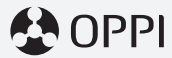




Winner of Prestigious



Awards 2017



**Best Anti-Counterfeiting
Solution Provider**



**Best Packaging
Material Supplier**

Vision

Transforming Health Outcomes, 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



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Chairman's Letter

Shaping Brands, Caring Patients

At Bilcare, creating products that are valuable to patients is of supreme importance. The fundamentals of this depend on the most critical component - product development that meets users' needs, improved product quality, and optimum pricing. In the medium to long term, increasing quality through constant technological improvement is indispensable in the fast changing world.

Over the years, Bilcare brand name has been synonymous to Research & Innovation. Bringing newer ideas and solutions to meet the ever-growing critical demands of the pharma companies with a focus on enhancing the patient health outcomes has remained the motto of our company. The efforts put by our experienced technical team have created an enviable basket of products and services with futuristic approach. From product innovation to process re-engineering, the team has exceeded the expectations of our esteemed customers. This has not only given the company a reputation of a leading Quality material supplier but also as a dependable consulting partner to pharma companies for process simplification, packaging design innovation and choosing optimum packaging material for solid dosage formulations.

In recognition of this, OPPI (Organization of Pharmaceutical Producers of India) has conferred Bilcare with the prestigious best vendor awards in two categories - Best Anti-Counterfeiting Solution Provider and Best Packaging Material Supplier in FY 2018.

There has been a surge in the demand for Solid Dosage Packaging products globally. Newer combinations, advanced laminates, child resistant and senior friendly packaging, products with overt and covert anti-counterfeit security features and visually attractive packaging for brand uniqueness have been in the limelight. Bilcare has been in the forefront to not only bring effective solutions

for these requirements but also provide the latest products and services to bring advanced patient healthcare, inspired by Make in India initiative.

On a group level, we have penetrated further in to the emerging pharma markets in MENA region, South America and South East Asia. We have also started business in China and see tremendous growth potential in the near future.

The Company has faced many challenging situations in last few years. However, these challenges have only helped us to mature into a better organization. The Company continues its effort for a comprehensive debt resolution. Our emphasis will remain to facilitate working capital support to achieve higher growth, increasing EBITDA and strengthening the cash flows.

"Our greatest glory is not in never falling but in rising every time we fall" these noble words by Confucius are our guide as we continue on the journey of patient care globally.

With this, I conclude by humbly thanking you all for your continued support and trust.



Mohan H. Bhandari
Chairman and Managing Director



Corporate Information

Board of Directors

Mr. Mohan Bhandari
Mr. Avinash Joshi
Mrs. Nutan Bhandari
Mr. Surendranath Gupte
Mr. Vasant Bang

Company Secretary & CFO

Mr. D. K. Sharma

Registered Office and Works

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

Auditors

M/s. M.G.M & Company, Chartered Accountants
M/s. K.R. Miniyar & Associates, 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

Industry Outlook

Pharma packaging has been one of the fastest growing sectors in the packaging industry over the past decade. According to Pira, Globally the industry is expected to grow at an annual average rate of 3.4% during 2015- 2020 to reach USD 248 Billion. Asia in particular is expected to lead the demand with its market share progressing from 42% in 2015 to nearly 45% by 2020. The demand for Packaging Films for solid dosage formulations has seen a steady growth in the past decade and that this growth trend will continue further in the coming decade. Pharma Packaging Films with most innovative overt printed features are fast replacing the otherwise dull looking plain PVC films thus giving a unique identity to the pharma brands in the new world. The problems of me-too and counterfeit pharma products is largely now being addressed by the introduction of most latest overt and covert product or print features providing safety and security to the pharma brands.

Bilcare has been a pharma focused packaging product innovator and supplier for a large number of pharma companies globally. "Innovation, our DNA, Patient Care our Mission" has been the motto of the company ever since its advent into the innovation focused pharma packaging industry. Our philosophy has not only led us to be the most trusted partner amongst our esteemed pharma clients but also has enabled us to lead by example.

