



Gaining Momentum



Vision

Delivering Innovation - Touching Lives

Values

Speed

Proactive and swift action 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 customers' success and happiness of our stakeholders



Contents

Chairman's Letter	02
Corporate Information	05
Management Discussion and Analysis	06
Corporate Governance	15
Director's Report	30
Auditor's Report	50
Standalone Financial Statements	54
Consolidated Financial Statements	83



Chairman's Letter

Former President of India, Late Dr. APJ Abdul Kalam often used to quote *"You are never given a dream without the power to make it come true"*.

Launch of our '*center of excellence*' at Pune is reminiscent of our old fond memories with Dr. Kalam. As we remember him, we also draw tremendous sense of inspiration as well as aspiration. Inspiration to stand against multifaceted challenges as they emerge and aspiration to be an impactful leader in our sector, while overcoming all impediments.

Long before, Bilcare set up its global footprints in the developed economy, it had a vision to be global leader, and in doing so, it pursued a dream that embodies Dr. Kalam's notion.

In many occasion, I had the opportunity to seek his advise and blessings- abundance source of motivation, which in turn helped us in taking forward some of our innovation on drug dispensing and ncID™ Technology.

Bilcare always looked at pharma packaging from a scientific, research angle, which not only helped us to be a pioneer in several drug dispensing technologies but also protected these innovations with global patents, which in turn helped us to be ahead of the curve, while making our dream come true!

Bilcare Research AG (BRAG), comprising of pharma, specialty and card packaging business in the US, Europe and now Asia, which constitute more than 80 % of Company's total revenue is '*Gaining Momentum*' to emerge as key growth driver for the Company, demonstrating strong turnover growth and margin improvement in the current year. BRAG's Revenue has increased from EUR 240 Mn. in (2011/12) to EUR 265 Mn. in (2014/15), current year, despite exit from packaging business worth EUR 40 Mn. Similarly, BRAG EBIDTA is up from EUR 8 Mn. in (2011/12) to EUR 27 Mn. in (2014/15) due to prudent strategy execution, cost efficiency and realignment of business and products.

BRAG business having consolidated and garnered leadership position in the US and Europe, is now looking to expand and tap high potential Asian markets. Bilcare Research AG acquired Bilcare Singapore pharma packaging assets and aligned to its European and US business model as a natural course of action, and also to expand its customer base in Mainland China, and other Asian markets, making Singapore as an Asian Hub.

It is also plausible to mention that BRAG, a fast growing business is well financed by leading European banks with stable repayment- giving further impetus for growth in sales and margins.

As part of capacity expansion plan to infuse growth and meet customer requirement, BRAG is in the process of investing 15 Million Euro at its manufacturing site Staufen, Germany, where Bilcare is been known for years as a strong and committed partner in the shrink films market.

Our last two years overseas restructuring exercise has catapulted to visible result this year and this trend shall continue in the ensuing years.

Bilcare continues to invest on *R&D activities* and effectively utilize its investments made on creation of research sites resulting in successful addition of newer products, processes services and technologies to its innovation portfolio. During the financial year, Bilcare filed 2 new Patent applications related to its innovative products and technologies and were granted 9 Patents, earlier applied.

Bilcare R&D got breakthrough in developing light weight material that can have an excellent barrier for 'Nuclear Radiation'. DRDO have taken their first prototype trial with this material and have placed an order for the same.

Bilcare GCS clocked 12.8% Revenue growth with addition of 14 new clients. 'Comparator Sourcing' business increased substantially over last year, showing 40% growth. With growth and increasing customer requirement from the west, GCS opened marketing offices in USA and UK to capture future opportunity. We expect this business division to cross INR 100 Cr. by next year.

Bilcare Technology made inroads in bagging pharma and Government customers and important pilot projects. Talking about pharma, there was line integration project for serialization services for primary, secondary & tertiary level packaging for Biocon, including supply of secondary and tertiary labels. Similarly, we were able to

execute serialization and track and trace as per DGFT & MoHFW mandate for secondary and tertiary packs for Merck at Fulford India Ltd and Organon India.

A paradigm shift in Bilcare ncID Technology is expected to be unleashed with induction of highly competent technocrat; who along with his 'new team' is working on go-to-the-market strategy with customer oriented solution offerings.

Financials:

Total Standalone Revenue for the year declined from INR 394.47 Cr. in (FY14) to INR 335.60 Cr. in (FY15).

This loss of sales is primarily on account of crunch in working capital coupled with loss / unfulfillment of orders, or in other words- we had to forgo orders in hand due to raw material unavailability for said reasons. This resulted in reduced EBIDTA of INR 25.29 Cr. in the current year, (FY15) from INR 57.49 Cr. of the previous year, (FY14).

Increase in depreciation from INR 67.81 Cr. in (FY14) to INR 105.52 Cr. in (FY15) caused additional increase of INR 37.71 Cr. due to change in Company's act 2013, resulting in Net Loss of INR 183.68 Cr. for the year, (FY15).

