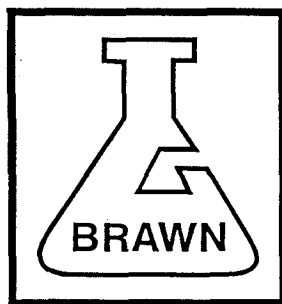


19th Annual Report *2003-2004*

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Brawn Pharmaceuticals Limited



19th Annual General Meeting

Date

30th September, 2004

Day

Thursday.

Time

12.00 Noon

Place

"The Executive Club"
439, Vill-Shahoorpur,
P.O. – Fatehpur Beri
New Delhi – 110030

Board of Directors

Sh.A.K.Gupta	-	Chairman
Sh. B.R.Gupta	-	Managing Director
Sh. Ravi Jain	-	Director
Sh. Dilip Jain	-	Director
Sh. Basuki Jha	-	Director

Company Secretary

Sh. Banoj Kumar Pradhan

Auditors

M/s. M.K.Aggarwal & Company
Chartered Accountants
4598/12-B, Ansari Road,
Darya Ganj,
New Delhi – 110002

Bankers

Oriental Bank of Commerce
85 – A, Rishyamook Building,
Panchkuian Road,
New Delhi – 110001

Registered Office

W – 11, Okhla Industrial Area,
Phase – II, New Delhi – 110020

Registrar and Transfer Agent

for both Physical & Demat

M/s. RCMC Share Registry Private Ltd.
1515, 1st Floor, Bhasham Pitamah Marg,
Kotla Mubarakpur, New Delhi – 110003

Corporate Office

Delhi Stock Exchange Building
4/4B, Asaf Ali Road, New Delhi - 110002

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NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of Brawn Pharmaceuticals Limited will be held on Thursday, the 30th September, 2004 at 12.00 Noon 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, 2004 and Profit and Loss Account for the year ended on that date and the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A.K.Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ravi Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors of the company and fix their remuneration and for the purpose to consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.
 "RESOLVED THAT M/s. M.K.Aggarwal & Company, Chartered Accountants, New Delhi be and are hereby re-appointed 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".

Notes:

- a) 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 SUCH PROXY NEED NOT BE MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED HERewith AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED, DULY FILLED IN, TO THE REGISTERED/CORPORATE OFFICE OF THE COMPANY NOT LESS THAN FOURTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
- b) The Register of Members and Share Transfer Book of the Company will remain closed from Friday, the 24th September, 2004 to Thursday, the 30th September, 2004 (both days inclusive)
- c) Shareholders are requested to intimate the change of address, if any, to the Company's Registrar & Transfer Agent M/s. RCMC Share Registry Private Limited, 1515, 1st Floor, Bhisham Pitamah Marg, Kotla Mubarakpur, New Delhi – 110003.
- d) Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting. Members, who hold shares in dematerialized form are requested to bring their Client ID and DP ID Number for easy identification of attending at the meeting.
- e) 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.
- f) Members are requested to bring their copies of Annual Reports with them to the meeting, as extra copies of the Annual Reports will not be available for distribution at the meeting.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 18.08.2004

(A.K.Gupta)
Chairman



DIRECTORS' REPORT

TO THE MEMBERS BRAWN PHARMACEUTICALS LIMITED

Your Directors have pleasure in presenting the 19th Annual Report together with the Audited statement of Accounts for the year ended 31st March, 2004

Financial Results

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

Particulars	(Rs. in Lacs)	
	2003-2004	2002-2003
Sales and other income	184.74	509.93
Profit/(Loss) before Interest & bank charges, dep. & tax	(-121.98)	(- 25.31)
Interest & bank charges	19.30	29.58
Depreciation	17.05	17.59
Profit/(Loss) before tax	(-158.33)	(-72.48)
Provision for tax	NIL	NIL
Profit/(Loss) after tax	(-158.33)	(-72.48)
Profit/(Loss) available for appropriation	(-158.33)	(-72.48)
Appropriations		
Transfer to general reserve	NIL	NIL
Surplus/(deficit) carried to Balance Sheet	(-158.33)	(-72.48)

Operations and Performance

The turnover of your company for the current year stood at Rs. 184.74 lacs as compared to Rs. 508.62 lacs for the previous year.

Dividend

The Board of Directors of your company are of the opinion that no dividend for the year 2003-2004 be recommended.

Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Adarsh Kumar Gupta and Mr. Ravi Jain, Directors of the company retire by rotation and being eligible, offer themselves for re-appointment. Keeping in view the long outstanding services provided by them, your directors hope for their re-appointment to the Board.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period under review.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the annual accounts for the year ended 31.03.2004 on a 'going concern' basis.

Corporate Governance

Your company is fully committed to the philosophy of transparency and believes in conducting the business with due compliance of all the applicable laws, rules and regulations. The company has duly implemented the system of corporate governance as per the requirements of the Listing Agreement. Detailed report appears in the Annexure forming part of this report.

