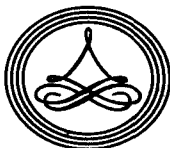




ANNUAL REPORT 2001-2002

Report  Junction.com



Under Technical Guidance of :
ADVANCED MEDICAL CARE INC.
NEW JERSEY, U.S.A.



WELCURE DRUGS & PHARMACEUTICALS LTD.
AN ISO 9001:2000 CERTIFIED COMPANY



WELCURE DRUGS & PHARMACEUTICALS LTD.

(Under Foreign Collaboration with Advanced Medical Care Inc. U.S.A.)

Welcure is an **Internationally ISO 9001:2000 Certified Company** and observes **WHO-GMP** Norms in a Total Quality Management System. **Welcure** has to its credit the most modern and sophisticated manufacturing facilities of International standards which include ultramodern plant, machinery and equipment, own R & D, in house testing laboratory and captive power generation. **Welcure** manufactures a large variety of pharmaceutical formulations, covering almost all ailments, **about 250 in numbers**. Some of our known products include :

MEDICINE

BRUCURE
DICLO-PLUS, DIMCIN PLUS
NIMESULIDE
NIMAGYL TD (TONGUE DISSOLVENT)
IBUCURE & RELAXON FORTE
COLDREST, ALERT 1000 & COLDHISTEX

CEZEN & CEZEN FORTE, CEZEN CD
KUFFWEL
X-DRYL, X-DRYL FORTE
RENACT DM
RENACT DC
DIAROBAN
WELCEE (CHEWABLE TAB.)
CALBIPILEX
WORMICIDE
X-CLOX
WELOXY-L
WELQUIN
NORTIN, CIPCIN-TNZ
SARVO

B-REST
LOPCURE
RIFAMPICIN, ETHAMBUTOL, RIFA-Z
WELOXY-P, AMICURE-P
NORKID

THERAPEUTICAL INDICATIONS

- ✦ PAIN, INFLAMMATIONS
- ✦ BODY PAIN, FEVER, JOINT PAIN
- ✦ RHEUMATOID ARTHRITIS, HEADACHE, ENT INFLAMMATIONS
- ✦ QUICK RELIEF IN FEVER & DENTAL PAIN
- ✦ HEADACHE, FEVER, BODY PAIN, MUSCULOSKELETAL DISORDER
- ✦ NASAL CONGESTION, MUSCULAR PAIN, HEADACHE, BODYACHE, SNEEZING, MINOR SORE THROATS
- ✦ ALLERGY, SNEEZING, SINUSITIS, COUGH, COLD
- ✦ DRY / ALLERGIC / SMOKER'S COUGH, HEADACHE & FEVER
- ✦ ANTI COUGH TABLETS
- ✦ DUODENUM, ULCERS, HYPERACIDITY, REFLUX OESOPHAGYTIS
- ✦ ULCER, HYPERACIDITY, STOMACH SPASM & PAIN
- ✦ LOOSE MOTIONS & DIARRHEA
- ✦ VITAMIN C SUPPLEMENT & SKIN DISORDERS
- ✦ VITAMIN SUPPLEMENT, WEAKNESS, DEBILITY
- ✦ STOMACH WORM KILLER
- ✦ ANTIBIOTIC, ENT INFECTIONS
- ✦ STRONG ANTIBIOTIC WITH LACTIC ACID BACILLUS
- ✦ ANTI MALARIA
- ✦ POWERFUL ANTIBIOTICS & ANTI PROTOZOAL AGAINST INFECTION
- ✦ POWERFUL ANTI INFLAMMATION IN PRE & POST OPERATIVE CASES, TRAUMATIC INJURY, SINUSITIS
- ✦ ANXIETY, DEPRESSION, PANIC DISORDER
- ✦ DIARRHEAS - SYMPTOMATIC RELIEF
- ✦ REGIMEN OF ANTI T.B. DRUGS
- ✦ PAEDIATRIC RANGE OF ANTIBIOTICS
- ✦ FOR PAEDIATRIC INFECTION & DIARRHEA

✦ TABLETS ✦ CAPSULES ✦ LIQUID ORALS ✦ DRY SYRUPS

WELCURE DRUGS & PHARMACEUTICALS LIMITED

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



WELCURE DRUGS & PHARMACEUTICALS LTD.



