

Bilcare *Research*

Annual Report 2010 - 11

Towards  Global Impact





Pune **India**



Changi **Singapore**



Phoenixville **USA**



Staufen **Germany**



Nashik / Thane **India**



Botzingen **Germany**

Global Center of Excellence and R&D Center for Pharmaceutical Packaging Development. Global Clinical Supplies facility for Asian Market. State of the art Polymer Coating and Aluminum Printing facilities

World's largest Polymer Coating & Lamination lines. Pharma Center of Excellence for Asia. Development Center for nonClonableID™ Technologies

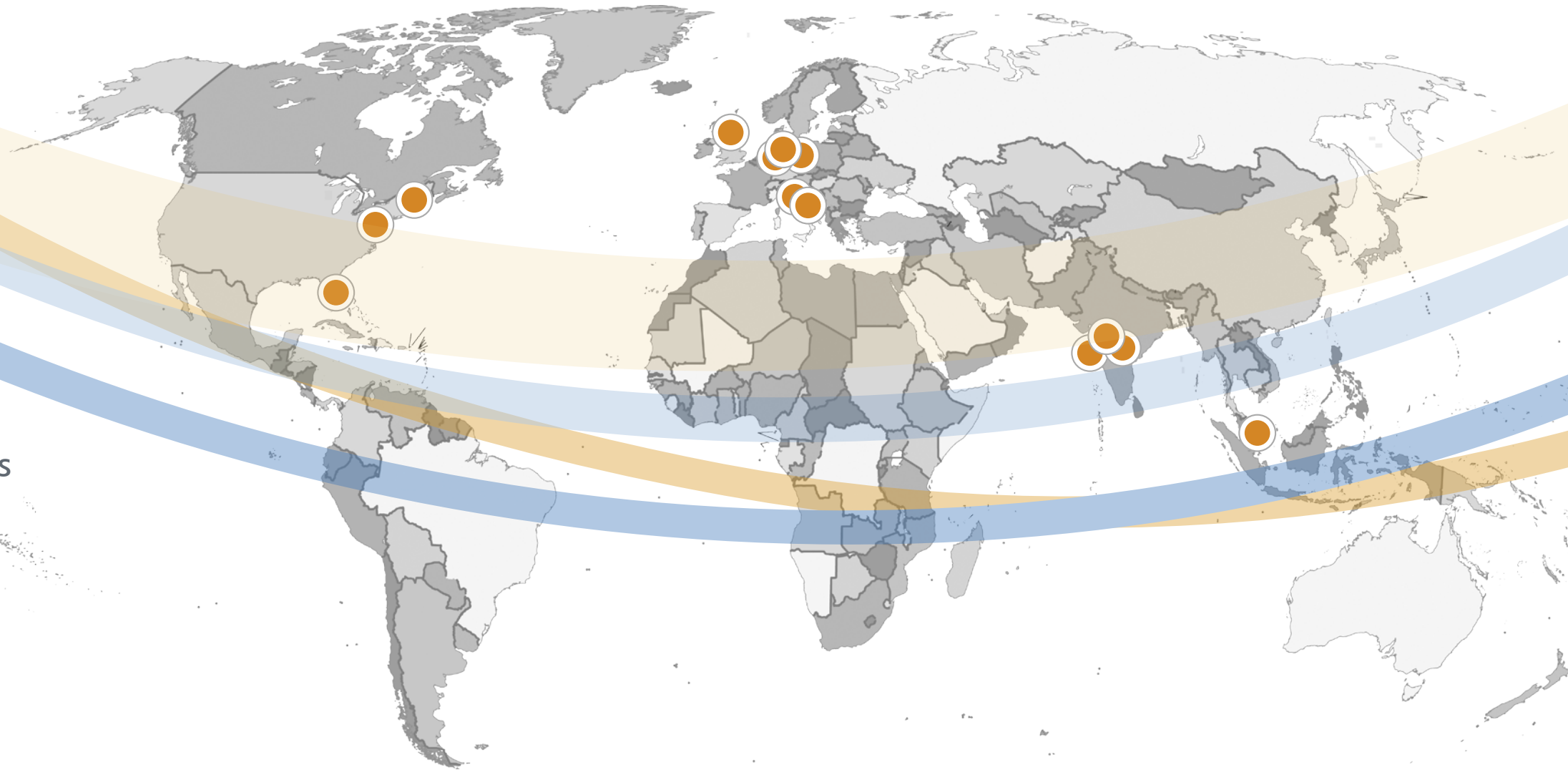
Global Clinical Supplies facility for manufacturing Clinical Trial Kits, Labeling, Storage & Distribution with value added IT & Communication Services for Global Clinical Trials

High-end Specialty Calendered Film for Print and Shrink applications

Calendering, Coating and Specialty Flexible Films manufacturing sites

European Center of Excellence for Pharma Packaging Research & Development. Global scale Calendering, Coating and Lamination facilities

Global Footprints



American Center of Excellence for Pharma Packaging Research & Development. Calendering and Stentering facilities. Security ID card Films manufacturing

Calendering lines, strategically located to cater the eastern European Markets

Manufacturing site for specialized Child Resistant Blister & Shell Packs in joint venture with MeadWestvaco

Dedicated facility for manufacturing High-end Security ID Cards films

Global Clinical Supplies facility, Labeling, Storage & Distribution for Global Clinical Trials

Calendering, Lamination and Metallizing manufacturing capability for the European Food Industry



Delaware **USA**



Golzau **Germany**



Florida **USA**



Castiglione **Italy**



Crickhowell **UK**



Fucine **Italy**

Vision

Delivering Innovation - Touching Lives

Values

Speed

Proactive and swift action are our mantras

Innovation

Our constant approach at all levels is to seek better ways of listening, thinking and doing - making our offerings meaningful and impactful

Happiness

We are motivated by our customers' success and happiness of our stakeholders

Offerings

Packaging Innovations

- Pharma Packaging Innovations
- Specialty Films Solutions
- Packaging Films Solutions
- Cards Solutions

Global Clinical Supplies

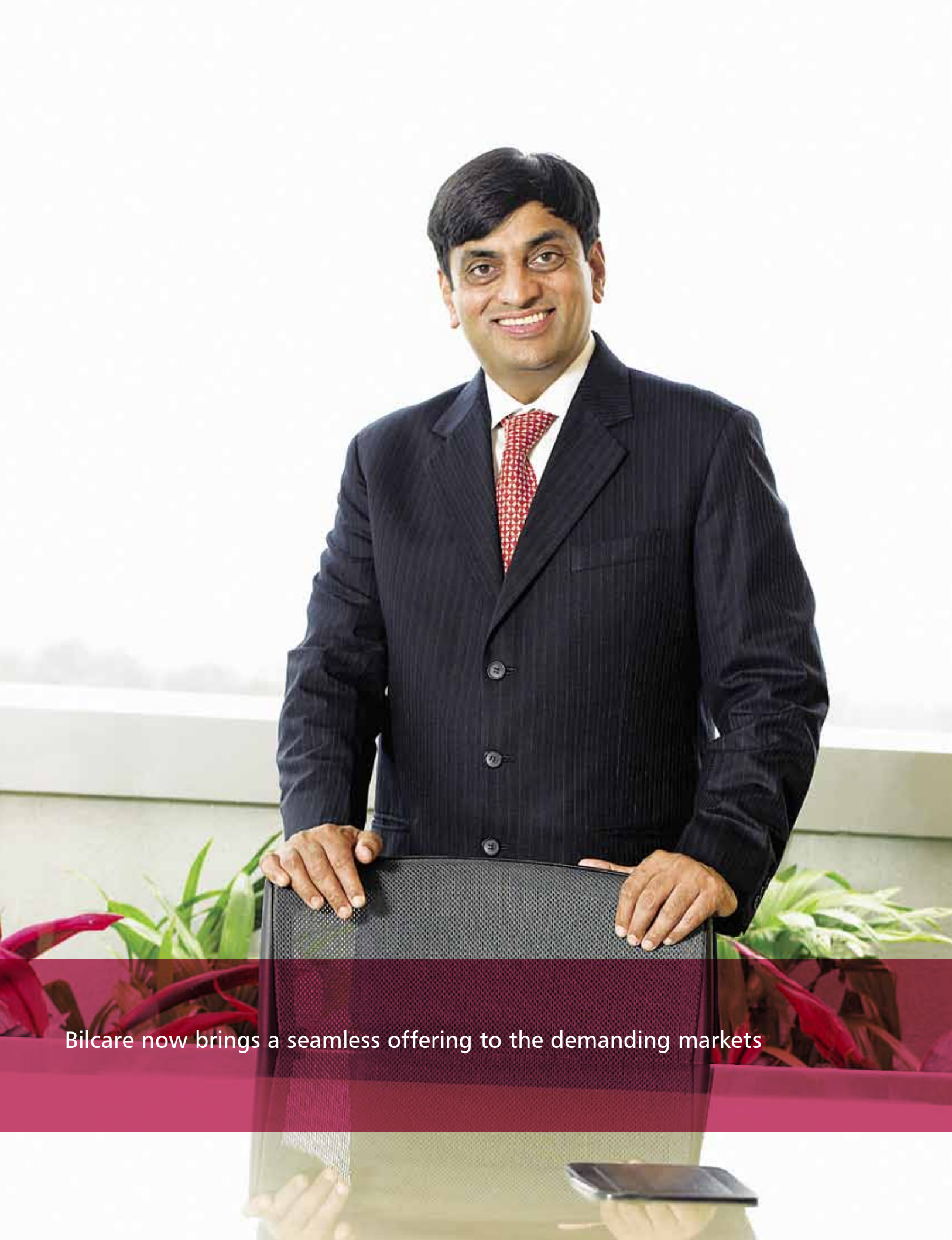
Research Process Outsourcing for new drug discovery in clinical trials; Facilitating speed-to-market

nonClonableID™ Technologies

nonClonableID™ Technologies for Track 'n' Trace and Authentication of people and products - anywhere, any time

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Bilcare now brings a seamless offering to the demanding markets

Chairman's Letter

Towards Global Impact

Dear Shareholders,

In the two decades of Bilcare's existence, your company has achieved numerous milestones and 2010 – 11 has been a watershed year.

For the past decade, Team Bilcare has strived to achieve global leadership in the pharmaceutical packaging domain. Driven by our vision, beliefs and commitment to excellence, this goal has now been achieved and we stand acknowledged as one of the leading global players in the pharma packaging industry. Even as I pen my thoughts on the successful achievement of volume leadership in our domain, the long persistent challenges of Pharma brands – growth, convenience and communication to patients, and perhaps most importantly, the serious issue of spurious drugs are yet to be resolved. This is where your company is committed to bring path-breaking innovations through technology solutions.

Bilcare's recent European venture has resulted in new global footprints and an opportunity to partner with over 2000 established customers backed

by state-of-the-art research and plant facilities in America, Europe and Asia. As your company steps forward into an exciting and challenging business environment, it is leveraging its considerable cumulative learning and customer-centric solutions to build strong engagements with the heavyweights of pharma in Europe and allied countries.

This strategy is consistent with current market trends in the packaging and pharmaceutical packaging sectors. Western Europe, US and Japan dominate sales and consumption figures although Central America, Asia and Central & Eastern Europe are forecast to show the highest growth rates over the next four years.

In the pharmaceutical packaging vertical, industry experts estimate that the U.S and Europe will account for more than 50% of pharmaceutical packaging demand. U.S. will remain the largest consumer of pharmaceutical packaging as its advanced drug-producing sector introduces sophisticated therapies with specialized packaging needs. At the same time, India, China and Brazil are poised to

provide rapid opportunities for growth based on expanding pharmaceutical manufacturing capabilities and the up-gradation and diversification of drug-producing sectors.

With Bilcare's strategic presence across the globe, your company is set for long-term growth by integrating cross-border strengths and best practices. At our facilities, we look to supplement over four decades of European manufacturing excellence in combination with our research capabilities in India and Singapore. This is also resulting in a seamless blending of the cost optimization of the East with the efficient decision-making process and product development chain of the West; creating a win-win situation for our customers and numerous 'generation next' ideas and solutions for demanding markets across the globe.

Across our businesses, Research and Innovation continues to be the backbone of our path forward. We have expanded our basket of products and services to provide comprehensive solutions to the packaging needs of our global clientele. Bilcare's innovation-led solutions approach allows us to work as an extended arm of our customers, and is yielding excellent results in other verticals of our packaging business as well.

We believe that absorption and adaptation of new ideas and

technologies enables us to develop new products, processes & solutions and leads to successful technology innovations. Our aluminium material innovations, child protection solutions and many patented anti-counterfeiting products are the new growth areas for Bilcare.

Our consolidated revenue stands at ₹. 2,287 Crores, showing a 118% growth. EBIDTA grew at 45% and stood at ₹. 377 Crores while PAT was ₹. 149 Crores. The Directors recommend a dividend of 30%, amounting to ₹. 3.00 per share.

Today, I am excited about the impeccable quality of our people, augmented by our recent acquisition. Team Bilcare continues to drive the core of our initiatives, enterprise and growth. Our multicultural employee pool continues to set new standards of excellence as we are constantly inspired by our human talent and innovation. We seek to create an enterprise of entrepreneurs driving the business globally and have put processes and systems in place to develop empowered leaders. Your company is riding a new wave of possibilities for sustainable growth.

We seek to build on our achievements and develop our human potential to the greater benefit of our stakeholders in a profitable, responsible and inclusive manner. Our belief towards society, has given impetus to our

continued CSR initiatives, providing educational resources to deserving children, ensuring the inculcation of leadership qualities and investing in their holistic development.

Although FY 2011 has been a watershed year, I see the next 3 years promising to usher in beneficial times for Bilcare. I am confident that, with our depth of resources, products and talent, we can meet varied business & industry challenges and deliver the values we seek to achieve.

While consolidating our assets and ensuring optimum utilization of our offerings, we will be the most preferred

client partner and establish a strong global leadership in our domain.

I thank you for your continued support and guidance and look forward to welcome many more to join this exciting journey.

Regards,



Mohan H. Bhandari
Chairman & Managing Director



Mohan H. Bhandari

Chandra Prakash Jaggi

Dr. Arthur Carty

Dr. Praful R. Naik

Rajendra Tapadia

Dr. Volker Huelck

Dr. Kalyani Gandhi

Dr. R. V. Chaudhari

Dr. Bhojraj Suresh

Mohan H. Bhandari
Founder, Chairman and
Managing Director

Mohan Bhandari is the founder of Bilcare and spearheads the company as Chairman and Managing Director. He has almost 30 years experience in the global pharmaceutical packaging industry. Under his leadership, the Company has grown exponentially in the both the domestic and international arena. A first generation technocrat entrepreneur, he received the Lifetime 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 postgraduate diploma in both Management Studies and Packaging Science.

Chandra Prakash Jaggi
Director

Chandra Prakash Jaggi has over 39 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.

Dr. Arthur Carty
Director

Dr. Arthur Carty has over four decades of experience in research in different fields of science. He brings to the 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 credit over 316 journal publications and five patents. He has served as Canada's

first National Science Advisor to the Prime Minister and the Government of Canada from 2004 to 2008. He also served as the President of the National Regional Council (NRC), Canada from 1994 to 2004.

Dr. Praful R. 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 21 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.

Rajendra Tapadia
Director

Rajendra Tapadia provides support to Bilcare on process and product technology. He is an eminent industrialist with over three decades of experience in the industry. Mr. Tapadia holds a degree in Chemistry from Pune University and a postgraduate diploma in Business Management.

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 32 years of experience in teaching and is the former Dean of the Indian Institute of Management, Bangalore. She holds a Master's degree in Industrial Psychology and has completed her Ed.D. and M.Ed. from Rutgers University, USA.

Dr. R. V. Chaudhari
Director

Dr. R. V. Chaudhari, a renowned catalysis and reactor engineering expert, provides valued insight and guidance to Bilcare's IP strategy and R&D initiatives. He has published more than 260 papers in various international journals, 3 books 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. He holds a Ph.D. in Physical Chemistry and Fellowships of several scientific academies and societies.

Dr. Bhojraj Suresh
Director

Dr. Bhojraj Suresh, an eminent expert in pharmaceutical sciences, provides Bilcare guidance on its R&D and product development efforts. He has over two decades 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 the Pharmacy Council of India, New Delhi. He is also the Chairman of the Scientific Body of the Indian Pharmacopoeia Commissions and has close to 300 scientific publications to his credit.



The developing markets of South & Central America, Asia, and Central & Eastern Europe will show the highest growth over the next four years.

