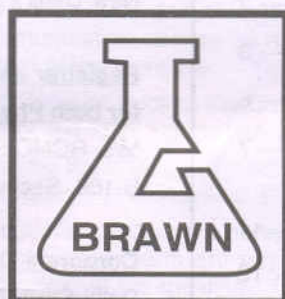


22nd Annual Report 2006-2007

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Brawn Pharmaceuticals Limited
New Delhi

**22nd Annual General Meeting****Date**

29th September, 2007

Day

Saturday.

Time

9.30 A.M.

Place

"The Executive Club"
439, Vill-Shahoorpur,
P.O. – Fatehpur Beri
New Delhi – 110074

Board of Directors

Sh. B. R. Gupta	- Managing Director
Smt. Urmila Gupta	- Director
Smt. Brij Bala Gupta	- Director
Sh. Manohar Lal	- Director
Sh. Mahesh Kumar Nanchal	- Director
Sh. Trilok Chand Sharma	- Director

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

C-64, Lajpat Nagar-I,
New Dehli - 110024

**Registrar and Transfer Agent
for both Physical & Demat**

M/s. RCMC Share Registry Private Ltd.
B-106, Sector-2, Noida – 201301 (U.P.)

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 22nd Annual General Meeting of the Members of Brawn Pharmaceuticals Limited will be held on Saturday, the 29th September, 2007 at 9.30 A.M. at "The Executive Club", 439, Vill - Shahoorpur, P.O. - Fatehpur Beri, New Delhi - 110074 to transact the following business.

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 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 Mrs. Urmila Gupta, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mrs. Brij Bala Gupta, who retires by rotation and being eligible, offers herself 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 Satinder Saini & Co., Chartered Accountants, 514, Suneja Tower - 1, District Center, Janak Puri, New Delhi - 110058 be and are hereby appointed Auditors of the company in place of the retiring Auditors M/s. M. K. Aggarwal & Company, Chartered accountants, 4598/ 12 - B, Ansari Road, Darya Ganj, New Delhi - 110002 to hold office from the conclusion of ensuing Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to 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 A 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) A notice has been received pursuant to section 225 (1) of the companies Act, 1956, from shareholders of the company for the removal of the company's retiring Auditors, M/s. M. K. Aggarwal & Company, Chartered Accountants, 4598/ 12 - B, Ansari Road, Darya Ganj, New Delhi - 110002 and for appointment of M/s Satinder Saini & Co., Chartered Accountants, 514, Suneja Tower - 1, District Center, Janak Puri, New Delhi - 110058 in their place at a remuneration as may be mutually agreed upon between M/s Satinder Saini & Co. and the Board of Directors of the company.
- c) The Register of Members and Share Transfer Book of the Company will remain closed from Wednesday, the 26th September, 2007 to Saturday, the 29th September, 2007 (both days inclusive)
- d) 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, B-106, Sector-2, Noida - 201301 (U.P.)
- e) 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.
- f) 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.
- g) 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 : 06.08.2007

Sd/-
(B. R. Gupta)
Managing Director

**DIRECTORS' REPORT**

**TO
THE MEMBERS
BRAWN PHARMACEUTICALS LIMITED**

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited statement of Accounts for the year ended 31st March, 2007

Financial Results

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

Particulars	(Rs. in Lacs)	
	2006-2007	2005-2006
Sales and other income	33.51	0.33
Profit/(Loss) before interest, dep. & tax	1.17	(10.67)
Interest and bank charges	-	0.02
Depreciation	NIL	NIL
Profit/(Loss) before tax	1.17	(10.69)
Provision for deferred tax	6.84	NIL
Profit/(Loss) after tax	7.87	(10.69)
Profit/(Loss) available for appropriation	7.87	(10.69)
Appropriations		
Transfer to general reserve	NIL	NIL
Surplus/(deficit) carried to Balance sheet	7.87	(10.69)

Operations and Performance

The turnover of your company for the current year stood as Rs. 33.51 lacs as compared to Rs. 0.33 lacs for the previous year.

Dividend

The Board of Directors of your company are of the opinion that no dividend for the year 2006-2007 be recommended.

Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mrs. Urmila Gupta, and Mrs. Brij Bala Gupta, Directors of the company retire by rotation and being eligible, offer themselves for re-appointment. Shri A.K.Gupta, Shri Sanjeev Malhotra and Smt. Meenu Malhotra Directors resigned from the Directorship of your Company w.e.f.18-08-2006 due to personal reasons. Shri Basuki Jha, Shri Dillip Jain and Shri Ravi Jain Directors resigned from the Directorship of your Company w.e.f.12-01-2007 due to personal reasons.

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 31.03.2007 on a 'going concern' basis.

Corporate Governance

Your company 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

A notice has been received pursuant to Section 225 (1) of the companies Act, 1956, from shareholders of the company for the removal of the company's retiring Auditors, M/s. M. K. Aggarwal & Company, Chartered accountants, 4598/ 12 - B, Ansari Road, Darya Ganj, New Delhi - 110002 and for appointment of M/s Satinder Saini & Co., Chartered Accountants, 514, Suneja Tower - 1, District Center, Janak Puri, New Delhi - 110058 in their place at a remuneration as may be mutually agreed upon between M/s Satinder Saini & Co. and the Board of Directors of the company.

