



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 Bank had withdrawn the working capital limits; interest came down from Rs. 75 lacs to Rs. 3 lacs.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 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.

WELCURE DRUGS & PHARMACEUTICALS LIMITED

(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 PM, 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.

WELCURE DRUGS & PHARMACEUTICALS LIMITED

14. GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time & Venue		July 18th 2011; 9.00A.M.; Hotel Regency, Neelam Chowk, Bhiwadi-301019											
Financial Calendar		01-04-2010 to 31-03-2011											
Date of Book Closure		05.07.2011 to 18.07.2011 (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 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	
Low	2.99	2.94	2.76	2.81	2.90	2.95	2.97	2.60	2.47	2.11	1.68	1.46	
High	4.07	3.99	3.35	3.65	4.07	3.42	3.58	3.39	3.07	2.83	2.34	1.83	
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 30.09.2010		Promoter Director 1908400 Shares 14.12% Directors' Relatives 4071300 Shares 30.13% Bodies Corporate 1661288 Shares 12.30% Non resident Indians 216946 Shares 1.61% Others 5654166 Shares 41.84%											
Nominal Value of Shares (as on 30.09.2010)				No of shareholders		% to Total Shareholders		Total Amt. in Rs.		% to Total Amount			
Up to Rs. 2500				11575		67.168		15114830		11.186			
2501 5000				3571		20.722		13793790		10.208			
5001 10000				1305		7.573		10676250		7.901			
10001 20000				476		2.762		7364970		5.451			
20001 30000				122		0.708		3119840		2.309			
30001 40000				40		0.232		1446260		1.07			
40001 50000				47		0.273		2184590		1.617			
50001 100000				54		0.313		3877200		2.869			
100001 & above				43		0.25		77543270		57.388			
Total				17233		100.00		135121000		100.000			
Pending GDRs, ADRs etc.		Nil											
Plant Location (2010-11)		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., B-9 & 10, Laxmi Towers II, Block-C, Saraswati Vihar, Delhi-110034.											

Place: Delhi

Date : 10.05.2011

For & on behalf of the Board of Directors

D. C. Jain, Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure & Developments: Pharma Industrial development 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 or heavy profit margins.

Opportunities & Threats: Government vide notification no. 2/2005-CE (N.T) dated 7th January 2005, imposed MRP based excise duty on Medicines with effect from 08.01.2005 Excise duty on medicines increased almost 2-3 times.

Product-Wise Performance : The Company has been manufacturing pharmaceuticals formulations in its Bhiwadi factory mainly on Loan License / Jobwork; which has since been withdrawn.

Outlook : Welcure had to close its unit due to excise impact, continued losses & paucity of funds.

Risks & Concerns : Competition from proprietary and generic products, Fast growth of Excise Free Zone Units and Shifting of outsourcing of Big Pharma Houses to Excise Free Zones, continued losses and paucity of funds forced the company to

close down its manufacturing activities.

Internal Control Systems & their Adequacy : Welcure has strong and adequate internal audit and control systems consisting of comprehensive internal and external audits. Independence of the audit and compliance function is ensured by direct reporting of the Internal Auditor to the Audit Committee of the Board.

Operational vis-a-vis Financial Performance: Company did not have sufficient funds to upgrade the plant facilities, required by Job givers, Therefore Job Work had to be closed; resulting in closure of the factory.

Material Developments in Human Resources / Industrial Relations Front: Industrial relations during the year were cordial, co-operative, concerted & peaceful. Presently limited employees have been on the pay roll of the company.

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 : 10.05.2011

D. C. Jain, Chairman

WELCURE DRUGS & PHARMACEUTICALS LIMITED

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, 2011 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 **A.K. NANDWANI & ASSOCIATES**

Company Secretaries

A.K. Nandwani

Proprietor

Place : New Delhi.

