

Bilcare Limited
1028 Shirolji 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.

Felicitation 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

A key to Bilcare's innovative culture and strong growth has been its ability to build a diverse work force.

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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, showing the eyepiece and objective lenses, set against a blue background.

Progressing Vision

Management Discussion and Analysis

Overview

A horizontal orange band with a decorative pattern of stylized white flowers and leaves on the right side.

Pharmaceutical Industry Overview

Pharmaceutical companies are facing the continuous challenge of increasing competition from generics, coupled with rising pressure on costs and healthcare spending, drying of R&D pipelines and intense public healthcare spending scrutiny. These factors threaten both current and future earnings, prompting the industry to adopt a range of strategies to respond to the changing market dynamics. Regulators, governments and consumers are eagerly looking for a change that brings the best qualitative healthcare within affordable, sustainable and accountable dimensions. IMS Health, a pharmaceutical market research agency, reported that in 2008, pharmaceutical industry grew at a modest 4.8%, with US\$ 773 billion in sales.

The year 2008 witnessed a slowdown in the global pharmaceutical industry due to sluggish growth in strong markets like the US and Canada. On the other hand, the emerging markets like India, Brazil, China, Russia and Mexico showed positive growth. The global trend towards specialty medications continued, while the generic drug market received a tremendous boost with sales topping US\$ 70 billion, a robust growth over the previous year. The conventional integrated business

model of pharmaceutical companies is being challenged by a more ROI driven collaborative outsourcing model in specific areas like R&D, drug discovery and marketing.

As global pharma looks at developing a leaner business model for survival and growth, another critical area is the issue

By 2012, the global pharmaceutical market is forecast to grow to US\$ 929 billion.

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of counterfeit and compliance along with cost, communication and convenience of use by the patient. According to the World Health Organization, 10% of the global drug supply is counterfeit, which means that over US\$ 70 billion was lost in sales in 2008 alone. The impact of drug counterfeiting is not limited to revenue and reputation loss for the brand owner. In the long term, the regular use of substandard or counterfeit medicines can lead to therapeutic failure or drug resistance and in some cases death. The unabated growth of counterfeit drugs is not only due to poor legislation but also due to easily available technologies for duplicating drug packaging. To effectively combat counterfeiting, it is essential to empower end

consumers and prescribers with an easy to use technology that allows them to assess the quality, safety and efficacy of drugs on a real time basis at the point of purchase.

Global pharmaceutical sales

By 2012, the global pharmaceutical market is forecast to grow to US\$ 929 billion. According to a report by IMS, the pharmaceutical industry's growth is moving from developed countries to emerging ones. The report also states that specialist-driven products are playing a larger role in driving value sales. In Europe, growth driven by the continued aging of the region's population and rising demand for preventive care will be tempered by the increased impact of health technology assessments, the use of contracting by payers as a means to control costs, and the decentralization of government healthcare budgets. Growth will be seen from the emerging markets of China, Brazil, India, South Korea, Mexico, Turkey and Russia. Greater government spending on healthcare and broader public and private healthcare funding is driving demand and access innovative medicines in these markets.

Global Sales (US\$ billion)	2004	2005	2006	2007	2008
Total World market (Current -US\$)	560	605	649	712	773
Growth previous year (\$ Constant US\$ Growth)	8.0%	7.3%	7.1%	6.4%	4.8%

Source: IMS Intelligence Applied

Global pharmaceutical sales by region

North America continued to dominate the pharmaceutical industry with sales of US\$ 312 billion, while registering a modest growth of 1.4% over the past year. However, the slow growth has seen North America's market share being reduced from

a robust 45.9% to a modest 40.33%. The biggest gainers were Asia and Latin America with growth rates of 15.3% and 12.6% respectively.

Pharmaceutical sales by region Audited Market 2008		
Sales	% Market Share	% Growth
North America	40.33	1.4
Europe	32.01	5.8
Asia, Australia, Africa	11.74	15.3
Japan	9.90	2.1
Latin America	6.01	12.6

Source: IMS Intelligence Applied

The overall growth in 2008 was only 4.8% as compared to 6.4% in 2007. The trend of slow growth in developed markets is expected to continue as more blockbuster products are likely to go off patent in the coming years. Only four out of ten companies have enough products in their pipeline to fill the impending revenue gap. The IMS report states that products mainly prescribed by specialists are forecast to grow 8 – 9% in 2009 and are expected to contribute 67% of total market growth.

Leading Therapy Classes in 2008

In 2008, Oncologics retained the top spot with sales of US\$ 48 million and a market share of 6.6%. Lipid Regulators maintained its second position but registered a negative growth of 2.3%. Respiratory agents stayed at the third-spot with a growth of 5.7% and sales of US\$ 31 million.

The autoimmune agents' class followed up on last year's impressive run by registering 16.9% growth. In 2008, research on cancer, autoimmune related disorders and vaccines garnered maximum investment.

Therapeutic Classes Worldwide Audited Market 2008		
Sales	%Mkt Share	% Growth
Oncologics	6.6	4.4
Lipid Regulators	4.6	-2.3
Respiratory Agents	4.3	5.7
Anti-diabetics	3.7	9.6
Acid Pump Inhibitors	3.6	0.6
Angiotensin II Antagonists	3.1	12.6
Anti-psychotics	3.1	8.0
Anti-depressants	2.8	0.6
Anti-epileptics	2.3	9.7
Autoimmune agents	2.1	16.9

Source: IMS Intelligence Applied

In 2009, biologics are forecast to grow at an 11 – 12%, while oncology products and HIV therapies are forecast at 15 – 16% and 13 – 14% respectively. In contrast, products generally prescribed by primary care physicians are expected to grow only by 2 – 3%, due to the loss of patent exclusivity for several blockbusters and fewer product launches. The IMS report further says, an additional US\$ 24 billion of branded products, including anti-epileptics, proton pump inhibitors and anti-virals, will lose their market exclusivity in the top eight markets in 2009.

Pharma 2.0 – Relooking at the Business Model

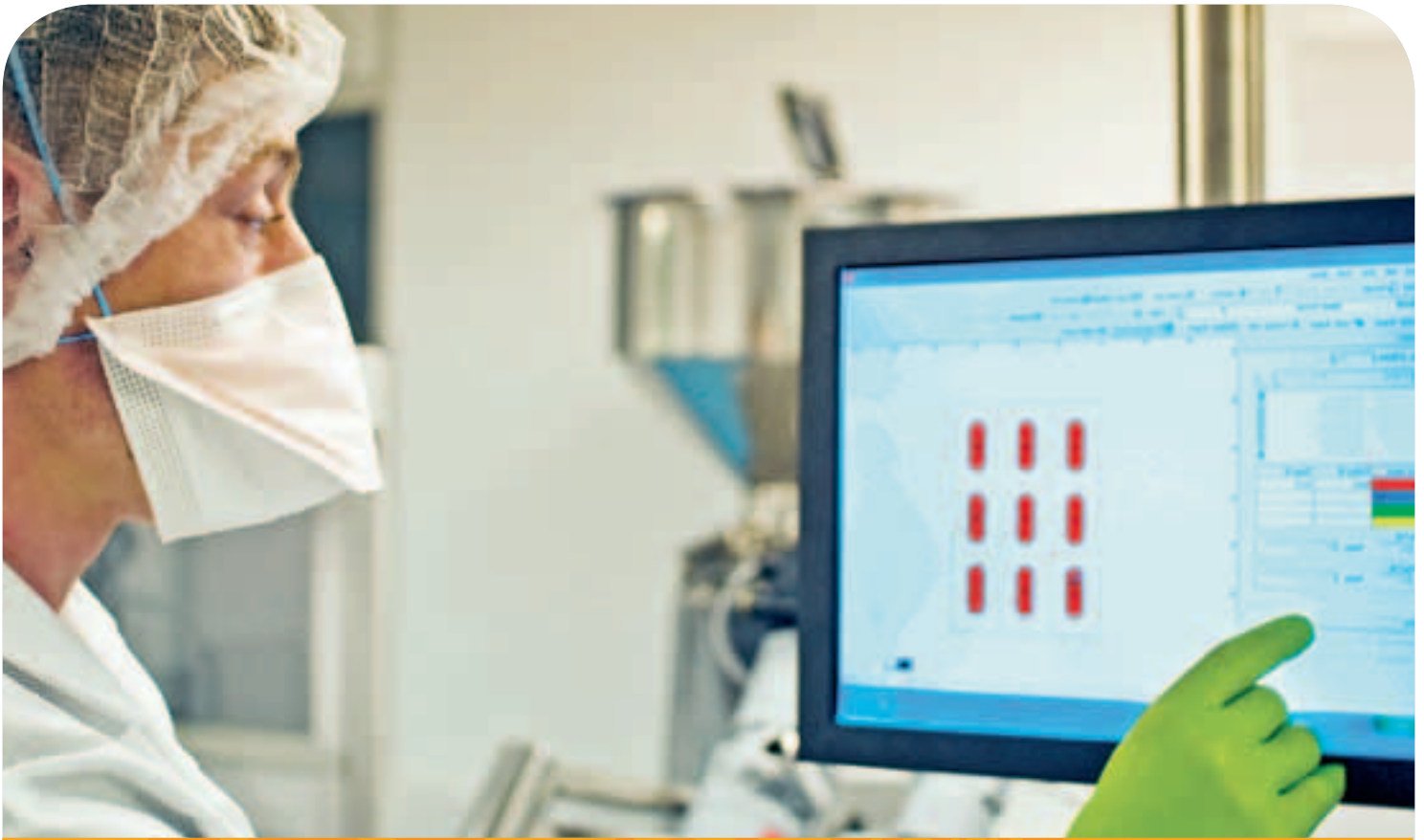
The pharmaceutical industry faces the ever growing burden of spiraling R&D costs, patent expirations, increased clinical time, tougher FDA regulations for drug approvals and cost reduction pressures from the public healthcare system. Pharmaceutical industry has begun to implement strategies to evolve from its traditional model of business towards a new model, Pharma 2.0; defined as a leaner, globalized entity, whose increased scale is achieved through a collaborative outsourcing model rather than the conventional in-house fully integrated business model. Pharma 2.0 is focused on targeting high-growth markets through outsourced R&D collaboration and

in-sourcing and 'smart' sales and marketing strategies. In the near future, cost leadership will be key to brand leadership in the pharmaceutical sector. Capturing this trend, a new research by PricewaterhouseCoopers says, "In the future, collaboration will be a do or die requirement for pharmaceutical companies and healthcare payers alike."

The pharmaceutical industry is rewriting the very rules of conducting business by challenging the status quo and replacing traditional practices with new business models. In future, healthcare outsourcing companies with a strong focus on innovation and cost will emerge as strategic partners to the global pharmaceutical industry. Together, they can drive profitability and improved patient care. Bilcare with its novel products and solutions is well poised to ride on this opportunity and become the one-stop integrated value service provider to the pharmaceutical industry. Bilcare is committed to deliver innovation and value that facilitates increased ROI and faster growth envisaged by the global pharmaceutical industry.

Business Overview

Moving ahead, Bilcare will drive the growth of its strategic business vertically by focusing on innovation and excellence in the areas of anti-counterfeiting technology, packaging solutions and clinical services. We are driving a client centric approach by following two paths – developing unique customer solutions – and providing seamless client delivery experience. Bilcare is continuously investing in R&D and best in class human capital to develop customized solutions that delivers innovation, speed and value to our clients. For creating seamless client experience, we are furthering our presence in client geographies. This will enable us to provide localized R&D and manufacturing services and efficient client servicing. For example, today USA has 45% share of



Pharmaceutical companies have already initiated strategic outsourcing and in licensing partnerships with external players to speed up drug discovery process and ensure better cost management for drug trials.



the world pharmaceutical market, so it is natural for us to focus on this key market and develop customized marketing and R&D capabilities and a local workforce to deliver direct localized services and solutions.

Today, the company has three strategic business divisions – Pharma Packaging Innovation, Global Clinical Supplies and Bilcare Technologies. We are excited about our market roll out strategy for our latest offering, NonClonable™ technology from Bilcare Technologies. This anti-counterfeiting technology provides manufacturers brand protection and better control over the movement of a product across the supply chain. NonClonable™ technology also empowers retailers and consumers with an easy to use real time means for product verification. In the past two years this technology has been extensively test marketed, and based on the positive results, Bilcare Technologies is now ready for the commercial roll out.

Bilcare's Pharma Packaging Innovation business is a leader in pharmaceutical packaging; our aluminum foils, polymer films and anti-counterfeiting packaging solutions make us a force to reckon with in the packaging industry. Today, we are partnering global pharmaceutical companies in their brand protection, brand management and brand enhancement strategies through innovative design, cost effective material solutions and strategic consulting in packaging material sciences, to ensure market competitiveness for their products.

Pharmaceutical companies have already initiated strategic outsourcing and in licensing partnerships with external players to speed up drug discovery process and ensure better cost management for drug trials. The industry is demanding customer centric, process oriented and metrics driven value solutions from partners. Bilcare's Clinical Services business is geared to address

these needs by way of continuously investing and upgrading its existing facilities and investing in R&D and scientists. During the year, the company continued its investment in people, technology and facilities in the US, while the expansion of our UK facility is underway. Expansion of our facility in Pune is complete, and we are ready to become the 'partner of choice' for global clinical drug discovery industry.