Innovation is the ability to see the change as an opportunity and not as a threat– This has been the driving force for Bilcare which enabled the company to be one step ahead and be future ready to meet the challenging requirements of the pharma market and the consumers largely. Over the years the hard work put by our highly qualified team members has enabled the company to create an enviable range of products. Bilcare over the years has developed technologically advanced printing and packaging designs that address the core challenges of the pharma industry

commonly known as 5 Cs viz. Compliance – direction of dosage administration; Counterfeiting – deterring piracy and counterfeit in medicine packaging; Communication – differentiating and brand recall strategies; Convenience – Smart and easy to carry/ dispensing; Child Resistant & Senior Friendly Packaging – to avoid accidental misuse of medicines by children.

We have firmly believed in Changing with the Change and this has led to form a culture within Bilcare, a culture of Innovation that goes beyond our Research labs to touch every business function and activity, benefitting our customers and impacting the Patient health outcomes.

Pharma Packaging Innovations

Bilcare's Pharma Packaging Innovations business unit is technologically driven and focused on producing a wide range of Films and Foils addressing the most challenging requirements of the pharma industry. Bilcare has been regularly conducting customer surveys to gauge the satisfaction levels on qualitative as well as quantitative aspects. This year it was observed that the pharma companies, progressive as well as established big brands are in the forefront of providing superior quality, follow stringent compliance norms, adhere to the regulatory requirements and be a value differentiator.

Bilcare in line with its 5C principles laced this year with a series of new products which offer customers effective solutions for Ultra High Barrier Blister Films in both the thermoformable and cold formable categories. Bilcare added convenience to its cold formable packaging by developing materials which results in more compact packaging for products which are highly sensitive to ingress of moisture. Bilcare also successfully developed materials in the cold formable range which effectively addresses the issues associated with Gas Liberation and degradation of the formulation associated with water vapor ingress through sealing of the Blister with lid foil.

Bilcare exemplified its commitment to the environment by partnering with leading global chemical innovators by developing Lid Foils using water based lacquers which results in reduced carbon foot print and enhanced formulation stability.

In addition to the above many more conventional and existing packaging products were tailor made to meet our Customers demand considering their requirements of brand uniqueness, solution for counterfeit issues and providing odor free packaging films for certain formulations. Many formulations were upgraded from their existing packaging material to new advanced packaging systems with ultra-high barrier properties, overt and covert print (visible and invisible) features as anti-counterfeit feature and many more.

During the year, Bilcare India site documented and aligned the quality management systems standards to the latest version ISO 9001:2015 and Environmental Management Systems standards to ISO 14001:2015 version with all necessary internal audits and management reviews to be finally certified by TUV SUD South Asia during the first half of the financial year 2018-19. Also, the Good Manufacturing Practices (GMP) Systems standards for Primary packaging components for pharmaceuticals is being aligned to ISO 15378:2105 standards to be certified during the year 2018-19.

Bilcare India site also successfully went through the 2 Pillar SMETA audit on social and ethical compliance in line with Social Ethical Data Exchange (SEDEX), a globally recognized body..

Global Clinical Supplies

The Global Clinical Trial Supplies market is valued at 950 Million US\$ in 2017 and will reach 1610 Million US\$ by 2025, growing at a CAGR of 6.9% during 2018-2025. Globalization and rise in number of clinical trials, increasing complexities and rising number of biologics and biosimilar drugs in trials are expected to be the major driver for growth. Advancement in supply chain management technology is also expected to be the major driver for growth of the clinical supplies market.

The Global Clinical Trial Supplies Market is segmented on the basis of Products & Services, Phases, Therapeutic Areas and Regions. Among the various Products & Services, the logistics and distribution services segment is expected to account for the largest share of the market and is projected to grow at the highest CAGR from 2017 to 2025. The high

growth in this segment can be attributed to the factors such as globalization of clinical trials and increasing outsourcing of services.

