

Bilcare Limited
1028 Shiroli Rajgurunagar
Pune India 410505
investors@bilcare.com
www.bilcare.com



Annual Report 2008 – 2009
Abridged



Our Vision

Transforming health outcome – touching lives

Our Values

Speed

Proactive and swift actions are our mantras

Innovation

Our constant approach at all levels is to seek better ways of listening, thinking and doing - making our offerings meaningful and impactful

Happiness

We are motivated by our customer's success and happiness of our stakeholders

Our Offerings

Pharma Packaging Innovations

Brand growth solution for global pharma

Global Clinical Supplies

Research process outsourcing for new drug discovery in clinical trials

NonClonable Security Technologies

Fingerprint technology for authentication of products and people



Events

SIAM Annual Convention 2008

Bilcare participated in Society of Indian Automobile Manufacturers (SIAM) Annual Convention 2008 held on September 3-4, 2008 in New Delhi. SIAM hosts an Annual Convention focusing on issues influencing Indian automotive industry's competitiveness and its integration with the global economy. Bilcare showcased its anti-counterfeiting technology, NonClonable™ Technology for Identification and Authentication at the Convention's "Technology Exposition for Tomorrow". Bilcare's stall saw participation from top leaders of Indian and International automobile and auto ancillary companies.

European Outsourcing Award

Bilcare received the prestigious European Outsourcing Award in the Best New Product category for its anti-counterfeiting product, Patina, at the annual pharmaceutical flagship event, CPhI Worldwide, 2008. Patina is an

effective anti-counterfeit packaging solution and is used by many leading Indian and global pharmaceutical brands for compliance, brand protection and stability concerns.

Award for Outstanding Innovation

Bilcare won the "Outstanding Innovation of the Year" award by ChemTech Foundation for its "NonClonable Technology for Identification, Authentication and Anti-Counterfeiting". The Technology comprises a unique NonClonable Signature that can be seamlessly integrated into any supply chain system, providing a totally secure real-time identification and authentication of any product. The system also provides a secure means for effective track and trace and e-pedigree of products across the supply chain.

Felicitations by CII

The Confederation of Indian Industries (CII) felicitated Bilcare for its contribution in the design

protection category in New Delhi on April 26, 2009. The CII held the award ceremony in association with the Department of Industrial Policy and Promotion. The CII has started this award to recognize the contribution made by companies to Indian intellectual property, in fields of patent, trademark and design.

2008 Bold CIO Award

IDG India's CIO magazine recognized Manoj Arora, Global CIO, Bilcare as a recipient of the 2008 Bold CIO 100 Award. The annual awards program honours organizations that use IT in innovative ways to deliver business value, enable growth and improve relationships with customers.

ATF Series Tournament

Econ Ace Tennis Academy and Bilcare hosted Bilcare ATF Asian Tennis Tournament at the

Mhalunge Balewadi Tennis Complex, Pune from May 23-29, 2009. Econ Ace Tennis Academy and Bilcare started this under-14 age group tournament to encourage sports amongst youngsters.

Bilcare through Bilcare Foundation promotes excellence in sports and offers extra curricular exposure to rural youth. The company has always encouraged young talent in all fields including sports.

Visit of British High Commissioner

The British High Commissioner to India, Sir Richard Stagg along with senior personnel from U.K. Trade and Investment Board visited Bilcare on April 7, 2009. The visit was to understand the company's business and its value proposition for U.K. Bilcare's GCS business and development plans for its UK facility was also discussed.

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Chairman's Letter

Staying Focussed

Dear Shareholders,

The year 2008 has been a period of challenges and learning for the entire global economy. Corporations are reinventing themselves – at business models, right sizing and strengthening cost leadership. Some are looking at ways to survive while others are looking at the current environment as the big opportunity. We at Bilcare belong to the latter – the pharmaceutical and healthcare industry is grappling with rising costs, shrinking drug discovery

pipelines, patent expirations, and societal demands for affordable healthcare – Bilcare's business model is geared at delivering on these very challenges.

We believe that in these testing times, our focus on disruptive innovation, cost leadership and Intellectual Property Rights will help us create transformational business solutions for our customers across the globe.

Despite the tough economic scenario, we posted a robust performance in

FY2009 on the strong foundation of our innovation driven solutions, operational efficiency, and commercial success. The consolidated turnover of the company touched Rs. 856 crores, resulting in an annualized growth of 42% over the previous year. This resulted in marked improvement in Operating EBITDA, growing by 30% to Rs. 186.50 crores. Our Directors have recommended a 25% annual dividend at Rs. 2.50 per share.

