Dossier preparation for regulatory approval
- Registration of Products in various countries with respective regulatory requirements
- Trouble shooting in existing Products
- Filed patents of Chewable Raricap tablets
- Bioavailability studies to confirm therapeutic efficacy

(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
- R&D is able to build business advantage over its competitors by bringing innovative products
- Improving Quality of existing drug products in the market to deserve a good market output
- Attracting more customers and scope for new business

(c) Future plan of action

- To enhance the quality and efficacy in all our medical formulations
- To achieve and maintain consistency in quality
- Upgrading of new process and product technology to improve product stability and efficacy
- To upgrade green technology for process and manufacturing operations
- Product development for new customers, Product registration for regulated and emerging markets
- Technology transfer and stability studies

(d) Expenditure on R&D

(Rs. in Lakhs)

Particulars	as at 31.03.2018	as at 31.03.2017
Capital Expenditure	-	3.74
Recurring/Revenue	37.09	81.69
Total	37.09	85.43

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.

- The R & D centre has been upgraded and adopted various methods of drug particle coating with a gastro-resistant polymers of various genre to improve drug safety and efficacy and technology is absorbed into process scale up of branded generics with innovative methodologies involving combination with taste masking technology (with Ion-Exchange resins) – for producing efficacious generics with highly taste masked bitter drugs.
- The R&D centre also absorbed and adopted innovative techniques of Multi-layer Coating technology which is subjected to scale up levels to produce stable and effective dosage forms – especially applicable for drug products that are pH sensitive and for intestinal release and gastric resistance.

- Participating and Collaboration with scientific conferences and research institutions for the development and further research of new drug formulations and novel technologies
- Procuring scientific journals and standard pharmacopoeia editions for the R & D library upgrade.
- Collaborations with institutions in providing research related guidance and facilities to intern scholars.

b) Benefits derived as a result of the above efforts:

- Control of drug therapy is achieved
- 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
- Bioavailability enhancement of poorly soluble drugs
- Targeting drug delivery at most absorbing sites to improve bioavailability
- Reduction of adverse effects due to avoidance of dose dumping
- Rapid onset of action can be achieved
- Taste masking of bitter oral liquid drug formulations

c) Details of technology imported during the last 5 years

No technology has been imported during the past five years.

FORM C

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

your company got registrations for 69 products: (i) 18 in Sri Lanka (ii) 2 in Cambodia (iii) 1 in Peru (iv) 4 in Ukraine (v) 2 in Ethiopia (vi) 2 in Kazakhstan (vii) 6 in Cameroon (viii) 5 in Uzbekistan (ix) 2 in Kenya (x) 16 in UK (xi) 1 in Costa Rica (xii) 3 in Russia (xiii) 7 in Tanzania. As on date we have over **183** Product registrations and 164 Product applications is pending for approval across the globe.

(b) Foreign Exchange earned and used

- (i) Your Company has earned foreign exchange of Rs. 20.66 Cr (previous year Rs. 20.20 Cr)

Foreign Exchange Outgo

- (ii) outgo was Rs. 4.11 Cr (previous year Rs. 2.14 Cr) on account of international travel & purchase of foreign currency.

On behalf of the Board of Directors

For BAFNA PHARMACEUTICALS LIMITED
(CIN L24294TN1995PLC030698)

Place: Chennai
Date: 05.09.2018

Paras Bafna
(DIN: 01933663)
Whole Time Director

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

ANNEXURES TO DIRECTOR'S REPORT

A Declaration From Independent Directors on Annual Basis

B Details of Subsidiary in Form AOC -1

C. Secretarial Audit Report

D. Extract of Annual Return in MGT 9

E. AOC 2

A. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has obtained declaration from Independent Directors on annual basis to comply the conditions as laid down SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, read with Sec 149 of the Companies Act, 2013 and Schedule IV of the Companies Act, 2013.

B. Form AOC -1

STATEMENT CONTAINING SALIENT FEATURES OF FINANCIAL STATEMENT OF THE SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

PART A : SUBSIDIARIES (IN 000')

S No.

1

Name of the subsidiary

Bafna Life Styles Remedies Limited

Reporting period for the Subsidiary concerned,
If different from the holding company's reporting period

31st March 2018
(Same as holding Company)

Reporting currency and Exchange rate as on the last date
of the relevant Financial year in the case of foreign subsidiaries.

NA

	31.03.2018	31.03.2017
	(Rs.in Lakhs)	(Rs.in Lakhs)
Share capital	229.50	229.50
Reserves & Surplus	(422.20)	(376.36)
Total assets	1224.11	1224.11
Total Liabilities	1224.11	1224.11
Investments	-	-
Turnover	-	-
Profit / (Loss) before taxation	(44.10)	(105.73)
Provision for taxation	NIL	NIL
Profit / (Loss) after taxation	(9,895.27)	(29,569.79)
Proposed Dividend	NIL	NIL
% of shareholding	62.31%	62.31%
Names of subsidiaries which are yet to commence operations	NIL	NIL
Names of subsidiaries which have been liquidated or sold during the year	NIL	NIL

PART B: ASSOCIATES AND JOINT VENTURES:

NIL

FOR R. SATHYANARAYANAN & CO

Chartered Accountants

FRN No: 003656 S

R.SATHYANARAYAN

(Partner)

M.No. 028377

(BAFNA MAHAVEER CHAND)

DIN 01458211

Managing Director

(PARAS BAFNA)

DIN 01933663

Whole Time Director

Place: Chennai

Date: 28.05.2018

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members,

BAFNA PHARMACEUTICALS LIMITED

299, THAMBU CHETTY STREET,

Chennai – 600001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s.BAFNA PHARMACEUTICALS LIMITED(hereinafter called as "thecompany"). The secretarial Audit was conducted in a manner that provided us a reasonable basis forevaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of theCompany's books,papers, minute books, forms and returns filed and other records maintained by the company and alsothe information provided by the Company, its officers, agents and authorized representatives duringthe conduct of secretarial audit, we hereby report that in our opinion, the company has, duringthe audit period covering the financial year ended on 31.03.2018,complied with the statutoryprovisions listed hereunder and also that the Company has proper Board-processes and compliancemechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other recordsmaintained by the Company for the financial year ended on 31.03.2018 according tothe provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996;
 - e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We report that, the following Regulations and Guidelines were not applicable to the Company during the audit period:-

- a) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that, the Company has no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.

We further report that, having regard to the compliance system prevailing in the Company and based on the written representations received from the officials/executives of the Company, we state that there are adequate systems and processes commensurate with the size and operations of the company to monitor and ensure compliance of the following laws applicable specifically to the Company;

- (a) The Factories Act, 1962 as amended from time to time.
- (b) Drug and Cosmetics Act, 1940 and Rules made thereunder.
- (c) Drugs Price Control Order, 2013 and notifications made thereunder.
- (d) The Water (Prevention and Control of Pollution) Act, 1974.
- (e) The Air (Prevention and Control of Pollution) Act, 1981.

We have also examined compliance with the applicable clauses of the Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

We further report that the applicable financial laws, such as the Direct and Indirect Tax Laws, have not been reviewed under our audit as the same falls under the review of statutory audit by other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- a) *The Company had not appointed Chief Financial Officer (CFO) within a period of Six months from the date of such vacancy as required under Section 203(4) of Companies Act, 2013 upto 27.05.2017.*
- b) *The Company has not filed Form MGT-14 for the resolutions passed in the meeting of Board of Directors for Approval of Financial Statements for the financial year ended 31.03.2017 and for appointment of Secretarial Auditor, as prescribed under Section 117 read with Section 179 of the Companies Act, 2013.*
- c) *The Company has not disclosed the Voting Results of the Annual General Meeting held on 30th September, 2017 within the time prescribed under Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*
- d) *The Company has not disclosed the Outcome of the Board Meeting held on 08.08.2017 within the time*

prescribed under Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- e) *During the year, the Company did not disclose to the stock exchanges about the Insolvency Petitions filed against the Company by the creditors and the status of the litigation with impact, as required under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*
- f) *The Company has complied with provisions of the Companies Act, 2013 for the re-appointment of Managing Director and Whole Time Director of the Company, except for obtaining approval from the Financial Institutions as prescribed under Schedule V of the Companies Act, 2013*

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) Majority decisions are carried through while there were no dissenting members.
- d) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the Company, pursuant to 62 (1) (c) read with Section 42 of Companies Act, 2013 and Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Company has allotted 50,00,000 Equity Shares of Rs.10/- each at a premium of Rs.22/- per share on 12.02.2018, pursuant to conversion of Share Warrants issued on 08.01.2017.

We further report the following event occurred after the end of the Financial year 31st March, 2018 but before the date of Signing of the Report:

The Hon'ble National Company Law Tribunal, Chennai vide Order dated 16.07.2018 in the CP/682/(IB)/CB/2017 filed by the Operational Creditor M/s. Aries, the Corporate Insolvency Resolution Process has been initiated and Interim Insolvency Resolution Professional has been appointed, under Insolvency and Bankruptcy Code, 2016.

For A.K.JAIN & ASSOCIATES
Company Secretaries

Place: Chennai
Date: 11.08.2018

BALU SRIDHAR
Partner
M.No. F5869
C.P. No. 3550

This report is to be read with our letter of even dated which is annexed as Annexure A and form an integral part of this report.

Annexure A

To,
The Members,
BAFNA PHARMACEUTICALS LIMITED
299, THAMBU CHETTY STREET,
Chennai – 600 001

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliances of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For A.K.JAIN & ASSOCIATES
Company Secretaries

Place: Chennai
Date: 11.08.2018

BALU SRIDHAR
Partner
M.No. F5869
C.P. No. 355

D. EXTRACT OF ANNUAL RETURN IN FORM MGT 9**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L24294TN1995PLC030698
- ii) Registration Date : 28/03/1995
- iii) Name of the Company : BAFNA PHARMACEUTICALS LIMITED
- iv) Category / Sub-Category of the Company : Company Limited by Shares
- v) Address of the Registered office and contact details : New No: 68, Old No : 299,
Thambu Chetty Street, Chennai - 600001
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent : CAMEO CORPORATE SERVICES LIMITED,
SUBRAMANIAM BUILDING, NO: 1,
CLUB HOUSE ROAD, CHENNAI – 600002
PHONE: 044- 28460390 (6 LINES),
FAX: 044- 28460129.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	PHARMACEUTICALS	3003	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding Subsidiary/ Associate	% of shares held	Applicable Section
1	BAFNA LIFE STYLE REMEDIES LTD B-22, INDUSTRIAL ESTATE, MOGAPAIR WEST, CHENNAI -600037	U52599TN1994PLC027134	SUBSIDIARY	62.31	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
a) Individual/HUF	2797362	0	2797362	14.99	2955597	0	2955597	12.49	-2.50
b) Central Govt.	0	0	0	0.0000	0	0	0	0.0000	0.0000
State Govt. (s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
c) Bodies Corp.	0	0	0	0.0000	0	0	0	0.0000	0.0000
d) Banks / FI	0	0	0	0.0000	0	0	0	0.0000	0.0000
f) Any Other....									
Directors and Relatives	3438503	0	3438503	18.43	3280268	0	3280268	13.86	-4.56
Partnership firm	1500	0	1500	0.0080	1500	0	1500	0.0063	0.00
Sub-total (A) (1):-	6237365	0	6237365	33.4329	6237365	0	6237365	26.3665	0.00
(2) Foreign									
a) NRIs – Individuals	0	0	0	0.0000	0	0	0	0.0000	0.0000
b) Other – Individuals	0	0	0	0.0000	0	0	0	0.0000	0.0000
c) Bodies Corp.	0	0	0	0.0000	0	0	0	0.0000	0.0000
d) Banks / FI	0	0	0	0.0000	0	0	0	0.0000	0.0000
e) Any Other....	0	0	0	0.0000	0	0	0	0.0000	0.0000
Sub-total (A) (2):-	0	0	0	0.0000	0	0	0	0.0000	0.0000
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	6237365	0	6237365	33.4329	6237365	0	6237365	26.3665	0.0000
B. Public Shareholding									
a) Mutual Funds/ Banks/FI	47133	0	47133	0.2526	0	0	0	0.0000	-0.2526
b) Central Govt.	0	0	0	0.0000	0	0	0	0.0000	0.0000
c) State Govt.(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
d) Venture Capital funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
e) Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000
f) FIs	0	0	0	0.0000	0	0	0	0.0000	0.0000
g) Foreign Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
h) Others (specify) – FI & Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
Sub-total (B)(1):-	47133	0	47133	0.2526	0	0	0	0.0000	-0.2526
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1358070	5000	1363070	7.3062	1246076	5000	1251076	5.2885	--2.0176
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4402517	96249	4498766	24.1138	4126337	84249	4210586	17.7989	-6.3149
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	4875796	24000	4899796	26.2634	5271356	5024000	10295356	43.5205	17.2570

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Others									
a) Clearing Members	33491	0	33491	0.1795	70394	0	70394	0.2975	0.1180
b) Foreign Nationals	2000	0	2000	0.0107	0	0	0	0	-0.0107
c) HUF	489175	0	489175	2.6220	479437	0	479437	2.0266	-0.5953
d) NRI's	1085539	0	1085539	5.8186	1112121	0	1112121	4.7011	-1.1174
Total B2	12246588	125249	12371837	61.3144	12305721	5113241	17418970	73.6334	7.3190
Total Public Shareholding (B)=(B)(1)+ (B)(2)	12293721	125249	12418970	66.5670	12305721	5113249	17418970	73.6334	7.0663
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.0000	0	0	0	0.0000	0.0000
Grand Total (A+B+C)	18531086	125249	18656335	100.0000	18543086	5113249	23656335	100.0000	0.0000

(ii) Shareholding of Promoters

S No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			Shares of % change in shareholding During the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mahaveer Chand Bafna	1485078	7.96	7.96	1485078	6.28	6.28	-
2	Sasikala Bafna	627572	3.36	3.36	627572	2.65	2.65	-
3	Paras Bafna	911671	4.89	4.89	911671	3.85	3.85	-
4	Naveen Bafna	400121	2.14	2.14	400121	1.69	1.69	-
5	Chetna Bafna	2132805	11.43	-	2132805	9.02	-	-
6	Amri Bai Bafna	519891	2.79	2.79	519891	2.20	2.20	-
7	Mahaveer Chand Bafna HUF	158235	0.85	-	158235	0.67	-	-
8	Paras Bafna HUF	492	0.002	-	492	0.002	-	-
	Total	6235865	33.42	-	6235865	26.36	-	-

iii) Change in Promoters' Shareholding –

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	CHETNA BAFNA.				
	At the beginning of the year 01-Apr-2017	2132805	11.4320	2132805	09.02
	At the end of the Year 31-Mar-2018	2132805	11.4320	2132805	09.02
2	PARAS BAFNA				
	At the beginning of the year 01-Apr-2017	911671	4.8866	911671	3.85
	At the end of the Year 31-Mar-2018	911671	4.8866	911671	3.85
3	SASIKALA BAFNA				

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year 01-Apr-2017	627572	3.36	627572	3.36
	At the end of the Year 31-Mar-2018	627572	3.36	627572	3.36
4	BAFNA MAHAVEER CHAND				
	At the beginning of the year 01-Apr-2017	1485078	7.96	1485078	6.28
	At the end of the Year 31-Mar-2018	1485078	7.96	1485078	7.96
5	AMRI BAI BAFNA.				
	At the beginning of the year 01-Apr-2017	519891	2.79	519891	2.20
	At the end of the Year 31-Mar-2018	519891	2.79	519891	2.20
6	NAVEENBAFNA M				
	At the beginning of the year 01-Apr-2017	400121	2.14	400121	1.69
	At the end of the Year 31-Mar-2018	400121	2.14	400121	1.69
7	MAHAVEER CHAND BAFNA HUF				
	At the beginning of the year 01-Apr-2017	158235	0.85	158235	0.67
	At the end of the Year 31-Mar-2018	158235	0.85	158235	0.67
8	PARAS BAFNA				
	At the beginning of the year 01-Apr-2017	492	0.0026	492	0.0020
	At the end of the Year 31-Mar-2018	492	0.0026	492	0.0020

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs and ADRs):

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	LINDAJEET KAUR RUPRAI				
	At the beginning of the year 01-Apr-2017	667352	3.5770	667352	3.5770
	At the end of the Year 31-Mar-2018	667352	2.8210	667352	2.8210
2	NISHA JIGNESH MEHTA				
	At the beginning of the year 01-Apr-2017	550620	2.9513	550620	2.9513
	At the end of the Year 31-Mar-2018	550620	2.3275	550620	2.3275
3	SUBRAMANIAN P				
	At the beginning of the year 01-Apr-2017	415973	2.2296	415973	2.2296
	At the end of the Year 31-Mar-2018	415973	1.7584	415973	1.7584
4	RAMESH KUMAR CHOPRA				
	At the beginning of the year 01-Apr-2017	383250	2.0542	383250	2.0542

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the end of the Year 31-Mar-2018	383250	1.6200	383250	1.6200
5	GYAN MAL JAIN				
	At the beginning of the year 01-Apr-2017	340000	1.8224	340000	1.8224
	At the end of the Year 31-Mar-2018	340000	1.4372	340000	1.4372
6	DHIRENDRA SOMAIYA				
	At the beginning of the year 01-Apr-2017	328200	1.7591	328200	1.7591
	At the end of the Year 31-Mar-2018	328200	1.3873	328200	1.3873
7	VISHWAS JAIN				
	At the beginning of the year 01-Apr-2017	309435	1.6586	309435	1.6586
	At the end of the Year 31-Mar-2018	309435	1.3080	309435	1.3080
8	KUSUM JAIN				
	At the beginning of the year 01-Apr-2017	302618	1.6220	302618	1.6220
	At the end of the Year 31-Mar-2018	302618	1.2792	302618	1.2792
9	KRYPTON INVESTMENT CONSULTANCY PRIVATE LIMITED				
	At the beginning of the year 01-Apr-2017	235853	1.2641	235853	1.2641
	At the end of the Year 31-Mar-2018	235853	0.9969	235853	0.9969
10	SARAVANA GLOBAL HOLDINGS LIMITED				
	At the beginning of the year 01-Apr-2017	0	0	0	0
	Purchase 09-Mar-2018	205216	0.8674	205216	0.8674
	Purchase 30-Mar-2018	1000	0.0042	206216	0.8717
	At the end of the Year 31-Mar-2018	206216	0.8717	206216	0.8717
11	VRUSHALI HIMANSHU SHAH				
	At the beginning of the year 01-Apr-2017	0	0	0	0
	Purchase 12-02-2018	1000000	4.2271	1000000	4.2271
	At the end of the Year 31-Mar-2018	1000000	4.2271	1000000	4.2271
12	ANUSHREE HIMANSHUBHAI SHAH				
	At the beginning of the year 01-Apr-2017	0	0	0	0
	Purchase 12-02-2018	1000000	4.2271	1000000	4.2271
	At the end of the Year 31-Mar-2018	1000000	4.2271	1000000	4.2271
13	NIRAV VIKRAM MANIAR				
	At the beginning of the year 01-Apr-2017	0	0	0	0
	Purchase 12-02-2018	400000	1.6908	400000	1.6908
	At the end of the Year 31-Mar-2018	400000	1.6908	400000	1.6908

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mahaveer Chand Bafna (Managing Director)				
	At the beginning of the year 01-04-2017	1485078	7.96	1485078	6.28
	At the end off the year 31-03-2018	1485078	7.96	1485078	6.28
2	Paras Bafna Whole time Director				
	At the beginning of the year 01-04-2017	911671	4.89	911671	3.85
	At the end off the year 31-03-2018	911671	4.89	911671	3.85
3	Sunil Bafna (Independent Director)				
	At the beginning of the year 01-04-2017	5000	0.02	5000	0.02
	At the end off the year 31-03-2018	5000	0.02	5000	0.02

V. INDEBTEDNESS (Rs. In Lakhs)**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7959.28	224.22	-	8183.50
ii) Interest due but not paid	53.48	-	-	53.48
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	8012.76	224.22	-	8236.98
Change in Indebtedness during the financial year	-	-	-	8236.98
Addition	141.28	15.86	-	157.14
Reduction	3717.36	22.71	-	3740.07
Net Change Indebtedness	(3576.87)	(6.85)	-	4654.05
At the end of the financial year				
i) Principal Amount	4410.59	217.37	-	4654.05
ii) Interest due but not paid	25.31	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4435.89	217.37	-	4654.05

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER: (RS. IN LAKHS)

S No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Bafna Mahaveer Chand Managing Director	Paras Bafna Whole Time Director	Sabitha Executive Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17.10	13.20	4.06	34.36
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	17.10	13.20	4.06	34.36
	Total (A) Remuneration for the purpose of Schedule V	-	-	-	34.36

B. REMUNERATION TO OTHER DIRECTORS: (AMOUNT IN LAKHS)

S No.	Particulars of Remuneration	Name of Directors				Total Amount
		V. Rajamani	R. Dwarakanathan	Kamlesh Kumar	Sunil Bafna	
1	Independent Directors Fee for attending board /committee meetings	0.85	0.85	0.10	0.65	2.45
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	0.85	0.85	0.10	0.65	2.45
2	Other Non-Executive Directors					
	Fee for attending board / committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-

S No.	Particulars of Remuneration	Name of Directors				Total Amount
		V. Rajamani	R. Dwarakanathan	Kamlesh Kumar	Sunil Bafna	
	Others, please specify	-	-	-	-	-
	Total (2)					
	Total (B)=(1+2)	0.85	0.85	0.10	0.65	2.45
	Total Managerial Remuneration (A+B) (For Remuneration U/s 197)					36.92
	Overall Ceiling as per the Act					63.86

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Rs. In Lakhs)

S No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CFO	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.67	1.48	8.15
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (C)	6.67	1.48	8.15

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

ANNEXURE-C'**Form No. AOC-2****(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies(Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL**2. Details of material contracts or arrangement or transactions at arm's length basis:**

S.No	Particulars	Details	
(a)	Name of the related party and nature of relationship	Bafna Lifestyles Remedies Ltd (Subsidiary Company)	Shri. Bafna Mahaveer Chand
(b)	Nature of contracts / arrangements / transactions	Rendering of Services, lease or hire purchase and Remuneration to Shri. Naveen Bafna	Payment of Rent
(c)	Duration of the contracts / arrangements/transactions	2017-2018	2017-2018
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	In the ordinary course of business and at arm's length Rs.62,85,000/- (Inclusive of Remuneration paid to Shri . Naveen Bafna)	Payment of Rs. 22,50,000/- towards Rent to Shri. Bafna Mahaveer Chand
(e)	Date(s) of approval by the Board	27.05.2017	27.05.2017
(f)	Amount paid as advances, if any	Nil	Nil

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

For the year ended 31st March, 2018

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.