Expanding Horizons

Pharmaceutical Industry Overview

The tough market conditions and slowdown in the growth rate of the past few years were brought on by cost containment in the US and major European markets and the impact of several blockbuster patent expiries. However, Big Pharma met these challenges head on, delivering steady results and consolidating on their gains, resulting in more positive developments in 2010.

According to the pharmaceutical research agency IMS Health, the pharmaceutical industry grew by 4.1% in 2010 to USD 856 billion. This was led by a 14% growth rate in Latin America, Asia, Africa and Australia. Growth rates in North America stood at 1.9% a decrease from the 5.5% in 2009. In absolute terms, the market size in North America is still the largest at USD 335 billion. Within the growth continents, Africa, Asia and Australia, which account for USD 129.7 billion of the USD 874.6 billion pharmaceutical market, delivered the best growth of 14%. However growth in Europe continues to be sluggish, with the continent growing at a slower 2.4% in 2010 as compared to 4.9% growth in 2009 and IMS has estimated Europe's pharmaceutical sales in 2010 to be approximately USD 253.2 billion.

Big Pharma has indicated the new trend it will follow in the years ahead i.e. cost cuts in existing turfs and driving home a collaborative advantage to invigorate sales. As a result, reputation perseverance via adoption of anti-counterfeiting measures is coming to the fore on its own, given that sales growth witnessed in "pharmerging" (BRIC, South

Korea, Turkey & Mexico) markets is superior to the developed world. In the long term, the regular use of sub-standard or counterfeit medicines can lead to therapeutic failure or drug resistance and in some cases death.

Counterfeiting as a problem has accelerated, with 2009 and 2010 providing fresh visibility in areas such as China. Counterfeiting affects the user, manufacturer and government authorities, though not necessarily in that order of importance. The relatively easy access that counterfeiters have to duplicating drug packaging is one of the key reasons for the growth in this malaise and a step in this direction would be to enable determining the efficacy and safety of these drugs at a point of purchase. This would also go a long way in making the customers, companies and regulators satisfied about the medicines available using technologies which can be easily ascertained by all to be genuine. According to the World Health Organization, while most of the incidents involved insufficient active ingredients, the fatal ones in China found a six times higher concentration of the active ingredient.

Global pharmaceutical sales

IMS Health estimated that pharmaceutical sales are likely to cross USD 975 billion by 2013 and breach the USD 1 trillion barrier in 2014. Pharmerging nations including the BRIC, South Korea, Turkey and Mexico will continue to play an important role in driving this development. A number of factors limited drug sales growth in 2010, including patent loss, payers seeking to limit price increases, and increased use of generics. Numerous events could also have a longer-term effect on the

pharmaceutical market, including the passage of comprehensive healthcare reform in the US and the possibility of decentralization of healthcare in Europe. Nevertheless, the pharma sector is expected to grow in the next 3 years, albeit at reduced levels, given the rising rates of chronic diseases alongside aging populations, and a boost in per-capita medical spending.

Following the pattern predicted last year, companies are looking East to stimulate business growth. The Asia-Pacific region looks to emerge as the fastest growing pharmaceutical market over the next few years. This can be attributed to the low costs and favourable regulatory environment. This region has experienced important developments regarding contract manufacturing, especially in generics and APIs. Increased R&D activities in the region have helped the Asia-Pacific pharmaceutical industry expect to grow during 2010-2012 and become the global API production hub in next few years.

Overall, lower cost generic drugs are leading the way for most nations. There is also an increased focus on security and anti-counterfeiting measures to ensure genuineness of drug intake and patient safety.

Global pharmaceutical sales by region

Pharmaceutical sales in North America grew at a pace of 1.9% in 2010 to USD 335 billion. Other continents including Latin America, Asia, Africa and Australia have continued to grow at a healthy rate, which has resulted in further deterioration in the pharmaceutical positioning of North America and Europe. The 3-A continents (Asia, Africa and Australia) exhibited slightly reduced growth rate of 14% in 2010 compared to the previous year's growth of 15.5%. Compared to a growth of 4.8% in 2009, Europe continued to slide by showing a growth of 2.4% in 2010. In absolute terms, the latest market size in Europe stood at USD 253.2 billion as compared to USD 264 billion in 2009. The developed world has continued to struggle in the face of the trend of more products going off-

patent, a pattern which is expected to escalate in the coming years. Therefore, while the developed market growth has been dampened, Latin America and the 3-A continents are thriving based on the surge in generics requirements. However, even in 2010, North America, Europe and Japan accounted for over 78% of the global pharmaceutical sales.

Leading therapy class in 2010

Oncology remained the top selling therapy class in 2010 with a 6.7% growth to USD 55.97 billion from USD 52.72 billion in 2009. Anti-diabetics ranked in the top five growing segments, with sales of USD 34.42 billion at 12.2% in 2010. The anti-epileptic segment continued to show sluggish figures at USD 12.55 billion at a rate of 3.3%. Lipid regulators stood as the second largest therapy class with a growth of 2%. The year 2010 saw USD 36.4 billion worth of lipid regulator sales worldwide. Auto immune agents which have seen a sharp increase in usage showed 14.7% growth in 2010. The year saw sales of USD 20.71 billion worth of auto immune agents. Respiratory agents at USD 35.92 billion sales and HIV anti-virals at USD 15.43 billion annual sales saw growths of 7% and 13.2% respectively.

IMS health estimates that patent expiries which are likely to peak through 2012 might witness almost USD 142 billion of sales to come under pressure. Till 2012 it expects six of the top 10 selling drugs to face competition from generics. Cholesterol regulators, antipsychotics and anti-ulcerants are segments which could come under pressure.

Collaborative Pharma – The evolving business model

The industry is currently witnessing rapid expansion with advances in manufacturing processes, technology innovation and integration, which is the main driving force behind the growth of pharmaceutical packaging sector globally. The growth is expected to be higher in India and China, primarily on account of increasing generics and contract manufacturing activities.

The increasing demand for biologics will boost the demand for innovative product packaging solutions in the global pharmaceutical packaging market. Also, with more than \$ 120 billion worth of drugs going off-patent in the next five years, generic drug manufacturers in developing economies will emerge as a major segment, driving demand for pharmaceutical packaging. While these factors will continue to drive demand for packaging, the industry needs to overcome challenges such as availability and price volatility of raw materials and changing health regulations, in order to meet the increasing demand.

The market size of drug delivery devices and blister packaging is expected to grow at a faster rate than other segments in the pharmaceutical packaging industry. Increasing demand for improved drug delivery mechanisms and more complex biologic molecules will have to be complimented with better drug delivery devices. Also, blister packaging will witness growth because of increasing usage of unit dose packaging. Packaging solutions providers who aim to dominate the market will need to evolve business strategies and expand their product horizons.

Companies who look to spearhead growth will need to rise to the needs of the pharmaceutical packaging market and its trends. Over the next few years, the this sector will provide the biggest growth opportunity in areas of production, including security-enhanced labelling & packaging components and for clinical trials and post-approval use of unit dose blister packaging, to name a few.

Trends in global packaging

The global packaging industry trends in 2011 show a renewed optimism and confidence. This has been augmented by the decrease in global economic uncertainty, rising sales innovation and increased production and process efficiency, and strong growth in emerging markets such as India, China and Brazil. When discussing sales, Western Europe is

the largest world region for rigid plastic packaging sales, followed by North America and Asia. The US is the largest national market, with Japan in second place. The developing markets of South and Central America, Asia, and Central & Eastern Europe will show the highest growth for rigid plastic packaging over the next 4 years.

Western Europe, North America and Japan are forecast to grow consumption of rigid plastic packaging at the lowest rates over the next 4 years. In contrast, developing countries of Central and South America, Asia and Central and Eastern Europe will be the fastest-growing consumption markets.

Keeping the patterns in consumption and sales in mind and factoring the effect of the global economic trends, end-to-end packaging solutions providers are therefore geared to make a significant impact across various industry verticals in the next few years.

Bilcare Research is strategically positioned to leverage its strengths in pharmaceutical packaging, global clinical supplies, research and innovation driven technologies and address market and client needs. By addressing the 5 Cs of the industry i.e. Counterfeit, Compliance, Communication, Convenience and Cost, Bilcare enables clients to rely on our healthcare solutions whilst moving on their business growth journeys.

Business Overview

Acquisition of Ineos' Global Films business

In the past year, we have expanded our product and service horizons through our approx. € 100 million (Rs. 607 crores) acquisition of the INEOS Group's plastic film-making, with annual sales of Rs. 1458 crores. This brings together complimentary capabilities and synergies of two leading global businesses, one a leader in Pharma and Specialty films and the other being the foremost solution provider of innovative packaging to global pharmaceuticals for their brand safety and growth.

Bilcare's research and development focus, combined with INEOS' broad production and application knowledge provides a strong strategic fit.

INEOS Films was a global producer of rigid films. Its manufacturing and marketing activity was concentrated in the production of high quality polymer PVC and PVC-PE films and included the finishing of films in the form of coating, stentering, laminating and metallizing. It was also involved in the extrusion of PET and PET-PE films. With over 50 years experience in calendering rigid PVC films, INEOS Films was one of the leading high quality polymer film producers in the world. Worldwide the INEOS Films employed approximately 1,300 people with sites in Germany, Italy, India and the US. It had the capacity to produce around 140,000 tonnes of films per annum and had sales of € 240 million in 2009 calendar year.

Bilcare's acquisition comprised of the business, assets and personnel related to INEOS' Films operations located in North America, Europe, and Asia. It is a paradigm shift in the pharma packaging space and a significant step towards creating a customer centric company to deliver path breaking innovations and establish global leadership. Bilcare now has the unique opportunity to enhance its offerings to apply an innovation led approach to a broad range of industries, particularly in Europe and the US. While we continue to be an industry leader in pharmaceutical packaging, this venture has allowed us to achieve a market leadership led foothold in the European packaging sector, servicing a 1900 client list of venerable business names including Pfizer, Novartis and Johnson and Johnson, providing solutions in pharma packaging innovations, packaging films, card solutions and specialty films.

This venture will help Bilcare escalate customer acquisition strategy and market leadership position in Europe, which would have taken a decade to build organically. At the backend, we will use manufacturing best practices from our Asian plants,

economies of scale in raw material purchasing from global sources in Asia and talent exchange to ensure significant manufacturing efficiencies which will help in cost optimisation and shoring up profitability in a definite manner over the next 3 years.

We offer integrated packaging solutions - from materials research and development, to packaging design, development and support – in numerous countries, across diverse industry sectors. As a research-driven organization, we follow a customer-centric approach to fulfil needs in the areas of packaging films, specialty films and card solutions.

We partner with our customers to increase the reliability of their products, deliver optimum packaging performance, innovation and brand growth. Our motto of providing brand growth solutions addresses the key challenges faced by the pharma industry worldwide, particularly the 5Cs – Counterfeiting, Compliance, Communication, Convenience and Cost. We have supplemented our research and development capabilities with broad production and application knowledge. With the additional scale, operational expertise and expanded geographic footprint, we offer a value proposition unrivalled in the packaging industry.

Bilcare is committed to global growth and innovation and finds itself at the forefront of delivering sustainable, affordable and innovative packaging solutions to ensure value addition to customers and a responsible business performance for our stakeholders. Based on our innovation led, process-driven, customer-centric solutions, we are poised for significant growth over the long-term. We have acknowledged global trends in packaging consumption and sales and are striving to maintain and improve upon our leadership position. Along with the expansion in our businesses, capabilities and ambitions, we seek to build on our achievements and develop our human potential to the greater benefit of our employees and stakeholders in a profitable, responsible and inclusive manner.

Spectrum of Solutions

Packaging Innovations

With the acquisition of the INEOS films business, Bilcare's packaging innovations division has expanded its product horizons in the past year. Alongside our mainstay pharma packaging vertical, we now offer integrated packaging films, specialty films and card solutions. We have supplemented our research and development capabilities with broad production and application knowledge, thus maintaining our status as a single source packaging solutions provider.

Pharma Packaging Innovations (PPI)

Over the past year we have targeted the development of packaging solutions to address functional requirements of medicines with respect to efficacy and safety through the shelf life and cost optimization. We are also continuously creating a unique brand identity for products by incorporating several user-related characteristics and using packaging as a promotional tool.

We develop innovative methodologies, customized equipment and testing protocols for understanding and optimizing the drug protection process, overcoming regulatory, quality and compliance concerns, solving drug-stability issues and accelerating 'speed to market' while optimizing packaging costs. These services are presently offered through our Research Centres in India, Singapore and the

US and driven by Brandpak™, our innovative packaging solutions that ensures compliance, convenience, communication and branding, child safety whilst preventing counterfeits.

Bilcare Research is an established supply chain partner catering to the blister packaging needs of leading pharmaceutical manufacturers. We offer a full range of high quality film and foil packaging materials to protect even the most sensitive pharmaceutical products. Our coating, lamination and printing plants are equipped with online process control and quality inspection tools that meet all global regulatory, functional and application requirements. Our plants have been rated by industry experts and pharmaceutical majors as one of the best packaging material manufacturing facilities in the world.

We also partner and engage with well-qualified secondary operating facilities (slitting, printing and packing) outside our own manufacturing facilities, to make products available globally in the shortest possible time. Bilcare Research has introduced a broad variety of films, so customers can now choose the most cost-effective packaging without compromising on protection requirements. All products are registered with USFDA with DMFs and comply with European standards. Our material scientists are continuously developing and introducing new and innovative materials into our growing product range.

Our integrated services enable clients to

focus on the core business of developing new drug molecules, formulation development, manufacturing and marketing while we partner with them in the area of drug stabilization and protection. We help customers capitalize on upcoming trends, through products that maximize the commercial potential and efficacy of drugs.

We look to leverage the powerful synergy of our research capabilities, state-of-the-art design and manufacturing facilities and commitment to create sustainable competitive advantages for our customers. Our core competency in developing specialty packaging material and designs continues to help customers in addressing compliance and counterfeit concerns.

Packaging Films Solutions (PFS)

Using state-of-the-art technology and research, Bilcare meets the highly specialized demands of film packaging through superior physical protection, information communication, marketing and brand protection. Our solutions address the four important development parameters – global availability, value prices, functionality and time – in the packaging solution industry.

We provide a complete range of high-grade packaging films and flexible packaging solutions to suit varied product and technical requirements. Our packaging film solutions serve diverse industry sectors such as food, pharmaceuticals, meat, dairy, household products and automobiles and guarantee the highest levels of film quality through the utilization of selected raw materials, consistency of formulations and stringent quality control.

Our innovative packaging solutions enable customers to make the shift from conventional packaging films to advanced environment-

friendly packaging materials. Our Rigid Films product range includes PVC and PVC metalized Mono films and PVC/PE and PVC/EVOH/PE Multilayer films.

Specialty Films Solutions (SFS)

Bilcare has a proven track record of providing specialty film solutions to meet customers' unique application requirements. We formulate and manufacture specialty films for thermoformed packaging, food and non-food products, consumer goods, printing/decoration, visual packaging, shrink films, office/home furniture and other technical applications. Through a wide range of film components encompassing several colours, surface finishes and embossed effects, we design customized solutions for every customer's requirements.

With access to dedicated specialties manufacturing sites (USA, Germany, Italy and India) we can meet customer demands globally, with regional and local expertise. Our local service centres around the world complement our international network and guarantee that customer needs are consistently addressed. We have also ensured that all production sites work within the certification precepts of the quality management system ISO 9001 and the environment management system ISO 14001.

We are therefore able to achieve the highest product quality through the selection of high-grade raw materials, modern computer-controlled calender lines, and state-of-the-art coating and lamination lines under the control of highly qualified and committed packaging experts.

Cards Solutions (CS)

Bilcare is also a leading global producer of a vast array of rigid films for card solutions. Through our GMP-compliant manufacturing

facilities in Europe and North America, we produce high-quality cores and overlays for various card applications. Using high-quality raw materials, advanced production technologies, and state-of-the-art computer-controlled processing methods, our products adhere to minimal production tolerances.

Our films deliver consistent performance with superior lamination capability, printability, heat resistance, and yield. Our solutions also deploy anti-counterfeiting features through our unique nonClonableID™ technology for identity, authentication and card security across banking, mobile, loyalty, contact-less and combination-card applications.

Our product range includes Rigid PVC and PVC/ABS cores for all card applications, Coated and uncoated overlay PVC-AMBS, Rolls and sheets, Transparent and opaque films in a variety of colours, Different finish surfaces.

With a healthy combination of established products and new offerings, Bilcare's packaging innovations division looks forward to a period of strong growth over the coming years.

