

***Annual  
Report***  
***2008-2009***



**WELCURE DRUGS & PHARMACEUTICALS LTD.**

सर्वे भवन्तु सुखिनः

सभी सुखी सब स्वस्थ हों , तन मन शुचि सानन्द ।  
सब शुभ सुन देखें करें , काई न हो मतिमंद ॥



## WELCURE DRUGS & PHARMACEUTICALS LTD.

ISO 9001:2000 COMPANY

### Board of Directors

Shri D. C. Jain (Managing Director)  
Shri S. S. Dhanoa  
Shri R. K. Pandey  
Shri Shri Nath Prasad Ojha  
Shri M. L. Bhateja  
Shri Sudhir Chandra

### Audit Committee

Shri R. K. Pandey, Chairman  
Shri S. S. Dhanoa  
Shri M. L. Bhateja  
Shri Sudhir Chandra  
Shri Shri Nath Prasad Ojha

### Shareholders & Investors Grievance Committee

Shri M.L.Bhateja, Chairman  
Shri S. S. Dhanoa  
Shri Sudhir Chandra  
Shri Shri Nath Prasad Ojha

### Remuneration Committee

Shri R. K. Pandey, Chairman  
Shri S. S. Dhanoa  
Shri M. L. Bhateja  
Shri Sudhir Chandra  
Shri Shri Nath Prasad Ojha

### Accounts Committee

Shri D.C.Jain, Chairman  
Shri R.K.Pandey  
Shri M. L. Bhateja

### Company Secretary

Prerna Suneja

### Auditors

Gauba, Gauba & Associates

### Internal Auditors

Prahlad Singh & Gitika Dang

### Cost Auditors

Aseem Jain, Cost Accountant

### Bankers

State Bank of India

### Factory & Regd. Office

Welcure Drugs & Pharmaceuticals Ltd.  
A-1129, RIICO Industrial Area, Phase-III,  
Bhiwadi-301019 (Rajasthan)

### Corporate Office

210, Mohan Palace,  
L.S.C., C Block,  
Saraswati Vihar, Delhi-34

### Share Transfer Agent

Link Intime India Pvt. Ltd.,  
A-40, 2nd Floor, Naraina Industrial Area,  
Phase-II, Near Batra Banquet Hall,  
New Delhi-110028

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## BOARD'S REPORT :

The Board hereby presents the Seventeenth Annual Report together with Audited Statements of Account of the Company for the year ended 31<sup>st</sup> March 2009.

## FINANCIAL RESULTS

The Total turnover of the company including its wholly owned subsidiary company is Rs. 18.46 crores for the year 2008-09 as compared to Rs. 25.77 crores for the year 2007-08. The combined net loss of the Company during this year is Rs. 5.96 crores against net loss of Rs. 1.94 crores in the previous year. The consolidated Income & Profitability Statement of the Company is as under :

### Figures in Rs. Lacs

Particulars	Welcure		Subsidiary Co.		Consolidated	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Sales	1841	2548	5	29	1846	2577
Other Income	111	109	87	-	198	109
Total Income	1952	2657	92	29	2044	2686
Expenditure	2427	2761	19	25	2446	2786
Interest	140	47	-	-	140	47
Depreciation	43	42	-	1	43	43
Provision for taxation	4	3	7	1	11	4
Profit after tax	(662)	(196)	66	2	(596)	(194)

Due to stiff market competition, the sales of the company declined from Rs. 25.48 crores to Rs. 18.41 crores as compared to previous financial year. Apart from decline in sales, the gross profit ratio also declined from 13.13% to 10.75%. The downturn swept in Global and Indian Economy gave a dent to the sales and profitability of the company. Due to expired goods returned, market outstanding becoming irrecoverable, cost of samples, VAT Differences, Extra Bonus, Extra Scheme, Short receipts of goods, Rate Difference etc. from Consignee Sales Agents (CSA), the company had to write off Rs. 1.86 crores as bad debts. The company has created provisions against doubtful debts & loan & advances and also for diminution in the value of investments aggregating to Rs. 166.96 lacs; resulting in further loss. The financial expenses and cash discounts have increased; however other expenses were controlled.

The sales divisions of the company were running into loss; and therefore, their sales activities have been stopped temporarily in order to reduce loss and expenditure on account of salaries,

traveling and other fixed & variable expenses. Minimum staff and rental premises essential to run the business of the company have been retained.

Company has cleared all major liabilities except for bank and one major supplier. The Bank has reduced Cash Credit limits to be repayable by 31.03.2010. The supplier is also pressing for clearance of its dues.

Bhiwadi unit of the company has been mainly engaged in manufacture of products on job work, for indirect exports and DPCO products where the excise duty impact is not very high.

## DIVIDEND

In view of loss in the current year and accumulated losses, dividend declaration is not recommended for the year under review.

## ISO 9001 : 2000 CERTIFICATION

The company is continuing to hold certification of ISO 9001:2000. The Company maintains highest standards of Quality.

## DIRECTORS' RESPONSIBILITY STATEMENT

Directors hereby state that:

1. Applicable accounting standards have been followed in the preparation of Annual Accounts
2. We have selected such accounting policies and applied them consistently and made judgements 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/loss of the company for that period;
3. We have 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;
4. We have prepared the Annual Accounts on a going concern basis.

## DIRECTORS

Shri S.N.P. Ojha and Shri M.L. Bhateja are liable to retire by rotation and are eligible for re-appointment. The Board recommends their re-appointments.

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## SUBSIDIARY COMPANIES

In terms of section 212 of the Companies Act, 1956, the Particulars of Subsidiary Company; and in terms of section 211(3)(C) of the Companies Act 1956, read with Accounting Standard 21, issued by the Institute of Chartered Accountants of India, a Consolidated Financial Statement of Welcure Drugs & Pharmaceuticals Ltd. & its wholly owned subsidiary A. K. Laboratories Ltd. are being included in the Annual Accounts of the Company.

## PARTICULARS OF EMPLOYEES

During the year ended 31<sup>st</sup> March 2009, no employee of the company was drawing a remuneration in excess of the limits specified under section 217(2A) of the Companies Act. 1956.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

Information pursuant to Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 is given as under:

### (A) CONSERVATION OF ENERGY

We have taken adequate steps to reduce the price per unit by optimally utilizing the energy sources but purchase prices of diesel and electricity are constantly increasing. Various efforts have been made, such as power factor improvement, maintenance of proper voltage supply and proper load distribution for purpose of saving energy. Power & fuel consumption details are as under:

	2008-09	2007-08
(i) Units (Lacs) of Electricity Purchased (RSEB)	2.85	4.54
(ii) Total Amount (Rs. Lacs)	14.64	23.06
(iii) Rate per Electricity Unit (Rs.)	5.14	5.08
(iv) Unit (Lacs) Own Generation (through D.G. Set)	0.22	0.12
(v) Diesel Oil (Ltrs in Lacs)	0.06	0.07
(vi) Cost per unit (Rs.)	9.14	17.32

(B) TECHNOLOGY ABSORPTION - Company is making constant efforts to make improvement in quality and processes.

(C) FOREIGN EXCHANGE EARNINGS & OUTGO - NIL

## LISTING FEE OF SHARES

The Shares of the Company are listed on a recognized stock exchange-'The Stock Exchange Mumbai' and up to date Listing Fee is paid.

## MANAGEMENT DISCUSSION ANALYSIS & CORPORATE GOVERNANCE REPORT

Management Discussion and Analysis Report and a report on Corporate Governance along with the Auditor's report are annexed and forms part of the Annual Report in accordance with the terms of the Listing Agreement.

## COST AUDIT

In terms of section 233 (1B) of the Companies Act, 1956, M/s Aseem Jain & Associates, Cost Accountants have been duly appointed as Cost Auditors of the Company, for the financial year 2008-09.

## AUDITORS

M/s Gauba, Gauba & Associates, Chartered Accountants, the statutory auditors of the Company are liable to retire at the forthcoming Annual General Meeting and have given confirmation to the effect that their re-appointment, if made, would be in conformity with the limits specified under section 224 (1-B) of the Companies Act, 1956.

For & on behalf of the Board of Directors

Place : Delhi  
Date : 30.06.2009

D. C. Jain, Chairman

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a process that aims to meet shareholders aspirations and societal expectations. It is a commitment that is backed by the fundamental belief of transparency in functioning, values and mutual trust amongst all the constituents of organization.

#### 1. WELCURE'S PHILOSOPHY

In **WELCURE**, Corporate Governance philosophy stems from our belief that corporate governance is a key element in enhancing investor confidence. The Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it. The company is making continuous efforts to adopt the best practices in corporate governance. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy.

**WELCURE** complies with the requirements of the guidelines on Corporate Governance as stipulated in Clause-49 of the Listing Agreement, the fundamentals concern of corporate governance is to ensure the conditions whereby a company's directors and managers act in the interest of the company and its various stakeholders.

#### 2. BOARD OF DIRECTORS

The Board of **WELCURE** defines the Company's policy and oversees its implementation in attaining these goals. There are six directors in the company, of which, two as Executive Directors (including the Managing Director) and four as Non-Executive Directors. The Board of Directors and its Committees meet at regular intervals.

