

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company have pleasure in presenting to you the Twenty Third Annual Report on the business & operations of the company and Audited Statement of Accounts for the year ended 31st March, 2008 along with the Auditor's Report thereon.

FINANCIAL RESULTS

The Financial Results of the Company for the year ended 31st March 2008 are as follows:

Particulars	(Rs. in Lakh)	
	Year ended 31.03.2008	Year ended 31.03.2007
Gross Sales	92.66	33.51
Profit before Depreciation & Interest	8.00	1.17
Interest	NIL	NIL
Depreciation	NIL	NIL
Profit/(Loss) before Tax	8.00	1.17
Excess Provision for Income Tax of previous year written back	0.13	NIL
Provision of Gratuity	0.01	NIL
Provision for Income Tax	0.33	0.13
Provision for Deferred Tax	(6.84)	6.84
Net Profit/(Loss) after Tax	0.93	7.87
Profit/Loss brought forward	(203.28)	(211.16)
Amount Available for Appropriation	(202.35)	(203.28)
Appropriations		
Transfer to General Reserve	NIL	NIL
Balance carried to Balance Sheet	(202.35)	(203.28)

OPERATIONS AND PERFORMANCE

During 2007-08, your Company made a strategic entry with its generic formulations in the premium markets of Iraq and consolidated its strengths in the less regulated and emerging markets. This was done while striving for leadership position in the domestic market.

All these positive developments helped your Company to improve its top and bottom line. Since, the company has received international orders and have already received US \$ 2,00,000/- in advance during the current year. It has placed huge orders for manufacture and hence the operating profit was much higher over the previous year. Revenues for the year at Rs.92.66 lacs were higher by 176.51%. Brawn Pharmaceuticals Ltd. is effectively facing the challenges of entering into severely competitive markets, prevailing high raw material costs and pressure on product prices. The strengths of the Company's ability to manage resources from end-to-end and capacity to deliver what the customer wants at affordable prices, is helping the company to overcome the constraints.

Your Company sees big potential for its products in the regulated markets, with its large basket of regulatory approved products.

The Company had no manufacturing activities during the year. However the company has obtained drug license on loan license basis of getting its products manufactured from other parties. Also, the pipeline of new products being developed by the team in R&D would add to the offers to the market in the future.

DIVIDEND

In view of marginal profits earned by the Company, your Directors regret their inability to recommend any dividend for the year 2007-2008.

DIRECTORS

In accordance with the provisions of Sections 255 & 256 of the Companies Act 1956 and Articles of Association of the company, Mr. Manohar Lal, Director of the Company, retires by rotation and being eligible offers himself for reappointment.

AUDITORS

The Statutory Auditors, M/s. Satinder Saini & Co., Chartered Accountants, New Delhi retire at the forthcoming Annual General Meeting and offer themselves for re-appointment as the Auditors' of the company.

As required under Section 224 (1B) of the Companies Act, 1956, the company has obtained from them a confirmation to the effect that their appointment, if made, would be in conformity with the limits prescribed in the said section.

AUDITORS' REPORT

Observations to the Auditors when read together with the relevant notes to the accounts and accounting policies are self-explanatory. Without qualifying, auditors have drawn attention to the following points:

1. The realisability of sundry debtors aggregating to Rs.268.16 Lakh outstanding as on 31-03-2008 is dependent upon the legal proceedings initiated by the company and no provision has been made on that account.

Your company is going through the litigation proceedings for the recovery of this amount and the case is pending before Metropolitan Magistrate. Arbitration proceedings are also pending for disposal before the arbitrator appointed by Delhi High Court.

2. Note No. 8 of schedule 12 relating to recognition of deferred tax assets, which read as follows:

Note No. 8 – “The company has unabsorbed depreciation and carry forward of losses under tax laws. The deferred tax assets has not been recognized in absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.”

Management is of the view that orders received from the customers, both overseas and domestic, will convert into actual sales in the current financial year. Hence there will be actual taxable profits in the years to come.