Research Services

Innovation is an integral part of Bilcare's pharmaceutical packaging vertical and our Research Services division has exemplified this by continuing to pioneer scientific research on drug stabilization and protection through packaging.

Our scientists include pharmacists, material scientists and packaging engineers have developed innovative methodologies, customized equipment and testing protocols for understanding and optimizing the drug protection process, overcoming regulatory, quality and compliance concerns, solving

drug-stability issues and accelerating 'speed to market' while optimizing packaging costs.

These services are offered through our state-of-the-art research centres in India (Global Excellence Centre, Pune), Singapore (R&D centre, Bilcare Pte. Limited, Changi) and in the US (R&D centre, Bilcare Inc., Pennsylvania).

Over the past year, we have consolidated on the gains of Bilcare Optima™ which provides scientific analysis for optimum packaging and sensitivity profiling of formulations. Our state-of-the-art analytical equipment and testing protocols help in ensuring and understanding packaging efficiency and packaging material quality. Our analytical services facilitate packaging engineers and quality professionals to understand protection effectiveness and application suitability. Our packaging audit services provide comprehensive insights into the current status of packaging operations and solutions to meet global standards and streamline operations. This stringent process not only saves costs, but also prevents hazards in quality once the product is in the market.

We have maintained our status as a market-leading supplier of specialty primary packaging for pharmaceutical products and have been honoured with awards for achieving remarkable success in providing novel packaging alternatives and services to the pharmaceutical sector. We look to spearhead further research and develop path-breaking packaging solutions for our customers' future needs.

Inspiring Excellence

Global Clinical Supplies (GCS)

The global clinical trials market was estimated to be more than USD 43.3 billion in 2008 and predicted to reach a value of over USD 70 billion by 2013. The pharmaceutical market dynamics have become competitive, which is expected to drive the demand for the large trials in the global market. This will impact the clinical trial market on the concern of safety which may bring in some changes in terms of law and regulations.

The emerging markets like India and China are the major contributing factors towards the significant growth in the clinical trial markets. India as a part of the emerging clinical trial destination is expected to contribute 30-40% of the global patient base by the end of 2013.

A critical element of every biopharmaceutical and pharmaceutical company's business strategy going forward will be outsourcing; the extent to which companies outsource key activities will only grow. The trend among big companies towards handing off functions previously considered core competencies, including toxicology, clinical data management, and manufacturing, is likely to accelerate in the coming years.

In addition, acceleration in new drug introduction and the increase in the use of parallel trials have driven significant growth in the clinical trial market. Industry research estimates that total outsourced R&D spending is increasing by approximately 10% per year.

Similarly, management believes that the outsourced clinical trials materials (CTM) industry will continue to grow at a pace of 10%-20% annually as CTM outsourcing converges with clinical research outsourcing.

The CTM industry also benefits from the increasing globalization of drug development, which has been a result of four principal factors:

- (i) intense competition among pharmaceutical companies to develop therapies to address unmet medical needs which afflict large segments of the world population;
- (ii) competition surrounding speed to market of new products, leading companies to conduct clinical trials globally as a means to acquire sufficient trial populations more rapidly;
- (iii) regulatory requests for increasingly larger patient populations to statistically establish safety and efficacy;
- (iv) increasing acceptance by pharmaceutical regulatory bodies of many countries (including the US FDA) of clinical test submissions which include data from other countries, which has led to a shift away from the industry norm of small, fragmented and inefficient country-by-country trials.

With the sophisticated systems required to manage the production and logistics of clinical trial supplies on a global basis, the many regional CTM service providers are not positioned to take advantage of the trend toward global trials. At this juncture, Bilcare GCS, with the ability to leverage its best-in-class CTM outsourcing expertise, state-of-the-art R&D facilities across

the globe and experienced management team is set for strong business growth. Bilcare GCS has consistently maintained its status as one of the world's leading providers of global contract CTM services to pharmaceutical and biopharmaceutical drug developers. We serve global pharmaceutical and biotechnology industries with CTM support, services and complete project management. With best-in-class manufacturing plants, alliances and research and development facilities on three continents and a rigorous speed-to-market philosophy, we deliver end-to-end solutions that support a drug through the entire clinical trial life cycle.

Bilcare GCS provides innovative product solutions across all processing needs. Our GMP qualified scientists and dedicated personnel provide expert technical support in the product development and manufacturing phase. Once a drug has been formulated, our manufacturing facilities provide fast, efficient and agile manufacturing, packaging and labelling of the test product. Our unique approach enables us to support customer requirements for short-term studies as well as large-volume ongoing projects. We also possess a state-of-the-art Interactive Voice and Web Response System (IVRS/IWRS) which is an innovative, value-based product for managing data, including automatic patient enrolment and randomization, capturing data, patient enrolment management and drug supply management as well patient diaries.

One of our biggest strengths is the ability to fully integrate innovative solutions and services throughout a drug's clinical trial life cycle - Onsite or Offsite, bringing our global expertise and experience. With multiple global facilities for distribution, we also provide a unique real-time distribution process using a simple and effective local management model. Our QP Services are in accordance with the EU requirement that all investigational, medicinal products manufactured

or imported by organizations holding a MA IMP have available a Qualified Person to approve and release each batch of IMP for clinical trial use. Bilcare GCS has vast experience in this area with a global network of suppliers and wholesalers who assess markets for product availability, best pricing and appropriate shelf life. We develop and execute reliable comparator sourcing strategies with market agility that minimizes the Sponsor's exposure to the operational, regulatory and financial risks.

The Company focuses its sales and marketing efforts on building long-term relationships with major global pharmaceutical and biopharmaceutical companies in America, Europe and Asia, targeting an increasing share of multinational and multilingual studies. As regulatory agencies across the world harmonize the approval processes to market a new drug and require larger studies to ensure a full quota of trial participants, these large, global studies have steadily increased in number and size. In the past year, we have achieved robust revenue growth and margin improvement due to our strategic initiatives, costs reduction and improvements, expanding global footprint and equipment, as well as the penetration into the large and medium Pharma markets.

On the strength of our strong worldwide presence, and processes and diverse, global client base of large and midsize Pharma, Biotechs, Institutions and CROs, our growth strategy is to continue to focus on providing specialist CTM services to major global pharmaceutical and other drug development companies operating throughout Americas, Europe and Asia. Our near term goal is to win a greater share of the outsourced CTM supply needed in large and lengthy Phase III trials. In the long-term, we seek to pursue acquisitions and alliances, where appropriate, to support and develop our strategy or to add capabilities that are complementary or synergistic with our existing service offerings.

Enhancing Value

Bilcare Technologies

In 2009, Bilcare Technologies had spearheaded the application of its breakthrough nonClonableID™ technology across various sectors. In the past year, this effort along with our continued focus on creating next-generation solutions for anti-counterfeiting, security and brand protection has been consolidated via numerous activities.

We have expanded our presence and applications to cover brand authentication of market goods, E-Commerce initiatives with Information Portals, E-Governance and Public Services Solutions for the Govt. of India, access control in close-loop systems for offices and events as well as data management, trend analysis & business intelligence solutions.

We have tested the use of our technology in India within the private sector including FMCG, electronic part and product manufacturing companies, the auto industry and fashion accessories. We have also partnered the State and Central Government Services in distribution of goods and services, for access control in high security zones and police network systems. Our foolproof, anti-counterfeiting technology has also delved into applications within the public distribution system in India, which has encountered issues of fund-tracking and distribution in Government schemes. After

having successfully issued access cards with our nonClonableID™ to certain religious centres that witness large crowds, we are in discussions with other similar centres across the country.

Bilcare Technologies has signed a business Memorandum of Understanding (MoU) with the Telecommunications Consultants India Ltd. (TCIL). This alliance will address the diverse needs of security, particularly in Government related projects domestically and internationally. At the event held for the MOU, we also marked the successful execution of our nonClonableID™ for the Security, Pharma and Agrochemical sectors with the symbolic hand over of technology embedded products to leading companies, including Ranbaxy, Panacea Biotec and Mankind in the Pharma and Indofil in the Agrochemical sectors.

In the state of Maharashtra, India we have tied up with the local, municipal self-government elections for their E-smart card voting facility, which involves a secure card with voter information that is driven by our nonClonableID™ technology. Voters will be identified and allowed to vote using the smart card wherever the E-voting kiosks are made available. On a similar note, we have also instigated developments on a partnership with a Government promoted organisation engaged in providing public utilities, renewable energy products and services in certain Indian States.

The collaboration will enable and address the diverse needs of security, and secured e-governance in State Governments and non-Governmental projects. Bilcare's unique nonClonableID™ technology will be used in initiatives related to secured e-governance and security projects ensuring utmost security and creating immense value proposition.

In one of our most critical projects in the past year, our technology has powered the identification and duty planning portfolio of the police forces in the city of Delhi, India. Using the nonClonableID™ technology, smart cards have been issued to over 77000 personnel, thus replacing laminated paper cards, revamping the manual duty rosters, allowing for centralization, transparency, better administration and security. Using our technology ensures that the identification tags are inimitable, and permits real-time track-and-trace, authorization with foolproof anti-counterfeiting technology solutions.

In 2011, we provided ticketing solutions for a prestigious entertainment event held in the outskirts of Pune, India. The event saw approximately 40,000 people issued exclusive smart card tickets. Each ticket contained a special materials-based 'fingerprint' using Bilcare's proprietary micro and nanotechnology, making each card unique and secure, the details of the security feature being different on each of the issued cards and separately registered in a central database.

The tickets were validated at the time of sale and were verified through a secure Bilcare Reader only, ensuring zero-duplication. Each ticket was authenticated at the venue in real-time, ensuring a rapid and smooth entry for the audience .

Our nonClonableID™ Technology will also be used in preventing the misuse of official academic documentation. This process will then be scaled up steadily, ensuring that the collaboration will enable and address the diverse needs of security and secured e-governance in governmental and non-governmental projects undertaken by the government organisation in select States across India.

Based on our growth and consolidation over the past year, Bilcare Technologies is poised to play a leadership role in private and public markets and provide holistic data capture & analysis and anti-counterfeit solutions. With our growing partnerships with pertinent Government divisions providing product and market traction, we also seek to expand on our initiatives more aggressively.



Bilcare
Research

With global Footprints in place, robust systems & processes are getting deployed for healthy Corporate Governance & Communication

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.

The Company 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 nine Directors, being the Chairman and Managing Director, who is a Promoter Director, an Executive Director, Six Non-Executive Independent Directors and a Non-Executive Non Independent Director. All Non-Executive Directors are persons of eminence and bring a wide range of expertise and experience to the Board.

None of the Directors is a member of more than ten Board level Committees of public limited companies in which they are Directors nor is the Chairman 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 | | | |
| Dr. Praful R. Naik | Executive Director | 5 | Present |
| Independent Directors | | | |
| Dr. Volker Huelck | Director | — | — |
| Dr. Kalyani Gandhi | Director | 2 | — |
| Dr. R. V. Chaudhari | Director | 1 | — |
| Mr. Rajendra Tapadia | Director | 3 | Present |
| Dr. Arthur J Carty | Director | — | — |
| Dr. Bhojraj Suresh | Director | — | — |
| Non Independent Directors | | | |
| Mr. Chandra Prakash Jaggi* | Director | — | — |

* Ceased to be Executive Director w.e.f. June 27, 2010 after expiry of his term of appointment & continues to be a Director of the Company.

Number of Board Meetings

The Board met 5 times during the year. The Meetings were on 15th May, 23rd July, 13th August, 29th October, 2010, 11th February, 2011. 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

Amongst others, the information supplied to the Board includes:

- Quarterly results of the Company
- Minutes of meetings of the Board of Directors, Audit Committee and other Committees
- Any joint venture or collaboration proposals
- Significant development in human resources and the industrial relations front
- Transfer of material nature of assets, which is not in the normal course of business
- 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 B. 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 have 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.

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 on any significant findings and follow up there after.

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. Approval of appointment of CFO i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Committee met four times, on 4th May, 22nd July and 29th October, 2010 and 11th February, 2011. (Table No. 1)

Attendance Record of Audit Committee Members for 2010-11 (Table No. 1)

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

Shareholders'/ Investors' Grievance Committee

The Board of the Company has constituted a Shareholders'/ Investors' Grievance Committee, comprising of Mr. Rajendra B. Tapadia (Chairman of the Committee), Mr. Mohan H. Bhandari and Mr. Chandra Prakash Jaggi. Mr. Anil Tikekar, Company Secretary, is the Compliance Officer.

The committee meets as and when a need arises. No meeting of the Committee was held during the financial year 2010-11. During the financial year 2010-11, the Committee did not receive any complaint from the shareholders or investors. 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, 2011.

Shares and Convertibles held by Non Executive Directors as on 31st March 2011

| 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 |
| Dr. Arthur Carty | Independent | Nil |
| Dr. Bhojraj Suresh | Independent | Nil |
| Mr Chandra Prakash Jaggi | Non-independent | Nil |
| Mr. Rajendra Tapadia | Independent | 271,051 |

Non-executive directors' compensation

The non-executive directors of the Company were paid following sitting fees for meetings of the Board and its Committee thereof :

| Name of Non-Executive Director | Amount * in ₹. |
|--------------------------------|----------------|
| Dr. Kalyani Gandhi | 50,000/- |
| Mr. Rajendra Tapadia | 30,000/- |

* Sitting fees for Board and Committees thereof are payable w.e.f. 29th October, 2010

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.

Remuneration of Directors

The aggregate value of salary and perquisites for the year ended 31st March, 2011 to Wholtime Directors is as follows: Mr. Mohan H. Bhandari - Rs. 159.00 Lacs, Dr. Praful R. Naik - Rs. 102.00 Lacs and Mr. Chandra Prakash Jaggi - Rs. 21.00 Lacs (for part of the year, since ceased to be an Executive Director w.e.f. June 27, 2010 after expiry of his term of appointment. However, he continues to be a Director of the Company). 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.

Disclosure of Accounting Treatment in Preparation of Financial Statements

The Company has not followed any differential treatment from the prescribed accounting standards, for preparation of financial statements during the year.

Code for Prevention of Insider-Trading Practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its management staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations.

Shareholders

Appointment and Re-appointment of Directors:

Mr. Chandra Prakash Jaggi, Dr. Arthur Carty and Dr. Bhojraj Suresh are retiring by rotation and being eligible offer themselves for re- appointment. Their details are given below:

Chandra Prakash Jaggi has over 39 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.

Dr. Arthur Carty has over four decades of experience in research in different fields of science. He brings to the 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 credit over 316 journal publications and five patents. He has served as Canada's first National Science Advisor to the Prime Minister and the Government of Canada from 2004 to 2008. He also served as the President of the National Regional Council (NRC), Canada from 1994 to 2004.

Dr. Bhojraj Suresh, an eminent expert in pharmaceutical sciences, provides Bilcare guidance on its R&D and product development efforts. Dr. Suresh has over two decades 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 the Pharmacy Council of India, New Delhi. Dr. Suresh is also the Chairman of the Scientific Body of the Indian Pharmacopoeia Commissions and has close to 300 scientific publications to his credit.

Material Disclosures and Compliance

None of the transactions with any of the related parties were in conflict with the interests of the Company. The Company has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital market during the last three years.

Compliance with Mandatory and Non-Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the Clause 49. It has not adopted any non-mandatory requirements.

Means of Communication

The Company puts forth vital information about the company and 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 'Business Standard', 'The Economic Times', and 'Maharashtra Times'.

General Shareholder Information

Company Registration Details

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L28939PN1987PLC043953

Annual General Meeting

Date : 23rd September 2011
Time : 11.00 a.m.
Venue : Registered Office of the Company
1028, Shiroli, Rajgurunagar,
Pune 410505 India

General Body Meetings

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

| Financial Year | Venue | Date | Time |
|----------------|----------------------------------|----------------------------------|------------|
| 2007-08 | Registered Office of the Company | 30 th September, 2008 | 11.00 a.m. |
| 2008-09 | Registered Office of the Company | 30 th September, 2009 | 11.00 a.m. |
| 2009-10 | Registered Office of the Company | 30 th September, 2010 | 11.00 a.m. |

No special resolution was put through postal ballot in the last year.

Financial Calendar

1st April to 31st March
For the year ended 31st March 2011, results were announced on –

- 13th August 2010 : First Quarter
- 29th October 2010 : Half yearly
- 11th February 2011 : Third Quarter
- 12th May 2011 : Fourth Quarter
- 11th July, 2011 : Annual

Book Closure

The books will be closed from 17th September, 2011 to 23rd September, 2011 for payment of dividend.