Date : 20.04.2011

AUDITORS REPORT

To the members of **WELCURE DRUGS & PHARMACEUTICALS LIMITED** We have audited the attached Balance Sheet of Welcure Drugs & Pharmaceuticals Limited, as at 31st March, 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003, and amended by the Companies (Auditors Report)(Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

- (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

- (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes to Accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **M.K. Goswami & Co.**

Chartered Accountants

(FRNo. 02305N)

Virender Kumar Gupta

Partner (MNo.084450)

Place : New Delhi

Date : 10.05.2011

WELCURE DRUGS & PHARMACEUTICALS LIMITED

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verifications.
- (c) According to the information and explanations given to us, the Company has disposed off its total assets-gross block of Rs. 795.99 Lacs (Previous Years Rs. 98.90 Lacs), as the management has decided to close down the manufacturing unit of the Company. Due to such disposal of entire fixed assets of the company, the concept of going concern is no more applicable to the company.
- (ii) (a) We are informed that the inventory has been physically verified during the year by the management at reasonable intervals.
- (b) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management appear reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company is maintaining proper records of inventory. We are informed that the discrepancies noticed on verification between the physical stocks and the book records were not material and wherever necessary have been properly dealt with in the books of account by the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- The Company had not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- The maximum amount of interest free loan, as opening balance taken from the erstwhile subsidiary company was Rs. 51.00 Lacs (Previous Year Rs. 52.32 Lacs) and Rs. 25.50 Lacs has been repaid during the year and balance amount of Rs. 25.50 Lacs has been written back in full & final settlement with the erstwhile subsidiary company. The closing balance at the end of the year was Rs. Nil (Previous Year Rs. 51.00 Lacs). In our opinion, the terms and conditions on which above loan had been taken from erstwhile subsidiary company were not prima facie, prejudicial to the interest of the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) In our opinion and according to the information and explanations given to us, the company has not dealt for the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the company has not accepted deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, this clause relating to maintenance of cost records is not applicable to company as no production of own goods has taken place at Bhiwadi factory during the year.
- (ix) (a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's

state insurance, income tax, sales tax, excise duty, service tax and other statutory dues applicable to it.

- (b) According to the information and explanations given to us, no amounts in respect of above were in arrears as at 31.03.2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of sales tax, income tax, excise duty and other statutory dues, which have not been deposited on account of any dispute.
- (x) According to the information provided to us, the accumulated losses of the company are more than fifty percent of its net worth. The company has incurred a cash loss of Rs. 11.75 Lacs during the financial year covered by our audit and Rs. 21.95 Lacs in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders during the year.
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund /nidhi /mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xiv) As per information provided to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the Company did not avail any term loan during the year.
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanation given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xviii) According to the information and explanation given to us, during the period covered by our audit report, the company has not issued any debentures and not created any security or charge for the same.
- (xix) According to the information and explanation given to us, during the period covered by our audit report, the company has not raised any money by public issue.
- (xx) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **M.K. Goswami & Co.**
Chartered Accountants
(FRNo. 02305N)
Virender Kumar Gupta
Partner
M. No. 084450

Place : New Delhi.
Date : 10.05.2011

WELCURE DRUGS & PHARMACEUTICALS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule Nos.	As at 31st March, 2011 (Rs.)	As at 31st March, 2010 (Rs.)
I SOURCES OF FUNDS :			
1. SHAREHOLDERS FUNDS			
a) Share Capital	1	121,184,125	121,182,625
b) Reserves & Surplus	2	1,506,000	1,506,000
		<u>122,690,125</u>	<u>122,688,625</u>
2. LOAN FUNDS			
a) Secured Loans	3	-	27,083,099
b) Unsecured Loans		-	5,100,000
		<u>122,690,125</u>	<u>154,871,724</u>
II APPLICATION OF FUNDS :			
1. FIXED ASSETS			
a) Gross Block	4	-	79,599,117
b) Less: Depreciation		-	35,500,571
c) Net Block		-	44,098,546
2. INVESTMENTS	5	-	1,606,675
3. CURRENT ASSETS, LOANS AND ADVANCES			
a) Sundry Debtors	6	1,235,083	10,769,219
b) Cash and Bank Balances	7	2,602,877	1,782,189
c) Loans and Advances	8	-	11,372,490
		<u>3,837,960</u>	<u>23,923,898</u>
Less : Current Liabilities and Provisions			
a) Current Liabilities	9	366,546	50,973,865
b) Provision	9	3,400,000	-
NET CURRENT ASSETS		71,414	(27,049,967)
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
Profit & Loss Account (Debit Balance)		<u>122,618,711</u>	<u>136,216,470</u>
		<u>122,690,125</u>	<u>154,871,724</u>
Significant Accounting Policies and Notes to Accounts	18	-	-

As per our report of even date attached
For M.K.Goswami & Co.
Chartered Accountants
(FRNo. 02305N)

