

ANNUAL REPORT



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RO	<input checked="" type="checkbox"/>		DDY	<input checked="" type="checkbox"/>
ORA	NA		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHR	<input checked="" type="checkbox"/>
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1997-98

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WELCURE DRUGS & PHARMACEUTICALS LTD.

सर्वे भवन्तु सुखिनः
सभी स्वस्थ हों, सुखी हों, समृद्ध हों



WELCURE DRUGS & PHARMACEUTICALS LTD.

Board of Directors

Shri D. C. Jain (Mg. Director)
Shri Harihar Lal
Shri S. S. Dhanoa
Dr. V. B. Lal
Shri R. K. Pandey
Dr. Sanjeev Jain (Whole-Time Director)
Shri Sandeep Jain (Whole-Time Director)

Auditors

Gauba, Gauba & Associates

Bankers

Vijaya Bank

Factory & Regd. Office

A-1129, RIICO Industrial Area, Phase-III,
Bhiwadi-301019 (Rajasthan)

Corporate Office

301-305, Mohan Place, Local Shopping Complex,
C-Block, Saraswati Vihar, Delhi-110034

WELCURE DRUGS & PHARMACEUTICALS LIMITED**DIRECTORS REPORT**

The Directors have pleasure in presenting their Sixth Annual Report and the Audited Statements of Account of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS

	(Rs. in lacs)	
Year ended	31.3.98	31.3.97
Net Sales (including exports)	3791.70	3925.48
Other Income	3.24	9.04
Gross Profit before depreciation & taxation	34.42	63.45
Depreciation	18.06	15.74
Profit Before Tax	16.36	47.71
Provision for taxation	1.87	6.15
Net Profit after tax	14.49	41.56
Total Reserves & Surplus	103.49	89.00

During the year under report the operational cost has increased due to increase by the Government in wage rates, provident fund & ESIC contributions, electricity charges, higher rate of excise on bulk drugs. On the other hand selling price of pharmaceutical formulations have been slashed down substantially by the DPCO; thus making the manufacture and sale of certain products unviable.

Dwindling economy, general recession and financial crisis in the country and increased competition in the industry warranted your company to operate at its optimum capacity. In spite of all our efforts to maintain our market share, the profits of your Company have fallen down.

DIVIDEND

Keeping in view the need to conserve resources and profit during the year being meagre, your Directors are constrained not to recommend any dividend for the year under report.

PHARMACEUTICAL INDUSTRY SCENARIO

The year 1997-98 had been a difficult phase for the pharmaceutical industry in India. The industrial growth came to a grinding halt with no expansion or diversification. Many Pharma Industries of your company's size had faced a severe set back. Amongst the major reasons for the stagnation and poor economic state had been the emergence of multinational companies by way of change in their strategy of jumping into generic formulations business rather than sticking to parent formulations. With the substantial dumping of inferior quality pharmaceutical drugs by

China and Korea coupled with an unwarranted deduction in customs duty across the board, the market of the medium size pharmaceutical domestic industries has shrunk. The industries using high quality costly Indian raw material were unable to withstand the competition with the industries using inferior imported dumped cheaper raw material. There prevailed a constant profit squeeze and a strong competition in domestic market for the pharmaceutical products.

MARKETING

Our sales policy has always gyrate around the principle "Right product for right consumers at a right time for a right price" With research out of reach of many Indian companies by way of their new proprietary product launches and their entry in the field of generic formulations, companies of our size are not finding any escape route to show the much needed growth in the highly competitive scenario. In such a worse condition your company could retain its market share during the year 1997-1998.

EXPORT

The company is continuing to widen its customer base in the international market through exports and other strategic alliances. Your Company is open for joint ventures and tie-ups with quality based sound companies in India and abroad.

QUALITY

In the prevailing scenario of unethical competition, the company has maintained the recognition of WELCURE as a hall mark of quality and excellence. Our quality assurance department is continuing to ensure each dimension of quality like therapeutic efficacy; shelf-life; conformance to IP, BP, USP and other quality standards; reliability together with absence of toxicity or untoward side effects; perceived quality through brand names; and also maintenance of an attractive value through good shape, colour, fragrance and quality packing. Company maintains GMP standard for its products and working.

RESEARCH & DEVELOPMENT

The Company's research & development activities continue to be directed towards upgradation of process technology, improvement in quality, reduction in costs and optimum utilisation of resources.

PRODUCT RANGE

As part of an on going process, your company has continued to expand and widen its product manufacturing range. The new products of the Company WELSTAP, X-CLOX, ETHAMBUTOL, RIFA-Z, CETIRIZINE, MORTIN have been well accepted in the market.

SUBSIDIARY COMPANY

The audited accounts and other relevant particulars of A.K. Laboratories Ltd., wholly owned subsidiary of your Company for the year ended 31st March, 1998 are attached herewith in accordance with the provisions of section 212 of the Companies Act, 1956.