India is advantageously positioned for the conduct of clinical trials for a several reasons:

- a). India's economy shows signs of robust growth, and increased spending on healthcare needs is expected to drive revenue growth for pharma companies. The Indian pharma industry today is the third largest market globally in terms of volume and 14th largest by value. India offers a large and diverse genetic pool of a treatment-naive population for clinical trials.
- b). According to PwC, India, with a population of more than 1.2 billion and projected to increase to 1.6 billion by 2050, is set to become the most populous country in the world, outnumbering even China. Given increasing difficulty in sourcing patients for clinical trials in developed countries, the concept of expanding the pool of available patients in emerging countries, combined with cost savings, makes India well positioned.
- c). The emergence of chronic diseases like cancer, diabetes, cardio vascular system (CVS) and central nervous system (CNS) disorders may drive demand for newer therapies. With the highest disease burden among all countries, India specifically offers a tremendous opportunity in contributing data for oncology trials.
- d). India has the highest number of FDA-approved manufacturing plants outside the U.S. With increasing focus on constraining healthcare costs in the U.S.. India's low-cost manufacturing capabilities combined with high quality standards are advantageous.

Considering a bright future for the CTMS Market, Bilcare GCS has already aligned its resources to meet this ever growing market demand. Recently Bilcare GCS expanded its scope of services to cater to nutraceuticals storage and distribution too in addition to the pharmaceutical storage and distribution network and services.

Sponsors and service providers—like CROs face challenges in understanding and effectively managing the clinical supply aspect of their studies. Many sponsors struggle to understand and effectively manage various aspects of the clinical supply chain, including increased pressure from government regulators like the US FDA and European

Medicines Agency on quality requirements, and how to move clinical supplies between countries.

Trial sponsors have also had to expand their subject populations not only to meet sufficient numbers to conduct trials, but also as part of a desire to move into new markets, including China, Japan, Latin America, Eastern Europe, and India.

During the year Bilcare GCS had few key achievements to its credit. We supported Pharma companies and CRO'S by successfully attending the Investigator Meets; supported our clients in USFDA audit; upgraded ISO standards from ISO 9001: 2008 to ISO 9001:2015 standard by TUV-SUD agency.

The Comparator Sourcing is a fast-growing industry within clinical trials that has doubled within the last three years. A recent report published by the Institute for Healthcare Informatics forecasts that the surge in cancer drug innovation is projected to continue over the next five years, with oncology currently already making up 25% of the global late-stage pipeline. As the majority of drug candidates are being studied against the existing standard of care, the need for secure and transparent sourcing of comparator drugs and non-investigational medicinal products (NIMPs) on a global scale is likely to rise significantly. Sourcing optimization is by and large achieved via gradual transition from centralized to local comparator suppliers. Global sourcing companies are beginning to assess local market capabilities for availability of quality certificates and actively export drugs for QP release. Bilcare is becoming formidable player in this market as well.

We had focused our efforts to increase the GCS presence thereby increasing our revenue share. We expanded our global depot partners. Now we are operating our distribution services from thirty locations to cater to the global trials; overcame the challenges to blind the IMPs by innovative ways resulting in appreciation by sponsors; successful manufacturing of matching placebos; new and additional credo shippers were added for process and profit improvisation

With this, Bilcare GCS is poised to regain its market share and looks to maximize profits by providing innovative and faster services to its clients.

Internal Control System and Adequacy

According to Section 134(5)(e) of the Companies Act 2013, the term Internal Financial Control (IFC) means the policies

and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business.