##### Composition of the Board of Directors

The Board of **WELCURE** consists of an optimum complement of executive and non-executive Directors.

##### a) Promoter & Executive Director:

**Shri D. C. Jain**, B. Com., LL.B., M.I.L (Hons), G.D.I.M., M.I.I.A., A.M.I.B.M. FA.S.M., FC.S. is Chairman cum Managing Director, and founder & only promoter of the Company; and has over four decades experience in controlling various industries as top level Company Executive. He had been President of the Institute of Company Secretaries of India. He is also a Director of company's subsidiary.

##### (b) Independent Executive Director :

**Shri S.N.P. Ojha**, B.Sc., has approximately 16 years of experience in manufacture of pharmaceuticals including 6 years experience with the Company. He has adequate technical qualification & knowledge; and has also been approved as Competent Manufacturing Chemist by Drugs Control Department, Rajasthan. He is in-charge and Director responsible for day-to-day affairs of Bhiwadi Factory includ-

ing Compliance of Drugs and other Laws relating to Factory.

##### (c) Independent Non-Executive Directors:

**Shri R. K. Pandey**, M.Com., D.B.A., LL.B., FC.S. is a leading Financial Consultant with a high Financial and Accounting background. He had been Executive Director of the Delhi Stock Exchange Association Ltd for 16 years and Financial Advisor to a U.P Government Undertaking. He is the Chairman of the Company's Audit Committee, Remuneration Committee, and member of other Committees. He is a Director of eleven other companies.

**Shri S.S. Dhanoa**, I.A.S (Retd.), B.Sc., LL.B., GSPIA (Pittsburgh U.S.A) had been Election Commissioner of India, Health Secretary, Government of India and Chief Secretary, Punjab. He is a Director and Board Committee member of one more Company. He is member of the Company's Audit Committee, Remuneration Committee and Shareholders & Investors Grievance Committee.

**Shri. M.L. Bhateja**, B.Sc., has approximately 30 years of experience in the field of marketing of Bulk Drug and Pharmaceutical Formulations including Tablets, Capsules, Injection, Syrups, Dry Syrups, Ear and Eye Drops & Ointments. He had worked for 24 years with Ranbaxy Laboratories Limited as Regional Sales Manager. He is also member in Company's Audit Committee, Remuneration Committee, Accounts Committee and Shareholders & Investors Grievance Committee and Director of Company's subsidiary.

**Shri. Sudhir Chandra**, B.Sc., B. Tech (Hons.) and Dip. (Ing.), has over 41 years working experience in Management & Systems including 5 years experience in Pharmaceuticals. He is highly experienced & matured person. His association has been with some of the leading industries in India and abroad, providing a high rate of work satisfaction throughout his career. He is a member in Company's Audit Committee, Remuneration Committee and Shareholders & Investors Grievance Committee.

**(d) Board Meetings** : Four Board Meetings were held during the financial year dated 31.05.2008, 28.07.2008, 31.10.2008 and 28.01.2009. Last Annual General Meeting was held on 28.07.2008. The Annual General Meeting and all the four Board meetings were attended by all the Directors except the meeting held on 31.5.2008 not attended by Shri S.S. Dhanoa and the meeting held on 28.7.2008 not attended by Shri Sudhir Chandra and Shri S.S. Dhanoa.

### 3. AUDIT COMMITTEE

#### (i) Constitution of Audit Committee

R.K. Pandey (Chairman of the Committee)	Non Executive Director
S.S. Dhanoa	Non Executive Director
M.L. Bhateja	Non Executive Director
Sudhir Chandra	Non Executive Director
S.N.P. Ojha	Executive Director

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## (ii) Functions of the Committee

- (a) Review of periodical results before submission to the Board; Review of Annual Financial Statements before submission to the Board; especially with regard to the Directors Responsibility Statement, the changes in accounting policies and practices, major accounting entries, significant adjustments arising out of audit, the going concern assumption, compliance with accounting standards, compliance with stock exchange & legal requirements concerning Listing, Legal and Financial Statements, Disclosures of related party transaction, qualification in the Audit Report.
- (b) Oversight of Company's Financial reporting process & disclosures for correctness, sufficiency & credibility; and to look into the reasons for substantial defaults in payment to depositors, creditors and government dues.
- (c) Reviewing performance of statutory and internal Auditors; adequacy of internal control systems; review findings, investigations & follow ups of Internal & External Auditor's appointment, removal, functioning, staffing, reporting structure and frequency of Internal audit.
- (d) Discussion with Auditors regarding their observation on accounts; and adequacy and compliance of internal control system.
- (e) Recommendation on appointment and removal of external auditor(s); and fixation of audit fee, out of pocket expenses and payment of other services.
- (f) Other compliances of Companies Act and Stock Exchange.
- (g) Carry out any other function as per the terms of reference.

## (iii) Powers of the Committee

- (a) To investigate into any activity within its terms of reference.
- (b) To access the information contained in the Company records
- (c) To seek information from any employee
- (d) To obtain and to have access to outside legal and other professional advice
- (e) To secure attendance of outsiders with relevant expertise
- (f) To bind the Board with its audit report on financial management.

## (iv) Meetings

During the financial year Four Meetings of Audit Committee were held on 31.05.2008, 28.07.2008, 31.10.2008 and 28.01.2009; and were attended by all the Audit Committee members except the meetings held on 31.5.2008 not attended by Shri S.S. Dhanoa and meeting held on 28.07.2008 not attended by Shri Sudhir Chandra and Shri S.S. Dhanoa.

## 4. ACCOUNTS COMMITTEE

### (i) Constitution of Accounts Committee

D.C.Jain (Chairman of the Committee) Managing Director

R.K.Pandey Non Executive Director

M.L. Bhateja Non Executive Director

### (ii) Functions of the Accounts Committee

- (a) Approving the Quarterly Financial Results, if Board Meeting not being held.
- (b) Perusal of Limited Review Report.

### (iii) Meetings

During the year three meetings of the Accounts Committee were held on 18.08.2008; 20.11.2008 and 25.02.2009 and were attended by all the Account Committee members. In all the three meetings, the committee perused the Limited Review Reports.

## 5. REMUNERATION COMMITTEE

### (i) Constitution of Remuneration Committee

R. K. Pandey (Chairman of the Committee) Non Executive Director

S. S. Dhanoa Non Executive Director

M.L. Bhateja Non Executive Director

Sudhir Chandra Non-Executive Director

### (ii) Functions of the Committee & Remuneration Policy

The committee is entrusted with the function and responsibility of approving the remuneration to be paid to the managerial personnel of the Company including its Directors, Whole Time Directors, Managing Director(s) and Relatives of Directors; whose remuneration is fixed within the ceiling limits prescribed by Government under Schedule XIII of the Companies Act, 1956. Remuneration paid to directors during the financial year 2008-2009 is given under Notes to the Accounts. Functions of Remuneration Committee are entrusted and combined with Audit Committee.

## 6. SHAREHOLDER'S / INVESTOR'S GRIEVANCE COMMITTEE

### (i) Constitution of Committee

M.L. Bhateja (Chairman of the Committee) Non Executive Director

S.S. Dhanoa Non Executive Director

Sudhir Chandra Non Executive Director

Functions of Shareholders and Investor Grievance Committee are entrusted and combined with Audit Committee.

## 6 GENERAL BODY MEETINGS

Last Four Annual General Meetings were held in Bhiwadi on 29.7.2005, 28.07.2006 both at 9.00 A.M., 28.07.2007 at 5.15 P.M. & 28.7.2008 at 9.00 A.M.. All resolutions at these meetings were passed by show of hands.

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## 8. DISCLOSURES

There were no transactions of the company of material nature with related parties that may have potential conflict with the interest of the company at large. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

## 9. MEANS OF COMMUNICATION

Annual reports of the Company and postal ballots resolutions are sent to each shareholder of the Company. Half-yearly/ Quarterly results are normally published in Financial Express and Jansatta newspapers and copies thereof are sent to the Stock Exchanges as per Listing Agreement.