Dividend Date

The Board has recommended a dividend of 30% i.e. Rs 3.00 per Equity share of Rs 10/- each and the same would be payable on or before 15th October, 2011.

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 2010-11. (Table No. 2)

High and Low Prices and Trading Volumes at BSE: (Table No. 2)

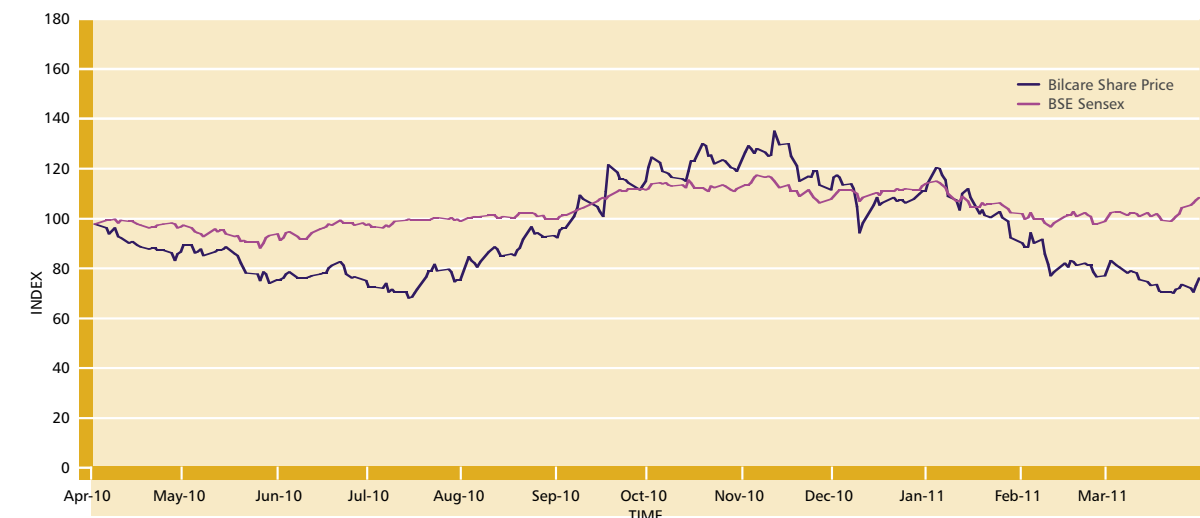
| Month | High (₹.) | Low (₹.) | Volume (Nos.) |
|--------|-----------|----------|---------------|
| Apr-10 | 580.00 | 470.00 | 607,269 |
| May-10 | 528.55 | 434.00 | 459,898 |
| Jun-10 | 490.00 | 415.20 | 482,925 |
| Jul-10 | 492.00 | 403.30 | 1,157,955 |
| Aug-10 | 573.70 | 454.95 | 2,426,002 |
| Sep-10 | 712.80 | 537.00 | 5,781,563 |
| Oct-10 | 751.70 | 660.00 | 3,780,286 |
| Nov-10 | 787.40 | 635.00 | 2,707,629 |
| Dec-10 | 689.40 | 529.00 | 1,161,774 |
| Jan-11 | 703.00 | 515.00 | 681,145 |
| Feb-11 | 555.00 | 436.50 | 885,888 |
| Mar-11 | 490.50 | 389.55 | 1,079,050 |

Registrar and Transfer Agents and Share Transfer and Demat System

The Board's Share Transfer Committee generally meets twice a month for dealing with matters concerning securities/share transfers of the

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, 2010.

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 : 020 – 26163503
E-mail : pune@linkintime.co.in

Dematerialization

The equity shares of Bilcare Limited are under compulsory demat trading. As on 31st March 2011, dematerialized shares accounted for 99.21% of the total equity.

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

Liquidity

Bilcare Limited shares are part of the 'B' group on Bombay Stock Exchange Limited & are traded actively.

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 2011

| Category | Number of Shares held | Shareholding % |
|---|-----------------------|----------------|
| Promoters | 8,031,274 | 34.11 |
| Mutual Funds | 901,957 | 3.83 |
| Insurance Companies / Banks / Financial Institutions | - | - |
| Foreign Institutional Investors | 1,880,813 | 7.99 |
| Corporate Bodies | 1,088,034 | 4.62 |
| Non Resident Indians | 564,988 | 2.40 |
| Indian Public | 8,968,357 | 38.09 |
| Shares held by Custodians, against which Depository Receipts have been issued | 2,109,808 | 8.96 |
| Total | 23,545,231 | 100.00 |

Pattern of shareholding by Share Class as on 31st March 2011

| Shareholding Class | Number of Shareholders | Number of Shares | Shareholding % |
|--------------------|------------------------|------------------|----------------|
| Up to 500 | 20,302 | 1,582,496 | 6.72 |
| 501 - 1,000 | 658 | 513,757 | 2.18 |
| 1,001 - 2,000 | 316 | 479,725 | 2.04 |
| 2,001 - 3,000 | 128 | 334,234 | 1.42 |
| 3,001 - 4,000 | 47 | 172,013 | 0.73 |
| 4,001 - 5,000 | 45 | 211,502 | 0.90 |
| 5,001 - 10,000 | 76 | 531,972 | 2.26 |
| 10,001 & above | 96 | 19,719,532 | 83.75 |
| Total | 21,668 | 23,545,231 | 100.00 |

Outstanding GDRs and FCCB 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 2010-11, the Company allotted 857,341 Equity Shares of Rs.10/- each upon conversion of 906 Foreign Currency Convertible Bonds (FCCBs) at a reset price of Rs.483.28 per share, including premium. The balance 277 FCCBs were redeemed, thereby closing the issue. The Company on 12th January, 2010, allotted 2,986,341 GDRs at USD11.15 per GDR (i.e. Rs.515 per share at the exchange rate of Rs.46.20 per USD), each GDR representing one equity share of Rs.10 each in the share capital of the Company. During the year 2010-11,

876,533 GDRs got converted into Equity Shares. As on 31st March, 2011, 2,109,808 GDRs were outstanding, and represented an equal number of underlying equity shares. Consequently, the Paid-up Share Capital of the Company stood at Rs. 235,452,310/- divided into 23,545,231 Equity Shares of Rs. 10/- each.

Plant Location

1028, Shirol, Rajgurunagar, Pune 410 505 India

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 – 26163503
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 Corporate Governance as stipulated in clause 49 of the Listing Agreement entered into by the Company with the Bombay Stock Exchange Ltd for the financial year ended on 31st March 2011.

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 explanation 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 Bombay Stock Exchange Ltd.

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
Registration No. 108719W

R.L.Rathi

Proprietor
Membership No. 14739

Place: Pune
Dated: 11th July 2011



A global workforce of scientists, managers and business support staff from diverse nationalities, backgrounds and cultures.

Team Bilcare

Integrating Cultures

“Teamwork is the ability to work together toward a common vision... the ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results.”

– Andrew Carnegie

Bilcare has consistently achieved business wins and set benchmarks on the strength of its people. The past year has seen the organisation expand its presence across the world, welcoming new members to the Bilcare family. A truly global team, our employees continue to set new standards of excellence, aligning thought leadership led ideas to Bilcare’s vision and values.

Firm believers in diversity across the workplace, Bilcare has developed processes that stimulate our employees’ talents & skills, helping them ally ambitions and improve performances with our global vision. We encourage our people to explore their complete potential in an environment conducive to learning and knowledge creation. This also ensures a unique understanding across all levels of the workforce, allowing for seamless customer-centric service.

Bilcare has always approached its packaging business with a holistic view; we strive to provide both products and solutions to our customers. This makes us an international organisation with a distinctive edge in that we look to enhance the skills and knowledge of our people on a regular basis. Recognising and

respecting the symbiotic relationship enshrined within the Bilcare family, we encourage a broad business and cultural world view at our offices. We seek to create an enterprise of entrepreneurs driving the business globally and value the spirit of entrepreneurship amongst our people.

To this end, the past year has seen us improve and refine our communication tools for our employees. Bilcare has embraced a performance model that allows our senior management to make immense contributions towards our employee career graphs. Key result areas (KRA) and Key Performance Indicators (KPI) have been developed to address individual employee expectations and a quarterly personal appraisal system has been implemented across our Bilcare offices.

At Bilcare, we encourage our people to innovate in every aspect of their professional and personal workplace interactions. To this end, employees are given the autonomy to maximise their achievements within a dynamic system. In the past year, we have focused on instruments to improve accountability while motivating and improving business performances. So, our multi-variable matrix tool allows for the identification of high-performance individuals who are then mentored by senior management on various advanced business and leadership aspects. At the same time, we have developed coaching programs for employees who have identified gaps in their training and knowledge, assisting them to further their career goals.



Bilcare Foundation: Preparing children for the challenges and successes of tomorrow.

Shaping Destinies

"The beautiful thing about learning is that no one can take it away from you"

– B.B King

As an organization with two decades of operational experience, Bilcare understands the power of learning. We have implicit faith in the idea of education being an agent for social change. We seek to ensure that the future citizens of our nation have firm foundations of learning and holistic development. Bilcare strives to play its humble role in thus preparing children for the challenges and successes of tomorrow.

Over the years, we have worked extensively in developing a spectrum of programs for underprivileged children from non-urban backgrounds. Through our educational model, guidance, resources and motivation we aim to enrich and empower these children, stimulate leadership roles and concurrently improve the quality of life and facilities in the non-urban areas.

Bilcare is an organisation with a global footprint. Our employees across the world seek to make meaningful contributions to the community and continue to provide their support and efforts to the Bilcare Foundation which we initially launched locally. With our multicultural setup across the world, today, the Foundation operates local chapters in India, Singapore, the UK and US, spearheaded by the endeavours of our people, their families and local volunteers.

We continue to develop and expand our 'Window to the World' program, wherein we have teamed

up with ten schools in Rajgurunagar, near Pune to provide children adequate educational opportunities and introduce them to modern communication tools. Our efforts have garnered exemplary reviews and appreciation and we seek to roll out similar programs wherever Bilcare is present across the world.

Our philosophy of 'education outside the classroom' continues to go from strength to strength. Extending our encouragement of thinking beyond classrooms and standard educational materials, we conduct the following activities in our developmental programs:

- Health and sports camps wherein we promote Karate, local games and play activities
- Training on certain asanas including Vajrasana and Pranayama, that improve memory, blood circulation and stimulate quicker rejuvenation of the body
- Advanced yoga course in Siddha Samadhi for instilling confidence, developing leadership and promoting overall personality
- Communication tools including stage readings, audiovisual tools, and mobile book library tours
- Conducting science fairs to assist students in learning through the use of practical tools rather than just classroom theories.

As always, the Bilcare Foundation continues to encourage sporting excellence among rural youth by organizing the Bilcare ATF Asian Tennis Tournament for the under-14 age group. We have been actively associated with the tournament over the past few years and are committed to supporting it for many more.

Board of Directors

Mr. Mohan H. Bhandari – Chairman and Managing Director
Dr. Praful R. Naik – Executive Director
Dr. Volker Huelck
Dr. R. V. Chaudhari
Mr. Rajendra Tapadia
Dr. Kalyani Gandhi
Mr. Chandra Prakash Jaggi
Dr. Arthur Carty
Dr. Bhojraj Suresh

Company Secretary

Mr. Anil Tikekar

Registered Office and Works

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

Auditors

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

Bankers

Multiple Banking under the Security Trust Arrangement.

Registrar & Transfer Agents

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

Directors' Report

To the Members

We are pleased to present the report on our business and operations for the financial year ended 31st March, 2011.

Financials

The Company on a stand alone basis has achieved a turnover growth of over 19.8% vis-a-vis previous year.

| | ₹. Crores | |
|------------------------------------|-----------|---------|
| | 2010-11 | 2009-10 |
| Sales and Other Income | 662.90 | 564.40 |
| Profit before tax | 125.85 | 112.89 |
| Profit after tax | 87.04 | 75.47 |
| Profit available for appropriation | 340.76 | 275.32 |
| General Reserve | 15.00 | 15.00 |
| Dividend | 7.06 | 5.67 |
| Dividend Tax | 1.15 | 0.94 |
| Debenture Redemption Reserve | 60.00 | — |
| Balance in profit & loss account | 257.55 | 253.71 |

Dividend

We recommend a Dividend of 30% i.e. Rs.3.00 per equity share of Rs.10/- each for the financial year ended 31st March, 2011.

Consolidated Financial Statements

The Consolidated Financial Statements, pursuant to clause 32 of the Listing Agreement and in accordance with the Accounting Standard AS-21 on Consolidated Financial Statements and AS-27 on Financial Reporting of Interest in Joint Ventures, the audited Consolidated Financial Statements are 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 2011, the consolidated turnover of Rs.2,286.58 Crores, was higher by 118% over the previous year's turnover of Rs. 1,047.83 Crores. The consolidated net profit after tax went up to Rs.149.46 Crores for 2010-11 from Rs. 116.95 Crores in the previous year.

Subsidiary Companies

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

The Company has two wholly owned subsidiary companies, namely Bilcare Singapore Pte. Ltd., Singapore and Bilcare Mauritius Ltd., Mauritius. These in turn have their respective step down subsidiaries.

The Company has a 50% joint venture in International Labs, LLC, US.

Research & Development

Bilcare Research and Development department is growing on a concrete platform of new technologies & modern approaches and has been working relentlessly in providing end to end solutions for the global pharmaceutical sector across its entire value chain through its unique products, services and brand management technologies.

Over the year Research & Development scientists have successfully developed and commercialized packaging development methods for stabilizing Active Pharmaceutical Ingredients and transdermal patches. This year R&D expertise have successfully introduced packaging solutions for packing Active Pharmaceutical Ingredients (API) and these solutions may be useful to entire API industry across the globe. R&D scientists have successfully developed and validated various test methods for assuring quality of the packaging materials.

This year our innovative research services in both packaging materials and pharmaceutical formulations continue to be a key growth driver. This year R&D has signed substantial business agreements with global pharmaceutical customers for providing customized scientific solutions for addressing key challenges of their valuable brands. This enables to generate sizeable revenue and also helps to increase the material business by converting conventional packaging to more economical and attractive packaging. These services have increased the comfort levels of the pharmaceutical industry across the globe with Bilcare. The newly introduced packaging sensitivity profiling service is gaining customer interest across the globe. This year BilcareOptima® study is extended for identifying optimum packaging requirement of Non-Pharma products. This year R&D expertise has successfully implemented advanced CAD and FEA based simulation processes for optimizing design of primary packaging, change part of thermoforming machines and process parameters.

Bilcare R&D is continuously evolving to meet new challenges and demands of global pharmaceutical and healthcare industry. The depth and breadth of our technological and scientific expertise, continuous interaction with the global pharmaceutical industry on scientific aspects of packaging brings forth innovative ideas and enabled us to develop commercially viable new packaging materials, Bilcare Protect® in different colours, Bilcare Alpro, Nova® –HL, Nova® – MP, Bilcare Optra®, Bilcare Petra® and Bilcare Astra®. This development helps pharmaceutical industry for keeping their brands relevant, vibrant and valuable. These new development from R&D continue to generate future growth opportunities to keep the company ahead of its global contemporary organizations of this field.

This year R&D has made technical collaborations with global pharmaceutical formulation development centers and packaging research organizations which also enables them to discover and develop path breaking packaging technology for pharmaceutical industry across the globe. This technical collaborations on packaging has benefited the pharmaceutical industry immensely for new product registrations, export to regulatory markets, and for countering the copycats and counterfeiters. Bilcare will leverage this special relation with pharmaceutical industry across the globe to increase its business.

This year was a very fruitful year for R&D for its commercial success. Major Pharma brands got a new redefined look in R&D developed packaging concepts which helped Pharma industry to overcome counterfeiting problems and had a major impact in increasing their sales. All the innovative films & foils developed in house and introduced to the global market have received US & European and Canadian DMF registration, a major break through achievement for R&D. A new innovative process of creating multi colour options in metallic films has been developed in house for brining innovations in packaging materials, which will multiply the

product ranges available for pharmaceutical packaging. Bilcare Crispak® is registered for senior friendly package design and approved by UK testing agencies for child resistant compliance. R&D has developed primer system for printing on Aluminium substrate using UV curable ink.