On the industry front, the pharmaceutical industry is facing the strictest ever scrutiny over enforcement of quality standards to ensure the safety and benefits of its products. Quality management today is complex and pervasive in scope, necessitating significant investment of time, efforts and resources. Bilcare has significantly invested in quality and compliance to ensure it matches the standards set by global pharmaceutical industry and regulators. Bilcare has GMP certified operations in the US, UK, Singapore and India. Our manufacturing facilities are ISO 9001, ISO 4001 and ISO 18001 certified and products manufactured are USFDA DMF and Canadian DMF registered, amongst others. Our Singapore facility is the world's largest multi-functional barrier film processing plant and has received 'Pioneer Status' from the Government of Singapore. Our plants are equipped to meet Global Clinical Supplies and packaging needs and are scalable with respect to volumes and specifications.

We believe that some of pharmaceutical industry's biggest challenges such as rising cost of healthcare, reduced R&D and drug discovery budgets and revenue loss through counterfeiting are real business opportunities for us. To leverage these opportunities and fulfill our commitment to transforming healthcare outcomes, Bilcare is building a strong physical and knowledge infrastructure that will fuel innovation and quality delivery. As a trusted and preferred outsourcing partner, the company is helping



As a trusted and preferred outsourcing partner, the company is helping global pharmaceutical industry achieve its growth objectives.



global pharmaceutical industry achieve its growth potential. In the quest for growth and improved healthcare, Bilcare is creating enduring value for patients, society and other stakeholders. We believe in the old saying, "in the biggest challenges lie the biggest opportunities".

Financial Performance

The Consolidated Sales for the year ended March 31, 2009 stood at Rs.856.02 crore, showing an annualized growth of 42% over the previous year's Consolidated Sales of Rs.650.68 crore (FY08 had 15 month period for outside India). This resulted in the Consolidated Operating EBITDA growing from Rs.143.52 crore to Rs.186.50 crore.

The India Standalone Sales for FY09 stood at Rs.471.33 crore as against Rs.406.35 crore in FY08 recording a stable growth of 16%.

The Overseas business of the Company continued to show robust annualized growth of 96% in FY09 to Rs.384.69 crore resulting in Overseas Operating EBITDA of Rs.60.64 crore, an annualized growth of 147% over FY08.

This is a reflection of the investments in markets outside India, especially in our marketing, research and manufacturing facilities in US, Europe and Singapore.

India will deliver stable and consistent business growth.

Dividend declared was at 25% at Rs. 2.50 per equity share for the year ended 31st March, 2009.

Information Technology

A robust Information Technology network is critical for providing speedy and strategic outsourcing solutions to our customers. We have invested significantly in our IT & Networking Infrastructure to meet growing business demands. The Computing Server Infrastructure was optimized to support new projects under their respective business divisions. An IT & Product strategy was finalized to cater to the growth aspiration of Bilcare's NonClonable Technology for the financial year 2009-2010.

In the Asia-Pacific region, the SAP R3 system was implemented to enhance business performance. This system offers better visibility across the entire supply chain, from the raw materials to the final deliverables, helping us to optimize our strategies and solutions.

If innovation is the driving force for Bilcare's growth, then IT is one of the key pillars. We will continue to invest in our IT capabilities to boost our business and offerings.

Brand Growth Solutions

Management Discussion and Analysis

Pharmaceutical Packaging Innovations



Pharmaceutical Packaging Innovations

Over the years, effective packaging has evolved into a strategic requirement of highest priority for the pharmaceutical industry. Packaging has become as important as the drug itself as it can play a critical role in brand communication, patient compliance, protecting the shelf life of the drug and in fighting counterfeiting. Consumer-friendly, child-resistant, secure, packaging solutions that adhere to regulations and hygienic manufacturing environment are the need of the day. Bilcare, with its expertise in material sciences and strong research capabilities has been helping the pharmaceutical industry meet its complex packaging needs since its inception. The main objective of our packaging solutions is to provide clients with superior and innovator solutions giving them a unique advantage. Our solutions address the 5Cs facing the pharmaceutical industry – Counterfeit, Compliance, Communication, Convenience and Cost.

Bilcare relies on innovation to address the packaging needs of the pharmaceutical industry. Apart from ensuring a drug's efficacy, potency and safety through its shelf life, the goal of our packaging innovation is to use less material, take up less space, prevent counterfeiting, improve medical compliance and reduce cost. Our biggest strength is our research capability which is complemented by our state-of-the-art manufacturing facilities. The innovations in our R&D centers take shape into quality products and solutions at our GMP adherent

manufacturing facilities. Bilcare's Global Research Center of Excellence, Pune has dedicated R&D sections for packaging research, analytical research, material research, drug sensitivity studies and package design. Our state-of-the-art Flexo printing facility for solutions in printed packaging materials has strengthened our global offerings in this space.

Bilcare relies on innovation to address the packaging needs of the pharma industry.

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During the year, Bilcare continued to invest in its R&D and manufacturing facilities in the US, Singapore and India. The expansion of existing infrastructure helped boost production volumes to meet increasing client demands from India and abroad. Bilcare also focused on further development of existing and future high-end and anti-counterfeiting packaging solutions. Our new products are currently undergoing standardization and validation runs for subsequent commercialization.

The past year has seen Bilcare consolidating its position as one of India's leading manufacturer of aluminium foil for the pharma industry. Bilcare's 'Metnova' is an innovative and cost-efficient alternative to standard aluminium foil, which is becoming prohibitively expensive because of increasing energy costs. We are also



The past year saw us collaborating with a host of prestigious clients from India and abroad. We have developed and successfully commercialized packaging solutions for each of these companies.



dedicated to providing competent solutions in the anti-counterfeiting packaging domain. 'Patina Plus', an upgrade over 'Patina', strengthens Bilcare's offering in the anti-counterfeit packaging domain. Our other packaging solutions with anti-counterfeiting capabilities include Bilcare Ultra, Bilcare Ultra TX, Bilcare Protect, and Bilcare Secure. Our anti-counterfeiting solutions have a patented structure with flexo machine and nano technology based secure fingerprint tags embedded in the packaged blisters – a foolproof solution for eliminating the counterfeit challenge. We have established ourselves as reliable suppliers of PVC rigid film. 'Bilcare Research Astra', our latest PVC offering, has better water vapor transmission rate compared to standard PVC.

The past year saw us collaborating with a host of prestigious clients from India and abroad. We have developed and successfully commercialized packaging solutions for each of these companies. Projects for providing packaging solutions to some internationally renowned blockbuster drugs are in pipeline. We are also working with some leading companies for creating innovative packaging concept and systems for their leading brands utilizing our unique "Crunch-break through" innovation model.

At Bilcare, we relentlessly pursue packaging innovation. We understand the dangers of counterfeiting and the importance of communication and compliance in medical drugs. Hence, it is our constant endeavor to develop secure and robust packaging solutions that convincingly explain a drug's side effects, dosage and other vital information to the targeted consumer. Our solutions address the four important development parameters in the packaging solution industry – global availability, value prices, functionality and time. By providing cost effective, convenient and quality packaging solutions, we make positive difference to patient outcomes.

Research services

Innovation and research hold the key to success in companies dedicated to providing breakthrough solutions. Bilcare's focus on these two elements has helped it stay ahead of competition and in tune with the needs of the pharmaceutical industry. Today, we can respond with agility to individual company needs and generic industry needs. In research, our core focus is on the scientific study and analysis of pharmaceutical products using our patented technology, 'Bilcare Research Optima'.

The Bilcare Center of Excellence for Research, Pune is the main hub of our research activities in India. Extensive research is also carried out at our facilities in the US and Singapore. Collaboration between our research facilities enables knowledge sharing and acceleration of innovation.

During the year, Bilcare worked on the expansion of its state-of-the-art research facilities to include additional services like stability batch preparation, optimum packaging identification and advanced thermoforming simulations. R&D efforts have also been geared to developing sustainable packaging by economizing on material and packaging space and using environment-friendly materials. Our innovative packaging solutions will allow pharmaceutical manufacturers to make the shift from conventional packaging materials to advanced environment friendly packaging materials.

Other R&D initiatives during the year included collaborative efforts with external research labs and service partners for developing innovative packaging materials. Apart from product innovation, our R&D focused on optimizing manufacturing machine parameters, in-process control tests, validation studies and stability of newly developed packaging materials. The R&D team also worked on existing product upgrades and manufacturing processes to improve product



The past year also witnessed new patents on packaging material, innovative processes and technology. Bilcare has over 136 patent filings worldwide.



yields and quality. In future, Bilcare will strengthen and focus on its storage facilities to perform stability studies of pharmaceutical formulations as per regulatory requirements. Developing analytics as a capability for conducting formulation development studies is also on agenda.

With our research and intellectual capabilities, we are capable of providing integrated R&D consultancy/solutions in the critical areas of brand protection and next generation packaging solutions. Our research facilities in India, US and Singapore have over 20 full time scientists working on Packaging Research, Material Research, Analytical Research, Drug Sensitivity Studies, Formulation Evaluation and Package Design. Bilcare Research Center of Excellence has approval from the Department of Science and Industrial Research (DSIR), Government of India and is the first R&D Center in India for exclusive research in the areas of pharmaceutical packaging and drug protection.

‘Optima’ is Bilcare’s biggest achievement in the packaging development domain. It has helped Bilcare identify packaging solutions

in an efficient and time-saving manner. This ensures that the pharma company does not have any unnecessary wastage of resources in the development phase. Optima is available for solid, semi-solid and liquid formulations. We offer extended R&D capabilities like sensitivity profiling of drug formulation, comprehensive packaging development, design services and method development services.

The past year also witnessed new patents on packaging material, innovative processes and technology. Bilcare has over 136 patent filings worldwide. Our IPR success provides us new incentives to channel more investments in R&D. The Pharmaceutical Packaging Innovation business contributed significantly to Bilcare’s revenues for this financial year. Global competition and the rising complexities in the industry have made us more mature and receptive to challenging situations. We are confident that our agility, maturity and emphasis on research and quality will take us to new heights of growth. Bilcare is recognized as a trusted name in pharmaceutical packaging and we will keep up this trust by creating sustainable value for our clients and all stakeholders.

Research Outsourcing

Management Discussion and Analysis

Global Clinical Supplies



Global Clinical Supplies

The pharmaceutical and biotech industry faces the biggest challenge of the decade in its ability to translate new ideas and innovations into products; companies need to find ways to structure clinical trials to ensure they maximize prospects for a favorable outcome. Growing complexities in handling clinical trials has forced pharmaceutical companies to postpone critical releases. Another fallout of these challenges is increased expenditure and the lack of control over the entire clinical process. There is an urgent need for efficient project management to streamline the entire clinical trial system.

A whitepaper from the US Food and Drug Administration estimates that a 10% improvement in predicting failures before clinical trials could save US\$ 100 million in development costs per drug, a sure reason for increasing efficiency in the clinical trial process through better integration and partnerships. Bilcare is partnering global pharmaceutical companies in their clinical trials needs through its Global Clinical Supplies (GCS) business. Our clinical trial facilities in UK, US, Singapore and India are improving the final outcome of clinical trials while reducing cost and completion time.

The past 24 months of difficult economic period has led to an urgent review of most clinical development programs started by pharma companies. Due to these challenges, completion of clinical studies poses a major challenge to pharmaceutical companies,

with a large number of them curtailing their research aspirations. The reality of clinical trials becoming more complex and time-consuming has put companies on a path of self-assessment. The pharma industry's dilemma is perfectly illustrated by this statistic: In 2001, spending on development and research was US\$ 30.5 billion; the figure ballooned to US\$ 51.3 billion in 2005, and

The time consumed in Phase I-IV clinical research has been acknowledged as the root cause of delays in the drug development cycle.

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will exceed US\$ 105 billion by 2010. The time consumed in Phase I-IV clinical research has been acknowledged as the root cause of delays in the drug development cycle. More companies are opening up to the idea of collaborating with third party solution providers for clinical service outsourcing. Clinical outsourcing ensures faster drug discovery processes, lesser expenditure, quicker deliverables and better project management. Bilcare provides innovative solutions to reduce the time taken to complete the drug discovery phase by creating an efficient, end-to-end value chain.

A recent benchmarking study by Bearing Point titled 'Managing the Clinical Trials Supply Chain' highlighted that the increasing globalization of clinical trials has thrown up new challenges for pharma companies, thanks to unfamiliar laws and regulations in different regions. Pharmaceutical companies



Bilcare's efficient project management monitors crucial aspects of the clinical process that include risks involved, resources required and total cost.



need to implement best practices to ensure a competent supply chain as well as an efficient drug discovery system. Companies failing to work effective solutions to rising challenges will find it difficult to cope in the industry.

Companies that develop new drugs and molecular entities require excellent project management and the highest level of formulation expertise to ensure that their clinical trials are a success. To meet this global need, Bilcare GCS provides customers with service and quality beyond compliance. This commitment is part of Bilcare GCS' corporate culture of delivering the very best in services. When a client partners with Bilcare, they can count on the highest-quality clinical supplies delivered on time, every time.

Our 'quality and service beyond compliance' philosophy is based on two tenants – adherence to relevant regulatory framework, and inner passion for superior quality service & solution delivery. The regulatory element guides the way in which the company operates under GMP guidelines. The service and solution element is Bilcare's commitment to providing clinical supplies and support beyond expectations.