WELCURE DRUGS & PHARMACEUTICALS LIMITED**PARTICULARS OF EMPLOYEES**

During the year, there was no employee drawing remuneration in excess of the amounts prescribed under Section 217(2A) of the Companies Act 1956 and the Rules made thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING & OUTGO.

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

(A) CONSERVATION OF ENERGY

- a) Power factor is being monitored continuously as a part of energy conservation measures.
- b) As additional investment, an underground diesel storage tank had been installed to ensure regular availability of fuel for Power Generating Unit.
- c) Impact of (a) and (b) above has been saving in energy due to power factor improvement, maintenance of proper voltage supply and proper load distribution.
- d) (i) Power and fuel consumption :

1997-98- 1996-97

a) Electricity purchased (RSEB)

i) Units (lacs)	2.80	2.25
ii) Total Amount (Rs. in lacs)	11.48	7.07
iii) Rate per Unit (Rs.)	4.10	3.14

b) Own Generation (through D.G. Set)

i) Units (lacs)	0.52	0.48
ii) Diesel Oil (lacs ltrs.)	0.30	0.24
iii) Cost per Unit (Rs.)	4.52	3.94
(ii) Coal/Furnace oil	NIL	NIL

(B) TECHNOLOGY ABSORPTION

- e) As a part of technology absorption, Company's R&D unit is continuing to make efforts towards improving the quality and manufacturing processes.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- f) Company is continuing to feed the export market.
- g) Total Foreign Exchange earning aggregates to Rs. 16,27,429/ and expenditure is nil.

DIRECTORS

Dr. Sanjeev Jain and Shri R.K. Pandey, Directors of the Company retire by rotation and are eligible for re-appointment. Board of Directors recommend their re-appointment.

AUDITORS

M/S Gauba, Gauba & Associates, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received certificate from them to the effect that their re-appointment, if made, at the forthcoming annual general meeting would be in conformity with the limits specified in section 224 (1-B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors express their grateful appreciation for the assistance, support and co-operation extended to the Company by its Officers, Staff, Workers, and other Employees, Vijaya Bank, Medical Profession & Trade Customers, Suppliers and Investors.

For & on behalf of the Board of Directors

Place : Delhi.

Date : June 27, 1998

D. C. Jain
Chairman

The Key To Excellence
QUALITY OF CURE & CARE

HE cures
we cure
WELCURE

WELCURE
cures well

Committed to Nations Pledge of :
HEALTH FOR ALL BY 2000 A.D.

WELCURE DRUGS & PHARMACEUTICALS LIMITED**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, 1998 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order, to the extent applicable to the Company.
2. We further report that :-
 - a) 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.
 - b) In our opinion, proper books of accounts, as required

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of our Report of even date)

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
2. None of the assets of the Company have been revalued during the year.
3. The stock of finished goods, stores, spare parts, packing material and raw materials have been physically verified by the management at reasonable intervals.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies between physical stock and book records were not material in relation to the size and nature of company's operation and have been properly dealt with in the books of accounts.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The Company has not taken/granted any loan from/to the firms, companies or other parties listed in the register maintained under Section 301 & 370(1B) of the Companies Act, 1956 or from companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956.
8. As explained to us, the parties to whom loans or advances in the nature of loans have been given by the Company are generally repaying the instalments, wherever stipulated and reasonable steps have been taken by the Company for the recovery wherever there are delays.
9. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, plant and machinery, equipments and other assets and for the sale of goods.
10. No transaction for purchase of goods and materials aggregating during the year to Rs. 50,000/- or more in respect of each party were made in pursuance of contracts or

by law, have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account together with the Notes there on give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view :
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998; and
 - (ii) In the case of the Profit and Loss Account, of the Profits for the year ended 31st March, 1998.

For GAUBA, GAUBA & ASSOCIATES
Chartered Accountants

Place : New Delhi.
Date : 27th June, 1998

APURV RELAN
Partner

arrangements entered in the register maintained under section 301 of the Companies Act, 1956. Transactions for sale of goods and materials aggregating during the year to Rs. 50,000/- or more in respect of each party made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices for such goods.

11. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods for which adequate provision has been made in the accounts.
12. The Company has not accepted any deposits from the public.
13. The Company is maintaining reasonable records for the sale and disposal of realisable scrap. There are no by-products arising out of the manufacturing process of the Company.
14. The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
15. We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that the prescribed accounts and records have been made and maintained. However, we have not carried out any detailed examination of such accounts and records.
16. According to the records of the company and information provided to us, Employees State Insurance and Provident Fund Dues have been regularly deposited with the appropriate Authorities.
17. There is no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax, Excise Duty or Customs Duty as on 31st March, 1998 which were outstanding for a period of more than six months from the date they became payable.
18. Personal Expenses have not been charged to revenue account.
19. The Company is not a sick industrial company within the meaning of clause (i) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For GAUBA, GAUBA & ASSOCIATES
Chartered Accountants

Place : Delhi.
Date : 27th June, 1998

APURV RELAN
Partner