## 10. MANAGEMENT DISCUSSION & ANALYSIS

Management-Discussion & Analysis is being included

## 14. GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time & Venue		21-09-2009; 9.00 AM; A-1129, RIICO Industrial Area, Phase III, Bhiwadi										
Financial Calendar		01-04-2008 to 31-03-2009										
Date of Book Closure		07-09-2009 to 21-09-2009 ( both days inclusive)										
Dividend Payment Date		No Dividend proposed										
Stock Exchange Listing		Bombay Stock Exchange Ltd. ;										
Stock Code		Bombay - 524661										
Market Price Data & Performance Comparison												
Particulars	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09
Low	4.42	4.55	3.93	3.55	3.71	3.34	2.55	2.36	2.24	2.20	1.94	1.80
High	5.85	5.65	4.92	4.44	4.68	4.17	3.45	2.85	2.79	2.79	2.53	2.18
Registrar & Transfer Agent		Link Intime India Pvt. Ltd., A-40, 2 <sup>nd</sup> Floor, Naraina Industrial Area, Phase -II, Near Batra Banquet Hall, New Delhi-110028.										
Share Transfer System		All orderly received transfers are processed & returned within 30 days										
Dematerialization of Shares and Liquidity		Trading in a dematerialised form w.e.f. 27-02-2001 Connectivity with CDSL & NSDL 15-11-2000. ISIN No. INE331C01017 Shares traded at Bombay Stock Exchange, Mumbai, (BSE).										
Distribution of Share Holding as on AGM held on 28.07.2008		Directors and their Relatives		5980100		Shares		44.26%				
		Bodies Corporate		1640793		Shares		12.14%				
		Non resident Indians		233911		Shares		1.73%				
		Others		5657296		Shares		41.87%				
Nominal Value of Shares (as on 28.07.2008)		No of shareholders		% to Total Shareholders		Total Amt. in Rs.		% to Total Amount				
Up to	Rs. 2500	11796		67.348		15483210		11.459				
	2501 5000	3697		21.108		14244510		10.542				
	5001 10000	1290		7.365		10534580		7.796				
	10001 20000	455		2.598		7019010		5.195				
	20001 30000	115		0.657		2896830		2.144				
	30001 40000	39		0.223		1414360		1.047				
	40001 50000	39		0.223		1847760		1.367				
	50001 100000	47		0.268		3327520		2.463				
	100001 & above	37		0.211		78353220		57.987				
	Total	17515		100.00		135121000		100.000				
Pending GDRs, ADRs etc.		Nil										
Plant Location		A-1129, RIICO Industrial Area, Phase-III, Bhiwadi, Rajasthan										
Correspondence Address		<b>Regarding Shares:</b> Link Intime India Pvt. Ltd., A-40, 2 <sup>nd</sup> Floor, Naraina Industrial Area, Phase -II, Near Batra Banquet Hall, New Delhi-110 028 <b>Of the Company.</b> Welcure Drugs & Pharmaceuticals Ltd., A-1129, RIICO Industrial Area, Phase III, Bhiwadi, Rajasthan or 210, LSC, Mohan Place, Block-C, Saraswati Vihar, Delhi-110034.										

in the Annual Report.

## 11. CODE OF CONDUCT

The Board has formulated a code of conduct for the Board members and Senior management Personnel of the Company. All Board members and Senior management personnel have affirmed their compliance with the code.

## 12. DISCLOSURE ON RISK MANAGEMENT

The Company had laid down procedure to minimize and to inform Board Members about the risk assessment and management, which is periodically reviewed by the Board.

## 13. CEO/CFO CERTIFICATION

A Certificate from the CEO/CFO on the financial statement of the Company was placed and considered by the Board and Audit Committee.

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

**Industry Structure & Developments:** The Indian Pharmaceutical Industry ranks fourth in the world, pertaining to the volume of sales. Almost 70% of the domestic demand for bulk drugs is catered by the Indian Pharma Industry. So far as Pharma Industrial Development in India is concerned, it is divided into two parts. One, in Tax free zones, like J&K, Himachal, Uttarakhand, Sikkim, & other North-Eastern States, where the Pharmaceutical Industry has developed at a very fast pace; and the other, the MRP based pharmaceutical industries, which are sinking day by day except a few which are thriving mainly due to Exports.

**Opportunities & Threats:** Government vide notification no. 2/2005-CE (N.T.) dated 7th January 2005, imposed excise duty on the basis of Retail Sale Price of the Medicines with effect from 08.01.2005 as against the Invoice Sales Price. This notification has caused total disruption of small and medium pharmaceutical companies like Welcure, as excise duty on medicines have increased almost 2-3 times as payable previously. The Companies like Welcure, having set up in taxable zone, have options only for trading of Goods manufactured in Tax free Zone; Export is difficult because of high costs and lengthy procedures of product registration in Global Market.

**Product-Wise Performance :** The Company has been manufacturing pharmaceuticals formulations in its Bhiwadi factory mainly on Loan License and partly on indirect export. Due to MRP Based Excise Levy, the Company had made arrangement to get some of its products manufactured from Excise Free Zone. The arrangement has come to an end because of bad financial position of the company, and inability to make timely payments to the manufacturers. Company had also been marketing certain products manufactured in Excise free Zone under technical guidance of Plethico Pharmaceuticals Ltd. which arrangement has also been terminated by Plethico.

**Outlook :** We are continuing to manufacture branded product Odoxil for Lupin Ltd. Company had been getting some of its products manufactured in Excise Free Zone but finally decided to stop.

**Risks & Concerns :** There are few risk factors that are relevant to the business of the Company. While the Company takes effective measures to minimize or eliminate their

impact on its business performance, they nonetheless exist. Some such risks include: Competition from proprietary and generic products, Existence of MRP Base Excise, Fast growth of Excise Free Zone Units, and Shifting of outsourcing of Big Pharma Houses to Excise Free Zones.

**Internal Control Systems & their Adequacy :** Welcure has strong and adequate internal audit and control system to ensure that all the transactions are authorized, recorded and reported correctly. The Internal control system consists of comprehensive internal and external audits. The Internal Auditor independently evaluate adequacy of internal controls and audit majority of transactions in value terms. Independence of the audit and compliance function is ensured by direct reporting of the Internal Auditor to the Audit Committee of the Board. Majority actions of the company are based on internal audit report.

**Operational vis-a-vis Financial Performance:** Company is continuing to be accredited with ISO 9001:2000. Own manufacturing of Company's products are of high quality standards but the production has shrunk because of non viability in manufacturing due to MRP based Excise. Job charges on manufacturing of Odoxil for Lupin has also come down because of lower off-take by Lupin. Company's sales of goods manufactured in Excise Free Zone have been stopped towards the close of financial year. Expenses have been controlled.

**Material Developments in Human Resources / Industrial Relations Front:** Industrial relations during the year were cordial, co-operative, concerted & peaceful. Most of the sales filled force left the organization at the close of the year due to stoppage of marketing activities.

**Cautionary statement:** Statements in this Report are based on reasonable assumptions, and the Management does not guarantee the accuracy of the assumptions.

For & on behalf of the Board of Directors

Place : Delhi  
Date : 30.06.2009

D. C. Jain, Chairman



# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## AUDITOR'S CERTIFICATE

### The Members of Welcure Drugs & Pharmaceuticals Ltd.

We have examined the compliance of conditions of corporate governance by Welcure Drugs & Pharmaceuticals Ltd., for the year ended on March 31, 2009, as stipulated in clause 49 of 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 was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

We further 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 **GAUBA, GAUBA & ASSOCIATES**  
Chartered Accountants  
Inder Mohan Gauba  
Partner

Place : New Delhi.

Date : 30.6.2009

## AUDITORS REPORT

To the members of **WELCURE DRUGS & PHARMACEUTICALS LIMITED**

We have audited the attached Balance Sheet of **WELCURE DRUGS & PHARMACEUTICALS LIMITED** as at 31st March, 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) 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;

- iii) The Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the Directors, as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India :
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
  - (b) In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date; and
  - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **GAUBA, GAUBA & ASSOCIATES**  
Chartered Accountants  
I. M. GAUBA  
Partner  
M. No. 84487

Place : New Delhi.  
Date : 30-06-2009

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verifications.
- (c) According to the information and explanation given to us, the Company has disposed off a part of its fixed assets amounting to Rs. 1.55 Lacs (Previous Year Rs. 1.22 Lacs), which is not substantial, and hence the going concern is not affected.
- (ii) (a) We are informed that the inventory has been physically verified during the year by the management at reasonable intervals.
- (b) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management appear reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company is maintaining proper records of inventory. We are informed that the discrepancies noticed on verification between the physical stocks and the book records were not material and wherever necessary have been properly dealt with in the books of account by the Company.
- (iii) According to the information and explanation given to us, the company has granted loan to A.K. Laboratories Ltd, subsidiary company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 59.00 Lacs (Previous Year Rs. 97.50 Lacs) and the year end balance of loan granted to such party was Rs. Nil (Previous Year Rs. 59.00 Lacs).
- According to the information and explanations given to us, the company has taken loan from A.K. Laboratories Ltd., subsidiary company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 52.00 Lacs (Previous Year Rs. Nil) and the year-end balance of loan granted to such party was Rs. 51.00 Lacs (Previous Year Rs. Nil). The rate of interest and other terms & conditions on which loan has been given/taken, are not prima facie prejudicial to the interest of the company.
- There is no overdue amount in respect of loan and interest thereon.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and having regard to our comments in paragraph (v)(a) above, and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at the relevant time where such prices are available.
- (vi) According to the information and explanations given to us, the company has not accepted deposits from the public.
- (vii) In our opinion, the Company has an internal audit system

commensurate with the size and nature of its business.