Virender Kumar Gupta
Partner
M. No. 084450
Place : Delhi
Date : 10.05.2011

Mohd. Masid
CFO

R.K.Pandey
Director

Rashi Aggarwal
Company Secretary

Sudhir Chandra
Director

D.C. Jain
Mg. Director

M.L. Bhateja
Director

WELCURE DRUGS & PHARMACEUTICALS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule Nos.	This year 2011 (Rs.)	Previous year 2010 (Rs.)
INCOME			
Sales (Gross)	10	839,608	4,109,172
Less: Excise Duty		<u>2,466</u>	<u>1,361</u>
Sales (Net)		837,142	4,107,811
Manufacturing Job Work Charges		7,909,194	10,806,793
Other Income	11	21,931,586	(4,724,562)
Increase / (Decrease) in Inventory	12	-	(177,246)
		<u><u>30,677,922</u></u>	<u><u>10,012,796</u></u>
EXPENDITURE			
Materials Consumed	13	697,002	3,570,883
Manufacturing and Other Expenses	14	1,487,870	2,021,719
Personnel Expenses	15	9,954,746	7,226,065
Selling & Administration Expenses	16	3,277,036	4,081,914
Financial Expenses	17	303,550	7,614,474
Depreciation	4	3,591,788	4,039,132
		<u><u>19,311,992</u></u>	<u><u>28,554,187</u></u>
Profit / (Loss) Before & After Tax Tax		11,365,930	(18,541,391)
Add : Excess Provision written back		2,231,829	775,790
: Surplus/(Loss) brought forward from last year		(136,216,470)	(118,450,869)
Balance Carried to Balance Sheet		<u><u>(122,618,711)</u></u>	<u><u>(136,216,470)</u></u>
Earning Per Share			
Basic		0.94	(1.53)
Significant Accounting Policies and Notes to Accounts	18		

As per our report of even date attached
For M.K.Goswami & Co.
Chartered Accountants
(FRNo. 02305N)

Virender Kumar Gupta
Partner
M. No. 084450
Place : Delhi
Date : 10.05.2011

Mohd. Masid
CFO
R.K.Pandey
Director

Rashi Aggarwal
Company Secretary
Sudhir Chandra
Director

D.C. Jain
Mg. Director
M.L. Bhateja
Director

WELCURE DRUGS & PHARMACEUTICALS LIMITED

SCHEDULES TO THE BALANCE SHEET

	As at 31st March, 2011 (Rs.)	As at 31st March, 2010 (Rs.)
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
16,000,000 Equity Shares of Rs. 10/- each	160,000,000	160,000,000
Issued and Subscribed and Paid up		
13,512,100 Equity Shares of Rs. 10/- each fully paid up	135,121,000	135,121,000
Less : Calls unpaid by others	13,936,875	13,938,375
	<u>121,184,125</u>	<u>121,182,625</u>
SCHEDULE 2 - RESERVE & SURPLUS		
General Reserves	1,506,000	1,506,000
	<u>1,506,000</u>	<u>1,506,000</u>
SCHEDULE 3 - SECURED LOANS		
Bank Borrowing for working capital	-	27,083,099
	<u>-</u>	<u>27,083,099</u>

SCHEDULE 4 - FIXED ASSETS

Description of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 31.3.2010	Additions/ Adjustment	As at 31.3.2011	Upto 31.3.2010	Forth Year	Written Back	Upto 31.3.2011	As at 31.3.2011	As at 31.3.2010
Land	2,672,632	(2,672,632)	-	-	-	-	-	-	2,672,632
Building	42,661,533	(42,661,533)	-	13,634,325	1,419,666	15,053,991	-	-	29,027,208
Plant & Machinery	20,750,165	(20,750,165)	-	11,265,132	1,180,217	12,445,349	-	-	9,485,033
Electrical Installation	2,107,389	(2,107,389)	-	1,533,789	99,827	1,633,616	-	-	573,600
Research & Development	1,498,554	(1,498,554)	-	899,381	70,986	970,367	-	-	599,173
Office Equipments	6,154,244	(6,154,244)	-	5,614,755	607,624	6,222,379	-	-	539,489
Furniture & Fixtures	3,247,749	(3,247,749)	-	2,106,389	205,019	2,311,408	-	-	1,141,360
Vehicles	506,851	(506,851)	-	446,800	8,449	455,249	-	-	60,051
TOTAL	79,599,117	(79,599,117)	-	35,500,571	3,591,788	39,092,359	-	-	44,098,546
Previous Year Figures	89,452,597	(9,853,480)	79,599,117	34,583,690	4,039,132	3,122,251	35,500,571	44,098,546	54,868,907

