

Annual Report 2020-2021

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

Mr. Ashwani Singh

Mr. Rahul Chouhan

Mrs. Madhuri Vaidya

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 Trust 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 26 August 2021



Chairman's Letter

Dear Shareholders,

Healthcare continues to be at the centre stage with perennial challenges in our day to day lives. Despite these current uncertainties, we at Bilcare, have been able to focus and show resilience to deliver over 40% growth with over 30% exports. Bilcare has regained its market leadership in India by servicing zero defect and 100% OTIF products to all the leading PharmaCos. Our Clinical supplies services are regarded as a best in class with the drug innovating companies globally. Due to the higher sales and better performance, most operational ratios like current ratio, operating margin, interest coverage, etc. have improved over the past years.

Disruptions due to Covid leading to global shipping delays were unprecedented. In addition, an avalanche of soaring commodity prices made our stress multi fold. Bilcare team rallied around the customers proactively with transparency and serviced the sector uninterrupted with high growth - domestically as well as in overseas markets.

In these gloomy times of Covid-19, Bilcare GCS is grateful to have had the opportunity to handle Covid-19 clinical trial projects in the past year with supplies to domestic as well as global clients on a very fast track basis maintaining quality and compliance at every level. Most Covid-19 drugs are also exclusively packed in Bilcare material.

Indian PharmaCos continue to grow in double digits. Currently over 40% of US generic demand is catered by Indian PharmaCos...a solid testimony. Bilcare plays pivotal role in this growth by offering novel packaging solutions to these requirements. Access to medicine continue to drive volume growth in India.

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. We continue to penetrate our global reach with renewed energy & determination to grow exports in the coming times. Our research department continues to bring newer, eco-friendly ideas which provide equally stable & cost effective packaging solutions to medicines.

I sincerely pray for the well-being of my family, friends, colleagues, Bilcare family & shareholders and hope that the current situation improves, and we return to normalcy very soon.

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

Mohan H Bhandari
Chairman & Managing Director



Director's Report

The Members,

Your Directors are pleased to present the 34th Annual Report and the Audited Statements of Account for the year ended 31 March 2021.

Performance of the Company and State of Company's Affairs

The Company's financial performance, for the year ended 31 March 2021 as per Ind AS is summarised below:

Particulars	INR in Crs			
	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20*
Revenue from Operations including other income	318.39	225.86	641.11	1923.88
Profit/ (Loss) before Interest, Depreciation, Tax and Exceptional Items	39.38	6.51	69.34	142.31
Profit/ (Loss) before Tax	(17.62)	(126.56)	(24.96)	(113.65)
Tax Expense (incl. Deferred Tax)	(19.39)	(24.23)	(13.80)	(14.62)
Profit/ (Loss) for the year	1.77	(102.33)	(21.08)	(103.54)
Non-controlling Interest	--	--	--	4.51
Profit/ (Loss) for the year	1.77	(102.33)	(11.17)	(99.03)

* includes figures upto 8 November 2019 of Swiss Cos Group and hence not comparable with current period

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 occurred in the Composition of the Board of Directors of the Company after the Balance Sheet date :

Mrs. Madhuri Vaidya is appointed as an Additional Woman Independent Director of the Company w.e.f. 26 April 2021. Necessary resolutions seeking approval of members of the Company for regularization of appointment of Mrs. Madhuri Vaidya as Woman Independent Director will be set out in the Notice convening the ensuing Annual General Meeting.

Mrs. Alka Sagar was appointed as an Additional Woman Independent Director of the Company effective 12 February 2020, has resigned from the Board of Directors w.e.f. 26 April 2021, before completion of her term as an Independent Director. She has resigned on account of her pre-occupation & other professional commitments and there being no material reasons other than those mentioned by her for her resignation as the Woman Independent Director from the Board of Directors of the Company, the Board expressed and took on record its deep appreciation of the services rendered by Mrs. Alka Sagar during her tenure as a Director of the Company.

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-2020-21 is available on the website of the company at www.bilcare.com.

Number of Meetings of the Board

During the Financial Year 2020-21, Seven (7) 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 2021, 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 2021 and of the profit 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 2021 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 and in accordance with the relevant provisions of Companies Act, 2013. 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

Your Board of Directors do not propose to transfer any amount to the reserves.

Dividend

Your Board of Directors do not recommend any Dividend for the financial year ended 31 March 2021.

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 unity was sustained and this has resulted in savings of Rs. 18 Lakhs per annum
- Using of cooling towers instead of chillers during the winter season has given a saving in electricity consumption of Rs. 8.00 lakhs per annum.
- Energy efficient Chiller installation 120TR Screw against 117TR OLD Scroll Chiller resulted in savings of Rs. 20 lakhs per annum.

- ii. The Capital investment on energy conservation equipment: INR 45 Lakhs

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:

After passing the stability for Multivitamin and Ranitidine formulation in vinyl free Venus Elite; commercial discussion is in progress with few clients and also given the samples for stability to other formulation covering analgesic and anti-inflammatory drugs.

Company has developed process to make 5 g/m² water base heat seal lacquer compatible sealing with Venus Elite on the old coater machine, which gives the spare capacity for other products.

Company established process for water based universal lacquer to supply the commercial lots.

Company supplies commercial lot of product-Bilcare Protect Peach as an anticounterfeit solution for highest selling brand which is used in treating the hypertension.

