

Annual Report 2019-2020

Bilcare
Research





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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Corporate Information*

Board of Directors

Mr. Mohan Bhandari

Mr. Surendranath Gupte

Mr. Rajesh Devene

Mrs. Alka Sagar

Mr. Rahul Chouhan

Mr. Ashwani Singh

Chief Financial Officer

Mr. Nilesh Tiwari

Company Secretary

Ms. Prabhavi Mungee

Registered Office and Works

1028, Shirol, Rajgurunagar, Pune – 410 505, India

Statutory Auditors

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

Secretarial Auditors

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

Bankers

Multiple Banking under Security Trustee Arrangement

Registrar and 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

Email: pune@linkintime.co.in

* As on 3rd September, 2020



Chairman's Letter

Dear Shareholders,

We are living in unprecedented times of the Covid-19 pandemic. However, in spite of the challenging times, Bilcare has kept moving forward with momentum and speed to deliver timely pharmaceuticals packaging solutions and drug discovery supplies to pharma customers across the globe

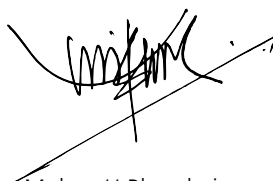
While business stress and market uncertainty has become an inescapable reality, the work we do as a Company, is very critical today and has been termed as an "essential service". Within a short span of time Bilcare has radically shifted and overhauled its business processes to adapt to changing times and exceed customer expectations by delivering innovative pharma packaging products. Despite challenging times limiting our routine operations, we have been able to serve the pharma sector globally, 24x7 uninterrupted. We are offering special services to companies with Covid-19 treatment range as a part of our commitment to fight this pandemic. Across the world, people are experiencing the economic impact and hardships this pandemic has created. I regret to predict that things may get worse before they can get better. I hope that the people who have lost their livelihoods will soon be able to get back on their feet and meaningfully contribute to the global economy again. At Bilcare, we continue to operate with full efficiency without any job cuts. Indian PharmaCos are gaining impetus because of the new world order and Bilcare is well-positioned to surge ahead with sound fundamentals and high-quality offerings.

As a part of debt restructuring plan, we divested our overseas subsidiaries during last financial year, which helped to reduce overall liabilities by over Rs. 2000 crores which is approximately 75% of the Group debt. These overseas subsidiaries assets were engaged in certain non-core activities such as credit card films & sleeves for FMCG packaging, which were dragging down Bilcare's value. Bilcare is now more streamlined and poised towards generating value by focusing sharply at the pharmaceutical sector.

First quarter in the current year has shown a healthy demand upswing. Domestic pharma customers continue to register year on year robust double-digit growth. Access to medicine through various Govt programs such as "Ayushman Bharat Yojana" continue to drive volume growth of this sector. The enterprising ability & research capability of Indian pharma companies is admired globally. Team Bilcare is the industry front runner & preferred partner for major PharmaCos. Our ability to provide value-based research solutions combined with patient-first focus of care & convenience makes us unique. Child resistant, senior citizen friendly & anti-counterfeit security features continue to grow in demand. Therefore, I am confident that Bilcare will continue to thrive in this sector. Bilcare products are approved & registered globally including in USA & Europe. Exports constitute over 30% of total turnover. We continue to penetrate our global reach with renewed energy & determination to grow exports in the coming times.

There is no instruction manual to guide us on how to feel or react in such times. And this can cause stress easily to everyone. My list of worries like yours is long, which includes the well-being of my family, friends, colleagues, Bilcare family & shareholders and the safety of people affected by the economic fallout across the globe. You all are in my prayers and I believe we will get through this, together.

I conclude by humbly thanking you all for your continued support & trust.



Mohan H Bhandari
Chairman & Managing Director

Director's Report

To

The Members,

Your Directors are pleased to present the 33rd Annual Report and the Audited Statements of Account for the year ended 31st March, 2020.