- (viii) We have broadly reviewed integrated system of maintaining cost and financial accounts relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee state insurance, income tax, sales tax, excise duty, service tax & other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no amounts in respect of above were in arrears as at 31.03.2009 for a period of more than six months from the date they became payable.
- (c) According to the information & explanation given to us, there are no dues of Sales Tax, Income Tax, Excise Duty & other statutory dues, which have not been deposited on account of any dispute.
- (x) According to the information provided to us, the accumulated losses of the company are more than fifty percent of its net worth. The Company has incurred cash loss of Rs. 152.81 Lacs during the financial year covered by our audit and Rs. 1.69 Lacs in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xiv) As per information provided to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the Company did not avail any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that during the year capital expenditure on the additions to the Fixed assets of Rs. 5.90 Lacs (Previous Year Rs. 4.80 Lacs) has been met by utilizing the cash credit limits availed by the Company and partly by sale of its assets.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures and not created any security or charge for the same.
- (xx) According to the information and explanations given to us, during the period covered by our audit report, the company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For GAUBA, GAUBA & ASSOCIATES  
Chartered Accountants

Place : New Delhi.  
Date : 30-6-2009

I. M. GAUBA  
Partner  
M. No. 84487

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>I SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS FUNDS</b>			
a) Share Capital	1	121,182,625	121,182,625
b) Reserves & Surplus	2	1,506,000	1,506,000
		<b>122,688,625</b>	<b>122,688,625</b>
<b>2. LOAN FUNDS</b>			
a) Secured Loans	3	31,843,731	27,658,483
b) Unsecured Loans (from Subsidiary Company)		51,00,000	
		<b>159,632,356</b>	<b>150,347,108</b>
<b>II APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
a) Gross Block	4	89,452,597	89,017,137
b) Less: Depreciation		34,583,690	30,385,433
c) Net Block		<b>54,868,907</b>	<b>58,631,704</b>
<b>2. INVESTMENTS</b>			
	5	1,581,100	4,385,300
<b>3. CURRENT ASSETS, LOANS AND ADVANCES</b>			
a) Inventories	6	2,900,823	7,173,156
b) Sundry Debtors	7	16,879,530	85,503,624
c) Cash and Bank Balances	8	2,417,965	880,672
d) Loans and Advances	9	12,262,223	19,067,356
		<b>34,460,541</b>	<b>112,624,808</b>
Less : Current Liabilities and Provisions			
a) Current Liabilities	10	49,649,872	77,575,355
b) Provision for tax- Fringe Benefit Tax (Net)		79,189	-
		<b>NET CURRENT ASSETS</b>	<b>35,049,453</b>
<b>4. MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)			
Profit & Loss Account (Debit Balance)		118,450,869	52,280,651
<b>TOTAL</b>		<b>159,632,356</b>	<b>150,347,108</b>
Significant Accounting Policies and Notes to Accounts	19		

As per our report of even date attached  
For Gauba, Gauba & Associates  
Chartered Accountants

I.M. Gauba  
Partner  
M. No. 84487  
Place : Delhi  
Date : 30-6-2009

Harpreet Gulati  
Manager Accounts

Prerna Suneja  
Company Secretary

R.K.Pandey  
Director

D.C. Jain  
Mg. Director

Sudhir Chandra  
Director

S N P Ojha  
Director

M.L. Bhateja  
Director

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule Nos.	This year 2009 (Rs.)	Previous year 2008 (Rs.)	
<b>INCOME</b>				
Sales (Gross)	11	184,092,291	254,795,450	
Less: Excise Duty		<u>-</u>	<u>1,060,740</u>	
Sales (Net)		184,092,291	253,734,710	
Other Income	12	11,131,752	10,739,418	
Increase / (Decrease) in Inventory	13	(839,180)	(1,418,538)	
		<u>194,384,863</u>	<u>263,055,590</u>	
<b>EXPENDITURE</b>				
Materials Consumed	14	153,907,934	205,940,557	
Manufacturing and Other Expenses	15	4,372,790	4,472,208	
Personnel Expenses	16	13,561,262	17,611,581	
Selling & Administration Expenses	17	69,421,034	44,745,308	
Financial Expenses	18	14,662,835	5,301,089	
Depreciation	4	4,250,037	4,219,075	
		<u>260,175,892</u>	<u>282,289,818</u>	
Profit / (Loss) Before Tax		(65,791,029)	(19,234,228)	
Less : Provision for Taxation				
Fringe Benefits Tax		379,189	330,920	
Profit / (Loss) after Tax		(66,170,218)	(19,565,148)	
Add: Surplus/(Loss) brought forward from last year		(52,280,651)	(32,715,503)	
Balance Carried to Balance Sheet		<u>(118,450,869)</u>	<u>(52,280,651)</u>	
Earning Per Share				
Basic		(5.46)	(1.61)	
Significant Accounting Policies and Notes to Accounts	19			
As per our report of even date attached				
For Gauba, Gauba & Associates				
Chartered Accountants				
I.M. Gauba	Harpreet Gulati	Perna Suneja	D.C. Jain	S N P Ojha
Partner	Manager	Company Secretary	Mg. Director	Director
M. No. 84487				
Place : Delhi		R.K.Pandey	Sudhir Chandra	M.L. Bhateja
Date : 30-6-2009		Director	Director	Director

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## SCHEDULES TO THE BALANCE SHEET

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SCHEDULE 1</b>		
SHARE CAPITAL		
Authorised Capital		
16,000,000 Equity Shares of Rs. 10/- each	<b>160,000,000</b>	160,000,000
Issued and Subscribed		
13,512,100 Equity Shares of Rs. 10/- each fully paid up	<b>135,121,000</b>	135,121,000
Less : Calls unpaid by others	<b>13,938,375</b>	13,938,375
	<b><u>121,182,625</u></b>	<b><u>121,182,625</u></b>

## SCHEDULE 2

<b>RESERVE &amp; SURPLUS</b>		
General Reserve		
	<b>1,506,000</b>	1,506,000
	<b><u>1,506,000</u></b>	<b><u>1,506,000</u></b>

## SCHEDULE 3

<b>SECURED LOANS</b>		
Bank Borrowing for working capital (Secured by hypothecation of stocks, book debts and fixed & movable assets; equitable mortgage by deposit of title deeds in respect of land at Bhiwadi and personal guarantee of Director)		
	<b>31,843,731</b>	27,658,483
	<b><u>31,843,731</u></b>	<b><u>27,658,483</u></b>

## SCHEDULE 4

### FIXED ASSETS

Description of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 31.3.2008	Additions/ Adjustment	As at 31.3.2009	Upto 31.3.2008	Forthe Year	Written Back	Upto 31.3.2009	As at 31.3.2009	As at 31.3.2008
Land	2,672,632	-	<b>2,672,632</b>	-	-	-	-	<b>2,672,632</b>	2,672,632
Building	43,318,902	79,350	<b>43,398,252</b>	10,832,827	1,448,035	-	<b>12,280,862</b>	<b>31,117,390</b>	32,486,075
Plant&Machinery	26,367,125	161,791	<b>26,528,916</b>	10,223,164	1,456,770	32,608	<b>11,647,326</b>	<b>14,881,590</b>	16,143,961
ElectricalInstallation	2,107,389	-	<b>2,107,389</b>	1,333,587	100,101	-	<b>1,433,688</b>	<b>673,701</b>	773,802
Research&Development	1,498,554	-	<b>1,498,554</b>	757,019	71,181	-	<b>828,200</b>	<b>670,354</b>	741,535
OfficeEquipments	8,784,592	85,353	<b>8,869,945</b>	5,129,554	883,484	19,172	<b>5,993,866</b>	<b>2,876,079</b>	3,655,038
Furniture&Fixtures	3,761,092	108,966	<b>3,870,058</b>	1,758,784	242,315	-	<b>2,001,099</b>	<b>1,868,959</b>	2,002,308
Vehicles	506,851	-	<b>506,851</b>	350,498	48,151	-	<b>398,649</b>	<b>108,202</b>	156,353
<b>TOTAL</b>	<b>89,017,137</b>	<b>435,460</b>	<b>89,452,597</b>	<b>30,385,433</b>	<b>4,250,037</b>	<b>51,780</b>	<b>34,583,690</b>	<b>54,868,907</b>	<b>58,631,704</b>
Previous Year Figures	88,659,430	357,707	<b>89,017,137</b>	26,245,267	4,219,075	78,909	<b>30,385,433</b>	<b>58,631,704</b>	62,414,163