3. Note No. 5 of schedule 12 which read as follows:

“The Company has recognized recoverable claim on account custom duty credit arising out of export of Rs 41.40 lacs (Rs.41.40 lacs) which is considered realizable on receipt of payment of such exports, which is outstanding till date and no provision is considered necessary.”

This is related to the actual realization from the debtors as mentioned in point no. 1 above.

DEVELOPEMENT

One of the main objectives of the company in the current financial year is to manufacture products giving an import substitution and to improve and develop good export market.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of your Company state:

- (a) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (b) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) That the Directors had prepared the annual accounts for the year ended 31st March 2008 on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Particulars in respect of conservation of energy, technology absorption and other particulars required under Section 217 (1)(e) of The Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is enclosed as Annexure 'A' and forms part of this report.

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. Detail report appears in the Annexure forming part of this report.

EMPLOYEES RELATION

Your Directors wish to express their sincere appreciation of the efficient services rendered by the employees at all levels throughout the company.

PERTICULARS OF EMPLOYEES

None of the Employee of the Company has received remuneration above the limits as prescribed in Sub-section 2A of Section 217 of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975.

FIXED DEPOSIT

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

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude to the Government Authorities, Company's Bankers, Dealers, Customers and its Business Associates for their valued support extended to the company.

For and on behalf of the Board of Directors

PLACE: New Delhi

DATE: 14.06.2008

Sd/-
(B.R. Gupta)
CHAIRMAN-CUM-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 Measure taken
- (ii)
 - 1) Preventive maintenance of equipment to seal energy wastages. N.A.
 - 2) Regular day to day monitoring of energy Consumption items. N.A.
- (iii) 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 st March 2008	Year ended 31 st March 2007
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: 14.06.2008

Sd/-

(B.R. Gupta)

CHAIRMAN-CUM-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 various 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 ongoing economic reforms, the company is expected to make a strong showing through its current emphasis on high value added jobs, which would 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. 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 Chairman-cum-Managing Director, One Non Executive Promoter Director, four Non Executive Independent Directors.

During the year, 16 Board Meetings were held.

The particulars regarding composition of the Board of Directors, particulars of Director's, other directorship 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 limited companies		Committees Membership held in Other public Companies		No. of Board Meetings during the year		Attend ed Last AGM	No. of share held in the company
		Total	As Chairman	Total	Chairman	Held	Attend ed		
B.R. Gupta	Chairman & M.D	3	1	NIL	NIL	16	11	Yes	2,77,350
Brij Bala Gupta	Non-Executive Promoter Director	1	NIL	NIL	NIL	16	14	Yes	89,600
Urmila Gupta	Non-Executive Director	1	NIL	NIL	NIL	16	2	Yes	NIL
Manohar Lal	Non-Executive Director	NIL	NIL	NIL	NIL	16	16	Yes	NIL
Mahesh Kumar Nanchal	Non-Executive Director	NIL	NIL	NIL	NIL	16	16	Yes	3,100
Trilok Chand Sharma	Non-Executive Director	1	NIL	NIL	NIL	16	16	Yes	NIL

3. COMMITTEE OF THE BOARD

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

A. Audit Committee

Composition of Audit Committee meets all the criteria as prescribed by law. The committee comprises of three Directors, who are Non Executive & Independent. It met four times during the year 2007-08 on 10th April, 2007; 30th June, 2007; 23rd October, 2007 and 02nd January, 2008.

The details of the meeting of Audit Committee attended by the members are as under:-

Members of Audit Committee	Category	Meetings held	Meetings attended
Mr. Manohar Lal	Chairman	4	4
Mr. Mahesh Kumar Nanchal.	Member	4	4
Mr. Trilok Chand Sharma	Member	4	4

B. Share Transfer & Shareholders/Investors' Grievance Committee

The Share Transfer & Shareholders/Investors' Grievance Committee of the Company looks into the matters like transfer/transmission, issuance of duplicate shares, non-receipt of Annual Reports and declared dividend

etc. and investigate the investor's complaints and take necessary steps for redressal thereof.

