WELCURE

WELCURE DRUGS & PHARMACEUTICALS LTD.

Annual Report

2010-2011

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 M. L. Bhateja
Shri Sudhir Chandra

Audit Committee

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

Shareholders & Investors Grievance Committee

Shri M.L.Bhateja, Chairman
Shri S. S. Dhanoa
Shri Sudhir Chandra

Remuneration Committee

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

Accounts Committee

Shri D.C.Jain, Chairman
Shri R.K.Pandey
Shri M. L. Bhateja

Company Secretary
Rashi Aggarwal

Auditors
M.K. Goswami & Co.

Internal Auditor
V.P. Gupta & Co.

Bankers
State Bank of India

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

Corporate Office
B-9 &10, Laxmi Towers,
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 Nineteenth Annual Report together with Audited Statements of Account of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS

The financial results are as under :

Figures in Rs. Lacs

Particulars	2010-11	2009-10
Sales	9	41
Other Income	298	116
Total Income	307	157
Expenditure	154	219
Interest	3	75
Depreciation	36	40
Profit after tax	114	(177)

Company made a profit of Rs.114 lacs as against loss of Rs.177 lacs last year. Sales of the company came down from Rs. 41 lacs to Rs. 9 lacs due to discontinuation of business by a customer. Other income increased mainly on account of profit on sale of assets at a price more than its depreciated value. Expenses were kept under control and reduced from Rs. 219 lacs to Rs. 154 lacs. Bank had withdrawn the working capital limits; interest came down from Rs. 75 lacs to Rs. 3 lacs. In normal course, depreciation came down to Rs. 36 lacs as against Rs. 40 lacs last year.

The Bank had refused to renew the credit facilities and therefore Company was forced to clear its liabilities of Bank.

Company has sold its Bhiwadi unit and cleared complete dues of creditors including bank. Sale proceeds of Bhiwadi unit were inadequate to pay off its creditors; and therefore debtors, receivables etc. have also been assigned in settlement of creditors. Balance amount payable to creditors has been written off in the books of accounts, and conveyed to creditors.

DIVIDEND

In view of the accumulated losses non availability of liquid funds, dividend declaration is not recommended for the year under review.

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 judgments 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, the whole time works director of the company resigned on 25.04.2011 due to closure of Bhiwadi factory.

Shri R.K. Pandey being longest in office is liable to retire by rotation and is eligible for re-appointment. The Board recommends his re-appointment.

SUBSIDIARY COMPANIES

Loan of its subsidiary company A.K. Laboratories Ltd. was paid off & settled nearly for half the amount; keeping in view the availability of funds. The shares of the company were also sold. Company has therefore no subsidiary company.

PARTICULARS OF EMPLOYEES

During the year ended 31st March, 2011, 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

Company has closed its operations and sold its Bhiwadi unit and therefore Information pursuant to Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, has become redundant.

LISTING FEE OF SHARES

The shares of the company are listed on a recognized stock exchange 'Bombay Stock Exchange' and up to date Listing Fee is paid.

MANAGEMENT DISCUSSION ANALYSIS & CORPORATE GOVERNANCE REPORT

Management Discussion & Analysis Report and a Report on Corporate Governance along with the Auditors' Report are annexed and forms part of the Annual Report in accordance with the terms of the Listing Agreement.

COST AUDIT

The company had no manufacturing activity of its own products.

An application for grant of exemption for appointment of cost auditor, in terms of section 233(1B) of the Companies Act, 1956, was made to the Central Government; and therefore, no person was appointed as cost auditor.

AUDITORS

M/s. M.K. Goswami & Co. holds the office as Auditors till the conclusion of the forthcoming annual general meeting; and are eligible for re-appointment.

The company has received a letter from M/s M.K. Goswami & Co., Chartered Accountants, that they hold peer review certificate from Peer Review Board of the Institute of Chartered Accountants of India & their appointment, if made at the forthcoming Annual General Meeting, would be within the ceiling limits prescribed under section 224(1-B) of the Companies Act, 1956 and that they were not disqualified to act as Auditors of the Company for the year 2011-12.