## WELCURE DRUGS & PHARMACEUTICALS LIMITED

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SCHEDULE 5 - INVESTMENTS Long Term (At Cost)</b>		
Trade Investment	-	-
Other Investment	-	-
Government Securities	-	-
National Saving Certificates (Pledged with Sales Tax Department as security)	10,000	10,000
Quoted Equity Shares -fully paid up	-	-
Punjab Communication Ltd.	-	-
500 Equity Shares @ Rs. 250/- each	125,000	125,000
Vippy Solvex Ltd.	-	-
5,300 Equity Shares @ Rs. 35/- each	185,500	185,500
Unquoted Equity Shares - fully paid up	-	-
Dee Pharma Laboratories Ltd.	-	-
2,50,000 Equity Shares @ Rs. 10/- each	2,500,000	2,500,000
A.K. Laboratories Ltd.	-	-
1,56,000 Equity shares @ Rs. 10/- each (Wholly owned subsidiary company)	1,564,800	1,564,800
	<u>4,385,300</u>	<u>4,385,300</u>
Less : Provision for diminution in value of investments	<u>2,804,200</u>	-
	<u>1,581,100</u>	<u>4,385,300</u>
Aggregate Value of :		
Quoted investments-Cost(after considering diminution in value)	6,300	310,500
-Market Value	6,300	15,550
Unquoted investments-Cost(after considering diminution in value)	<u>1,574,800</u>	<u>4,074,800</u>
<b>SCHEDULE 6 -INVENTORIES</b>		
(As valued & certified by the Management)		
Materials (at cost)		
Raw Material	1,989,991	2,383,863
Packing Material	242,585	2,530,866
Stores & Spare Parts	121,208	407,488
Stock in Trade (at lower of cost and market value)	-	-
Finished Goods	547,039	1,850,939
	<u>2,900,823</u>	<u>7,173,156</u>
<b>SCHEDULE 7 - SUNDRY DEBTORS</b>		
a) Debts outstanding for a period exceeding six months		
Unsecured, considered good	5,915,001	39,549,365
Unsecured, considered doubtful	8,261,937	-
b) Other Debts		
Unsecured, considered good	10,964,529	45,954,259
Unsecured, considered doubtful	415,488	-
	<u>25,556,955</u>	<u>85,503,624</u>
Less : Provision for Doubtful Debts	<u>8,677,425</u>	-
	<u>16,879,530</u>	<u>85,503,624</u>
<b>SCHEDULE 8 - CASH AND BANK BALANCES</b>		
Cash in Hand	388,050	385,186
Balance with Scheduled Banks-Current Account	2,010,190	476,811
Fixed Deposit Account	19,725	18,675
(Deposited with Bank as Margin Money)	-	-
	<u>2,417,965</u>	<u>880,672</u>

## WELCURE DRUGS & PHARMACEUTICALS LIMITED

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SCHEDULE 9 - LOANS AND ADVANCES</b>		
Loans		
(Unsecured - Considered Good)		
Subsidiary Company-A.K. Laboratories Ltd	-	5,900,000
Others	<b>3,390,000</b>	3,390,000
Advances recoverable in cash or in kind or for value to be received	<b>13,064,143</b>	7,658,269
Deposit & Balances with Govt Dept./other Authorities & Other	<b>466,142</b>	1,072,162
Income Tax Paid-TDS, Advance Tax & FBT(Balance)	<b>556,667</b>	1,046,925
	<u><b>17,476,952</b></u>	<u>19,067,356</u>
Less : Provision for doubtful advances	<b>5,214,729</b>	
	<u><b>12,262,223</b></u>	<u>19,067,356</u>
<b>SCHEDULE 10 - CURRENT LIABILITIES</b>		
Sundry Creditors		
Trade		
(a) Dues to Micro, Small and Medium Enterprises	-	-
(b) Others	<b>41,179,673</b>	61,226,216
Advance from Customers	<b>134,761</b>	49,111
Security deposit from customers	<b>569,402</b>	7,490,000
Other Liabilities	<b>7,766,036</b>	8,810,028
	<u><b>49,649,872</b></u>	<u>77,575,355</u>
<b>SCHEDULE 11 - SALES</b>		
Domestic Sales	<b>182,917,794</b>	244,648,055
Export Sales-Indirect	<b>1,174,497</b>	10,147,395
	<u><b>184,092,291</b></u>	<u>254,795,450</u>
Less:- Excise Duty Paid	-	1,060,740
	<u><b>184,092,291</b></u>	<u>253,734,710</u>
<b>SCHEDULE 12 - OTHER INCOME</b>		
Manufacturing Job Work Charges	<b>9,389,897</b>	10,394,905
Interest on Unsecured Loans	-	204,900
Income from other Investment		
- Dividend (from long term investment)	<b>25,260</b>	21,760
Interest Received	<b>250,405</b>	66,853
Rent & Salary Received	<b>172,000</b>	51,000
Receipts from Sale of trade marks etc.	<b>1,250,000</b>	-
Other Income	<b>44,190</b>	-
	<u><b>11,131,752</b></u>	<u>10,739,418</u>
<b>SCHEDULE 13 - INCREASE / (DECREASE) IN INVENTORY</b>		
OPENING STOCK		
Finished Goods	<b>1,016,426</b>	1,443,272
Work-in-progress	-	<b>991,692</b>
	<u><b>1,016,426</b></u>	<u>2,434,964</u>
CLOSING STOCK		
Finished Goods	<b>177,246</b>	1,016,426
	<u><b>177,246</b></u>	<u>1,016,426</u>
Increase/(Decrease) in Inventory	(B-A) <b>(839,180)</b>	<u>(1,418,538)</u>

## WELCURE DRUGS & PHARMACEUTICALS LIMITED

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SCHEDULE 14 - MATERIAL CONSUMED /SOLD</b>		
(including trading goods)		
Opening Stock	5,749,242	12,391,887
Add : Purchases	<u>150,761,061</u>	<u>199,297,912</u>
	156,510,303	211,689,799
Less : Closing Stock	<u>2,602,369</u>	<u>5,749,242</u>
	<u>153,907,934</u>	<u>205,940,557</u>
<b>SCHEDULE 15 - MANUFACTURING &amp; OTHER EXPENSES</b>		
Power & Fuel	1,646,921	2,510,340
Consumption of Stores & Spares	283,310	330,155
Job Work & Testing Charges	1,792,565	1,032,905
Repairs & Maintenance Expenses	44,518	53,642
- Building	324,204	153,403
- Machinery	281,272	391,763
- Others	<u>4,372,790</u>	<u>4,472,208</u>
	13,375,256	17,149,079
Salaries, Wages & Provisions to Employees	178,004	392,608
Staff Welfare Expenses	8,002	69,894
Staff Recruitment Expenses	<u>13,561,262</u>	<u>17,611,581</u>
<b>SCHEDULE 16 - PERSONNEL EXPENSES</b>		
<b>SCHEDULE 17 - SELLING &amp; ADMINISTRATION EXPENSES</b>		
Printing & Stationery Expenses	554,990	683,989
Travelling Others	33,384	13,828
Conveyance & Vehicle Running Expenses	347,711	679,652
Electricity Charges	561,399	449,386
Fees & subscription Expenses	312,548	224,052
Legal, Professional & Miscellaneous Expenses	2,795,776	1,516,469
Telecommunication & Postage Expenses	1,867,850	1,324,372
Security & Insurance Expenses	492,275	785,782
Rent, Rates & Taxes Expenses	1,995,371	2,026,015
Bad Debts	15,763,552	1,296,640
Provisions for Doubtful Debts, advances and investment	16,696,354	-
Loss on sale of Fixed Assets	42,465	21,181
Selling and Distribution Expenses	993,507	1,306,198
Freight & Cartage Outward	1,801,512	1,440,177
Business Promotion	1,067,399	1,424,513
Commission on Sales	11,694,240	16,278,847
Salaries to Field Staff	11,753,402	14,803,518
Travelling Expenses of Field Staff	620,827	439,233
Other Expenses	22,060	22,472
Payments to Auditors	4,412	8,984
Audit Fees	<u>69,421,034</u>	<u>44,745,308</u>
Tax Audit Fees	69,421,034	44,745,308
	<u>69,421,034</u>	<u>44,745,308</u>
<b>SCHEDULE 18 - FINANCIAL EXPENSES</b>		
Interest to		
Bank	3,524,842	3,666,455
Others	10,508,005	1,064,559
Cash Discounts	419,994	306,886
Bank Charges	209,994	263,189
	<u>14,662,835</u>	<u>5,301,089</u>



# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## SCHEDULE 19 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

- (a) Basis of Accounting : The financial statements are prepared under historical cost convention on a going concern basis and comply with the notified accounting standards of Companies Accounting Standards Rules, 2006.
- (b) Use of Estimates : The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from these estimates.
- (c) Fixed Assets : All Fixed Assets have been valued at cost (net of Cenvat, where applicable). All cost incidental to the acquisition and installation of the assets are capitalised.
- (d) Excise Duty : Excise Duties recovered are included in the sale of product. Purchases are being shown at a figure net of excise duty.
- (e) Inventories : Inventories of raw material, Packing material & Work in Progress are valued at cost; and finished goods are valued at cost or net recognized value which ever is lower. Finished goods-trading are valued at cost.  
Raw Material in hand is valued at FIFO basis and packing materials at weighted average basis.
- (f) Investments : Investments are stated at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.
- (g) Revenue Recognition : Revenue is recognised on accrual basis.
- (h) Depreciation : Depreciation is provided under the straight-line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. In respect of additions during the year, depreciation has been provided on pro-rata basis.
- (i) Provisions for Doubtful Debts : Provisions for doubtful debts are made in cases where collection of debt is uncertain.
- (j) Taxation : Provision of Taxation comprises of Income Tax Liability on the profits for the year chargeable to tax and Deferred Tax resulting from timing differences between Book and Tax profits, The Deferred Tax assets/ Liability is provided in accordance with the accounting standard 22(AS-22), "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.  
Where Minimum Alternate Tax (MAT) is applicable, it is provided in the Profit and Loss Account irrespective of the Tax Credit benefits envisaged in the Income Tax Act, 1961.

### 2. NOTES TO ACCOUNTS

(1) CONTINGENT LIABILITY : There is no claim against the Company, which is to be acknowledged as debt

(2) GUARANTEE : Pending Bank Guarantee is Rs. 15,000.00 (Previous year Rs. 15,000.00.)

