

B+icare
Research
DISCOVER LIFE

ANNUAL REPORT 2006-2007

(Abridged)

Report

1 Europe Acquisition

In September 2006, Bilcare acquired DHP Limited, a UK based clinical services provider located in Wales. With this important acquisition Bilcare completed a full circle in establishing global clinical trial services. DHP provides GMP compliant manufacturing, importation, storage and distribution services within the European Union in accordance with the EU Clinical Trial Directive.

2 Collaboration with ACRP, USA

Bilcare Research Academy and Association of Clinical Research Professionals (ACRP), USA launched a one-year Post Graduate program in Clinical Research Management at its first centre in Pune, India. This was inaugurated by the President and CEO of ACRP, Mr. Thomas L. Adams. ACRP is the largest single source in the world offering clinical research certification. The Drugs Controller General (India), Dr. M. Venkateswarlu presided the function and delivered the keynote address. The Academy aims to open 25 centres in Asia by 2010.

3 Technology meet in US

Bilcare Technology Team presented its Research and Innovation capabilities to packaging Heads of the top 40 global pharmaceutical companies at the Drug & Pharmaceutical Packaging Committee (DPPC), USA, with resounding success.

4 Bilcare Honeywell Technology tie-up

Bilcare entered into a technology collaboration with Honeywell, leaders in diversified technology, to provide novel packaging systems for the pharma sector. This strategic collaboration will enable Bilcare and Honeywell integrate each other's expertise to develop value based viable pharma packaging solutions.

5 Interphex Japan

Bilcare made a foray into Japanese market and demonstrated its technology and services in Interphex, Japan.

6 Bio International Convention

Bilcare showcased its clinical research services in the 2007 Bio International Convention in Boston, USA, the largest international biotechnology conference in the world.

7 Felicitation by Hon. Union Minister of Health

The Hon. Union Minister of Health, Government of India, Dr. Anbumani Ramadoss, presented to Mr. Mohan H. Bhandari, Chairman & Managing Director, Bilcare Limited with an award for outstanding contribution to the pharmaceutical profession.

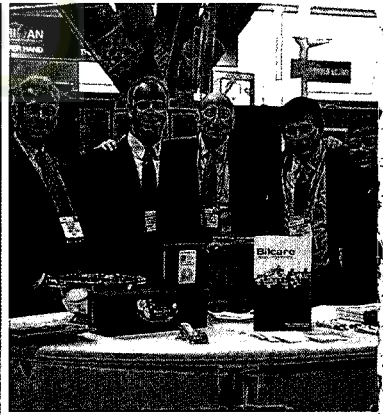
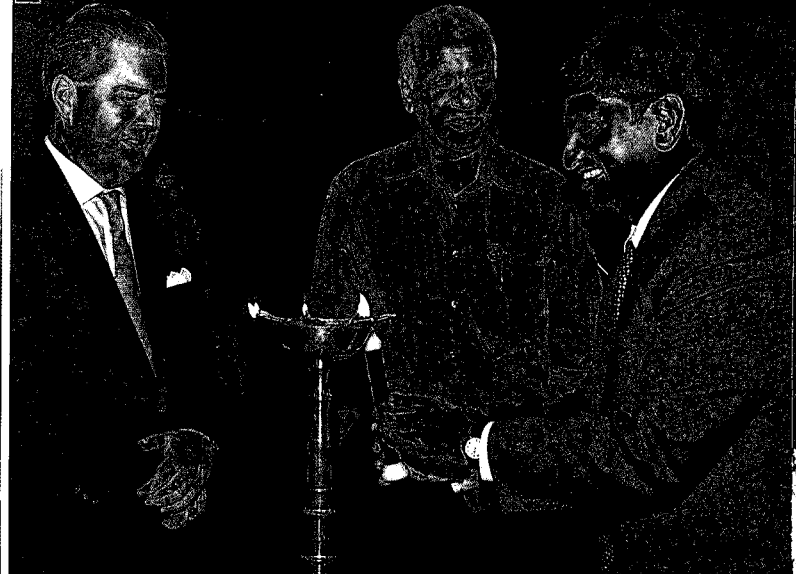
Bilcare

Key Events

Values

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 facilities and innovative research initiative spread worldwide with a complete focus on pharmaceutical industry. An organization made up of motivated people who go that extra mile to spread excellence and joy.