At the present competitive world including many parts of INDIA, all leading corporates budget adequate time and resources to improve the CORPORATE GOVERNANCE which plays a definite and decisive role in presenting and preserving the IMAGE of the corporate (Cultivated and maintained over the years.) The higher the image of the corporate, higher is the level of confidence of the share holders in the functioning of the Board. This in turn will help the corporate to raise short term working capital from banks and long term funds from different organisations at short notice at cheaper rates. Share holders appreciate the integrity and openness of the management.

Bafna Pharmaceuticals has been maintaining reasonable IMAGE in the market. Despite the adverse circumstances resulting in accumulated loss and non payment of any dividend the company is spoken of well in the market. It should be the endeavour of all concerned to ensure that they do not think or act differently that may bring down the image.

Every company is permitted by law to write-off defaults in realisation of assets after following the laid down rules and regulations. If the default is willful legal action to be initiated after providing requisite provision from profit. If the default is due to other factors, the reasons for the same to be analysed to ensure against repetition. Appropriate timely follow-up action if not taken, should be probed into for staff accountability.

Necessary provision is made at the time of closing of annual accounts. The actual unrealized amount is written off in due course with full disclosure to share holders

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. The Board of Directors consists of Executive & Non-Executive Independent Directors.

Agenda for Board meetings:

The Chairman & Managing Director finalizes the agenda for the Board & Committee meetings. The agenda for the Board Meeting inter alia are:

- (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 and 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 8 (Six) Directors, out of which 3 (Three) are Executive Directors, 5 (Three) are Non-Executive and Independent Directors mentioned below:

Name of Director	DIN	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	01458211	Chairman & Managing Director	NIL	NIL
Shri Paras Bafna	01933663	Whole Time Director	NIL	NIL
Shri Sunil Bafna	01458225	Non-Executive Independent Director	NIL	NIL
Shri V. Rajamani	00052868	Non-Executive Independent Director	Morgan Industries Limited	NIL
Shri R. Dwarakanathan	01933653	Non-Executive Independent Director	NIL	NIL
Smt K. Sabitha	02643259	Executive Non- Independent Director	Bafna Lifestyles Remedies Limited	NIL
Babulal Kamelesh Kumar	01218959	Non-executive Independent Directo	Nil	Nil
Nirav Vikram Maniar	00162331	Non- executive Independent Director	Nil	Nil

During the year under review Nine 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) 27.05.2017 (2) 28.07.2017 (3) 08.08.2017 (4) 27.09.2017
- (5) 06.10.2017 (6) 10.11.2017 (7) 22.11.2017 (8) 08.02.2018
- (9) 12.02.2018

The details of attendance of directors at the Board Meetings during the financial year 2017-18 and the last AGM held on 30th September 2017 are as follows:

Name of Director	No. of Meetings Attended	AGM Date & Attendance 30th Sep 2017
Shri Bafna Mahaveer Chand	8	P
Shri Paras Bafna	9	P
Shri R Dwarakanathan	7	P
Shri Sunil Bafna	9	P
Shri V Rajamani	7	P
Smt K Sabitha	9	P
Babulal Kamelesh Kumar	1	P
Nirav Vikram Maniar	-	A

“P” represents Present

“A” represents Absent

“NA” represent Not Applicable

None of the Non-executive Independent Directors has any pecuniary relationship or transactions with the company.

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.

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.

Remuneration to Directors:

- Since, all the non executive directors are independent directors, there were no pecuniary transactions had been entered with or payments had been made to the non executive directors, except sitting fees. The detail of the sitting fees paid to the Non Executive Directors is detailed in Part VI of Form MGT-9 annexed with the Directors' report.
- All elements of remuneration package of individual directors are detailed in Part VI of Form MGT-9 annexed with the Directors' report.

Details of Director seeking re-appointment at the ensuing Annual general meeting have been furnished in the Notice convening the meeting of the Shareholders.

The details of shares held by the Directors of the Company are furnished below:

Name of the Director	No of equity shares
Shri Bafna Mahaveer Chand	14,85,078
Shri Paras Bafna	9,11,671
Shri Sunil Bafna	5,000

I. Audit committee

The Audit committee comprises of 4 Directors out of which 3 are Non-Executive Independent Directors.

The Composition of the Audit Committee as on 31st March, 2018 is as follows:

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

During 2017-18 the details of the meetings attended by the members were as follows:

Name of Directors	Status	No. of Meetings attended
Shri V. Rajamani	Chairman	6
Shri R. Dwarakanathan	Member	6
Shri Bafna Mahaveer Chand	Member	6
Shri B Kamlesh Kumar	Member	1

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

(1) 27.05.2017 (2) 28.07.2017 (3) 08.08.2017 (4) 10.11.2017 (5) 22.11.2017 (6) 12.02.2018

The quorum of two Independent Directors as required by the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, 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 22nd AGM held on 30th September, 2017 and provided clarifications to the shareholders queries.

The terms of reference of the Committee inter alia includes the following:

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, Internal Auditors and other Senior Management persons.

II. NOMINATION & REMUNERATION COMMITTEE (FORMERLY REMUNERATION COMMITTEE)

The Composition of the Nomination & Remuneration Committee (Remuneration Committee) as on 31st March, 2018 is as follows:

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

This committee comprise of three members all of them being Independent Directors.

The terms of reference of the Committee inter alia includes the following:

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.
4. Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.
5. Succession planning of the Board of Directors and Senior Management Employees;
6. Identifying and selecting candidates for appointment as Directors / Independent Directors based on certain laid down criteria;

7. Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;

During the financial year 2017-18 committee meeting was held on 27.05.2017, 08.08.2017, 06.10.2017 and 10.11.2017 and the details of attendance of the committee is as follows.

<u>Name & Designation</u>	<u>No of Meetings Attended</u>
Shri R. Dwarakanathan - Chairman	4
Shri V. Rajamani – Member	4
Shri Sunil Bafna – Member	4

III. STAKEHOLDERS RELATIONSHIP COMMITTEE (FORMERLY INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE)

The composition of the Investor Grievance and Share Transfer Committee as on 31st March, 2018 is as follows:

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

The responsibilities of the Committee inter alia are:

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. There were no complaints during the year 2017-18 and there are no pending complaints as on 31st March, 2018.

SEBI vide Circular Ref: CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES. No complaints were received during the year under review.

IV. INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on 12.02.2018, inter alia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole.
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Majority of the independent Directors were present at the meeting.

V. GENERAL BODY MEETINGS

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

FY ended	Date	Time	Venue	If Special Resolution was passed
31 st March, 2015	29.09.2015	02.30 PM	147, MADHAVARAM RED HILLS HIGH ROAD, Grantlyon Village, Chennai – 600052	No
31 st March, 2016	28.09.2016	03.00 PM	147, MADHAVARAM RED HILLS HIGH ROAD, Grantlyon Village, Chennai – 600052	No
31 st March, 2017	30.09.2017	02.00 PM	147, MADHAVARAM RED HILLS HIGH ROAD, Grantlyon Village, Chennai – 600052	No

In compliance with the provisions of Section 108 of the Companies Act 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company has provided members the facility to exercise their votes by electronic means / Ballot form for all the resolutions detailed in the Notice sent for the AGM.

Extra-Ordinary General Meetings

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

Special Resolution passed through Postal Ballot

There was no special resolution passed through postal ballot during the year under review.

CMD Certification

The Chairman & Managing Director of the Company give quarterly and annual certification on financial reporting and internal controls to the Board in terms of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.

Whistle Blower Policy / Vigil Mechanism

In terms of Section 177 of the Companies Act, 2013, rules made there under & other applicable provisions, if any, Board of Directors has approved Whistle Blower Policy / Vigil Mechanism at the Board Meeting held on 30.05.2014. Prior to this, no person was denied access to the Audit Committee.

Risk Management Policy

In terms of Section 134, 177, Schedule IV of the Companies Act, 2013, rules made there under & other applicable provisions, if any, Board of Directors has approved Risk Management Policy.

Board Evaluation framework

In terms of Section 134, 178, Schedule IV of the Companies Act, 2013, rules made there under & other applicable provisions, if any, Board of Directors has approved Board Evaluation Framework. Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) REGULATION, 2015, the performance of all the Directors have been evaluated by the Board periodically at its respective meetings as to their contribution for the betterment and progress of the Company. The board also, carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process

Succession plan for Board & Senior Management

In terms of Section 178 of the Companies Act, 2013, rules made there under & other applicable provisions, if any, Board of Directors has approved Succession Plan for Board & Senior Management.

Nomination policy for Board of Directors, key executives & Senior Management

In terms of Section 178 of the Companies Act, 2013, rules made there under & other applicable provisions, if any, Board of Directors has approved Nomination policy for Board of Directors, Key Executives & Senior Management.

Related Party Transactions:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members & Senior Management of the Company. In accordance with Schedule IV of the Companies Act, 2013 & other applicable provisions, if any, Board of Directors has approved Code of Conduct for Directors & Senior Management.

Code of Conduct for prohibition of insider trading:

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code.

All the Directors & Senior Management have affirmed compliance with the code of conduct as approved and adopted by the Board of Directors. A declaration to this effect signed by the Chairman & Managing Director, is given below:

Declaration on Compliance with Code of Conduct

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby affirmed that for the financial year ended March 31, 2017, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

Sd/-

Bafna Mahaveer Chand

(DIN: 01458211)

Managing Director

VI. 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.30 of standalone and Note No. 32 of consolidated 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 '18, the company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the company at large. The register of contracts for the transactions in which Directors are interested is placed before the Board regularly for its approval.

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 generally complied with the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, 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 has complied with the mandatory requirements of 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations). And the company has complied some of the non-mandatory requirements also.

VII. 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 generally published in English Newspaper in Economic Times / Financial Express & 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	:	Saturday, the 29 th September, 2018 at 10.00 AM
Venue	:	Andhra Social & Cultural Association, Krishna Hall, No.22, Vijayaraghava Road, T. Nagar, Chennai-600017
Financial Year	:	The Accounting year covers the period from 1 st April to 31 st March.
Financial reporting for the quarters ending on:		
30th June, 2017	-	Before 15 th August, 2017
30th September, 2017	-	Before 15 th November, 2017
31st December, 2017	-	Before 15 th February, 2018
31st March, 2018	-	Before the end of 31 st May, 2018
Book Closure Dates	:	23.09.2018 to 29.09.2018 (both dates inclusive)
Dividend Payment Date	:	Not Applicable
Cut-off date for taking list of Shareholders for e-voting	:	22.09.2018
Registered office	:	Bafna Pharmaceuticals Limited New No.68, Old No.299, Thambu Chetty Street, Chennai - 600001
Listing on Stock Exchange	:	(i) BSE Limited. Stock code (BSE): 532989 (ii) National Stock Exchange of India Limited Scrip Symbol (NSE): BAFNAPHARM Listing fee for the financial year 2017-18 has been paid. Listing fee for the financial year 2018-19 has not yet paid.
Depositories	:	a) The National Securities Depository Limited 4 th 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	:	9086 (As at 31 st March, 2018)

Shareholding Pattern as at 31st March, 2018

Particulars	Holding (%)
Promoters & Promoters Group	26.36%
Total (A)	26.36%
Public – Institutions	0.00
Total (B)	0.00
Public – Non Institutions	
Bodies Corporate	5.29
Individuals	40.19
Others	28.17
Total (C)	73.65
Total (A+B+C)	100.00

Distribution of Shareholding as on 31st March, 2018

Share or Debenture Holding	Share Holders		Share Amount	
Rs.	Number	% of Total	Rs.	% of Total
10-5000	7121	78.3733	11643430	4.9219
5001-10000	862	9.4871	7429790	3.1407
10001-20000	472	5.1948	7510580	3.1748
20001-30000	169	1.8600	4470520	1.8897
30001-40000	90	0.9905	3284700	1.3885
40001-50000	99	1.0895	4779540	2.0204
50001-100000	128	1.4087	9631230	4.0713
100001-And above	145	1.5958	187813560	79.3925
TOTAL	9086	100.00	236563350	100.00

Share market data: Monthly Share Price movement during the financial year ended 31st March, 2018 at BSE & NSE

The closing market price of equity share for the year ending 31st March, 2018 (last trading day of the year was 28th March 2018) was Rs.28.00 on BSE & Rs.28.00 on NSE.

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
Apr-17	31.90	28.30	336709	31.90	28.15	928250
May-17	30.30	24.55	232125	30.45	24.30	459607
Jun-17	26.95	22.00	131537	26.75	22.40	291289
Jul-17	32.35	22.20	498078	32.30	23.00	2048695

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
Aug-17	28.65	20.00	255660	28.80	22.00	697332
Sep-17	32.40	25.00	168124	32.50	24.75	596340
Oct-17	26.50	23.50	76495	26.85	23.25	145192
Nov-17	25.75	23.00	122193	26.30	23.10	313882
Dec-17	29.05	24.00	175355	30.30	24.50	751632
Jan-18	29.35	24.25	108612	29.85	24.00	516600
Feb-18	29.05	22.30	34196	30.00	22.00	911573
Mar-18	28.25	24.00	69056	28.00	23.80	332352

Reconciliation of Share Capital Audit:

Practicing Company Secretaries carry 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, 2018, 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 dematerialized shares held with NSDL and CDSL. And also the report of the Practicing Company Secretaries as required under SEBI (LODR) Regulation, 2015, 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. Share transfers will be registered and returned within a period of fifteen days from the date of receipt, if all the documents are accurate in all aspects. The Stakeholders Relationship Committee (Investor Grievance and Share Transfer Committee) meeting takes place as per the requirements/circumstances then prevailing.

Depository system

Dematerialization is the process of converting physical shares (share certificates) into an electronic form. Shares once converted into dematerialized 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 dematerialization of its shares. Company's shares are eligible for dematerialization 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, 2018, around 99.39 % of the total equity capital of the Company was held in dematerialized form and only 0.61 % of the total equity capital of the Company was held in physical form.

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

Nil

Plant Location : This information forms part of the 'Company SnapShot' 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 : Cameo Corporate Services Ltd.

Transfer Agents (RTA) : 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 B. Kamlesh Kumar	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 197 and Schedule V to the Companies Act, 2013.

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 Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), 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
(CIN L24294TN1995PLC030698)

Place: Chennai
Date: 05.09.2018

Bafna Mahaveer Chand
(DIN: 01458211)
Managing Director

Certification by Managing Director

I, Bafna Mahaveer Chand, Managing Director of BAFNA PHARMACEUTICALS LIMITED, certify that:

1. I have reviewed the financial statements for the year 2017-18 and that to the best of my knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. I accept overall responsibility for establishing and monitoring the Company's Internal Control System for financial reporting and evaluating its effectiveness. Internal audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit committee of the Board. The auditors and audit committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
4. I have indicated to the auditors and to the Audit Committee:
 - a. significant changes, if any, in internal control over financial reporting during the year;
 - b. significant changes, if any, in accounting policies during the year;
 - c. instances of significant fraud, if any, of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting. However, there was no such instance.

On behalf of the Board of Directors

For BAFNA PHARMACEUTICALS LIMITED
(CIN L24294TN1995PLC030698)

Place: Chennai
Date: 28.05.2018

Bafna Mahaveer Chand
(DIN: 01458211)
Managing Director

AUDITORS CERTIFICATE ON COMPLIANCE

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of M/S. Bafna Pharmaceuticals Limited.

1. We have examined the compliance of conditions of Corporate Governance by M/s. **Bafna Pharmaceuticals Limited** (the Company), for the year ended on 31 March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

2. Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

3. Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.

8. We 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 R. SATHYANARAYANAN & CO

Chartered Accountants

FRN No: 003656 S

Place: Chennai

Date: 28.05.2018

SD/-

R.SATHYANARAYAN

Partner

M.No. 028377

MANAGEMENT DISCUSSION AND ANALYSIS

Economic & Industry Overview

The global medicine spending is expected to reach nearly USD 1.5 trillion by 2022, representing 5% CAGR over the next five years. Access to affordable and diverse healthcare solutions, affordable price point, and technology-enabled treatment mechanisms are driving the spending growth across the globe. Increased spending in Oncology, Autoimmune and Diabetology treatments is expected to drive a large part of the spending growth. These therapeutic areas are also a key component of the Company's growth story along with a global franchise of Respiratory and HIV Drugs.

The global regulatory framework has been evolving rapidly with interventions across multiple fronts. Companies across the globe are investing towards their portfolio offerings and expanding their value chains with a focus on complex and difficult-to-develop products, creating manufacturing differentiators, investing in innovative technology platforms and deepening their presence in focused markets. Pharmaceutical markets across the US, India and other geographies are experiencing various new and proposed regulatory interventions requiring pharmaceutical companies to innovate and reinvent their business, operational, marketing and product development strategies.

Generics pharmaceutical manufacturers are playing an increasingly important role across the world in driving access and affordability of drugs. Over the years, generic pharmaceutical players have helped economies and patients save billions of dollars in healthcare spending and have facilitated the world population become healthier.

The global regulatory framework has been evolving rapidly with interventions across multiple fronts. Pharmaceutical markets across the US, India and other geographies are experiencing various new and proposed regulatory interventions requiring pharmaceutical companies to innovate and reinvent their business, operational, marketing and product development strategies. Companies across the globe are investing towards their portfolio offerings and expanding their value chains with a focus on complex and difficult-to-develop products, creating manufacturing differentiators, investing in innovative technology platforms and deepening their presence in focused markets.

The Pharmaceutical industry is one of the fastest growing industries in the world and it is one of the biggest contributors to the world economy. With buoyant financial markets and cyclical recovery in manufacturing and trade under way, world growth is projected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018, according to International Monetary Fund's World Economic Outlook. Growth in Emerging Markets and developing economies is forecast to rise to 4.5% and 4.5%, in 2017 and 2018 respectively.

The worldwide R&D spending on pharmaceuticals is expected to grow at a CAGR of 2.8% from USD 149.8 billion in 2015 to USD 182.0 billion by 2022, faster than the CAGR growth of 1.7% achieved during 2008-15. In spite of the challenging environment, pharmaceutical R&D spend and sales are expected to have a healthy growth trend. The worldwide pharmaceutical sales are likely to grow at a CAGR of 4.4% to USD 1.2 trillion during 2016-2020, driven by growing acceptance of high-priced innovative orphan drugs and ongoing industry consolidation. By 2020, the Pharma industry is expected to record a CAGR of 16.5 per cent. The total industry size is expected to touch US\$ 160 billion by 2017 and US\$ 280 billion by 2020. Hence an attempt had been made to study the trends and patterns of FDI into Healthcare sector from 2012 to 2015. To fulfill this objective the data collected from secondary sources which is purely an Empirical study, reveals that the total FDI inflow into healthcare sector of India from 2012 to 2015 has shown a positive trend.

The world population is expected to grow around 8 billion by 2050. Presently there has been increase in number of people having access to the healthcare. Global spending on medicine is expected to reach USD 1.2 trillion by the end of 2016. India and Indonesia are expected to be the Asia & Australasia region's fastest-growing countries in pharma sales from 2016 - 20, at 13.0% and 11.0% CAGR respectively, due to the rising incidence of chronic diseases and increasing demand from the growing middle class for more advanced medicines.

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20

per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

The Indian pharma industry, which is expected to grow over 15 per cent per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same period. The market is expected to grow to US\$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size. India's pharmaceutical exports stood at US\$ 16.4 billion in 2016-17 and are expected to grow by 30 per cent over the next three years to reach US\$ 20 billion by 2020, according to the Pharmaceuticals Export Promotion Council of India

It is also expected that in-organic investments will gain momentum in the medium-term as companies plan to create stronger presence in emerging markets and build expertise in select therapy areas.

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 weight age of drugs under price control.

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 regular business risks. Implementation of Goods and Service Tax would have an impact on the pharmaceutical sector which will result in loss. Stringent norms by the Regulatory Authority would result in discontinuation of manufacture of specific drugs.

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.

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

Company Overview

Internationally, our focus is on expanding the revenue from registered products and applying for registration of products enabling for more revenue generation opportunities.

Your company continues to work towards optimizing the capacities of its manufacturing facilities and also on adding additional capacities aimed at the business opportunities available in line with its strategy. Your Company will try to ensure that it remains competitive in market, in costs and will 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 Manufacturing facilities and R & D wing. Our expanding customer base is a great boon & motivating factor for the company.

