



ANNUAL REPORT
2004 - 2005



WELCURE DRUGS & PHARMACEUTICALS LTD.



WELCURE DRUGS & PHARMACEUTICALS LTD.

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

Welcure is an **Internationally ISO 9001:2000 and WHO-GMP Certified Company**. **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 300 in numbers**. Some of our known products include :

MEDICINE

BRUCURE

DICLO-PLUS, DIMCIN PLUS

NIMESULIDE, NIMAGYL TD

COLDREST, ALERT 1000 & COLDHIST EX

CEZEN & CEZEN FORTE, CEZEN CD

KUFFWEL, X-DRYL, X-DRYL FORTE

RENACT DM, RENACT DC, OMEJEL DM

DIAROBAN, LOPCURE

WELCEE (CHEWABLE TAB.)

CALBIPLEX

WORMICIDE

X-CLOX

WELOXY, CIPCIN, CEPHA-KID, NORWEL

WELQUIN

NORTIN, CIPCIN-TNZ

SERVO

B-REST

LOPCURE

RIFAMPICIN, ETHAMBUTOL, RIFA-Z

WELOXY-P, AMICURE-P

NORKID

WELGRA

LIVOMAX, DROXWEL, CEFUROXIL

IVAWEL

MICAL

SPINACH

PNZOD

AVERINE

WEL Fe Na

THERAPEUTICAL INDICATIONS

◆ BODY PAIN, JOINT PAIN, INFLAMMATIONS

◆ BODY PAIN, FEVER, JOINT PAIN

◆ RHEUMATOID ARTHRITIS, HEADACHE, ENT INFLAMMATIONS

◆ NASAL CONGESTION, MUSCULAR PAIN, HEADACHE, BODYACHE, SNEEZING

◆ ALLERGY, SNEEZING, SINUSITIS, COUGH, COLD

◆ ALLERGIC / DRY / SMOKER'S COUGH, HEADACHE & FEVER ANTI COUGH TABLETS

◆ ULCERS, HYPERACIDITY, REFLUX, GASTRITIS, STOMACH SPASM & PAIN

◆ LOOSE MOTIONS & DIARRHEA

◆ VITAMIN C SUPPLEMENT & SKIN DISORDERS

◆ VITAMIN SUPPLEMENT, WEAKNESS, DEBILITY

◆ STOMACH WORM KILLER

◆ ANTIBIOTIC, ENT INFECTIONS

◆ STRONG ANTIBIOTIC FOR UPPER & LOWER RESPIRATORY INFECTIONS, SKIN INFECTION

◆ ANTI MALARIA

◆ POWERFUL ANTIBIOTICS & ANTI PROTOZOAL AGAINST INFECTION

◆ POWERFUL ANTI INFLAMMATION IN PRE & POST OPERATIVE CASES, SINUSITIS

◆ ANXIETY, DEPRESSION, PANIC DISORDER

◆ DIARRHEAS - SYMPTOMATIC RELIEF

◆ REGIMEN OF ANTI T.B. DRUGS

◆ PAEDIATRIC RANGE OF ANTIBIOTICS

◆ FOR PAEDIATRIC INFECTION & DIARRHEA

◆ TREATMENT OF ERECTILE DYSFUNCTION

◆ BROAD SPECTRUM ANTIBIOTIC FOR URINARY TRACT & SOFT TISSUE INFECTIONS

◆ SCABIES, PEDICULOSIS, FILARIASIS, INTESTINAL NEMATODE INFECTION

◆ HEALTHY PREGNENCY

◆ LOW BACK PAIN, CERVICAL SPONDYLITIS, STIFF NECK, SPRAIN & STRAIN

◆ HYPERACIDITY, DYSPEPSIA

◆ RENAL COLICS, POST OPERATIVE PAIN, BILARY COLICS

◆ TREATMENT FOR IRON DEFICIENCY

JAUNDIF - A SINGLE DOSE REMEDY FOR JAUNDICE, LIVER DISEASES AND HEPATITIS DISORDER.

WELCURE DRUGS & PHARMACEUTICALS LIMITED

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



WELCURE DRUGS & PHARMACEUTICALS LTD.