ISO 9001:2000 CERTIFIED COMPANY

Board of Directors

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

Audit Committee

Shri R. K. Pandey, Chairman
Shri Harihar Lal
Shri S. S. Dhanoa

Shareholders & Investors Grievance Committee

Shri R. K. Pandey, Chairman
Shri Harihar Lal
Shri S. S. Dhanoa

Company Secretary

Geeta Gupta

Manager Accounts & Taxation

Sanjay Aggarwal

Auditors

Gauba, Gauba & Associates

Cost Auditors

Aseem Jain, Cost Accountant

Bankers

Vijaya Bank

Factory & Regd. Office

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

Corporate Office

Welcure Drugs & Pharmaceuticals Ltd.
301-305, Mohan Place, Local Shopping Complex,
C-Block, Saraswati Vihar, Delhi-110034

WELCURE DRUGS & PHARMACEUTICALS LIMITED**DIRECTORS REPORT**

Directors hereby present the Tenth Annual Report and the Audited Statements of Account of the Company for the year ended 31st March 2002.

FINANCIAL RESULTS

Sales Turnover and Other Income for the period under review amounted to Rs. 1114.89 Lacs as against Rs. 1124.57 Lacs in the previous year. The loss before Depreciation and Tax provision is Rs. 74.21 Lacs as against a loss of Rs. 89.80 Lacs in the previous year; and after making these provisions, net loss for the year is Rs. 99.19 Lacs as against a net loss of Rs. 114.46 Lacs in the previous year. Though the sales have marginally declined by less than 1%; yet the Company could arrest the losses by bringing them down by nearly 14%. In spite of substantial increase in Selling & Administrative expenses due to change in sales policy; increase in financial expenses due to higher credits to customers; and normal increase in personnel expenses, the Company is on its way to turn the corner.

DIVIDEND

Keeping in view the losses in current financial year, Directors are constrained not to recommend any dividend for the year under review.

INDUSTRY SCENARIO

Presently medium size pharmaceutical companies are passing through a difficult period. While many of such Companies have already closed down, others are facing multifarious threats and challenges in their efforts to survive. Cut throat competition from big pharma houses and multinational companies has swallowed major market portion of medium size pharmaceutical companies. Multinational and big pharma houses have flourished at the cost of closing down of medium size pharma industries. Government's plans and policies also seem to be favouring very big companies. Medium size pharmaceutical companies maintaining high quality standards, like ours, are finding very hard to be competitive with local factories maintaining no quality standards; and under the garb of small scale industries, paying no excise duty or sales tax.

QUALITY

Welcure believes that the key to stay ahead in competition is Quality and that the Quality can not be achieved by end product testing alone; strength, purity, safety and efficacy are its essential ingredients. Quality gyrates around customer satisfaction. The product will rule the market only when it conforms to the world class quality requirements of the customer - first time and every time. Welcure's products are Hallmark of Quality and Excellence.

Welcure's products have maintained highest standards of their quality and goodwill. Customers continue to repose their confidence in Welcure's products as products of Quality and Care. Welcure believes that quality must take precedence over competition; and we compete in Quality and not in price.

ISO-9001:2000 UPGRADATION

Welcure has been an ISO-9002 certified company doubly

accredited by ABS Quality Evaluation Inc. Texas and by Ansi Registrars of Accreditation Board of USA and follows WHO-GMP norms. It has recently been upgraded to ISO 9001:2000 standards. Towards maintenance of highest standards of International Quality, Welcure continues to maintain collaboration with Advanced Medical Care, Inc USA for technical guidance. Welcure has taken a new flight, changed its logo in consonance with its change in marketing policy and world class Quality Standards.

PRODUCT PROFILE

Towards efforts of capturing the larger market portion, the Company has concentrated on the renewal, re-structuring and addition of latest developed medicines in its product range. The newly launched products of the Company include B-ZEX, DMART PLUS, DRALPIN, DUKESPAS, DUBAMOL, HISTACURE, KUFFWEL, KINGSPAS, LANAX, PETRIMAX, PEEROSCAM, RENACT, SARVO, WELCEE, WELGESIC, WELIC, WELOXY, WELRELEEF, X-DRYL etc.