With global reach and operations, Bilcare ensures the elimination of regional complexities in managing clinical trial supplies as they hamper quality and time taken for a trial. Bilcare's biggest advantage is its wide range of clinical solutions: Clinical Supplies Project Management, Analytical & Research Services, Formulation Development, Packaging & Labeling, Clinical Manufacturing, Global Logistics & Distribution and QP Services. Bilcare is capable of integrating the latest in technological solutions directly with the supply chain, thus helping companies optimize their clinical trial processes. Some of these technology processes include product

and protocol design, batch manufacturing system, kit assembly processes and IVRS. Bilcare's services for solid, semi-solid, liquid, DEA (CI-V), and biotech clinical trial materials satisfy a broad range of requirements.

Bilcare's efficient project management monitors crucial aspects of the clinical process that include risks involved, resources required and total cost. Our expertise in formulation development ensures that there are no delays in the pre-formulation and formulation phases. Our advanced facilities are capable of undertaking manufacturing, packaging and labeling of the drug after the formulation phase.

Since our solutions are innovation-based, we firmly believe in recruiting the best talent in the industry. Human talent has been our biggest strength and we currently have a relevant mix of scientists, managers and industry veterans. More than 75% of our people in GCS are based in the US. The formation of the Global Advisory Board to provide scientific expertise and direction to the GCS leadership team has led to critical skill and knowledge enhancement. The Board is chaired by Dr. John LaMattina, former President – R&D, Pfizer and has Dr. Arthur Carthy, former National Security Advisor to the Government of Canada, as one of its members.

The last financial year saw the expansion of our storage capacities in our facilities in the Asia-Pacific region, UK and the US. The implementation of SAP R3 ERP system ensured clearer visibility of the supply chain from the raw materials stage through to the final deliverables. Further investments were made in high-speed equipment, including blistering.

This past fiscal year marked a year of substantial strategic growth for Bilcare GCS in all areas of its business including staffing,



With global reach and operations, Bilcare ensures the elimination of regional complexities in managing clinical trial supplies as they hamper quality and time taken for a trial.



physical facilities, equipment and services. These changes have equipped us for long-term growth and market leadership. Bilcare GCS will use the company's growth as a launch pad to expand its Phase III clinical trial support and deliver an even greater level of service to early-phase clients. Bilcare GCS is on the course to present itself as a full-service solution provider-a true, integrated partner that can take its customers from Research & Development to Phases I to IV. For the past year, Bilcare GCS' revenue break-up was 29% in biotechnology, 28% in CRO/ Institutions, 26% in mid-size pharma and 17% in large pharma.

Bilcare GCS has also implemented a new company-wide marketing strategy to support its growth initiatives across the US, UK and

Asia-Pacific. At the heart of the new program is a revitalized brand for Bilcare that puts the focus on the company's people – their energy, innovation, and leadership.

Bilcare is now the only global clinical service provider offering end-to-end clinical supplies in Asia, Europe and the US. Our presence in strategic regions makes us the preferred partner in global clinical trials. Moving ahead, our focus remains on consolidating our position in the Global Clinical Supplies space and working closely with our clients to provide them with quick and efficient solutions. Bilcare GCS is a high growth, high margin business for Bilcare and the company intends to strengthen its position in the future especially with our focus at Big Pharma.



Securing

Products & People

Management Discussion and Analysis

NonClonable Security Technologies



Bilcare Technologies

Changing the face of security technology
With the current threat of product counterfeiting taking endemic proportions, Brand Protection and Security is the key to global industry's fight against this social and economic menace. It is estimated that on an average global economy loses US\$ 600 billion annually to counterfeit trade and grey market diversion. Today, the threat of counterfeiting not only affects global corporations but also consumers, nations and societies in general. The threat posed by counterfeit products calls for country and industry level cooperation for detection and firm enforcement action to defend the interests of businesses, and consumers who rely on brands for assurance.

Counterfeit drugs are a major public health and economic concern for all nations. According to the World Health Organization, the counterfeit drug industry is estimated to be worth over US\$ 70 billion today. This multi-billion dollar industry accounts for 10% of the global pharmaceutical market, as estimated by the US Federal and Drug Administration. Statistics available show a clear and worrying trend of drug counterfeiting being no more limited to developing or under-developed countries. In Peru, the rate of medicine counterfeiting is estimated to be around 80%, according to one study. The sale of counterfeit products through parallel channels produces an exact likeness of the product, thus deceiving the

consumer and the manufacturer. Products that are manufactured this way are of sub-standard quality and can pose health concerns for the consumer. Pharmaceutical, Automobile & Engineering and Fashion & Luxury industries, where counterfeiting is more prevalent, have already begun to deploy Brand Protection technologies. Strict law enforcement, international cooperation and advanced anti-

Bilcare is focused on creating next generation anti-counterfeiting and brand protection solutions

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counterfeiting technology together can arrest the growth and spread of counterfeiting.

Bilcare is focused on creating next generation anti-counterfeiting and brand protection solutions. Seeking to consolidate its position in the anti-counterfeiting technology industry, Bilcare Technologies was formalized by merging Singapore based Singular ID whose high-end brand security tags compliments Bilcare's anti-counterfeit product offering and manufacturing capabilities. Shortcomings in existing anti-counterfeiting technologies and a widely untapped market present a tremendous business opportunity for Bilcare is anti-counterfeiting technology, NonClonable.™ This technology innovatively exploits nano-particulate materials together with



NonClonable™ technology gives manufacturers brand protection and better control over movement of their product and also empowers retailers and consumers with an easy to use means for product verification.



their magnetic optics effects to provide a foolproof technology for authentication and track and trace of a product. This technology creates an irreproducible tag that can be cost effectively embedded in any packaging system and can be modularly integrated with communication platforms. The tag is read through a proprietary secure scanning device which can instantly scan the tag and communicate the naturally generated encrypted image through any universal mobility platform like GPRS / 3G / Broadband to a secure signature server, thus enabling authentication as well as track and trace of any product. The activity for the end user has been kept very simple to ensure ease of use and will shift the power of buying genuine products to the end consumer or retailer. The technology can be easily deployed across the supply chain and at the point of sale.

NonClonable™ technology gives manufacturers brand protection and better control over movement of their product and also empowers retailers and consumers with an easy to use means for product verification. The most important value proposition of this technology is its wide scope and ease of adaptability to a diverse range of segments, covering from Brand Pedigree – its identity, authenticity and comprehensive management to critical areas like secure and robust identity management system. Bilcare Technologies has successfully collaborated with Sanden Corporation (a USD 2.63 billion Japanese auto ancillary company), a major supplier of automotive compressors, by using this technology to protect its range of automotive spare parts. Our technology enabled the company to control counterfeiting and ensured track and trace of their products through the supply chain.

NonClonable™ technology is cost-effective, mass based and can provide access records

to large databases like ID cards for citizen populations. The recent regulations passed by the Government of India to eliminate manufacturing and trading of spurious drugs has generated further interest about our cost effective and highly secured solution among drug manufacturers. Currently, we are closely working with the Union Government of India and various state governments on potential projects for enhancing security and identity management using the NonClonable™ technology. Another key development during the year has been the joint feasibility study with a few government agencies in India for applying NonClonable™ technology for securing critical documents, some of which capture individual citizen records and information. These projects are being initiated to customize the solution and synchronize them with the e-Governance initiatives of the Indian Government.

During the year, Bilcare Technologies' groundbreaking innovations in security and technology have made it a proud partner of IBM's 'Smarter Planet' initiative. IBM is strong proponent of anti-counterfeiting technologies and values the contribution made in this area by Bilcare Technologies through its NonClonable™ technology. Chemtech Foundation, a leading industry association has recognized Bilcare Technology's innovation and has conferred the "Outstanding Contribution" award for development of "NonClonable™ Technology for Identification, Authentication and Anti-counterfeiting" solution for pharmaceutical industry.

We believe that Bilcare Technologies' pioneering NonClonable™ technology solution with its affordability, security, and ease of use and deployment will be a potent tool available to the global economy in its fight against counterfeiting.

Conclusion

Outlook

“Collaborate to Innovate” is the new mantra for the pharmaceutical industry which is reeling under the worst ever challenges of increasing costs, drying product pipelines and inefficiencies in conducting in-house clinical trials. During the year, a flurry of major pharmaceutical company mergers and acquisitions got plenty of attention like Pfizer’s acquisition of Wyeth, Merck’s purchase of Schering-Plough, Sanofi-Aventis taking controlling stake in Shantha Biotechnics and Genentech’s (DNA) deal with Roche for their potential to help the resulting entities reduce costs and add new, promising drugs to company pipelines. But a recent string of quieter agreements that signal collaboration (and outsourcing) on research and development as opposed to takeovers, point the way to the real future of the industry, says a recent article by Bain & Company.

Collaboration and outsourced R&D needs of pharmaceutical industry strategically position Bilcare as a trusted partner in the areas of pharmaceutical packaging innovation, clinical trial services and anti-counterfeit technology solutions. Our key area of focus will be the US and Europe – we feel the outsourcing pie will increase due to increased cost pressures on the conventional pharma business model and increased stakeholder concern for return on investments. Another geography which is being closely watched by us is Asia – recent IMS reports and statistics suggest that the next phase of the pharmaceutical growth will come

from Asia on the back of increased government spending and incentives on healthcare, GDP improvement and better living conditions of the populace. India as a market will remain consistent and steady for us.

With clinical services shifting to Asia and other developing regions, our global reach ensures that we are better prepared to handle global clients by providing them state-of-the-art facilities and the best in class leadership skills. We are continuously investing in our facilities in the Asia-Pacific, US and UK to cater to our growing GCS business. Our expertise in clinical outsourcing has ensured collaboration with key players in the market. We will continue to offer innovative and value solutions that ensure faster drug discovery processes and better project management.

Our pharmaceutical packaging solutions are considered the most innovative and among the very best in the world. Moving forward, we look forward to increasing our presence in the packaging domain by collaborating with global companies. Optima, our innovative testing protocol that determines the optimal packaging for medicinal products, has generated a lot of buzz in pharmaceutical circles. Patina Plus, our anti-counterfeiting packaging solution has seen a lot of interest. This year, R & D expanded its state of the art research services facilities to include new services like stability batch preparation, optimum packaging identification for liquid

and semisolid types of the pharmaceutical formulations and advanced thermoforming simulation for mathematical model shelf life prediction of pharmaceutical formulations packed in bottle packaging.

Bilcare Technologies' NonClonable™ technology has successfully undergone strenuous validation and adaptability tests and is now ready to roll out. We are confident that this technology will pick up sizeable business in the global market. NonClonable™ technology gives manufacturers brand protection and better control over movement of their product in the supply chain. The most important value proposition of this technology is its wide scope and ease of adaptability to a diverse range of segments, covering from Brand Pedigree to critical areas like secure and robust identity management system.

Risks & Concerns

Our global business is structured to focus on international clients, and our main goal is to provide them with efficient solutions. Our offices are located across three continents and are connected through a shared purpose

and vision. Every business faces macro and micro risks and we are no exception.

As our business is spread globally, we face the usual macro-risks of unfavourable political, economic and legal changes in host countries. Other macro risks constitute global slowdown and instability in prices of materials. Micro-risks are also politically based but only target companies that belong to a particular geographical location or parent organization.

Bilcare has concentrated on developing a strong risk management policy. We pursue international standards of risk management and internal audit processes which have been customized to our business. Over the years, our risk management practices have served us well by ensuring minimum impact in times of economic turmoil. Embedding risk management into decision-making enables us to preempt certain risks while efficiently handle the rest. We have over the years built strong statistical and mathematical models for business forecasting and regularly simulate business scenario planning for the future.

Transparency

Corporate Governance



Corporate Governance

This chapter, along with the chapters on 'Management Discussion and Analysis' and 'Shareholder Information', constitutes the Company's compliance with Clause 49 of the listing agreement on Corporate Governance.

Company's philosophy on Code of Governance

Bilcare Limited is committed to implement the Corporate Governance norms specified in Clause 49 of the Listing Agreement.

Bilcare Limited is a growing organization, with global expansion, where systems are being developed and improved continuously for maximizing Shareholder value and sustaining the ongoing growth.

Board of Directors

The Board of Directors of Bilcare Limited comprises of ten Directors. The Board

comprises of the Chairman and Managing Director, who is a Promoter Director, two Executive Directors and seven Non-Executive Directors, out of which five are Independent Directors. All Non-Executive Directors are persons of eminence and bring a wide range of expertise and experience to the Board.

Bilcare is committed to implement the Corporate Governance norms specified in Clause 49 of the Listing Agreement.

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None of the Directors is a member of more than ten Board level Committees of the public limited companies in which they are Directors or Chairmen of more than five such Committees.

Board of Directors and Attendance at Board Meetings and AGM

Name of the Director	Category	Particulars of Attendance	
		Board Meetings	Last AGM
Promoter Executive Director			
Mr. Mohan H. Bhandari	Chairman and Managing Director	5	Present
Non-Promoter Executive Directors			
Mr. Chandra Prakash Jaggi	Executive Director	—	—
Dr. Praful R. Naik	Executive Director	4	Present
Independent Directors			
Dr. Volker Huelck	Director	—	—
Dr. Kalyani Gandhi	Director	3	—
Dr. R. V. Chaudhari	Director	—	—
Mr. Cyrus Bagwadia	Director	2	—
Mr. Rajendra Tapadia	Director	2	Present
Non Independent Directors			
Mr. Rakesh Jhunjunwala	Director	—	—
Mr. Manish Gupta	Director	4	—

Number of Board Meetings

The Board met 5 times. The Meetings were on 30th June, 29th July, 31st October, 2008, 30th January and 31st March, 2009. All the meetings were held in such manner that the gap between two consecutive meetings was not more than four months.