SCHEDULE 5-INVESTMENTS Long Term (AT Cost)

Trade Investment	-	-
Other Investment	-	1,606,675
	-	<u>1,606,675</u>

SCHEDULE 6 - SUNDRY DEBTORS (Unsecured)

a) Debts outstanding for a period exceeding six months		
Considered good	1,000	9,202,947
Considered doubtful	-	7,252,101
b) Other Debts		
Considered good	1,234,083	1,566,272
Considered doubtful	-	75
	<u>1,235,083</u>	<u>18,021,395</u>
Less : Provision for Doubtful Debts	-	7,252,176
	<u>1,235,083</u>	<u>10,769,219</u>

WELCURE DRUGS & PHARMACEUTICALS LIMITED

	As at 31st March, 2011 (Rs.)	As at 31st March, 2010 (Rs.)
SCHEDULE 7 - CASH AND BANK BALANCES		
Cash in Hand	32,406	40,764
Balance with Scheduled Banks-Current Account	510,886	316,605
Fixed Deposit Account	2,059,585	1,424,820
	<u>2,602,877</u>	<u>1,782,189</u>
SCHEDULE 8 - LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	-	11,372,490
	<u>-</u>	<u>11,372,490</u>
SCHEDULE 9 - CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors - Trade (Other than MSME)	-	41,231,494
Other Liabilities	366,546	9,742,371
Provision for Employee retirement benefits	3,400,000	-
	<u>3,766,546</u>	<u>50,973,865</u>
SCHEDULE 10 - SALES		
Domestic Sales	17,878	732,933
Export Sales-Indirect	821,730	3,376,239
	<u>839,608</u>	<u>4,109,172</u>
Less:- Excise Duty	2,466	1,361
	<u>837,142</u>	<u>4,107,811</u>
SCHEDULE 11 - OTHER INCOME		
Profit/(Loss) from sale of Fixed Assets	15,790,100	(5,508,641)
Income from other Investment		
Dividend (from long term investment)	34,320	30,230
Interest Received	170,505	662,859
Other Income	5,936,661	90,990
	<u>21,931,586</u>	<u>(4,724,562)</u>
SCHEDULE 12 - INCREASE / (DECREASE) IN INVENTORY		
Opening Stock - Finished Goods	-	177,246
Less : Closing stock - Finished Goods	-	-
	<u>-</u>	<u>(177,246)</u>
SCHEDULE 13 - MATERIAL CONSUMED		
Opening Stock	-	2,602,369
Add : Purchases	697,002	968,514
	<u>697,002</u>	<u>3,570,883</u>
SCHEDULE 14 - MANUFACTURING & OTHER EXPENSES		
Power & Fuel	937,752	1,269,583
Consumption of Stores & Spares (Incl. Job Work Charges)	266,934	217,420
Repairs & Maintenance Expenses - Machinery	129,331	301,014
- Others	153,853	233,702
	<u>1,487,870</u>	<u>2,021,719</u>
SCHEDULE 15 - PERSONNEL EXPENSES		
Salaries, Wages & Provisions to Employees	9,887,271	7,143,477
Staff Welfare Expenses	67,475	82,588
	<u>9,954,746</u>	<u>7,226,065</u>

WELCURE DRUGS & PHARMACEUTICALS LIMITED

	As at 31st March, 2011 (Rs.)	As at 31st March, 2010 (Rs.)
SCHEDULE 16 - SELLING & ADMINISTRATION EXPENSES		
Printing & Stationery Expenses	101,751	117,285
Travelling	37,180	90,016
Conveyance & Vehicle Running Expenses	59,131	116,790
Electricity Charges	30,860	109,498
Fees & subscription Expenses	165,655	146,827
Legal, Professional & Miscellaneous Expenses	716,814	875,521
Telecommunication & Postage Expenses	179,783	222,392
Security & Insurance Expenses	294,739	421,663
Rent, Rates & Taxes Expenses	876,323	1,859,342
Loss on sale on investment	784,800	-
Selling and Distribution Expenses	-	96,108
Payments to Auditors		
Audit Fees	30,000	22,060
Tax Audit Fees	-	4,412
	<u>3,277,036</u>	<u>4,081,914</u>
SCHEDULE 17 - FINANCIAL EXPENSES		
Interest to		
Bank	300,094	3,821,590
Others	-	3,670,497
Bank Charges	3,456	122,387
	<u>303,550</u>	<u>7,614,474</u>