The Company has a well placed and adequate IFC system which ensures that all the transactions are authorized, recorded and reported correctly as well as is compliant with the Company's policies and Standard Operating Procedures (SOP's). The Internal Auditors independently evaluate the adequacy of the internal controls and report to the Audit Committee of any major deviations. The Company also has in place a well defined Whistle Blower policy to ensure the efficacy of the systems and financial controls. The adequacy is further enhanced by a system of internal business reviews and sensitive issues such as forex, market risks and allied are discussed in their respective internal review meetings.

Human Resources

During the year, the company laid concrete efforts on both customers as well as employee satisfaction. While the emphasis has been laid on constant improvisation of quality and introduction of new products and services, an equal amount of attention has been given to the employees to feel them belonged and energize them to positively contribute for the growth and satisfactory running of the organization. Regular employee engagement programs, CSR activities with the Zilla Parishad school children, blood donation camps and cultural programs were organized to make a cohesive environment at work. These efforts were made to effectively utilize the Human resource capital to enhance their performance and productivity thereby reflecting the company's core values.

Corporate Citizen

Bilcare Corporate Citizen Program stems from its very Vision, Mission and Core Values and is much beyond the statutory mandate of the recent years. Gram Swachchata, Water Storage, Primary School Education Aid, Repair of Old School under Bilcare schemes, teachers, training, SSY training, healthcare camp, library/ education on wheels were few programs initiated this year.

Financial Highlights

The performance of the Company has remained almost the same level since last year. This is mainly due to the Debt resolution still under completion and working capital finance constraints. However, there has been an improvement in the EBIDTA and the loss has reduced. The

support of the customers and suppliers have enabled the Company sustain its operations. The Company is amortizing the cost of tools & equipment through depreciation over eight quarters. Consequently the reserves would have been higher by INR 22,345.59 lacs.

Risks and Concern

The Company is subjected to various risks affecting its financial health, both in terms of external environment and internal operations. Raw material input prices; crude price hike, currency fluctuations and financial costs are some of the major risks. Industry curve with PVDC market going through stress is also a major concern for product substitution.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objective , projection, estimates, and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual outcome may differ substantially or material from those expressed or implied. Important developments that could affect the Company's operation include significant changes in the political and economical environment in India or overseas in key markets, applicable statutes, litigation, labor relations, exchange rate fluctuation, interest and other costs.

Corporate Governance

Company's Philosophy On Corporate Governance

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. The Company has a strong legacy of fair, transparent and ethical governance practices.

Board Of Directors

Composition of the Board

The composition of the Board of Directors of Bilcare Limited is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act. The Board comprises of Five (5) Directors, One(1) Executive Director, the Chairman and Managing Director, who is also a Promoter Director, one (1) Woman Director, who is a Non-Executive Non-Independent Director and four (3) Non-Executive Independent Directors.

As mandated by Regulation 26 of the Listing Regulations, none of the Directors is a member of more than ten Board level Committees (considering only Audit Committee and Stakeholders' Relationship Committee) or Chairman of more than five Committees across all public limited companies (listed or unlisted) in which he/she is a Director. Further all Directors have informed about their Directorships, Committee memberships/Chairmanships including any changes in their positions as on March 31, 2018.

Independent Directors

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations

read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

Number of Independent Directorships

In compliance with the Listing Regulations, Directors of the Company do not serve as Independent Director in more than seven listed companies. In case he/she is serving as a Whole-Time Director in any listed company, does not hold the position of Independent Director in more than three listed companies.

Number of Board Meetings

The Board met **five (7)** times during the year. The Meetings were on 30 May, 11 August, 29 September, 14 November, 31 December, 2017, 13 February and 6 March 2018. All the meetings were held in such manner that the gap between two consecutive meetings was not more than 120 days.

Directors' Attendance Record and Directorships

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year 2017-18 and the last Annual General Meeting (AGM) held on 29 September 2017 and the number of Directorships and Committee Chairmanships/ Memberships held by them in other public companies as on 31 March 2018, are given in the following table.

Information supplied to the Board

During the year 2017-18, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration.

The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.