ISO 9001:2000 AND WHO-GMP CERTIFIED COMPANY

Board of Directors

Shri D. C. Jain (Mg. Director)
Shri S. S. Dhanoa
Shri R. K. Pandey
Shri Sanjeev Jain (Whole-Time Director)
Shri Sandeep Jain (Whole-Time Director)
Shri Ram Awadh
Shri M. L. Bhateja

Audit Committee

Shri R. K. Pandey, Chairman
Shri S. S. Dhanoa
Shri M. L. Bhateja

Shareholders & Investors Grievance Committee

Shri R. K. Pandey, Chairman
Shri S. S. Dhanoa
Shri M. L. Bhateja

Remuneration Committee

Shri R. K. Pandey, Chairman
Shri S. S. Dhanoa
Shri M. L. Bhateja

Company Secretary

Arun Misra

Manager Accounts & Taxation

Sanjay Aggarwal

Auditors

Gauba, Gauba & Associates

Cost Auditors

Aseem Jain, Cost Accountant

Internal Auditors

Anil Jain DD & Company
Rama Shanker Tiwari

Bankers

State Bank of India

Factory & Regd. Office

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

Corporate Office

301-305, Mohan Palace,
L.S.C., C Block,
Saraswati Vihar, Delhi-34

Share Transfer Agent

Intime Spectrum Registry Ltd.,
A-31, 3rd Floor, Naraina,
Industrial Area, Phase-I,
Near PVR Cinemas, Delhi-28

WELCURE DRUGS & PHARMACEUTICALS LIMITED

DIRECTORS REPORT :

Directors hereby present the Thirteenth Annual Report together with Audited Statements of Account of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS Sales & Profitability :

The total sale of the company together with the sales of its wholly owned subsidiary company is Rs. 31.78 Crores as compared to Rs. 38.35 Crores for the year 2003-04. The combined net profits after tax is Rs. 38 Lacs for the year 2004-05 as compared to Rs. 33 Lacs in the previous year. The consolidated Income & Profitability Statement of the Company is as under :

Figures in Rs. Lacs

	Welcure		Subsidiary Co.		Combined	
Particulars	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Sales	1176	1236	2002	2599	3178	3835
Other Income	498	471	1	1	499	472
Total Income	1674	1707	2003	2600	3677	4307
Expenditure	1566	1614	1981	2577	3547	4191
Interest	33	26	--	4	33	30
Depreciation	44	35	2	4	46	39
Provision for taxation	12	13	1	1	13	14
Profit after tax	19	19	19	14	38	33

Apart from its own manufacture & sales, the Company manufactured products for various Multinational Companies and reputed pharma house like Lupin Ltd., Zydus Cadila Healthcare Ltd., Intas Pharmaceuticals Ltd., German Remedies Ltd., Medley Pharmaceuticals Ltd., Gufic Biosciences Ltd., Micro Labs Ltd. & others, by itself or through its Loan Licensees. Thus the company manufactured the goods to the extent of Rs. 47.98 Crores during the year under operation as per details hereunder-

Figures in Rs. Lacs

Sales	2004-05	2003-04
Welcure & its subsidiary	3178	3835
Others	1620	472
Total	4798	4307

EXPORTS :

Sales figures of the Company includes Exports of Rs. 57,92,858/- (Previous year Rs. 49,20,557/-). The Exports of the Company are likely to be higher. The Company & its products have been registered by Ministry of Health, North Korea. Company has also received some orders from Lupin Ltd. International Marketing Division and Nicholas Piramal India Ltd. for certain products to be exported through them. Exploration and developments of new international markets are likely to give good dividends during the current year towards significant growth of Company's products. The accreditation of the Company with international WHO-GMP Certification has opened opportunities for bulk exports to various countries.

DIVIDEND :

With a view to conserve the resources of the Company, the Directors do not recommend any dividend for the year under review.