(3) PAYMENTS TO AUDITORS (INCLUDING SERVICE TAX WHERE APPLICABLE) :

(a) Statutory Auditor	This Year (Rs.)	Previous Year (Rs.)
(i) Audit fee	22,060	22,472
(ii) Tax Audit fee(Incl. Tax Audit Fee of Rs.4490/-4,412 for the year 2006-07 in previous year)	26,472	8,984
Total	26,472	31,456
(b) Cost Auditor		
(i) Audit fee	11,236	11,236
(ii) Reimbursement of expenses	2,248	2,248
Total	13,484	13,484

### 4. DETAILS OF MANAGERIAL REMUNERATION

Managing/Whole Time Directors have been paid monthly remuneration as per their terms of appointment, which are lower than Schedule XIII of the Companies Act, 1956.

Directors Remuneration : (Amount in Rupees)

	Total Managerial Remuneration	
	Current Year	Previous Year
Salary	13,53,600.00	16,61,600.00
Allowances	2,30,400.00	1,94,400.00
Value of benefits*	3,05,246.00	20,13,679.00
<b>Total</b>	<b>18,89,246.00</b>	<b>38,69,679.00</b>

\*(Calculated as per Income Tax Rules)

No commission is payable to the Directors (including Managing Director).

5. REALISED VALUE OF LOANS & ADVANCES :In the opinion of the Board and to the best of the knowledge and belief, the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in Balance Sheet.
6. SSI OUTSTANDING : As on 31.3.2009 amount payable to supplier is not covered under the provisions of Micro, Small and Medium Enterprises Development Act, 2006.
7. LOANS AND ADVANCES (INCLUDING INTER CORPORATE DEPOSIT) : Inter corporate deposits outstanding to the extent of Rs. 21.24 Lacs given to RKM Securities Pvt. Ltd. in 1994-95 is due from them with interest. Company had filed suits against the company and the guarantors for recovery of amounts with interest and for winding up of this company. The suits are pending with the Courts.However, chances of recovery are bleak and therefore, during the year provision for doubtful debt of Rs. 21.24 lacs is made.  
In addition, an amount of Rs.33,90,000/- is due from other party. However, no interest income has been accounted for during the current financial year.
8. DETAILED PARTICULARS REGARDING OPENING AND CLOSING STOCKS, PRODUCTION, SALES AND CONSUMPTION :

#### I. Opening & Closing Stocks of Finished Goods

Class of Goods	Unit of Qty.	Opening Stock (Rs. in 000')				Closing Stock (Rs.in 000')			
		Current year		Previous year		Current year		Previous year	
		Qty.	Value(Rs.)	Qty.	Value(Rs.)	Qty.	Value(Rs.)	Qty.	Value(Rs.)
Tablets	000	766	727	892	885	-	-	766	727
Capsules	000	348	228	1760	558	-	-	348	228
Herbal	000	1	61	-	-	4	177	1	61
<b>Total</b>			1016		1443		177		1016

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## II. Production & Sales (Including of Excise Duty) of Finished Goods

Class of Goods	Unit of Qty.	Production				Sales (Rs. in 000')			
		Current year		Qty. Total	Previous year Qty. Total	Current year		Previous year	
		Qty. Self mfg	Qty. Job Work			Qty.	Value(Rs.)	Qty.	Value(Rs.)
Tablets	000	843	9292	10135	33522	10901	11654	33648	22023
Capsules	000	-	-	-	6951	348	268	8363	4542
Liquid Oral	000	-	-	-	65	-	-	65	954
Herbal	000	4	-	4	16	1	139	15	903
Others	-	-	-	-	-	-	2617	-	1931
<b>Total</b>							14678		30353

## III. Trading Goods (Opening and Closing Stocks)

Product	Unit	Opening Stocks				Closing Stocks			
		Current year		Previous year Qty (Nos. 000)	Previous year Value (Rs.in Thous)	Current year		Previous year Qty (Nos. 000)	Previous year Value (Rs.in.Thous)
		Qty (Nos. 000)	Value (Rs.in Thous)			Qty (Nos. 000)	Value (Rs.in Thous)		
Herbal Formulation	Box	65	835	23	1562	27	251	65	835
<b>Total</b>			835		2087		370		835

## IV. Trading Goods (Purchase and Turnover)

Product	Unit	Purchase				Turnover			
		Current year		Previous year Qty (Nos. 000)	Previous year Value (Rs.in Thous)	Current year		Previous year Qty (Nos. 000)	Previous year Value (Rs.in.Thous)
		Qty (Nos. 000)	Value (Rs.in Thous)			Qty (Nos. 000)	Value (Rs.in Thous)		
Herbal Formulation	Box	4*	-	-	-	3	510	6	979
Formulation	Box	7831	141555	5045	183107	7869	168904	5003	223463
<b>Total</b>			141555		183107		169414		224442

\* Returned Goods

## V. Raw Material Consumption (100% Indigenous)

	Quantity (000) Kgs.		Total Value (Rs. 000)	
	Current year	Previous year	Current year	Previous year
Raw Material (Bulk Drugs)	11	36	8689	16795
Packing Material (PVC & Foils)	5	21	645	2638
Others	-	-	2554	2148
<b>Total</b>	16	57	11888	21581

## 9. CAPACITY : INSTALLED & UTILISED

Class of goods	Installed Capacity		Utilised Capacity					
	Current year*	Previous year	Current year			Previous year		
			For Self	For third Party	Total	For Self	For Third Party	Total
Tablets	12000	26500	8	1134	1142	173	1851	2024
Capsules	4000	4900	-	51	51	69	52	121
Dry Syrups	100	100	-	29	29	-	28	28
Liquid Oral	55	55	-	-	-	1	-	1

\* (Reworked and revised mainly due to discard of obsolete / old plant & machinery)

(10) FOREIGN EXCHANGE : Earning in foreign exchange during the year was nil (Previous Year Rs. Nil). There is no expenditure in foreign exchange during the year. (previous Year Nil)

(11) SEGMENT REPORTING : The Company operates in one segment i.e. the manufacturing and trading of Pharmaceuticals Formulations and in one geographical area i.e. within India. Hence, the requirement of segment reporting as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India (ICAI) is not applicable.

(12).RELATED PARTY DISCLOSURES AS REQUIRED BY ACCOUNTING STANDARD-18, IS AS BELOW :-

### A. Relationship :

(i) Enterprises Controlled by the Promoter/ Key Management Personnel of the Company  
Subsidiary of the Company - A.K. Laboratories Ltd.

(ii)Key Management Personnel of the Company  
Whole Time Director of the Company - Mr.S.N.P. Ohja

(iii) Whole Time Promoter Directors of the Company and their relatives -

Mr. D.C.Jain-Director,Mrs. Vandana Jain, Mrs. Kiran Jain, Mr. Sanjeev Jain and Mr. Sandeep Jain-relatives of director.

B.The following transactions were carried out with the related parties in the ordinary course of Business:-

Nature of Transaction	2008-09 (Rs.)		2007-08 (Rs.)	
	Subsidiary Company	Directors & relatives	Subsidiary Company	Directors & relatives
Job work Receipts	-	-	-	54,008
Outstanding Loan-given/(taken)	(51,00,000)	-	59,00,000	-
Remuneration to WT Director	3,84,000	-	3,24,000	-
Remuneration to promoter director & his relatives	20,86,107	-	41,59,399	-
Rentals paid to directors & their relatives	19,02,000	-	18,22,000	-

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## 13. Earning Per Share (EPS) as per Accounting Standard-20

	For the year 2008-09	For the year 2007-08
Net Profit after current and Deferred Tax for the Year	(6,61,70,218)	(1,95,65,148)
Weighted Average Number of Equity Shares	1,21,18,260	1,21,18,260
Nominal Value of the Shares (Rs.)	10	10
Basic Earning Per Share (Rs.)	(5.46)	(1.61)

## 14. CONSOLIDATED FINANCIAL STATEMENT

Consolidated Financial Statements as per accounting standard 21 "Consolidated Financial Statements" issued by the ICAI, duly audited are enclosed.

## 15. ACCOUNTING FOR TAXES ON INCOME

In accordance with Accounting Standard 22 "Accounting for Taxes on Income" (AS 22) issued by the ICAI, the company has accounted for deferred taxes during the year as under :

The major component of deferred tax assets/liabilities are :

Deferred Tax Assets:-	Current Year	Previous Year
Carried forward losses	Rs. 8,22,54,868	Rs. 4,91,27,268
Unabsorbed depreciation	Rs. 2,63,20,899	Rs. 2,26,17,337
Provision for Doubtful Debts, advances & Investment U/s 43 B of I Tax Act	Rs. 1,66,96,354	-
	Rs. 1,33,487	-

### Deferred Tax Liability:-

Depreciation on account of timing difference. Rs. 2,45,12,146 Rs. 2,51,01,088

### Deferred Tax Assets (net) as on 31-03-2009

Nil Nil

Due to timing difference for above items, deferred tax assets has been worked out to Rs. 3,42,93,687/- (previous year Rs.1,58,54,130/-). As

a matter of prudence deferred tax assets is not being recognized, as per accounting standard-22 "Accounting for Taxes on Income".