The details of the meeting of Share Transfer & Shareholders/Investors' Grievance Committee attended by the members are as under:-

Members	Category	Meetings held	Meetings attended
Mr. Manohar Lal	Chairman	4	4
Mr. Mahesh Kumar Nanchal.	Member	4	4
Mr. Trilok Chand Sharma	Member	4	4

C. Remuneration Committee

Remuneration Committee of the Board of Directors recommends/reviews the remuneration package of Managing Director & Whole Time Directors. The Remuneration Committee comprises of following Directors.

Members	Category
Mr. Manohar Lal	Chairman
Mr. Mahesh Kumar Nanchal	Member
Mr. Trilok Chand Sharma	Member

3. General Body Meeting

(i) Location and time where last three AGMs were held:

Year	Date	Location	Time
2006-07	29 th September, 2007	Executive Club, 439, Vill-Shahoorpur, P.O., Fatehpur Beri, N.D-110074	9.30 a.m.
2005-06	30 th September, 2006	Executive Club, 439, Vill-Shahoorpur, P.O., Fatehpur Beri, N.D-110074	9.30 a.m.
2004-05	30 th September, 2005	Executive Club, 439, Vill-Shahoorpur, P.O., Fatehpur Beri, N.D-110074	9.30 a.m.

- (ii) Special resolutions passed in the previous 3 AGMs : No special resolutions passed in the previous 3 AGMs
- (iii) No Special resolution is proposed to be conducted through Postal Ballot.

4. Means of Communication

1. Quarterly Results: Dissemination through publication in newspaper as required under Listing Agreement.

2. Newspapers wherein results normally published –Vir Arjun (in Hindi) and The Pioneer (in English)

5. GENERAL SHAREHOLDERS INFORMATION

(i) Details of Forthcoming Annual General Meeting

Date	29 th September, 2008
Time	9.30 A.M.
Venue	The Executive Club”, 439, Vill – Shahoorpur, P.O. – Fatehpur Beri, New Delhi-110074

Financial year	2007-08
Date of Book Closure	26-09-2008 to 29-09-2008
Listing on Stock Exchanges	The Stock Exchange, Mumbai; The Delhi Stock Exchange Association Ltd.
Registrar and Share Transfer Agent	M/s. RCMC Share Registry Private Limited B-106, Sector-2, Noida,-201301 (U.P.)
Dematerialisation of Shares	974261 shares i.e. 32.47% (As on 31.03.2008)
Address for Correspondence	4/4B, Asaf Ali Road, Delhi Stock Exchange Building, New Delhi-110002, Phone: 32911528, 32911529, Fax: 011-23275208

(ii) Distribution of Shareholding as on 30.06.2008

Shareholding of value of Rs.	Shareholders		Share holdings		
	Number	% to total	Shares	Amount	% to total
UPTO TO 5000	6561	94.28	821141	8211410.00	27.37
5001 TO 10000	185	2.66	160222	1602220.00	5.34
10001 TO 20000	125	1.80	213938	2139380.00	7.13
20001 TO 30000	27	0.39	71810	718100.00	2.39
30001 TO 40000	13	0.19	48525	485250.00	1.62
40001 TO 50000	13	0.19	62067	620670.00	2.07
50001 TO 100000	9	0.13	62748	627480.00	2.09
100001 and Above	26	0.37	1559849	15598490.00	51.99
** G Total	6959	100.00	3000300	30003000.00	100.00