However, Revenue for the quarter ended, (Q4 FY15) stood at INR 90.48 Cr. as against INR 78.16 Cr. of the previous quarter (Q3 FY15), showing a growth of 15.76%

Total Consolidated Revenue for the current year ended, (FY15) reduced to INR 2737.88 Cr. as against INR 3075.66 Cr. of the last year (FY14) with EBIDTA% marginally up from 8.35% to 8.44%.

"Failure will never overtake me if my definition to succeed is strong enough" this saying of Dr. Kalam is perhaps most apt, when I think of India Business.

As you are aware, India Business in last two years in going through certain stress due to mismatch of cash flows- impacting raw material procurement and meeting customers' orders in hand, as a result our top and bottom line has suffered to a large extent.

We have strived hard to meet our creditor commitment – with almost 60% resolution of debt through various options and structures permissible under banking framework. We are confident to turn around headwinds, through our continuous, collective, belligerent endeavor, exploring all possible options.

With BRAG business showing visible sign of momentum, alongside India debt under speedy resolution, I am confident that your Company will soon come out from boulevard of its turbulent past to a better and bright future in the coming fiscal year.

As I conclude, may I, on behalf of your Board of Directors and the employees of your Company, once again thank you for your continued support and encouragement.

Thank you, Ladies & Gentlemen.

A handwritten signature in black ink, appearing to read 'Mohan H. Bhandari', with a long horizontal line extending from the end of the signature.

Mohan H. Bhandari
Chairman & Managing Director



Corporate Information

Board of Directors

Mr. Mohan H. Bhandari
Mr. Rajendra B. Tapadia
Mr. Avinash S. Joshi
Dr. Sankarshan Basu
Mrs. Nutan M. Bhandari

Company Secretary & CFO

Mr. Anil Tikekar

Registered Office and Works

1028, Shirol, Rajgurunagar, Pune - 410 505, India.

Auditors

M/s. R. L. Rathi & Co., Pune
Chartered Accountant

Secretarial Auditor

M/s. Shekhar Ghatpande & Co,
Practicing Company Secretaries

Bankers

Multiple Banking under the Security Trust Arrangement.

Registrar & Transfer Agents

Link Intime India Pvt. Ltd.,
(Unit: Bilcare Limited)
Block No. 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road,
Pune – 411 001, India
Telefax: +91– 20 – 26163503
E-mail: pune@linkintime.co.in



Management Discussion and Analysis

Global Pharmaceutical Packaging Landscape and Trends

Pharmaceutical Packaging products are used to protect the medicines so that they remain unscathed by any external toxins and microbial activity, and thus, have an extended shelf life. Drug manufacturers have to abide by international compliance jurisdictions enforced by the global regulatory authorities, which ensure packaging is a critical element in the drug delivery process to the final point of purchase. Various raw materials such as plastic resins, glass, paper and paperboard, aluminum, and other metals are used for the construction of pharmaceutical packaging materials. These packages are available in a broad range of products, such as bottles, parenteral containers, blister packs, caps, closures, pre-fillable syringes, and tubes.

TechNavio's analysts forecast the Global Pharmaceutical Packaging market to grow at a CAGR of 5.90 percent over the period 2014 - 2019.

Blister Packaging is a form of high visibility packaging that uses pre-formed plastic packs for small consumer goods and pharmaceuticals. Blister packs comprise a base layer, made either of plastic or aluminum, with cavities or a formable web known as blisters. Blister packs are mainly used to package pharmaceutical products – Rx, OTC drugs and medicines (capsules), as

well as small medical devices. The analysts forecast the Blister Packaging market in the US to grow at a CAGR of 5.92 percent over the period 2013-2018. Bilcare is one of the largest Blister packaging Company in the world.

The pharma packaging industry, though mature, is undergoing a sea of change. The progress of this industry is tied to innovations. Evolving consumer needs, novel medicines, advancing technology, increasing cost pressure, stringent regulations, etc., are driving innovation in pharma packaging. These factors, along with numerous others, are playing a vital role in enhancing packaging functionality. Apart from innovations, the importance of design and visual recall has also moved up the curve for industry players.

Key Trends –Opportunity areas:

- **Serialization and Anti-counterfeiting Packing:** There has been widespread prevalence of counterfeit drugs, especially in pharmerging markets, and the various regulations being adopted by governments to check their infiltration. India's Directorate General of Foreign Trade (DGFT) mandates the use of unique numbers and bar codes on primary, secondary, and tertiary packaging for easy tracking and tracing, a practice known as serialization, of all drugs exported from the country. The mandate, which came

into force in January 2011, was supposed to be fully implemented by mid-2013. However, due to noncompliance, the deadline had been extended to April 2015. The California ePedigree Law, which requires pharma manufacturers and distributors to implement serialization, has come into effect from January 2015.