2



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Chairman's Letter

Dear Friends,

It's such a vibrant environment – the market place is fast moving to an integrated global village, where companies are consolidating across borders resulting in cross-cultural teams working hand in hand, a dynamic technology environment at its best, and to top these the evolution of the consumer who is becoming more demanding than ever – one cannot rest on one's laurels anymore and need to constantly keep innovating and growing. One good example of this is the new Apple I-phone which I think epitomizes this flux. There are so many other similar companies like Toyota with their focus at consumer-centric innovation, which are redefining the way business is done.

Bilcare continues to grow and excel – we expanded business in US and Singapore and acquired clinical services facility in Europe (UK). The global village concept is evident from the fast changing team mix in Bilcare as well – with 21% Americans, 16% Chinese, 13% Europeans and the balance 50% Indians. A considerable number of innovations are coming about as a direct result of our cross-cultural global teams.

In Singapore, we commenced the commercial production on the biggest polymer barrier film plant in the world. We continued our focus on strengthening the Europe footprint during the year – consciously walked away from one big inorganic transaction, while acquiring a profitable clinical services business in Wales in UK. This acquisition in UK had high significance as it was a crucial requirement of some of our global customers.

The clinical trials have started to move towards Asia. One of the bottlenecks we see in the growth of clinical trials in Asia, is the lack of trained manpower to handle the volume of trials with appropriate technical knowledge and consistency. To address this concern, we tied up with the Association of Clinical Research Professionals (ACRP), USA, to offer a one-year post-graduate diploma in clinical trials management. We plan to have 25 centres across Asia to offer this course – the first one with a batch of 50 students started in Pune, India in June 2007. Founded in 1976, ACRP is a global pioneer in clinical research education with more than 20,000 members and is focussed on its mission of providing global leadership and promoting professional excellence for the clinical research profession. The response of all stakeholders, be it the CRO, pharma industry, medical fraternity, the governmental regulatory body, has been overwhelming to this unique initiative.

Research and Development continues to be at the core of all we do at Bilcare. We launched two crucial services for the global pharmaceutical sector – Brandpak Building Solutions™ (BBS) and BilcareOptima™. BBS is addressing the crucial challenges which, I refer to as 5C's viz. Compliance, Counterfeit, Communication, Convenience and Cost faced by the pharma brands in the current competitive market. The BBS has attained ability of successfully re-launching the pharma brands after transforming the existing packaging. BilcareOptima™, on the other hand, is an indigenously developed unique

intellectual property for formulation evaluation and packaging design and development system. This is more focussed at the pharmaceutical oral dosage forms, becoming the first of its kind of high speed evaluation program in the world.

One of the most complex and crucial challenges currently faced by the global healthcare sector is "Patient Compliance" – several studies conclusively show that health standards can substantially improve if patients adhere to appropriate medication compliance. We at Bilcare believe that this challenge is an important part of the larger challenge of healthcare compliance and management and we have embarked upon tackling this issue comprehensively. We are investing a lot of resources at finding viable commercial solution for it. Simultaneously, we are scanning the global market place for appropriate technology which can help address this challenge. We are excited with the progress we have made and hope to launch some of our novel solutions in calendar 2008.

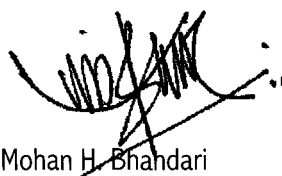
We will shortly be inaugurating our new state-of-the-art Global Centre of Excellence for pharma packaging research at our facility in Pune, India. This is going to house scientists who will be working on finding new and innovative ways to address the emerging requirements of the global pharmaceutical companies on the packaging front.

The consolidated turnover of our Company for the year ended March 31, 2007 increased by 59% to Rs. 425.73 crores and the net profit went up by 54% to Rs.59.92 crores. Our directors have recommended a dividend of 40%.

The team at Bilcare continues to grow globally with a host of professionals joining at all levels – the Bilcare family is getting bigger and stronger by the day. In spite of initial reservations, on managing operations spread across three continents - it all became so exciting and simple when our various global teams started to work together, focussing at the needs of the customer. The cross cultural teams are bringing rich dividends – business efficiency is improving all across. It's not important where you live nowadays, you're always online – it is indeed becoming a "small world".

We seek your continued support to become one of the key players providing value added solutions to the global healthcare sector.