The company is in growth/expansion mode requiring further investment and hence we are 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.

The company plans to improve EBITDA margins by following modes:

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

Bafna Pharma's Global footprint

S.NO	NAME OF COUNTRY	NO OF APPROVALS	NO .OF APPLICATIONS PENDING FOR REGISTRATION
1	Sri Lanka	40	24
2	Nepal	9	19
3	Myanmar	-	8
4	Nigeria	24	26
5	Uzbekistan	8	-
6	Vietnam	-	8
7	Ghana	16	-
8	Philippines	11	20
9	Yemen	3	8
10	Peru	2	8
11	Honduras	2	8
12	Ukraine	19	11
13	Russia	3	-
14	UAE	3	-
15	Tanzania	7	1
16	Tajikistan	1	1
17	Kazakhstan	2	3
18	Ethiopia	5	1
19	Cameroon	6	-
20	Cambodia	2	3
21	Kenya	2	-
22	UK	16	11
23	Costarica	1	-
24	Azerbaijan	1	-
25	Afghanistan	-	4
	Total	183	

Performance and operations review

In view of the strategic decision by Bafna Pharma, we aim to increase the revenue growth in the years to come.

Consolidated Operating Results

The consolidated sales increased from Rs. 66.10 Cr to Rs.78.50 Cr in the previous year. The consolidated net loss for the year 2018 was Rs.16.74 Cr in comparison to Rs. 19.08 Cr as against FY 2017.

Standalone Operating Results

The sales and operating income increased to Rs.78.43 Cr from Rs. 66.10 Cr in the previous year. The operating Loss for the year under review was reduced from Rs.19.30 Cr to Rs.14.27 Cr in the previous year. The loss after tax for the year under review is Rs.16.45 Cr as against Rs.18.47 Cr in the previous year. The company is in growth/expansion mode requiring further investment; your company is therefore evaluating various options to raise additional funds for which shareholders approval may be sought as and when things are finalized.

Internal Control Systems

The company has reasonable internal control systems, with defined guidelines on compliance, which enables it to run its facilities and head office with a fair degree of comfort.

Internal Audit is being undertaken by Independent Auditor Shri. Mohammd Safwan, Chartered Accountant, Chennai, for the Financial year 2017-2018.

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

The number of employees as on 31st March, 2018 was 258 as against 230 during FY 17, a net increase of 28 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, recognizing employee potentials by providing them with adequate opportunities. We have made efforts to discipline our hiring process. Acquisition and retention of talent which is in line with your company's goals continues to be a major thrust area.

On behalf of the Board of Directors
For BAFNA PHARMACEUTICALS LIMITED
(CIN L24294TN1995PLC030698)

Date: 05.09.2018
Place: Chennai

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

Standalone Financial Statements

STANDALONE - AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BAFNA PHARMACEUTICALS LIMITED

REPORT ON THE STANDALONE INDIAN ACCOUNTING STANDARDS (Ind AS) FINANCIAL STATEMENTS

We have audited the accompanying Standalone Ind AS financial statements of BAFNA PHARMACEUTICALS LIMITED ("the Company"), which comprise the standalone Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE Ind AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows & changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes 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 frauds and other irregularities, selection and application of the appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In presenting the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Ind AS financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained upto the date of auditors' report. However, future events or conditions may cause an entity to cease as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, subject to the opinion expressed in Annexure "B", the aforesaid Standalone Ind AS 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, of the state of affairs of the Company as at 31st March, 2018 and its Loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

OTHER MATTERS

The Standalone Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 27th May 2017. Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' report) Order, 2016 ("the order"), issued by the Central Government in terms of Section 143 (11) of the Act, we give In "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report to the extent applicable that:
 - a) We have sought and 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, the Statement of Profit and Loss including other Comprehensive Income, the Cash Flow Statement and Statement of changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone Ind As financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". We have expressed our opinion as mentioned under clauses (a) and (b) in the said Annexure under the head "Opinion" on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, as amended, in our opinion and to the best of our information and according to the explanation given to us:
- i) The company has disclosed the impact of pending litigation on its financial position in its Standalone Ind AS financial statements.
 - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor's Education and Protection Fund by the company.
 - iv) The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended march 31, 2018.

For R.SATHYANARAYANAN&CO.,
Chartered Accountants

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Place: Chennai
Date: 28.05.2018

(R.SATHYANARAYAN)
PARTNER
M.NO.028377

Annexure “A” to the Independent Auditors’ Report on the Ind AS Financial Statements of
BAFNA PHARMACEUTICALS LIMITED

To the members of BAFNA PHARMACEUTICALS LIMITED, on Standalone IND AS Financial statements of the Company for the year ended 31st March, 2018.

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. In our opinion the frequency of verification is reasonable
 - (c) The title deeds of immovable properties are held in the name of the Company.
 - (d) In the Financial statements as of 31st March 2018, the Management has realigned and reclassified the presentation in the note on PPE (Property, Plant and Equipment).
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. 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. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted loans to its subsidiary company listed in the register maintained under Section 189 of the Companies Act, 2013.
 - a. The applicable Terms and Conditions of the grant of such loans are, in our opinion prima facie, not prejudicial to the interest of the company.
 - b. The schedule of repayment has been stipulated as per the terms. However there are no repayments or receipts of principal during the year. Also refer note 35 (e) to the financial statements.
4. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loan, guarantees and securities as applicable.
5. The Company has not accepted any Deposits from the public within the meaning of section 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
6. We have broadly reviewed the cost records maintained by the Company pursuant to the Rules prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company *has not been regular* in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, TDS and Service Tax. However, the Company has been regular in remittance of Goods & Service Tax, Custom Duty, Excise Duty, Value Added Tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of undisputed dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax as at 31st March 2018 which have not been deposited are as follows:

Name of the statute	Nature of dues	Amount (Rs.in Lakhs)	Payment to which the amount relates	Due date	Date of payment
EPF & MP Act 1952	PF Contribution	147.22	Jan 2016 to March 2018	15 th Day of the following month	Not paid
ESI Act 1948	ESI Contribution	22.99	June 2016 to March 2018	21 st Day of the following month	Not paid
Service Tax	Service Tax	19.02	June 2016 to March 2018	05 th Day of the following month	Not paid
Income Tax Act 1961	TDS	16.17	Financial year 2017-18	07 th Day of the following month	Not paid
Income Tax Act 1961	Income Tax Dues	720	AY 2015-16	31 st March 2015	Not paid

8. According to the records of the Company examined by us and the information and explanation given to us, the Company has defaulted in repayment of loans or borrowings to State Bank of India, and was classified as Non-performing asset as of March 31, 2017 itself, and the same position continues as at the date of Balance sheet under audit. The Company has also availed facilities from other banks namely, IDBI Bank Ltd and Development Credit Bank, Bank of Ceylon and DBS Bank Limited for working capital purposes. The Company has not taken loans or borrowing from Government and has not issued debentures during the year.
9. The Company has not raised any moneys by way of initial public offer and accordingly, the provisions of Clause 3(9) of the Order are not applicable to the Company.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has complied with provisions of the Companies Act, 2013 with regard to the re-appointment and remuneration of Managing Director and Whole time Director for the year ended 31st March 2018, except for obtaining approval from the Financial Institutions as prescribed under Schedule V of the Companies Act, 2013.

12. In our opinion and according to the information and explanations provided to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable.
13. In our opinion and according to the information and explanations given to us, the company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
14. According to the information and explanations provided to us and as per records examined by us, the Company has made preferential allotment of 50,00,000 equity shares during the year under review, and all the requirements of section 42 of Companies Act, 2013 have been complied with. As per Utilisation certificate provided by the Company, the funds have been utilised for working capital purposes, part of old statutory dues as well as towards settling dues to lenders.

Accordingly, the provisions of Clause 3(xiv) of the Order are applicable. According to the information and explanations provided to us, the Company Already obtained in principal approval and the Company has made application for getting approval for listing of 50,00,000 equity shares which were allotted on preferential basis from Bombay Stock Exchange Ltd and National Stock Exchange of India Limited and the same is pending.

15. According to the informations and explanations provided to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For R.SATHYANARAYANAN&CO.,
Chartered Accountants

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Place: Chennai
Date: 28.05.2018

(R.SATHYANARAYAN)
PARTNER
M.NO.028377

Annexure - B to the Independent Auditors' Report on the Financial Statements of
BAFNA PHARMACEUTICALS LIMITED

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s. Bafna Pharmaceuticals Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that

transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, except for the following areas:

- a. *Certain Balances of Debtors, Creditors and Deposits with Corporate bodies are subject to confirmation.*
- b. *Closing Balances pertaining to Advances given to suppliers for supply of materials and others remain unconfirmed.*

However, the company has an established set of "internal control over financial reporting criteria" duly taking into consideration the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India,

For R.SATHYANARAYANAN&CO.,
Chartered Accountants

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Place: Chennai
Date: 28.05.2018

(R.SATHYANARAYAN)
PARTNER
M.NO.028377

BAFNA PHARMACEUTICALS LIMITED

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2018

(All amounts in Rs.Lakhs)

Particulars	Note	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
A ASSETS				
1 Non-Current Assets				
(a) Property, Plant and Equipment	4	3,993.67	4,332.31	4,699.08
(b) Capital Work-in-Progress				
(c) Goodwill				
(d) Other Intangible Assets				
(e) Financial Assets				
(i) Investments	5	143.00	1,833.00	1,833.00
(ii) Trade Receivables				
(iii) Loans				
(iv) Other financial assets	5.1	3,732.79	2,807.45	1,359.91
(g) Other Non-Current Assets	6	53.16	57.82	71.68
Total Non-Current Assets		7,922.62	9,030.59	7,963.67
2 Current Assets				
(a) Inventories	7	1,067.42	1,673.99	1,635.22
(b) Financials Assets				
(i) Investments				
(ii) Trade Receivables	8	2,427.94	5,370.32	8,077.45
(iii) Cash and Cash Equivalents	9	270.40	265.60	269.59
(iv) Bank balance other than mentioned above				
(v) Loans				
(vi) Other financial assets		-	-	-
(c) Other Current Assets	10	1,063.17	374.82	547.19
(d) Assets classified as held for sale				
Total Current Assets		4,828.93	7,684.74	10,529.45
Total Assets (1+2)		12,751.55	16,715.33	18,493.12
B EQUITY AND LIABILITIES				
1 (a) Equity Capital	11	2,365.63	1,865.63	1,865.63
(b) Other Equity	12	1,686.72	2,231.81	4,078.84
(c) Equity Share Warrants	13		400.00	
Total Equity		4,052.36	4,497.45	5,944.47
2 Liabilities				
(a) Non-Current Liabilities				
(i) Financial Liabilities				
- Borrowings	14	2,324.94	3,901.10	3,517.13
- Trade Payable				
- Other Financial Liabilities				
(ii) Provisions				
(iii) Deferred Tax Liabilities (Net)	15	467.80	250.28	333.80
(iv) Other non-current liabilities	16	3.00	3.00	3.00
Total Non-Current Liabilities		2,795.74	4,154.37	3,853.93

Particulars	Note	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
(b) Current Liabilities				
(i) Financial Liabilities				
- Borrowings	17	2,329.10	4,337.29	4,530.79
- Trade Payable				
- Dues to micro and small enterprises				
- Dues to Others	18	2,782.49	2,339.78	2,992.70
- Other Financial Liabilities				
(ii) Other Current Liabilities	19	791.86	1,386.44	1,171.23
(iii) Provisions				
(iv) Current Tax Liabilities (net)				
Total Current Liabilities		5,903.45	8,063.51	8,694.72
Total Liabilities				
Total Equity and Liabilities		12,751.55	16,715.33	18,493.12
Basis of preparation, measurement and significant accounting policies	1			
First time adoption of Ind AS	5			

Significant Accounting Policies and Notes of Financial Statements 1 to 35 as per our Report of event date

FOR R. SATHYANARAYANAN & CO

Chartered Accountants
FRN No: 003656 S

R.SATHYANARAYAN

(Partner)
M.No. 028377

Place : Chennai
Date : 28-5-18

For and on Behalf of the Board

BAFNA MAHAVEER CHAND

[Managing director]
[DIN :01458211]

M.SRIDHAR

[Chief Financial Officer]

PARAS BAFNA

Whole Time Director)
[DIN :01933663]

L. NIRMALA

[Company Secretary]
[M No:44766]

BAFNA PHARMACEUTICALS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018 (All amounts in Rs.Lakhs)

	Note	Year ended As at 31 st March, 2018	Year ended As at 31 st March, 2017
A Income from operations			
(a) Net sales/income from operations	20	4,717.07	6,496.15
(b) Profit On sale of Investment	21	3,003.64	
(b) Other Income	22	122.80	114.02
Total income from operations net		7,843.51	6,610.17
B Expenses			
(a) Cost of Raw Material Consumed	23	2,680.07	2,030.62
(b) Purchases of Stock in Trade	24	1,298.95	4,020.06
(c) Changes in Inventories of Finished Goods, Work in progress and Stock in trade	25	409.20	(309.16)
(d) Employee benefits expense	26	747.49	662.26
(e) Depreciation and amortisation expense	27	364.59	389.13
(f) Finance costs	28	680.53	1,133.68
(g) Other expenses	29	3,090.24	614.12
Total expenses		9,271.08	8,540.71
Profit before tax		(1,427.57)	(1,930.54)
Tax expense			
Current Tax			
Deferred Tax		217.52	(83.52)
Profit for the period		(1,645.09)	(1,847.02)
Other Comprehensive income			
A (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		-	-
Total Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		-	-
Total other comprehensive income net of tax		-	-
Total comprehensive income for the period		(1,645.09)	(1,847.02)
Earnings per Equity share			
Equity shares of par value Rs. 10 each			
(a) Basic		(6.95)	(9.90)
(b) Diluted		(6.95)	(9.90)
Basis of preparation, measurement and significant accounting policies	1		
First time adoption of Ind AS	5		

Significant Accounting Policies and Notes of Financial Statements 1 to 35 as per our Report of event date

FOR R. SATHYANARAYANAN & CO

Chartered Accountants
FRN No: 003656 S

R.SATHYANARAYAN

(Partner)
M.No. 028377

Place : Chennai
Date : 28-05-2018

For and on Behalf of the Board

BAFNA MAHAVEER CHAND

[Managing director]
[DIN :01458211]

M.SRIDHAR

[Chief Financial Officer]

PARAS BAFNA

Whole Time Director]
[DIN :01933663]

L. NIRMALA

[Company Secretary]
[M No:44766]

BAFNA PHARMACEUTICALS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018 (All amounts in Rs.Lakhs)

Particulars	Year ended As at 31st March, 2018	Year ended As at 31st March, 2017
Cash Flow from Operating Activities:		
Net Profit Before Tax	(1,427.57)	(1,930.54)
Adjustments for:		
Depreciation	364.59	389.13
Interest Paid	680.53	1,133.68
Profit on Sale of Fixed Asset	(3,003.64)	-
Interest Received	(1.50)	(18.57)
Other Income		
Insurance Claim Received	(25.06)	-
Sundry Balance Write Back	(5.80)	-
Lease Rent Received	-	(0.53)
Operating Profit before Working Capital Changes	(3,418.45)	(426.83)
Adjustment For:		
[Increase]/decrease in Inventories	606.57	(38.77)
[Increase]/decrease in Trade Receivables	2,942.38	2,707.13
[Increase]/decrease in Short Term Loans and Advances	(688.35)	172.37
Increase/[decrease] in Trade Payables	442.70	(652.92)
Increase/[decrease] in Other Current Liabilities	(594.58)	215.21
Cash generated from Operation	(709.72)	1976.18
Less: Tax Paid	-	-
Net Cash Used in Operating Activity (A)	(709.72)	1976.18
Cash Flow from Investing Activities:		
Profit on Sale of Fixed Assets	3,003.64	-
Sale of Fixed Assets	1,690.00	-
Purchase of Fixed Assets	(12.65)	(7.91)
Insurance Claim Received	25.06	-
Sundry Balance Written back	5.80	-
Changes in Long Term Loans and Advances	(925.33)	(1,447.54)
Change in Other Non- Current Assets	(8.63)	(0.60)
Interest Received	1.50	18.57
Lease Rent received	-	0.53
Net Cash used in Investing Activities (B)	3,779.38	(1436.95)
Cash Flow from Financing Activities		
Issue of Shares, Warrants & Application Activities	1,200.00	400.00
Changes in Long Term Borrowings	(1,576.16)	383.96
Changes in Short Term Borrowings	(2,008.19)	(193.49)
Interest Paid	(680.53)	(1,133.68)
Net Cash from Financing Activities (C)	(3,064.87)	(543.21)
Net Increase/ [Decrease] in Cash or Cash Equivalents [A+B+C]	4.80	(3.99)
Opening Balance of Cash & Cash Equivalents	265.60	269.59
Closing Balance of Cash & Cash Equivalents	270.40	265.60

Significant Accounting Policies and Notes of Financial Statements 1 to 35 as per our Report of event date

FOR R. SATHYANARAYANAN & CO

Chartered Accountants
FRN No: 003656 S

R.SATHYANARAYAN
(Partner)

M.No. 028377

Place : Chennai

Date : 28-05-2018

For and on Behalf of the Board

BAFNA MAHAVEER CHAND

[Managing director]

[DIN :01458211]

M.SRIDHAR

[Chief Financial Officer]

PARAS BAFNA

Whole Time Director]

[DIN :01933663]

L. NIRMALA

[Company Secretary]

[M No:44766]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAR, 2018 (CONT.)

4. PROPERTY PLANT AND EQUIPMENT

	LAND	BUILDING	PLANT & MACHIN-ERY	OFFICE EQUIP-MENT	LAB EQUIP-MENT	ANCILLARY EQUIPMENTS	HOT AIR VENTILATION COOLING SYSTEMS	ELEC-TRICAL INSTALLA-TION	FURNITURE & FITTINGS	VEHI-CLES	AIR CON-DITIONERS & WATER COOLER	COM-PUTER	TOTAL
Gross Block													
Balance as at 1st April 2016 (Deemed Cost)	19.32	2,176.40	946.38	64.02	785.51	1,614.47	372.59	339.12	183.18	17.82	557.26	157.44	7,233.51
Additions	-	-	-	0.17	1.85	5.71	-	-	-	-	-	0.18	7.91
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2017	19.32	2,176.40	946.38	64.19	787.36	1,620.18		339.12	183.18	17.82	557.26	157.62	6,868.82
Additions	-	-	-	0.32	7.23	0.77	-	-	-	-	-	4.35	12.66
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2018	19.32	2,176.40	946.38	64.51	794.59	1,620.95	372.59	339.12	183.18	17.82	557.26	161.96	7,254.07
Accumulated Depreciation													
Balance as at 1st April 2016	-	507.69	148.49	44.48	418.54	670.58	17.33	250.85	91.08	16.13	233.18	136.08	2,534.43
Additions	-	76.78	42.59	4.64	71.62	76.04	7.70	30.66	22.94	0.53	24.05	7.13	374.68
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2017	-	584.47	191.08	49.12	490.16	746.61	35.03	281.51	114.02	16.66	257.23	143.21	2,909.10
Additions	-	75.07	44.95	4.25	70.37	62.78	17.70	30.66	17.32	-	23.91	4.27	351.30
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2018	-	659.54	236.03	53.37	560.53	809.39	52.73	312.17	131.35	16.66	281.14	147.48	3,260.40
Net Block													
Balance as at 1st April 2016	19.32	1,668.70	797.89	19.54	366.98	943.89	355.26	88.26	92.10	1.69	324.08	21.36	4,699.07
Balance as at 31st March 2017	19.32	1,591.92	755.30	15.07	297.20	873.57	337.56	57.60	69.16	1.16	300.03	14.41	4,332.31
Balance as at 31st March 2018	19.32	1,516.85	710.35	11.14	234.06	811.55	319.87	26.94	51.84	1.16	276.12	14.48	3,993.67

The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount i.e 31st March 2016 as its deemed cost (Gross Block Value) on the date of transition to Ind AS ie. 1st April 2016. The movement in carrying value of property, plant and equipment as per IGAAP is mentioned below:

Fixed □

(All amounts in Rs.Lakhs)

5 OTHER FINANCIAL ASSETS

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
1430000 shares @Rs.10/- Each in BAFNA LIFESTLYES REMEDIES LIMITED (UNQUOTED)	143.00	143.00	143.00
1126666 Shares of Rs.100 each in STRIDES HEALTH CARE PVT LIMITED (unquoted)	-	1,690 .00	1,690 .00
	143.00	1,833.00	1,833.00
Aggregate Book Value of Unquoted Investments	143.00	1,833.00	1,833.00
Aggregate amount of impairment in Value of Investments	-	-	-

The company has sold the 1126666 shares has been to M/s. STRIDES HEALTHCARE PVT LTD sold during the Year

5.1 NON-CURRENT

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Advance to suppliers	2,185.04	1,229.37	1,003.66
Advance Others	324.82	368.63	356.25
Advance to subsidiary Company- BLRL	1,222.93	1,209.46	
	3,732.79	2,807.45	1,359.91

6 OTHER NON-CURRENT ASSETS

Product Registration	57.82	71.68	86.23
New Regitrations	8.63	0.60	3.36
Less: Amortisation charged to P&L Account	(13.29)	(14.46)	(17.92)
	53.16	57.82	71.68

7 INVENTORIES

Raw material	322.76	499.70	799.75
Work In Progress	154.44	263.40	177.27
Finished goods	163.28	463.52	240.49
Other goods	112.97	158.41	103 .24
stores and spares	313.97	288.97	314.47
	1,067.42	1,673.99	1,635.22

