

Bilcare™

Annual Report 2004 | 2005



research

excelling together

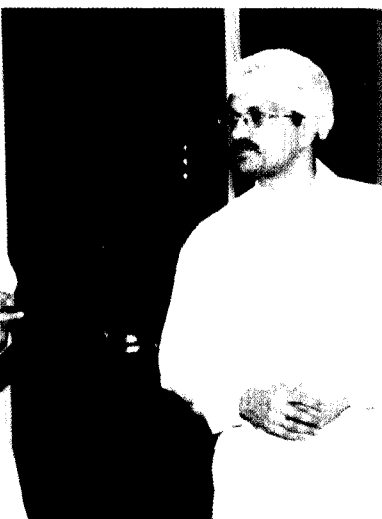
Bilcare

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

An organization integrated
with global pharmaceuticals.

An organization with best
in class manufacturing and
research facilities spread
worldwide with a focus on
innovative solutions.

An organization made up
of motivated people who
go that extra mile to spread
excellence and joy.



Key Events

- ✿ The corporate Drug Supply Management team from Novartis AG, Switzerland visited Bilcare for evaluating Bilcare as its strategic partner for providing global clinical packaging services to support its world wide clinical trials. Bilcare was chosen for getting qualified as one of the preferred and strategic resource partners for the clinical supplies management.
- ✿ Mr Kumar Nanavati, Director – Packaging Development & Design, Pfizer Inc., USA visited the Bilcare Pune facility and expressed the intent of long term initiative in the field of packaging innovations and materials support.
- ✿ The corporate Quality audit team from Novartis AG, Switzerland, audited the Bilcare's Pune facility for approving Bilcare as its strategic resource partner for primary packaging materials. Bilcare qualified the audit successfully.
- ✿ Ms. Linda Sein, Director, Economic Development Board, Government of Singapore, inaugurated the Singapore manufacturing operations giving a kick-start to the state-of-the-art cGMP facility. Mr. Predeep Menon, Executive Director/CEO, Singapore Indian Chamber of Commerce & Industry, Singapore graced the occasion as the guest of honour.
- ✿ Mr. Rakesh Jhunjunwala flagged off the best in class Aluminum manufacturing division, amidst cheers from Bilcareans who were proud at achieving yet another milestone of adding a range of innovative foil products.
- ✿ Bilcare made its first strategic acquisition outside India by acquiring an established Pharma Research & Clinical Packaging Services business in Pennsylvania, USA. This acquisition provides Bilcare an entry to the Pharma heartland of USA where 45% of the world's pharma activities take place. This 14 acres US site is US FDA approved and is also licensed by the Drug Enforcement Agency for the handling of controlled substances.
- ✿ Mr. Matthias Huter from Solvin GmbH & Co KG, part of EUR 8 billion Solvay group, visited Bilcare to sign off a joint research tie up between



Solvin and Bilcare, focused at discovering new and innovative high barrier solutions.

standards. The quality of vaccines produced at Serum is world-renowned.

visited Bilcare to evaluate strategic association for materials and research services.

- ✳ Yet another concept of excellence and innovation in pharmaceutical packaging was institutionalized through the launch of the IPA-Bilcare Awards for best packaging in the Indian pharmaceutical sector, a unique first of its kind joint initiative by the Indian Pharmaceutical Association (IPA) and Bilcare.

- ✳ Padamshree - Dr. Cyrus Poonawalla, Chairman, Serum Institute of India Ltd., along with his senior management team visited Bilcare to initiate discussions to re-engineer their packaging division for vaccines and make it the best in class automated function benchmarked to international

- ✳ Professor Prem Chand Dandiya, Professor Emeritus and Eminent Pharmacist of the country, visited the Bilcare facility and commended on the immense value being added by Bilcare in the improvement of the safety, efficacy and potency of drug products through packaging innovations.