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

- Development of extended BilcareOptima® program for Non-Pharma products.
- Develop Bilcare Protect® film in different colours; this development will aid the pharmaceutical industry in significantly enhancing their brand integrity, value and solution for counterfeit.
- Develop various paper/aluminum/film based laminate structures for pharmaceutical/non pharma sector.
- Get approval for all existing CR foils from global regulatory authority for pharmaceutical use.
- Enhancing the quality features of existing CR foils for process excellence.
- Incorporate unique anti counterfeit features in Aluminium foil based packaging materials.
- Development of novel packaging materials with improved barrier properties and smart functionalities like thermo chromic, photo chromic and glow in dark features.
- Unique test methods developed for formability analysis of Alu Alu composite packaging by Erichsen cupping test.
- Design and development of a device for measurement of dead-fold characterization of paper and film laminates.
- Develop study protocol for material characterization of adhesive backed labels and extraction method of extractable items in packaging materials.
- Develop specialized CAD and FEA based simulation program for optimizing design of primary packaging, change part of thermoforming machines and process parameters.

- Development of eco-friendly lidding pharmaceutical packaging materials.
- Design and development of hardness testing instrument for conducting hardness testing of Trans dermal patches.
- Develop protocol for freeze though study of pharmaceutical formulations.
- Develop low temperature sealing aluminum lidding foils.
- Develop study protocol for performing stability study of UV ink printed aluminum based packaging materials.
- Design & develop coating/lamination process for applying low molecular weight polymeric materials on aluminum based substrates.

Benefits derived from R & D

- Developed and commercialized three & four ply Aluminum foil based laminates for stabilizing highly sensitive pharmaceutical active ingredients and formulations, this creates a significant value addition in this range of products.
- The specialized primer coating process developed for printing UV curable inks on aluminum substrate for nullifying the Ink lifting issue.
- Developed & validated unique testing methods and instruments for conducting the sensitivity studies of pharmaceutical formulations and packaging materials.
- Developed & commercialized paper based ecofriendly packaging materials like Bilcare Nova® –HL & Bilcare Nova®-MP for replacement to existing Aluminium foil for non sensitive pharmaceutical formulations.
- Developed and commercialized embedded image technology for aluminium based materials which can provide solution for counterfeiting without significant increase on the packaging cost.
- Incorporated special features in Bilcare Alpro for anti-counterfeit solution.
- Developed ecofriendly packaging materials like Bilcare Optra®, Bilcare Petra® and Bilcare Astra®,

that can be used as an alternative for PVC in future.

- Modified existing manufacturing processes of some products helps to reduce overall production cost.
- Bilcare research services helps to increase considerable revenue of the company and also the material business by offering research solutions for converting conventional packaging to more economical and attractive options.
- Established cost effective alternatives for replacing existing adhesives & lacquers and raw materials.

Future plan of action

- Develop & commercialize aluminium based laminates for providing complete barrier protection to highly sensitive types of the pharmaceutical formulations.
- Develop new packaging materials for stabilizing Active Pharmaceutical Ingredients (API's).
- Develop and commercialize special packaging materials for Non Pharma Sector.
- Strategic collaboration with Pharma R&D centers for increased speed and cost competitiveness in new packaging material development.
- Develop web based research & knowledge management on line system.
- Continue to strengthen R&D capabilities in the area of formulation development, stability studies and packaging material development.
- Develop novel packaging materials with improved oxygen and moisture barrier properties with smart functionalities.

Expenditure on R & D

| | ₹. Crores |
|---|-----------|
| Capital | 8.16 |
| Recurring | 18.12 |
| Total | 26.28 |
| R & D Expenditure as a percentage of Total Turnover | 3.96% |

On a consolidated basis, total R&D expenditure as a percentage of consolidated turnover is 2.47%

Conservation of Energy and Technology

In conjunction with the ongoing process of Energy Conservation & efficient Utilization of the resources the power factor was consistently maintained at unity which has contributed to a saving of 7% (Rs. 0.18 Crores per annum) of the total bill value.

There has been a reduction of 8% in the captive power generation due to better load distribution.

The changes incorporated in the aluminum lamination machine have resulted in efficient utilization of energy. The monitoring of compressed air supply and changes incorporated in the air compressor resulted in 4% reduction in the consumption of energy at Utility division.

The uninterrupted power supply through express feeder was successfully commissioned at the end of the financial year.

Additional investments and proposals for the further reduction of consumption of energy have been planned. They include:

- An external agency has been appointed to conduct an energy audit in second quarter of the year 2011-12 and the findings of the audit will help us to further reduce the energy consumption and considerable saving.
- The substitution of LDO by HSD in the heating systems is proposed in the year 2011-12 which will result in saving of Rs. 0.50 Crores per annum.

Technology Absorption, Adaptation and Innovation

Bilcare continues its effort for research in the area of new packaging development & design and innovations in packaging materials. Absorption and adaptation of new ideas and technologies enable us to develop new product, processes and solutions. Bilcare has successfully absorbed, adopted technologies as well as led to technology innovations in the following areas:

1. Techniques developed for applying non uniform embossed pattern on aluminum based substrates, making extremely difficult to reproduce fake material which significantly enhances the securitization of pharma brands.
2. Successfully completion of standardization of incorporation of multiple anti counterfeiting features in the form of nano, micro and 3D images in soft aluminum foil. Incorporation of these features led to generation of a range of proprietary developing technologies for Bilcare and also led our expertise in offering unique products which significantly enhance the product safety resulting in an overall patient security.
3. Techniques for incorporation of complex ghost images in all aluminum foil products. These images are only visible at particular angles with a ghost effect, this is a unique feature for anti- counterfeiting. These techniques make it impossible for a duplicator to produce fake of the genuine product.
4. Development of adaptation of Heat sealable lacquer coating technology on Flexo machine on foil substrate. This development had dual impact wherein this not only helps to increase the production of coated material but also reduce the burden of electricity consumptions.
5. The design and development efforts on special types of over coats which can withstand technologically advanced state of the art Pharma packaging machines.
6. The continual research and development initiatives on processing of heat seal lacquers. This development had dual impact wherein this not only enhances the consistency in the quality of the aluminum based products but also results in compatibility with different grades of polymeric materials.
7. Continual development and adaptation of new technologies enable us to optimize production process for enhancing the productivity without compromising on quality with adequate validation in case of Bilcare Zenith series of products.

Following planned initiatives for implementation are under progress:

1. Development and adaptation of new technologies for developing extremely high barrier thermoforming laminates for pharmaceutical use.
2. Development for adaptation of unique technology for multiple processes in one operation for developing aluminum/aluminum based laminates.
3. Adopt technology for developing tropical packaging materials for pharmaceutical use.
4. Development and adaptation of techniques for incorporating anti counterfeit features in thermo formable packaging materials.

Foreign Exchange Earnings & Outgo

| | ₹. Crores |
|-------------------------|-----------|
| Foreign exchange earned | 50.39 |
| Foreign exchange outgo | 166.55 |

Directors

Mr. Chandra Prakash Jaggi, Dr. Arthur Carty and Dr. Bhojraj Suresh are retiring by rotation and being eligible offer themselves for re-appointment.

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 that :

- In the preparation of the annual accounts for the year ended 31st March, 2011, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed along with proper explanations relating to material departures, if any.
- 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) 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) The Directors have prepared the accounts for the financial year ended 31st March 2011 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 2011, 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, banking community, 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 : 11th July, 2011

AUDITORS' REPORT

To,
The Members of
Bilcare Limited

We have audited the attached Balance Sheet of **Bilcare Limited** as at 31st March 2011, 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 the 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 purposes 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' reports 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 accounts 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 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 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 2011;
 - (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. RATHI & CO.
Chartered Accountants
Registration No. 108719W

R. L. RATHI
Proprietor
Membership No. 14739

Date: 11th July 2011

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 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 explanation 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 2011 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 undisputed statutory dues payable at the year end for a period of more than six months from the date they became payable.

Further, details of disputed Income Tax amount not deposited are as under –

| Nature of Statute | Nature of Dues | Amount ₹ Lacs | Forum where dispute is pending |
|-------------------|----------------|---------------|-------------------------------------|
| Income Tax Act | AY 2008-09 | 165.36 | Commissioner of Income Tax (Appeal) |

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, the Company has created securities / charges in respect of secured debentures 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
Membership No. 14739

Date: 11th July 2011

BALANCE SHEET AS ON 31ST MARCH 2011

| | Schedule No. | As on 31 st March 2011 | | As on 31 st March 2010 | |
|---|--------------|-----------------------------------|-------------------|-----------------------------------|-------------------|
| | | ₹. Lacs | ₹. Lacs | ₹. Lacs | ₹. Lacs |
| SOURCES OF FUNDS | | | | | |
| SHAREHOLDERS' FUND | | | | | |
| Share Capital | 1 | 2,354.52 | | 2,268.79 | |
| Reserves & Surplus | 2 | 87,683.41 | | 75,897.99 | |
| | | | 90,037.93 | | 78,166.78 |
| DEFERRED TAX | | | 10,176.59 | | 9,134.81 |
| LOAN FUNDS | | | | | |
| Secured Loans | 3 | 53,116.01 | | 37,560.91 | |
| Unsecured Loans | 4 | 1,156.16 | | 6,522.41 | |
| | | | 54,272.17 | | 44,083.32 |
| | | | <u>154,486.69</u> | | <u>131,384.91</u> |
| APPLICATION OF FUND | | | | | |
| FIXED ASSETS | | | | | |
| Gross Block | 5 | 62,784.13 | | 50,727.26 | |
| Less : Depreciation | | 12,198.62 | | 9,229.34 | |
| Net Block | | 50,585.51 | | 41,497.92 | |
| Capital work in progress | | 524.72 | | 2,991.34 | |
| | | | 51,110.23 | | 44,489.26 |
| INVESTMENTS | 6 | | 65,710.31 | | 47,951.41 |
| CURRENT ASSETS, LOANS & ADVANCES | | | | | |
| Inventories | 7 | 9,294.59 | | 8,678.10 | |
| Sundry Debtors | 8 | 23,924.18 | | 20,167.76 | |
| Cash & Bank Balances | 9 | 6,843.23 | | 10,635.53 | |
| Loans & Advances | 10 | 7,210.51 | | 7,015.09 | |
| | | 47,272.51 | | 46,496.48 | |
| LESS : CURRENT LIABILITIES & PROVISIONS | 11 | 9,606.36 | | 7,552.24 | |
| NET CURRENT ASSETS | | | 37,666.15 | | 38,944.24 |
| | | | <u>154,486.69</u> | | <u>131,384.91</u> |
| NOTES FORMING PART OF THE ACCOUNTS | 19 | | | | |

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

R. L. Rathi
Proprietor

Place : Pune
Date : 11th July 2011

For and on behalf of Board of Directors

Mohan H. Bhandari
Managing Director

Dr. Praful R. Naik
Executive Director

Anil Tikekar
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

| | Schedule No. | Year ended 31 st March 2011 | | Year ended 31 st March 2010 | |
|--|--------------|--|---------|--|---------|
| | | ₹. Lacs | ₹. Lacs | ₹. Lacs | ₹. Lacs |
| INCOME | | | | | |
| Sales | | 65,859.45 | | 54,965.17 | |
| Other Income | 12 | 430.77 | | 1,474.87 | |
| | | <u>66,290.22</u> | | <u>56,440.04</u> | |
| EXPENDITURE | | | | | |
| Cost of Materials Consumed / Sold | 13 | 39,746.01 | | 33,749.45 | |
| (Increase) / Decrease in Stocks | 14 | (85.32) | | (13.09) | |
| Payments to & Provision for Employees | 15 | 2,466.69 | | 2,298.82 | |
| Overheads | 16 | 4,124.43 | | 3,829.49 | |
| Interest | 17 | 4,484.37 | | 2,639.49 | |
| Depreciation and Amortisation | | 2,969.28 | | 2,647.33 | |
| | | <u>53,705.46</u> | | <u>45,151.49</u> | |
| Profit Before Taxation | | 12,584.76 | | 11,288.55 | |
| Provision for Taxation | 18 | 3,880.39 | | 3,741.22 | |
| Net Profit after taxation carried to Balance Sheet | | <u>8,704.37</u> | | <u>7,547.33</u> | |
| Earnings Per Share (EPS) par value Rs.10/- each (Refer Note No. 14) | | | | | |
| Basic | | (₹.) | 36.97 | 33.27 | |
| Diluted | | (₹.) | 36.97 | 31.71 | |
| NOTES FORMING PART OF THE ACCOUNTS | 19 | | | | |

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

R. L. Rathi
Proprietor

Place : Pune
Date : 11th July 2011

For and on behalf of Board of Directors

Mohan H. Bhandari
Managing Director

Dr. Praful R. Naik
Executive Director

Anil Tikekar
Company Secretary

CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2011

| | Year ended 31 st March 2011 ₹. Lacs | Year ended 31 st March 2010 ₹. Lacs |
|--|--|--|
| A Cash flow from Operating Activities | | |
| Profit after tax | 8,704.37 | 7,547.33 |
| Adjustment For: | | |
| Depreciation | 2,969.28 | 2,647.33 |
| Interest / Dividend (Net) | 4,146.76 | 2,440.87 |
| (Profit) / Loss on sale of fixed assets | – | (33.01) |
| Foreign Currency Monetary Items Translation Difference Account | 541.23 | 1,172.34 |
| Operating profit before Working Capital changes | 16,361.64 | 13,774.86 |
| Deferred Tax Liability | 1,041.77 | 1,295.64 |
| Adjustments for: | | |
| Trade & other receivables | (3951.83) | (6,465.32) |
| Inventories | (616.50) | (970.73) |
| Trade Payables | 2,161.48 | 3,378.74 |
| Cash generated from operations | 14,996.56 | 11,013.19 |
| Interest Paid | (4,492.47) | (2,631.48) |
| Direct Taxes paid | (258.82) | 228.43 |
| Net cash from operating activities | 10,245.27 | 8,610.14 |
| B Cash flow from Investing Activities | | |
| Purchase of fixed assets | (9,590.24) | (7,979.58) |
| Sale of fixed assets | – | 62.54 |
| Investments | (17,758.90) | (20,079.40) |
| Interest received | 59.73 | 26.77 |
| Dividend received | 277.89 | 171.85 |
| Net cash used in investing activities | (27,011.52) | (27,797.82) |
| C Cash flow from Financing Activities | | |
| Proceeds from issue of Share Capital | 85.73 | 547.98 |
| Proceeds from Share Premium (Net) | 3,360.78 | 26,784.77 |
| Proceeds from term borrowings | 28,836.92 | 19,194.95 |
| Repayment of term borrowings | (13,328.13) | (7,888.04) |
| Conversion of FCCB | (5,319.95) | (14,132.76) |
| Dividend paid including tax | (661.40) | (503.31) |
| Net cash used in financing activities | 12,973.95 | 24,003.59 |
| Net increase in cash & cash equivalents (A+B+C) | (3,792.30) | 4,815.91 |
| Cash and cash equivalents as on 01.04.2010 | 10,635.53 | 5,819.62 |
| Cash and cash equivalents as on 31.03.2011 | 6,843.23 | 10,635.53 |

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

R. L. Rathi
Proprietor

Place : Pune
Date : 11th July 2011

Anil Tikekar
Company Secretary

For and on behalf of Board of Directors

Mohan H. Bhandari
Managing Director

Dr. Praful R. Naik
Executive Director

SCHEDULES FORMING PART OF THE ACCOUNTS

| | As on 31 st March 2011 ₹. Lacs | As on 31 st March 2010 ₹. Lacs |
|---|---|---|
| SCHEDULE - 1 | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| i) 40,000,000 (Previous Year 40,000,000) Equity Shares of Rs.10/- each | 4,000.00 | 4,000.00 |
| ii) 5,000,000 (Previous Year 5,000,000) Preference Shares of Rs.10/- each | 500.00 | 500.00 |
| | <u>4,500.00</u> | <u>4,500.00</u> |
| ISSUED SUBSCRIBED AND PAID UP | | |
| i) Equity Shares 23,545,231 (Previous Year 22,687,890) Equity Shares of Rs.10/- each (Refer Note No.9) | 2,354.52 | 2,268.79 |
| TOTAL | <u>2,354.52</u> | <u>2,268.79</u> |
| Note: Includes 8,021,000 Equity Shares of Rs. 10/- each (Previous year 8,021,000) which were allotted as fully paid up Bonus Shares by capitalisation of share premium and reserve. | | |
| SCHEDULE - 2 | | |
| RESERVES & SURPLUS | | |
| i) Securities Premium As per last Balance Sheet Additions during the year Less: FCCB Redemption Premium (Refer Note No.9) | 47,673.64 4,057.62 <u>696.84</u> | 20,888.87 26,882.18 <u>97.41</u> |
| | 51,034.42 | 47,673.64 |
| ii) General Reserve As per last Balance Sheet Add: Transfer during the year from Profit & Loss Account | 3,122.47 <u>1,500.00</u> | 1,622.47 <u>1,500.00</u> |
| | 4,622.47 | 3,122.47 |
| iii) Capital Redemption Reserve | 271.63 | 271.63 |
| iv) Debenture Redemption Reserve | 6,000.00 | – |
| v) Foreign Currency Monetary Items Translation Difference Account As per last Balance Sheet Add: Additions during the year Less: Transferred to Profit and Loss Account | (541.22) – <u>541.22</u> | (1,713.56) 631.11 <u>541.23</u> |
| | – | (541.22) |
| vi) Profit & Loss Appropriation Account Balance brought forward from Previous Year Add: Net Profit for the year Less: Transfer to General Reserve Transfer to Debenture Redemption Reserve Proposed Dividend Tax on Dividend | 25,371.47 8,704.37 1,500.00 6,000.00 706.36 114.59 | 19,985.54 7,547.33 1,500.00 – 567.20 94.20 |
| | <u>25,754.89</u> | <u>25,371.47</u> |
| TOTAL | <u>87,683.41</u> | <u>75,897.99</u> |