During the year, we continued to invest in strengthening our R&D capabilities and tapping high value opportunities. Our goal remains clear. To deliver long-term value to stakeholders by developing innovative solutions which address the five challenges (5C's) besieging the pharma industry – compliance, counterfeiting, communication, convenience and cost.

Among the significant developments during the year, Patina, our patented material, received the coveted European Outsourcing Award for the best product. The Jury's statement – "Bilcare is enabling mindset change in the Pharma community" was significant for us.

Drug counterfeiting is one of the most pressing challenges facing the pharma

industry. A recent study report by the US based Centre for Medicines in Public Interest estimates that counterfeit drug sales will grow 13% annually through 2010, compared to just 7.5% estimated annual growth for global pharmaceutical commerce. By 2010, counterfeit drug sales will reach US\$ 75 billion, an increase of more than 90% since 2005. Given our expertise in packaging sciences and NonClonable™ Authentication anti-counterfeit technology, we will play a very crucial role in containing counterfeiting in the

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pharmaceutical industry.

Bilcare has developed NonClonable™ Authentication technology, – this award-winning, tamper-evident technology enables real time identification of products across the supply chain and encompasses immensely valuable point of sale information. The technology has been extensively test marketed in the past year and is ready for commercial launch. Given the ease of adaptability and efficacy of this technology, we see promising value not only in the pharma industry but also across other industrial segments like automotive, fashion &

luxury, and government security where counterfeiting and genuineness of identity poses a significant threat.

Bilcare will continue its value creation and excellence through its Pharmaceutical Packaging Innovations business by working with global pharma companies on specific packaging issues of concern such as senior-friendly, child safe and communication led packaging. With growing competition and reduced budgets for traditional marketing spends, Bilcare is partnering with companies in creating packaging as a product positioning and branding tool, visually and functionally, thereby driving marketing dollars and ROI for clients. Our joint acquisition of a contract packaging company in the US has given us access to best-in-class capabilities for developing pharmaceutical packaging solutions that facilitate better medical compliance. The acquisition is also helping us make inroads into the promising retail pharmacy sector through a key contract with one of America's biggest retailers. The pharma packaging business intends to garner a significant presence in the global pharma packaging market over the next three years with some of the global blockbuster drugs already availing

our services. We see many more brand conversions happening in the near future.

Shrinking drug pipelines, patent expirations and the inability to commit R&D dollars for blockbuster drugs has led the Pharma industry to deploy innovation, cost excellence and strategic outsourcing to compress the discovery cycle and create faster 'go to market' strategies for new drugs. Bilcare Global Clinical Supplies (GCS) is strategically positioned to partner pharma companies in their clinical trial outsourcing needs. Our global reach and 'near to customer' strategy across all geographies are helping us service customers seamlessly and have placed us in a strategic position. Working with global pharma companies and servicing their requirement through 'Insourcing' is another attractive growth area for us. Going ahead we will work on furthering synergies in this area and harnessing new opportunities. With new drug discovery becoming expensive and time consuming, Bilcare Global Clinical Supplies aims to become an integrated one-stop destination for global pharma and biotech companies for these services.

A key to Bilcare's innovative culture and strong growth has been its ability to build a diverse work force. Nurturing our workforce and leadership developments will be our key Human Resource focus this year. As part of our customer centric strategy, we are building local teams with global expertise, whom clients can identify with. Over 50% of both our people and assets are outside India.

As I write to you, the US healthcare market is showing early signs of recovery, while European markets are improving and Asia is predicted to grow. The US pharmaceutical market, currently pegged at US\$ 312 billion, constitutes 48% of the global market. I see robust growth in all our businesses – especially from our international operations. The international business opportunity and growth are a validation of our strategic business model – becoming the preferred Research Services Outsourcing Partner to global healthcare companies through value demonstration, innovation and R&D.

To highlight the emerging role of outsourcing partners in pharma industry, I would like to touch upon 'Pharma 2020 – Challenging Business Models', a series

of reports by PriceWaterhouseCoopers, on the future of the pharmaceutical industry. It clearly defines that traditional integrated business model of pharma companies will give way to new age outsourced collaborative models with external partners playing an important role, especially in the areas of R&D and new drug discovery.

At Bilcare, we have identified this opportunity and are working towards integrating ourselves into the collaboration led business model of the global pharma industry.

The future is surely, exciting and challenging. I am confident that through focused business strategy and execution, Bilcare will succeed in its mission of transforming healthcare outcomes worldwide. I thank you and look forward to your continuous commitment and participation in Bilcare's journey to success.

Warm regards,



Mohan H. Bhandari
Chairman and Managing Director.