- ✳ Several key professionals from industry including Dr. Shailesh Ayyangar – Managing Director, Sanofi-Synthelabo India (now Sanofi-Aventis); Mr. Sanjiv Dani, Regional Director Ranbaxy India; Dr. Narendra Bhat – CEO, Zandu Pharma; Mr. R C Juneja – Managing Director, Mankind Pharma among many others

- ✳ Officials from the government including Mr. R Viswanathan – Joint Secretary, Ministry of External Affairs; Ms. Shilpa Patil – Commercial Atache, Consulate of France; Mr. S A Momin – Joint Commissioner FDA, Pune visited the Bilcare facility and commended on the global excellence achieved by Bilcare.



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Chairman's Letter

Dear friends,

The time has come for India to take its seat at the center stage of world business. The world has taken note of the rapid stride the country has made in external trade as a result of the huge resources of trained manpower. The growth in GDP continues to be around 7% per annum, the Rupee has appreciated against the US Dollar by over 6% in the last 12 months ending July 2005, the forex reserves is at an all time high of USD 142 billion, the inflation is low in spite of the buoyant crude prices, the rupee interest rate is stable, investment demand is picking up, etc. – all signs of a continuous healthy growth of the economy.

We do have some bottlenecks that need to get fixed quickly – particularly the

infrastructure, rural development, unemployment, illiteracy and poverty. We have a dream team at the center under the capable leadership of Dr. Manmohan Singh, which is addressing these problems.

Corporate India is on a roll – riding the worldwide India wave – they are acquiring companies, expanding operations and reach, penetrating new markets and structuring innovative business alliances. The image of corporate India has leapfrogged into the big league. India is fast emerging as the knowledge capital of the world.

What is Bilcare doing to catapult itself into the big league of global companies?

First of all, we are creating one of the best infrastructure in the world for pharmaceutical packaging and research. The operations near Pune is one of the best facility in the world for pharmaceutical packaging

material – the audit teams from various global pharmaceutical companies have certified that. Consequent to the implementation of the project at Singapore, the trial production at Bilcare Singapore Pte. Ltd. has started. We now plan to put more value added operations in Singapore, a decision taken on account of the fast trade connectivity that Singapore provides.

We have the best team manning the operations. The team is constantly increasing with people from different backgrounds coming together to create a wonderful workplace. Senior qualified professionals and leaders, all specialists in their chosen fields, continue to join the team in India, Singapore, Germany and the US.

Customers are now more than ever keen to do business with Bilcare. They can see the benefit to their business of a global footprint that Bilcare provides. The multinational



pharmaceutical companies are increasingly short-listing Bilcare as one of their three vendors for global supplies for pharmaceutical packaging and services.

Bilcare continues to launch new and innovative products for pharmaceutical packaging and services. Various new lines have been put up to ensure a broader product profile for Bilcare. This gives comfort to the pharmaceutical companies in terms of the wide range of options it gets for packaging to address the business challenges of this important life science sector.

In my letter to you in the previous year's Annual Report, I had touched upon our need for expansion through organic and inorganic growth. In pursuance of the said strategy, I am pleased to inform that Bilcare has recently acquired Pharma Research & Clinical Packaging Services business in USA, thus entering the Pharma heartland of USA where USD 250 billion of

world Pharma activities takes place. This 14 acres US site, is US FDA approved with DEA License. The services offered include Formulation Development, Analytical Services, Clinical Batch Manufacturing & Packaging, Distribution of Clinical Supplies and Complete Management of Controlled Drug substances. This acquisition reinforces our commitment to provide research driven value added packaging solution to the global Pharma industry. It will also speedily expand the business reach of Bilcare through the network of existing customer base of this US arm.

Bilcare is in active discussion with a few global companies in the focused segment of pharmaceutical packaging for strategic business alliances. These synergistic business alliances will provide Bilcare a stronger foothold in the global market and help it in getting closer to the customer.