SCHEDULES FORMING PART OF THE ACCOUNTS

| | As on 31 st March 2011 ₹. Lacs | As on 31 st March 2010 ₹. Lacs |
|--|---|---|
| SCHEDULE - 3 | | |
| SECURED LOANS | | |
| i) 12.5%, Redeemable Non-Convertible Debentures | 6,000.00 | — |
| ii) Term Loans | 45,116.01 | 33,060.91 |
| iii) Bank Borrowings (Refer Note No.6) | 2,000.00 | 4,500.00 |
| TOTAL | 53,116.01 | 37,560.91 |
| SCHEDULE - 4 | | |
| UNSECURED LOANS | | |
| i) Sales Tax deferral | 1,143.17 | 1,188.52 |
| ii) Fixed Deposits | 12.99 | 13.94 |
| iii) Foreign Currency Convertible Bonds (FCCB) (Refer Note No.9a) | — | 5,319.95 |
| TOTAL | 1,156.16 | 6,522.41 |

SCHEDULE - 5

FIXED ASSETS

| Sr. No. | Items of Asset | Gross Block at Cost or Book Value | | | | Depreciation | | | Net Block | |
|---------|-----------------------|-----------------------------------|---------------------------------|----------------------------------|---------------------|---------------------|-----------------|------------|---------------------|---------------------|
| | | As on 01/04/2010 | Additions during the year | Deductions during the year | As on 31/03/2011 | As on 01/04/2010 | For the year | Deductions | As on 31/03/2011 | As on 31/03/2010 |
| | | ₹ Lacs | | | | | | | | |
| 01 | Land | 227.20 | — | — | 227.20 | — | — | — | 227.20 | 227.20 |
| 02 | Building | 5,184.90 | 6.53 | — | 5,191.43 | 786.88 | 172.52 | — | 959.40 | 4,398.02 |
| 03 | Plant & Machinery | 37,779.09 | 10,806.11 | — | 48,585.20 | 5,945.07 | 1,990.17 | — | 7,935.24 | 31,834.02 |
| 04 | Vehicles | 154.96 | — | — | 154.96 | 66.11 | 14.65 | — | 80.76 | 88.85 |
| 05 | Electric Fitting | 1,653.85 | 44.05 | — | 1,697.90 | 363.44 | 78.96 | — | 442.40 | 1,290.41 |
| 06 | Furniture & Fixture | 696.33 | 11.43 | — | 707.76 | 190.53 | 43.34 | — | 233.87 | 505.80 |
| 07 | Office Equipments | 3,716.42 | 1,039.94 | — | 4,756.36 | 1,502.03 | 538.14 | — | 2,040.17 | 2,214.39 |
| 08 | Patent and Trademarks | 1,314.51 | 148.81 | — | 1,463.32 | 375.28 | 131.50 | — | 506.78 | 939.23 |
| | TOTAL | 50,727.26 | 12,056.87 | — | 62,784.13 | 9,229.34 | 2,969.28 | — | 12,198.62 | 41,497.92 |
| | Previous Year | 44,612.55 | 6,151.21 | 36.50 | 50,727.26 | 6,588.98 | 2,647.33 | 6.97 | 9,229.34 | 38,023.57 |

SCHEDULES FORMING PART OF THE ACCOUNTS

| | As on 31 st March 2011 ₹. Lacs | As on 31 st March 2010 ₹. Lacs |
|---|---|---|
| SCHEDULE - 6 | | |
| INVESTMENTS | | |
| Long Term Investments | | |
| Unquoted, Trade Investment in Subsidiary Companies | | |
| i) Investment in Bilcare Singapore Pte. Limited | 52,484.30 | 44,228.68 |
| ii) Investment in Bilcare Mauritius Limited | 9,468.76 | — |
| iii) Investment in Joint Venture Company, International Labs, LLC | 3,757.25 | 3,722.73 |
| TOTAL | 65,710.31 | 47,951.41 |
| SCHEDULE - 7 | | |
| INVENTORIES | | |
| (As taken, Valued at cost or realisable value whichever is lower and Certified by the Management) | | |
| i) Raw Material | 6,906.57 | 6,393.46 |
| ii) Work-in-process | 1,326.27 | 1,209.87 |
| iii) Finished Goods | 945.69 | 976.77 |
| iv) Stores & Spares, Consumables | 116.06 | 98.00 |
| TOTAL | 9,294.59 | 8,678.10 |
| SCHEDULE - 8 | | |
| SUNDRY DEBTORS | | |
| (Unsecured, considered good) | | |
| i) Outstanding for more than six months | 972.25 | 692.03 |
| ii) Other Debts | 22,951.93 | 19,475.73 |
| TOTAL | 23,924.18 | 20,167.76 |
| SCHEDULE - 9 | | |
| CASH AND BANK BALANCES | | |
| i) Cash on Hand | 3.01 | 1.11 |
| ii) Balances with Scheduled Banks | | |
| a) Current Accounts | 1,170.94 | 722.45 |
| b) Deposit Accounts | 5,667.85 | 9,910.00 |
| iii) Balances with Non-Scheduled Bank (Refer Note No.16) | 1.43 | 1.97 |
| TOTAL | 6,843.23 | 10,635.53 |

SCHEDULES FORMING PART OF THE ACCOUNTS

| | As on 31 st March 2011 ₹. Lacs | As on 31 st March 2010 ₹. Lacs |
|--|---|---|
| SCHEDULE - 10 | | |
| LOANS AND ADVANCES | | |
| (Unsecured; considered good) | | |
| i) Advances recoverable in cash or in kind or for value to be received | 1,923.92 | 2,378.75 |
| ii) Deposits with Government Departments and Others | 5,286.59 | 4,636.34 |
| TOTAL | <u>7,210.51</u> | <u>7,015.09</u> |
| SCHEDULE - 11 | | |
| CURRENT LIABILITIES AND PROVISIONS | | |
| Current Liabilities | | |
| i) Sundry Creditors | 8,076.36 | 6,039.04 |
| ii) Interest accrued but not due | 3.99 | 12.08 |
| iii) Other Liabilities | 563.94 | 432.72 |
| iv) Employee Retirement Benefits | 93.17 | 100.24 |
| | <u>8,737.46</u> | <u>6,584.08</u> |
| Provisions | | |
| i) Proposed Dividend | 706.36 | 567.20 |
| ii) Tax on Dividend | 114.59 | 94.20 |
| iii) Provision for Taxation (Net) | 47.95 | 306.76 |
| TOTAL | <u>9,606.36</u> | <u>7,552.24</u> |
| SCHEDULE - 12 | | |
| OTHER INCOME | | |
| i) Interest (TDS Rs.7.59 lacs (Previous Year Rs. 3.44 lacs)) | 59.73 | 26.77 |
| ii) Dividend | 277.89 | 171.85 |
| iii) Exchange Fluctuation (Loss) / Gain (Net) | (675.56) | 363.04 |
| iv) Lease Rental | 700.00 | 700.00 |
| v) Technical Fees | 46.20 | 106.20 |
| vi) Others | 22.51 | 74.00 |
| vii) Profit on Sale of Asset | - | 33.01 |
| TOTAL | <u>430.77</u> | <u>1,474.87</u> |

SCHEDULES FORMING PART OF THE ACCOUNTS

| | As on 31 st March 2011 ₹. Lacs | As on 31 st March 2010 ₹. Lacs |
|---|---|---|
| SCHEDULE - 13 | | |
| COST OF MATERIALS CONSUMED / SOLD | | |
| Opening Stock | 6,393.46 | 5,423.45 |
| Add : Purchases (net) | 40,259.12 | 34,719.46 |
| Less : Closing Stock | 6,906.57 | 6,393.46 |
| TOTAL | <u>39,746.01</u> | <u>33,749.45</u> |
| SCHEDULE - 14 | | |
| (INCREASE) / DECREASE IN STOCKS | | |
| Stock in Trade (at the commencement) | | |
| Finished Goods | 976.77 | 898.76 |
| Work-in-Process | 1,209.87 | 1,274.79 |
| | <u>2,186.64</u> | <u>2,173.55</u> |
| Less: Stock in Trade (at the end) | | |
| Finished Goods | 945.69 | 976.77 |
| Work-in-Process | 1,326.27 | 1,209.87 |
| | <u>2,271.96</u> | <u>2,186.64</u> |
| TOTAL | <u>(85.32)</u> | <u>(13.09)</u> |
| SCHEDULE - 15 | | |
| PAYMENT TO & PROVISION FOR EMPLOYEES | | |
| i) Salaries, Wages, Bonus and Allowances | 2,355.06 | 2,185.71 |
| ii) Contribution to Provident Fund | 72.30 | 68.59 |
| iii) Employee Welfare | 39.33 | 44.52 |
| TOTAL | <u>2,466.69</u> | <u>2,298.82</u> |

SCHEDULES FORMING PART OF THE ACCOUNTS

| | As on 31 st March 2011 | | As on 31 st March 2010 | |
|----------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|
| | ₹. Lacs | ₹. Lacs | ₹. Lacs | ₹. Lacs |
| SCHEDULE - 16 | | | | |
| OVERHEADS | | | | |
| i) Power & Fuel | | 663.16 | | 563.93 |
| ii) Stores, Spares & Consumables | | 204.30 | | 191.50 |
| iii) Rent | | 103.65 | | 146.79 |
| iv) Rates and Taxes | | 53.85 | | 37.96 |
| v) Traveling & Conveyance | | 345.38 | | 325.39 |
| vi) Selling Expenses | | 1,049.73 | | 1,033.61 |
| vii) Communication Expenses | | 64.55 | | 67.76 |
| viii) Repairs and Maintenance | | | | |
| a) Plant and Machinery | 139.19 | | 123.41 | |
| b) Buildings | 25.57 | | 25.58 | |
| c) Others | 84.43 | | 85.25 | |
| | | 249.19 | | 234.24 |
| ix) Insurance | | 50.58 | | 38.34 |
| x) Legal and professional fees | | 354.09 | | 546.29 |
| xi) Donation | | – | | 0.11 |
| xii) Miscellaneous | | 985.95 | | 643.57 |
| TOTAL | | <u>4,124.43</u> | | <u>3,829.49</u> |
| SCHEDULE - 17 | | | | |
| INTEREST PAYMENT | | | | |
| i) On Term Loans | | 3,937.75 | | 2,123.33 |
| ii) Others | | 546.62 | | 516.16 |
| TOTAL | | <u>4,484.37</u> | | <u>2,639.49</u> |
| SCHEDULE - 18 | | | | |
| PROVISION FOR TAXATION | | | | |
| i) Income Tax | | 2,838.62 | | 2,445.58 |
| ii) Deferred Tax | | 1,041.77 | | 1,295.64 |
| TOTAL | | <u>3,880.39</u> | | <u>3,741.22</u> |

NOTES FORMING PART OF THE ACCOUNTS

| | ₹. Lacs | |
|--|--------------------------------------|--------------------------------------|
| | As on 31 st March 2011 | As on 31 st March 2010 |
| 1. Contingent Liabilities not provided for in respect of: | | |
| a) Counter guarantees given for subsidiary companies | 69,251.05 | 13,492.41 |
| b) Disputed Income Tax matters in appeal | 165.39 | 694.94 |
| c) Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advances) | 823.00 | 459.00 |
| 2. Suit filed by the Company for recovery of import levies | – | 150.43 |
| 3. Directors Remuneration | | |
| a) Salary | 181.80 | 129.00 |
| b) Perquisites | | |
| HRA | 72.72 | 49.01 |
| Special Allowance | – | 3.00 |
| LTA | 11.93 | 11.14 |
| Medical Reimbursement | 10.18 | 10.42 |
| Leave Encashment | 1.23 | – |
| Gratuity | 4.62 | – |
| | <u>282.48</u> | <u>202.57</u> |
| Computation of Net Profit in accordance with Section 198 (read with Sections 349 & 350) of the Companies Act, 1956 | | |
| Profit before Tax as per Profit & Loss Account | 12,584.76 | 11,288.55 |
| Add: Depreciation provided in Accounts | 2,969.28 | 2,647.33 |
| Directors Remuneration | 282.48 | 202.57 |
| Less: Profit / (Loss) on Sale of Assets | – | 33.01 |
| | <u>15,836.52</u> | <u>14,105.44</u> |
| Less: Depreciation computed in accordance with Section 350 of the Companies Act, 1956 | 4,757.84 | 4,747.49 |
| | <u>11,078.68</u> | <u>9,357.95</u> |
| Eligibility at 11% of the above | 1,218.65 | 1,029.37 |
| 4. a) Expenditure in Foreign Currencies (On actual payment basis) | | |
| i) Traveling Expenses | 106.26 | 64.61 |
| ii) Interest | 428.98 | 425.14 |
| iii) Other | 205.29 | 151.94 |
| b) CIF value of Imported Material | 15,914.05 | 15,168.86 |

NOTES FORMING PART OF THE ACCOUNTS

| | ₹. Lacs | |
|--|---|---|
| | Year ended 31 st March 2011 | Year ended 31 st March 2010 |
| 5. Earnings in Foreign Currencies | | |
| a) Export of Goods | 4,332.70 | 5,194.44 |
| b) Interest | – | 2.06 |
| c) Lease Rent | 700.00 | 350.00 |
| d) Other | 6.54 | 83.29 |
| 6. The Term loan facilities sanctioned by the Banks and Institutions are secured by first charge on immovable and movable properties and second charge on current assets, both present and future under the Security Trustee Arrangement. The working capital facilities sanctioned by the banks and Institutions are secured by first charge on current assets and second charge on immovable and movable properties, both present and future, under the Security Trustee Arrangement. | | |
| 7. In absence of any intimation received from vendors regarding the status of their registration under “Micro, Small and Medium Enterprises Development Act 2006” the Company is unable to comply with the disclosure required to be made under the said Act. | | |
| 8. Payment to Statutory Auditors (including Service Tax) | | |
| a) Audit Fees | 5.52 | 4.41 |
| b) Tax Audit Fees | 1.10 | 1.10 |
| c) Expenses for Taxation Matters | 1.10 | 1.10 |
| d) Certification & Other Charges | 0.55 | 0.44 |
| | 8.27 | 7.05 |
| 9. a) The Company has issued Foreign Currency Convertible Bonds (FCCB) on 27 th December 2005 amounting to USD 50 million. Out of the outstanding Bonds of USD 11.83 million as on 1 st April, 2010, during the year, 906 Bonds amounting to USD 9.06 million were converted in fully paid-up equity shares and 277 Bonds amounting to USD 2.77 million were redeemed at a redemption value of Rs. 145.735, resulting in the outstanding at the end of the year to NIL. b) During the year, the Company has allotted 857,341 Equity Shares of Rs.10/- each @ Rs. 483.28 (including share premium of Rs. 473.28) on conversion of the above 906 Foreign Currency Convertible Bonds. Consequently, the paid-up equity share capital of the Company stands increased to Rs. 2,354.52 Lacs. c) Expenses for FCCBs conversion and redemption premium aggregating to Rs.696.84 Lacs are debited to Securities Premium Account. | | |