8 TRADE RECEIVABLES

(Unsecured unless otherwise stated)

Considered good

i) Trade receivables - More than 6 months	1,761.23	4,894.86	5,719.19
ii) Others	666.71	757.84	2,440.58

Considered doubtful

Less: Allocance for bad and doubtful debts		(282.37)	(82.32)
	2,427.94	5,370.32	8,077.45

(All amounts in Rs.Lakhs)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
9 CASH AND CASH EQUIVALENTS			
Cash on hand	4.08	3.57	0.97
Balance with Banks			
in current accounts	21.32	40.15	14.93
Term deposits with original maturity of less than three months			
Short term, highly liquid investments			
Treasury bills with original maturity of less than three months			
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
Earmarked balances with banks			
unpaid dividend			
Margin money deposits	245.00	221.88	253.69
Investments in term deposits [with original maturity of more than three months but less than twelve months]			
	270.40	265.60	269.59

10 OTHER CURRENT ASSETS

Deposits with Govt. or Semi Govt. Depot.	29.67	29.67	26.70
Deposits with Others	554.25	44.38	174.97
TDS Receivable	28.28	11.46	9.76
Sales Tax Refund account	18.60	85.48	110.58
CENVAT receivable		190.31	202.73
GST receivable	420.06		
Prepaid expenses	0.88	2.09	11.02
License On hand*	11.43	11.43	11.43
	1,063.17	374.82	547.19

11 EQUITY SHARE CAPITAL

	Balance
As at 1st April, 2016	1,865.63
Changes in equity share capital during the year	-
As at 31st March, 2017	1,865.63
Changes in equity share capital during the year	500.00
As at 31st March, 2018	2,365.63

(All amounts in Rs.Lakhs)

12 OTHER EQUITY

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
A. Summary of Other Equity balance			
Capital Reserve	569.07	569.07	569.07
Share Premim	4,131.14	3,031.14	3,031.14
General Reserve	192.35	192.35	192.35
Retained Earnings	(3,205.83)	(1,560.74)	286.28
Items of other Comprehensive Income			
- Remeasurements of defined benefit plans			
Total Other Equity	1,686.72	2,231.81	4,078.84

13 EQUITY SHARE WARRANT

8000000 Lakhs issued @ Rs. 32 Per Warrant and 50,00,000 lakhs subscribed	-	400.00	-
TOTAL	-	400.00	-

STATEMENT OF CHANGES IN OTHER EQUITY

	Reserves and Surplus				Total
	Capital Reserve	Share Premium	General Reserve	Retained Earnings	
As at 1st April, 2016	569.07	3,031.14	192.35	286.28	4,078.84
Profit for the year	-	-	-	(1,847.02)	(1,847.02)
Other comprehensive Income/ Loss for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,847.02)	(1,847.02)
As at 31st March, 2017	569.07	3,031.14	192.35	(1,560.74)	2,231.81
Profit for the year	-	1,100.00	-	(1,645.09)	(545.09)
Other comprehensive Income/ Loss for the year	-	-	-	-	-
Total comprehensive income for the year	-	1,100.00	-	(1,645.09)	(545.09)
As at 31st March, 2018	569.07	4,131.14	192.35	(3,205.83)	1,686.72

(All amounts in Rs.Lakhs)

14 BORROWINGS	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
Borrowings			
Secured			
ADITYA BIRLA FINANCE LIMITED	-	3,676.88	3,517.13
DBS WORKING CAPITAL TERM LOAN	220.85	-	
STATE BANK OF INDIA	1,886.72	-	
Un Secured			
From DIRECTORS	217.37	224.22	
	2,324.94	3,901.10	3,517.13

14.1 Secured by First Charge on entire Current Assets and fixed Assets acquired out of Term Loan from SBI.

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

14.3 Personal guarantee of Promoter Directors- Mr. Bafna Mahaveer chand - Chairman and Managing Director and Mr.Paras Bafna- Whole Time Director.

14.4 State Bank of India has declared the account as NPA on 28.01.2017 and Hence the same is classified under Long Term as the company is persuading for resturcuturing with SBI

DBS BANK LIMITED

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

14.6 Second pari passu Charge on the entire Fixed assets except Fixed Assets acquired out of Term Loan Sanctioned By State Bank of India.

M/s. ADITYA BIRLA FINANCE LIMITED

14.7 The Loan Term from M/s. ADITYA BIRLA FINANCE has been settled during the year

15 DEFERRED TAX LIABILITIES (NET)

DEFERRED TAX LIABILITIES (NET)	467.80	250.28	333.80
	467.80	250.28	333.80

16 OTHER NON-CURRENT LIABILITIES

Trade Deposit	3.00	3.00	3.00
Advance for land			
Employee and ex-employee related liabilities			
Total	3.00	3.00	3.00

17 SHORT TERM BORROWINGS

SECURED			
STATE BANK OF INDIA			
Cash Credit Account	-	1,785.09	1,651.91
Collection (Export Bills)	-		
Loans installments Repayable within one year	-	101.09	185.27

(All amounts in Rs.Lakhs)

INDUSTRIAL DEVELOPMENT BANK OF INDIA			
Cash credit Account	1,090.97	925.30	1,053 .40
Current Account	-	-	0.64
Bill Discounting	-	88 .45	
DBS BANK			
Cash Credit Account	-	101.18	149.51
Packing Credit Foreign Bills	-	120.94	186.41
Bill Discounting	-	-	115.08
BANK OF CEYLON			
Cash Credit Account	303.23	306.09	324.85
Bill Discounting	25.73	-	
DEVELOPMENT CREDIT BANK			
Cash Credit Account	909.17	909.16	863.73
Total	2,329.10	4,337.29	4,530.79

SECURITIES OFFERED

INDUSTRIAL DEVELOPMENT BANK OF INDIA

- 17.1 First Pari Passu Charge on the entire current assets along with other MBA Banks
- 17.2 Second pari passu Charge on the entire Fixed assets except Fixed Assets acquired out of Term Loan Sanctioned By State Bank of India.
- 17.3 Personal guarantee of Promoter Directors- Mr. Bafna Mahaveer chand - Chairman and Managing Director and Mr.Paras Bafna- Whole Time Director.

DEVELOPMENT CREDIT BANK

- 17.4 First Pari Passu Charge on the entire current assets along with other MBA Banks
- 17.5 Second pari passu Charge on the entire Fixed assets except Fixed Assets acquired out of Term Loan Sanctioned By State Bank of India

BANK OF CEYLON

- 17.6 First Pari Passu Charge on the entire current assets along with other MBA Banks
- 17.7 Second pari passu Charge on the entire Fixed assets except Fixed Assets acquired out of Term Loan Sanctioned By State Bank of India.

18 TRADE PAYABLE

DUES TO MICRO AND SMALL ENTERPRISES (as per intimation received from vendor)

- a. Principal and interest amount remaining unpaid
- b. Interest due thereon remaining unpaid
- c. Interest paid by the Company in terms of Sections 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day
- d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprise Act, 2006

(All amounts in Rs.Lakhs)

- e. Interest accrued and remaining unpaid
- f. Interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprises

DUES TO OTHERS			
Acceptances			
Trade payable			
For Goods and Store Purchase	2470.63	1694.46	1706.43
For Services	92.67	113.93	104.73
For Others	219.18	531.39	1181.54
Total	2,782.49	2,339.78	2,992.70

19 **OTHER CURRENT LIABILITIES**

Outstanding expenses	330.99	236.26	127.81
TDS payable	16.18	66.60	42.55
Advance from Customer	199.42	189.66	801.17
Income Tax	245.28	893.92	199.69
Sales Tax			0.01
Total	791.86	1,386.44	1,171.23

- a. There are no amounts due for payment to the Investor Education and Protection fund under section 125 of the Companies Act 2013 as at 31st March 2018 (31st March 2017 Nil, 1st April 2016 Nil)

(All amounts in Rs.Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
20 REVENUE FROM OPERATIONS		
Sale of products		
Sales (Domestic)	2650.16	4267.33
Less: Excise Duty on local sales	-	(124.67)
	2,650.16	4,142.66
* Domestic sales include sales of Traded goods to the tune of Rs.1747.50('In lakhs) during the Current Year and Rs.3769.38('In Lakhs) in the previous year.		
Sales(Export)	2065.81	2361.56
Less: Excise Duty on Export Sales	-	(10.87)
Sub-Total	2065.81	2350.69
Other operating revenue		
FR &D INCOME	1.10	2.80
Grand Total	4,717 .07	6,496.15
21 PROFIT ON SALE OF INVESTMENT		
Profit on sale of investment made in Strides Health Care Pvt Ltd	3,003.64	606.57
	3,003.64	606.57
22 OTHER INCOME		
Interest Income		
Bank deposits	2.35	4.06
Others	0.85	14.51
Others		
Gain or (Loss) on Exchange Exchange	9.70	39.96
Export Incentive	3.40	14.56
Insurance Claim Received	25.06	-
Rent Received	-	0.53
Sundry Balances Written off	5.80	-
Analytical Charges	75.65	40.40
	122.80	114.02
23 COST OF MATERIALS CONSUMED		
Cost Of Raw Materials Consumed		
Opening Stock	499.70	799.75
Add: Purchase	1,449.27	940.55
Less: Closing Stock	(322.76)	(499.70)
Raw Material Consumed	1,626.21	1,240.60

(All amounts in Rs.Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
COST OF PACKING MATERIAL CONSUMED:		
Opening stock	158.41	103.24
Add:Purchase	448.73	295.29
Less: Closing stock	(112.97)	(158.41)
Packing Material Consumption	494.17	240.12

Manufacturing Expenses

Consumable Stores	30.87	32.56
Analytical Expenses	14.75	2.33
Power & Fuel	211.58	201.15
Machinery Maintenance	66.59	127.09
Factory Maintenance	86.10	35.87
Chemical Purchase	31.27	31.64
Security Charges	8.46	13.78
Repairs & Maintenance	8.90	18.54
Other Manufacturing	89.02	79.80
TOTAL	547.56	542.75

Freight

Freight Charges	12.15	7.14
TOTAL COST OF MATERIALS CONSUMED	2,680.07	2,030.62

24 PURCHASE OF STOCK IN TRADE

Purchase of stock in Trade	1,298.95	4,020.06
	1,298.95	4,020.06

25 CHANGES IN INVENTORIES OF FINISHED GOODS STOCK IN PROCESS & STOCK-IN-TRADE

Closing Inventories :

Finished Goods	163.28	463.52
Work in progress	154.44	263.40
Total	317.71	726.92

Opening Inventories :

Finished Goods	463.52	240.49
Work in progress	263.40	177.27
Total	726.92	417.76
Change In Inventories	409.20	(309.16)

(All amounts in Rs.Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
26 EMPLOYEE BENEFITS EXPENSES		
Salary	634.99	562.22
Bonus	31.00	30.08
P.F. Company's Contribution	39.63	42.88
E.S.I Company's Contribution	12.67	7.96
Staff Welfare	29.21	19.11
	747.49	662.26
27 DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation and Amortisation expenses	364.59	389.13
28 FINANCE COST		
Interest To Bank	300.88	564.62
Bank Charges	20.77	42.49
Interest To Others	358.88	526.57
	680.53	1,133.68
29 OTHER EXPENSES		
A. MANAGERIAL REMUNERATION:		
Bafna Mahaveer Chand	17.10	15.60
Paras Bafna	13.20	12.00
	30.30	27.60
B. PAYMENT TO AUDITORS		
Audit Fees	3.00	3.50
Tax Audit Fees		0.50
Certification & Other Services	0.50	1.55
Service Tax	0.63	0.85
IT Matters		0.50
	4.13	6.90
C. INSURANCE EXPENSES		
Insurance	12.03	10.97
	12.03	10.97
D. POWER & FUEL EXPENSES		
Power & Fuel	-	-

(All amounts in Rs.Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
E. OTHERS :		
Rent & lease rent	21.23	24.13
Postage & telegram	5.65	6.99
Telephone	5.53	7.19
Conveyance	13.41	10.75
Travelling expenses	14.93	13.61
Printing & stationery	18.20	11.61
Subscription & membership	1.47	0.45
Fees	3.99	4.08
Office maintenance	0.73	0.64
Donation	0.00	0.11
Vehicle maintenance	1.97	3.18
Miscellaneous expenses	8.87	47.42
Professional charges	46.96	50.02
Discount Allowed	160.88	0.24
Service Tax	3.15	12.49
Books and Periodicals	0.06	0.00
Repairs & maintenance	6.45	8.79
Sundry Balances Written off	2.30	19.08
Directors sitting fees	1.75	2.00
Bad debts	2,617.12	0.00
Freight & transportation	41.10	43.64
Advertisement	0.99	2.06
Sales promotion	5.43	9.38
Commission & brokerage	6.36	67.93
MHRA Audit Fees	3.39	0.00
Liquidative Damages	51.10	22.80
Packing Charges	0.26	0.00
Exchange Difference	0.49	0.00
Provision for Doubtful Debts	0.00	200.06
TOTAL (E)	3,043.78	568.66
Grand Total - Other exp	3,090.24	614.12

(All amounts in Rs.Lakhs)

30 RELATED PARTY DISCLOSURES

As per Indian Accounting Standard 24, 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

30.1 Name of the related Party

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

30.2 Directors' Interest

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

30.3 The Directors of the Subsidiary Company Ms. Hemalatha and Ms. Sabitha are the employee of the Company

Sl. NO	Particulars	Associates	Key Management Personnel	Rel of KMP	Total as on 31.03.2018	As on 31.03.2017
1	Purchase of goods	Bafna Lifestyles Remedies Ltd			-	-
2	Sale of goods	Bafna Lifestyles Remedies Ltd			-	-
3	Sale of Fixed Assets				-	-
4	Rendering Services	Bafna Lifestyles Remedies Ltd	Bafna Mahaveer Chand, Paras Bafna, and Naveen Bafna		33.60	32.40
5	Agency agreements					
6	Leasing or Hire Purchase	Bafna Lifestyles Remedies Ltd		Bhansilal Bafna (HUF)	29.25	29.25
7	Transfer of R&D				-	-
8	License Agreements				-	-
9	Finance loans and Equity in Cash or Kind	Bafna Lifestyles Remedies Ltd	Bafna Mahaveer and Paras Bafna		1476.60	1,576.68
10	Guarantee and Collaterals	Bafna Lifestyles Remedies Ltd			-	-
11	Manage Contracts including for Deputation of Employees				-	-
12	Rent		Bafna Mahaveer Chand	Bhansilal Bafna (HUF)	22.50	22.50

(All amounts in Rs.Lakhs)

31 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.

32 RESEARCH AND DEVELOPMENT EXPENDITURE

Particulars	As at 31st March 2018	As at 31st March 2017
Capital Expenditure	-	-
Revenue Expenditure	37.09	71.85
	37.09	71.85

33 CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rs. In lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) In respect of Letter of Credit and Bank Gaurantee	45.90	29.25
b) Bonds have been executed in favour of Customs Authorities for the purchase of materials and capital goods without payment of duty	-	-

34 GOODS AND SERVICE TAX

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

35 GENERAL

- a) The details of Statutory dues pending as at 31st march 2018 are given below

Name of the Statute	Nature of Dues	Amount (Rs. In Lakhs)	Payment to which the amount Relates	Due Date	Date of Payment
EPF & MP Act 1952	PF Contribution	147.22	Jan 2016 To March 2018	15th Day of the Following Month	Not Paid
ESI Act 1948	ESI Contribution	22.99	June 2016 to March 2018	21st Day of the Following Month	Not Paid
Service Tax	Service Tax	19.02	June 2016 to March 2018	5th Day of the Following Month	Not Paid
Income Tax Act 1961	TDS	16.17	April 2017 to March 2018	7th Day of the Following Month	Not Paid
Income Tax Act 1961	Income Tax Dues	720.00	Asst Year 2015-16	31st March 2015	Not Paid

- b) Balances under Trade Payables, debtors, loans and advances some of them remain unconfirmed.
- c) Advances given to suppliers for supply of materials and others remain unconfirmed. It was explained that supply will be made in the ensuing year.

(All amounts in Rs.Lakhs)

- d) Loans and advances include outstanding balances of deposits with Corporate bodies is given below

Name of the Body Corporate	As at 31st March 2018	As at 31st March 2017
TAMILNADU STEEL TUBES LIMITED (Including Interest thereon)	-	10.13
DEEP ENTERPRISES	150.00	
S. KUMAR CORPORATION	170.00	
GOLD LEAF ENTERPRISES	200.00	

- e) The company has granted loan to its subsidiary M/s. BAFNA LIFESTYLES REMEDIES LIMITED for Rs. 1222.93 (In Lakhs) which is outstanding as at March 2018. BLRL has difficulties in repaying its debts.
- f) The Fixed deposit of sum of Rs. 245.00 (Rs. in Lakhs) (Previous Year Rs253.68(Rs.In Lakhs)) lying with DCB, ICICI are under lien against Bank Gaurantee Margin, LC Margin Money.
- g) The New schedule III of the Companies Act 2013 become applicable during the year 2014-15 to the Company and applicability of New IND AS from 2017-18 and hence Previous Years figures have been reclassified, regrouped and re-arranged wherever necessary.

Significant Accounting Policies and Notes of Financial Statement 1 to 35 as per our report of event date

FOR R. SATHYANARAYANAN & CO

Chartered Accountants

FRN No: 003656 S

R.SATHYANARAYAN

(Partner)

M.No. 028377

Place : Chennai

Date : 28-05-2018

For and on Behalf of the Board

BAFNA MAHAVEER CHAND

[Managing director]

[DIN :01458211]

M.SRIDHAR

[Chief Financial Officer]

PARAS BAFNA

Whole Time Director)

[DIN :01933663]

L. NIRMALA

[Company Secretary]

[M No:44766]

Corporate Information, Significant Accounting Policies & Notes to the Financial Statements

A. Corporate information

BAFNA PHARMACEUTICALS LIMITED ('BPL' or 'the Company') is a public limited company domiciled and incorporated in India having its registered office at No.299, Thambuchetty street, Chennai – 600 001.

The Company's shares are listed and traded on Stock exchanges in India. the Company is engaged in the business of Manufacturing of Pharmaceuticals.

B. Significant Accounting Policies

1 Basis of preparation

The Ministry of Corporate affairs ('the MCA'), Government of India in exercise of the powers conferred by Section 133 read with Section 469 of the Companies act, 2013 (the 'act') and sub-section 1 of Section 210a of the Companies act, 1956 ('the erstwhile act') in consultation with national advisory Committee on accounting standards vide G.S.R. 111(E) dated 15th February, 2015 notified rules called Companies (Indian Accounting Standard) Rules, 2015 effective April 1, 2015. The MCA vide notification GSR 111(E) dated March 30, 2016 issued certain amendments to IND AS vide Companies (Indian accounting Standards) amendment rules 2016.

The MCA vide notification GSR 404(E) dated April 6, 2016 introduced amendments to Schedule III of the Act, requiring companies to prepare the financial statements in compliance with Companies (Indian Accounting Standards) rules, 2015.

The Company which was falling under the Mandatory adoption (Phase II) for listed companies with net worth less than Rs 500 crores (based on audited standalone statements) vide its Board resolution dated 10.11.2017 resolved to adopt Ind AS for the first time in preparation of financial statements for the year ended march 31, 2018. Pursuant to the above resolution and rules framed by MCA, the Company has prepared its financial statements as per Ind AS for the year ended March 31, 2018 with April 1, 2016 being the date of transition.

The comparative figures in the Balance Sheet as at March 31, 2017 and April 1, 2016 and Statement of Profit and Loss and Statement of Cash flow for the year ended march 31, 2017 have been restated accordingly.

The financial statements of the Company have been prepared and presented in accordance with IND-AS principles, however items of assets and Liabilities that have been measured at historical costs.. Management evaluates all the applicable accounting standards on a going concern basis.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities except for Receivables.

2 Statement of Compliance with ind AS

The Financial Statements comprising Balance Sheet for three periods, Statement of Profit and Loss, Statement of Changes in equity, Statement of Cash flow together with notes for two periods have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on 28th May 2018. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016.

Upto the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) rules, 2006.

3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for Receivables that are measured at fair values at the end of the reporting period.

4 Functional and Presentation Currency

These standalone statements are presented in Indian Rupees which is also the company's functional currency.

All financial information presented in Indian rupees has been rounded to the nearest Lakhs with two decimals except where otherwise indicated.

5 First - time adoption of IND AS - Mandatory exceptions and optional exemptions

(i) Overall principle:

The Company has prepared the Balance Sheet as per IndAS as of april 1, 2016, the transition date (opening IND AS Balance Sheet) by recognising all assets and liabilities whose recognition is required by IND AS, not recognising items of assets or liabilities which are not permitted by IND AS, by reclassifying certain items from previous GAAP to Ind AS as required under the IND AS, and applying IND AS in the measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

(ii) Exceptions to retrospective application of other ind AS

- i. Estimates: the Company has not made any changes to estimates made in accordance with previous GAAP.
- ii. Ind AS 109 – Financial instruments (Derecognition of previously recognised financial assets/liabilities)
- iii. Ind AS 109 financial instruments (impairment of financial assets)- The Company has not applied impairment requirements retrospectively.
- v. Ind AS 109 – embedded derivatives - the Company does not have any embedded derivative on the transition date.