INDUSTRY SCENARIO :

The Indian Pharmaceutical Industry has shown tremendous progress in terms of infrastructure development, technology base, and wide range of products. Many Indian companies including Welcure maintain highest standards in purity, stability and international requirement of Safety, Health and Environmental protection. On the other side, Government has, 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 Prices. Under the New Notification, the Excise Duty Payable would be three to four times more than the Excise Duty payable before Notification. This has given a dent to most of the small & medium size Companies, like ours. In view of this notification most of the companies, for whom the Company had been manufacturing and supplying the goods have reduced their business considerably. To overcome the situation, the Company has geared up its exports. An agreement is also likely to be entered into with a big pharma house for manufacturing of their branded products, which are exempt from Excise Duty. The Company's application for allotment of land to State Industrial Development Corporation of Uttaranchal (SIDCUL) in Haridwar has been turned down due to Non-availability of land. Efforts are continuing to purchase some piece of land in a Government approved Industrial Area in Uttaranchal or Himachal Pradesh, where there is Excise exemption for ten years apart from other fiscal and non-fiscal benefits. In the mean time the Company has made arrangements to get some of its branded products manufactured from a unit in Uttaranchal. Government has passed the Patent Bill, which might have some effect in the long run. However, India has unique cost advantage, high managerial and technical competence, skilled workers and English knowing population, which have comparative advantages.

WHO-GMP CERTIFICATION & QUALITY :

Last year, the company was accredited with international WHO-GMP Certificate. During the year, under review, the Company added more Certificates of Pharmaceutical Products (COPPs) in Tablets Section. The Company also continued to maintain coveted certification of ISO 9001:2000 by ABS Quality Evaluation Inc. of Texas and accredited by Ansi Registrars of Accreditation Board of USA. The Company maintains highest standards in international requirements namely Safety, Health and Environmental Protection in production. The Company has benchmarked its Standards of Operation against the International Standards for manufacturing to ensure high standards of quality, safety and efficacy of pharmaceutical formulations.

PRODUCT PROFILE :

The Company continues to expand its product base in the form of Tablets, Capsules, Dry Syrups & Liquid Orals, taking in its sweep, the ailments for almost all diseases like Analgesics, Anti-Aids (HIV+), Anti-allergic, Anti-amoebics, Anti-bacterial, Antibiotics, Anti-cancers, Anti-diabetics, Anti-diarrhea, Anti-malarial, Antipyretics, Anti-ulcerates, Corticosteroids, Cough & Cold preparations, Food Preparations, Gastro-intestinals, Life saving medicines, Pain Killers, Sedatives, Tranquilizers, Vitamins etc. Its leading brands namely Diclo Plus, Welgra, Renact, Ibucure, Coldrest, Digicin, Nimagyl, Wormicide, Oxcin, Mefar PD, Welgesic Mr, Nortin, Norwel, Cezen etc. continue to hold the high share in market. During the year under review, the Company also introduced many new products including, Livomax, Droxwel, Wel Fe Na, Irosterene, Ivawel, Welsee, Mical, Defelax, Pnzod, Averine, Cedoxime, Spinach, Tiron, Cefuroxil, Welofit, Tufcef, Zcorik, Proxwel, Glanase, Soferi, Iropreg, Fe-Arra.

JAUNDIF-A SINGLE DOSE REMEDY FOR JAUNDICE & LIVER DISORDER :

The Company has launched a unique new product Jaundif, a result of extensive research and study. JAUNDIF is a single dose remedy for different types of Hepatitis Disorders, Jaundice, Fatty Liver, Acute Viral Hepatitis, Chronic Hepatitis, Alcoholic Liver Disorder, Cirrhosis of Liver, Toxic Liver damage, Hepatitis injury, HBV infection.

WELCURE TEST HOUSE :

The Licensing Authority Drugs Control Organisation has granted

WELCURE DRUGS & PHARMACEUTICALS LIMITED

a license to Company's unit "Welcure Test House" to work as an Independent Analytical and Commercial Laboratory and Research & Development Unit.

RESEARCH AND DEVELOPMENT :

Welcure's own R&D unit and testing Laboratories, is fully equipped with ultra modern equipment, technology and technical manpower. The emphasis had been on evolving the cost cutting techniques, without hampering efficiency, so as to ensure the cost effectiveness, financial efficiency and viability of operations. Cost effective manufacturing facilities and availability of skilled scientists has placed the Company an edge above other manufacturers. Welcure observes its own, about two thousand in number, Standard Operating Procedures and Norms as betterment to Indian Pharmacopoeia, British Pharmacopoeia & United States Pharmacopoeia Standards.