NOTES FORMING PART OF THE ACCOUNTS

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

- a) Subsidiary Companies
 - i) Bilcare Singapore Pte Ltd.
 - ii) Bilcare GmbH
 - iii) Bilcare Inc
 - iv) Bilcare Farmaceutica Embalagem E Pesquisas Ltda
 - v) Bilcare (UK) Ltd
 - vi) Bilcare GCS (Europe) Ltd
 - vii) Bilcare SA
 - viii) Bilcare Technologies Singapore Pte. Ltd.
 - ix) Bilcare Technologies Italia Srl.
 - x) Bilcare Mauritius Ltd.
 - xi) Bilcare Research AG
 - xii) Bilcare Germany Management GmbH
 - xiii) Bilcare Germany GmbH & Co.KG
 - xiv) Films Germany Holding GmbH
 - xv) Bilcare Agency GmbH
 - xvi) Bilcare Research Srl
 - xvii) Bilcare Fucine Srl
 - xviii) Bilcare Research Inc
 - xix) Bilcare Research GmbH
 - xx) Bilcare Staufen GmbH
 - xxi) Caprihans India Limited
- b) 50% Joint Venture in International Labs LLC.
- c) Key Management Personnel
 - i) Mr. Mohan H. Bhandari (Managing Director)
 - ii) Dr. Praful R. Naik (Executive Director)
 - iii) Mr. Chandra Prakash Jaggi (Director)

d) Transactions during the year with parties referred above

| Particulars | ₹. Lacs | | | |
|--------------|---|---|---|---|
| | Subsidiary Companies | | Key Management Personnel | |
| | Year Ended 31 st March 2011 | Year Ended 31 st March 2010 | Year Ended 31 st March 2011 | Year Ended 31 st March 2010 |
| Remuneration | – | – | 282.48 | 202.57 |
| Sale | 992.41 | 1,120.23 | – | – |
| Purchases | 34.55 | 4,960.07 | – | – |
| Lease Income | 700.00 | 700.00 | – | – |

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

11. The Company is engaged in 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.

NOTES FORMING PART OF THE ACCOUNTS

12. a) The Ministry of Corporate Affairs, Government of India vide General Circular No. 2/2011 dated 8th Feb 2011 has granted a general exemption under Section 211 of the Companies Act, 1956 from disclosure of quantitative details in the Profit & Loss Account under paras 3(i)(a) and 3(ii)(a) of Part II, Schedule VI to the Companies Act, 1956.
- b) The Ministry of Corporate Affairs, Government of India vide General Circular No. 2/2011 dated 8th Feb 2011 has granted a general exemption from compliance with section 212 of the Companies Act, 1956. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

| | ₹. Lacs | |
|---|---|---|
| | Year Ended 31 st March 2011 | Year Ended 31 st March 2010 |
| 13. Major components of deferred tax assets and liabilities arising on account of timing differences are: | | |
| Deferred Tax Liability on account of timing difference in Depreciation | 10,176.59 | 9,134.81 |
| 14. Earnings Per Share (EPS) | | |
| a) Net Profit as per Profit & Loss Account | 8,704.37 | 7,547.33 |
| b) Net profit available for equity shareholders (Numerator used for calculation) | 8,704.37 | 7,547.33 |
| c) Weighted average number of ordinary shares outstanding | 23,545,231 | 22,687,890 |
| d) Effect of potential ordinary shares on Share Warrants and Convertible Bonds outstanding | Nil | 1,119,466 |
| e) Weighted average number of ordinary shares in computing diluted earnings per share (c + d) | 23,545,231 | 23,807,356 |
| f) EPS (Face value Rs.10/- per share) | | |
| Basic [(b) / (c)] (₹.) | 36.97 | 33.27 |
| Diluted [(b) / (e)] (₹.) | 36.97 | 31.71 |

15. Financial Instruments
- a) Financial contracts entered into by the company and outstanding as on 31st March 2011 –
- i) For hedging Currency and Interest Rate Related Risks: NIL (Previous Year NIL).
- ii) For hedging commodity related risks: NIL.
- b) Foreign currency exposure (Net) that are not hedged by forward contract as on 31st March 2011 amount to Rs.17,560.08 Lacs. (Previous Year Rs.12,250.82 Lacs)

NOTES FORMING PART OF THE ACCOUNTS

16. Balance in Non Scheduled Bank includes balance with Rajgurunagar Sahakari Bank Ltd. Maximum Balance during the year Rs.22.55 Lacs (Previous Year Rs.21.52 Lacs).

17. Leases

The Company's leasing arrangements are mainly in respect of residential / office premises and plant & machinery. The aggregate lease rentals payable are charged as Rent under "Overheads" under Schedule 16 except otherwise treated.

Lease rental accrued based on the terms of contract are credited to Profit and Loss Account and included in "Other Income" under Schedule 12.

| | ₹. Lacs | |
|---|--------------------------------------|--------------------------------------|
| | As on 31 st March 2011 | As on 31 st March 2010 |
| a) Lease Rental Obligation | | |
| Not later than one year | 240.29 | 279.27 |
| Later than one year but not later than five years | 399.28 | 612.63 |
| Later than five years | – | 26.94 |
| b) Lease Rental Income | | |
| Not later than one year | 700.00 | 700.00 |
| Later than one year but not later than five years | 2,800.00 | 2,800.00 |
| Later than five years | 3,792.50 | 4,492.50 |

18. Foreign currency transactions on revenue accounts

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.
- b) Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate of forward exchange contract.
- c) The company had exercised the option given in the Notification dated 31st March 2009 issued by the Central Government to amend the AS-11 "The Effects of Changes in Foreign Exchange Rates..." in the F.Y. 2008-09. The amount of unrealized exchange fluctuation on long term monetary items under the said option was parked under the "Foreign Currency Monetary Items Translation Difference Account (FCMITDA)". The balance outstanding to the debit of FCMITDA Rs.541.22 Lacs is being amortised in the current year and now stands at NIL. Effect of exercising this option is understatement of Profit for the year to the extent of Rs.541.22 Lacs.
- d) The loss or gain due to fluctuation of exchange rate on revenue items is charged to Profit and Loss Account other than on the long term funds utilized for acquisition of fixed assets in India.

NOTES FORMING PART OF THE ACCOUNTS

19. Retirement Benefits

In respect of Provident Fund, the Company is depositing the contribution of Employer and Employees in the Government account. The Employees gratuity scheme is a defined benefit plan. The disclosures as per the revised Accounting Standard 15 on "Employee Benefits" (AS 15) issued by The Institute of Chartered Accountants of India are as follows:

| | ₹. Lacs | |
|---|---|---|
| | Year Ended 31 st March 2011 | Year Ended 31 st March 2010 |
| Defined Benefit Plan | | |
| a) Changes in Deferred Benefit Obligation and reconciliation thereof: | | |
| i) Opening Balance | 131.73 | 151.17 |
| ii) Add: Current Service cost | 45.11 | 38.77 |
| iii) Add: Past Service cost | 51.79 | – |
| iv) Add: Interest cost | 10.61 | 10.00 |
| v) Less: Actuarial gain | 35.47 | 51.71 |
| vi) Less: Benefits paid | 10.82 | 16.50 |
| vii) Closing Balance | 192.95 | 131.73 |
| b) Changes in fair value of Plan Assets and reconciliation thereof: | | |
| i) Opening Balance | 110.52 | 78.58 |
| ii) Add: Expected return on Planned Assets | 12.23 | 8.27 |
| iii) Add: Contribution by employer | 57.18 | 40.27 |
| iv) Less: Actuarial gain | 2.02 | 0.11 |
| v) Less: Benefits paid | 10.82 | 16.49 |
| vi) Closing Balance | 167.09 | 110.52 |
| c) Amount to be recognized in the Balance sheet in respect of: | | |
| i) Gratuity (funded) | 25.86 | 18.29 |
| ii) Leave Encashment (non funded) | 30.25 | 81.95 |
| d) Percentage of each category of Plan Assets to total fair value of Plan Assets: | | |
| Insurer Managed Funds | 100% | 100% |
| e) Principal Actuarial Assumption | | |
| i) Gratuity: | | |
| Discount rate | 8.30% | 8.40% |
| Expected rate of return on Plan Assets (p.a.) | 9.15% | 9.15% |
| Salary Escalation Rate | 10.00% | 10.00% |
| ii) Leave Encashment: | | |
| Discount rate | 8.30% | 8.40% |
| Salary Escalation Rate | 10.00% | 10.00% |

Projected Unit Credit (PUC) Actuarial method has been used for assessing the liability

20. Sundry Creditors etc. include Acceptances of Rs.2,944.90 Lacs (Previous Year Rs.2,172.90 Lacs).
21. Trial run income and expenses are directly capitalized to the respective assets.
22. Figures for the previous year have been regrouped / reclassified wherever necessary to confirm with the current years classification.
23. There are no amounts due and outstanding to be credited to Investor's Education and Protection Fund.
24. All figures are in Rupees Lacs, rounded off to two decimal places.

NOTES FORMING PART OF THE ACCOUNTS

25. 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 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.
- 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
 - a) 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.
 - b) Stores and Maintenance spares are valued at cost.
 - c) Import of materials is accounted on receipt thereof at the factory.
- ix) Sales Tax
 - a) 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 deferment of tax liability will be nine years and payable thereafter in five equal annual installments.
 - b) Sales Tax set off is reduced from the purchase cost of the material.

NOTES FORMING PART OF THE ACCOUNTS

- x) Excise Duty
- a) 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.
- b) 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
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) Provision, 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.
- 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. Rathi & Co.
Chartered Accountants

R. L. Rathi
Proprietor

Place : Pune
Date : 11th July 2011

Anil Tikekar
Company Secretary

Mohan H. Bhandari
Managing Director

Dr. Praful R. Naik
Executive Director

For and on behalf of Board of Directors

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No. State Code

Balance Sheet Date

II CAPITAL RAISED DURING THE YEAR (AMOUNT IN LACS)

Public Issue Right Issue

Bonus Issue Private Placement

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. LACS)

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Deferred Tax Liability

APPLICATION OF FUNDS

Net Fixed Assets Investments

Net Current Assets Misc Expenditure

IV PERFORMANCE OF COMPANY (AMOUNT IN RS LACS)

Turnover Total Expenditure

Profit / (Loss) before Tax Profit / (Loss) after Tax

Earning Per Share in ₹. Dividend ₹. Per Share

V GENERIC NAMES OF THREE PRINCIPAL/PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No (ITC Code)

Product Description

For and on behalf of Board of Directors

Mohan H. Bhandari
Managing Director

Place : Pune

Date : 11th July 2010

Anil Tikekar
Company Secretary

Dr. Praful R. Naik
Executive Director

Financial Information of Subsidiary Companies

| Sr. No. | Name of the Subsidiary | Reporting Currency | Country | Capital | Reserves | Total Assets | Total Liabilities | Details of Investments | Turnover including other income | Profit before Taxation | Provision for Taxation | Profit after Taxation | Proposed Dividend | ₹. Lacs | |
|---------|---|--------------------|-------------|-----------|------------|--------------|-------------------|------------------------|---------------------------------|------------------------|------------------------|-----------------------|-------------------|---------|--|
| | | | | | | | | | | | | | | | |
| 1. | Bilcare Singapore Pte Ltd. | SGD | Singapore | 60,127.10 | 9,991.19 | 84,125.81 | 14,007.53 | 35,662.34 | 28,244.14 | 4,855.70 | - | 4,855.70 | - | | |
| 2. | Bilcare GmbH | Euro | Germany | 15.75 | 628.80 | 644.55 | - | - | 827.32 | (425.42) | - | (425.42) | - | | |
| 3. | Bilcare Inc. | USD | USA | 21,219.82 | 7,361.29 | 31,711.45 | 3,130.33 | - | 27,369.56 | 5,139.51 | 1,338.66 | 3,800.85 | - | | |
| 4. | Bilcare Farmaceutica Embalagem E Pesquisas Ltda | Brl | Brazil | 142.85 | - | 142.85 | - | - | - | - | - | - | - | | |
| 5. | Bilcare (UK) Ltd. | GBP | UK | 1,069.23 | (362.38) | 2,107.53 | 1,400.69 | 2,196.30 | - | (99.22) | - | (99.22) | - | | |
| 6. | Bilcare GCS (Europe) Limited | GBP | UK | 17.46 | 604.37 | 1,084.07 | 462.24 | - | 2,300.52 | (123.14) | (51.01) | (72.13) | - | | |
| 7. | Bilcare Technologies Singapore Pte. Ltd. | SGD | Singapore | 3,749.74 | (1,877.94) | 2,969.48 | 1,097.67 | 13.14 | 125.98 | (1,056.13) | - | (1,056.13) | - | | |
| 8. | Bilcare Technologies Italia Srl. | Euro | Italy | 12.60 | 14.63 | 45.74 | 18.51 | - | 0.24 | (0.07) | - | (0.07) | - | | |
| 9. | Bilcare Switzerland SA | CHF | Switzerland | 48.47 | (13.28) | 35.19 | - | - | 0.05 | (4.53) | - | (4.53) | - | | |
| 10. | Bilcare Mauritius Ltd. | USD | Mauritius | 9,044.14 | 439.23 | 9,483.37 | - | 9,205.75 | 448.83 | 439.23 | - | 439.23 | - | | |
| 11. | Bilcare Research AG | Euro | Switzerland | 9,591.57 | 1,381.73 | 65,991.58 | 55,018.28 | 62,125.02 | 2,644.29 | 1,251.39 | (130.34) | 1,381.73 | - | | |
| 12. | Bilcare Germany Management GmbH | Euro | Germany | 15.81 | (8.81) | 14.54 | 7.54 | 0.91 | (0.34) | (8.81) | - | (8.81) | - | | |
| 13. | Bilcare Germany GmbH & Co. KG | Euro | Germany | 18,988.51 | 32,012.78 | 50,821.21 | (180.07) | 50,971.44 | 11.87 | (55.47) | (68.81) | 13.34 | - | | |
| 14. | Films Germany Holding GmbH | Euro | Germany | 15.81 | 1,600.85 | 1,616.66 | - | 1,609.52 | (98.26) | (106.63) | - | (106.63) | - | | |
| 15. | Bilcare Agency GmbH | CHF | Switzerland | 9.69 | (3.92) | 5.77 | - | - | (0.11) | (3.92) | - | (3.92) | - | | |
| 16. | Bilcare Research Srl | Euro | Italy | 316.20 | 1,788.74 | 5,691.97 | 3,587.03 | - | 13,063.31 | (2,402.98) | (50.21) | (2,352.77) | - | | |
| 17. | Bilcare Fucine Srl | Euro | Italy | 316.20 | 4,131.69 | 7,368.37 | 2,920.47 | 0.01 | 8,801.11 | (750.37) | 34.53 | (784.90) | - | | |
| 18. | Bilcare Research Inc | USD | USA | 22.33 | 13,655.48 | 14,672.25 | 994.44 | - | 9,318.85 | (978.31) | 4.62 | (982.93) | - | | |
| 19. | Bilcare Research GmbH | Euro | Germany | 5,772.00 | 36,758.19 | 51,833.28 | 9,303.08 | 7,264.08 | 56,047.28 | 2,954.76 | (326.99) | 3,281.75 | - | | |
| 20. | Bilcare Staufen GmbH | Euro | Germany | 16.44 | (3.37) | 630.48 | 617.41 | - | 60,075.43 | 57.29 | - | 57.29 | 962.91 | | |
| 21. | Caprihans India Limited | ₹. | India | 1,313.40 | 8,417.97 | 9,834.37 | 103.00 | - | 11,993.63 | 601.90 | 205.00 | 396.90 | 197.01 | | |

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

To
The Board of Directors
Bilcare Limited

- We have audited the attached consolidated Balance Sheet of **Bilcare Limited**, its subsidiaries Bilcare Singapore Pte Ltd., Bilcare Mauritius Ltd., and joint venture International Labs LLC as at 31st March 2011 and also 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 companies Bilcare Singapore Pte Ltd., Bilcare Mauritius Ltd. and their respective subsidiaries, all ending on 31st March 2011 except Bilcare SA, which is 31st December 2010 and joint venture International Labs LLC for the year ended on 31st March 2011. 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.
- 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.
- 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.
- 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 2011 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
Registration No. 108719W