Auditors' Report

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

Auditors

M/s. M.K. Aggarwal & Co., Statutory Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**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.

Particulars of Employees

As required by the provision 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 part time or full time basis, who received remuneration exceeding the limits prescribed under the said section of the Act.

Fixed Deposit

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

Acknowledgements

The Board of Directors would like to express sincere thanks to the Government 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.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 18.08.2004

(A.K.Gupta)
Chairman

ANNEXURE TO THE DIRECTORS' REPORT**STATEMENT OF PARTICULARS UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****(A) Conservation of Energy****(i) Energy Conservation Measures taken**

- 1) Preventive maintenance of equipment to seal energy wastages.
- 2) Regular day to day monitoring of energy consumption items.

(ii) Total and per unit energy consumption

The figure – A (see Rule – A

Form – A (see Rule – 2)

Power and fuel consumption

(B) Technology absorption**(C) Expenditure on R&D****(D) Foreign Exchange earnings and outgo.**

NIL

NIL

NIL

(Rs. in Lacs)

	Year ended 31.03.2004	Year ended 31.03.2003
a) Total foreign Exchange earned	137.23	446.24
b) Total Foreign Exchange used on Import of raw materials, spare parts and capital goods.	-	-
c) Expenditure in Foreign Currencies for travels, subscription, consumables stores, goods for resale, commission on export sales etc.	-	-
d) Remittance during the year in foreign currency on account of dividend.	-	-

For and on behalf of the Board of Directors

Place : New Delhi
Date : 18.08.2004

(A.K.Gupta)
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

In the last few years, the industrial scenario in pharmaceutical sector is changing very fast due to the Indian pharmaceutical industry is gradually aligning itself with the international pharmaceutical industry. As the year 2005 is approaching now and India has to recognize the product patent regime instead of the present process regime, the ray of hope for Indian pharmaceutical industry in the global generic market, which is according to a recent estimate, is growing at a rate of over 20%. In the next two years time, more than 7 block busters molecules are getting out of patent. US generic market itself is pegged at around USD 50 billion, which is almost 10 times the total pharmaceutical market in India as on date. Even if the Indian industry is able to take 10% off this share, it will give enormous growth potential to Indian industries. Your company is also putting its all efforts to encash upon this opportunity.

OUTLOOK ON OPPORTUNITIES

With the increase in capital outlay on healthcare segments, ongoing liberalization in Insurance sector and increased spending of Government fund on healthcare is going to have a positive effect on the pharmaceutical industry. Further, with the healthy growth in GDP and proportionate increase in the per capita income, Indian household spending on healthcare will also increase. Due to these microeconomics factors, all the Indian industries shall grow at a faster rate including the pharmaceutical industry. Indian pharmaceutical industry is again anticipated to grow at the rate more than 15% annually in real terms and this creates enough room for the growth of quality conscious and customer oriented organizations.

OUTLOOK ON THREATS, RISK AND CONCERNS

The dynamics of intravenous infusion industry has not changed much more and this industry continues to suffer from poor pricing policies of the few greedy players. Though this is affecting the bottom lines of all the organizations across the industry but no body is able to change the scenario. This is having a negative impact on the progress of the industry, as revenue demands for upgradations and research & development is not met with. To hedge with such kind of risk, your company has developed a strategy to align itself with the global market and thereby reducing the risks arising out of local competitions. This required a commitment of both in terms of quality and investment.

EXPANSION/PRODUCT DEVELOPMENT

It was the essence of the time to increase the range of products and volume to sustain in the niche market, which your company has developed and also to meet the demand of the valued customers whose numbers are growing day by day.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The company has adequate internal control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. The internal control system provides for well-documented policies, guidelines, authorizations and approval procedures.

The company has constituted an Audit Committee, which continuously reviews the internal control procedure and suggestions given by the committee are immediately incorporated into the system.

FINANCIAL AND OPERATIONAL PERFORMANCE

The same has been discussed in the Board of Directors' Report.

HUMAN RESOURCES

The company regards its human resources amongst its most valuable assets and proactively reviews and evolves policies and processes to attract and retain its substantial pool of scientific, technical and managerial resources through a work environment that encourages initiative, provide challenges and opportunities. Adequate facilities and opportunities are also being provided to the technical and professional staffs to update themselves in the fast changing era of technologies.

CAUTIONARY NOTE

Certain statements in the above report may be forward looking and are stated as required by legislation in force. The actual results may be affected by many factors, which may be different from what the Directors/Management envisage in terms of future performance and outlook.



REPORT ON CORPORATE GOVERNANCE

The Company continues to implement the code of Corporate Governance during the year under reference in terms of clause 49 of the Listing Agreement with Stock Exchanges.

1. BRIEF NOTE ON COMPANY'S PHILOSOPHY

The Company has always believed in good Corporate Governance. Transparency, fair business and Standard Corporate Practices help the Company to long term shareholders value and in building a bond of trust with its shareholders, customers, creditors, lenders and others. The Company has always remained prompt and regular in discharging its statutory obligations and duties.