MARKETING

As reported earlier, the Company had changed its marketing policy from "Sales through Wholesale Distributors" to "Sales at Doorstep" by reaching every corner of the country and by putting dual force on sales - through sales personnel on one hand and through stockists and distributors on other hand. A large network of stockists and distributors; and strong prescription support of medical practitioners ensure that Welcure's products are available throughout the country. Company's endeavor is to reach every corner of the country by providing excellent quality medicines at competitive prices.

Welcure believes that "Essence of business is to create Customers and; profits will follow". To be successful and profitable, an organization must be able to attract new customers; and retaining the customer is as important as attracting new customers. We know that business goes where it is invited and stays where it is treated well.

EXPORT

The Company's high quality products continue to be demanded and accepted abroad. Company's exports increased by nearly 40% during the year.

Welcure has widened its customer base in the international market through exports and other strategic alliances and is also open for joint ventures and tie-ups with quality based sound companies in India and abroad. Indian Pharmaceutical Industry has a very good export potential and has got a major role in foreign exchange earnings of the country.

RESEARCH AND DEVELOPMENT

Welcure's in-house R & D unit and testing laboratory, with its ultra modern equipments and highly qualified technical personnel, is fully equipped for testing and manufacture of pilot scale medicines and facilities to conduct experiments under simulated conditions. Welcure observes its own Standard Operating Procedures and norms as betterment to Indian Pharmacopoeia, British Pharmacopoeia & United States Pharmacopoeia Standards.

WELCURE DRUGS & PHARMACEUTICALS LIMITED**DIRECTORS' RESPONSIBILITY STATEMENT**

Directors hereby state that:

1. In the preparation of Annual Accounts, the applicable accounting standards have been followed;
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 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 frauds and other irregularities;
4. We have prepared the Annual Accounts on a going concern basis.

DIRECTORS

Shri Ram Awadh was appointed as Additional Director of the Company w.e.f. 1.11.2001 and holds office upto the forthcoming Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956 from one of its members, proposing the appointment of Shri Ram Awadh, as Director of the Company. Shri Sanjeev Jain, Director of the Company, retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends their re-appointment. The term of appointment of Shri D.C. Jain, Managing Director expires on 19.08.2002. The Board recommends his re-appointment for a further period of 5 years effective from 20.08.2002. Dr. V. B. Lal, Director of the Company, expired on 26.03.2002.

CONSOLIDATED ANNUAL ACCOUNTS OF HOLDING & 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 newly introduced mandatory Accounting Standard 21, issued by the Institute of Chartered Accountants of India, a Consolidated Financial Statement of Welcure Drugs & Pharmaceutical 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 31st March 2002, 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

Optimum energy conservation steps are being taken to reduce per unit cost. Increase in the State Government rate of

electricity supply, however, remained unchecked and uncontrolled. Power factor is being monitored continuously as energy conservation measure. A diesel storage tank exists for regular availability of fuel for Power Generating Unit. Impact of this has been saving in energy due to power factor improvement, maintenance of proper voltage supply and proper load distribution. Power & fuel consumption details are as under:

	2001-2002	2000-2001
(i) Units (Lacs) of Electricity Purchased (RSEB)	3.23	3.19
(ii) Total Amount (Rs. Lacs)	15.58	14.45
(iii) Rate per Electricity Unit (Rs.)	4.82	4.53
(iv) Units (Lacs) Own Generation (through D.G. Set)	0.24	0.25
(v) Diesel Oil (Ltrs in Lacs)	0.12	0.12
(vi) Cost per unit (Rs.)	7.66	6.20

B. TECHNOLOGY ABSORPTION -Company's R&D unit is continuing to bring improvement in quality & processes.

C. FOREIGN EXCHANGE EARNINGS & OUTGO -Total Foreign Exchange earning aggregates to Rs. 11,30,721 and expenditure is Rs. 7,41,642.

COST AUDIT

In terms of section 233 (1-B) of the Companies Act, 1956, with the approval of the Central Government, Mr. Aseem Jain, Cost Accountant has been appointed as Cost Auditor of the Company, for the financial year 2001-02.

AUDITORS

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

CORPORATE GOVERNANCE

In terms of the Listing Agreement, Management Discussion and Analysis Report is annexed and forms part of the Annual Report. A report on Corporate Governance along with the Auditors Certificate on its compliance is also annexed forming part of the Annual Report.