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.

Acknowledgement

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 and on behalf of the Board of Directors

Place : New Delhi
Date : 06.08.2007

Sd/-
(B.R.Gupta)
Managing Director



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. | N.A. |
| 2) Regular day to day monitoring of energy consumption items. | N.A. |

(ii) Total and per unit energy consumption

The figure – A (see Rule – A

Form – A (see Rule – 2)

Power and fuel consumption - N.A.

(B) Technology absorption

N.A.

(C) Expenditure on R&D

N.A.

(D) Foreign Exchange earnings and outgo.

(Rs. in Lacs)

	Year ended 31-3-2007	Year ended 31-3-2006
a) Total foreign Exchange earned	-	-
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 : 06.08.2007

Sd/-
(B.R.Gupta)
Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OUTLOOK

The pharmaceutical industry is core to the Indian economy, a battle ground of major global majors in the pharmaceutical sectors. The industry is increasingly responding to the need to reduce various vulnerable diseases and enhance safety through vast development of life savings drugs and medicines. Its growth is being catalysed by a significant gap between demand and supply. As a result, with increasing competition, consumer preference will become paramount and product differentiation is expected to play a major role in success.

FINANCIAL AND OPERATIONAL PERFORMANCE

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

HUMAN RESOURCES

Adequate facilities and opportunities are also being provided to the staffs to update themselves in the fast changing era of technologies.

COMPANY PERFORMANCE

The company could not leverage its rich technological and production strengths during the period under review due to financial difficulties and other constraints. Even in this challenging situation the Company strives to regain its lost vigour and vitality.

INTERNAL CONTROL & ADEQUACY

Your company has a proper and adequate system of internal control. Your Company also ensures that transactions are authorized, recorded and reported correctly.

PROSPECTS

In the wake of the on-going economic reforms, the Company is expected to make a strong showing through its current emphasis on high value added jobs, which would of course require considerable reinforcement in the areas of pharmaceuticals and image building as a reliable supplier with quality assurance.

CAUTIONARY NOTE

The MD & A, detailing the Company's objectives, projections, estimates and expectations, may contain 'forward looking statements' within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. The actual results may differ substantially or materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward working statements, on the basis of any subsequent developments, information or events.



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

Corporate Governance primarily involves transparency, full disclosure, independent monitoring of the state of affairs and being fair to all stakeholders. A good Corporate Governance lead to long-term shareholders value and enhances interest of other stakeholders. It brings in to focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

The Company has always believed in good Corporate Governance and Standard Corporate Practice. 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, two Non- Executive Promoter Directors and Five Non-executive Independent Directors.

During the year, 12 board meetings were held on 28-04-2006, 25-07-2006, 08-08-2006, 18-08-2006, 14-10-2006, 23-10-2006, 10-01-2007, 12-01-2007, 22-01-2007, 23-01-2007, 29-01-2007 and 07-03-2007.

The particulars regarding composition of the Board of Directors, particulars of Director's other directorship in committees of other public limited companies and their attendance in the Meetings held during the year under review are given hereunder:

Name of the Directors & Category of Directorship		Directorship in other public companies		Committees Membership held in Other public Companies		No. of Board Meetings during the year		Attended Last AGM	No of shares held in the company
		Total	As Chairman	Total	As Chairman	Held	Attended		
A. K. Gupta	Chairman	1	1	Nil	Nil	12	3	NA	1,87,650
B.R.Gupta	M.D.	1	Nil	Nil	Nil	12	12	Yes	2,77,350
Urmila Gupta	Non- Exe. Promoter Dir.	1	Nil	Nil	Nil	12	9	Yes	Nil
Brij Bala Gupta	Non- Exe. Promoter Dir.	1	Nil	Nil	Nil	12	10	Yes	89,600
Ravi Jain	Non- Exe. Dir.	Nil	Nil	Nil	Nil	12	5	Yes	Nil
Dilip Jain	Non- Exe. Dir.	Nil	Nil	Nil	Nil	12	5	Yes	Nil
Basuki Jha	Non- Exe. Dir.	Nil	Nil	Nil	Nil	12	6	Yes	Nil
Sanjeev Malhotra	Non- Exe. Dir.	Nil	Nil	Nil	Nil	12	3	NA	Nil
Meenu Malhotra	Non- Exe. Dir.	Nil	Nil	Nil	Nil	12	2	NA	Nil
Manohar Lal	Non- Exe. Dir.	Nil	Nil	Nil	Nil	12	4	NA	Nil
Mahesh Nanchal	Non- Exe. Dir.	Nil	Nil	Nil	Nil	12	4	NA	3,100
Trilok C. Sharma	Non- Exe. Dir.	Nil	Nil	Nil	Nil	12	4	NA	Nil