Information supplied to the Board

- The information as required under Annexure IA to clause 49 was made available to the Board in every meeting.
- The Board of Bilcare Limited is presented with the agenda papers well in advance of the meeting.

Committees of the Board

Audit Committee

The Audit Committee of the Company comprises of three Independent, Non-Executive Directors viz. Mr. Rajendra Tapadia (Chairman of the Committee), Dr. Kalyani Gandhi and Dr. Volker Huelck. The terms of reference stipulated by the Board are as contained under Clause 49 of the Listing Agreement. Mr. Anil Tikekar, Company Secretary, is the Secretary to the Committee.

The powers of the Audit Committee has been specified by the Board of Directors as under:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report if any.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and

- making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
 8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 9. Discussion with internal auditors any significant findings and follow up there on.
 10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Committee met four times, on 30th June, 23rd July and 7th October, 2008 and 23rd January, 2009. Table No.1 gives the Audit Committee attendance record.

Remuneration Committee

Bilcare Limited does not have a Remuneration Committee. Detailed terms of the appointment of the Managing Director and other Executive Directors are governed under the Board and General Meeting resolutions.

Shareholders'/ Investors' Grievance Committee

The Board of the Company has constituted a Shareholders' / Investors' Grievance Committee, comprising of Mr. Rajendra Tapadia (Chairman of the Committee), Mr. Mohan H. Bhandari and Mr. Chandra Prakash Jaggi. The committee met once during the year on 29th January, 2009. Mr. Anil Tikekar, Company Secretary, is the Compliance Officer. Table No. 2 gives the attendance record of Shareholders'/Investor Committee Members. The total number of letters/ complaints were 4 and the same were redressed. There were no complaints pending at the end of the year. No requests for dematerialization and/or transfer were pending for approval as on 31st March, 2009. Table No. 3 gives the number and nature of complaints.

Table No. 1 : Attendance Record of Audit Committee Members for 2008-09

Name of Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. Rajendra Tapadia	Independent	Chairman	4	4
Dr. Kalyani Gandhi	Independent	Member	4	4
Dr. Volker Huelck	Independent	Member	4	0

Table No. 2 : Attendance Record of Shareholders' / Investors' Grievance Committee Members for 2008-09

Name of Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. Rajendra Tapadia	Independent	Chairman	1	1
Mr. Mohan Bhandari	Promoter, Executive	Member	1	1
Mr. Chandra Prakash Jaggi	Executive	Member	1	0

Table No. 3 : Number and Nature of complaints received and redressed during 2008-09

Nature of complaint	No. of complaints received	No. of complaints redressed
Non-receipt of Bonus Share certificate	1	1
Non-receipt of shares lodged for transfer	1	1
Non-receipt of Dividend	1	1
Pending Demat Request	1	1

Shares and Convertibles held by Non Executive Directors

Details of the shares and convertible instruments held by the Non-Executive Directors as on 31st March, 2009 are as under:

Name of the Director	Category	Number of shares held
		Equity Shares of Rs.10/- each
Dr. Volker Huelck	Independent	Nil
Dr. Kalyani Gandhi	Independent	Nil
Dr. R.V. Chaudhari	Independent	Nil
Mr. Cyrus Bagwadia	Independent	Nil
Mr. Rajendra Tapadia	Independent	301,051
Mr. Rakesh Jhunjhunwala	Non Independent	1,750,000
Mr. Manish Gupta	Non Independent	3,850

Remuneration of Directors

The aggregate value of salary and perquisites for the year ended 31st March, 2009 to Wholetime Directors is as follows:

Mr. Mohan H. Bhandari – Rs. 94.40 Lacs,
Mr. Chandra Prakash Jaggi – Rs. 30.00 Lacs
and Dr. Praful R. Naik – Rs. 75.14 Lacs.

Besides this, the Executive Directors are also entitled to facilities as are available to other employees in the senior management of the Company.

Management

Management Discussion and Analysis

This Annual Report has a detailed chapter on management discussion and analysis.

Code of Conduct

The Board of Bilcare has laid down a code of conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct and the Managing Director has confirmed the same.

Disclosures by the Management to the Board

All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors do not participate in the discussion nor do they vote on such matters.

Shareholders

Appointment and Re-appointment of Directors:

Dr. R. V. Chaudhari, Dr. Praful R. Naik and Mr. Cyrus Bagwadia are retiring by rotation and being eligible offer themselves for re-appointment. Their details are given below:

Dr. R. V. Chaudhari holds Ph.D. in Physical Chemistry and Research Fellowships of several scientific academies and societies. 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 provides valued assistance to Bilcare's IPR initiatives.

Dr. Praful R. Naik has a Ph.D. in pharmaceuticals from IT-BHU. He has worked with various multinational companies including J&J and GSK and has over 19 years of experience in pharmaceutical science. With his in-depth understanding of medicines and their formulations, he initiates and leads the core research at Bilcare.

Mr. Cyrus Bagwadia is a Polymer Engineer and a postgraduate in Business Management and has 34 years of experience in

international business with multinational companies including Dupont. To his credit, he has built the largest lami-tube company in the world.

Material Disclosures and Compliance

None of the transactions with any of the related parties were in conflict with the interests of the Company. There was no non-compliance by the Company, related to capital markets, during the last three years.

Means of Communication

The Company puts forth vital information about its performance, including quarterly results, official news releases and communication to investors and analysts, on its website : www.bilcare.com regularly for the benefit of the public at large.

The quarterly results are published in 'The Economic Times', 'The Times of India', 'Maharashtra Times', 'Business Standard' and 'Business Line'.

In addition to this, the Company has also filed quarterly, half yearly, annual results, quarterly shareholding patterns on the Electronic Data Information Filing and Retrieval (EDIFAR) website (www.sebiedifar.nic.in) maintained by National Informatics Centre (NIC), online, in the manner, format and within such time as prescribed by SEBI.

General Body Meetings

Location and time for the last 3 Annual General Meetings were:

Financial Year	Venue	Date	Time
2005-06	Registered Office of the Company	29 th September, 2006	11.00 a.m.
2006-07	Registered Office of the Company	28 th September, 2007	11.00 a.m.
2007-08	Registered Office of the Company	30 th September, 2008	11.00 a.m.

No special resolution was put through postal ballot in the last year. This year no resolution is proposed to be taken up through postal ballot.

General Shareholder Information

Annual General Meeting

Date : 30th September 2009

Time : 11.00 a.m

Venue : Registered Office of the Company
1028, Shiroli, Rajgurunagar,
Pune 410505

Financial Calendar

1st April to 31st March

For the year ended 31st March 2009, results were announced on –

- 29th July 2008 : First Quarter
- 31st October 2008 : Half yearly
- 30th January 2009 : Third Quarter
- 30th June 2009 : Annual

Book Closure

The books will be closed from 22nd September, 2009 to 30th September, 2009 for payment of dividend.

Dividend Date

The Board has recommended a dividend of 25% i.e. Rs 2.50 per Equity share of Rs 10/- each and the same would be payable on and from 15th October, 2009.

Listing

The Equity shares of Bilcare Limited are listed on Bombay Stock Exchange Limited.

Stock Code

BSE : 526853

Stock Data

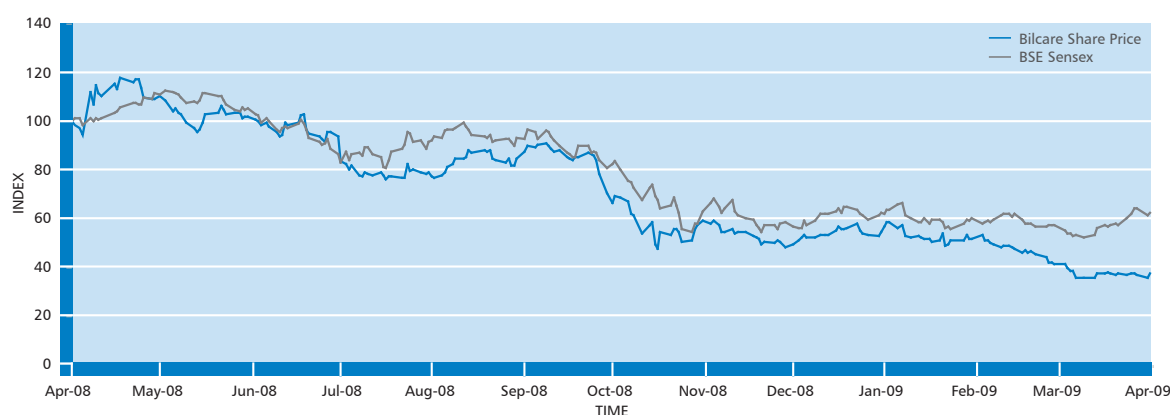
The table below gives the monthly high and low prices and volumes of Bilcare Limited at Bombay Stock Exchange Limited, Mumbai (BSE) for the year 2008-09.

High and Low Prices and Trading volumes at BSE

Month	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-08	990.00	775.00	207,509
May-08	999.00	768.00	141,594
Jun-08	860.00	711.00	103,326
Jul-08	753.90	611.05	327,004
Aug-08	729.95	625.00	120,087
Sep-08	762.00	535.00	179,097
Oct-08	657.00	350.00	443,600
Nov-08	505.00	375.00	196,610
Dec-08	483.95	375.00	113,197
Jan-09	496.45	380.00	123,442
Feb-09	440.00	332.50	110,143
Mar-09	352.00	279.00	195,657

Stock Performance

Share price of Bilcare Limited versus BSE Sensex



Both, BSE Sensex and Bilcare Limited share price are indexed to 100 as on April 1, 2008.

Registrar and Transfer Agents and Share Transfer and Demat System

The Board's Executive Committee generally meets twice a month for dealing with matters concerning securities/share transfers of the Company. The Company has appointed Link Intime India Pvt. Ltd. as the Registrar and Transfer Agents of the Company, to carry out the share transfer work on behalf of the Company.

Address of the Registrar and Transfer Agent:

Link Intime India Pvt. Ltd.,
(Unit: Bilcare Limited)
Block No. 202, 2nd Floor, Akshay Complex,
Off Dhole Patil Road, Pune-411 001, India
Telefax : +91-20-26053503
E-mail : pune@linkintime.co.in

Dematerialization

The Company's equity shares are under compulsory demat trading. As on 31st March 2009, dematerialized shares accounted for 96.75% of the total equity.

Demat ISIN numbers in NSDL & CDSL for Equity Shares : INE986A01012.

Liquidity

Bilcare Limited shares are part of the 'S' group on Bombay Stock Exchange Limited and are traded regularly.

Share Holding Pattern

The tables below give the pattern of shareholding by ownership and share class respectively.

Pattern of shareholding by ownership as on 31st March 2009

Category	Number of Shares held	Shareholding %
Promoters	8,031,274	46.67
Mutual Funds	24,500	0.14
Insurance Companies	—	0.00
Nationalised Banks	—	0.00
Foreign Institutional Investors	1,127,469	6.55
Bodies Corporate	1,360,393	7.90
Foreign Bodies Corporate	333,196	1.94
Non Resident Indians	921,648	5.36
Indian Public	5,409,585	31.44
Total	17,208,065	100.00

Pattern of Shareholding by Share Class as on 31st March, 2009

Shareholding Class	Number of Shareholders	Number of Shares	Shareholding %
Up to 500	7395	652,163	3.79
501 - 1,000	302	230,642	1.34
1,001 - 2,000	146	220,205	1.28
2,001 - 3,000	94	248,261	1.44
3,001 - 4,000	22	79,716	0.46
4,001 - 5,000	25	120,232	0.70
5,001 - 10,000	46	338,291	1.97
10,001 & above	79	15,318,555	89.02
Total	8,109	17,208,065	100.00

Outstanding FCCBs, Conversion Date and likely impact on Equity

The Company on 23rd December, 2005, allotted 5,000 Foreign Currency Convertible Bonds (FCCBs) of face value of US \$ 10,000 each, aggregating to US \$ 50.00 million, including offering under Green Shoe Option.

During the year 2007-08, the Company allotted 614,265 Equity Shares of Rs.10/- each upon conversion of 1,182 Foreign Currency Convertible Bonds (FCCBs) as per the terms and conditions of the Offering Circular, at a conversion price of Rs. 880/- per share including premium. The balance 3,818 FCCBs continue to remain as Bonds, which may be Converted into Equity Shares at the reset price of Rs. 704 per share, subject to conditions in the Offering Circular. Therefore the number of shares underlying the outstanding bonds cannot be ascertained at this stage.

Plant Location

1028, Shirol,
Rajgurunagar,
Pune 410 505.

Investor Correspondence Address

For transfer / dematerialisation of shares and any other query relating to the shares of the Company:

Link Intime India Pvt. Ltd.,
(Unit: Bilcare Limited)
Block No. 202, 2nd Floor,
Akshay Complex,
Off Dhole Patil Road,
Pune – 411 001, India
Telefax : +91-20-26053503
E-mail : pune@linkintime.co.in

Certificate by the Auditors on Corporate Governance

To,

The Members of Bilcare Limited

Re: Report on Corporate Governance

We have reviewed the records concerning the Company's compliance of the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement entered into by the company with the Stock Exchange of India for the financial year ended on 31st March, 2009.