(iii) exemptions from retrospective application of IND AS

- i. IndAS 103 Business combination:
The Company does not have any such scenario of Business combination
- ii. Ind AS 102 share based payment:
The Company does not have any share based payment on the transition date hence the requirements of Ind AS 102, in this regard does not arise.
- iii. Ind AS 104 Insurance contracts:
The Company does not have any insurance contracts on the transition date hence the requirements of IndaS 104, in this regard does not arise.
- iv. Ind AS 16 property, plant and equipment/IndaS 38 Intangible asset:
The Company has elected to continue with the carrying amount for all of its PPE, intangible asset measured as per previous GAAP and use that as deemed cost as at the date of transition. The Company does not have any decommissioning liability as on transition date.

- v. IndAS 17 Leases
The Company has assessed all arrangements based on conditions existing as at the date of transition.
- vi. Ind AS 21 Cumulative translation Differences on foreign operations:
the Company does not have foreign operation and hence this exemption does not apply to the Company.
- vii. Long term foreign currency monetary item:
The Company does not have any long term foreign currency monetary items and hence this standard does not apply.
- viii. Ind AS 27 Separate financial statements
The Company has elected to measure its investment in subsidiaries at cost determined in accordance with Ind AS 27 i.e. original cost of investment in subsidiaries.
- ix. Ind AS 32 financial instruments presentation
The Company has not issued any compound financial instruments and hence this standard doesnot apply to the Company.
- x. Ind AS 109 financial instruments
the Company does not have any designated unquoted equity instruments in companies other than subsidiaries
- xi. Ind AS 105 Non-Current assets held for Sale and Discontinued operations:
The Company does not have any non-current asset/disposal group to be classified as held for sale. However, since there were no operations or business conducted in the case of subsidiary, this may be construed as "Discontinued operations". The measurement of fair value in this case has been deferred taking into consideration IND AS 10:"events occurring after the reporting date" whereby the management had already taken a principle decision to wind up the subsidiary company.

6 Critical Accounting Judgments, Assumptions and Key Sources of estimation Uncertainty

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Assumptions and Key Sources of estimation Uncertainty

a. Useful life of Property, Plant & equipment (PPE)

The Company has reviewed the estimated useful lives of PPE at the end of each reporting period.

Asset Category	Management estimate of useful life (in years)
Buildings	30
Plant and Machinery	20
Furniture and fixtures	10
Other equipment	5
Vehicles	8

Property, plant and equipment is stated at cost less accumulated depreciation and where applicable, accumulated impairment losses. Cost includes expenditure that is directly attributable to acquisition of the asset. the cost of self constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income/other expenses" in the Statement of Profit and Loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Company and its cost can be measured reliably. the carrying amount of the replaced part is de-recognised. the cost of day to day servicing of property, plant and equipment are recognised in Statement of Profit or Loss.

Depreciation

Depreciation is recognized in the Statement of Profit and Loss under Straight Line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in schedule II. Assets costing Rs.5000 or below acquired during the year considered not material and are depreciated in full retaining Re.1/- per asset. the Useful life other than that described in Schedule II adopted are furnished below.

The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

Subsequent expenditure

Susbequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognised in the Statement of Profit and Loss.

Amortisation of intangible asset with finite useful lives

Amortisation is recognised in the Statement of Profit and Loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available to use based on the estimates made by the management with respect to the useful life and residual value.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

b. Financial instruments

- (i) Financial assets - Investment in subsidiaries, associates and joint ventures:
 - a. The Company has investments in its wholly subsidiary, Bafna Lifestyle Remedies Limited (BLRL) in the form of Equity shares and has controlling stakes over the entity's affairs (IND AS 112). The Company

on application of the principle of IND AS 10 (Events occurring after the reporting period), has chosen not to designate as investment at FVTOCI. The Subsidiary does not qualify to be recognised as Going concern upon application of the appropriate tests as at the reporting date. Even as at reporting date, the Management had decided to hive off Land and building of the subsidiary as the first step towards winding up, and hence, based on such events, the Company has opted to state the investment at Indian GAAP values, and not to adopt FVTOCI as at the reporting date.

- (ii). During the reporting period, the Company sold shares held in Strides Health care Pvt Ltd., and have recognised the gains in Statement of Profit or loss.

The Company does not have any associates or Jointventures.

- (iii) Financial assets - other than investment in subsidiaries, financial assets comprises of Trade receivables, cash and cash equivalents and other financial assets like Advances to suppliers, Subsidiary company and to others.

Initial recognition:

All financial assets are recognised initially at Fair value plus transaction costs that are attributable to the Acquisition of the financial asset (In case of financial assets not recorded at FVTPL, transaction costs are recognised immediately in Statement of Profit and Loss). Purchase or sale of financial asset within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement:

- i) Trade receivable :

An impairment analysis is performed at each reporting date. the expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rate reflecting future economic conditions. In this approach, assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

The Company has already effected measurements at Fair value by conducting a realistic assessment on the probability of recoverability and have recognised the impairment vide FVTPL methodology itself.

- ii) Other financial assets

In respect of Advances to Subsidiary, M/s Bafna Lifestyle Remedies Limited, the approach adopted in case of investment in the same applies. Reference is drawn to Clause b(i) above, whereby the Company has opted for non- adoption of FVTOCI as at the reporting date since principal decision has been taken to wind up the subsidiary.

Derecognition on financial asset

Financial assets are derecognised when the contractual right to cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of Derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in the Statement of Profit and Loss.

c. Financial liabilities initial recognition and measurement

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of financial liability except financial liabilities at fair value through profit and loss which are initially measured at fair value.

Subsequent measurement

The financial liabilities are classified for subsequent measurement into following categories

- at amortised cost
- at fair value through the Statement of Profit and Loss

Financial liabilities at amortised cost

the Company is classifying the following under amortised cost;

- a) Borrowings from banks
- b) Borrowings from others
- c) trade payables
- d) other financial Liabilities

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

Financial liability at Fair Value through Statement of Profit and Loss

There are no financial liabilities of the Company that held for trading purposes.

De-recognition of financial liabilities

A financial liability is de-recognised when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Derivative financial instruments

The Company does not have any foreign exchange forward contracts and options, and neither has the company designated any hedge instruments.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in Balance Sheet when, and only when, the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

Reclassification of financial assets

The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

d. Share capital

Equity Shares are classified as equity. Where any shares are issued, incremental costs directly attributable to the issue of new equity shares or share options will be recognised as deduction from equity, net of any tax effects.

e. Impairment of Non financial assets

The carrying amount of the Company's non-financial asset, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized if the carrying of amount an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. Impairment losses recognised in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

Reversal of impairment loss

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. a reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

f. Leases

The Company has not entered into any Operational or Finance lease.

g. Inventories

Inventories are measured at the lower of cost (determined using Weighted average method) and net realizable value. Cost comprises the fair value of consideration for the purchase and all directly attributable costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

h. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using acurrent pre-tax rate that reflects, where appropriate, the risk specified to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. the provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Contingent liabilities are disclosed in the financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

i. Revenue recognition

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the signifciant risk and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and the amount of revenue can be measured realibly. transfer of risk and reward vary depending on the individual terms of the contract of sale.

j. Employee Benefits - Defined Benefit Obligations (DBO)

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Company, as detailed below:

i) Defined contribution plan (Provident fund)

In accordance with Indian law, eligible employees receive benefit from provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specific percentage of employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company does not have any legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee service in the current and prior periods. Obligation for contributions to the plan is recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.

ii) Gratuity

The Company 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.

k. Finance income and expense

Finance income comprises of interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss. Interest income is recognised using effective interest method.

Finance expense comprises of interest expense on loans and borrowings, bank charges, unwinding of discount on provision, fair value losses on financial asset through FVTPL that are recognised in the Statement of Profit and Loss.

l. Borrowing costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of qualifying asset.

The amount of borrowing costs that the Company capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

m. Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum alternate tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income tax act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

Deferred tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- (i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- (ii) Differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.
- (iii) arising due to taxable temporary differences on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

n. Foreign Currency Transactions and balances

Transactions in foreign currencies are initially recognised in the financial statements using exchange rate prevailing on the date of transaction. Monetary and Non-monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. foreign currency differences arising on translation are recognised in Statement of Profit and Loss for determination of net profit or loss during the period.

7. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all potential ordinary shares, which include share options granted to employee if any, to the extent that partly paid shares are not entitled to participate in dividends during the period. they are treated as equivalent of warrants or options in the calculation of diluted earnings per share.

8 Fair value measurement

Ind AS require the determination of fair value for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company has opted to carry assets and liabilities at historical costs except for Receivables which has been detailed in 6 (b) (iii) (i) above.

9 Current and non-current classification

An asset is classified as current if:

- (a) it is expected to be realised or sold or consumed in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realised within twelve months after the reporting period; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The exception has been in the case of Receivables whereby the Management, in its judgement, has retained certain outstanding balances which are more than 12 months as current.

All other assets are classified as non-current.

A liability is classified as current if:

- (a) it is expected to be settled in normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be settled within twelve months after the reporting period;
- (d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

10 Statement of Cash Flow

Cash flows are reported using the indirect method, whereby, profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

11 Segment Reporting

Operating segments are identified and reported taking into account the different risks and returns, the organization structure and the internal reporting systems. The Company operates only in one segment namely manufacturing of Pharmaceuticals. Accordingly disclosure of segment-wise information is not applicable under Ind AS 108 - operating Segments.

12. Related party and transactions Related parties and their relationship

As per Indian Accounting Standard 24, 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

Name of the related party:

- a) Mr. Mahaveer Chand Bafna
- b) Mr. Paras Bafna
- c) Mrs. Chetna Bafna
- d) Mr. Naveen Bafna

Directors Interest

- a) Bafna Lifestyles Remedies Ltd
- b) Bhansilal & Co (HUF)

The Directors of the subsidiary Company Ms. Hemalatha and Ms. Sabitha are the employee of the Company

SI No	Particulars	Associates	Key Management Personnel	Rel of KMP	Total as on 31.03.2018 (Rs. In Lakhs)	as on 31.03.2017 (Rs. In Lakhs)
1	Purchase of goods	Bafna Lifestyles Remedies Ltd			-	-
2	Sale of goods	Bafna Lifestyles Remedies Ltd			-	-
3	Sale of fixed asset				-	-
4	Rendering of services	Bafna Lifestyles Remedies Ltd	Mahaveer Chand Bafna, Paras Bafna and Naveen Bafna		33.60	32.40
5	Agency Agreements					
6	Leasing or Hire Purchase	Bafna Lifestyles Remedies Ltd		Bhansilal & Co (HUF)	29.25	29.25
7	Transfer of R&D				-	-
8	License Agreements				-	-
9	Finance Loans and equity in cash or kind	Bafna Lifestyles Remedies Ltd	Mahaveer Chand Bafna and Paras Bafna		1476.60	1576.68
10	Guarantee and Collatorals	Bafna Lifestyles Remedies Ltd			-	-
11	Manage Contracts including for deputation of employees				-	-
12	Rent		Mahaveer Chand Bafna	Bhansilal Bafna (HUF)	22.50	22.50

13. Financial risk management

The company has exposure to the following risks from its use of financial instruments.

13.1 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Based on such evaluations, the Company has retained outstanding balances of certain parties the age of which is beyond one year after the process of carrying out impairment.

13.2 Liquidity risk : The Company manages liquidity risk by reasonably monitoring forecast and actual cash flows.

13.3 Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. the major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk.

13.3.1 Commodity price risk - the primary commodity price risks that the Company is exposed to include API prices that could adversely affect the value of the Company's financial assets or expected future cash flows.

13.3.2 Foreign currency risk management - The Company makes export sales to countries outside India. the Company is, therefore, exposed to foreign currency risk principally arising out of foreign currency movement against the Indian Currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

13.3.3 Foreign currency sensitivity analysis the Company is principally exposed to foreign currency risk against USD, Euro and GBP

(Fig in Lakhs)

Particulars	USD	GBP
As at march 31, 2018		
- Liabilities	0.59	1.70
- assets	7.96	0.74
As at march 31, 2017		
- Liabilities	0.21	0.94
- assets	14.71	11.83

13.3.4 Interest rate risk management

The Company is exposed to interest rate risk because of borrowal of short term funds at floating interest rates. The Management, considering the current status, considers it apt not to dwell on any sensitivity analysis or conduct any tests of risk analysis since it is in the process of carrying out a restructuring exercise.

14. Capital Management

The Company's capital comprises of equity share capital, retained earnings and other equity attributable to equity holders. the primary objective of company's capital management is to maximise shareholders value.

15. Legal proceedings / Contingent Liabilities / Contingent Assets

The Company is under the ambit of NCLT proceedings owing to the action by an operational creditor. However, the Company is confident of resolving the same.

There are other cases of claim with NCLT, which are in the nature of Contingent Liabilities, the particulars of which are given below:

Particulars of Contingent Liabilities not provided for	As at 31 st Mar 2018	As at 31 st Mar 2017	As at Mar 2016
ARIES an operational creditor	8,35,333	-	-
Dalas Biotech an operational creditor	1,25,52,841	-	-
Encore Healthcare Ltd an operational creditor	32,39,640	-	-

16. Dues to micro and small enterprises

The Company has not received any letter from any vendor claiming their status as micro / small enterprises. accordingly the amount paid/payable to these parties is considered to be nil.

17. Contribution to Corporate Social Responsibilities

Sec 135 of Companies act 2013, requires Company to spend towards Corporate Social responsibility, which however is not applicable to this Company.

Consolidated Financial Statements

CONSOLIDATED - AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BAFNA PHARMACEUTICALS LIMITED

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying Consolidated Ind AS financial statements of BAFNA PHARMACEUTICALS LIMITED ("hereinafter called the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of change in Equity for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE Ind AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the financial position, consolidated financial performance including other comprehensive income, consolidated cash flows & consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible 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 frauds and other irregularities, selection and application of the appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In presenting the Consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS 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 Ind AS financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidences obtained up to the date of auditors' report. However, future events or conditions may cause Group to cease as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, subject to the opinion expressed in Annexure "B", the aforesaid Consolidated Ind AS 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, of the Consolidated state of affairs of the Group as at 31st March, 2018 and its consolidated loss, consolidated total comprehensive income, Consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

OTHER MATTERS

The Consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 27.05.2017. Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit of the Holding company and the subsidiary, we report to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of Consolidated Ind AS financial statements have been kept by the Company so far as appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated Ind AS financial statements.
 - d) In our opinion, the aforesaid Consolidated Ind As financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding and the subsidiary companies as on March 31, 2018, taken on record by the board of directors of the Holding company, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure B". *We have expressed our opinion as mentioned under clauses (a) and (b) in the said Annexure under the head "Opinion" on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.*
- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, as amended, in our opinion and to the best of our information and according to the explanation given to us:
- i) The Consolidated Ind AS financial statements disclose the impact of pending litigation on the consolidated financial position of the Group- refer Note 11 to the Consolidated Ind AS financial statements.
- ii) The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor's Education and Protection Fund by the Group
- iv) The disclosures in the Consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended march 31, 2018.

For R.SATHYANARAYANAN&CO.,
Chartered Accountants

□

Place: Chennai
Date: 28.05.2018

(R.SATHYANARAYAN)
PARTNER
M.NO.028377

Annexure “A” to the Independent Auditors’ Report

To the Members of Bafna Pharmaceuticals Limited on the Consolidated Ind AS financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of M/s. Bafna Pharmaceuticals Limited (“the Holding Company”) as of 31st March 2018 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The respective board of directors of Holding Company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its businesses, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Holding Company and its subsidiary company incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company’s and its subsidiary company incorporated in India internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Annexure - B to the Independent Auditors' Report

To the Members of BAFNA PHARMACEUTICALS LIMITED on the Consolidated IND AS Financial Statements for the year ended 31st March 2018

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, except for the following areas (with respect to Holding Company):

- a. *Certain Balances of Debtors, Creditors and Deposits with Corporate bodies are subject to confirmation.*
- b. *Closing Balances pertaining to Advances given to suppliers for supply of materials and others remain unconfirmed.*

However, the company has an established set of "internal control over financial reporting criteria" duly taking into consideration the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India,

For R.SATHYANARAYANAN&CO.,
Chartered Accountants

□

Place: Chennai
Date: 28.05.2018

(R.SATHYANARAYAN)
PARTNER
M.NO.028377

BAFNA PHARMACEUTICALS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(All amounts in Rs.Lakhs)

Particulars	Note	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
A ASSETS				
1 Non-Current Assets				
(a) Property, Plant and Equipment	4	4,486.04	4,857.50	5,257.09
(c) Goodwill	5	3.58	3.58	3.58
(e) Financial Assets				
(i) Investments	6	-	1,690.00	1,690.00
(ii) Trade Receivables				-
(iii) Loans				-
(iv) Other financial assets	6.1	4,419.56	3,503.45	2,950.92
(g) Other Non-Current Assets	7	53.16	57.82	71.68
Total Non-Current Assets		8,962.33	10,112.36	9,973.26
2 Current Assets				
(a) Inventories	8	1,067.42	1,673.99	1,637.99
(b) Financials Assets				
(i) Investments		-		
(ii) Trade Receivables	9	2,427.94	5,377.58	6,796.44
(iii) Cash and Cash Equivalents	10	295.12	265.79	271.38
(iv) Bank balance other than mentioned above		-	-	
(v) Loans		-	-	
(vi) Other financial assets				
(c) Other Current Assets	11	1,083.43	401.07	573.40
(d) Assets classified as held for sale				
Total Current Assets		4,873.91	7,718.44	9,279.21
Total Assets (1+2)		13,836.24	17,830.80	19,252.47
B EQUITY AND LIABILITIES				
1 (a) Equity Capital	12	2,365.63	1,865.63	1,865.63
(b) Other Equity	13	1,427.24	2,000.89	3,909.56
(c) Equity Share Warrants	14	-	400.00	-
(d) Non controlling Interest	15	(72.63)	(55.35)	(18.05)
Total Equity		3,720.24	4,211.17	5,757.14
2 Liabilities				
(a) Non-Current Liabilities				
(i) Financial Liabilities				
- Borrowings	16	2,324.94	3,901.10	3,517.13
- Trade Payable		-	-	
- Other Financial Liabilities		-	-	
(ii) Provisions				
(iii) Deferred Tax Liabilities (Net)	17	511.13	291.86	382.16
(iv) Other non-current liabilities	18	1,295.25	1,279.49	91.53
Total Non-Current Liabilities		4,131.32	5,472.45	3,990.82
(b) Current Liabilities				

Particulars	Note	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
(i) Financial Liabilities				
- Borrowings	19	2,329.10	4,337.29	4,530.79
- Trade Payable		-	-	
- Dues to micro and small enterprises		-	-	
- Dues to Others	20	2,861.02	2,390.43	3,770.08
- Other Financial Liabilities				
(ii) Other Current Liabilities	21	794.56	1,419.45	1,203.63
(iii) Provisions		-	-	
(iv) Current Tax Liabilities (net)		-	-	
Total Current Liabilities		5,984.68	8,147.17	9,504.50
Total Liabilities		10,116.00	13,619.62	13,495.32
Total Equity and Liabilities		13,836.24	17,830.80	19,252.47
Basis of preparation, measurement and significant accounting policies	1			
First time adoption of Ind AS	5			

Significant Accounting Policies and Notes of Financial Statements 1 to 37 as per our Report of event date

FOR R. SATHYANARAYANAN & CO

Chartered Accountants

FRN No: 003656 S

R.SATHYANARAYAN

(Partner)

M.No. 028377

Place : Chennai

Date : 28-05-2018

For and on Behalf of the Board

BAFNA MAHAVEER CHAND

[Managing director]

[DIN :01458211]

M.SRIDHAR

[Chief Financial Officer]

PARAS BAFNA

Whole Time Director)

[DIN :01933663]

L. NIRMALA

[Company Secretary]

[M No:44766]

BAFNA PHARMACEUTICALS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts in Rs.Lakhs)

	Note	Year ended As at 31 st March, 2018	Year ended As at 31 st March, 2017
A Income from operations			
(a) Net sales/income from operations	22	4,717.07	6,496.15
(b) Profit On sale of Investment	23	3,003.64	
(b) Other Income	24	129.44	114.02
Total income from operations net		7,850.15	6,610.17
B Expenses			
(a) Cost of Raw Material Consumed	25	2,681.04	2,066.46
(b) Purchases of Stock in Trade	26	1,298.95	4,020.06
(c) Changes in Inventories of Finished Goods, Work in progress and Stock in trade	27	409.20	(309.16)
(d) Employee benefits expense	28	747.49	680.63
(e) Depreciation and amortisation expense	29	397.41	421.95
(f) Finance costs	30	694.29	1,147.37
(g) Other expenses	31	3,093.43	619.14
Total expenses		9,321.82	8,646.44
Profit before tax		(1,471.66)	(2,036.27)
Tax expense			
Current Tax			
Deferred Tax		219.27	(90.30)
Profit for the period		(1,690.93)	(1,945.97)
Profit of Non controlling Interest /Minority Interest		17.28	37.30
Other Comprehensive income			
A (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		-	-
Total Comprehensive Income for the period / Year (Comprising profit and other comprehensive Income for the period)		(1,673.65)	(1,908.68)
Total other comprehensive income net of tax		-	-
Total comprehensive income for the period		(1,673.65)	(1,908.68)
Earnings per Equity share			
Equity shares of par value Rs. 10 each			
(a) Basic		(7.15)	(10.43)
(b) Diluted		(7.15)	(10.43)
Basis of preparation, measurement and significant accounting policies	1		
First time adoption of Ind AS	5		

Significant Accounting Policies and Notes of Financial Statements 1 to 37 as per our Report of event date