For the year ended, March 31, 2005, the financials of your Company were as planned, with turnover increasing by over 50% to Rs.165.06 crores and the net profit after tax going up by 128% to Rs.24.55 crores. Your directors have recommended a dividend of 25%. This is just a beginning of a long drawn out plan.

We have an environment at Bilcare where people go that extra mile to spread excellence and joy, resulting in a sustained growth for the Company and customer delight. I look forward to your continued support in the year ahead of exciting activities and growth for the Company for the benefit of all its Stakeholders.

Best personal regards,

Mohan Bhandari
Chairman & Managing Director



Mohan H. Bhandari



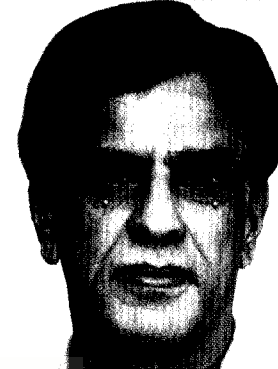
Dr. Praful R. Naik



Cyrus Bagwadia



Dr. Volker Huelck



Chandra Prakash Jaggi

Mr. Mohan H. 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 23 years of valuable experience in the global pharmaceutical packaging industry.

Dr. Volker Huelck

He is 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 Research Academy team and initiates material science development at Bilcare, worldwide.

Dr. Praful R. 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 16 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 Prakash 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 33 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****Rakesh Jhunjhunwala****Prakash H. Bhandari****Rajendra Tapadia****Dr. R. V. Chaudhary****Mr. Cyrus Bagwadia**

He is the Managing Director of Bilcare Singapore Pte. Ltd. A Polymer Engineer and a post-graduate in Business Management, he has over 31 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 strategic business growth.

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. Rakesh Jhunjhunwala

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. Mr. Jhunjhunwala is one of the few who shares his insight into successful investing with the people at large through his articles, interviews and presentations.

Mr. Prakash H. Bhandari

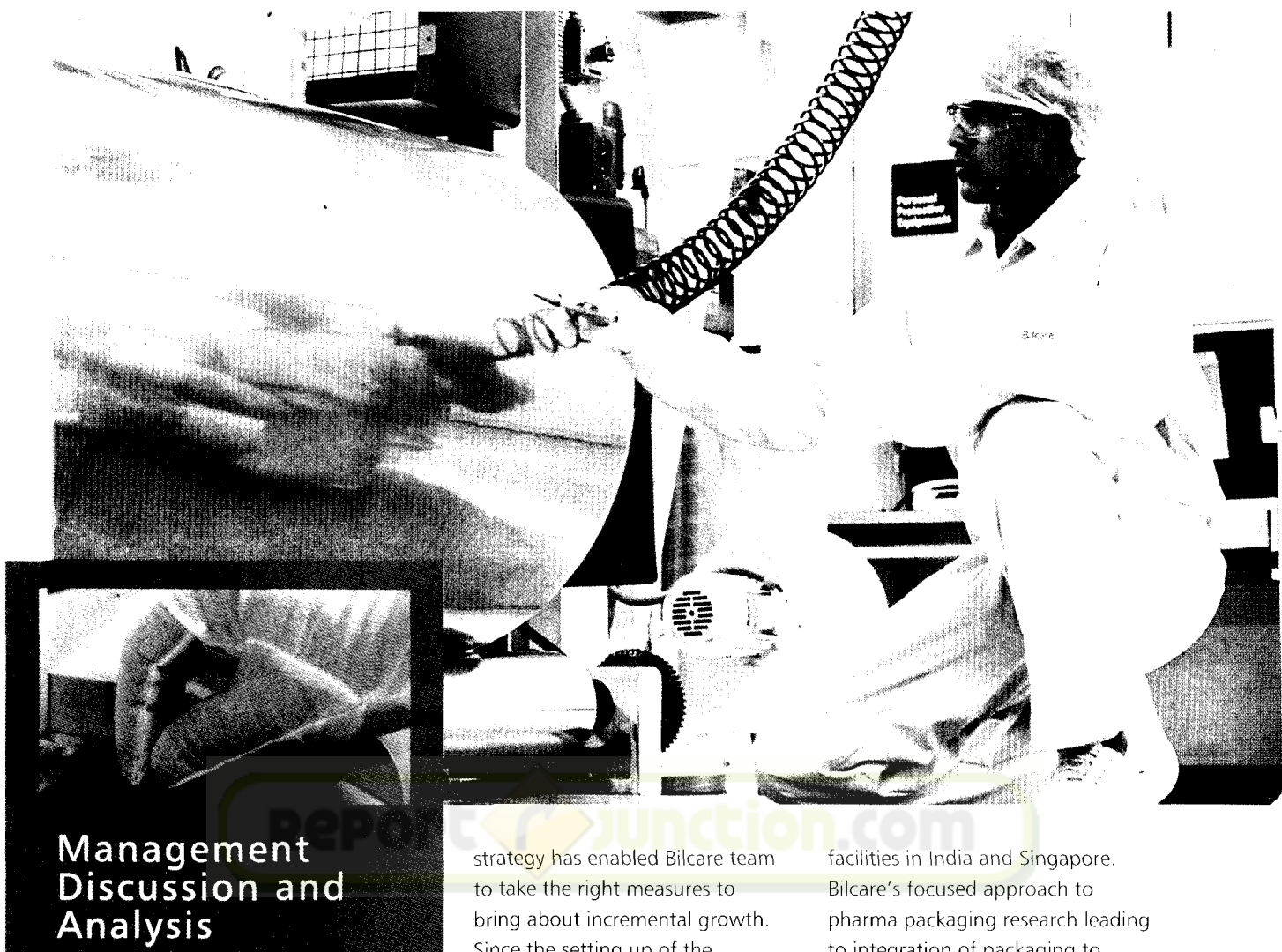
A Mechanical Engineer, he also holds a post-graduate degree in Packaging Technology. He is a leading industrialist and has over 18 years of experience in the senior management level. He guides the growth plans of Bilcare in the ASEAN region.