The Compliance of conditions of corporate governance is the responsibility of the management. Our review was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an opinion nor an expression of an opinion on the financial statements of the company.

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for examination and the information and explanations given to us by the company.

Based on such review, and to the best of our information and according to the explanations given to us, in our opinion, the company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

We further state that such compliance is neither an assurance as to the future viability of the company nor to the efficiency with which the management has conducted the affairs of the company.

For **R.L. Rathi & Co.**
Chartered Accountants

R.L. Rathi
Proprietor
Membership No.14739

Dated: 30th June 2009

Team Bilcare

Human Assets



Team Bilcare

“The process of innovation starts in the mind”

For any business, a talented workforce is its real business enabler. The force behind Bilcare’s determination to rise to healthcare industry’s challenges is its people. It’s not our sophisticated labs or manufacturing plants that are our strength but the minds that work there. Bilcare has been continuously investing in cultivating and nurturing talent and leadership across all levels in the organization.

Today, over 50% of our people are outside India and growing. Aligning our workforce’s diverse skills to the needs of the company, improving performance indicators and integrating the workforce through one global vision are our priorities.

Our people are helping global pharma companies make a positive difference to patient outcomes across the world. And to help our people do this we have created an environment conducive for performance and learning. During the year, the company initiated several measures to ensure Training and Development and skill enhancement for employees. Our learning support framework is based on company developed training programs, online learning tools and resources for self-study and development. All

training processes have been designed with innovation and future project development in mind. This ensures that employees are ready to face any challenging role with skill and determination.

To ensure a strong leadership pipeline, we provide necessary training and support to individuals ready to take on more complex

Today, over 50% of our people are outside India and growing.

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roles. A pool of succession candidates is essential for our smooth continuity and success. A continuous emphasis on leadership development and skill enhancement is helping Bilcare adjust to the dynamics of its business with agility.

For integrating a diverse workforce, a clear understanding of company’s vision and values is must. Bilcare’s Senior Management Team is responsible for aligning the company’s talent and operations to its vision. The Senior Management Team’s renewed focus on our vision has cascaded into several new talent management initiatives and key steps for employee integration. Linking our geographically, culturally and professionally diverse workforce through a common thread



The Senior Management Team's renewed focus on our vision has cascaded into several new talent management initiatives and key steps for employee integration.



of company vision and culture is critical for our sustainability. A global uniformity in our delivery models and workforce, while allowing necessary flexibility at local levels is essential for our success in the world market.

Another key issue the company is addressing is optimizing performance indicators and reworking reward structures. We map the requirements and performance standards for each role to devise Key Performance Indicators (KPI) for each role. Our KPI exercise provides a more transparent merit based

mechanism to identify talent and create a sense of fairness and objectivity. Our Organizational Development Program is creating a lean, productive and competitive organization.

Going ahead, we will accelerate our HR initiatives to address gaps in training, performance and talent management. We will remain committed to facilitate a culture of Innovation, Equality and Empowerment so that Team Bilcare can deliver its very best.

Touching Lives

Bilcare Foundation

Social Responsibility



Corporate Social Responsibility

“20 years from now it will not matter how many cars you had or what clothes you wore but whether you were valuable in the life of a child.”

Bilcare strongly believes in the value of social responsibility and giving back to society. We believe that the future of any society or nation is determined by the education and quality of life of its children. Limited or no access to education and loss of hope are the biggest casualties of poverty. Hence, our CSR initiatives focus on providing educational opportunities to underprivileged children and kindle hope, faith and possibilities.

Bilcare Foundation was set up to provide deserving under-privileged children the right educational guidance, resources and motivation. Through our ‘Window to the World’ campaign we have teamed with ten schools in Rajgurunagar, Pune to provide their students educational resources and opportunities for intellectual growth. Going ahead, this program will be rolled out across all our plants and facilities across the world.

A key element of Bilcare Foundation’s work is ‘education outside the classroom’, an approach that helps young minds think beyond boundaries and textbooks. Some of our key initiatives under this approach are:

- Conducting health and sports camps
- Conducting personality and leadership courses

- Establishing mobile libraries and providing free books
- Conducting Yoga and Karate classes
- Conducting science fairs
- Providing educational resources through audiovisual mediums

Bilcare Foundation also organizes the Bilcare ATF Asian Tennis Tournament for the under-14

“A day of which no part is spent with a child is a wasted day in your life”

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age group. The goal of this tournament is to promote excellence in sports and offer quality exposure to rural youth. Bilcare has been associated with this tournament for the last couple of years and will continue to support it for the years to come.

Our employees and their family members run Bilcare Foundation with the help of local volunteers. The Foundation is now spreading wings in the UK, US and Singapore with employees there rolling out local level programs.

The improved confidence and glimpse of hope that we see in the eyes of children we work with, infuses a new motivation in us. Taking inspiration from an old saying – “A day of which no part is spent with a child is a wasted day in your life”, we will continue to do our best for the society.

Board of Directors

Mr. Mohan H. Bhandari – Chairman & Managing Director

Dr. Praful R. Naik – Executive Director

Mr. Chandra Prakash Jaggi – Executive Director

Dr. Volker Huelck

Mr. Cyrus Bagwadia

Dr. R. V. Chaudhari

Mr. Rajendra Tapadia

Dr. Kalyani Gandhi

Dr. Arthur Carty

Dr. Bhojraj Suresh

Company Secretary

Mr. Anil Tikekar

Registered Office and Works

1028, Shirol, Rajgurunagar,

Pune - 410505, India

Auditor

M/s R. L. Rath & Co., Pune

Bankers

Axis Bank Ltd.

Barclays Bank Ltd.

Allahabad Bank Ltd.

DBS Bank Ltd.

HDFC Bank Ltd.

Hongkong & Shanghai Banking Corporation Ltd.

Indian Bank

Indian Overseas Bank

Standard Chartered Bank

State Bank of India

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 : +91-20-26053503

E-mail : pune@linkintime.co.in

Directors' Report

To the Members

We are pleased to present the report on our business and operations for the financial year ended 31st March 2009.

Financials

The Company on a stand alone basis, has achieved a turnover growth of over 12% vis-a-vis previous year.

	Rs. Lacs	
	2008-09	2007-08
Sales and Other Income	47,631.48	42,212.26
Profit before tax	9,231.78	10,153.39
Profit after tax	6,069.73	6,168.92
Profit available for appropriation	21,488.85	17,231.72
General Reserve	1,000.00	1,000.00
Dividend	430.20	694.56
Dividend Tax	73.11	118.04
Balance in profit & loss account	19,985.54	15,419.12

Dividend

We recommend a Dividend of 25% i.e. Rs.2.50 per equity share of Rs.10/- each for the financial year ended 31st March 2009.

Consolidated Financial Statements

The Consolidated Financial Statements, pursuant to clause 32 of the Listing Agreement and in accordance with Accounting Standard 21 issued by the Institute of Chartered Accountants of India have been provided in the Annual Report.

These consolidated financial statements provide financial information about the Company and its subsidiaries as a single economic entity and form part of this annual report. For the year ended 31st March 2009, the consolidated turnover of Rs.86,373.59 lacs, was higher by 29% over the previous year's turnover of Rs. 66,986.35 lacs. The consolidated net profit went up to Rs.8,293.53 lacs for 2008-09 from Rs. 8,155.62 lacs in the previous year.

Subsidiary Companies

The Company has a subsidiary company overseas – Bilcare Singapore Pte. Ltd, Singapore, which in turn has its respective step down subsidiaries.

The Company has received an approval of the Central Government under Section 212(8) of the Companies Act, 1956, which exempts the Company from attaching to the Annual Report, the copies of the Financial Statements and other documents required to be attached under Section 212 (1) of the Act of its subsidiary companies, namely:

- i) Bilcare Singapore Pte. Ltd, Singapore;
- ii) Bilcare GmbH, Germany;
- iii) Bilcare Inc., USA;
- iv) Bilcare Farmaceutica Embalagem E Pesquisas Ltda., Brazil;
- v) Bilcare (UK) Ltd, U.K;
- vi) Bilcare GCS (Europe) Ltd., U.K., a wholly owned subsidiary of Bilcare (UK) Ltd;
- vii) Bilcare Switzerland SA, Switzerland;
- viii) Bilcare Technologies Singapore Pte. Ltd. (Formerly Singular ID Pte. Ltd);

- ix) Bilcare Technologies Italia Srl (Formerly Singular ID Italia Srl), a subsidiary of Bilcare Technologies Singapore Pte. Ltd.

Accordingly, the said documents are not being attached to the Financial Statements of the Company. A gist of the financial performance of the subsidiaries is given in this Annual Report. The annual accounts of the subsidiary companies are open for inspection by any Member.

In July, 2008, the Company in a 50% Joint Venture with MeadWestvaco Corp. of USA acquired International Labs Inc.

Delisting of Securities

Pursuant to application for delisting by the Company, Ahmedabad Stock Exchange Ltd. approved the delisting of the shares w.e.f. 30 March, 2009 and Pune Stock Exchange Ltd. w.e.f. 31 March, 2009.

Equity Shares will continue to remain listed on Bombay Stock Exchange Ltd. (BSE).

Research & Development

Bilcare's vision of "Transforming Health Outcome" is at the core of Bilcare's Research and Development foundation, spreading across Bilcare's functional strata resulting in the institutionalization of "Continual Innovation process". The impact of institutionalization has resulted in unprecedented inflow of ideas and a much larger conversion of ideas into value innovations, which is depicted by the fact that Bilcare has successfully filed 32 patent applications and 49 Trade mark applications across the world during the year 2008-2009.

Collaborative approach propelled the speed of innovation resulting in multi-segmented innovations ranging from innovative processes, products and technologies to innovative services. Integration of newer

technologies, both internally developed and outsourced, became a shot in the arm for strengthening the company's increasing Intellectual Property portfolio.

R & D continued its spree of innovative design development and protecting them through design registrations. The Indian Patent office granted 238 Design registrations in the current year to the Company. CII – Confederation of Indian Industry felicitated Bilcare for this outstanding contribution in the Indian Intellectual property – Designs. Expansion of state of the art research services facilities were undertaken to include new services like stability batch preparation, optimum packaging identification for liquid and semi-solids in the pharmaceutical formulations.

Some of the key R&D initiatives during the year were:

- Design and development of "Greenpack" systems-eco-friendly packaging materials for packaging of pharmaceutical products.
- Enhancing the Nonclonable™ Technology offering for addressing Drug diversion, secure supply chain and anytime-anywhere identity & authenticity of the product.
- Development of novel lockable and self-enclosable packaging systems.
- Development of Restricted product / multi-functional access package system.
- Novel Image embedded packaging materials.
- Specialized inks and marker technologies for the Flexography technology system.

Benefits derived from R & D

- Launch of a whole new range of novel packaging materials / services.
- Strengthen the pyramid of security solutions offerings by integrated blend of overt, overt-covert, covert, ultra-covert and secure track-n-trace features.

- Providing innovations such as Eco-friendly and self enclosable package systems.
- Enhanced Quality and end-use features of existing specialty product range.
- Successful reduction in electricity & water consumption in operations.

Future plan of action

- Strengthening the analytical capabilities to extend services to the pharma for formulation development and stability study services.
- Qualify R & D facility with specific GMP/ GLP and customer specific accreditations.
- Strengthen the storage facility for performing stability study of pharmaceutical formulations as per regulatory requirements.

Expenditure on R & D

	Rs. Lacs
Capital	516.45
Recurring	1500.88
Total	2017.33
R & D Expenditure as a percentage of Total Turnover	4.28 %

On a consolidated basis, total R & D expenditure as a percentage of consolidated turnover is 5.24%.

Conservation of Energy

With the addition of equipment in Operations and the increasing utilization of the present equipment, the overall energy consumption during the financial year has gone up. However the energy consumption on a per unit basis has reduced by over 12% on a year to year basis. This has been possible as a result of the following:

1. Better utilization of machine assets.
2. A continuous exercise of optimization of the system and processing conditions.
3. Employment of more energy efficient and cleaner fuels where possible.
4. Ensuring the power factor at or near unity

Some of the key energy saving initiatives for optimization of energy cost implemented during the year were –

1. Employment of more energy efficient systems in the Air Handling systems to effectively control the power consumption.
2. Addition and implementation of requisite measures to maintain and control the power factor to unity.
3. Modification in utilities on an area basis, facilitating reduction in costs.

Following is the status of some of the other projects, which are yet to be completed.

- i) Installation of High Tension feeder line.
- ii) Optimization of Air Handling Units loads.

Technology Absorption, Adaptation and Innovation

Research and Development while remaining the prime foundation of continual Innovation process within Bilcare, there is high impetus on amalgamating absorption as well as adaptation of technologies based on Innovations which are researched and developed not only internally in Bilcare, but also on outsourced technologies which have incremental value proposition on Bilcare's innovation outcomes. This approach has enabled Bilcare to create a continual flow of innovative products, processes and technologies and provide them as a comprehensive range of immensely valuable end-use offerings to our customers.