ACKNOWLEDGMENT

Directors place on record their thanks for the support extended to the Company by its Customers, Dealers, Suppliers, Bankers, Employees, Investors, Medical Professionals, and other Government and local authorities.

For & on behalf of the Board of Directors

Place : Delhi.
Date : 29th May, 2002

D. C. Jain
Chairman

WELCURE DRUGS & PHARMACEUTICALS LIMITED

CORPORATE GOVERNANCE REPORT

1. WELCURE'S PHILOSOPHY

Welcure believes that fairness in corporate procedures, full disclosures in reporting system, total transparency in corporate culture, fiduciary and trustee relationship and maximization of share holders value in the long run are the pillars on which the structure of the corporate governance rests. The concept of corporate governance hinges on accountability, responsibility, effective monitoring, quality of information, integrity, trust & confidence; and not merely following the enacted legislations alone.

Welcure believes that a well constituted and competent Board of Directors can alone efficiently adopt corporate governance framework of "Perspective, Plans, Policy, Processes, Productivity, Performance & People". The Board must effectively monitor the corporate resources comprising of "Men, Money, Machines, Material, Marketing, Management & Motivation".

Company's philosophy is to provide colourless document for fair, unbiased, accurate, authentic and factual information in most concise and succinct manner to its shareholders, lenders, customers, bankers, government and people at large.

2. BOARD OF DIRECTORS

The Board consists of the following:

(a) Promoter & Executive Directors:

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., F.A.S.M., F.C.S. is Chairman cum Managing Director and founder of the Company and has over three 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 a Director of two other companies. **Dr. Sanjeev Jain**, B.Com., M.B.B.S (Bio) A.M.I.M.A looks after marketing and material procurement of the company. Prior to joining this company, he had been dealing in pharmaceutical formulations and bulk drugs for over a decade. He has a dynamic leadership, professional approach and determination. He knows how to utilize the wisdom and effectiveness of his team in coordinated, concerted, co-operated efforts. He is a Director of four other companies.

Shri. Sandeep Jain, B.Com., LL.B., M.B.A., F.M.S.P.I., A.M.I.M.A., oversees Production and Quality Control Department of the company. He has over nineteen years of experience of running pharmaceutical formulation business. He has been showered with many awards like **Gold Medal for Management, Order for Merit Award, Samaj Shri Award for Excellence in Management, Outstanding Personalities Award 1998 and Man of the Year 1999 award**. He had been an Executive Director of PHD Chamber of Commerce and Industry, Executive Member of Bhiwadi Manufacturers Association. Presently he is Joint Secretary, Rajasthan Pharmaceutical Manufacturers Association. He is a Director of four other companies.

(b) Independent Executive Director:

Shri Ram Awadh, B.Sc., B. Pharma, has approximately 19 years of experience in the field of manufacture of pharmaceutical formulations. He has wide technical knowledge

and is an Approved Competent Manufacturing Chemist by the Licensing Authority, Drugs Controller, Rajasthan.

(c) Independent Non-Executive Directors:

Shri Harihar Lal, I.R.S (Retd.), M.A., LL.B is a leading Tax Consultant of the Country. He had been Secretary, Central Board of Direct Taxes; Director of Inspection and Income Tax Commissioner, Delhi. He is a Director of two other companies.

Shri R.K. Pandey, M.Com., D.B.A., LL.B., F.C.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 over 19 years and Financial Advisor to the U.P. Government. He is a Director of six other companies. He is also Chairman of Company's Audit Committee.

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 of two other companies.

(d) Meetings :

Four Board Meetings were held during the year on 29-05-2001, 27-07-2001, 29-10-2001 and 29-01-2002. Last Annual General Meeting was held on 27-07-2001. The Annual General Meeting and all the four Board Meetings were attended by all the Directors except that Sh. Harihar Lal could not attend meetings held on 27-07-2001 and 29-01-2002. Dr. V.B.Lal could attend only one Meeting 29-01-2002 due to ill health. He expired on 26.03.2002.

3. AUDIT COMMITTEE

(i) Constitution of Audit Committee

R.K. Pandey (Chairman of the Committee)	Non Executive Director
Harihar Lal	Non Executive Director
S.S. Dhanoa	Non Executive Director
V.B. Lal (Expired on 26.03.2002)	Non Executive Director

(ii) Functions of the Committee

(a) Review of Annual Financial Statements before submission to the Board; especially with regard to 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 financial statements and related party transactions.