Company developed polyolefin based 3 ply laminate for packaging of liquid formulations and it is under stability.

Company developed lower thickness PET based CR foil i.e PET/Foil/HSL and it is under stability.

Company modified existing laminate which is going for healthcare packaging and given the samples for machine trials at different location of the same customer. Which improves the quality and reduces the wastage due to rejection.

Company developed extra high barrier composite ARMALAR suitable for highly sensitive medicinal formulation to pack in and given to the customer for stability.

Company developed Nitrocellulose free overprint varnish, ink, and HSL which is ecofriendly & given to the various customer for stability.

Quality improvement in PVC based Crispak is successfully resolved by developing new primer system.

By doing the modification in the process parameters for the laminate of healthcare packaging, improve the quality and reduces the wastage percentage.

Successfully developed process of making the paper/foil/HSL Crispak in one pass on state-of-the-art triplex machine which improves the quality and spare the capacity of the duplex and HSL coater machine.

To improve the quality and to reduce the wastage percentage modification on Duplex laminator completed successfully.

To improve the quality and to reduce the wastage percentage modification on Triplex laminator completed successfully.

During the financial year, 3 patents applied earlier were granted.

Expenditure on Research & Development

Particulars	Rs. in Crores
Capital	--
Recurring	1.91
Total	1.91

R&D expenditure as a percentage of total turnover 0.60%

On a consolidated basis total R&D expenditure as a percentage of consolidated turnover is 0.40%

C Foreign Exchange Earnings & Outgo

Particulars	Rs. in Crores
Foreign exchange earned	85.63
Foreign exchange outgo	*106.06

*includes CIF value of Raw material imported Rs.102.08 cr

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 12 February 2021 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.

During the year, the Company has incorporated a subsidiary, Bilcare GCS Ireland Limited under Bilcare Mauritius Limited. Further, the shares of the wholly owned subsidiary of the Company, Bilcare GCS Inc., US were transferred to Bilcare Mauritius Limited making it a subsidiary of Bilcare Mauritius Limited.

The Company has three wholly owned subsidiaries viz. Bilcare Mauritius Ltd., Mauritius, Bilcare Technologies Singapore Pte. Ltd., Singapore and Bilcare GCS Limited, UK.

Bilcare GCS Inc., USA, Bilcare GCS Ireland Limited and Caprihans India Limited, are the subsidiaries of Bilcare Mauritius Limited.

Bilcare Technologies Singapore Pte Ltd., (BTSPL) was sold at SGD 1 to Bilcare Limited as part of the liquidation proceedings of Bilcare Singapore Pte Ltd. under the Order of the High Court of Singapore in 2015-16. Thereafter, Bilcare Limited had anticipated that it would be able to do business in BTSPL, however the same could not be materialized. Now post five years, Bilcare Limited in compliance with the regulatory requirements has taken the strategic decision to close BTSPL and the process for closure has been commenced. BTSPL's step down subsidiary Bilcare Technologies Italia Srl, was already under liquidation and now with BTSPL being under closure, the same stands closed too.

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 31 March 2021, deposits outstanding stood at Rs. 126.53 Crores.

Company has been declared as a Relief Undertaking by the State Government vide the notification dated 4th January, 2021. By virtue of this notification, any liabilities accrued or incurred before this date including the repayment of the deposits and all pending proceedings related thereto are stayed till 3rd January, 2022. However, the Company is regular in payment of interest to the deposit holders and has made payment of matured and claimed deposits 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 33rd Annual General Meeting (AGM) held on 29 September 2020, M/s. Parkhi Limaye & Co., Cost Accountants (Firm Registration No: 000191) were appointed as Cost Auditors of the Company for the financial year 2020-21 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 had appointed M/s. Shekhar Ghatpande & Co, Company Secretaries, to conduct Secretarial Audit for the financial year 2020-21. The Secretarial Audit Report for the financial year ended 31 March 2021 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 below par due to working capital constraints. Even after having orders in hand, the plant is running at a capacity below 50% level.

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 the Companies Act, 2013.

Company has been declared as a Relief Undertaking by the State Government vide the notification dated 4th January, 2021. By virtue of this notification, any liabilities accrued or incurred before this date including the repayment of the deposits and all pending proceedings related thereto are stayed till 3rd January, 2022.

However, the Company is regular in payment of interest to the deposit holders and has made payment of matured and claimed deposits alongwith dues payable to the banks/financial institution to the extent permitted by the liquidity.

The Company has appointed Mrs. Alka Sagar as the Woman Independent Director w.e.f 12 February 2020. Mrs. Alka Sagar's appointment is made after complying with due process of law. The Company has also endeavored to file the Form DIR 12 intimating her appointment to the Registrar of Companies in compliance of Section 152(5) of the Companies Act, 2013., Due to technical problems on the website of the Ministry of Corporate Affairs, the Form DIR 12 was not taken on record. Hence, the name of Mrs. Alka Sagar is not reflected on the Master Data of the Company exhibited on the website of the Ministry of Corporate Affairs. The Corporate Information segment of the Company on the website of the Bombay Stock Exchange records her appointment as a Woman Independent Director.

In respect of the notice received from SFIO purported to have been issued u/s 212 of the Companies Act, 2013, the Company has approached Hon'ble Bombay High Court by way of a Writ Petition. The matter is Sub-judice.

Details in respect of fraud reported by auditors

During the year under review, the Statutory Auditor and Secretarial Auditor have not reported any instances