Some of the very important research initiatives involving technology absorption and adaptation which have been successfully accomplished are:

1. Successful customization, adaptation and implementation of Flexography technology for specialized print features on various primary packaging substrates

- provided by Bilcare. These unique print features include printing of micro-text, complex images and patterns, interference graphic prints using customized and proprietary designs developed by Bilcare. These highly specialized inputs results in a blend of distinctive discernable features recognizable by naked eye as well as magnification and a range of high end covert features visible under specific and specialized conditions. The combination of multi-segmented technologies and features makes the Bilcare printed substrates highly secure against duplication by conventional printing technologies and enables effective protection of Brand identity and integrity.
2. Bilcare's continued endeavor in developing a range of effective child safe and senior citizen friendly packaging systems has resulted in the successful development of several package system out of which one has undergone successful qualification. This package system is currently under standardization trials with some pharmaceutical manufacturers.
 3. On-line monitoring technology for monitoring and control of temperature and humidity for the manufacturing and storage process areas in the Global Clinical Supplies facility has been successfully commissioned. This will enable our customers to have on-line access and direct monitoring of their manufactured and stored products.
 4. SAP (ECC-6.00), a state-of-the-art automated ERP management system has been successfully implemented at the Global Clinical Supplies operations enabling the systemic management of all Operations, Quality, Inventory, Clearances and Financial activities. The system is now being standardized to provide on-line access to our customers for inventory management.
 5. Unique and 71 CFR part 11 compliant Cold Chain systems with inter-changeability and inter-operability of storage temperatures between 2°C to 8°C and -20°C and on-line recording have been successfully installed for storage of temperature sensitive Clinical trial materials.
 6. Unique compacting and secure access storage systems have been adapted and successfully operationalized for incremental space productivity output and secure storage of Clinical trial materials at the Global Clinical Supplies facility.
 7. Design, Development and installation of exclusive and secure storage for Controlled Drug Substances and Narcotics was accomplished at the Global Clinical Supplies facility, which was successfully inspected and licensed by the Indian Regulatory agency.
 8. The innovative packaging material "image-embedded blister film" developed by internal research team, completed validation runs and customer machine trials and was successfully adapted and scaled up for commercial manufacture.
 9. Bilcare introduced Nonclonable™ nanotag™ as affordable yet fully secure and fool-proof solution in the form of tamper evident track-n-trace labels for incorporation in pharmaceutical packaging which enables securitization of the pharmaceutical supply chain and provides a novel "anytime anywhere" product identification and authentication.
- Following planned initiatives for implementation are under progress –
- i) Validation of state-of-art facility to mass produce Nonclonable™ nanotag™ labels including the comprehensive communication platform and the secure tracking system for pharmaceutical packaging.

- ii) Integrate newer technologies into custom designed packaging systems for major brands.
- iii) Expand the business solutions capability platform for the Nonclonable™ Security Technology.

Foreign Exchange Earnings & Outgo

	Rs. Lacs
Foreign exchange earned	5,460.68
Foreign exchange outgo	13,612.63

Directors

Dr. R.V. Chaudhari, Dr. Praful Naik and Mr. Cyrus Bagwadia are retiring by rotation and are eligible for re-appointment.

Mr. Rakesh Jhunjhunwala and Mr. Manish Gupta resigned as Director of the Company, with effect from 4th July, 2009.

Mr. Rakesh Jhunjhunwala and Mr. Manish Gupta have been associated with the Company for more than five years and have been instrumental in the growth of the Company over the years. The Directors place on record their deep sense of appreciation of the contributions made and services rendered by Mr. Rakesh Jhunjhunwala and Mr. Manish Gupta during their association with the Company.

Dr. Arthur Carty and Dr. Bhojraj Suresh were appointed as additional Director, with effect from 9th July, 2009.

The above named Additional Directors hold office upto the date of ensuing Annual General Meeting and are eligible for re-appointment. A detailed profile of Dr. Arthur Carty and Dr. Bhojraj Suresh forms a part of the notice of ensuing Annual General Meeting, which is attached with this Annual Report.

Directors' Responsibility Statement

Pursuant to the requirement under the Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended 31st March 2009 the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the accounts for the financial year ended 31st March 2009 on a 'going concern' basis.

Corporate Governance

A report on Corporate Governance is given in this Annual Report.

Auditors

M/s. R. L. Rathi & Co., Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

Statutory Disclosures

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all Shareholders of the Company excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of said Annexure may write to the Company Secretary at the Registered Office of the Company.

Particulars regarding technology absorption, conservation of energy and foreign exchange earning and outgo required under section 217 (1)(e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 have been given in the preceding paras.

For the fiscal year 2009, the compliance report is provided in the Corporate Governance section of this Annual Report. The Auditors' Certificate on compliance with the mandatory recommendations of the committee is annexed to this report.

Acknowledgement

We thank our domestic and international customers, vendors, investors, bankers, investment bankers, rating agencies and stock exchanges for their continued support during the year. We place on record our appreciation of the contribution made by the employees at all levels worldwide. Our consistent growth was made possible by their hard work, solidarity, commitment and unstinted efforts.

We thank the Governments of various countries where we have our operations and also thank Government of India and other government agencies for their positive co-operation and look forward to their continued support in future.

Finally, we wish to express our gratitude to the members and shareholders for their trust and support.

For and on behalf of the Board of Directors

Mohan H. Bhandari
Chairman and Managing Director

Place: Pune
Dated: 29th August 2009

AUDITORS' REPORT ON ABRIDGED ACCOUNTS

To
The Members of
Bilcare Limited

We have examined the attached Abridged Balance Sheet of **Bilcare Limited** as at 31st March 2009, the related Abridged Profit & Loss Account and the Cash Flow statement for the year then ended on that date annexed thereto, together with the Notes and Significant Accounting Policies thereon. These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the audited financial statements of the Company for the year ended 31st March 2009 prepared in accordance with the provisions of Section 211 of the Companies Act, 1956 and covered by our report of even date to the members of the Company, which report is attached hereto.

For **R. L. Rathi & Co.**
Chartered Accountants

R. L. Rathi
Proprietor

Membership No. 14739

Date: 30th June 2009

AUDITORS' REPORT

To,
The Members of
Bilcare Limited

We have audited the attached Balance Sheet of **Bilcare Limited** as at 31st March 2009, the Profit and Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books. The Branch Auditors' report have been forwarded to us and have been appropriately dealt with;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account and with the audited returns from the branch.
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.

- (v) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of section 274 (1) (g) of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us and the separate reports of other / branch auditors, the said accounts read together with Significant Accounting Policies and Notes on Accounts in Schedule 19 and those appearing elsewhere in the accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
 - (b) in the case of Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For R. L. Rath & Co.,
Chartered Accountants

R. L. Rath
Proprietor

Date : 30th June 2009

ANNEXURE TO AUDITORS' REPORT

1.
 - (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of all fixed assets.
 - (b) All the fixed assets have not been physically verified by the Management during the year but there is regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) During the year the Company has not disposed off a substantial part of its fixed assets.
2.
 - (a) The inventories have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
3.
 - (a) As informed to us and the records produced to us for our verifications, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of audit, no major weakness has been noticed in these internal controls.
5.
 - (a) Based on the audit procedures applied by us and according to the information and explanations given to us we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.500,000 in respect of each party during the year are either have been made at prices which are reasonable having regard to prevailing market prices at the relevant time or the prices at which transactions for similar goods or services have been made with other parties or as compared to the prices quoted by others, or such comparisons could not be made since there are no other suppliers of similar items.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board in this matter nor any order has been passed.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. As per our information the Company is not required to maintain cost records prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
9. (a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and other material Statutory Dues applicable to it. There were no arrears as at 31st March 2009 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, excise duty which have not been deposited with appropriate authorities on account of disputes other than mentioned below.

Nature of Statute	Nature of Dues	Amount Rs. Lacs	Forum where dispute is pending
Income Tax Act	AY 2007-08	22.10	Income-Tax Appellate Tribunal

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current or in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
15. In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are, prima facie, not prejudicial to the interest of the company.
16. According to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, no debentures have been issued during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **R. L. Rathi & Co.,**

Chartered Accountants

R. L. Rathi
Proprietor

Date : 30th June 2009

ABRIDGED BALANCE SHEET AS ON 31ST MARCH 2009

	Rs. Lacs	As on 31 st March 2009 Rs. Lacs	Rs. Lacs	As on 31 st March 2008 Rs. Lacs
SOURCES OF FUNDS				
SHAREHOLDERS' FUND				
Share Capital	1,720.81		1,645.31	
Share Application Money	—		403.99	
Reserves & Surplus	41,054.95		34,678.48	
		42,775.76		36,727.78
DEFERRED TAX		7,839.17		6,100.37
LOAN FUNDS				
Secured Loans	26,223.22		15,373.80	
Unsecured Loans	20,685.95		16,252.27	
		46,909.17		31,626.07
		<u>97,524.10</u>		<u>74,454.22</u>
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	44,612.55		34,566.81	
Less : Depreciation	6,588.98		4,713.27	
Net Block	38,023.57		29,853.54	
Capital work in progress	1,162.98		329.04	
		39,186.55		30,182.58
INVESTMENTS		27,872.01		17,322.66
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	7,707.36		5,907.67	
Sundry Debtors	16,610.81		13,140.52	
Cash & Bank Balances	5,819.62		8,663.55	
Loans & Advances	4,106.72		3,085.58	
	34,244.51		30,797.32	
LESS : CURRENT LIABILITIES & PROVISIONS	3,778.97		3,848.34	
NET CURRENT ASSETS		30,465.54		26,948.98
		<u>97,524.10</u>		<u>74,454.22</u>
NOTES ON ACCOUNTS				

As per our report of even date
R. L. Rathi & Co.
Chartered Accountants

For and on behalf of Board of Directors

R. L. Rathi
Proprietor

Mohan H. Bhandari
Managing Director

Place : Pune
Date : 30th June 2009

Anil Tikekar
Company Secretary

Dr. Praful R. Naik
Executive Director

ABRIDGED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Year ended 31 st March 2009 Rs. Lacs	Year ended 31 st March 2008 Rs. Lacs
INCOME		
Sales	47,132.77	40,635.32
Other Income	498.71	1,576.94
	<u>47,631.48</u>	<u>42,212.26</u>
EXPENDITURE		
Cost of Materials Consumed / Sold	29,643.28	24,756.51
(Increase) / Decrease in Stocks	(654.59)	(805.63)
Payments to & Provision for Employees	2,007.36	1,563.58
Overheads	3,552.14	3,829.63
Interest	1,974.11	1,143.53
Depreciation	1,877.40	1,571.25
	<u>38,399.70</u>	<u>32,058.87</u>
Profit before Taxation	9,231.78	10,153.39
Provision for Taxation	3,162.05	3,984.47
Net Profit after Taxation carried to Balance Sheet	<u>6,069.73</u>	<u>6,168.92</u>
Earnings Per Share (EPS) par value Rs.10/- each (Refer Note No.9)		
Basic (Rs.)	35.27	37.49
Diluted (Rs.)	30.83	32.14
NOTES ON ACCOUNTS		

As per our report of even date
R. L. Rath & Co.
Chartered Accountants

R. L. Rath
Proprietor

Place : Pune
Date : 30th June 2009

Anil Tikekar
Company Secretary

For and on behalf of Board of Directors

Mohan H. Bhandari
Managing Director

Dr. Praful R. Naik
Executive Director

ABRIDGED CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2009

	Year ended 31 st March 2009 Rs. Lacs	Year ended 31 st March 2008 Rs. Lacs
A Cash flow from operating activities		
Profit after tax	6,069.73	6,168.95
Adjustment for:		
Depreciation	1,877.40	1,571.25
Interest/Dividend (Net)	1,547.32	1,028.13
Loss on sale of fixed assets	5.45	5.88
Foreign Currency Monetary Items Translation Difference Account	(3,149.10)	–
Provision for Employees Benefits for earlier years	–	(123.32)
Operating profit before working Capital charges	6,350.80	8,650.89
Deferred Tax Liability	1,738.80	2,026.51
Adjustments for:		
Trade & other receivables	(4,491.42)	(4,867.16)
Inventories	(1,799.70)	(2,020.23)
Trade Payables	514.12	1,385.18
Cash generated from operations	2,312.60	5,175.19
Interest Paid	(1,975.35)	(1,156.86)
Direct Taxes paid	(280.26)	(436.74)
Net cash from operating activities	56.99	3,581.59
B Cash flow from investing activities		
Purchase of fixed assets	(10,893.06)	(9,918.90)
Sale of fixed assets	6.22	9.70
Investments	(10,549.34)	(1,946.11)
Interest received	418.94	114.89
Dividend received	7.85	0.51
Net cash from investing activities	(21,009.39)	(11,739.91)
C Cash flow from financing activities		
Proceeds from Share application money	(403.99)	(1,333.69)
Proceeds from issue of Share Capital	75.50	225.23
Proceeds from Share Premium (Net)	3,959.15	11,012.13
Proceeds from long term borrowings	19,387.35	8,069.02
Repayment of long term borrowings	(4,104.24)	(10,027.23)
Dividend paid including tax	(805.30)	(713.66)
Net cash from financing activities	18,108.47	7,231.80
Net increase in cash & cash equivalents (A+B+C)	(2,843.93)	(926.52)
Cash and cash equivalents as at 01.04.2008	8,663.55	9,590.07
Cash and cash equivalents as at 31.03.2009	5,819.62	8,663.55