FOR R. SATHYANARAYANAN & CO

Chartered Accountants

FRN No: 003656 S

R.SATHYANARAYAN

(Partner)

M.No. 028377

Place : Chennai

Date : 28-05-2018

For and on Behalf of the Board

BAFNA MAHAVEER CHAND

[Managing director]

[DIN :01458211]

M.SRIDHAR

[Chief Financial Officer]

PARAS BAFNA

Whole Time Director]

[DIN :01933663]

L. NIRMALA

[Company Secretary]

[M No:44766]

BAFNA PHARMACUTICALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts in Rs.Lakhs)

Particulars	Year ended As at 31 st March, 2018	Year ended As at 31 st March, 2017
Cash Flow from Operating Activities:		
Net Profit Before Tax	(1,471.66)	(2,036.27)
Adjustments for:		
Depreciation	397.41	421.95
Interest Paid	694.29	1,147.37
Loss/(Profit) on Sale of Fixed Asset	(3,003.64)	-
Interest Received	(3.20)	(18.57)
Other Income		
Insurance Claim Received	(25.06)	-
Sundry Balance Write Back	(12.43)	-
Lease Rent Received	-	(0.53)
Operating Profit before Working Capital Changes	(3,424.29)	(486.05)
Adjustment For:		
[Increase]/decrease in Inventories	606.57	(36.01)
[Increase]/decrease in Trade Receivables	2,949.64	1,418.85
[Increase]/decrease in Short Term Loans and Advances	(682.36)	172.33
Increase/[decrease] in Trade Payables	470.59	(1,379.65)
Increase/[decrease] in Other Current Liabilities	(624.89)	215.81
Cash generated from Operation	(704.73)	(94.72)
Less: Tax Paid	-	-
Net Cash Used in Operating Activity (A)	(704.73)	(94.72)
Cash Flow from Investing Activities:		
Profit/(Loss) on Sale of Fixed Assets	3,003.64	-
Sale of Fixed Assets	1,690.00	-
Purchase of Fixed Assets	(12.65)	(7.91)
Insurance Claim Received	25.06	-
Sundry Balance Written back	12.43	-
Lease Rent Received	-	0.53
Interest Received	3.20	18.57
Changes in Long Term Loans and Advances	(916.10)	(552.54)
Change in Other Non- Current Assets	(8.63)	(0.60)
Net Cash used in Investing Activities (B)	3,796.95	(541.95)
Cash Flow from Financing Activities		
Issue of Shares, Warrants & Application Activities	1,200.00	400.00
Changes Long Term Borrowings	(1,560.40)	1,571.94
Proceed from Short Term Borrowings	(2,008.19)	(193.49)
Interest Paid	(694.29)	(1,147.37)
Net Cash from Financing Activities (C)	(3,062.88)	631.08
Net Increase/ [Decrease] in Cash or Cash Equivalents [A+B+C]	29.33	(5.59)
Opening Balance of Cash & Cash Equivalents	265.79	271.38
Closing Balance of Cash & Cash Equivalents	295.12	265.79

FOR R. SATHYANARAYANAN & CO

Chartered Accountants
FRN No: 003656 S

R.SATHYANARAYAN

(Partner)

M.No. 028377

Place : Chennai

Date : 28-05-2018

For and on Behalf of the Board

BAFNA MAHAVEER CHAND

[Managing director]

[DIN :01458211]

M.SRIDHAR

[Chief Financial Officer]

PARAS BAFNA

Whole Time Director)

[DIN :01933663]

L. NIRMALA

[Company Secretary]

[M No:44766]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAR, 2018 (CONT.)

(All amounts in Rs.Lakhs)

4. PROPERTY PLANT AND EQUIPMENT

	LAND	BUILD- ING	PLANT & MA- CHIN- ERY	ANCIL- IARY EQUIP- MENTS	OFFICE EQUIP- MENT	LAB EQUIP- MENT	HOT AIR VENTI- LATION COOLING SYSTEMS	ELEC- TRICAL INSTALLA- TION	FURNI- TURE & FIT- TINGS	VEHICLES	AIR CONDI- TIONERS & WATER COOLER	COM- PUTER	TOTAL
Gross Block													
Balance as at 1 st April 2016 (Deemed Cost)	104.92	2,503.88	1,484.41	1,310.45	64.02	790.99	359.62	394.15	190.04	17.82	571.10	161.77	7,953.18
Additions	-	-	2.66	3.05	0.17	1.85	-	-	-	-	-	0.18	7.91
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 st March 2017	104.92	2,503.88	1,487.08	1,313.50	64.19	792.84	359.62	394.15	190.04	17.82	571.10	161.95	7,961.08
Additions	-	-	0.77	-	0.32	7.23	-	-	-	-	-	4.35	12.65
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 st March 2018	104.92	2,503.88	1,487.84	1,313.50	64.51	800.07	359.62	394.15	190.04	17.82	571.10	166.29	7,973.74
Accumulated Depreciation													
Balance as at 1 st April 2016	-	573.27	357.75	503.24	44.63	446.64	17.33	272.50	92.89	16.13	233.49	138.22	2,696.09
Additions	-	87.16	76.59	57.17	4.64	72.66	17.70	35.89	23.59	0.53	24.13	7.43	407.49
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 st March 2017	-	660.43	434.34	560.41	49.26	519.30	35.03	308.39	116.48	16.66	257.62	145.65	3,103.58
Additions	-	85.45	69.01	53.85	4.25	71.41	17.70	35.89	17.97	-	23.99	4.57	384.12
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 st March 2018	-	745.88	503.36	614.27	53.52	590.72	52.73	344.28	134.46	16.66	281.61	150.22	3,487.70
Net Block													
Balance as at 1 st April 2016	104.92	1,930.61	1,126.66	807.21	19.39	344.35	342.29	121.65	97.15	1.69	337.61	23.55	5,257.09
Balance as at 31 st March 2017	104.92	1,843.45	1,052.73	753.09	14.92	273.54	324.59	85.76	73.56	1.16	313.48	16.30	4,857.50
Balance as at 31 st March 2018	104.92	1,758.00	984.48	699.23	10.99	209.35	306.89	49.87	55.59	1.16	289.48	16.07	4,486.04

The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount i.e 31st March 2016 as its deemed cost (Gross Block Value) on the date of transition to Ind AS i.e. 1st April 2016. The movement in carrying value of property, plant and equipment as per IGAAP is mentioned below:

Fixed ☐

5. INTANGIBLE ASSETS

(amounts in Rs.Lakhs)

	GOODWILL	TOTAL
Gross Block		
Balance as at 1st April 2016(Deemed Cost)		
Goodwill on consolidation	3.58	3.58
Additions	-	-
Disposals	-	-
Balance as at 31st March 2017	3.58	3.58
Additions	-	-
Disposals	-	-
Balance as at 31st March 2018	3.58	3.58
		-
Accumulated Depreciation		-
Balance as at 1st April 2016	-	-
Additions	-	-
Disposals	-	-
Balance as at 31st March 2017	-	-
Additions	-	-
Disposals	-	-
Balance as at 31st March 2018	-	-
		-
Net Block		-
Balance as at 1st April 2016	3.58	3.58
Balance as at 31st March 2017	3.58	3.58
Balance as at 31st March 2018	3.58	3.58

(All amounts in Rs.Lakhs)

6 OTHER FINANCIAL ASSETS- INVESTMENTS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Investment in Strides Healthcare Pvt Ltd			
1126666 shares @Rs 150 Per Share	-	1,690.00	1,690.00
	-	1,690.00	1,690.00
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
6.1 NON-CURRENT			
Advance to suppliers	2,857.81	1,901.10	1,282.12
Advance Others	338.82	392.90	380.52
Advance to subsidiary Company- BLRL	1,222.93	1,209.46	1,288.27
	4,419.56	3,503.45	2,950.92
7 OTHER NON-CURRENT ASSETS			
Product Registration	57.82	71.68	130.87
New Registrations	8.63	0.60	0.48
Less: Amortisation charged to P&L Account	(13.29)	(14.46)	(59.68)
	53.16	57.82	71.68
8 INVENTORIES			
Raw material	322.76	499.70	799.75
Work In Progress	154.44	263.40	177.27
Finished goods	163.28	463.52	240.49
Other goods	112.97	158.41	103.24
stores and spares	313.97	288.97	317.24
	1,067.42	1,673.99	1,637.99
9 TRADE RECEIVABLES			
(Unsecured unless otherwise stated)			
Considered good			
i) Trade receivables - More than 6 months	1,761.23	4,894.86	4,438.18
ii) Others	666.71	765.10	2,440.58
Considered doubtful			
Less: Allocance for bad and doubtful debts	-	(282.37)	(82.32)
	2,427.94	5,377.58	6,796.44
10 CASH AND CASH EQUIVALENTS			
Cash on hand	4.10	3.59	2.70

(All amounts in Rs.Lakhs)

	As at 31st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Balance with Banks			
in current accounts	46.01	40.32	15.00
Term deposits with original maturity of less than three months			
Short term, highly liquid investments			
Treasury bills with original maturity of less than three months			
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
Earmarked balances with banks			
unpaid dividend			
Margin money deposits	245.00	221.88	253.69
Investments in term deposits [with original maturity of more than three months but less than twelve months]			
	295.12	265.79	271.38

11 OTHER CURRENT ASSETS

Deposits with Govt. or Semi Govt. Depot.	31.29	31.29	28.32
Deposits with Others	554.25	44.38	174.97
TDS Receivable	46.91	29.80	28.10
Sales Tax Refund account	18.60	85.79	110.89
CENVAT receivable	-	191.12	203.54
GST receivable	420.06	-	
Prepaid expenses	0.88	7.26	16.14
License On hand*	11.43	11.43	11.43
	1,083.43	401.07	573.40

12 EQUITY SHARE CAPITAL

	Balance
As at 1st April, 2016	1,865.63
Changes in equity share capital during the year	-
As at 31st March, 2017	1,865.63
Changes in equity share capital during the year	500.00
As at 31st March, 2018	2,365.63

(All amounts in Rs.Lakhs)

13 A. OTHER EQUITY

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
A. Summary of Other Equity balance			
Capital Reserve	569.07	569.07	569.07
Share Premim	4,131.14	3,031.14	3,031.14
General Reserve	185.23	185.23	185.23
Retained Earnings	(3,458.20)	(1,784.55)	124.13
Items of other Comprehensive Income			
- Remeasurements of defined benefit plans			
Total Other Equity	1,427.24	2,000.89	3,909.56

14 EQUITY SHARE WARRANT

8000000 Lakhs issued @ Rs. 32 Per Warrant and 50,00,000 lakhs subscribed	-	400.00	-
TOTAL	-	400.00	-

15 NON CONTROLLING INTEREST

Share Capital	(55.35)	(18.05)	93.39
Revenue profit	(17.28)	(37.30)	(111.45)
TOTAL	(72.63)	(55.35)	(18.05)

C. STATEMENT OF CHANGES IN OTHER EQUITY

	Reserves and Surplus				Total
	Capital Reserve	Share Premium	General Reserve	Retained Earnings	
As at 1st April, 2016	569.07	3,031.14	185.23	124.13	3,909.56
Profit for the year	-			(1,908.68)	(1,908.68)
Other comprehensive Income/ Loss for the year	-				-
Total comprehensive income for the year	-	-	-	(1,908.68)	(1,908.68)
As at 31st March, 2017	569.07	3,031.14	185.23	(1,784.55)	2,000.89
Profit for the year	-	1,100.00		(1,673.65)	(573.65)
Other comprehensive Income/ Loss for the year	-				-
Total comprehensive income for the year	-	1,100.00	-	(1,673.65)	(573.65)
As at 31st March, 2018	569.07	4,131.14	185.23	(3,458.20)	1,427.24

(All amounts in Rs.Lakhs)

16	BORROWINGS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
	Borrowings			
	Secured			
	ADITYA BIRLA FINANCE LIMITED	-	3,676.88	3,517.13
	DBS WORKING CAPITAL TERM LOAN	220.85	-	
	STATE BANK OF INDIA	1,886.72	-	
	Un Secured			
	From DIRECTORS	217.37	224.22	-
		2,324.94	3,901.10	3,517.13
	SECURITIES OFFERED			
	STATE BANK OF INDIA			
16.1	Secured by First Charge on entire Current Assets and fixed Assets acquired out of Term Loan from SBI.			
16.2	Second pari passu Charge on the entire Fixed assets with Development Credit Bank, DBS Bank and Bank of Ceylon. except Fixed Assets acquired out of Term Loan Sanctioned By State Bank of India.			
16.3	Personal guarantee of Promoter Directors- Mr. Bafna Mahaveer chand - Chairman and Managing Director and Mr.Paras Bafna- Whole Time Director.			
16.4	State Bank of India has declared the account as NPA on 28.01.2017 and Hence the same is classified under Long Term as the company is persuading for resturcuturing with SBI			
	DEVELOPMENT BANK OF SINGAPORE			
16.5	First Pari Passu Charge on the entire current assets along with other MBA Banks			
16.6	Second pari passu Charge on the entire Fixed assets except Fixed Assets acquired out of Term Loan Sanctioned By State Bank of India.			
17	DEFERRED TAX LIABILITIES (NET)			
	DEFERRED TAX LIABILITIES (NET)	511.13	291.86	382.16
		511.13	291.86	382.16
18	OTHER NON-CURRENT LIABILITIES			
	Trade Deposit	7.00	7.00	7.00
	Lease Deposit (BLRL)	22.50	22.50	22.50
	M.R.Impex	65.32	63.04	62.03
	Bafna Lifestyles Remedies Limited	1200.43	1186.96	0.00
	Total	1295.25	1279.49	91.53

(All amounts in Rs.Lakhs)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
19 SHORT TERM BORROWINGS			
SECURED			
STATE BANK OF INDIA			
Cash Credit Account	-	1785.09	1651.91
Collection (Export Bills)			
Loans installments Repayable within one year	-	101.09	185.27
INDUSTRIAL DEVELOPMENT BANK OF INDIA			
Cash credit Account	1090.97	925.30	1053.40
Current Account		0.00	0.64
Packing Credit Foreign Bills		88.45	
DBS BANK			
Cash Credit Account	-	101.18	149.51
Packing Credit Foreign Bills	-	120.94	186.41
Bill Discounting	-	0.00	115.08
BANK OF CEYLON			
Cash Credit Account	303.23	306.09	324.85
Bill Discounting	25.73		
DEVELOPMENT CREDIT BANK			
Cash Credit Account	909.17	909.16	863.73
Total	2329.10	4337.29	4530.79

SECURITIES OFFERED**INDUSTRIAL DEVELOPMENT BANK OF INDIA**

- 19.1 First Pari Passu Charge on the entire current assets along with other MBA Banks
- 19.2 Second pari passu Charge on the entire Fixed assets except Fixed Assets acquired out of Term Loan Sanctioned By State Bank of India.
- 19.3 Personal guarantee of Promoter Directors- Mr. Bafna Mahaveer chand - Chairman and Managing Director and Mr.Paras Bafna- Whole Time Director.

DEVELOPMENT CREDIT BANK

- 19.4 First Pari Passu Charge on the entire current assets along with other MBA Banks
- 19.5 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

(All amounts in Rs.Lakhs)

BANK OF CEYLON

- 19.6 First Pari Passu Charge on the entire current assets along with other MBA Banks
- 19.7 Second pari passu Charge on the entire Fixed assets except Fixed Assets acquired out of Term Loan Sanctioned By State Bank of India.

20 TRADE PAYABLE

DUES TO MICRO AND SMALL ENTERPRISES (as per intimation received from vendor)

- Principal and interest amount remaining unpaid
- Interest due thereon remaining unpaid
- Interest paid by the Company in terms of Sections 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day
- Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprise Act, 2006
- Interest accrued and remaining unpaid
- Interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprises

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
DUES TO OTHERS			
Acceptances			
Trade payable			
Sundry Creditors BPL	2,782.49	2,339.78	2994.00
Sundry Creditors BLRL	78.53	50.65	776.08
Total	2,861.02	2,390.43	3770.08

21 OTHER CURRENT LIABILITIES

Outstanding expenses	330.99	253.67	146.51
Sales Tax			0.01
TDS payable	18.88	69.78	43.84
Advance from Customer	245.28	906.34	813.59
Income Tax	199.42	189.66	199.69
Total(B)	794.56	1419.45	1203.63

- There no amounts due for payment to the Investor Education and Protection fund under section 125 of companies act 125 of the Companies Act 2013 as at 31st March 2018 (31st March 2017 Nil, 1st April 2016 Nil)

(All amounts in Rs.Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
22 REVENUE FROM OPERATIONS		
Sale of products		
Sales (Domestic)	2,650.16	4,267.33
Less: Excise Duty on local sales	-	(124.67)
Sub-Total	2,650.16	4,142.66
* Domestic sales include sales of Traded goods to the tune of Rs.1747.50('In lakhs) during the Current Year and Rs.3769.38('In Lakhs) in the previous year.		
Sales(Export)	2065.81	2361.56
Less: Excise Duty on Export Sales	0.00	-10.87
Sub-Total	2065.81	2350.69
Other operating revenue		
FR &D INCOME	1.10	2.80
Grand Total	4717.07	6496.15
23 PROFIT ON SALE OF INVESTMENT		
Profit on sale of investment made in Strides Health Care Pvt Ltd	3,003.64	-
24 OTHER INCOME		
Interest Income		
Bank deposits	2	4
Others	0.85	14.51
Others		
Gain or (Loss) on Exchange Exchange	3.40	39.96
Export Incentive	9.70	14.56
Insurance Claim Received	25.06	0.00
Rent Received	0.00	0.53
Sundry Balances Written off	12.43	0.00
Analytical Charges	75.65	40.40
	129.44	114.02
25 COST OF MATERIALS CONSUMED		
Cost Of Raw Materials Consumed		
Opening Stock	499.70	799.75
Add: Purchase	1,449.27	940.55
Less: Closing Stock	322.76	499.70
Raw Material Consumed	1,626.21	1,240.60

(All amounts in Rs.Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
COST OF PACKING MATERIAL CONSUMED:		
Opening stock	158.41	103.24
Add:Purchase	448.73	295.29
Less: Closing stock	112.97	158.41
Packing Material Consumption	494.17	240.12
Manufacturing Expenses		
Consumable Stores	30.87	35.40
Analytical Expenses	14.75	2.44
Power & Fuel	212.52	205.16
Machinery Maintenance	66.59	133.61
Factory Maintenance	86.10	36.23
Chemical Purchase	31.27	31.74
Security Charges	8.46	17.63
Repairs & Maintenance	8.93	18.56
Other Manufacturing	89.02	95.55
Lab Maintenance	0.00	1.35
TOTAL	548.53	577.67
Freight		
Freight Charges	12.15	8.06
TOTAL COST OF MATERIALS CONSUMED	2,681.04	2,066.46
26 PURCHASE OF STOCK IN TRADE		
Purchase of stock in Trade	1,298.95	4,020.06
	1,298.95	4,020.06
27 CHANGES IN INVENTORIES OF FINISHED GOODS STOCK IN PROCESS & STOCK-IN-TRADE		
Closing Inventories :		
Finished Goods	163.28	463.52
Work in progress	154.44	263.40
Total	317.71	726.92
Opening Inventories :		
Finished Goods	463.52	240.49
Work in progress	263.40	177.27
Total	726.92	417.76
Change In Inventories	409.20	(309.16)

(All amounts in Rs.Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
28 EMPLOYEE BENEFITS EXPENSES		
Salary	634.99	578.65
Bonus	31.00	30.08
P.F. Company's Contribution	39.63	44.19
E.S.I Company's Contribution	12.67	8.03
Staff Welfare	29.21	19.68
	747.49	680.63
29 DEPRECIATION AND AMORTISATION CHARGES		
Depreciation and Amortisation expenes	397.41	421.95
	397.41	421.95
30 FINANCE COST		
Interest To Bank	300.88	564.62
Bank Charges	20.78	42.49
Interest To Others	372.63	540.26
	694.29	1,147.37
31 OTHER EXPENSES		
A. DIRECTORS REMUNERATION:		
Bafna Mahaveer Chand	17.10	15.60
Paras Bafna	13.20	12.00
	30.30	27.60
B. PAYMENT TO AUDITORS		
Audit Fees	4.00	4.50
Tax Audit Fees	0.00	0.65
Certification & Other Services	0.00	1.40
Service Tax	0.72	1.03
Vat Audit Fees	0.00	0.00
	4.72	7.58
C. INSURANCE EXPENSES		
Insurance	12.03	11.00
	12.03	11.00
D. POWER & FUEL EXPENSES		
Power & Fuel	0.00	
E. OTHERS :		
Rent & lease rent	21.23	24.43
Postage & telegram	5.65	6.99
Telephone	5.53	7.27
Conveyance	13.41	10.78

(All amounts in Rs.Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Travelling expenses	14.93	13.61
Printing & stationery	18.20	11.65
Subscription & membership	1.47	0.45
Fees	3.99	4.45
Office maintenance	0.73	0.64
Donation	0.00	0.11
Vehicle maintenance	1.97	3.18
Miscellaneous expenses	11.42	47.60
Professional charges	47.00	50.42
Discount Allowed	160.88	0.24
Service Tax	3.15	14.86
Books and Periodicals	0.06	0.00
Repairs & maintenance	6.45	9.20
Sundry Balances Written off	2.30	19.08
Directors sitting fees	1.75	2.10
Bad debts	2,617.12	
Freight & transportation	41.10	43.64
Excise duty		
Advertisement	0.99	2.06
Sales promotion	5.43	9.38
Commission & brokerage	6.36	67.93
MHRA Audit Fees	3.39	0.00
Liquidative Damages	51.10	22.80
Packing Charges	0.26	0.00
Exchange Difference	0.49	0.00
Provision for Doubtful Debts	0.00	200.06
TOTAL (E)	3,046.37	572.96
Grand Total - Other exp	3,093.43	619.14

(All amounts in Rs.Lakhs)

32 RELATED PARTY DISCLOSURES

As per Indian Accounting Standard 24, 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

32.1 Name of the related Party

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

32.2 Directors' Interest

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

32.3 The Directors of the Subsidiary Company Ms. Hemalatha and Ms. Sabitha are the employee of the Company

Sl.NO	Particulars	Associates	Key Management Personnel	Rel of KMP	Total as on 31.03.2018	As on 31.03.2017
1	Purchase of goods	Bafna Lifestyles Remedies Ltd			-	-
2	Sale of goods	Bafna Lifestyles Remedies Ltd			-	-
3	Sale of Fixed Assets				-	-
4	Rendering Services	Bafna Lifestyles Remedies Ltd	Bafna Mahaveer Chand, Paras Bafna, and Naveen Bafna		33.60	27.60
5	Agency agreements					
6	Leasing or Hire Purchase	Bafna Lifestyles Remedies Ltd		Bhansilal Bafna (HUF)	29.25	29.25
7	Transfer of R&D				-	-
8	License Agreements				-	-
9	Finance loans and Equity in Cash or Kind	Bafna Lifestyles Remedies Ltd	Bafna Mahaveer and Paras Bafna		1476.60	1,576.68
10	Guarantee and Collaterals	Bafna Lifestyles Remedies Ltd			-	-
11	Manage Contracts including for Deputation of Employees				-	-
12	Rent		Bafna Mahaveer Chand	Bhansilal Bafna (HUF)	22.50	22.50

(All amounts in Rs.Lakhs)

33 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.