(b) Discussion with Auditors regarding their observation on accounts.

(c) Review of half yearly results before submission to the Board.

(d) Discussion with Auditors regarding adequacy & compliance of internal control system.

(e) Recommendation on appointment and removal of external auditor, fixation of audit fee, out of pocket expenses and payment of other services.

(f) Other compliances of Companies Act and Stock Exchange.

(iii) Powers of the Committee

(a) To investigate into any activity within its terms of reference.

(b) Full access to information contained in the Company records.

(c) To seek information from any employee.

(d) Access to external professional advice.

(e) To bind the Board with its audit report on financial management.

WELCURE DRUGS & PHARMACEUTICALS LIMITED

(iv) Meetings

During the year 3 meetings of the Audit Committee were held on 29-5-2001, 29-10-2001 and 29-1-2002; and were attended by all the Committee Members except that Mr. V. B. Lal could not attend the meeting on 29.5.2001 and 29.10.2001 and Mr. Harihar Lal could not attend on 29.1.2002.

4. DIRECTORS REMUNERATION

The remuneration of Managing Director and WholeTime Directors is considered & recommended by the Board of Directors with no participation of Interested Directors; and is approved by the Shareholders in General Meeting. The remuneration of each Director is fixed within the ceiling limits prescribed by the Government under Schedule XIII of the Companies Act, 1956. Remuneration paid to directors during the financial year 2001-2002 is given under Notes to the Accounts. Sitting fee @ Rs.2,000 is paid only to Non-Whole Time Directors for attending the meetings of Board of Directors and of Audit Committees.

5. SHAREHOLDERS & INVESTORS GRIEVANCE COMMITTEE

i) Constitution of the Committee

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

S.S. Dhanoa

Non Executive Director

V.B. Lal (Expired on 26.03.2002)

Non Executive Director

(ii) Shareholders Matters

Mrs. Geeta Gupta, ACS, Company Secretary is the Compliance Officer of the Company. During the year 2001-2002, no complaint has been received from any Shareholder. As on date no share transfer is pending.

6. GENERAL BODY MEETINGS

Last three Annual General Meetings were held in Bhiwadi on 17-07-99, 26-07-2000, and 27-7-2001 all at 9.00 A.M. All resolutions at these meetings were passed by show of hands.

7. 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.

8. MEANS OF COMMUNICATION

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

9 GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time & Venue	18-07-2002; 9.00 AM; A-1129, RIICO Industrial Area, Phase III, Bhiwadi				
Financial Calendar	01-04-2001 to 31-03-2002				
Date of Book Closure	02-7-2002 to 18-7-2002 (both days inclusive)				
Dividend Payment Date	No Dividend proposed				
Stock Exchange Listing	Jaipur, Delhi & Mumbai				
Stock Code	Delhi - 23034 & Mumbai - 24661				
Market Price Data & Performance Comparison	Month wise high & low price data in respect of our company is not available at the web-site of BSE or DSE probably because of low transactions. Data has also not been provided by the Stock Exchange inspite of our request.				
Registrar & Transfer Agent	In-house at 301-305, Mohan Place, L.S.C., Saraswati Vihar, Delhi-110034				
Share Transfer System	All orderly received transfers are processed & registered within 30 days.				
Dematerialisation 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 BSE & DSE.				
Distribution of Share Holding as on AGM held on 27-07-2001	Directors and their Relatives	5433400	Shares	40.211%	
	Body Corporate	1187375	Shares	8.787%	
	Non Resident Indians	338700	Shares	2.507%	
	Others	6552625	Shares	48.495%	
Nominal Value of Shares	No of shareholders	% to total	Amount in Rs.	% to total	
Up to Rs. 5000	20344	89.342	38875900	28.771	
5001 10000	1648	7.237	13304000	9.846	
10001 20000	562	2.468	8475500	6.273	
20001 30000	100	0.439	2575600	1.906	
30001 40000	40	0.176	1420000	1.051	
40001 50000	28	0.123	1299000	0.961	
50001 100000	24	0.105	1749000	1.294	
100001 & above	25	0.110	67422000	49.898	
Total	22771	100.00	135121000	100.00	
Pending GDRs, ADRs etc	Nil				
Plant Location	A-1129, RIICO Industrial Area, Phase-III, Bhiwadi, Rajasthan				
Correspondence Address	Welcure Drugs & Pharmaceuticals Ltd. 301-305, Mohan Place L.S.C., Saraswati Vihar, Delhi-110034				