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 profit 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 :

1. Shri Harihar Lal, a Director of the Company for over a decade, expired on 21.06.04. Directors express their deep condolence.
2. Shri M.L. Bhateja was appointed as an Additional Director w.e.f. 01.04.2005. He holds office up to the forthcoming Annual General Meeting. The Company has received notice under section 257 of the Companies Act, from one of its members, proposing the appointment of Shri M.L. Bhateja as a Director of the Company.
3. Shri Shri Ram Awadh, Director of the Company, retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.
4. Shri Sanjeev Jain, has completed his term of five years as Whole Time Director on 31.03.2005. The Board has, subject to confirmation by shareholders, approved his re-appointment as Whole Time Director for a further period of five years w.e.f. 01.04.2005.

The Board recommends the appointment / re-appointment of Shri M.L. Bhateja, Shri Ram Awadh and Shri Sanjeev Jain.

SUBSIDIARY COMPANY :

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. In terms of revised clause 49 of the Listing Agreement Shri R.K. Pandey an Independent Non-executive Director of the Company, has been appointed as a Director of the Subsidiary Company w.e.f. 25th May 2005.

PARTICULARS OF EMPLOYEES :

During the year ended 31st March 2005, 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: CONSERVATION OF ENERGY - Optimum energy conservation steps are being taken to reduce per unit cost. 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:

	2004-2005	2003-2004
(i) Units (Lacs) of Electricity Purchased (RSEB)	11.08	9.11
(ii) Total Amount (Rs. Lacs)	52.45	43.60
(iii) Rate per Electricity Unit (Rs.)	4.73	4.78
(iv) Units (Lacs) Own Generation (through D.G. Set)	0.98	0.97
(v) Diesel Oil (Ltrs in Lacs)	0.50	0.48
(vi) Cost per unit (Rs.)	11.53	9.15

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

FOREIGN EXCHANGE EARNINGS & OUTGO - During the year, the Company earned Foreign Exchange worth Rs.18,19,332/- & outgo had been to the extent of Rs. 4,61,816/-.

LISTING FEE OF SHARES :

The Company has paid the listing fee to Mumbai, Delhi & Jaipur Stock Exchanges in respect of the year under review. Shares of the Company have been de-listed from Jaipur Stock Exchange with effect from 30th March 2005; Delhi Stock Exchange has not yet given its approval for de-listing.

MANAGEMENT DISCUSSION ANALYSIS & CORPORATE GOVERNANCE REPORT :

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' Report on its compliance is also annexed forming part of the Annual Report.

INTERNAL AUDITOR :

The Audit Committee has appointed Shri Rama S. Tiwari as an Internal Auditor of the Company.

COST AUDIT :

In terms of section 233 (1-B) of the Companies Act, 1956, Mr. Aseem Jain, Cost Accountant has been duly appointed as Cost Auditor of the Company, for the financial year 2004-05.

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.

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 : 25-05-2005

D. C. Jain
Chairman

WELCURE DRUGS & PHARMACEUTICALS LIMITED

CORPORATE GOVERNANCE REPORT

1. WELCURE'S PHILOSOPHY

Welcure believes that fairness to all stakeholders; transparency; in corporate procedures; raising the trust and confidence of stakeholders; understanding and discharging social responsibilities; overcoming greed; and following every law of land even when the law enforcers may not be able to detect violation; have all become more important for sustainability of business; and these purposes can not be achieved except by resorting to Good Corporate Governance, a widely acclaimed niche for corporate success. While the necessary condition for a reasonable level of corporate governance may be full regulatory compliance in letter, the sufficient condition may transcend beyond regulatory horizon, reflected in the spirit wherein core issues of ethics, values and related qualities are effectively integrated with the collective wisdom, leadership and vision of the Board of Directors as well as he Executive Management to contribute towards further enhancement of stakeholders value on a sustained basis and in the process wealth creation, wealth distribution and wealth management would emerge as the guiding philosophy for attaining excellence in corporate governance. Wealth creation, management and sharing are the resting pillars of Good Corporate Governance. It is a source of competitive advantage and critical in economic & social progress, helping emerging markets rebuild competitiveness, restore investor confidence and promote sustainable economic growth. The advantages of applying good corporate governance practices includes, firstly, growth (growing revenues, growing profits, growing market value). Secondly Companies get widespread goodwill and brand reputation, resulting into widening customer base, ready market for new products, access to global market, and better access to human capital. Thirdly enhanced trust and confidence of all stakeholders-investors, lenders, employees, customers, suppliers, government and regulators, and society at large. Thus leading to sustainability of company.

