

Annual Report 2003 | 2004

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Bilcare™
pharma packaging research

Bilcare, a unique organization
with a strong research
foundation and an unending
quest for global leadership.

An organization that is made
up of motivated people who
go that extra mile.

An organization that has its
strength in world class facilities
specializing in pharma
packaging research.



Key events

- Bilcare was awarded the best vendor for the year 2002-2003, by the Organization of Pharmaceutical Producers of India (OPPI), for the second time in succession, which is a rare distinction in the history of the OPPI vendor awards. OPPI is a premier industry association of research based pharmaceutical companies in India with affiliations to the Geneva-based International Federation of Pharmaceutical Manufacturers Association.
- Bilcare Singapore has been bestowed with the unique distinction of "Pioneer Status" by the Government of Singapore,

for its mission to service the global Life Science sector through its research initiatives.

- The honourable former Minister of Health, Mrs. Sushma Swaraj, along with Dr. Raghunath Mashelkar, Director General, Council of Scientific and Industrial Research, visited Bilcare and showed keen interest in the research activities of Bilcare.
- The Company privately placed equity shares to a select group of investors, to part-fund the capacity expansion plans of the Company in India and overseas.
- Bilcare's in-house R&D centre has been accorded recognition by the Department of Scientific and



Industrial Research,
Ministry of Science & Technology,
Government of India.

- The Company has set up representative offices in Singapore, Germany, Brazil and Australia.
- Bilcare has been an ISO 9002 accredited organization since 1994 and has upgraded itself to ISO 9001: 2000 in September 2003.
- The name of the Company was changed from Bi Limited to Bilcare Limited, with effect from October 1, 2003.
- Bilcare was awarded the status of an affiliate organization by the Institute of Quality Assurance (IQA), London, UK, in October 2003.

- Bilcare received an Environmental Safety Award from the Indian Pharmaceutical Association (IPA), in recognition of its efforts towards environment protection and its commitment and responsibility to society, in February 2004.
- Mr. Premchand Godha, leading pharmaceutical business head, Chairman and Managing Director, Ipca Laboratories Limited, visited Bilcare and shared his valuable views and encouraged the team.
- As part of the Company's strategy to be focused on its core business of pharma packaging, the Company hived off the Biltube Division, in pursuance to the authorization by the Members of the Company.

- Bilcare hosted the Indian Pharmaceutical Congress Association (IPCA) Executive Committee Annual Meeting at its plant in March 2004. An eminent industrialist, Mr. Pankaj Patel, Chairman & Managing Director, Cadilla Healthcare Limited, was officially handed over the charge of the 56th IPCA.



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Chairman's Letter

Dear fellow shareholders,

The financial year 2004, has been a path breaking year for the country with GDP growth crossing the 8% mark for the year, a new coalition government coming to power with a focus on rural India (where over 70% of our population lives), industry growing well with a focus on exports, the software sector reviving and the retail consumer boom showing no signs of slowing down.

The part of the India story that I like best, is the emerging demographic profile of the country - with 350 million people below 25 years and 650 million people below the age of 35 - a unique situation that has never been experienced by any other nation in history. It is a great opportunity for the Indian economy. Reflecting this, the Indian economy has been amongst the select few globally, which has not been affected by the global slow down over the past three years.

During the year, your Company hived off its Biltube division into a separate company, thus strengthening the focus on pharma packaging and research. To reflect this renewed focus, the name of your company has been changed to Bilcare Limited.

Research on pharmaceutical packaging continues to be the core focus at Bilcare - we are investing a lot in this activity. It has started yielding good results. During the year, Bilcare has launched several novel alternatives for blister packaging, some of these have been introduced for the first time in the world of pharma packaging. This pioneering research has been appreciated not only by leading companies in the domestic and global pharmaceutical sector but has also been highly appreciated by the Department of Scientific and Industrial Research, Ministry

of Science & Technology, Government of India, which accorded its recognition to the in-house R&D unit of Bilcare in April 2004.

Our relationships with multinational pharmaceutical companies has continued to strengthen and to utilize the global opportunities better, Bilcare is in the process of setting up global distribution and manufacturing facilities.

The Singapore operation, under a wholly owned subsidiary of the Company, is scheduled to start operations in October 2004. The Government of Singapore has bestowed the rare honour of "Pioneer Status" upon the Singapore subsidiary of the Company, for its mission to service the global Life Science sector through its research initiatives.

The next 18 months are crucial for Team Bilcare, as it implements its plans for global expansion. Bilcare already has offices in Singapore, Australia, Germany and Brazil - the next step is the setting up of manufacturing facilities in Germany, the US and Brazil - which we have scheduled over the next 18 months.

I believe the journey towards international leadership in pharma packaging and research has just begun for Bilcare.

We are grateful to our shareholders for their continued commitment and faith in the Company and to acknowledge this in some way, the Company has issued bonus equity shares in the ratio of two shares for every one share held, in December 2003.

To fuel further growth in assets, both in India and overseas, the internal accruals of the Company were not sufficient. It was essential to strengthen the capital structure of the Company by infusing additional equity capital.

During the year, the Company privately placed equity shares to a select group of investors. The capital structure of the Company can now support the capacity expansion plans of the Company in India and overseas.

Team Bilcare is becoming stronger by the day. The quantum of energy flowing through the organization has increased exponentially in the past year.

The Team is looking forward to exciting times ahead and to being a part of the expanding global operations.

