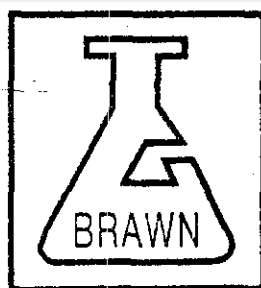


# 14th Annual Report 1998-99

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**Brawn Pharmaceuticals Limited**

**14th Annual General Meeting****Date**

30th September, 1999

**Day**

Thursday

**Time**

9.30 A.M.

**Place**

The Executive Club,  
439, Vill - Shahoorpur  
P.O. - Fatehpur Beri  
New Delhi - 110 030.

**Board of Directors**

A. K. Gupta	- Chairman
B. R. Gupta	- Managing Director
J. P. Gupta	- Director
S. K. Saini	- Director
N. Gupta	- Director

**Auditor**

M/s M.K. Aggarwal & Company  
Chartered Accountants  
4598/12-B, Ansari Road,  
Darya Ganj  
New Delhi - 110 002

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**Bankers**

Oriental Bank of Commerce  
85-A, Rishyamook Building  
Panchkuian Road  
New Delhi - 110 001

**Registered Office & Works**

W-11, Okhla Industrial Area  
Phase-II, New Delhi - 110 020


**Brawn Pharmaceuticals Ltd.**

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## NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of Brawn Pharmaceuticals Ltd. will be held on Thursday, the 30th September, 1999 at 9.30 A.M. at The Executive Club, 439, Vill-Shahoorpur, P.O. - Fatehpur Beri, New Delhi - 110030 to transact the following Business :

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date and the reports of the Board of Directors' and Auditors' thereon.
2. To appoint Auditors and fix their remuneration and for this purpose, to consider and if thought fit, to pass with or without modification the following resolution :  
 "RESOLVED THAT M/s. M.K. Aggarwal & Company, Chartered Accountants, New Delhi be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company."

### Special Business

3. To Consider and if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution :  
 "Resolved that notice of intention to propose Mr. Nitin Gupta for appointment as a Director having been received from a member u/s 257 of the Companies Act, 1956. Mr. Nitin Gupta who was appointed as a Director of the Company under Article 89 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting pursuant to section 260 of the companies Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation".

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY THE PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of members and Share Transfer Books of the Company will remain closed from Monday the 27th September, 1999 to Thursday, the 30th September, 1999 (both days inclusive).
3. The explanatory statement as required under Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the business under item Nos. 3 is annexed hereto.
4. Members/proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
5. Shareholders seeking any information or having any query with regard to accounts are requested to write to the Company, at least seven days before the date of the meeting, so as to enable the management to keep the information ready.
6. Members are requested to bring their copies of the Annual Report with them to the meeting as extra copies of the Annual Report will not be available for the distribution at the meeting.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### ITEM NO. 3

The Board of the Directors appointed Mr. Nitin Gupta as a additional Director in pursuance of power vested in them by Article 89 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956.

As per the provisions of section 260 of the Companies Act, 1956, Mr. Nitin Gupta holds the office of the Directorship of the Company upto the ensuing Annual General Meeting.

A notice in writing in terms of Section 257 of the Companies Act, 1956, has been received from a member along with a deposit of Rs. 500/- signifying his willingness to propose the name of Mr. Nitin Gupta for appointment as Director of the Company.

None of the Directors, except Mr. B.R. Gupta, Managing Director is concerned or interested in the resolution.

Place : New Delhi

Date : 02.08.1999

 BY order of the Board of Directors  
 for Brawn Pharmaceuticals Ltd.

 (A. K. Gupta)  
 Chairman



Brawn Pharmaceuticals Ltd.

14th Annual Report 1998-99

## DIRECTORS' REPORT

### THE MEMBERS

### BRAWN PHARMACEUTICALS LTD.

Your Directors Present the 14th Annual Report together with the Audited statement of accounts for the year ended 31st March, 1999.