As per our report of even date
R. L. Rathi & Co.
Chartered Accountants

R. L. Rathi
Proprietor

Place : Pune
Date : 30th June 2009

Anil Tikekar
Company Secretary

For and on behalf of Board of Directors

Mohan H. Bhandari
Managing Director

Dr. Praful R. Naik
Executive Director

NOTES ON ABRIDGED ACCOUNTS

	As on 31 st March 2009 Rs. Lacs	As on 31 st March 2008 Rs. Lacs
1. (Note No.1 – Schedule 19 of Annual Account)		
Contingent Liabilities not provided for in respect of:		
a) Counter guarantees given for subsidiary company	22,927.50	18,923.30
b) Disputed Income Tax matters in appeal	22.10	479.51
c) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	1,580.20	246.37
2. (Note No.4 – Schedule 19 of Annual Account)		
Information as required by paragraph 4 of part II of Schedule VI of the Companies Act, 1956.		
Production during the year		
Licensed Capacity	NA	NA
Installed Capacity TPA	30,000	26,000
Production RFT Lacs	12,541.36	10,361.22
3. (Note No.7 – Schedule 19 of Annual Account)		
The credit facilities sanctioned by the Banks and Institutions are secured by mortgage of immovable properties and hypothecation of all movable properties inter alia machinery, equipment and current assets, namely inventory and book debts both present and future, under the Security Trustee Arrangement.		
4. (Note No. 10 – Schedule 19 of Annual Account)		
a) The Company has issued Foreign Currency Convertible Bonds (FCCB) on 27 th December 2005 amounting to USD 50 million.		
No interest is payable on the Bonds. The Company will redeem each Bond (unless previously converted, redeemed or cancelled), at 145.270% of its principal amount on the Maturity Date which is 22 nd December 2010. The Bonds are convertible into fully paid equity shares at any time on or after 21 st January 2006 and prior to close of business on 22 nd November 2010.		
The bonds will be converted with a fixed rate of exchange of Rs. 45.7325 = USD 1.00 on conversion. The Conversion Price has been reset to Rs.704/- as per the offering circular dated 16 th December 2005. There is an option for the Company to redeem the Bonds in whole but not in part at any time on or after 21 st December 2007 and prior to 22 nd December 2010 subject to certain conditions.		
In the opinion of the Management the above mentioned Convertible Bonds issued upon terms and conditions set out in the offering circular dated 16 th December 2005, would be outside the purview of Section 117(C) of the Companies Act, 1956 as regards creation of Debenture Redemption Reserve.		
b) During the year, the Company has allotted 755,000 Equity Shares of Rs.10/- each @ Rs.535/- (including share premium of Rs.525/-) on conversion of Warrant 'B'. Consequently, the paid up equity share capital of the company stands increased to Rs.1,720.81 lacs.		
c) Expenses for warrant conversion aggregating to Rs.4.60 lacs are debited to Securities Premium Account.		

NOTES ON ABRIDGED ACCOUNTS

5. (Note No.11 – Schedule 19 of Annual Account)

As required by Accounting Standard – AS 18 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India are as follows:

a) Subsidiary Companies

- i) Bilcare Singapore Pte Ltd.
- ii) Bilcare GmbH; subsidiary of Bilcare Singapore Pte Ltd.;
- iii) Bilcare Inc, subsidiary of Bilcare Singapore Pte Ltd.;
- iv) Bilcare Farmaceutica Embalagem E Pesquisas Ltda, subsidiary of Bilcare Singapore Pte Ltd.;
- v) Bilcare (UK) Ltd., subsidiary of Bilcare Singapore Pte Ltd.;
- vi) Bilcare GCS (Europe) Ltd, subsidiary of Bilcare (UK) Ltd.
- vii) Bilcare SA, subsidiary of Bilcare Singapore Pte Ltd.;
- viii) Bilcare Technologies Singapore Pte. Ltd. (Formerly Singular ID Pte. Ltd.), subsidiary of Bilcare Singapore Pte Ltd.; and
- ix) Bilcare Technologies Italia Srl. (Formerly Singular ID Italia Srl), subsidiary of Bilcare Technologies Singapore Pte. Ltd.

b) The company in a 50% Joint Venture with MeadWestvaco acquired International Labs Inc., USA in July 2008.

c) Key Management Personnel

- i) Mr. Mohan H. Bhandari (Managing Director)
- ii) Mr. Chandra Prakash Jaggi (Executive Director)
- iii) Dr. Praful R. Naik (Executive Director)

d) Transactions with parties referred above

Particulars	Subsidiary Companies		Key Management Personnel	
	Year ended	Year Ended	Year ended	Year Ended
	31 st March 2009	31 st March 2008	31 st March 2009	31 st March 2008
Remuneration	–	–	199.54	169.45
Rent Payment	–	–	11.13	23.00
Sale	1,705.17	1,311.66	–	–
Purchases	3,291.04	900.76	–	–
Lease Income	700.00	700.00	–	–

Rs. Lacs

Note: Related party relationship on the basis of the requirements of AS18 as in 1(a) and 1(b) above is given by Management and relied upon by the Auditors.

6. (Note No.12 - Schedule 19 of Annual Account)

The Company is engaged in pharma packaging research solutions which as per Accounting Standard – AS 17 is considered the only reportable business segment by the Management in the light of the dominant source and nature of risks and returns, location of its production facilities and assets of the group and relied upon by the Auditors. As per AS 17 all reportable information as regards segment revenue, segment results, carrying amount of segment assets, segment liabilities, total cost of acquisition of segment assets and depreciation are fairly disclosed in the financial statements.

7. (Note No. 13 - Schedule 19 of Annual Account)

The Department of Company Affairs, Government of India vide its order issued under Section 212 (8) of the Companies Act, 1956 has exempted the Company from attaching a copy of Accounts of its subsidiaries for the financial year ended 31st March 2009. The disclosures as per the terms of above order are enclosed.

NOTES ON ABRIDGED ACCOUNTS

8. (Note No. 14 - Schedule 19 of Annual Account)

Major components of deferred tax assets and liabilities arising on account of timing differences are :

	Year ended 31 st March 2009 Rs. Lacs	Year ended 31 st March 2008 Rs. Lacs
Deferred Tax Liability on account of timing difference in Depreciation	7,839.17	6,100.37

9. (Note No. 15 - Schedule 19 of Annual Account)

Earnings Per Share (EPS)

a) Net Profit as per Profit & Loss Account	6,069.73	6,168.92
b) Net profit available for equity shareholders (Numerator used for calculation)	6,069.73	6,168.92
c) Weighted Average number of ordinary shares outstanding	17,208,065	16,453,065
d) Effect of potential ordinary shares on share Warrants and convertible Bonds outstanding	2,480,209	2,739,167
e) Weighted average number of ordinary shares in computing diluted earnings per share (c + d)	19,688,274	19,192,232
f) Earnings per share (Face value Rs.10/- per share)		
Basic [(b) / (c)] (Rs.)	35.27	37.49
Diluted [(b) / (e)] (Rs.)	30.83	32.14

10. (Note No. 23 - Schedule 19 of Annual Account)

Figures for the previous year have been regrouped / reclassified wherever necessary to conform with the current years classification.

11. (Note No. 24 - Schedule 19 of Annual Account)

All figures are in Rupees Lacs, rounded off to two decimal places.

12. (Note No. 25 - Schedule 19 of Annual Account)

Significant Accounting Policies:

i) Basis of accounting

The Company adopts the accrual basis in the preparation of its accounts except otherwise stated and those with significant uncertainties. Financial statements are based on historical cost. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.

ii) Revenue Recognition

The Company recognizes sales at the point of dispatch of goods from the plant to the customer. Sales are net of discounts, sales tax, excise duty and sales returns. Export sales are accounted on the basis of bill of lading.

Dividend is recorded when the right to receive payment is established.

Interest income is recognized on accrual basis.

iii) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

iv) Fixed Assets

Fixed assets are stated at cost of acquisition exclusive of Cenvat and inclusive of duties, taxes, incidental expenses borrowing cost and any directly attributable cost of bringing the assets to its working condition for intended use till the stage of its commercially viable optimum production including expenditure incurred on trial runs.

Patents/Trademarks are recorded at their acquisition cost.

NOTES ON ABRIDGED ACCOUNTS

- v) Depreciation
Depreciation is provided on straight line method in the manner prescribed by Schedule XIV to the Companies Act, 1956, read with the relevant circulars issued by Department of Company Affairs from time to time.
In respects of assets added / disposed off during the year it has been provided on pro-rata basis with reference to the number of days in use.
Patent and Trademarks are amortized over their estimated economic life.
- vi) Research and development expenditure
Revenue expenditure is charged to the Profit and Loss Account and capital expenditure resulting into enduring benefits is added to the cost of fixed assets in the year in which it is incurred.
- vii) Investments
Investments are stated at cost.
- viii) Inventories
- Raw Materials, Work -In-Process and Finished goods are valued at cost or realizable value whichever is less. Cost of inventories is computed on FIFO basis.
 - Stores and Maintenance spares are valued at cost.
 - Import of materials is accounted on receipt thereof at the factory.
- ix) Sales Tax
- The Company has opted for the Sales Tax Incentives by way of deferral under Government of Maharashtra Package Scheme of Incentive 1993 for the expansion. The Period for deferrment of tax liability will be nine years and payable thereafter in five equal annual installments.
 - Sales tax set off is reduced from the purchase cost of the material.
- x) Excise Duty
- Liability for Excise Duty on finished goods is accounted as and when they are cleared from the factory premises. No provision is made in the account for goods manufactured and lying in factory premises.
 - Sales are recorded net of excise duty, sales tax and trade discounts.
- xi) Cenvat
Cenvat benefit is accounted for by reducing the purchase cost of the materials.
- xii) Treatment of Retirement Benefits
Liabilities in respect of retirement benefits to employees are provided for by payment to Gratuity and Provident Funds. The actual payment to the Gratuity funds is based on actuarial valuation. Provision of accrued leave encashment is made at the end of the year. There is no superannuation scheme for the employees.
- xiii) Expenditure during construction and expenditure on new projects.
In case of new projects and in case of substantial modernization / expansion at existing units of the Company, expenditure incurred including interest on borrowings and financing cost on specific loans prior to commencement of commercial production is capitalized.
- xiv) Deferred Tax is recognized at the current rate of Tax, subject to the consideration of prudence on timing differences, being the difference between Taxable Income and Accounting Income that originate in one period and are capable of reversal in one or more subsequent periods.
- xv) Provisions, Contingent Liabilities and Contingent Assets
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTES ON ABRIDGED ACCOUNTS

xvi) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

As per our report of even date
R. L. Rath & Co.
Chartered Accountants

For and on behalf of Board of Directors

R. L. Rath
Proprietor

Mohan H. Bhandari
Managing Director

Place : Pune
Date : 30th June 2009

Anil Tikekar
Company Secretary

Dr. Praful R. Naik
Executive Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sr. No.	Particulars	1	2	3	4	5	6	7	8	9
1	Name of the Subsidiary	Bilcare Singapore Pte. Ltd.	Bilcare GmbH *	Bilcare Inc *	Bilcare Farmaceutica Embalagem E Pesquisas Ltda *	Bilcare (UK) Ltd. *	Bilcare GCS (Europe) Ltd. **	Bilcare Technologies Singapore Pte.Ltd. (Formerly Singular ID Pte.Ltd.)	Bilcare Technologies * Italia Srl *** (Formerly Singular ID Italia Srl.)	Bilcare Switzerland S.A. *
2	Financial year of the Subsidiary ended on	31 st March, 2009	31 st March, 2009	31 st March, 2009	31 st March, 2009	31 st March, 2009	31 st March, 2009	31 st March, 2009	31 st March, 2009	31 st March, 2009
3	Shares of the Subsidiary held by the Company on the above date									
	a Number and face value									
	i) (59,470,000 Equity Shares of SGD 1.00 each)	Rs. 16,016.39 lacs								
	ii) (25,000 Equity Shares of Euro 1.00 each)									
	iii) (5 Equity Shares) (Common Stock-No Par Value)									
	iv) (523,275 Equity Shares of BRL 1.00 each)									
	v) (1,500,000 Equity Shares of GBP 1.00 each)									
	vi) (24,500 Equity Shares of GBP 1.00 each)									
	vii) (178,332 Equity Shares of SGD 1.00 each)									
	viii) (18,500 Equity Shares of SGD 1.00 each)									
	ix) (5 executy shares) (Common stock no par value)									
	b Extent of holding	100%	100%	100%	100%	100%	100%	100%	92.5%	100%
4	Net aggregate amount of profits / (losses) for the above financial year of the subsidiary so far as they concern members of the Holding Company									
	a dealt with in the accounts of the Company for the year ended 31 st March 2009	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b not dealt with in the accounts of the Company for the year ended 31 st March 2009	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Net aggregate amount of profits / (losses) for the previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Holding Company									
	a dealt with in the accounts of the Company for the year ended 31 st March 2009	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b not dealt with in the accounts of the Company for the year ended 31 st March 2009	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	(Refer Note No.7 of Accounts)									

Note : * Subsidiary of Bilcare Singapore Pte. Limited

** Subsidiary of Bilcare (UK) Limited

*** Subsidiary of Bilcare Technologies Singapore Pte. Limited

AUDITORS' REPORT ON ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors of
Bilcare Limited

We have examined the attached Abridged Consolidated Balance Sheet of **Bilcare Limited** and its subsidiary Bilcare Singapore Pte. Limited and joint venture International Labs LLC as at 31st March 2009, the Abridged Consolidated Profit & Loss Account and Consolidated Cash Flow statement for the year then ended on that date annexed thereto, together with Notes thereon. These abridged consolidated financial statements have been prepared by the Company, pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the audited Consolidated Financial Statements of the Company and its subsidiary for the year ended 31st March 2009 prepared in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and is covered by our report of even date to the Board of Directors of the Company, which report is attached hereto.