Individual investors, funds, banks and other financial institutions base their decisions not only on a company's outlook, but also on its reputation and its governance. It is this growing need to access financial resources, domestic and foreign and to harness the power of the private sector for economic and social progress that has brought corporate governance into prominence the world over.

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". In Pursuance to its philosophy, Company endeavors to provide a colour-less 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. In short, Welcure believes in Transparency, Proper Communication, Accountability, Compliances beyond Regulations, Professionalism, Disclosures, Ethical Conduct, Fair business policies, Self Disciplining Code, Social Responsiveness, National Health, Growth, Goodwill, Trust & Confidence of Stakeholders, Confidence in creativity among various constituents.

2. BOARD OF DIRECTORS

The Board consists of the following:

(a) Promoter 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), M.B.A., A.M.I.M.A looks after marketing and material procurement of the company. He has over a decade experience in the field of pharmaceuticals. Under his dynamic leadership, professional approach, the Company made several foreign collaboration agreements with Companies of Russia, Indonesia etc. Under his leadership, the Company was able to manufacture and sell goods around Rs. 50 Crores during the year. He is a Director of three other companies.

Shri Sandeep Jain, B.Com., LL.B., M.B.A., F.M.S.P.I., A.M.I.M.A., looks after Production and Quality Control Department of the company. He has over twenty years of experience of running pharmaceutical formulation business. Due to his efforts the Company received various National & International Recognitions, Quality Certificates and also entered into Joint Venture with foreign Companies. 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 is a Director of three other companies.

(b) Independent Executive Director:

Shri Ram Awadh, B.Sc., B. Pharma, has approximately 21 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. He has been looking the production and quality control activities of the Company. He is not a director in any other company.

(c) Independent Non-Executive Directors:

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 17 years and Financial Advisor to a U.P. Government Undertaking. He is Chairman of Company's Audit Committee, Remuneration Committee and Shareholders & Investors Grievance Committee. He is Director of six other companies & member of three such Board Committees.

Shri S.S. Dhanoo, 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 also a member of the Company's Audit Committee. He is a Director of one other company. He is a member of one Board Committee of that company.

Shri M.L. Bhatnagar, 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 almost 24 years with Ranbaxy Laboratories Limited as Regional Sales Manager. He is not a Director in any other Company.

(d) Meetings :

Five Board Meetings were held during the year on 28.05.04, 28.07.04, 27.08.04, 28.10.04 and 28.01.05. Last Annual General Meeting was held on 28.07.2004. The Annual General Meeting and all the five

WELCURE DRUGS & PHARMACEUTICALS LIMITED

Board meetings were attended by all the Directors except that Sh. S.S. Dhanoa could not attend the meeting held on 28.10.04 as he was out of country.

3. AUDIT COMMITTEE

(i) Constitution of Audit Committee

R.K. Pandey (Chairman of the Committee)	Non Executive Director
S.S. Dhanoa	Non Executive Director
Ram Awadh	Executive Director
M.L. Bhateja	Non Executive Director

(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 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 & financial statements, disclosure of related party transactions, qualifications in the audit report.

(b) Oversight of companies 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 & internal auditors; adequacy of internal control systems; review findings investigations & follow ups of internal & external audits' appointment, removal, functioning, staffing, reporting structure and frequency of internal audit.

(d) Discussion with Auditors regarding their observation on accounts; and fixation of audit fee, out of pocket expenses and payment of other services.

(e) Discussion with Auditors regarding their observation on accounts; and adequacy & compliance of internal control system.

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

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

(h) Carrying out of 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) Full access to 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 year 3 meetings of the Audit Committee were held on 28-05-2004, 28-10-2004 and 28-1-2005; and were attended by all the Committee Members except that Sh. S. S. Dhanoa could not attend the meeting on 28.10.2004 as he was out of country.