Performance of the Company and State of Company's Affairs

The Company's financial performance, for the year ended 31 March 2020 as per Ind AS is summarised below:

Particulars	INR in Crs			
	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from Operations including other income	225.86	246.36	1923.88	3057.26
Profit/ (Loss) before Interest, Depreciation, Tax and Exceptional Items	6.51	6.51	142.31	228.69
Profit/ (Loss) before Tax	(126.56)	(314.07)	(113.65)	(432.51)
Tax Expense (incl. Deferred Tax)	(24.23)	1.18	(14.62)	20.78
Profit/ (Loss) for the year	(102.33)	(315.25)	(103.54)	(455.08)
Non-controlling Interest	--	--	4.51	1.79
Profit/ (Loss) for the year	(102.33)	(315.25)	(99.03)	(453.29)

Management Discussion and Analysis

As required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a Management Discussion and Analysis Report is part of this Report.

The state of the affairs of the business along with the financial and operational developments has been discussed in detail in the Management Discussion and Analysis Report.

Directors & Key Managerial Personnel (KMP)

The following changes have been made to the Board of Directors & Key Managerial Personnel (KMP) of the Company during the year:

Mrs. Alka Sagar is appointed as an Additional Woman Independent Director of the Company w.e.f. 12th February, 2020. Necessary resolutions seeking approval of members of the Company for regularization of appointment of Mrs. Alka Sagar as Woman Independent Director will be set out in the Notice convening the ensuing Annual General Meeting.

Ms. Madhuri Vaidya was appointed as an Additional Woman Independent Director of the Company effective 15th June, 2019, has resigned from the Board of Directors w.e.f. 12th February, 2020. The Board expressed and took on record its deep appreciation of the services rendered by Ms. Madhuri Vaidya during her tenure as a Director of the Company.

Mr. D.K. Sharma, has resigned as the Chief Financial Officer of the Company with effect from 12th February, 2020.

Changes in Directors & KMP after the Balance Sheet date:

The following changes have been made to the Board of Directors and KMP of the Company.

Mr. Rahul Chouhan and Mr. Ashwani Singh were appointed as Additional, Independent Directors of the Company effective from 31st August 2020.

Mr. Nilesh Tiwari was Appointed as the Chief Financial Officer of the Company with effect from 23rd June, 2020

Declaration from Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub section (6) of Section 149 of the Companies Act, 2013 and under SEBI Listing Regulations.

Extract of Annual Return

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return for FY-2019-20 is available on the website of the company at www.bilcare.com.

Number of Meetings of the Board

During the Financial Year 2019-20, Ten (10) Board Meetings were held, details of which are given in the Corporate Governance Report section.

Directors' Responsibility Statement

Pursuant to the requirement under the Section 134(5) of the Companies Act 2013, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- a. in the preparation of the annual accounts for the financial year ended 31 March 2020, the applicable accounting standards had been followed and there are no material deviations from the same;
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2020 and of the loss of the Company for the year ended on that date;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the accounts for the financial year ended 31 March 2020 have been prepared on a 'going concern' basis;
- e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;
- f. the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

Particulars of Loans, Guarantees and Investments under section 186 of the Companies Act, 2013

Particulars of Loans, guarantees and investments form part of the notes to the financial statement provided in this Annual Report.

Contracts and Arrangements with Related Parties

During the year, the Company has not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. All contracts/ arrangements/ transactions entered by the Company with related parties were in the ordinary course of business and on an arm's length basis. Such transactions form part of the notes to the financial statements provided in this Annual Report. Accordingly, the disclosure of RPTs as required under the provisions of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is not applicable.

The Policy on materiality of related party transactions may be accessed on the Company's website at www.bilcare.com.

Amount Transfer to Reserves

In absence of profits, your Board of Directors do not propose to transfer any amount to the reserves.

Dividend

In absence of profits, your Board of Directors do not recommend any Dividend for the financial year ended 31 March 2020.