Mohan Bhandari

Chandra Prakash Jaggi

Dr. Volker Huelck

Cyrus Bagwadia

Dr. Praful Naik

Board of Director's

Mohan Bhandari Founder, Chairman and Managing Director

Mohan Bhandari is the founder of Bilcare and spearheads the Company as the Chairman & Managing Director. He has over 27 years of experience in the global pharmaceutical packaging industry. Under his leadership the Company has grown exponentially both in the national and the international arena.

A first generation technocrat entrepreneur, he received the Life-time Achievement Award in 2007 during the 59th Indian Pharmaceutical Conference in recognition of the spirit of business excellence he exemplifies.

He holds a degree in Physics from the University of Pune and a post-graduate diploma in both

Management Studies and Packaging Science.

Dr. Praful Naik Executive Director

Dr. Praful Naik leads the core research initiatives at Bilcare and is the Company's Chief Scientific Officer. An expert in medicines and their formulations, he has over 19 years of experience in pharmaceutical science from his prior association with pharmaceutical companies like Johnson & Johnson, and Smithkline Beecham.

Dr. Naik holds a Ph.D. in Pharmaceuticals from the Institute of Technology, Banaras Hindu University. He represents the Indian pharmaceutical industry on the International Medical Products Anti-Counterfeiting Taskforce of WHO.

Chandra Prakash Jaggi Executive Director

Chandra Prakash Jaggi is responsible for bringing Bilcare on par with global standards in Quality and Cost. He has over 37 years of experience in the manufacturing industry. A recipient of numerous awards, he has also won an award from the President of India for productivity and quality improvement.

Cyrus Bagwadia Director

Cyrus Bagwadia provides guidance to Bilcare on its strategic global initiatives. He has over three decades of experience in international business and has worked with multinationals like DuPont. Among his various and notable achievements is his contribution to building the

largest lami-tube company in the world.

Cyrus is a Polymer Engineer and a post-graduate in Business Management.

Dr. Arthur Carty Director

Dr. Arthur Carty is a renowned name in the global scientific community. With over four decades of experience in research in different fields of science, Dr. Carty brings to Bilcare Board deep insights on R&D and specifically nanotechnology expertise. Dr. Carty currently holds office as Executive Director, Waterloo Institute for Nanotechnology at the University of Waterloo. He is also a Research Professor with the department of Chemistry at the University of Waterloo.

Dr. Carty has to his



Rajendra Tapadia

Dr. R V Chaudhari

Dr. Kalyani Gandhi

Dr. Bhojraj Suresh

Dr. Arthur Carty

credit over 300 journal publications and five patents. He has served as Canada's first National Science Advisor to the Prime Minister of Canada from 2004 to 2008. He also served as the President of the National Regional Council of Canada from 1994 to 2004.

**Dr. Bhojraj Suresh
Director**

Dr. Bhojraj Suresh, an eminent expert in pharmaceutical sciences, provides Bilcare guidance on its R&D and product development efforts. Dr. Suresh has over 27 years of experience in pharmaceutical research and sciences. He was recently conferred the '2009 Outstanding Contributor Award' by the ChemTech Foundation. He currently

holds office as President with both the Pharmacy Council of India and the Indian Pharmaceutical Association. Dr. Suresh is the first Indian to be elected President of the Asian Association of Schools of Pharmacy. Dr. Suresh has close to 300 scientific publications to his credit.

**Dr. Volker Huelck
Director**

Dr. Volker Huelck offers guidance to the Material Science development team at Bilcare. He is the Chairman of the German Plastics Centre and a member of the Global Council at Lehigh University, USA. Dr. Huelck holds an M.S. in Chemical Engineering and a Ph.D. in Interpreting Polymer Networks.

**Dr. Kalyani Gandhi
Director**

Dr. Kalyani Gandhi provides leadership and direction to the human resource team at Bilcare. She has over 30 years of experience in teaching and is the former Dean of the Indian Institute of Management, Bangalore. Dr. Gandhi holds a Master's degree in Industrial Psychology and has completed her Ed.D. and M.Ed. from Rutgers University, USA.

**Rajendra Tapadia
Director**

Rajendra Tapadia provides support to Bilcare on process and product technology. He is an eminent industrialist with more than 27 years of experience in the industry. Mr. Tapadia holds a degree in Chemistry from Pune

University and a post-graduate diploma in Business Management.

**Dr. R V Chaudhari
Director**

Dr. R V Chaudhari, a renowned polymer catalysis scientist, provides valued insight and guidance to Bilcare's IP strategy and R&D initiatives. 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 and Petroleum Engineering Center for Environmentally Beneficial Catalysis at the University of Kansas, USA. Dr. Chaudhari holds a Ph.D. in Physical Chemistry and Research Fellowships of several scientific academies and societies.

A close-up, slightly blurred image of a microscope's eyepiece and objective lenses, set against a blue background.

Progressing Vision

Management Discussion and Analysis

Overview