For **R. L. Rathi & Co.**
Chartered Accountants

R. L. Rathi
Proprietor
Membership No. 14739

Date : 30th June 2009

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

To
The Board of Directors of
Bilcare Limited

1. We have audited the attached Consolidated Balance Sheet of **Bilcare Limited**, its subsidiary company Bilcare Singapore Pte Limited, Singapore, and joint venture International Labs LLC as at 31st March 2009 and also the related Profit and Loss Account and Cash Flow Statement for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the subsidiary company Bilcare Singapore Pte Limited, Singapore, and its subsidiaries Bilcare Inc, Bilcare GmbH, Bilcare Farmaceutica Embalagem E Pesquisas Ltda, Bilcare (UK) Limited, Bilcare GCS (Europe) Limited, subsidiary of Bilcare (UK) Limited, Bilcare Technologies Singapore Pte. Limited (Formerly Singular ID Pte. Limited) and Bilcare Technologies Italia Srl (Formerly Singular ID Italia Srl), subsidiary of Bilcare Technologies Singapore Pte. Limited and joint venture International Labs LLC for the year ended on 31st March 2009. These statements were audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to these companies is based solely on the report of the other auditors.
2. We conducted the audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of Bilcare Limited and its subsidiaries included in the aforesaid consolidation.
4. In our opinion, based on our audit and the separate report of other auditors, the consolidated financial statements referred to above give true and fair view of the financial position of Bilcare Limited and its aforesaid subsidiaries as at 31st March 2009 and of the result of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles in India.

For **R. L. Rathi & Co.**
Chartered Accountants

R. L. Rathi
Proprietor

Date : 30th June 2009

ABRIDGED CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2009

		As on 31 st March 2009	As on 31 st March 2008
	Rs. Lacs	Rs. Lacs	Rs. Lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	1,720.81		1,645.31
Share Application Money	—		403.99
Reserves & Surplus	47,877.29		37,238.61
		49,598.10	39,287.91
DEFERRED TAX		9,838.13	6,303.55
LOAN FUNDS			
Secured Loans	27,953.93		17,446.23
Unsecured Loans	67,091.46		52,921.94
		95,045.39	70,368.17
		<u>154,481.62</u>	<u>115,959.63</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	92,686.14		58,789.77
Less : Depreciation	9,854.57		6,289.35
Net Block	82,831.57		52,500.42
Capital work in progress	1,603.46		4,323.33
		84,435.03	56,823.75
INVESTMENTS		14,545.84	12,277.21
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	14,148.70		8,165.67
Sundry Debtors	32,954.04		21,202.61
Cash & Bank Balances	10,532.24		15,661.16
Loans & Advances	7,197.76		7,396.90
	64,832.74		52,426.34
LESS : CURRENT LIABILITIES & PROVISIONS	11,683.82		8,116.24
NET CURRENT ASSETS		53,148.92	44,310.10
MISCELLANEOUS EXPENSES (to the extent not written off or adjusted)		2,351.83	2,548.57
		<u>154,481.62</u>	<u>115,959.63</u>
NOTES ON ACCOUNTS			

As per our report of even date
R. L. Rathi & Co.
Chartered Accountants

R. L. Rathi
Proprietor

Place : Pune
Date : 30th June 2009

Anil Tikekar
Company Secretary

For and on behalf of Board of Directors

Mohan H. Bhandari
Managing Director

Dr. Praful R. Naik
Executive Director

ABRIDGED CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Year ended 31 st March 2009 Rs. Lacs	Year ended 31 st March 2008 Rs. Lacs
INCOME		
Sales	85,602.48	65,068.17
Other Income	771.11	1,918.18
	<u>86,373.59</u>	<u>66,986.35</u>
EXPENDITURE		
Cost of Materials Consumed / Sold	48,469.09	36,149.58
(Increase) / Decrease in Stocks	(1,031.13)	(641.48)
Payments to & Provision for Employees	8,633.50	6,054.67
Overheads	10,880.96	9,152.14
Interest	3,925.55	1,427.60
Depreciation	3,783.97	2,415.58
	<u>74,661.94</u>	<u>54,558.09</u>
Profit before Taxation	11,711.65	12,428.26
Provision for Taxation	3,418.12	4,272.64
Net Profit after Taxation carried to Balance Sheet	<u>8,293.53</u>	<u>8,155.62</u>
NOTES ON ACCOUNTS		

As per our report of even date

R. L. Rathi & Co.

Chartered Accountants

R. L. Rathi

Proprietor

Place : Pune

Date : 30th June 2009

Anil Tikekar

Company Secretary

For and on behalf of Board of Directors

Mohan H. Bhandari

Managing Director

Dr. Praful R. Naik

Executive Director

ABRIDGED CONSOLIDATED CASHFLOW FOR THE YEAR ENDED 31ST MARCH 2009

	Year ended 31 st March 2009 Rs. Lacs	Year ended 31 st March 2008 Rs. Lacs
A Cash flow from operating activities		
Profit after tax	8,293.53	8,155.62
Adjustment for:		
Foreign Currency Monetary Items Translation Difference Account	(3,149.10)	—
Depreciation	3,577.85	1,989.33
Interest/Dividend (Net)	3,413.73	763.79
(Profit) on sale of fixed assets	(0.28)	(2.64)
Warrant Repurchase	(1,670.80)	—
FCCB Liability & Bond Investment revaluation	(826.75)	—
Exchange Difference (Foreign Currency Translation Reserve)	4,536.08	(202.39)
Provision for Employees Benefits for earlier years	—	(123.32)
Operating profit before working Capital charges	14,174.26	10,580.39
Deferred Tax Liability	3,534.58	2,239.15
Adjustments for:		
(Increase) / Decrease in Preliminary Expenses	196.65	(2,003.61)
Trade & other receivables	(11,552.30)	(11,382.33)
Inventories	(5,983.03)	(3,558.17)
Trade Payables	3,835.82	3,346.81
Cash generated from operations	4,205.98	(777.76)
Interest Paid	(3,611.63)	(1,380.40)
Direct Taxes paid	(280.18)	(436.74)
Net cash from operating activities	314.17	(2,594.90)
B Cash flow from investing activities		
Purchase of fixed assets	(31,193.22)	(24,057.90)
Sale of fixed assets	11.67	18.23
Investments	(2,268.63)	(3,372.56)
Interest received	503.96	663.30
Dividend received	7.85	0.51
Net cash from investing activities	(32,938.37)	(26,748.42)
C Cash flow from financing activities		
Proceeds from Share application money	(403.99)	(10,489.34)
Proceeds from issue of Share Capital	75.50	225.23
Proceeds from Share Premium (Net)	3,959.15	11,012.21
Proceeds from long term borrowings	28,781.46	44,251.80
Repayment of long term borrowings	(4,104.24)	(10,027.23)
Dividend paid including tax	(812.60)	(713.66)
Net cash from financing activities	27,495.28	34,259.01
Net increase in cash & cash equivalents (A+B+C)	(5,128.92)	4,915.69
Cash and cash equivalents as at 01.04.2008	15,661.16	10,745.47
Cash and cash equivalents as at 31.03.2009	10,532.24	15,661.16

As per our report of even date

R. L. Rath & Co.

Chartered Accountants

R. L. Rath

Proprietor

Place : Pune

Date : 30th June 2009

Anil Tikekar

Company Secretary

For and on behalf of Board of Directors

Mohan H. Bhandari

Managing Director

Dr. Praful R. Naik

Executive Director

NOTES ON ABRIDGED CONSOLIDATED ACCOUNTS

1. Basis of Consolidation

a) Basis of Preparation

The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

b) Principles of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of Bilcare Limited ("the Company") and its subsidiaries / joint venture.

The Financial Statements of all the companies are prepared according to uniform accounting policies in accordance with generally accepted accounting principles in India.

The effects of the subsidiary companies transactions are eliminated on consolidation. The financial statements of the company and its subsidiary have been combined on a line by line basis by adding together the book value of like items of assets, liabilities income and expenses.

c) For disclosure of Notes to Accounts refer to Schedule 19 to the independent financial statements of Bilcare Limited, India.

d) Companies included in Consolidation are:

Name of the company	Country of Incorporation	% of voting power held as at 31 st March 2009
Bilcare Singapore Pte Ltd.	Singapore	100%
Bilcare GmbH	Germany	100% *
Bilcare Inc.	USA	100% *
Bilcare Farmaceutica Embalagem E Pesquisas Ltda.	Brazil	100% *
Bilcare (UK) Ltd.	UK	100% *
Bilcare GCS (Europe) Ltd. Subsidiary of Bilcare (UK) Ltd.	UK	100% *
Bilcare SA	Switzerland	100% *
Bilcare Singapore Technologies Pte. Ltd. (Formerly Singular ID Pte. Ltd.)	Singapore	100% *
Bilcare Technologies Italia Srl. (Formerly Singular ID Italia Srl.), Subsidiary of Bilcare Singapore Technologies Pte Ltd.	Italy	100% *
International Labs LLC	USA	50% #

* Held through subsidiary – Bilcare Singapore Pte. Ltd.

50% Joint Venture with MeadwestVaco acquired in July 2008

e) Consolidation of the accounts has been prepared based on the foreign currency rates prevailing as at 31st March 2009.

2. Bilcare Singapore Pte. Ltd., Singapore has issued USD 90 million 4% Convertible Bonds alongwith warrants due 2012. The bonds may be redeemed in whole at the option of the bondholder on the maturity date at a price of 130.726% of the principal amount, plus accrued interest, as per the terms of the issue. The Bonds may be converted to shares of Bilcare Singapore Pte. Ltd. at maturity or 90 days after the completion of a Qualified IPO. The bonds are listed on Singapore Stock Exchange.

Part warrants, as stated above, were repurchased during the year at the prevailing market rate and the cost of the same is charged to Profit & Loss Appropriation Account.

NOTES ON ABRIDGED CONSOLIDATED ACCOUNTS

	Consolidated 31 st March 2009 Rs. Lacs	Consolidated 31 st March 2008 Rs. Lacs
3. Contingent liabilities not provided for in respect of:		
a) Corporate Guarantee given	22,956.93	18,952.73
b) Disputed Income Tax matters in appeal	22.10	479.51
c) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	1,580.20	965.83
4. Deferred tax (assets) and liabilities arising on account of timing differences in depreciation	9,838.13	6,303.55
5. The subsidiaries have reported related party transactions, which are eliminated in consolidation. Hence disclosure in this regard is fairly reflected in Schedule 19 Note number 11 to the independent financial statements of Bilcare Limited.		
6. Difference between the cost of investment in subsidiary company and the value as on the date of conversion due to foreign exchange fluctuation is credited / debited to Foreign currency translation reserve on consolidation.		
7. Trade Investment represents the FCCB issued by Bilcare Ltd., India and purchased by Bilcare Singapore Pte. Ltd., its subsidiary in Singapore.		
8. The Department of Company Affairs, Government of India vide its order issued under Section 212 (8) of the Companies Act, 1956 has exempted the Company from attaching a copy of Accounts of its subsidiaries for the financial year ended 31 st March 2009. The disclosures as per the terms of above order are enclosed.		
9. Significant Accounting Policies Most of the accounting policies of the Reporting Company and those of its Subsidiaries are similar. Due to inherent diversities in the legal and regulatory environments, certain accounting policies in respect of depreciation / amortisation etc. differ. The accounting policies of all the Companies are in line with generally accepted accounting principles in India.		
10. Notes of these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognizing this purpose, the company has disclosed only such Notes from the individual financial statements, which fairly present the needed disclosure. Practical considerations, made it desirable to exclude notes to Financial Statements, which in the opinion of the management, could be better viewed, when referred from the individual Financial statements of Bilcare Limited. Notes referred to in these financial statements are references to the notes to the independent financial statements of Bilcare Limited.		
11. The Company is engaged in advanced pharma packaging solutions which as per Accounting Standard – AS 17 is considered the only reportable business segment by the management in the light of the dominant source and nature of risks and returns, location of its production facilities and assets of the group and relied upon by the auditors.		
12. Depreciation on Fixed Assets On Fixed Assets, depreciation is provided on straight line method in the manner prescribed by Schedule XIV to the Companies Act, 1956, read with the relevant circulars issued by Department of Company Affairs from time to time. In respects of assets added / disposed off during the year it has been provided on pro-rata basis with reference to the number of days in use. Patent and Trademarks are amortized over their estimated economic life.		
13. Figures for the previous year have been regrouped / reclassified wherever necessary to conform with the current years classification.		

As per our report of even date
R. L. Rathi & Co.
Chartered Accountants

For and on behalf of Board of Directors

R. L. Rathi
Proprietor

Mohan H. Bhandari
Managing Director

Place : Pune
Date : 30th June 2009

Anil Tikekar
Company Secretary

Dr. Praful R. Naik
Executive Director

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