Conservation of Energy, Technology Absorption and Foreign exchange earnings & outgo

A Conservation of Energy

i. Steps taken for Conservation of Energy:

Bilcare Focused on Energy conservation measures and successfully implemented as follows:

- The effort to maintain the electrical power factor to unit was sustained and this has resulted in savings of Rs. 19.50 lakhs per annum with nil capital investment.
- Optimization of chiller capacity & usage of cooling towers instead of chillers during the winter season has given a saving in electricity consumption of Rs. 9.50 lakhs per annum.

ii. The Capital investment on energy conservation equipment: Nil

B Technology Absorption, Adaptation and Innovation

Company continued its innovations with R&D activities and was not only able to cater to breakthrough solutions but also added newer dimensions to existing offerings in converting the superior process capability achieved in terms of cost effectiveness. The efforts made towards technology absorption include:

- Company developed Polyolefinic based Venus that will have excellent drawability which will help in reducing surface area to form cavity vis a vis the conventional CFB. Two highest selling brands from Multivitamin and Ranitidine formulation being studied for their compatibility in Venus Elite and found satisfactory results. Based on these results commercial discussion is going on for launching of these products In Venus Elite same will be done with other similar brands.
- Company is developing process of getting 4 GSM coating of water based heat seal lacquer in one pass. This will help to increase the production capacity by sparing the capacity of heat seal lacquer coating machine.
- Company commercially supplied developed peelable type CR foil to biggest customer to cater it in US market.
- Company successfully launch next anti -counterfeit version of Bilcare Patina to its Bilcare Protect. This product has more complicated overt feature that is difficult for copying few brands have already converted in Protect and could restrict their counterfeiting in market.
- Company developed transparent peel type lidding foil for healthcare packaging and it has been commercialized after successful extensive machine trials, Product stability and validations for one of the leading pharma health care company.
- Company developed high barrier thermoforming film which is under stability study at various customers and feedback awaited.
- Company developed suppository film and bag customers from AMESA region.
- Company developed and commercialized thermoformed barrier suppository film sample in AMESA region.
- Company developed Nitrocellulose free overprint varnish and ink and given to the various customer for validation.

- Company developed various 4 and 3 ply laminate some are paper based laminates in roll as well as for pouching application in pharmaceutical packaging.
- Company considering the continual improvement process has successfully done the modification in the process of making high thickness polyester based high barrier film for healthcare packaging for Europe which results in improving the quality of the product and reducing the wastage percentage.
- Company has done the modification in the chilling process of the duplex laminator which helps in reducing the blocking of the PVC film after off line primer coating which results in reducing the wastage percentage and improving the productivity and quality of the product.
- Company has successfully done the modification in the Triplex laminator machine which helps in improving the quality of the final product and satisfying the customer.

During the financial year, the Company filed 2 new patent applications related to its innovative products and 1 patent applied earlier was granted.

Expenditure on Research & Development

Particulars	Rs. in Crores
Capital	--
Recurring	1.57
Total	1.57

R&D expenditure as a percentage of total turnover 0.69%

On a consolidated basis total R&D expenditure as a percentage of consolidated turnover is 0.12%

C Foreign Exchange Earnings & Outgo

Particulars	Rs. in Crores
Foreign exchange earned	63.11
Foreign exchange outgo	47.18

Corporate Social Responsibility (CSR)

The Company has Corporate Social Responsibility Policy as per the Provisions of Companies Act 2013 and Rules made thereunder and is available on the website of the Company.

The Annual Report on CSR activities is annexed as Annexure "A".

Audit Committee

The audit committee comprises of Mr. Surendranath Gupte (Chairman of the Committee), Mr. Rajesh Devene and Mr. Mohan H. Bhandari as members. All the recommendations made by the committee were accepted by the Board.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. Performance evaluation has been carried out as per the Nomination and Remuneration Policy.

Independent Directors' Meeting

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and SEBI Listing Regulations, a meeting of the Independent Directors of the Company was held on 12th February, 2020 without the attendance of Non-Independent Directors and Members of the Management.

Information about Subsidiary/JV/ Associate Company

Consolidated Financial Statements of the Company are inclusive of the results of all the subsidiaries. Further, a statement containing the particulars for each of the subsidiaries is also enclosed. Copies of annual accounts and related information of all the subsidiaries can be sought by any member of the Company by making a written request to the Company Secretary at the Registered Office of the Company. Above information is available for inspection at the Registered Office & on website of the Company. A statement containing the salient features of the financial statement of the subsidiaries in the prescribed format is presented in a separate section forming part of the financial statement. The Policy for determining 'Material' subsidiaries has been displayed on the Company's website at www.bilcare.com.