34 RESEARCH AND DEVELOPMENT EXPENDITURE

(Rs. In lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Capital Expenditure	-	-
Revenue Expenditure	37.09	71.85
	<u>37.09</u>	<u>71.85</u>

35 CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rs. In lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) In respect of Letter of Credit and Bank Guarantee	45.90	29.25
b) Bonds have been executed in favour of Customs Authorities for the purchase of materials and capital goods without payment of duty	-	-

36 GOODS AND SERVICE TAX

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

37 GENERAL

- a) The details of Statutory dues pending as at 31 st march 2018 are given below

Name of the Statue	Nature of Dues	Amount (Rs. In Lakhs)	Payment to which the amount Relates	Due Date	Date of Payment
EPF & MP Act 1952	PF Contribution	147.22	Jan 2016 To March 2018	15th Day of the Following Month	Not Paid
ESI Act 1948	ESI Contribution	22.99	June 2016 to March 2018	21st Day of the Following Month	Not Paid
Service Tax	Service Tax	19.02	June 2016 to March 2018	5th Day of the Following Month	Not Paid
Income Tax Act 1961	TDS	18.88	April 2017 to March 2018	7th Day of the Following Month	Not Paid
Income Tax Act 1961	Income Tax Dues	720.00	Asst Year 2015-16	31st March 2015	Not Paid

- b) Balances under Trade Payables, debtors, loans and advances some of them remain unconfirmed.
- c) 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

(All amounts in Rs.Lakhs)

d)

Name of the Body Corporate	As at 31st March 2018	As at 31st March 2017
TAMILNADU STEEL TUBES LIMITED (Including Interest thereon)	-	10.13
DEEP ENTERPRISES	150.00	
S. KUMAR CORPORATION	170.00	
GOLD LEAF ENTERPRISES	200.00	
e) The company has granted loan to its subsidiary M/s. BAFNA LIFESTYLES REMEDIES LIMITED for Rs. 1222.93(In Lakhs) which is outstanding as at March 2018.BLRL has difficulties in repaying its debts.		
f) The Fixed deposit of sum of Rs. 245.00 (Rs. in Lakhs) (Previous Year Rs253.68(Rs.In Lakhs)) lying with DCB, ICICI are under lien against Bank Gaurantee Margin, LC Margin Money.		
g) The New schedule III of the Companies Act 2013 become applicable during the year 2014-15 to the Company and applicability of New IND AS from 2017-18 and hence Previous Years figures have been reclassified, regrouped and re-arranged wherever necessary.		

Significant Accounting Policies and Notes of Financial Statement 1 to 37 as per our report of event date

FOR R. SATHYANARAYANAN & CO

Chartered Accountants
FRN No: 003656 S

R.SATHYANARAYAN

(Partner)

M.No. 028377

Place : Chennai

Date : 28-05-2018

For and on Behalf of the Board

BAFNA MAHAVEER CHAND

[Managing director]

[DIN :01458211]

M.SRIDHAR

[Chief Financial Officer]

PARAS BAFNA

Whole Time Director)

[DIN :01933663]

L. NIRMALA

[Company Secretary]

[M No:44766]

Corporate Information, Significant Accounting Policies and Notes to the Financial Statements

A. Corporate Information

BAFNA PHARMACEUTICALS LIMITED ("the company") is a public limited company domiciled and incorporated in India having its registered office at No. 299, ThambuChetty street, Chennai – 600 001. The Company's shares are listed and traded on Stock Exchanges in India. The Company is engaged in the business of Manufacture of Pharmaceuticals.

B. Significant Accounting Policies

1. Basis of preparation and consolidation

The Ministry of Corporate affairs ('the MCA'), Government of India in exercise of the powers conferred by Section 133 read with Section 469 of the Companies act, 2013 (the 'act') and sub-section 1 of Section 210a of the Companies act, 1956 ('the erstwhile act') in consultation with national advisory Committee on accounting

Standards vide G.S.R. 111(E) dated 15th February, 2015 notified rules called Companies (Indian Accounting Standard) Rules, 2015 effective April 1, 2015. The MCA wide notification GSR 111(E) dated March 30, 2016 issued certain amendments to IND AS vide Companies (Indian accounting Standards) amendment rules 2016.

The MCA vide notification GSR 404(E) dated April 6, 2016 introduced amendments to Schedule III of the Act, requiring companies to prepare the financial statements in compliance with Companies (Indian Accounting Standards) rules, 2015.

The Group which was falling under the Mandatory adoption (Phase II) for listed companies with net worth less than Rs 500 crores (based on audited standalone statements) vide its Board resolution dated 10.11.2017 resolved to adopt Ind AS for the first time in preparation of financial statements for the year ended march 31, 2018. Pursuant to the above resolution and rules framed by MCA, the Group has prepared its financial statements as per Ind AS for the year ended March 31, 2018 with April 1, 2017 being the date of transition.

The Consolidated financial statements comprise the financial statements of BAFNA PHARMACEUTICALS LIMITED (the holding company), its subsidiary company BAFNA LIFESTYLE REMEDIES LIMITED (the holding company and its subsidiary is referred to as group).

The comparative figures in the Balance Sheet as at March 31, 2017 and April 1, 2016 and Statement of Profit and loss and Statement of Cash Flow for the year ended March 31, 2017 have been restated accordingly.

The financial statements of the group have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting. GAAP comprises of Indian Accounting Standards as specified in Section 133 of the Act read together with Rule 4 of companies (Indian Accounting Standard) Amendment Rules, 2016 to the extent applicable, pronouncements of regulatory bodies applicable to the group and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an going concern basis.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria.. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities, except in the case of Receivables.

The companies considered in consolidation are BAFNA PHARMACEUTICALS LIMITED (the holding company), its subsidiary company BAFNA LIFESTYLE REMEDIES LIMITED (the holding company and its subsidiary is referred to as group).

2 Statement of Compliance with Ind AS

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity, Statements of Cash Flow together with notes for the year ended March 31, 2018 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors' at its meeting held on 28th May 2018. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Refer Note 5 for the details of first-time adoption exemptions availed by the Group.

Upto the year ended March 31, 2017, the Group prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. These are explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4 Functional and Presentation Currency

Items included in financial statements of the Group are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional currency of the Company.

The Financial Statements are presented in Indian Rupees which is company's presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest Lakhs with two decimals except where otherwise indicated.

5 First - time adoption of Ind AS - Mandatory Exceptions and Optional Exemptions

- (i) Overall principle: The Group has prepared the Balance Sheet as per Ind AS as of April 1, 2016, the transition date (Opening Ind AS Balance Sheet) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Group as detailed below."
- (ii) Exceptions to retrospective application of Ind AS
 - i. Estimates: the Group has not made any changes to estimates made in accordance with previous GAAP.
 - ii. Ind AS 109 – Financial instruments (Derecognition of previously recognised financial assets/liabilities)
 - iii. Ind AS 109 financial instruments (impairment of financial assets)- The Group has not applied impairment requirements retrospectively.
 - v. Ind AS 109 – embedded derivatives - the Group does not have any embedded derivative on the transition date.
- (iii) Exemptions from retrospective application of IND AS

- i. Ind AS 103 Business combination
This IND AS is not applicable to this group.
- ii. Ind AS 102 share based payment
The group does not have any share based payment on the transition date hence the requirements of Ind AS 102, in this regard does not arise."
- iii. Ind AS 104 Insurance contracts:
The group does not have any insurance contracts on the transition date hence the requirements of Ind AS 104, in this regard does not arise."
- iv. Ind AS 16 Property, Plant and equipment/Ind AS 38 Intangible asset:
The group has elected to continue with the carrying amount for all of its PPE, intangible asset measured as per Previous GAAP and use that as deemed cost as at the date of transition. The group does not have any decommissioning liability as on transition date.
- v. Ind AS 17 Leases The group has assessed all arrangements based on conditions existing as at the date of transition.
- vi. Ind AS 21 Cumulative Translation Differences on Foreign Operations
The group does not have foreign operation and hence this exemption does not apply to the Company.
- vii. Long term foreign currency monetary item
The group did not adopt the policy of amortising exchange differences on long term foreign currency monetary items and hence this exemption does not apply.
- viii. Ind AS 27 Separate financial statements
The group has elected to measure its investment in subsidiaries at cost determined in accordance with Ind AS 27 i.e. Original cost of investment in subsidiaries.
- ix. Ind AS 32 financial instruments presentation
The group has not issued any compound financial instruments and hence this exemption does not apply to the Company.
- x. Ind AS 109 financial instruments
The group has designated unquoted equity instruments in companies other than subsidiaries as at FVTOCI, based on the assessment made on the date of transition to Ind AS.
- xi. Ind AS 105 Non-Current Assets held for Sale and Discontinued Operations -
The group does not have any non-current asset/disposal group to be classified as held for sale. Hence, this exemption is not applicable to the group.

6 Critical Accounting Judgments, Assumptions and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Assumptions and Key Sources of Estimation Uncertainty

a. Useful life of Property, Plant & Equipment (PPE)

The group reviews the estimated useful lives of PPE at the end of each reporting period.

Asset Category	Management estimate of useful life (in years)
Buildings	30
Plant and Machinery	20
Furniture and fixtures	10
Other equipment	5
Vehicles	8

Property, plant and equipment is stated at cost less accumulated depreciation and where applicable, accumulated impairment losses. Cost includes expenditure that is directly attributable to acquisition of the asset. the cost of self constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income/other expenses" in the Statement of Profit and Loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Company and its cost can be measured reliably. the carrying amount of the replaced part is de-recognised. the cost of day to day servicing of property, plant and equipment are recognised in Statement of Profit or Loss.

Depreciation

Depreciation is recognized in the Statement of Profit and Loss under Straight Line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in schedule II. Assets costing Rs.5000 or below acquired during the year considered not material and are depreciated in full retaining Re.1/- per asset. The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

Subsequent expenditure

Susbequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognised in the Statement of Profit and Loss.

Amortisation of intangible asset with finite useful lives

Amortisation is recognised in the Statement of Profit and Loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available to use based on the estimates made by the management with respect to the useful life and residual value.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

b. Financial Instruments

(i) Financial assets - Investment in subsidiaries, associates and joint ventures:

- a. In this group, the parent company has investments in its wholly subsidiary, Bafna Lifestyle Remedies Limited (BLRL) in the form of Equity shares and has controlling stakes over the entity's affairs (IND AS 112). The Company on application of the principle of IND AS 10 (Events occurring after the reporting period), has chosen not to designate as investment at FVTOCI. The Subsidiary does not qualify to be recognised as Going concern upon application of the appropriate tests as at the reporting date. Even as at reporting date, the Management had decided to hive off Land and building of the subsidiary as the first step towards winding up, and hence, based on such events, the Company has opted to state the investment at Indian GAAP values, and not to adopt FVTOCI as at the reporting date.
- b. During the reporting period, the Company sold shares held in Strides Health care Pvt Ltd., and have recognised the gains in Statement of Profit or loss.

The Group does not have any associates or Jointventures.

(ii) Financial assets - other than investment in subsidiaries, financial assets comprises of Trade receivables, cash and cash equivalents and other financial assets like Advances to suppliers, Subsidiary company and to others.

Initial recognition:

All financial assets are recognised initially at Fair value plus transaction costs that are attributable to the Acquisition of the financial asset (In case of financial assets not recorded at FVTPL, transaction costs are recognised immediately in Statement of Profit and Loss). Purchase or sale of financial asset within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement:

- a) Trade receivable :An impairment analysis is performed at each reporting date. the expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rate reflecting future economic conditions. In this approach, assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

The Group has already effected measurements at Fair value by conducting a realistic assessment on the probability of realistic recoverability and have recognised the impairment vide FVTPL methodology itself by writing off the gross carrying amount.

b) Other financial assets

In respect of Advances to Subsidiary, M/s Bafna Lifestyle Remedies Limited, the approach adopted in case of investment in the same applies. Reference is drawn to Clause 7 (i) (a) under Financial Instruments above, whereby the Group has opted for not adoption of FVTOCI as at the reporting date since principal decision has been taken to wind up the subsidiary.

Derecognition on financial asset

Financial assets are derecognised when the contractual right to cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of Derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in the Statement of Profit and Loss.

c. Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of financial liability except financial liabilities at fair value through profit and loss which are initially measured at fair value.

Subsequent measurement

The financial liabilities are classified for subsequent measurement into following categories

-at amortised cost

-at fair value through the Statement of Profit and Loss

Financial liabilities at amortised cost

The Group is classifying the following under amortised cost;

- a) Borrowings from banks
- b) Borrowings from others
- c) Finance lease liabilities
- d) Trade payables
- e) Other Financial Liabilities

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

Financial liability at Fair Value through Statement of Profit and Loss

There are no financial liabilities of the Group that are held for trading purposes.

De-recognition of financial liabilities

A financial liability is de-recognised when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Derivative financial instruments

The Group does not have any foreign exchange forward contracts and options, and neither has the company designated any hedge instruments

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in Balance Sheet when, and only when, the Group has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

Reclassification of financial assets

The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

d. Share capital

Equity Shares are classified as equity. Where any shares are issued, incremental costs directly attributable to the issue of new equity shares or share options will be recognised as deduction from equity, net of any tax effects.

e. Impairment of Non financial assets

The carrying amount of the group's non-financial asset, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. Impairment losses recognised in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

Reversal of impairment loss

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

f. Leases

The Group has not entered into any Operational or Finance lease.

g. Inventories

Inventories are measured at the lower of cost (determined using Weighted average method) and net realizable value. Cost comprises the fair value of consideration for the purchase and all directly attributable costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

h. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specified to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognizes any impairment loss on the assets associated with that contract.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

i. Revenue recognition

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risk and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and the amount of revenue can be measured reliably. Transfer of risk and reward vary depending on the individual terms of the contract of sale.

j. Employee benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Group, as detailed below:

i) Defined contribution plan (Provident fund)

In accordance with Indian law, eligible employees receive benefit from provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specific percentage of employee's basic salary. The Group has no further obligations under the plan beyond its monthly contributions. The Group does not have any legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee service in the current and prior periods. Obligation for contributions to the plan is recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.

ii) Gratuity

The Group 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.**

k. Finance Income and expense

Finance income comprises of interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss. Interest income is recognised using effective interest method.

Finance expense comprises of interest expense on loans and borrowings, bank charges, unwinding of discount on provision, fair value losses on financial asset through FVTPL that are recognised in the Statement of Profit and Loss.

l. Borrowing costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the group determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the group which are outstanding during the period, other than borrowings made specifically towards purchase of qualifying asset. The amount of borrowing costs that the group capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

m. Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

Deferred tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- i) The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- ii) Arising due to taxable temporary differences on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

n. Foreign Currency Transactions and balances

Transactions in foreign currencies are initially recognised in the financial statements using exchange rate prevailing on the date of transaction. Monetary and Non-monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Foreign currency differences arising on translation are recognised in Statement of Profit and Loss for determination of net profit or loss during the period."

7 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all potential ordinary shares, which include share options granted to employee if any, to the extent that partly paid shares are not entitled to participate in dividends during the period. They are treated as equivalent of warrants or options in the calculation of diluted earnings per share.

8 Fair value measurement

Ind AS require the determination of fair value for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the

asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company has opted to carry assets and liabilities at historical costs except for Receivables which has been detailed in 6 (b) (iii) (i) above.

9 Current and non-current classification

An asset is classified as current if:

- (a) it is expected to be realised or sold or consumed in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realised within twelve months after the reporting period; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The exception has been in the case of Receivables whereby the Management, in its judgement, has retained certain outstanding balances which are more than 12 months as current.

All other assets are classified as non-current.

A liability is classified as current if:

- (a) it is expected to be settled in normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be settled within twelve months after the reporting period;
- (d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

10 Statement of Cash Flow

Cash flows are reported using the indirect method, whereby, profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

11 Segment Reporting

Operating segments are identified and reported taking into account the different risks and returns, the organization structure and the internal reporting systems. The group operates only in one segment i.e., Manufacture of Pharmaceuticals.

12. Related party and transactions

Related parties and their relationship

As per Indian Accounting Standard 24, 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

Name of the related party:

- a) Mr. Mahaveer Chand Bafna
- b) Mr. Paras Bafna
- c) Mrs. Chetna Bafna
- d) Mr. Naveen Bafna

Directors Interest

- a) Bafna Lifestyles Remedies Ltd
- b) Bhansilal & Co (HUF)

The Directors of the subsidiary Company Ms. Hemalatha and Ms. Sabitha are the employee of the Company

SI No	Particulars	Associates	Key Management Personnel	Rel of KMP	Total as on 31.03.2018 (Rs. In Lakhs)	as on 31.03.2017 (Rs. In Lakhs)
1	Purchase of goods	Bafna Lifestyles Remedies Ltd			-	-
2	Sale of goods	Bafna Lifestyles Remedies Ltd			-	-
3	Sale of fixed asset				-	-
4	Rendering of services	Bafna Lifestyles Remedies Ltd	Mahaveer Chand Bafna, Paras Bafna and Naveen Bafna		33.60	27.60
5	Agency Agreements					
6	Leasing or Hire Purchase	Bafna Lifestyles Remedies Ltd		Bhansilal & Co (HUF)	29.25	29.25
7	Transfer of R&D				-	-
8	License Agreements				-	-
9	Finance Loans and equity in cash or kind	Bafna Lifestyles Remedies Ltd	Mahaveer Chand Bafna and Paras Bafna		1476.60	1576.68
10	Guarantee and Collatorals	Bafna Lifestyles Remedies Ltd			-	-
11	Manage Contracts including for deputation of employees				-	-
12	Rent			Bhansilal Bafna (HUF)	22.50	22.50

13. Financial risk management

The Group has exposure to the following risks from its use of financial instruments.

13.1 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Based on such evaluations, the Group has retained outstanding balances of certain parties the age of which is beyond one year after the process of carrying out impairment.

13.2 Liquidity risk : The Group manages liquidity risk by reasonably monitoring forecast and actual cash flows.

13.3 Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. the major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk.

13.3.1 Commodity price risk - the primary commodity price risks that the Holding Company is exposed to include API prices that could adversely affect the value of the Group's financial assets or expected future cash flows.

13.3.2 Foreign currency risk management - The Holding company makes export sales to countries outside India, and is, therefore, exposed to foreign currency risk principally arising out of foreign currency movement against the Indian Currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

13.3.3 foreign currency sensitivity analysis the Company is principally exposed to foreign currency risk against USD, Euro and GBP

(Fig in Lakhs)

Particulars	USD	GBP
As at march 31, 2018		
- Liabilities	0.59	1.70
- assets	7.96	0.74
As at march 31, 2017		
- Liabilities	0.21	0.94
- assets	14.71	11.83

13.3.4 Interest rate risk management

The Group is exposed to interest rate risk because of borrowal of short term funds at floating interest rates. The Management, considering the current status, considers it apt not to dwell on any sensitivity analysis or conduct any tests of risk analysis since it is in the process of carrying out a restructuring exercise.

14. Capital Management

The Group's capital comprises of equity share capital, retained earnings and other equity attributable to equity holders. the primary objective of company's capital management is to maximise shareholders value.

15. Legal proceedings / Contingent Liabilities / Contingent Assets

The Holding Company is under the ambit of NCLT proceedings owing to the action by an operational creditor. However, the Company is confident of resolving the same.

There are other cases of claim with NCLT, which are in the nature of Contingent Liabilities, the particulars of which are given below:

Particulars of Contingent Liabilities not provided for	As at 31 st Mar 2018	As at 31 st Mar 2017	As at Mar 2016
ARIES an operational creditor	8,35,333	-	-
Dalas Biotech Ltd an operational creditor	1,25,52,841	-	-
Encore Healthcare Ltd an operational creditor	32,39,640	-	-
Natural Capsules Limited	35,28,116	-	-

16. Dues to micro and small enterprises

The Company has not received any letter from any vendor claiming their status as micro / small enterprises. accordingly the amount paid/payable to these parties is considered to be nil.