SCHEDULE 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- (a) Basis of Accounting : The financial statements are prepared under historical cost convention and comply with the notified accounting standards of Companies Accounting Standards Rules, 2006.
- (b) Use of Estimates : The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the result of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.
- (c) Excise Duty : Excise Duties recovered are included in the sale of product. Purchases are being shown at a figure net of excise duty.
- (d) Revenue Recognition : Revenue is recognised on accrual basis.
- (e) Depreciation : Depreciation is provided under the straight-line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- (f) Taxation : Provision for Taxation comprises of Income Tax Liability on the profits for the year chargeable to tax and Deferred Tax resulting from timing differences between Book and Tax profits. The Deferred Tax assets/ Liability is provided in accordance with the accounting standard 22(AS-22), "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Where Minimum Alternate Tax (MAT) is applicable, it is provided in the Profit and Loss Account irrespective of the Tax Credit benefits envisaged in the Income Tax Act, 1961.

2. NOTES TO ACCOUNTS

- (1) CONTINGENT LIABILITY : There is no claim against the Company, which is to be acknowledged as debt
- (2) GUARANTEE : Pending Bank Guarantee is Nil. (Previous year Rs. 15,000.00.)
- (3) PAYMENTS TO AUDITORS (INCLUDING SERVICE TAX WHERE APPLICABLE) :

Particulars

(a) Statutory Auditor	This Year (Rs.)	Previous Year (Rs.)
(i) Audit fee	25,000	22,060
(ii) Tax Audit fee	-	4,412
(iii) Other Services	5,000	-
Total	30,000	26,472

4. DETAILS OF MANAGERIAL REMUNERATION

Managing/Whole Time Directors have been paid monthly remuneration as per their terms of appointment, which are lower than Schedule XIII of the Companies Act, 1956.

Directors Remuneration : (Amount in Rupees)

	Total Managerial Remuneration Current Year	Previous Year
Salary	18,92,000	13,92,000
Allowances	5,38,000	2,88,000
Value of benefits*	1,70,434	2,68,951
Total	26,00,434	19,48,951

*(Calculated as per Income Tax Rules)

No commission is payable to the Directors (including Managing Director).

WELCURE DRUGS & PHARMACEUTICALS LIMITED

5. **REALISED VALUE OF LOANS & ADVANCES** :in the opinion of the Board and to the best of the knowledge and belief, the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in Balance Sheet.
6. **SSI OUTSTANDING** : As on 31.3.2011, no amount payable to Creditors. Therefore, disclosures require to give for the creditors covered under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 is not applicable.
7. **LOANS AND ADVANCES (INCLUDING INTER CORPORATE DEPOSITS)** : An amount of Rs. 21.24 Lacs was given as inter corporate deposit (interest bearing) to RKM Securities Pvt. Ltd. in 1994-95. Considering chances of non recovery, provision for doubtful debt of Rs. 21.24 Lacs has been made in 2008-09. During the year the company has realised Rs. 41.98 Lacs through assets given by R.K.M. Securities Pvt. Ltd.. Out of this Rs. 21.24 Lacs has been adjusted against the outstanding balance in the books and the balance of Rs. 20.74 Lacs has been shown as other income. Consequent to this, provision for doubtful debt of Rs. 21.24 Lacs has also been written back to the profit & loss account.