### Financial Results

The working results for the year under review are summarised as under :

(Rupees in lacs)

Particulars	1998-1999	1997-1998
Sales and other income	1311.65	1425.02
Profit before interest, Dep. & tax	36.75	64.18
Interest	59.90	35.47
Depreciation	16.28	15.45
Profit/(loss) before tax	(39.43)	13.26
Provision for tax	Nil	1.10
Profit/(loss) after tax	(39.43)	12.16
Profit available for appropriation	Nil	12.16
<b>Appropriations</b>		
Transfer to general reserve	Nil	10.00
Surplus carried to Balance Sheet	Nil	2.16

### Performance

This year the Indian Industry has faced a severe economic recession. Hence the impact on the turnover of the Company was badly affected. The turnover of your company for the current year stood at Rs. 1311.65 lacs as compared to the previous year Rs. 1425.02 lacs.

### Dividend

In view of the negative impact on the profitability of the Company during the year under review, the Board of the Directors of your Company are of opinion that no dividend for the year 1998-99 be recommended.

### Directors

Mr. B.K. Dash, Director has tendered his resignation w.e.f. 4th September, 1999. So company wish to place on record its deep sense of appreciation for his devoted and continuous services.

Mr. Nitin Gupta joined the Board as an Additional Director w.e.f. 4th September, 1999. He will hold the office of the Directorship upto the date of the ensuing Annual General Meeting. The Company has received a notice u/s 257 of the Companies Act, 1956 from a member proposing the name of Mr. Nitin Gupta for appointment as a Director.

### Auditors

M/s. M.K. Aggarwal & Company, Chartered Accountants, statutory Auditors of the company holds the office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The company has received a certificate from them to the effect that their re-appointment, if made would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956.

### Auditors' Report

The Report of the Auditors and notes on accounts are self explanatory and therefore do not call for any further explanations.

### Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo.

Information in accordance with the provisions of section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure forming part of this report.

### Y2K Compliance

The Company has taken necessary steps to ensure Y2K Compliance for all its Computer Systems.

### Particulars of employees

As required by the provisions of section 217(2A) of the Companies Act, 1956 read with the companies (particulars of employees) Rules, 1975 as amended, we report that there was no employee, whether on part time or full time basis, who received remuneration exceeding the limits prescribed under the said section of the Act.


**Brawn Pharmaceuticals Ltd.**

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**Fixed Deposit**

The company has not accepted any fixed deposit from the public during the year under review.

**Acknowledgments**

The Board of Directors would like to express their sincere thanks to the Govt. Authorities, Banks, Distributors, Dealers and Customers for their continuous support and also wish to place on record their deep sense of appreciation for the devoted services by the employees at all levels.

Place : New Delhi

Date : 02.08.1999

 By order of the Board of Directors  
for Brawn Pharmaceuticals Ltd.

 (A.K. Gupta)  
Chairman

## ANNEXURES TO THE DIRECTORS' REPORT

### Annexure I

**STATEMENT OF PARTICULARS UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**
**(A) Conservation of Energy**
**(a) Energy Conservation Measures taken**

- 1) Preventive maintenance of equipments to seal energy wastages.
- 2) Regular day to day monitoring of energy consumption items.
- 3) Encouraging employees to promptly switch off equipments, lighting and ventilation systems during non-productive time slots.
- 4) Installation of latest techniques to minimise unit cost to a minimum.

**(b) Total and per unit Energy Consumption**

The figures are given in Form-A

Form - A (See Rule - 2)

Power and fuel consumption

	Year ended	Year ended
	31.03.99	31.03.98
1) Electricity purchased		
i) Unit (in lacs)	0.68	0.77
ii) Total amount paid (Rs. in lacs)	3.22	3.03
iii) Cost per Unit (Rs.)	4.73	3.93
2) Own Generation (Through Diesel Generator)		
i) Diesel consumed (Rs. in lacs)	0.59	0.50
ii) LPG Consumed (Rs. in lacs)	0.30	0.28

**(B) Technology absorption**

- 1) In house Research and Development has been used to develop new formulations, quality improvement of products in order to meet customers requirement in both Domestic and Export Markets.
- 2) Benefits derived
  - i) Improved quality and quantity of products.
  - ii) Cost reduction and movement towards

self-sufficiency.