## 16. Prior period expenses amounting to Rs. 17,66,457/- (Previous Year Rs. 4,15,912/-) mainly on account of administration and selling expenses and finance charges, have been accounted for under the relevant heads of account.

## 17. VALUATION OF INVESTMENT

Investments are stated at cost. However, provision for diminution in value is made of Rs. 28,04,200/- to recognize a decline other than temporary in the value of the investments. It resulted into further increase in loss of the current year by Rs. 28,04,200/-.

## 18. BAD DEBTS WRITTEN OFF

The Company has made efforts to make recovery of amount overdue from customers and depositors. In spite of these efforts, an amount of Rs. 1,57,63,552/- is not recovered from them and same has been written off as bad debts during the year.

## 19. PROVISION FOR DOUBTFUL DEBTS

Specific provisions for doubtful debts of Rs. 1,38,92,154/- is made during the year in cases where collection of debt is uncertain. In certain cases, legal suits have also been filed for recovery for overdue amount. But the chances of recovery are bleak. Therefore, provision for doubtful debts is made during the year. It resulted into further increase in loss of the current year by Rs. 1,38,92,154/-.

## 20. REARRANGEMENT & ROUNDING OFF -

(i) The figures of the previous year have been regrouped and rearranged wherever considered necessary to make them comparable with current year figures.

(ii) All Figures have been rounded off to the nearest rupees.

As per our report of even date attached

For Gauba, Gauba & Associates

Chartered Accountants

I.M. Gauba

Partner

M. No. 84487

Place : Delhi

Date : 30-6-2009

Harpreet Gulati

Manager Accounts

Prerna Suneja

Company Secretary

R.K.Pandey

Director

D.C. Jain

Mg. Director

Sudhir Chandra

Director

S N P Ojha

Director

M.L. Bhateja

Director

STATEMENT ATTACHED TO BALANCE SHEET AS AT 31st MARCH, 2009 PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 IN RESPECT OF SUBSIDIARY COMPANY A.K. Laboratories Limited

1. Financial year ending	31.03.2009
2. Date from which it become a subsidiary	01.04.1993
3. Holding company's interest in the share capital	100%
4. The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts :	
a) For the year ended 31.3.2009	Rs. 72,75,023
b) For the previous financial Years since it became company's Subsidiary	Rs. 15,20,224
5. The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts:	
a) For the year ended 31.3.2009	Rs. Nil
b) For the previous financial Years since it become company's Subsidiary	Rs. Nil

Harpreet Gulati  
Manager Accounts

Prerna Suneja  
Company Secretary

D.C. Jain  
Mg. Director

S N P Ojha  
Director

Place : Delhi  
Date : 30-6-2009

R.K.Pandey  
Director

Sudhir Chandra  
Director

M.L. Bhateja  
Director

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009	2007-2008
<b>A. Cash Flow from Operating Activities</b>	(Rs.)	(Rs.)
Net Profit before tax	(65,791,029)	(19,234,228)
Adjustment for :		
Add: Depreciation	4,250,037	4,219,075
Dividend Income	(25,260)	(21,760)
Interest	14,032,847	4,731,014
Interest Received	(250,405)	(271,753)
Bad Debts Written off	15,763,552	1,296,640
Provision for Bad Debts	16,696,354	-
Misc. Expenditure written off	-	9,090,702
Loss on Sale of Assets	42,465	21,181
Operating Profit before Working Capital Change	<u>(15,281,439)</u>	<u>(169,129)</u>
Adjustments for Working Capital Changes		
Inventories	4,272,333	8,361,269
Trade & Other Receivables	45,773,521	(3,049,915)
Trade & Other Payables	<u>(27,925,483)</u>	<u>9,601,907</u>
Cash generated from operations	6,838,932	14,744,132
Direct Tax Paid	<u>(300,000)</u>	<u>(419,906)</u>
Net Cash from Operating Activities (A)	<u>6,538,932</u>	<u>14,324,226</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(590,505)	(479,605)
Sale of Fixed Assets	60,800	21,808
Dividend Received	25,260	21,760
Interest Received	250,405	271,753
Net Cash used in Investing Activities (B)	<u>(254,040)</u>	<u>(164,284)</u>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of share capital	-	46,000
Proceeds of Unsecured Loans	5,100,000	-
Proceeds for Working Capital Borrowing	4,185,248	(9,607,053)
Interest Paid	<u>(14,032,847)</u>	<u>(4,731,014)</u>
Net Cash used in Financing Activities (C)	<u>(4,747,599)</u>	<u>(14,292,067)</u>
Net change in Cash and Cash Equivalents (A+B+C)	1,537,293	(132,125)
Opening Balance of Cash and Cash Equivalents	880,672	1,012,797
Closing Balance of Cash and Cash Equivalents	<u>2,417,965</u>	<u>880,672</u>

As per our report of even date attached  
For Gauba, Gauba & Associates  
Chartered Accountants

I.M. Gauba  
Partner  
M. No. 84487  
Place : Delhi  
Date : 30-6-2009

Harpreet Gulati  
Manager Accounts

Prema Suneja  
Company Secretary

R.K.Pandey  
Director

D.C. Jain  
Mg. Director

Sudhir Chandra  
Director

S N P Ojha  
Director

M.L. Bhateja  
Director

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## AUDITOR'S REPORT

### TO THE BOARD OF DIRECTORS OF **WELCURE DRUGS & PHARMACEUTICALS LTD. ON THE CONSOLIDATED FINANCIAL STATEMENTS OF WELCURE DRUGS & PHARMACEUTICALS LTD AND ITS SUBSIDIARY**

We have examined the attached consolidated Balance Sheet of Welcure Drugs & Pharmaceuticals Ltd. (the Company) and its subsidiary (A.K. Laboratories Ltd.) as at 31<sup>st</sup> March 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Welcure Drugs & Pharmaceuticals Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of A.K. Laboratories Ltd. (subsidiary), whose financial statements reflect total assets of Rs. 68,71,490/- (Previous Year Rs. 53,27,298/-) as at 31<sup>st</sup> March 2009 and total revenue of Rs. 91,53,639/- (Previous Year Rs. 30,22,349/-) for the year ended on the date. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Welcure Drugs & Pharmaceuticals Ltd and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Welcure Drugs & Pharmaceuticals Ltd and its aforesaid subsidiary, in our opinion, the consolidated financial statements together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of Welcure Drugs & Pharmaceuticals Ltd. and its subsidiary as at 31<sup>st</sup> March 2009;
- (b) In the case of the consolidated Profit and Loss Account, of the consolidated results of operations of Welcure Drugs & Pharmaceuticals Ltd. and its subsidiary for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of Welcure Drugs & Pharmaceuticals Limited and its subsidiary for the year ended on that date.

For **GAUBA, GAUBA & ASSOCIATES**  
Chartered Accountants

I.M.GAUBA  
Partner  
M. No. 84487

Place: New Delhi.  
Date : 30.06.2009

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## CONSOLIDATED BALANCE SHEET OF WELCURE DRUGS & PHARMACEUTICALS LTD. AND ITS SUBSIDIARY AS AT 31ST MARCH, 2009

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>I SOURCES OF FUNDS :</b>		
1. SHAREHOLDERS FUNDS		
Share Capital	121,182,625	121,182,625
Reserves & Surplus	1,571,250	1,571,250
	122,753,875	122,753,875
2. LOAN FUNDS		
Secured Loans	31,843,731	27,658,483
	154,597,606	150,412,358
<b>II APPLICATION OF FUNDS :</b>		
1. FIXED ASSETS		
a) Gross Block	90,684,828	91,770,385
b) Less: Depreciation	35,811,121	31,563,686
c) Net Block	54,873,707	60,206,699
2. INVESTMENTS	16,300	2,820,500
3. CURRENT ASSETS, LOANS AND ADVANCES		
a) Inventories	2,900,823	7,173,156
b) Sundry Debtors	16,970,688	86,907,775
c) Cash and Bank Balances	2,525,055	1,010,224
d) Loans and Advances	13,835,465	15,390,756
	36,232,031	110,481,911
LESS : CURRENT LIABILITIES AND PROVISIONS		
a) Current Liabilities	49,808,035	77,582,849
b) Provisions for tax	828,653	60,159
NET CURRENT ASSETS	(14,404,657)	32,838,903
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Profit & Loss Account(Debit Balance)	114,112,256	54,546,256
	154,597,606	150,412,358

**Significant Accounting Policies and Notes to Accounts annexed to and forming part of accounts**

As per our report of even date attached

For Gauba, Gauba & Associates

Chartered Accountants

I.M. Gauba

Partner

M. No. 84487

Place : Delhi

Date : 30-6-2009

Harpreet Gulati

Manager Accounts

Purna Suneja

Company Secretary

R.K.Pandey

Director

D.C. Jain

Mg. Director

Sudhir Chandra

Director

S N P Ojha

Director

M.L. Bhateja

Director

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## CONSOLIDATED PROFIT & LOSS ACCOUNT OF WELCURE DRUGS & PHARMACEUTICALS LTD. AND ITS SUBSIDIARY FOR THE YEAR ENDED 31ST MARCH, 2009