Pharma companies globally have changed/are changing their packaging process to adapt to these regulations. Automation by Contract Packagers: With the introduction of stringent anti-counterfeiting regulations and implementation of serialization, pharma packaging requirements have become more complicated. As a result, pharma companies are increasingly automating packaging lines.

- **Senior-friendly and Child-resistant Packaging:** With increasing share of the elderly in the world population, pharma and packaging companies are focusing on senior-friendly (SF) packaging globally. The global share of older people (aged >60) will increase 10% during 2013–2050, further increasing the need for SF packaging.
- Along with SF packaging, focus on child-resistant (CR) packaging has also increased. In addition to branding, packaging should address product needs, patient convenience, and product security.
- **Eco-friendly Packaging:** Although eco-friendly and sustainable packaging seems to be losing sway, their importance does not wane. With the ever-widening environmental concerns, drug manufacturers and packaging companies are constantly focusing on eco-friendly packaging materials, techniques, and technologies.
- **Talking Packaging and use of digital technology to track and trace :** This is a technology that enables products to speak for themselves.

Bilcare understood the importance of these

trends long back, and started its innovation led packaging under its 5 C (counterfeit, compliance, convenience, communication and CR pack) philosophy, which captures all above elements. Bilcare has several covert, overt feature and print technology based anti- counterfeit measures, including invisible inks, special font and print design in packaging to check counterfeit. Similarly, the Company has special “Child Resistant” and “Senior Friendly” pack design with aluminum lidding foil for both domestic and international customers. In Europe and US it is a standard norm, while in India, awareness levels are on the rise.

Bilcare nCiD™ - nano technology based on real time authentication, track and trace and anti- counterfeit solution is the next generation packaging technology is getting appreciated by several pharma and medical device companies and is well poised to meet DGFT future mandate for exports. In fact, under Government of India (GoI), Council of Scientific & Industrial Research (CSIR) has done a special project under its new millennium initiative to understand feasibility of this technology across entire supply chain and medicine ecosystem from manufacturer to that of patient, including chemists and doctors.

Bilcare 5 C philosophy of innovation has differentiated it as a pioneer in several emerging futuristic trends in packaging to stand as a market leader.

Bilcare EComply™ film, an eco-friendly blister combining the demands of biodegradability and product protection stability. EComply blends standard PVC film with a special additive that makes EComply biodegradable. The result is PVC-level functionality without a PVC-level environmental footprint.

Risk and Concerns

- **Financial Concern-** Currently, the Company is going through debt restructuring and resolution with creditors.

While a significant portion of this has already been resolved through multiple options but still a certain amount is yet to be resolved, not-but which remains as a concern to the organization.

- **Forex Risk-** A significant part of Bilcare's revenue, cost, assets and liabilities are denominated in foreign currency and hence the Company is certainly subjected to Forex risks. The parent Company is based in India, while majority of the business and its subsidiaries are based out of Europe/ US and hence currency fluctuation has direct impact; however, natural hedging is factored-in the respective markets.

Pharma Industry related other risks- There are various industry related external risk and policy change that can affect the Company, such as:

- Drug Price Control
- Regulatory reforms
- DGFT policy change or postponement
- Quality issues
- Product patent
- Policy change on PET bottles
- Policy on packaging safety for children
- Other packaging industry related policy change

Packaging Innovation

The Primary Pharma Packaging Industry represents 15% by value- estimated at US\$ 19Bn. and blister packaging is around 35% by volume and 25% by value – estimated at US\$ 6.3Bn.

Bilcare is largely present in this Blister Packaging segment- comprising films and foils for the pharmaceuticals in India, Europe and in the US. Further, it is also present in specialty packaging and cards solutions in the US and Europe.

Research & Development- (India):

Bilcare continues to invest on R&D activities and effectively utilize its investments made on creation of research sites resulting in successful addition of newer products, processes services and technologies to its innovation portfolio.

During the financial year, Bilcare filed 2 new Patent Applications related to its innovative products and technologies and were granted 9 Patents, including earlier applied.

Bilcare R&D have remained focused on innovative research solutions in both packaging materials and its application to pharmaceutical formulations This has led to substantial growth in the materials business- arising from the conversion of conventional packaging to more attractive and value added packaging solutions. The novel Bilcare Optima™ service continues to generate newer alliances with global pharmaceutical companies in not only the developing regions but also the developed regions of the world. These Research initiatives has enabled Bilcare not only to generate future growth opportunity but also gainfully leverage its special relation with pharmaceutical industry across the globe.

Pharma Packaging and Innovation (India):

Pharma Packaging and Innovation business in India and the subcontinent continues to focus on pharmaceuticals, while bringing best of packaging technology, innovation and materials best suited for pharma challenges. Some of the key product highlights are as follows:

- Bilcare developed laminates which are metalloscene based composite films that benefits the customer to pack powder formulations at desired temperature that provides better sealing through contamination.