The board of directors has constituted various committees such as Audit Committee, Remuneration Committee and Shareholders'/ Investors' Grievances Committee at their meeting held on 31.01.2003. The meetings of the Board and Committees thereof have been held as frequently as required for proper and effective control over the affairs of the Company. All the directors, attending the Board and Committee Meetings, actively participate in the proceedings.

2. BOARD OF DIRECTORS

The Board of Directors comprises one Managing Director, one Executive Director and Three Non-executive Independent Directors.

During the year, 8 board meetings were held on 30.04.2003, 23.06.2003, 31.07.2003, 14.08.2003, 31.10.2003, 05.12.2003, 31.01.2004 and 31.03.2004.

The composition of the Board of Directors and their Attendance at the meetings during the year are given below:

Name of the Director	Category of Directorship	Number of board meetings attended
Sh. A.K.Gupta	Chairman & Executive Director	8
Sh. B.R.Gupta	Managing Director	8
Sh. Ravi Jain	Non-executive Director	6
Sh. Dilip Jain	Non-executive Director	4
Sh. Basuki Jha	Non-executive Director	3

3. COMMITTEE OF THE BOARD

The Board of Directors have constituted the following Committees with adequate delegation of powers.

i. Audit Committee :

The Audit Committee has been delegated with the powers and entrusted with the duties to oversee the company's financial reporting process and adequacy of internal audit system, scope of audit including observations of the Auditors, adequacy of internal audit system etc.

The composition & other details of the committee are as follows :

Name of the Director	Designation	Nature of Directorship	No. of Meetings	
			Held	Attended
Sh. Dilip Jain	Chairman	Independent Director	3	3
Sh. Ravi Jain	Member	Independent Director	3	3
Sh. Basuki Jha	Member	Independent Director	3	3

Sh. Banoj Kumar Pradhan, Company Secretary of the Company acts as Secretary of the Committee.



Brawn Pharmaceuticals Ltd.

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The total of three Audit Committee meetings were held during the year on 21.04.2003, 30.06.2003 and 26.12.2003

ii. Shareholders'/ Investors' Grievance Committee:

The Shareholders'/Investors' Grievance Committee has been delegated with the powers to approve and register transfer and/or transmission of shares, to issue the duplicate share certificates, to redress all types of grievances of the shareholders relating to the transfer, transmission and dematerialization of shares and also relating to non-receipt of annual reports and declared dividend etc. The composition & other details of the committee are as follows :

Name of the Director	Designation	Category
Sh. Ravi Jain	Chairman	Independent Director
Sh. Dilip Jain	Member	Independent Director
Sh. Basuki Jha	Member	Independent Director

Sh. Banoj Kumar Pradhan, Company Secretary of the Company acts as Secretary of the Committee.

iii. Remuneration Committee:

The Remuneration Committee has been delegated with the powers to consider and approve all elements of remuneration package of all the directors i.e. salary, benefits, bonuses, stock options, pensions etc, to review the details of fixed component and performance-linked incentive along with the performance criteria, to review at any point of time the service contracts or other terms of appointment of any or all of the directors and to consider and approve the applications to be made to the Central Government at any point of time for increase or otherwise, in the remuneration of the directors of the company with the approval of the Central Government.

The composition & other details of the committee are as follows :

Name of the Director	Designation	Category
Sh. Ravi Jain	Chairman	Independent Director
Sh. Dilip Jain	Member	Independent Director
Sh. Basuki Jha	Member	Independent Director

Sh. Banoj Kumar Pradhan, Company Secretary of the Company acts as Secretary of the Committee.

4. GENERAL BODY MEETINGS:

The details of venue and time for the last three Annual General Meetings of the Company are given below:

Date	Venue	Time
29.09.2001	"Executive Club", 439, Vill. Shahoorpur, P.O. Fatehpur Beri, N. Delhi - 30	9.30 a.m.
30.09.2002	_____ do _____	9.30 a.m.
30.09.2003	_____ do _____	9.30 a.m.

5. MEANS OF COMMUNICATION:

Un-audited Quarterly Results of the Company were published in Two News papers, one in Pioneer (English) and other in Veer Arjun (Hindi) as per the requirements of the Listing Agreement.

6. GENERAL SHAREHOLDERS' INFORMATION:

- | | | |
|-------------------------------|---|--|
| a) Annual General Meeting | : | 30th September, 2004 at 12.00 Noon |
| Date, Time & Place | : | at "Executive Club", Vill-Shahoorpur,
P.O. Fatehpur Beri, New Delhi - 110030. |
| b) Financial Year | : | 2003 - 2004. |
| c) Date of Book Closure | : | 24th September, 2004 to 30th September, 2004.
(both days inclusive) |
| d) Listing on Stock Exchanges | : | The Delhi Stock Exchange Association Ltd.
The Stock Exchange, Mumbai |