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 23 years of experience in the industry. He guides Bilcare in process and product technology.

Dr. R. V. Chaudhary

He has a Ph.D. in Physical Chemistry & Research Fellowships of several scientific academies & 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 started as a small enterprise with a dream, a vision, of heralding to the global top league and to be known as an organization dedicated to the service of humanity through a blend of three elements - the Knowledge base, the Human asset and the Research initiatives. The focused mission of becoming the Global leader in the segment of its operations is the consequence of the righteous and unique vision of the Company.

Bilcare strategy of conceptualizing Packaging as an integral part of the medicine enunciated in the year 1995 and during the years that have passed by, this

strategy has enabled Bilcare team to take the right measures to bring about incremental growth. Since the setting up of the state-of-the-art facilities in 1997 for the manufacture of multi-layered Barrier films, Bilcare has become a preferred supplier to the Pharmaceutical sector. Bilcare provides Quality barrier films, foils and other packaging systems manufactured in an environment adhering to the international cGMP guidelines for pharmaceutical manufacturing operations and now commands leadership position not only in the Indian market but also in international pharmaceutical packaging market.

Bilcare is now the leading producer of films and foils for blister packaging of pharmaceutical tablets and capsules in Asia with manufacturing and research

facilities in India and Singapore. Bilcare's focused approach to pharma packaging research leading to integration of packaging to drug formulation, along with the value based services in the field of Clinical supplies including clinical batch manufacture and packaging, Formulation Research and Analytical services, caters to the requirements of more than 500 pharmaceutical customers, including the who's who in the pharmaceutical industry viz. Novartis, GSK, Wyeth, Merck, Pfizer, Sanofi-Aventis, Dr. Reddy's, Ranbaxy, Cipla to name a few.

The Company has a strong base in Research and Development for pharmaceuticals including pharma packaging research. The Bilcare research initiative is directed towards eliminating the random selection of the