**3) Future plans**

- i) To identify new areas for both in-house and collaborative R&D activities.
- ii) Development of new specialised products.

	Year ended	Year ended
	31.03.99	31.03.98
4) Expenditure on R&D		
* Capital	Nil	Nil
* Recurring	Nil	Nil
* Total	Nil	Nil

**(C) Foreign Exchange earnings and outgo**

	Year ended	Year ended
	31.03.99	31.03.98
a) Total Foreign Exchange earned	698.90	466.81
b) Total Foreign Exchange used on import of raw materials, spare parts and capital goods	Nil	1.33
c) Expenditure in Foreign Currencies, for travels, subscription, consumable stores, goods for resale, commission on export sale etc.	8.45	4.97
d) Remittance during the year in foreign currency on account of dividend	Nil	Nil



## AUDITORS' REPORT

TO  
THE SHAREHOLDERS,  
BRAWN PHARMACEUTICALS LTD.

We have audited the attached Balance Sheet of M/s Brawn Pharmaceuticals Ltd., as at 31st March, 1999 and the annexed Profit & Loss Account of the company for the year ended on that date. We report that :-

1. As required by the Manufacturing and other Companies (Auditor's Report) order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in para 3 and 4 of the said order to the extent applicable and based on such checks as we considered appropriate.
2. In our opinion, the Balance Sheet and Profit & Loss account referred to in this report, comply with the accounting standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956 subject to Notes No. 6 and 7.
3. It is the Management's and not the Auditor's responsibility to ensure that the company is prepared for the year 2000 date change and accordingly the audit was not intended, designed or performed to identify or detect problems that may result from computer hardware, software or other automated processes inability to properly process date which include issues, internal and / or external, related to year 2000.
4. Further to our comments in the annexure referred to above, we further report that :-
  - (a) We have obtained all the information and explanations

to the best of our knowledge and belief which were necessary for the purpose of our Audit.

- (b) In our opinion, proper books of Accounts as required by Law have been kept by the Company so far as appears from our examination of the books.
- (c) The Balance Sheet and Profit & Loss Account dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion and to the best of our information and according to the explanations given to us, the accounts read in conjunction with significant Accounting Policies and subject to notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
  - (i) In the case of Balance Sheet of the State of affairs of the Companies as at 31st March, 1999 and :
  - (ii) In the case of the Profit & Loss Account of the loss incurred for the year ended on that date.

for M.K. Aggarwal & Company  
Chartered Accountants

Date : 02.08.1999

(M.K. Aggarwal)

Place : New Delhi

Partner

## ANNEXURE TO THE AUDITORS' REPORT

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Some of the Assets have been physically verified by the management in accordance with a phased programme of verification adopted by the company. To the best of our knowledge, no material discrepancy has been reported on verification. However the company is in process of reconciliation of physical inventory of fixed assets with book records.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods and in process, consumable stores and raw materials have been physically verified by management at reasonable intervals during the year. The discrepancies noticed on verification as compared to the books records have yet to be reconciled and dealt with accordingly in the books of accounts.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks except stock-in-process followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. We are informed by the management that no material discrepancies have been noticed on physical verification of stocks as compared to book records.
6. In our opinion, the valuation of the aforesaid stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year. However, the valuation of old stock of trading/finished goods continues to be done on the same basis as per last year irrespective of its market value.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. However, the Company has made payment of advance rent to another company listed in the register maintained under section 301 of the Companies Act, 1956 which prima-facie does not appear to be prejudicial to the interest of the company.
9. In our opinion and according to the information and