Post Divestment as on 8th November 2019 Company has four wholly owned subsidiaries viz. Bilcare Mauritius Ltd., Mauritius, Bilcare Technologies Singapore Pte. Ltd., Singapore, Bilcare GCS Limited, UK and Bilcare GCS Inc., USA. Caprihans India Limited, earlier a step down subsidiary, has become a subsidiary of Bilcare Mauritius Limited.

Deposits

Given below are the details of deposits, covered under Chapter V of the Companies Act, 2013:

The Company has not invited/accepted deposits from public/members during the year under review.

As on 31st March 2020, deposits outstanding stood at Rs. 126.61 Crores.

Company is regular in payment of interest to deposit holders. Further, the Company has made payment of matured & claimed deposit to the extent permitted by the liquidity.

Significant and Material Orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Vigil Mechanism

The Company has in place Whistle Blower Policy, wherein the Employees/ Directors/ Stakeholders of the Company are free to report any unethical or improper activity, actual or suspected fraud or violation of the Company's Code of Conduct. This mechanism provides safeguards against victimization of Employees, who report under the said mechanism. During the year under review, the Company has not received any complaints under the said mechanism. Your Directors hereby affirm that no personnel has been denied access to the audit committee. The Whistle Blower Policy may be accessed on the Company's website at www.bilcare.com

Secretarial Standards Of ICSI

The Company is in compliance with relevant provisions of the Secretarial Standards issued by The Institute of Company Secretaries of India.

Corporate Governance

A report on Corporate Governance is given in this Annual Report. The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.



Auditors

Statutory Auditors

M/s. K. R. Miniyar & Associates, Chartered Accountants are the Statutory Auditors of the Company. The observations and comments given by the Statutory Auditors in their report read together with notes thereon are self explanatory & addressed by Board of Directors, wherever required.

Cost Auditors

At the 32nd Annual General Meeting (AGM) held on 26 December 2019, M/s. Parkhi Limaye & Co., Cost Accountants (Firm Registration No: 000191) were appointed as Cost Auditors of the Company for the financial year 2019-20 for conducting cost audit of the accounts maintained by the Company in respect of the various products prescribed under the applicable Cost Audit Rules.

Secretarial Auditor

The Board has appointed M/s. Shekhar Ghatpande & Co, Company Secretaries, to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended 31 March 2020 is annexed herewith marked as Annexure "B" to this Report.

Management's explanation to the observations and comments given by the Auditors

The Company has been through a restructuring phase over the last few years. As a result, the performance of the Company has remained almost the same level since last year mainly due to working capital constraints. Even after having orders in hand, the plant is running at a capacity level of 30-35%.

The Company, due to financial stress could not comply with certain FD Compliances. The Registrar of Companies disqualified some of the Company's directors under section 164(2) of Companies Act, 2013.

Company is regular in payment of interest to deposit holders. However, the Company has made payment of matured & claimed deposit to the extent permitted by the liquidity.

The Company has appointed Mrs. Alka Sagar as the Woman Independent Director w.e.f 12th February 2020. In Pursuant to Regulation 30 of SEBI (LODR) Intimation for her appointment as Woman Independent Director was given to Bombay Stock Exchange immediately. However E- Form DIR-12 intimating her appointment to

the Registrar of Companies in compliance with Section 152(5) of the Companies Act, 2013, could not be processed with the Ministry of Corporate affairs (MCA) due to Technical Issue.

The Company has received a letter from SFIO under Section 212 of the Companies Act, 2013. The Company is attending to the same with appropriate advice from its Advocates.

Details in respect of fraud reported by auditors

During the year under review, the Statutory Auditor and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee under Section 143(12) of the Act details of which needs to be mentioned in this Report.

Particulars of Employees & Related Disclosures

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 forms part of the Annual Report. However, as per the provisions of Section 136(1) of the Act, the Report and Accounts are being sent to the members, excluding the aforesaid information. Any member interested in obtaining such particulars may request for the same.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
3. The Managing Director of the Company does not receive any remuneration or commission from any of its subsidiaries, except for professional services rendered from time to time.