

Annual Report

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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 31st 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 31st 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. F.A.S.M., F.C.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., 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 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 nd 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)		<table><thead><tr><th></th><th>No of shareholders</th><th>% to Total Shareholders</th><th>Total Amt. in Rs.</th><th>% to Total Amount</th></tr></thead><tbody><tr><td>Up to Rs. 2500</td><td>11796</td><td>67.348</td><td>15483210</td><td>11.459</td></tr><tr><td>2501 5000</td><td>3697</td><td>21.108</td><td>14244510</td><td>10.542</td></tr><tr><td>5001 10000</td><td>1290</td><td>7.365</td><td>10534580</td><td>7.796</td></tr><tr><td>10001 20000</td><td>455</td><td>2.598</td><td>7019010</td><td>5.195</td></tr><tr><td>20001 30000</td><td>115</td><td>0.657</td><td>2896830</td><td>2.144</td></tr><tr><td>30001 40000</td><td>39</td><td>0.223</td><td>1414360</td><td>1.047</td></tr><tr><td>40001 50000</td><td>39</td><td>0.223</td><td>1847760</td><td>1.367</td></tr><tr><td>50001 100000</td><td>47</td><td>0.268</td><td>3327520</td><td>2.463</td></tr><tr><td>100001 & above</td><td>37</td><td>0.211</td><td>78353220</td><td>57.987</td></tr><tr><td>Total</td><td>17515</td><td>100.00</td><td>135121000</td><td>100.000</td></tr></tbody></table>												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
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Pending GDRs, ADRs etc.		Nil																																																																	
Plant Location		A-1129, RIICO Industrial Area, Phase-III, Bhiwadi, Rajasthan																																																																	
Correspondence Address		Regarding Shares: Link Intime India Pvt. Ltd., A-40, 2 nd Floor, Naraina Industrial Area, Phase –II, Near Batra Banquet Hall, New Delhi-110 028 Of the Company: 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