Category code	Category of shareholder	Number of Share-holders	Total number of shares	Number of Shares held in dematerialized form	Total Shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	Shareholding of promoter and promoter Group					
(1)	Indian					
(a)	INDIVIDUALS/HUF	59	12,18,950	12,150	40.63	40.63
(b)	CENTRAL GOVERNMENT/STATE GOVERNMENT	0	0	0	0.00	0.00
(c)	BODIES CORPORATE	1	68,100	0	2.27	2.27
(d)	FINANCIAL INSTITUTIONS/BANKS	0	0	0	0.00	0.00
(e)	ANY OTHER (SPECIFY)- DIRECTORS & RELATIVES	0	0	0	0.00	0.00
	Sub-Total (A) (1)	60	12,87,050	12,150	42.90	42.90
(2)	Foreign					
(a)	INDIVIDUALS(NRI)/FOREIGN INDIVIDUALS	0	0	0	0.00	0.00
(b)	BODIES CORPORATE	0	0	0	0.00	0.00
(c)	INSTITUTIONS	0	0	0	0.00	0.00
(d)	ANY OTHER (SPECIFY)	0	0	0	0.00	0.00
	Sub-Total (A) (2)	0	0	0	0.00	0.00
	Total (A)	60	12,87,050	12,150	42.90	42.90
(B)	Public shareholding					
(1)	Institutions					
(a)	MUTUAL FUNDS/UTI	5	18,800	0	0.63	0.63
(b)	FINANCIAL INSTITUTIONS/BANKS	0	0	0	0.00	0.00
(c)	CENTRAL GOVERNMENT/STATE GOVERNMENT	0	0	0	0.00	0.00
(d)	VENTURE CAPITAL FUND	0	0	0	0.00	0.00
(e)	INSURANCE COMPANIES	0	0	0	0.00	0.00
(f)	FOREIGN INSTITUTIONAL INVESTORS	0	0	0	0.00	0.00
(g)	FOREIGN VENTURE CAPITAL INVESTORS	0	0	0	0.00	0.00
(h)	ANY OTHER SPECIFY	0	0	0	0.00	0.00
	Sub-Total (B) (1)	5	18,800	0	0.63	0.63
(2)	Non-institutions					
(a)	BODIES CORPORATE	59	55,982	52,282	1.87	1.87
(b)	i) INDIVIDUALS -HOLD UPTO 1 LAKH (NOM VALUE)	6780	12,12,556	7,29,914	40.41	40.41
	ii) INDIVIDUALS -HOLD ABOVE 1 LAKH (NOM VALUE)	9	3,34,099	1,64,299	11.14	11.14
(c)	ANY OTHER (SPECIFY)- A) CLEARNG MEMBERS	2	700	700	0.02	0.02
	B) NON-RESIDENTS	44	91,113	25,413	3.04	3.04
	C) TRUST	0	0	0	0.00	0.00
	Sub-Total (B) (2)	6894	16,94,450	9,72,608	56.48	56.48
	Total (B)	6899	17,13,250	9,72,608	57.11	57.11

Category code	Category of shareholder	Number of Shareholders	Total number of shares	Number of Shares held in dematerialized form	Total Shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(C)	Shares held by Custodians and against which					
	Depository Receipts have been issued					
	SHARES HELD BY CUSTODIANS	0	0	0	0.00	0.00
	Sub-Total (C)	0	0	0	0.00	0.00
	Total (C)	0	0	0	0.00	0.00
	Grand-Total	6959	30,00,300	9,84,758	100.00	100.00

CERTIFICATE OF COMPLIANCE FROM A PRACTISING CHARTERED ACCOUNTANTS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members of
Brawn Pharmaceuticals Limited

We have examined the compliance of conditions of Corporate Governance by Brawn Pharmaceuticals Limited for the year ended on 31st March, 2008, as stipulated in Clause 49 by the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

We state that in respect of investor grievances received during the year ended 31st March, 2008, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and management, we certify that Company has generally complied with the condition of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

For Satinder Saini & Co
Chartered Accountants

Sd/-
(S.K.Saini)
Proprietor

Place: New Delhi
Date: 14.06.2008

M.No. 87357