The Board recommends their appointment.

For & on behalf of the Board of Directors

Place : Delhi
Date : 10.05.2011

D. C. Jain , Chairman

WELCURE DRUGS & PHARMACEUTICALS LIMITED

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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.

WELCURE complies with the requirements of the guidelines on Corporate Governance as stipulated in Clause-49 of the Listing Agreement. The fundamental 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. There are five directors in the company which includes the Managing Director and four Non-Executive Directors. The Board of Directors and its committees meet at regular intervals.

a) Promoter 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 nearly five 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 member of company's accounts committee.

(b) Independent Non-Executive Directors :

i) 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 and Remuneration Committee and a member of other committees. He is a Director of fifteen other companies and member of committees of three other companies.

ii) 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.

iii) Shri M.L. Bhateja, B.Sc. has approximately 31 years of experience in the field of marketing of Pharmaceutical Formulations. 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 .

iv) Shri Sudhir Chandra, B.Sc., B. Tech (Hons.) and Dip. (Ing.), has over 42 years working experience in Management & Systems including 7 years experience in Pharmaceuticals. He is highly experienced & matured person. He had been associated 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.

(c) Board Meetings : Five Board Meetings were held during the financial year dated 28.04.2010, 23.07.2010, 30.09.2010, 31.12.2010 & 4.02.2011. Last Annual General Meeting was held on 30.09.2010. The Annual General Meeting was attended by all directors except Shri Sudhir Chandra & Shri S.S.Dhanoa and all the five Board meetings were attended by all the Directors except the meeting held on 23.07.2010 & 04.02.2011 not attended by Shri S.S. Dhanoa and the meeting held on 30.09.2010 not attended by Shri S.S. Dhanoa & Shri Sudhir Chandra.

3. AUDIT COMMITTEE

(i) Audit Committee Constitution

R.K. Pandey (Chairman),S.S. Dhanoa, M.L. Bhateja, Sudhir Chandra

(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 adustments 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) Approval of appointment of Chief Financial Officer.
(e) Discussion with Auditors regarding their observation on accounts; and adequacy and compliance of internal control system.
(f) Recommendation on appointment and removal of external auditor(s); and fixation of audit fee, out of pocket expenses and payment of other services.
(g) Other compliances of Companies Act and Stock Exchange.
(h) 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 five Meetings of Audit Committee were held on 28.4.2010, 23.07.2010, 30.09.2010, 31.12.2010, 04.02.2011; and were attended by all the Audit Committee members except the meeting held on 23.07.2010 & 04.02.2011 not attended by Shri S.S. Dhanoa and the meeting held on 30.09.2010 not attended by Shri S.S. Dhanoa & Shri Sudhir Chandra.

4. ACCOUNTS COMMITTEE

(i) Constitution of D.C. Jain (Chairman), R. K. Pandey & M.L. Bhateja are members of the committee
(ii) Functions of the Accounts Committee
Approving the Quarterly Financial results, if Board Meeting not being held & Perusal of Limited Review Report.
(iii)Meetings-During the year three meetings of the Accounts Committee were held on 14.08.2010; 14.10.2010 and 18.01.2011 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) Remuneration Committee constitutes of R. K. Pandey (Chairman), S. S. Dhanoa, M.L. Bhateja & Sudhir Chandra
(ii) 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) 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 2010-11 is given under Notes to the Accounts. Functions of Remuneration Committee are entrusted and combined with Audit Committee.

6. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

(i) The Committee Constitutes of M.L. Bhateja (Chairman), S.S. Dhanoa & Sudhir Chandra
(ii) Functions of Shareholders and Investor Grievance Committee are entrusted and combined with Audit Committee.

7. GENERAL BODY MEETINGS

Last Four Annual General Meetings were held at Bhiwadi on 28.07.2007 at 5.15 P.M, 28.07.2008, 25.09.2009 & 30.09.2010 all at 9.00 AM. All resolutions at these meetings were passed by show of hands.

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 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 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 risks 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.