8. **DETAILED PARTICULARS REGARDING OPENING AND CLOSING STOCKS, PRODUCTION, SALES AND CONSUMPTION :**

a) Manufactured Goods

(Qty & Rs. in 000')

Pharmaceuticals Products	Qty	Current year Value (Rs)	Qty	Previous year Value (Rs)
Opening Stock	-	-	4	177
Production*	615	-	3206	-
Sales	615	840	3210	4066
Closing Stock	-	-	-	-

*Production on job work

b) Trading Goods

(Qty & Rs. in 000')

Pharmaceuticals Products	Qty	Current year Value (Rs)	Qty	Previous year Value (Rs)
Opening Stock	-	-	28	370
Purchases	-	-	-	(107)
Sales	-	-	28	43
Closing Stock	-	-	-	-

c) Raw Material Consumption (100% Indigenous)

(Qty & Rs. in 000')

	Unit	Quantity		Total Value (Rs.)	
		Current year	Previous year	Current year	Previous year
Raw Material	Kgs.	1	6	574	2,862
Packing Material	Nos & Kgs.	126	1	123	446
Total		127	7	697	3,308

9. **CAPACITY : INSTALLED & UTILISED**

(Qty. in lacs)

Class of goods	Installed Capacity		Utilised Capacity					
	Current year*	Previous year	Current year			Previous year		
			For Self	For third Party	Total	For Self	For Third Party	Total
Tablets	-	6000	-	971	971	32	1552	1584
Dry Syrups	-	100	-	27	27	-	29	29

(*Nil installed capacity at the end of the year because complete plant & machinery of the Bhiwadi unit was sold out)

- (10) **FOREIGN EXCHANGE** : Earning in foreign exchange during the year was Nil (Previous Year Nil). Also, there is no expenditure in foreign exchange during the year (Previous Year Nil).
- (11) **SEGMENT REPORTING** : The Company operates in one segment i.e. the manufacturing and trading of Pharmaceuticals Formulations and in one geographical area i.e. within India. Hence, the requirement of segment reporting as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India (ICAI) is not applicable.

(12).**RELATED PARTY DISCLOSURES / AS REQUIRED BY ACCOUNTING STANDARD-18, IS AS BELOW :-**

A. Relationship :

- (i) Key Management Personnel of the Company
Whole Time Director - Mr.S.N.P. Ohja
- (ii) Whole Time Promoter Director of the Company and their relatives -
Mr. D.C.Jain-Director and his relatives.

B. During the year, following transactions were carried out with the related parties in the ordinary course of Business:-

Nature of Transaction	Current Year (Rs.)	Previous Year (Rs.)
Remuneration to WT Director	4,80,000	4,80,000
Remuneration to promoter director	21,20,434	14,68,951
Rentals Paid to director & their relatives	8,64,000	12,72,226

WELCURE DRUGS & PHARMACEUTICALS LIMITED

13. Earning Per Share (EPS) as per Accounting Standard-20

	For the year 2010-11	For the year 2009-10
Net Profit/(Loss) after current Tax for the Year	1,13,65,930	(1,85,41,391)
Weighted Average Number of Equity Shares	1,21,18,410	1,21,18,260
Nominal Value of the Shares (Rs.)	10	10
Basic Earning Per Share (Rs.)	(0.94)	(1.53)

14. CONSOLIDATED FINANCIAL STATEMENT

The company has sold its investment in the subsidiary company during the year. Therefore there is no requirement for consolidated financial statements.

15. ACCOUNTING FOR TAXES ON INCOME

In accordance with Accounting Standard 22 "Accounting for Taxes on Income" (AS 22) issued by the ICAI, the company has accounted for deferred taxes during the year as under :

The major component of deferred tax assets/liabilities are :

	Current Year (Rs.)	Previous Year (Rs.)
Deferred Tax Assets:-		
Carried forward losses	7,91,76,349	9,05,68,948
Unabsorbed depreciation	34,63,475	2,93,28,196
Provision for Doubtful Debts, advances & Investment	-	1,52,45,530
U/s 43 B of I Tax Act	34,29,832	58,000

Deferred Tax Liability:-

Depreciation on account of timing difference.	-	1,79,71,670
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Deferred Tax Assets (net) as on 31-03-2011

Nil	Nil
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Due to timing difference for above items, deferred tax assets has been worked out to Rs. 2,85,90,188/-(previous year Rs.3,89,43,475/-). As a matter of prudence deferred tax assets is not being recognized, as per Accounting Standard-22 "Accounting for Taxes on Income".

16. PRIOR PERIOD

Prior period expenses amounting to Rs. 6200/- (Previous Year Rs. 79,818/-) mainly on account of personnel, administration and selling expenses and finance charges, have been accounted for under the relevant heads of account.