	This Year (Rs.)	Previous Year (Rs.)
<b>INCOME :</b>		
Gross Sales	184,563,791	257,815,591
Less: Excise Duty	-	1,142,086
Net Sales	<u>184,563,791</u>	256,673,505
Other Income	11,334,908	10,818,026
Profit on Sale of Fixed Assets	8,478,983	-
Increase / (Decrease) in Inventory	(839,180)	(1,418,538)
	<u>203,538,502</u>	<u>266,072,993</u>
<b>EXPENDITURE :</b>		
Material Consumed	154,038,165	207,512,360
Manufacturing and Other Expenses	4,599,110	5,063,670
Personnel Expenses	13,561,262	17,611,581
Selling & Administration Expenses	70,891,605	45,194,031
Financial Expenses	14,665,151	5,302,169
Depreciation	4,299,215	4,316,102
	<u>262,054,508</u>	<u>284,999,913</u>
Profit / (Loss) Before Tax	(58,516,006)	(18,926,920)
Less: Provision for Taxation		
Current Tax	749,464	60,159
Fringe Benefit Tax	379,189	331,596
MAT Credit Entitlement	(90,700)	-
Profit/ (Loss) After Tax	<u>(59,553,959)</u>	(19,318,675)
Less : Tax for earlier Year	12,041	-
Add: Surplus/ (Loss) brought forward from Previous year	(54,546,256)	(35,227,581)
Balance Carried to Balance Sheet	<u>(114,112,256)</u>	<u>(54,546,256)</u>
Earning per share-Basic	(4.91)	(1.59)

### Significant Accounting Policies and Notes to Accounts annexed to and forming part of accounts

As per our report of even date attached  
For Gauba, Gauba & Associates  
Chartered Accountants

I.M. Gauba  
Partner  
M. No. 84487  
Place : Delhi  
Date : 30-6-2009

Harpreet Gulati  
Manager Accounts

Purna Suneja  
Company Secretary

D.C. Jain  
Mg. Director

S N P Ojha  
Director

R.K.Pandey  
Director

Sudhir Chandra  
Director

M.L. Bhateja  
Director

# WELCURE DRUGS & PHARMACEUTICALS LIMITED

CONSOLIDATED CASH FLOW STATEMENT OF WELCURE DRUGS & PHARMACEUTICALS LTD AND ITS SUBSIDIARY FOR THE YEAR ENDED 31ST MARCH, 2009	2008-2009 (Rs.)	2007-2008 (Rs.)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax	(58,516,006)	(18,926,920)
Adjustments for :		
Depreciation	4,299,215	4,316,102
Dividend Income	(25,260)	(21,760)
Interest	14,034,603	4,731,014
Interest Received	(453,561)	(271,753)
Bad Debts Written Off	15,763,552	1,296,640
Provision for Bad Debts	16,696,354	-
Loss/(Profit) on Sale of Fixed Assets	(8,436,518)	21,181
Misc. Expenditure written off	-	9,090,702
Operating Profit before Working Capital Change	(16,637,621)	235,206
Adjustments for Working Capital Change:		
Inventories	4,272,333	8,361,269
Trade & Other Receivables	41,927,372	(2,799,605)
Trade & Other Payables	(27,774,814)	7,944,419
Cash generated from operations	1,787,270	13,741,289
Direct Tax Paid	(372,200)	(788,441)
<b>Net Cash from Operating Activities (A)</b>	<b>1,415,070</b>	<b>12,952,848</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(590,505)	(479,605)
Sale of Fixed Assets	10,060,800	21,808
Sale of Investment	-	935,000
Dividend Received	2,5260	21,760
Interest Received	453,561	271,753
<b>Net Cash used in Investing Activities (B)</b>	<b>9,949,116</b>	<b>770,716</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	-	46,000
Proceeds from Cash Credits/Bank Drafts	4,185,248	(9,607,053)
Interest Paid	(14,034,603)	(4,731,014)
<b>Net Cash used in Financing Activities (C)</b>	<b>(9,849,355)</b>	<b>(14,292,067)</b>
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	<b>1,514,831</b>	<b>(568,503)</b>
Opening Balance of Cash and Cash Equivalents	1,010,224	1,578,727
Closing Balance of Cash and Cash Equivalents	2,525,055	1,010,224

## SCHEDULE: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

### A. Significant Accounting Policies

1. **Accounting Convention** - The financial statements are prepared under historical cost convention on a going concern basis and comply with the notified Accounting Standards of Companies Accounting Standards Rules 2006.

### 2. Principles of Consolidation

(i) The Consolidated Financial Statements relate to Welcure Drugs & Pharmaceuticals Ltd (the Company) and its wholly owned subsidiary company.

-The Consolidated financial statements have been prepared in accordance with Accounting Standard (AS-21)-"Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, on the following basis:

-The financial statements of the Company and its wholly owned subsidiary company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

-The excess of cost to the company of its investment in the Subsidiary over equity is recognised in the financial statements as Goodwill. Goodwill as such, stood at Rs. 4800/- as on 31-03-2009.

-The Consolidated financial statements have been prepared in using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

### (ii) Company included in Consolidation

The wholly owned subsidiary company, A.K. Laboratories Ltd. (AKL) considered in the Consolidated Financial Statements.

3. **Other Significant Accounting Policies** - These are set out in the notes to accounts under "Significant Accounting Policies" of the financial statements of the Company and AKL.

### B. OTHER NOTES TO ACCOUNTS

1. These are set out in the notes to the accounts of the financial statements of the Company and AKL.

2. Previous year figures have been regrouped/rearranged wherever considered necessary.

As per our report of even date attached

For Gauba, Gauba & Associates

Chartered Accountants

I.M. Gauba

Partner

M. No. 84487

Place : Delhi

Date : 30.06.2009

Harpreet Gulati

Manager Accounts

Prerna Suneja

Company Secretary

R.K.Pandey

Director

D.C. Jain

Mg. Director

Sudhir Chandra

Director

S N P Ojha

Director

M.L. Bhateja

Director



# WELCURE DRUGS & PHARMACEUTICALS LIMITED

## WELCURE DRUGS & PHARMACEUTICALS LTD.

### NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of Welcure Drugs & Pharmaceuticals Ltd. will be held on Monday, the 21<sup>st</sup> September, 2009 at 9.00 A.M. at the Registered Office of the Company at A - 1129, RIICO Industrial Area, Phase III, Bhiwadi-301 019 (Rajasthan) to transact the following business :

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S.N.P.Ojha who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. M.L.Bhateja who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration.

#### SPECIAL BUSINESS

5. To declare the results of resolutions by Postal Ballot.

New Delhi  
Date-30.06.2009

By Order of Board of Directors  
Prerna Suneja  
Company Secretary

#### NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll only and a proxy need not be a member of the Company. In order to be effective, proxy forms duly completed should be deposited at the registered office of the Company not less than 48 hours before the time fixed for the meeting.
2. The Register of Members & Share Transfer books will remain closed from 07.09.2009 to 21.09.2009 (both days inclusive).

**WELCURE DRUGS & PHARMACEUTICALS LTD.**

**ADMISSION SLIP**

Member's Folio No.....Client ID.....DP ID.....  
Name of Member.....No. of  
Shares.....  
Name of the Proxy.....(if attending  
for member)

I HEREBY RECORD MY PRESENCE AT THE ANNUAL GENERAL MEETING OF WELCURE DRUGS & PHARMACEUTICALS LTD. ON MONDAY, 21st SEPTEMBER, 2009 AT 9.00 A.M. AT A-1129, RIICO INDUSTRIAL AREA, PHASE-III, BHIWADI-301019 (RAJASTHAN)

SIGNATURE OF THE MEMBER/PROXY

**NOTES :**

1. Please produce this admission slip duly filled in and signed at the entrance to the meeting. Entry to Member/Proxy will be permitted after verification of signature(s). No duplicate slip will be issued at the meeting.
2. Members are requested to bring their copies of the Annual Report.

**WELCURE DRUGS & PHARMACEUTICALS LTD.**

**PROXY FORM**

Ledger Folio No. .... Client ID. ....  
No. of Shares ..... DP ID. ....

I/We..... of .....being a member/  
members of Welcure Drugs & Pharmaceuticals Ltd. hereby appoint.....

S/o..... or failing him .....S/o.....

whose signature(s) are given below, as my/our proxy to attend and vote for me/  
us on my/our behalf at the Annual General Meeting of the Company to be held  
on Monday, 21st September, 2009 at 9.00 A.M. at A-1129, RIICO Industrial Area,  
Phase-III, Bhiwadi.

Signed this..... day of..... 2009

Signature of the member(s).....

Signature of Proxy.....

Note : Proxy in order to be effective must be received at the Registered Office  
of the Company not less than forty eight hours before the scheduled time of  
the meeting. Proxy need not be a Member of the Company.



## BOOK-POST

*If undelivered, please return to :*  
**WELCURE DRUGS & PHARMACEUTICALS LTD.**  
210, Mohan Place, LSC, 'C' Block,  
Saraswati Vihar, Delhi-34.