WELCURE DRUGS & PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure & Developments - Pharmaceutical Industry is a knowledge Based, Health Quality Conscious & Employment Generating Basic Industry having high potential for exports. The recently announced Drugs Policy preceded by LPG (Liberalization, Privatization & Globalization) policy of the Government has only added fuel to the fire so far as it relates to the miseries of medium size pharmaceutical industry. In the first phase of liberalization, there was excitement and even euphoria; then followed bewilderment; and now, apprehension & fear.

Opportunities & Threats - Indian medium size pharmaceutical companies must have to face highly global competition; the alternatives are to Compete or Die; and death could be via Suicide or Homicide. The ultimate advantage of the highly competitive situation is 'getting better quality products, at lower cost, to the market place, faster'. Technology Obsolescence and Quality Deterioration are inherent business risk in a fast changing and competitive world. The Company has advantage of continuing its modernization process and determination to compete in Quality rather than in Price.

Product-Wise Performance - The Company manufactures only Pharmaceutical Formulations in the form of Tablets, Capsules, Liquid Orals & Dry Syrups. The sales of some of the leading brands of the Company like DICLO PLUS, IBUCURE, BRUCURE, ALERT1000, WORMICIDE, COLDREST, AMICURE-P etc. registered a significant growth. Company is in the process of developing alliances for Manufacturing on Loan Licenses and Contract Manufacturing. Exports of the Company have also been steadily increasing.

Outlook - Though climate for growth of medium size pharmaceutical companies continue to be dismal and difficult, still the advantage of being a Company of Quality and International Repute, extensive product range, most modern and sophisticated manufacturing facilities, a fully equipped Research & Development Department, a well knit marketing structure coupled with dedicated team of Management and Personnel should enable the Company to contain the negative impact and turn into a satisfactory performance.

Risks & Concerns - Gone are the days when Darwin's theory 'Survival of the fittest' existed. The practicality of the situation is 'Survival of the Strongest'. The bigger fish swallows the smaller has become the law of pharmaceutical industry. Opening up of the economy & WTO obligations could result into unfair competitive situations. Dumping of inferior products by smaller manufacturers from abroad and cut throat competition

from Giant Pharma Companies even below cost, is causing a big dent to medium size pharmaceutical companies. While many medium size pharma organizations have already put their shutters down or experiencing the worst; others are groping in the dark, searching for escape routes and are in a dilemma about future course of action. Big industries are thriving at the vanishing or dwindling status of Medium Size Industries.

Internal Control Systems & their Adequacy - The Company has an adequate system of internal controls commensurate with the size and nature of business of the company, to ensure adequate protection of the company's resources, provision of accurate and speedy financial statements and reports and compliance with the Company policies and procedures, and legal obligations. The Company has a balanced organization structure, well-defined authority levels and set guidelines and rules for conducting business transactions. The Audit Committee whose Chairman is an independent Director, meets periodically to review the existence of internal audit and controls systems.

Operational vis-a-vis Financial Performance - The Company manufactures Quality Health Products. It has been an ISO 9002 Company; recently upgraded to ISO 9001:2000 standards; & follows WHO-GMP norms for manufacture of its products. Company's products are Registered with GMSD; and the approval has been renewed. The crowded price competition & gift schemes are pushing back the 'Quality Standards'. The financial performance/results do not commensurate with the inputs of high quality products of the Company. Highest Quality Standards of the Company's products have yet not yielded adequate financial returns.

Material Development in Human Resources / Industrial Relations Front - The team of people in the organisation has been working with dedication, diligence, devotion, determination, dynamism, discipline and direction. The Company believes that motivated employees are its most important resource & asset. Industrial relations during the year were cordial, co-operative, concerted & peaceful. As on 31.3.2002 there were about 300 employees on its rolls.

Statements in this Management Discussion and Analysis Report are based upon the data available with the company and on certain assumptions having regard to the economic conditions, government policies, political developments etc. within and outside the country. The Management does not guarantee the accuracy of the assumptions and the projected performance of the Company in future.

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, 2002, 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 : 29-05-2002