17. INVESTMENT

During the year, Company had sold its investment of Rs. 43,75,300/- held in quoted and unquoted equity shares for Rs. 8,58,880/-. The transaction has resulted a total loss of Rs. 35,16,420/-. Against such loss, we had already made provisions for diminution in value of investments of Rs. 27,78,625/-. The net loss of Rs. 7,84,800/- after adjustment of provisions already made, has been debited to the profit & loss account.

18. FIXED ASSETS

With the decline of business of the company over the period of time and under utilisation of installed capacity of the Bhiwadi Plant, management had decided to discontinue existing business. To implement this decision, all the fixed assets of the company were sold out and possession thereof handed over to the buyer during the year and profit of Rs. 1,57,90,100/- accounted for in the profit & loss account.

19. OTHER INCOME

The company was having certain liabilities payable to its lenders/creditors, which has been fully & finally settled during the year either by way of payments or transfer of assets (net of liabilities and provisions) consequent to such settlements, the amount of Rs. 38,29,618 which remain no longer payable has been written back and shown as other income.

20. PROVISIONS OF BENEFITS FOR EMPLOYEES

Due to closure of factory at Bhiwadi; most of the employees left the Company gradually. The Company has calculated the amount of Rs. 43,75,026/- towards gratuity and leave encashment for the remaining workers/staff. However, the provision of Rs. 34,00,000/- in respect of said liabilities has been made to the extent of availability of funds with the company and considering the fact that balance amounts have also been forgone by the claimants.

21. REARRANGEMENT & ROUNDING OFF

The figures of the previous year have been regrouped and rearranged wherever considered necessary to make them comparable with current year figures.
All figures have been rounded off to the nearest rupees.

As per our report of even date attached

For M.K.Goswami & Co.

Chartered Accountants
(FRNo. 02305N)

Virender Kumar Gupta
Partner

M. No. 084450

Place : Delhi

Date : 10.05.2011

Mohd. Masid
CFO

R.K.Pandey
Director

Rashi Aggarwal
Company Secretary

Sudhir Chandra
Director

D.C. Jain
Mg. Director

M.L. Bhateja
Director

WELCURE DRUGS & PHARMACEUTICALS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011 (Rs.)	2009-2010 (Rs.)
A. Cash Flow from Operating Activities		
Net Profit before tax	11,365,930	(18,541,391)
Adjustment for :		
Add: Depreciation	3,591,788	4,039,132
Dividend Income	(34,320)	(30,230)
Interest Paid	300,094	7,492,087
Interest Received	(170,505)	(662,859)
Other Income	(2,073,519)	-
Balance w/off for unsecured loan	(2,550,000)	-
Provision for employees benefits	3,400,000	-
Loss on Sale of Investment	784,800	-
Loss/(profit) on Sale of Assets	15,790,100	5,508,641
Operating Profit before Working Capital Change	(1,175,832)	(219,4620)
Adjustments for Working Capital Changes		
Inventories	-	2,900,823
Trade & Other Receivables	23,112,303	7,750,259
Trade & Other Payables	(50,607,319)	1,323,993
Cash generated from operations	(28,670,848)	9,780,455
Direct Tax Paid	-	(79,189)
Net Cash from Operating Activities (A)	(28,670,848)	9,701,266
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	-	(36,823)
Sale of Fixed Assets	56,276,005	1,259,411
Sale of Investment	868,880	-
Dividend Received	34,320	30,230
Interest Received	170,505	662,859
Other Income	2,073,519	-
Net Cash used in Investing Activities (B)	59,423,229	1,915,677
C. Cash Flow from Financing Activities		
Proceeds from Share Capital	1,500	-
repayment of Unsecured Loans	(2,550,000)	-
Proceeds for Working Capital Borrowing	(27,083,099)	(4,760,632)
Interest Paid	(300,094)	(7,492,087)
Net Cash used in Financing Activities (C)	(29,931,693)	(12,252,719)
Net change in Cash and Cash Equivalents (A+B+C)	820,688	(635,776)
Opening Balance of Cash and Cash Equivalents	1,782,189	2,417,965
Closing Balance of Cash and Cash Equivalents	2,602,877	1,782,189
As per our report of even date attached For M.K.Goswami & Co. Chartered Accountants (FRNo. 02305N)		
Virender Kumar Gupta Partner M. No. 084450 Place : Delhi Date : 10.05.2011	Mohd. Masid CFO R.K.Pandey Director	Rashi Aggarwal Company Secretary Sudhir Chandra Director D.C. Jain Mg. Director M.L. Bhateja Director