17. Contribution to Corporate Social Responsibilities

Sec 135 of Companies act 2013, requires Company to spend towards Corporate Social responsibility, which however is not applicable to this Company.

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of Bafna Pharmaceuticals Limited will be held on Saturday, the 29th day of September 2018, at 10.00 AM, at # Andhra Social and Cultural Association, Krishna Hall, No.22, Vijayaraghava Road, T. Nagar, Chennai – 600 017 to transact the following business:

ORDINARY BUSINESS:

Adoption of Financial Statements:

Item No1: To receive, consider and adopt the Audited Balance Sheet as at March 31, 2018, Statement of Profit and Loss Account & Cash Flow Statement for the year ended on that date together with the Reports of Directors and Auditor's thereon.

Adoption of Consolidated Financial Statements:

Item No 2: To receive, consider and adopt the Consolidated Audited Balance Sheet as at March 31, 2018 and Statement of Profit and Loss for the year ended on that date, the Reports of Directors and Auditor's thereon.

Appointment of Director:

Item No 3: To appoint a Director in place of Mrs. Sabitha K having directors identification number 02643259 who retires by rotation and being eligible, offers herself for re-appointment as Director.

Appointment of Statutory Auditor:

Item No 4:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT the appointment of R Sathyanarayanan & Co., Chartered Accountants, Chennai (FRN: 003656S), as Statutory Auditors years from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 27th AGM, as recommended by the Audit Committee and approved by the Board of Directors of the Company, in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 on such remuneration, as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors.

SPECIAL BUSINESS:

To ratify Cost Auditors Appointment and Remuneration:

Item No 5: To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of section 141, 148 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions and subject to the approval of the Central Government & others, if any, the Cost Auditors, M/s. Thanigaimani & Associates (FRN: 101899) appointed by the Board of Directors of the Company, to conduct the audit of cost records of the Company for the financial year ending 31st march 2018 be paid a remuneration of Rs 45,000 (Rupees Forty Five Thousand Only) plus applicable taxes and out of pocket expenses.

RESOLVED FURTHER THAT, the Board of Directors of the Company be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item No.6: To consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL RESOLUTION:

Re-appointment of Mr. V Rajamani (DIN: 00052868) as an Independent Director

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV of the Act, provisions of the Securities & Exchange Board of India, 1992 and Guidelines and other applicable provisions including any statutory modification(s), re-enactment thereof, for the time being in force, Listing Agreement entered into with the Stock Exchanges where the shares of the company are listed, Mr. V Rajamani (DIN: 00052868), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 of the Act, be and is hereby re-appointed as an Independent Director of the Company for a period of five years with effect from (10.09.2019 upto 09.09.2024).

Item No.7: To consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL RESOLUTION:

Re-appointment of Mr. Sunil Bafna (DIN: 01458225) as an Independent Director

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV of the Act, provisions of the Securities & Exchange Board of India, 1992 and Guidelines and other applicable provisions including any statutory modification(s), re-enactment thereof, for the time being in force, Listing Agreement entered into with the Stock Exchanges where the shares of the company are listed, Mr. Sunil Bafna (DIN: 01458225), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 of the Act, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from (10.09.2019 upto 09.09.2024).

By Order of the Board of Directors

For Bafna Pharmaceuticals Limited

CIN: L24294TN1995PLC030698

Place: Chennai

Date: 05.09.2018

Sd/-

Bafna Mahaveer Chand

Managing Director

(DIN: 01458211)

Registered Office:

New No.68, Old No.299,

Thambu Chetty Street, Chennai - 600001

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF / HER SELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies / bodies corporate etc., must be supported by an appropriate resolution/ authority, as applicable.
2. As per Section 105 of the Companies Act, 2013 and relevant rules made there under, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%)

of the total share capital of the company carrying voting rights. Further, a member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
4. Additional information pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015) the notes on Directors seeking appointment / re-appointment at the Annual General Meeting are furnished and forms part of this Notice. The said Directors have furnished necessary consents/ declarations for their appointment/re-appointment.
5. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of item nos. 5,6 & 7 of the accompanying notice is annexed hereto.
6. Copies of all documents referred to in the notice are available for inspection at the registered office of the Company during normal business hours on all working days from 10.00 AM to 12.00 Noon upto and including the date of the annual general meeting of the Company.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from 23.09.2018 to 29.09.2018 (both dates inclusive).
8. Members seeking any information with regard to accounts are requested to write to the Company at least ten days in advance of the annual general meeting, to enable the Company to keep the information ready.

Members are requested to:

- a. Bring their copy of the annual report for the meeting.
 - b. Send to their depository participant/ registrar the ECS bank mandate form, to ensure safe and prompt receipt of dividend, if any. This is to avoid fraudulent encashment of dividend warrants.
 - c. Note that all correspondence relating to share transfers should be addressed to registrar and transfer agents of the Company, viz. M/s. Cameo Corporate Services Limited, No.1, Club House Road, Chennai – 600002
 - d. Quote their DP ID No. /Client ID No. or folio number in all their correspondence.
9. The annual report for 2017-18 along with the notice of annual general meeting, attendance slip and proxy form is being sent by electronic mode to all the shareholders who have registered their email ids with the depository participants/ registrar and share transfer agent unless where any member has requested for the physical copy. Members who have not registered their email ids, physical copies of the annual report 2017-18 along with the notice of annual general meeting, attendance slip and proxy form are being sent by the permitted mode. Members may further note that the said documents will also be available on the Company's website www.bafnapharma.com for download. Physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's investor email id viz. investor@cameoindia.com.

10. Pursuant to Section 101 of the Companies Act, 2013 and rules made there under, the companies are allowed to send communication to shareholders electronically. We thus, request you to kindly register/update your email ids with your respective depository participant and Company's registrar and share transfer agent (in case of physical shares) and make this initiative a success.
11. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate risks associated with physical shares and better management of the securities. Members can write to the Company's registrar and share transfer agent in this regard.
12. Securities and Exchange Board of India (SEBI) vide its circular dated 21st March, 2013, has mandated that for making cash payments to the investors, companies whose securities are listed on the stock exchanges shall use any Reserve Bank of India (RBI) approved electronic mode of payment such as ECS, RECS, NECS, NEFT etc. The companies and the registrar and share transfer agents are required to seek relevant bank details of shareholders from depositories for making cash payment/ dividends in electronic mode. It is also mandatory to print the bank details on the physical instrument if the payment is made in physical mode. Accordingly, shareholders are requested to provide or update (as the case may be) their bank details with the respective depository participant for the shares held in demat mode and with the registrar and share transfer agent for physical shares.

Pursuant to the provisions of Sec 124 of the Companies Act, 2013, dividend declared, which remain unclaimed for a period of Seven years will transferred by the Company to the Investor Education and Protection Fund as shown here under.

Financial Year	Unpaid/Unclaimed Dividend as on 31.03.2018	Date of Declaration	Due Date for Transfer to Investor Education and Protection Fund Account
2012-13	Rs.1,40,705/-	12.10.2013	11.10.2020

VOTING THROUGH ELECTRONIC MEANS

1. Pursuant to Section 108 and corresponding Rules of Companies Act, 2013, the Company will provide e-voting facility to the members. All business to be transacted at the annual general meeting can be transacted through the electronic voting system.
2. The notice will be sent to all the Members, whose names appear on the Register of Members and /list of beneficial owners as received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited.
3. The shareholders shall have one vote per equity share held by them. The facility of e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.
4. The company has appointed Shri. Pankaj Mehta, Practicing Company Secretary (Membership No. A29407 & COP No.10598), Partner, A.K.Jain & Associates, Chennai as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
5. The scrutinizer will submit his final report to Chairman of the Company within two working days after the conclusion of e-voting period.
6. The results of annual general meeting shall be declared by the Chairman or his authorized representative or anyone Director of the Company on / or after annual general meeting within the prescribed time limits.
7. The result of the e-voting will also be placed at the website of the Company viz. www.bafnapharma.com and also on www.evotingindia.com.

8. The scrutinizer's decision on the validity of e-voting will be final.
9. The Voting rights for the equity shares are one vote per Equity Share, registered in the name of the member.
10. Kindly note that the Members can opt for only one mode of voting i.e. either by physical attendance or e-voting. If you are opting for e-voting, then do not vote by physical attendance also and vice versa. However, in case a Member has voted both in physical as well as e-voting, then voting done through e-voting shall prevail over physical attendance and the voting by physical attendance will be treated as invalid. However, a member voting through e-voting platform may also attend the general meeting.
11. Electronic copy of the notice inter-alia indicating the process and manner of e-voting is being sent to all the members whose e-mail id are registered with the company / depository participants for the communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copy of the notice inter-alia indicating the process and the manner of e-voting is being sent in the permitted mode.

E-VOTING – Instructions

In compliance with the provisions of Clause - 44 of the Listing Regulations read with section 108 of the Companies Act 2013 ("the Act") and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their votes by electronic means for all the resolutions detailed in the Postal Ballot Notice and the business may be transacted through e-voting. The Company has engaged the services of CDSL as the authorized agency to provide the e-voting facilities as per instructions below.

Details of persons to be contacted for issues relating to e-voting:

Cameo Corporate Services Limited

No: 1, Club House road, Chennai- 600002

Ph: (044) 28460390, Fax (044) 28460129

investor@cameoindia.com

The e-voting module shall be disabled for voting on 28th September 2018 at 5.00 PM. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the company as on 22nd September 2018 (cut-off / record date for determining the eligibility to vote through postal ballot / electronic mode).

Shri. Pankaj Mehta, Practicing Company Secretary (Membership No. A29407 & COP No.10598), Partner, A.K.Jain & Associates, Chennai, has been appointed as the scrutinizer to ensure that the postal ballot & e-voting process is conducted in a fair and transparent manner. The instructions for shareholders voting electronically are as under:

- 1) The voting period begins on 26th September 2018 at 9.00 am and ends on 28th September 2018 at 5.00pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date/Record Date as of 22nd September 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- 2) The shareholders should log on to the e-voting website www.evotingindia.com.
- 3) Click on Shareholders.
- 4) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,

- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- 5) Next enter the Image Verification as displayed and Click on Login.
 - 6) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - 7) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- 8) After entering these details appropriately, click on "SUBMIT" tab.
- 9) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- 10) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- 11) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- 12) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- 13) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 14) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- 15) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- 16) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- 17) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- 18) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- 19) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- 20) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Note: Sequence number has been provided as S No. in the address label

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5:

The Board of Directors of the Company at their meeting held on 28th July 2017, has, on recommendation by the Audit Committee, appointed M/s Thanigaimani & Associates (FRN No.101899), Cost Accountants as the Cost Auditors for the Financial year 2017-18 at a remuneration of Rs. 45,000/- (Rupees Forty Five Thousand Only) plus applicable taxes and out of pocket expenses.

As per Section 148 of Companies Act, 2013 and applicable rules thereunder, the remuneration payable to the Cost Auditor has to be ratified by the members of the Company.

The Board considers the remuneration payable to the cost auditor as fair and recommends the resolution contained in item no.5 of the accompanying notice for approval of the members as an Ordinary Resolution.

No Director, Key Managerial Persons (KMPs) or their relatives, are concerned or interested in the said resolution.

ITEM NO. 6:

Mr. V. Rajamani is a Non-Executive Independent Director of the Company. He joined the Board of Directors in 20.10.2005. He was appointed as Non-Executive Independent Director for a period of five years i.e. 10.09.2014 upto 09.09.2019. His current terms expire on 09.09.2019.

As per the provisions of the Companies Act, 2013 Independent Directors can be re-appointed for a period of 5 (five) years by passing special resolution in general meeting. In terms of Section 149 and the rules made thereunder & other applicable provisions of the Companies Act, 2013, Mr. V. Rajamani being eligible, is proposed to be re-appointed as an Independent Director for a term of five years. The Company has received from Mr. V. Rajamani a declaration to the effect that he meets the criteria of Independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013. The resolution seeks the approval of members for the re-appointment of Mr. V. Rajamani as an Independent Director of the Company from 10.09.2019 upto 09.09.2024 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Consent of the Members by way of Special Resolution is required for re-appointment of Mr. V. Rajamani in terms of Section 149 of the Act. Further, in terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is also required for continuation of a Non-Executive Director beyond the age of seventy five years. He is not liable to retire by rotation. The Nominations Committee has recommended the appointment of the director as Independent Director from (10.09.2019 upto 09.09.2024). In the opinion of the Board of Directors, Mr. V. Rajamani, the Independent Director proposed to be appointed, fulfills the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of draft letter for the appointment of Mr. V. Rajamani as an Independent Director setting out the terms and conditions is available for inspection without any fee to the members of the company at the Registered Office during normal business hours from 10.00 AM to 12.00 Noon on working days upto the date of the AGM. No director, Key Managerial Person or their relatives, except Mr. V. Rajamani to whom this resolution relates, is interested or concerned in the resolution. The Board considers that his continued association would be of immense benefit to the company and recommends the resolution for approval of the members.

ITEM NO.7

Mr. Sunil Bafna is a Non-Executive Independent Director of the Company. He joined the Board of Directors in 20.12.2005. He was appointed as Non-Executive Independent Director for a period of five years i.e. 10.09.2014 upto 09.09.2019. His current terms expire on 09.09.2019.

As per the provisions of the Companies Act, 2013 Independent Directors can be re-appointed for a period of 5 (five) years by passing special resolution in general meeting. In terms of Section 149 and the rules made thereunder & other applicable provisions of the Companies Act, 2013, Mr. Sunil Bafna being eligible, is proposed to be re-appointed as an Independent Director for a term of five years. The Company has received from Mr. Sunil Bafna a declaration to the effect that he meets the criteria of Independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013. The resolution seeks the approval of members for the re-appointment of Mr. Sunil Bafna as an Independent Director of the Company from 10.09.2019 upto 09.09.2024 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Consent of the Members by way of Special Resolution is required for re-appointment of Mr. Sunil Bafna in terms of Section 149 of the Act. He is not liable to retire by rotation. The Nominations Committee has recommended the appointment of the director as Independent Director from (10.09.2019 upto 09.09.2024). In the opinion of the Board of Directors, Mr. Sunil Bafna, the Independent Director proposed to be appointed, fulfills the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of draft letter for the appointment of Mr. V Sunil Bafna as an Independent Director setting out the terms and conditions is available for inspection without any fee to the members of the company at the Registered Office during normal business hours from 10.00 AM to 12.00 Noon on working days upto the date of the AGM. No director, Key Managerial Person or their relatives, except Mr. Sunil Bafna to whom this resolution relates, is interested or concerned in the resolution. The Board considers that his continued association would be of immense benefit to the company and recommends the resolution for approval of the members.

Notes on Directors seeking appointment / re-appointment at the Annual General Meeting (Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015):

(i) Shri. V Rajamani (DIN: 00052868)

Name of the Director	V Rajamani
Date of Birth	17/02/1939
Status	Non Executive – Independent Director
Qualification & Expertise	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
Relationship with other directors in the company	NIL
names of listed entities in which the person also holds the directorship and the membership of Committees of the board	Morgan Industries Limited
Total shares held by him in the company	NIL

(ii) Shri. Sunil Bafna (DIN: 01458225)

Name of the Director	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 18 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	5000
Relationship with other directors in the company	NA

Notice to all Shareholders Holding Shares in Physical Form

Re: Restriction on transfer of shares in physical form

In terms of regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, which with effect from 5th December, 2018 requests for effecting transfer of shares of listed companies shall not be processed unless the shares are held in dematerialized form. In view of the above, shareholders are advised that to facilitate transfer of shares of the Company, the same require to be dematerialized. The key steps involved in dematerializing shares are:

1. Open a demat account with a Depository Participant (DP)
2. Submit physical share certificate(s) to the DP along with a Demat Request Form (DRF)
3. DP would inform the Depository (NSDL or CDSL) regarding the demat request
4. The DP would thereafter submit the share certificate(s) along with DRF to the Registrar of the Company
5. The Registrar would validate the documents and convey Acceptance/Rejection of the demat request to the concerned Depository
6. Upon successful dematerialization of the share(s), the Registrar would update the Registrar of Members.
7. The concerned Depository would also update its record and inform the DP
8. The DP would then credit the share(s) into the demat account of the investor. For any assistance in the matter, you may please communicate with Company's



BAFNA PHARMACEUTICALS LIMITED

Route Map to the Venue of the 23rd Annual General Meeting

Venue: Andhra Social and Cultural Association,

Krishna Hall, No.22, Vijayaraghava Road, T. Nagar, Chennai - 600 017

BAFNA PHARMACEUTICALS LIMITED

CIN: L24294TN1995PLC030698

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

Ph: 044-25267517 / 25270992 Fax: 044-25231264 Email: info@bafnapharma.com

Website: bafnapharma.com

ATTENDANCE SLIP

23rd Annual General Meeting

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 certify that I am a member / proxy for the member of the company.

I hereby record my presence at the Twenty Third Annual General Meeting held on Saturday, the 29th day of September, 2018 at 10.00 AM at Andhra Social and Cultural Association, Krishna Hall, No.22, Vijayaraghava Road, T. Nagar, Chennai - 600 017 as Shareholder / Proxy and at any adjournment thereof.

Name of the Shareholder / Proxy

Signature of the Shareholder / Proxy

Note: Members are requested to bring their copies of Annual Report to the Annual General Meeting

BAFNA PHARMACEUTICALS LIMITED

CIN: L24294TN1995PLC030698

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

Ph: 044-25267517 / 25270992 Fax: 044-25231264 Email: info@bafnapharma.com

Website: bafnapharma.com

FORM No: MGT 11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management & Administration) Rules, 2014

23rd Annual General Meeting

Name of the member(s) :

Registered address :

E-mail id :

Folio No / Client Id :

DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name: E-mail Id:

Address:

Signature:, or failing him / her

2. Name: E-mail Id:

Address:

Signature:, or failing him / her

3. Name: E-mail Id:

Address:

Signature:, or failing him / her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th day of September, 2018 at 10.00 AM at Andhra Social and Cultural Association, Krishna Hall, No.22, Vijayaraghava Road, T. Nagar, Chennai - 600 017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote (Optional See Note no.2) Please mention no. of shares		
		For	Against	Abstain
1	Adoption of the financial statements of the Company for the year ended 31 st March, 2018 including the audited Balance Sheet as at 31 st March, 2018, the audited Statement of Profit and Loss for the year ended on that date, notes thereto, together with the reports of the Board of Directors and Auditors thereon.			
2	Adoption of the Consolidated financial statements of the Company for the year ended 31 st March, 2018 including the audited Balance Sheet as at 31 st March, 2018, the audited Statement of Profit and Loss for the year ended on that date, notes thereto, together with the reports of the Board of Directors and Auditors thereon			
3	To appoint a Director in place of Mrs. Sabitha K having directors identification number 02643259 who retires by rotation and being eligible, offers herself for re-appointment as Director			
4	Appointment of M/s. R Sathyanarayanan & Co., Chartered Accountants, Chennai (FRN: 003656S) as Statutory Auditors of the Company.			
5	To ratify Appointment & Remuneration of Cost Auditors.			
6	Re-appointment of Mr. V Rajamani (DIN: 00052868) as Independent Director			
7	Re-appointment of Mr. Sunil Bafna (DIN: 01458225) as Independent Director			

Affix
1 Rupee
Revenue
Stamp

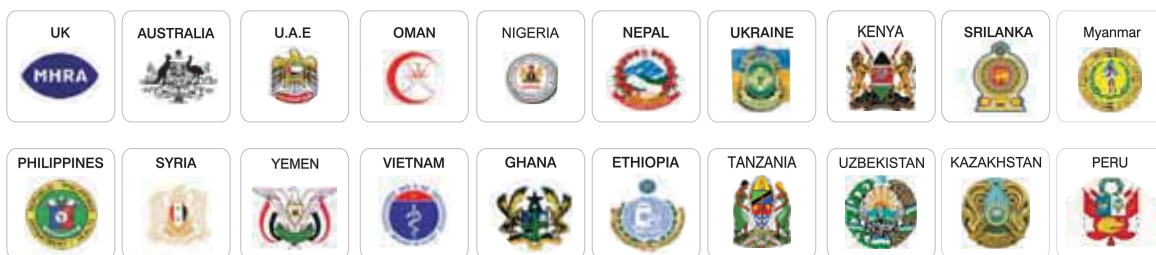
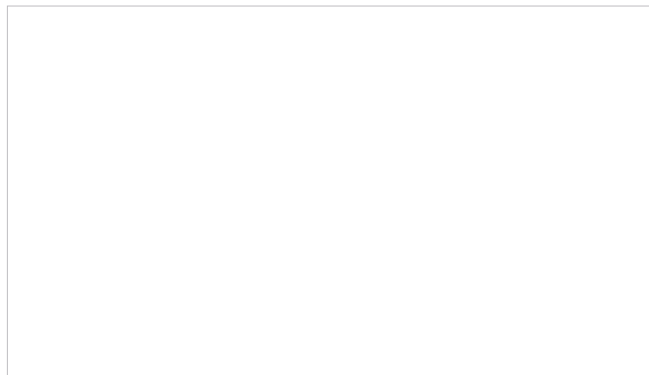
Signed this..... day of..... 2018

Signature of shareholder

Signature of Proxy holder(s)

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
- It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



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 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, Chennai - 600 001.

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