4. REMUNERATION 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

(ii) Functions of the Committee

The committee would be 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 relative(s) of Directors.

(iii) Meeting

During the year 1 meeting of the Committee was held on 28th May 2004 which was attended by all the then Committee Members. Generally functions of Remuneration Committee are entrusted and combined with Audit Committee.

(iv) Remuneration Policy & Remuneration of Directors

The remuneration of Managing Director and Whole Time Directors is approved by the Remuneration Committee. The remuneration of each Director 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 2004-2005 is given under Notes to the Accounts.

5. SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE

i) The shareholders and investors grievance committee consists of

R.K. Pandey (Chairman of the Committee)	Non Executive Director
S.S. Dhanoa	Non Executive Director
M.L. Bhateja	Non Executive Director

(ii) Generally functions of Remuneration Committee are entrusted and combined with Audit Committee.

(iii) Investors grievance Committee was held on 28-07-2004 and was attended by the then committee members.

6. GENERAL BODY MEETINGS

Last Four Annual General Meetings were held in Bhiwadi on 27-7-2001, 18-7-2002, 31-7-2003 and 28.7.2004 all at 9.00 A.M. All resolutions at these meetings were passed by show of hands. An extra ordinary general meeting was held on 20th December 2004 mainly for establishing and seeking recognition of 'Welcure Test House' as an independent Analytical and Commercial Laboratory and Research & Development Unit.

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 except that usual reinstatement fees was paid to stock exchange Mumbai for revocation of suspension in trading of shares.

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 Financial Express and Jansatta newspapers and copies thereof are sent to the Stock Exchanges as per Listing Agreement. Management Discussion and Analysis Report is being included in the Annual Report.

WELCURE DRUGS & PHARMACEUTICALS LIMITED

9. GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time & Venue	29.07.2005; 9.00 AM; A-1129, RIICO Industrial Area, Phase III, Bhiwadi			
Financial Calendar	01-04-2004 to 31-03-2005			
Date of Book Closure	15-7-2005 to 29-07-2005 (both days inclusive)			
Dividend Payment Date	No Dividend proposed			
Stock Exchange Listing	Listing; the Exchange, Bombay; Delisted; Jaipur Stk. Excg.; Under Delisting; Delhi Stk. Exhg.			
Stock Code	Delhi - 23034, Bombay-24661			
Market Price Data & Performance/Comparison	Trading of the Shares of the Company has started with effect from 15th April 2005			
Registrar & Transfer Agent	M/s Intime Spectrum Registry Ltd., A-31, 3rd Floor, Near PVR Cinemas, Naraina Industrial Area, Phase-I, New Delhi-110 028.			
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 The Exchanges Mumbai.			
Distribution of Share Holding as on AGM held on 28.07.2004	Directors and their Relatives	5410700	Shares	40.04%
	Body Corporate	1208100	Shares	8.94%
	Non Resident Indians	328000	Shares	2.43%
	Others	6565300	Shares	48.59%
Nominal Value of Shares	No of shareholders	% to total	Amount in Rs.	% to total
Up to Rs. 5000	19714	88.914	37953900	28.088
5001 10000	1651	7.446	13312000	9.852
10001 20000	573	2.584	8646500	6.399
20001 30000	111	0.501	2838600	2.101
30001 40000	39	0.176	1396000	1.033
40001 50000	25	0.113	1174000	0.869
50001 100000	28	0.126	2001000	1.481
100001 & above	31	0.140	67799000	50.177
Total	22172	100.00	135121000	100.00
Pending GDRs, ADRs etc	Nil			
Plant Location	A-1129, RIICO Industrial Area, Phase-III, Bhiwadi, Rajasthan			
Correspondence Address	<p><u>Regarding Shares</u> : M/s Intime Spectrum Registry Ltd., A-31, 3rd Floor, Near PVR Cinemas, Naraina Ind. Area, Phase-I, New Delhi-110 028.</p> <p><u>Other Matters</u> : Welcure Drugs & Pharmaceuticals Ltd. A-1129, RIICO Ind. Area, Ph-III, Bhiwadi, or 301-305, Mohan Place L.S.C., Saraswati Vihar, Delhi-34.</p>			