Warm Regards,



Mohan H. Bhandari
Chairman & Managing Director

Board of Directors



Mohan H. Bhandari, Founder, Chairman and Managing Director

Mr. Bhandari 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 Management Studies and Packaging Science. Mr. Bhandari has more than 25 years of experience in the global pharmaceutical packaging industry.



Dr Praful R. Naik, Executive Director

Dr. Naik leads the core research at Bilcare. He has a Ph.D. in pharmaceuticals from the Institute of Technology, Benaras Hindu University. He has in-depth knowledge of medicines and their formulations, with more than 17 years of experience in pharmaceutical science. Before joining Bilcare, Dr. Naik worked at Johnson & Johnson and Glaxo SmithKline.



Chandra Prakash Jaggi, Executive Director

Mr. Jaggi is responsible for making Bilcare a company that is a global benchmark in Quality and Cost. He is an engineer with over 35 years of varied experience in the manufacturing industry. Mr. Jaggi is the winner of various national awards including one from the President of India, for Productivity and Quality Improvement.



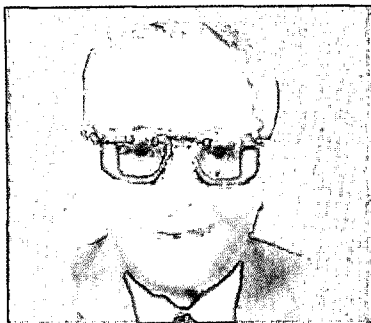
Cyrus Bagwadia

Mr. Bagwadia is a polymer engineer and a post-graduate in Business Management. He has more than 32 years of experience in international business with multinational companies including Dupont. His achievements include building the largest lami-tube company in the world. Mr. Bagwadia provides guidance to Bilcare for its global strategic business growth initiatives.



Dr. Volker Huelck

Dr. Huelck is an MS in Chemical Engineering and a Ph.D. in Interpenetrating Polymer Networks. He did his post-doctoral research in polymer chemistry. Dr. Huelck is the Chairman of the German Plastics Centre and a member of the Global Council at Lehigh University, USA. Dr. Huelck provides guidance to Bilcare's Research Academy team and the material science development team.



M.L. Bhakta

Mr. Bhakta is a renowned Solicitor and Senior Partner of Kanga & Co., a leading firm of Advocates and Solicitors in India. He has been in practice for over 46 years and has vast experience in the legal field and particularly relating to corporate laws, banking and taxation. He is the legal advisor to leading foreign and Indian Companies and Banks. Mr. Bhakta has been recognized as a leading corporate lawyer in the country. He is also a member of the Managing Committee of Indian Merchants' Chamber continuously since 1982.



Dr. Kalyani Gandhi

Dr. Gandhi is a professor and the former Dean of the Indian Institute of Management (IIM), Bangalore. She has an MA in Industrial Psychology and has completed her Ed.D. and M.Ed. from Rutgers University, USA. Dr. Gandhi provides guidance to Bilcare's human resources team.



Rakesh Jhunjhunwala

Mr. Jhunjhunwala is a qualified Chartered Accountant and a renowned equity investor in India. He has been profiled as one of India's best five investors. Mr. Jhunjhunwala is one of the few who shares his insight into successful investing with the people through his articles, interviews and presentations.



Manish Gupta

Mr. Gupta is a member of the core team at the private equity group of RARE Enterprises. He has an MBA from the Indian Institute of Management (IIM), Ahmedabad and a BE in Chemical Engineering from the Birla Institute of Technology and Science, Pilani. Mr. Gupta has varied strategy and consulting experience at Boston Consulting Group and Honeywell.



Rajendra Tapadia

Mr. Tapadia holds a degree in Chemistry from Pune University and a post-graduate diploma in Business Management. He is an eminent industrialist with more than 25 years of experience in the industry. Mr. Tapadia provides guidance to Bilcare in process and product technology.



Dr R. V. Chaudhari

Dr. Chaudhari has a Ph.D. in Physical Chemistry and Research Fellowships of several scientific academies and societies. He has presented more than 100 papers in various international journals and holds 62 patents. He is a Deane E Ackers Distinguished Professor, at the Department of Chemical & Petroleum Engineering Center for Environmentally Beneficial Catalysis in The University of Kansas, Kansas, USA. Dr. Chaudhari provides guidance to Bilcare's IPR initiatives.

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Management Discussion and Analysis