WELCURE DRUGS & PHARMACEUTICALS LIMITED

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the members of Welcure Drugs & Pharmaceuticals Ltd. will be held on Monday, 18th July, 2011 at 9.00 A.M. at Hotel Regency, Neelam Chowk, Bhiwadi-301019 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R.K. Pandey, who retires by rotation and is eligible for re-appointment.
3. To Appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification the following Resolution as Special Resolution:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of Companies Act, 1956, Articles of Association of the company be and is hereby altered by substituting clause 79 by the following clause

79. All the members shall be entitled to vote at any general meeting irrespective of any call being unpaid on the shares held by them or any sum not being called by the company."

New Delhi
Date 10.05.2011

By Order of Board of Directors
Rashi Aggarwal

NOTES:

1. PROXY RULES

A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll only and a proxy need not be a member of the Company. In order to be effective, proxy forms duly completed should be deposited at the registered office of the Company not less than 48 hours before the time fixed for the meeting.

2. CLOSURE OF MEMBERS REGISTER

The Register of Members & Share Transfer books will remain closed from 5.07.2011 to 18.07.2011 (both days inclusive).

3. Explanatory Statement u/s 173 (2) of the Companies Act, 1956 for special business is enclosed.

New Delhi
Date 10.05.2011

By Order of Board of Directors
Rashi Aggarwal
Company Secretary

Explanatory Statement pursuant to section 173(2) of Companies Act 1956 Item No. 4

The company might have to undergo amalgamation / merger / reverse merger / takeover or any other compromise or arrangement, choice of which would require shareholders decision.

576 persons holding about 20% of the shares, having paid up capital of about 10% of total capital have no voting right at the general meeting as per present Article 79 of the Articles of Association of the company.

It would be unfair to deprive such shareholders from voting rights when mostly all of them had been with the company since 1996-97.

In order to ensure healthy decision at general meetings, the Board of Directors of the company seek to alter the provisions of Articles of the Association of company in a manner that they are permitted to vote at any general meeting irrespective of any call being unpaid on the shares held by them or any sum not being called by the company.

None of the Directors hold any partly paid shares; and therefore not deemed to be interested in the resolution. The Board recommends the resolution to be passed.

WELCURE DRUGS & PHARMACEUTICALS LTD.

ADMISSION SLIP

Member's Folio No.....Client ID.....DP ID.....
Name of Member.....No. of
Shares.....
Name of the Proxy.....(if attending
for member)

I HEREBY RECORD MY PRESENCE AT THE ANNUAL GENERAL MEETING OF WELCURE DRUGS & PHARMACEUTICALS LTD. ON 18th JULY, 2011 AT 9.00 A.M. AT HOTEL REGENCY, NEELAM CHOWK, BHIWADI-301019.

SIGNATURE OF THE MEMBER/PROXY

NOTES :

1. Please produce this admission slip duly filled in and signed at the entrance to the meeting. Entry to Member/Proxy will be permitted after verification of signature(s). No duplicate slip will be issued at the meeting.
2. Members are requested to bring their copies of the Annual Report.

WELCURE DRUGS & PHARMACEUTICALS LTD.

PROXY FORM

Ledger Folio No. Client ID.
No. of Shares DP ID.
I/We..... ofbeing a member/
members of Welcure Drugs & Pharmaceuticals Ltd. hereby appoint.....
S/o..... or failing himS/o.....
whose signature(s) are given below, as my/our proxy to attend and vote for me/
us on my/our behalf at the Annual General Meeting of the Company to be held
on 18th July, 2011 at 9.00 A.M. at Hotel Regency, Neelam Chowk, Bhiwadi-301019.

Signed this..... day of..... 2011

Signature of the member(s).....

Signature of Proxy.....

Note : Proxy in order to be effective must be received at B-9 & 10, Laxmi Towers, LSC, C Block, Saraswati Vihar, Delhi-110034. not less than forty eight hours before the scheduled time of the meeting. Proxy need not be a Member of the Company.

Revenue
Stamp

BOOK-POST

If undelivered, please return to :

WELCURE DRUGS & PHARMACEUTICALS LTD.

B- 9 &10, Laxmi Towers, LSC, 'C' Block,
Saraswati Vihar, Delhi-34.

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