Coming to the performance of your Company for the year ended March 31, 2004, the Company achieved a turnover of Rs.109.63 crores, 25% higher than the previous year's turnover of Rs.87.69 crores. Your directors have recommended a dividend of 15%.

Shareholder value creation will remain the continuous endeavour and focus of my team through a combination of organic and inorganic growth of the Company.

I wish to thank our customers all over the world, our employees in India, Singapore, Brazil, Germany and Australia, the Government of India and the Government of Singapore for helping expedite the global expansion of Bilcare.

I look forward to your continued support in our endeavours towards becoming a global Company.

Best personal regards,



Mohan Bhandari
Chairman & Managing Director



Mr. Mohan Bhandari



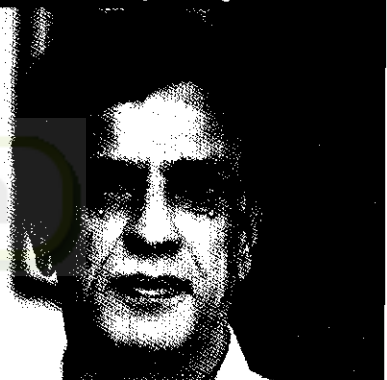
Dr. Praful Naik



Mr. Cyrus Bagwadia



Dr. Volker Huelck



Mr. Chandra P. Jaggi

Board of Directors

Mr. Mohan Bhandari

As Chairman and Managing Director, he leads Team Bilcare. He is a first generation technocrat entrepreneur, holding a degree in Physics from the University of Pune and a post-graduate diploma in both Management Studies and Packaging Science. Having founded the Company, he has 22 years of valuable experience in the global packaging industry.

Dr. Volker Huelck

He is a Diplom-Ingenieur and an MS in Chemical Engineering and a Ph.D. in Interpenetrating Polymer Networks. He did his postdoctoral research in polymer chemistry. He is the Chairman of the German Plastics Centre and a member of the Global Council at Lehigh University, USA. He is a key leader of the R&D team and initiates material science development at Bilcare, worldwide. Through his office in Frankfurt, he supports Bilcare's growth plans for Europe and USA.

Dr. Praful Naik

An Executive Director, he has a Ph.D. in pharmaceuticals from IT BHU. He has worked with various multinational companies including J&J and GSK and has over 15 years of experience in pharmaceutical science. With his in depth understanding of medicines and their formulations, he initiates and leads the core research at Bilcare.

Mr. Chandra P. Jaggi

An Executive Director with the mission to make Bilcare a company that is a global benchmark in quality and cost. He is an Engineer with over 32 years of varied experience in the manufacturing industry. He is the winner of various national awards including one from the President of India, for productivity and quality improvement.

**Dr. Kalyani Gandhi****Mr. Rakesh Jhunjunwala****Mr. Prakash Bhandari****Mr. Rajendra Tapadia****Dr. R. V. Chaudhary**

Mr. Cyrus Bagwadia

He is the Managing Director of Bilcare, Singapore. A Polymer Engineer and a post-graduate in Business Management, he has over 30 years of experience in international business with multinational companies including Dupont. To his credit, he has built the largest lami tube company in the world. He shoulders the responsibility of global sales and marketing at Bilcare.

Mr. Prakash Bhandari

A Mechanical Engineer, he also holds a post-graduate degree in Packaging Technology. He is a leading industrialist and has over 17 years of experience in the senior management level. He supports Bilcare's strategic growth plans in the ASEAN region.

Dr. Kalyani Gandhi

The motivator and the drive behind Bilcare's human potential, she is a Professor and the former Dean of the Indian Institute of Management (IIM), Bangalore. She is an MA in Industrial Psychology and has completed her Ed.D. and M.Ed. from Rutgers University, USA.

Mr. Rajendra Tapadia

He holds a degree in Chemistry from Pune University and a post-graduate diploma in Business Management. He is an eminent industrialist with over 22 years of experience in the industry. He guides Bilcare in process and product technology.

Mr. Rakesh Jhunjunwala

He is a Chartered Accountant and one of the best known equity investors in India. He has been profiled as one of India's five best investors by Business India magazine in 1998.

Dr. R. V. Chaudhary

He has a Ph.D. in Physical Chemistry & Research Fellowships of several scientific academics & societies. He has presented 176 papers in various international journals and holds 62 patents. He is the Deputy Director of the National Chemical Laboratory, Pune (NCL), a leading chemical research institute in India. He is the driving force behind Bilcare's IPR initiatives.



Management Discussion and Analysis

Bilcare Limited is a research based organization focused on delivering end-to-end innovative, efficacious, viable and cost-effective packaging solutions for the pharmaceutical sector. Bilcare is one of the unique companies in the world that uses research to add value to the pharmaceutical industry through packaging that is tailor made for every molecule, environment and patient type.

The Bilcare research initiative is directed towards eliminating the random selection of packaging components by the user industry. This is achieved by utilizing an innovative methodology that has been developed in-house, for identifying the correct and optimal packaging component/s for specific drugs,

based upon their sensitivity to environmental conditions.

Bilcare, at present, is focused on providing "barrier films and foils" for packaging of pharmaceutical solid dosages. As a comprehensive solution provider to companies in the pharmaceutical sector, Bilcare is able to address all the crucial concerns like scientific optimization of materials used, better shelf life and increased stability of the products, enhanced speed to market and effective communication. In addition, Bilcare develops packaging that helps protect products and consumers against the menace of counterfeit products. Bilcare has thus successfully been able to pioneer the concept of employing packaging as a potent tool, not only