



ISO 9002 CERTIFIED COMPANY

ANNUAL REPORT 1999-2000

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WELCURE DRUGS & PHARMACEUTICALS LTD.

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



WELCURE DRUGS & PHARMACEUTICALS LTD.

ISO 9002 CERTIFIED COMPANY

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 Ind. 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**

Your Directors have pleasure in presenting their Eighth Annual Report and the Audited Statements of Account for the year ended 31st March, 2000.

FINANCIAL RESULTS

Sales Turnover and other Income for the period under review amounted to Rs. 2026.38 Lacs as against Rs. 2011.50 Lacs in the previous year. The profit before Depreciation and Tax was Rs. 24.18 Lacs as against Rs. 37.22 Lacs in the previous financial year. After providing 23.29 Lacs for Depreciation and 0.10 Lacs for Taxation, the Company registered a net profit for the year under review of Rs. 0.79 Lacs as against a net profit of Rs. 14.61 Lacs for the previous financial year.

INDUSTRY SCENARIO

It was reported last year that for quite sometime it had been very difficult for the medium size pharmaceutical companies to withstand cut throat competition with big pharma houses and multinational companies, who changed their strategies of jumping into sale of generic pharmaceutical products which hitherto had been the domain of our size companies. While many medium size pharma organisations are already limping or experiencing the worse, others are groping in the dark, searching for escape routes and are in a dilemma about future course of action. Multinationals and big size pharmaceutical companies have grabbed business of medium size companies and have thrived at the sufferings of medium size companies.

It is in this direction that the Company has been making efforts to fully utilise its manufacturing capacity and approaching various big pharma houses and multinationals for manufacturing their pharmaceutical formulations in the form of Tablets, Capsules, Dry syrups and liquid orals in own factory or on loan licence basis. The Company has made a head way in this direction and has signed an agreement with Bihar Drugs and Chemicals Ltd. (A Government of Bihar Undertaking) for manufacturing their products in our factory on loan licence basis and for selling their products. Other such arrangements are in pipeline. Good results are expected during the current year.

On the other side, the Company is making efforts to increase its manufacturing range of injectables and eye-drops by getting the products manufactured by others on loan licence basis under Company's own strict quality control. New range of Company's products in the form of injectables and eye-drops will be launched in the market during the current year.

With the increase in Excise Duty on generics from 8% to 16%

in the current budget, coupled with increase in the State Sales Tax rates to 8%, it has become difficult for domestic companies to sell their generic products at increased prices. Adding fuel to the fire, surcharge on the Sales Tax and new Turnover Tax have been levied by Rajasthan State Government.

While on one side the multinationals and big pharma houses are making efforts to uproot medium size generic manufacturing companies by dumping their generic pharmaceutical formulations at below cost; on the other hand local factories maintaining no quality standards & under the garb of small scale industries, not paying any excise duty and sales tax thereon, are making heavy dent to medium size companies by offering cheaper medicines.

DIVIDEND

Keeping in view inadequate profits and the need to conserve resources, your Directors are constrained not to recommend any dividend for the year under review.

QUALITY

Welcure is synonymous to QUALITY. Welcure continues to enjoy an enviable reputation for manufacturing high quality products. During the year under reference, the Company obtained ISO-9002 Certificate with double accreditation by ABS Quality Evaluation Inc. Texas and by Registrar of Accreditation Board of USA. Welcure follows W.H.O.-G.M.P. norms for maintaining its quality.

MARKETING

In spite of adverse market conditions all over the country, the company has maintained its market share and enjoys unmatched goodwill and the confidence of its customers. A large network of stockists and distributors backed by highly dedicated and motivated field personnel ensures that Welcure's Products are available throughout the country. Welcure knows that business goes where it is invited and stays where it is treated well.

EXPORT

The Company continues to feed international market by exporting its quality medicines against advance payment. However, the exports have heavily suffered due to deteriorated financial and political conditions in Indonesia, Russia and Japan where the Company has been exporting.

WELCURE DRUGS & PHARMACEUTICALS LIMITED**RESEARCH AND DEVELOPMENT**

Company's Research & Development has been successful in developing its complete Tablets section as PURE VEGETARIAN. Company developed a few new products with additional effectiveness e.g. IBUPRUS, ROXITHROMYCIN, NIMESULIDE etc.

YEAR 2000 (Y2K) COMPLIANCE

Hardware and Software in commercial and secretarial departments have been made Y2K compliant.

LISTING AT STOCK EXCHANGES

Your Company is listed on Delhi, Jaipur, Mumbai Stock Exchanges and has neither been delisted nor its trading ever been suspended during the year.

SUBSIDIARY COMPANY

As required under section 212 of the Companies Act, 1956, the Audited Accounts and other relevant particulars of A.K. Laboratories Ltd., a wholly owned subsidiary of your company, for the year ended 31st March 2000 are annexed.

PARTICULARS OF EMPLOYEES

During the year under review, there was no employee drawing remuneration in excess of the amount prescribed under section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & 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

- a) Steps for optimum energy conservation are being taken to reduce per unit cost.
- b) Power factor is being monitored continuously as energy conservation measure.
- c) A diesel storage tank exists for regular availability of fuel for Power Generating Unit. Impact of (a)(b) and (c) 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 details are as under :

	1999-2000	1998-99
i) Units (lacs) of Electricity Purchased	3.61	3.19
ii) Total Amount (Rs. in lacs)	15.03	11.02
iii) Rate per Electricity Unit (Rs.) (through D.G. Set)	4.16	3.45
iv) Units (lacs) Own Generation	0.44	0.43
v) Diesel Oil (Ltrs. in lacs)	0.21	0.24
vi) Cost per Unit (Rs.)	5.11	5.12

(ii) Coal/Furnace oil is not applicable.

(B) TECHNOLOGY ABSORPTION

- e) Company's R&D unit is continuing to bring improvement in quality and processes.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- f) Company is continuing to feed the export market.
- g) Total Foreign Exchange earnings aggregates to Rs. 2,60,982 and expenditure is nil.

DIRECTORS

Shri Hari Har Lal and Dr. Sanjeev Jain, Directors of the Company retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Board recommends their re-appointment.

Dr. Sanjeev Jain, has effectively completed his term of five years as whole time Director on 31-03-2000. The Board has approved his re-appointment as whole time Director for a further period of five years with effect from 01-04-2000 subject to confirmation by shareholders.

Shri Sandeep Jain, Director, has been elected as an Executive Member of PHD Chamber of Commerce and Industry, as Joint Secretary of Rajasthan Pharmaceutical Manufacturers' Association and re-elected as Executive Member of Bhiwadi Manufacturers Association.

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors express their deep appreciation and gratitude for the assistance and co-operation extended to the Company by its Officers, Staff, Workers, and other Employees, Bankers, Medical Professionals, Trade Customers, Dealers, Suppliers and Investors. We also thank to various government and local authorities for their continuous support for the progress of the Company.

For & on behalf of the Board of Directors

Place : Delhi,
Date : 16th June, 2000

D. C. Jain
Chairman