R. L. RATHI
Proprietor
Membership No. 14739

Date: 11th July 2011

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2011

| | Schedule No. | As on 31 st March 2011 | | As on 31 st March 2010 | |
|--|--------------|-----------------------------------|------------|-----------------------------------|------------|
| | | ₹. Lacs | ₹. Lacs | ₹. Lacs | ₹. Lacs |
| SOURCES OF FUNDS | | | | | |
| SHAREHOLDERS' FUND | | | | | |
| Share Capital | 1 | 2,354.52 | | 2,268.79 | |
| Reserves & Surplus | 2 | 104,231.97 | | 85,002.14 | |
| | | | 106,586.49 | | 87,270.93 |
| MINORITY INTEREST | | | 4,880.57 | | – |
| DEFERRED TAX | | | 15,719.91 | | 11,710.03 |
| LOAN FUNDS | | | | | |
| Secured Loans | 3 | 109,417.61 | | 52,138.61 | |
| Unsecured Loans | 4 | 12,554.96 | | 7,793.18 | |
| | | | 121,972.57 | | 59,931.79 |
| | | | 249,159.54 | | 158,912.75 |
| APPLICATION OF FUNDS | | | | | |
| FIXED ASSETS | | | | | |
| Gross Block | 5 | 245,977.27 | | 100,129.19 | |
| Less: Depreciation | | 105,144.31 | | 14,657.50 | |
| Net Block | | 140,832.96 | | 85,471.69 | |
| Capital work in progress | | 3,559.40 | | 3,319.18 | |
| | | | 144,392.36 | | 88,790.87 |
| INVESTMENTS | 6 | | 22.58 | | – |
| CURRENT ASSETS, LOANS & ADVANCES | | | | | |
| Inventories | 7 | 43,414.51 | | 17,053.87 | |
| Sundry Debtors | 8 | 82,275.16 | | 35,304.53 | |
| Cash & Bank Balances | 9 | 17,778.28 | | 15,158.18 | |
| Loans & Advances | 10 | 21,626.08 | | 14,687.77 | |
| | | 165,094.03 | | 82,204.35 | |
| LESS: CURRENT LIABILITIES & PROVISIONS | 11 | 62,776.36 | | 14,805.61 | |
| NET CURRENT ASSETS | | | 102,317.67 | | 67,398.74 |
| MISCELLANEOUS EXPENSES (to the extent not written off or adjusted) | | | 2,426.93 | | 2,723.14 |
| | | | 249,159.54 | | 158,912.75 |
| NOTES FORMING PART OF THE ACCOUNTS | 19 | | | | |

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

R. L. Rathi
Proprietor

Place : Pune
Date : 11th July 2011

Anil Tikekar
Company Secretary

For and on behalf of Board of Directors

Mohan H. Bhandari
Managing Director

Dr. Praful R. Naik
Executive Director

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

| | Schedule No. | Year ended 31 st March 2011 | | Year ended 31 st March 2010 | |
|---|--------------|--|---------|--|---------|
| | | ₹. Lacs | ₹. Lacs | ₹. Lacs | ₹. Lacs |
| INCOME | | | | | |
| Sales | | 228,658.26 | | 104,782.59 | |
| Other Income | 12 | 4,223.22 | | 1,798.04 | |
| | | 232,881.48 | | 106,580.63 | |
| EXPENDITURE | | | | | |
| Cost of Materials Consumed / Sold | 13 | 131,535.29 | | 59,159.69 | |
| (Increase) / Decrease in Stocks | 14 | (1,048.44) | | (50.18) | |
| Payments to & Provision for Employees | 15 | 33,067.94 | | 9,635.16 | |
| Overheads | 16 | 31,635.01 | | 11,844.81 | |
| Interest | 17 | 9,175.42 | | 4,389.01 | |
| Depreciation & Amortisation | | 8,591.09 | | 5,354.74 | |
| | | 212,956.31 | | 90,333.23 | |
| Profit before Taxation | | 19,925.17 | | 16,247.40 | |
| Provision for Taxation | 18 | 4,979.43 | | 4,552.57 | |
| Net Profit after Tax | | 14,945.74 | | 11,694.83 | |
| Minority Interest | | 194.48 | | – | |
| Net Profit after tax carried to Balance Sheet | | 14,751.26 | | 11,694.83 | |
| Earnings Per Share (EPS) par value Rs.10/- each (Refer Note No.4) | | | | | |
| Basic | | (₹.) | 63.48 | (₹.) | 51.54 |
| Diluted | | (₹.) | 63.48 | (₹.) | 49.12 |
| NOTES FORMING PART OF THE ACCOUNTS | 19 | | | | |

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

R. L. Rathi
Proprietor

Place : Pune
Date : 11th July 2011

For and on behalf of Board of Directors

Mohan H. Bhandari
Managing Director

Anil Tikekar
Company Secretary

Dr. Praful R. Naik
Executive Director

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2011

| | Year ended 31 st March 2011 ₹. Lacs | Year ended 31 st March 2010 ₹. Lacs |
|--|--|--|
| A Cash flow from Operating Activities | | |
| Profit after tax | 14,751.26 | 11,694.83 |
| Adjustment for: | | |
| Depreciation | 90,947.98 | 4,809.93 |
| Interest/Dividend (Net) | 8,710.83 | 4,181.42 |
| (Profit) / Loss on sale of fixed assets | (98.53) | (33.01) |
| Foreign Currency Monetary Items Translation Difference Account | 541.23 | 1,172.34 |
| Exchange Difference (Foreign Currency Translation Reserves) | 1,259.62 | (1,865.72) |
| Operating profit before Working Capital changes | 116,112.39 | 19,959.79 |
| Deferred Tax Liability | 4,009.88 | 1,871.91 |
| Adjustments for: | | |
| Trade & other receivables | (53,908.94) | (9,840.50) |
| Inventories | (26,360.64) | (2,905.17) |
| Trade Payables | 48,154.21 | 2,899.76 |
| (Increase) / Decrease in Preliminary Expenses | 296.22 | (371.31) |
| Cash generated from operations | 88,303.12 | 11,614.48 |
| Interest Paid | (9,253.96) | (4,553.47) |
| Direct Taxes paid | (264.46) | 228.41 |
| Net cash from operating activities | 78,784.70 | 7,289.42 |
| B Cash flow from Investing Activities | | |
| Purchase of fixed assets | (147,030.79) | (9,195.28) |
| Sale of fixed assets | 579.83 | 62.54 |
| Investments | (22.58) | 14,545.84 |
| Interest received | 186.70 | 35.73 |
| Dividend received | 277.89 | 171.85 |
| Net cash used in investing activities | (146,008.95) | 5,620.68 |
| C Cash flow from Financing Activities | | |
| Proceeds from issue of Share Capital | 85.73 | 547.98 |
| Proceeds from Share Premium (Net) | 3,360.78 | 26,784.77 |
| Increase in Minority Interest | 4,880.57 | – |
| Increase in General Reserve on Acquisition | 50.00 | – |
| Increase in Profit and Loss Account on Acquisition | 87.89 | – |
| Proceeds from long term borrowings | 81,919.30 | 30,732.85 |
| Repayment of long term borrowings | (14,558.57) | (8,272.84) |
| Conversion / Buyback of FCCB | (5,319.95) | (57,573.61) |
| Dividend paid including tax | (661.40) | (503.31) |
| Net cash from financing activities | 69,844.35 | (8,284.16) |
| Net increase in cash & cash equivalents (A+B+C) | 2,620.10 | 4,625.94 |
| Cash and cash equivalents as on 01.04.2010 | 15,158.18 | 10,532.24 |
| Cash and cash equivalents as on 31.03.2011 | 17,778.28 | 15,158.18 |

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

R. L. Rathi
Proprietor

Place : Pune
Date : 11th July 2011

For and on behalf of Board of Directors

Mohan H. Bhandari
Managing Director

Dr. Praful R. Naik
Executive Director

Anil Tikekar
Company Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

| | As on 31 st March 2011 ₹. Lacs | As on 31 st March 2010 ₹. Lacs |
|---|---|---|
| SCHEDULE - 1 | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| i) 40,000,000 (Previous Year 40,000,000) Equity Shares of Rs.10/- each | 4,000.00 | 4,000.00 |
| ii) 5,000,000 (Previous Year 5,000,000) Preference Shares of Rs.10/- each | 500.00 | 500.00 |
| | <u>4,500.00</u> | <u>4,500.00</u> |
| ISSUED SUBSCRIBED AND PAID UP | | |
| i) Equity Shares 23,545,231 (Previous Year 22,687,890) Equity Shares of Rs.10/- each | 2,354.52 | 2,268.79 |
| TOTAL | <u>2,354.52</u> | <u>2,268.79</u> |
| Note : Includes 8,021,000 Equity Shares of Rs. 10/- each (Previous year 8,021,000) which were allotted as fully paid up Bonus Shares by capitalisation of share premium and reserve. | | |
| SCHEDULE - 2 | | |
| RESERVES & SURPLUS | | |
| i) Securities Premium As per last Balance Sheet Additions during the year Less: FCCB Redemption Premium | 47,687.36 4,057.62 <u>696.84</u> | 20,902.52 26,882.18 <u>97.41</u> |
| | 51,048.14 | 47,687.29 |
| ii) General Reserve As per last Balance Sheet Add: Transfer from Profit & Loss Account Add: Addition on acquisition | 3,124.44 1,500.00 <u>50.00</u> | 1,624.42 1,500.00 <u>–</u> |
| | 4,674.44 | 3,124.42 |
| iii) Capital Redemption Reserve | 271.63 | 271.63 |
| iv) Debenture Redemption Reserve | 6,000.00 | – |
| v) Foreign Currency Translation Reserve on consolidation | 3,387.13 | 2,127.60 |
| vi) Foreign Currency Monetary Items Translation Difference Account As per last Balance Sheet Add: Additions during the year Less: Transferred to Profit and Loss Account | (541.22) – <u>541.22</u> | (1,713.56) 631.11 <u>541.23</u> |
| | – | (541.22) |

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

| | As on 31 st March 2011 | | As on 31 st March 2010 | |
|--|--------------------------------------|-------------------|--------------------------------------|------------------|
| | ₹. Lacs | ₹. Lacs | ₹. Lacs | ₹. Lacs |
| vii) Profit & Loss Appropriation Account | | | | |
| Balance brought forward from Previous Year | 32,332.43 | | 22,798.99 | |
| Add: Net Profit for the year | 14,751.26 | | 11,694.83 | |
| Add: Addition on acquisition | 87.89 | | — | |
| Less: Transfer to General Reserve | 1,500.00 | | 1,500.00 | |
| Transfer to Debenture Redemption Reserve | 6,000.00 | | — | |
| Proposed Dividend | 706.36 | | 567.20 | |
| Tax on Dividend | 114.59 | | 94.20 | |
| | | 38,850.63 | | 32,332.42 |
| TOTAL | | 104,231.97 | | 85,002.14 |
| SCHEDULE - 3 | | | | |
| SECURED LOANS | | | | |
| i) 12.5%, Redeemable Non Convertible Debentures | | 6,000.00 | | — |
| ii) Term Loans | | 101,417.61 | | 47,638.61 |
| iii) Bank Borrowings | | 2,000.00 | | 4,500.00 |
| TOTAL | | 109,417.61 | | 52,138.61 |
| SCHEDULE - 4 | | | | |
| UNSECURED LOANS | | | | |
| i) Sales Tax deferral | | 1,143.17 | | 1,188.52 |
| ii) Fixed Deposits | | 12.99 | | 13.94 |
| iii) Others | | 11,398.80 | | 1,270.77 |
| iv) Foreign Currency Convertible Bonds (FCCB) (Refer Note No.7) | | — | | 5,319.95 |
| TOTAL | | 12,554.96 | | 7,793.18 |

SCHEDULE - 5

FIXED ASSETS

₹. Lacs

| Sr. No. | Items of Asset | Gross Block at Cost or Book Value | | | | | Depreciation | | | | | Net Block | | | |
|---------|-------------------------|-----------------------------------|-----------------------------------|----------------------|------------------|---------------|-------------------|------------------|-----------------------------------|----------------------|---------------|-----------------|-------------------|-------------------|------------------|
| | | As on 01/04/2010 | Addition on Acquisition 01/9/2010 | Exchange Fluctuation | Additions | Deductions | As on 31/03/2011 | As on 01/04/2010 | Addition on Acquisition 01/9/2010 | Exchange Fluctuation | Deductions | For the Year | As on 31/03/2011 | As on 31/03/2011 | As on 31/03/2010 |
| 01 | Goodwill | 10,751.51 | — | 541.40 | — | — | 11,292.91 | 617.71 | — | (4.46) | — | 613.25 | 1,226.50 | 10,066.41 | 10,133.80 |
| 02 | Land | 1,555.50 | 2,198.93 | 125.80 | 5,418.86 | 5.10 | 9,293.99 | 4.76 | 1.83 | (0.06) | 5.10 | 33.01 | 34.44 | 9,259.55 | 1,550.74 |
| 03 | Building | 7,784.27 | 23,854.26 | 125.41 | 36.11 | 107.75 | 31,692.30 | 1,450.41 | 11,396.97 | 10.03 | 128.50 | 940.46 | 13,669.37 | 18,022.93 | 6,333.86 |
| 04 | Plant & Machinery | 67,340.55 | 84,437.40 | 971.83 | 16,032.59 | 759.32 | 168,023.05 | 9,255.87 | 62,638.84 | 48.37 | 310.51 | 5,351.61 | 76,984.18 | 91,038.87 | 58,084.68 |
| 05 | Vehicles | 154.97 | 1,135.33 | — | 1.66 | 12.32 | 1,279.64 | 66.11 | 926.98 | — | — | 38.55 | 1,031.64 | 248.00 | 88.86 |
| 06 | Electric Fitting | 1,653.85 | — | — | 44.05 | — | 1,697.90 | 363.43 | 229.56 | — | — | 93.28 | 686.27 | 1,011.63 | 1,290.42 |
| 07 | Furniture & Fixture | 942.92 | 505.35 | 16.04 | 90.95 | 11.05 | 1,544.21 | 238.62 | 193.76 | 2.88 | 9.50 | 87.84 | 513.60 | 1,030.61 | 704.30 |
| 08 | Office Equipments | 6,301.50 | 21.78 | 142.60 | 1,063.44 | 46.94 | 7,482.38 | 2,284.71 | 167.01 | 11.28 | 7.57 | 743.09 | 3,198.52 | 4,283.86 | 4,016.79 |
| 09 | Intangible Assets Other | 3,644.12 | 8,119.67 | 221.67 | 1,685.43 | — | 13,670.89 | 375.88 | 7,208.11 | (0.59) | — | 216.39 | 7,799.79 | 5,871.10 | 3,268.24 |
| | TOTAL | 100,129.19 | 120,272.72 | 2,144.75 | 24,373.09 | 942.48 | 245,977.27 | 14,657.50 | 82,763.06 | 67.45 | 461.18 | 8,117.48 | 105,144.31 | 140,832.96 | 85,471.69 |
| | Previous Year | 92,686.14 | — | (3,233.45) | 10,788.29 | 111.79 | 100,129.19 | 9,854.57 | — | (293.01) | 82.26 | 5,178.20 | 14,657.50 | 85,471.69 | 82,831.57 |

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

| | As on 31 st March 2011 | | As on 31 st March 2010 | |
|---|--------------------------------------|------------------|--------------------------------------|------------------|
| | ₹. Lacs | ₹. Lacs | ₹. Lacs | ₹. Lacs |
| SCHEDULE - 6 | | | | |
| INVESTMENTS | | | | |
| Unquoted, Non-trade Investments | | | | |
| Investments Others | | 22.58 | | — |
| TOTAL | | 22.58 | | — |
| SCHEDULE - 7 | | | | |
| INVENTORIES | | | | |
| (As taken, Valued at cost or realisable value whichever is lower and Certified by the Management) | | | | |
| i) Raw Material | | 24,894.92 | | 13,987.41 |
| ii) Work-in-process | | 4,913.14 | | 1,491.74 |
| iii) Finished Goods | | 9,594.39 | | 1,362.49 |
| iv) Stores & Spares, Consumables | | 4,012.06 | | 212.23 |
| TOTAL | | 43,414.51 | | 17,053.87 |
| SCHEDULE - 8 | | | | |
| SUNDRY DEBTORS | | | | |
| (Unsecured; considered good) | | | | |
| i) Outstanding for more than six months | | 7,541.82 | | 1,196.97 |
| ii) Other Debts | | 74,733.34 | | 34,107.56 |
| TOTAL | | 82,275.16 | | 35,304.53 |
| SCHEDULE - 9 | | | | |
| CASH AND BANK BALANCES | | | | |
| i) Cash on Hand | | 20.07 | | 13.46 |
| ii) Balances with Scheduled Banks | | | | |
| a) Current Accounts | | 10,088.38 | | 4,403.82 |
| b) Deposit Accounts | | 7,668.40 | | 10,738.93 |
| iii) Balances with Non-Scheduled Bank | | 1.43 | | 1.97 |
| TOTAL | | 17,778.28 | | 15,158.18 |
| SCHEDULE - 10 | | | | |
| LOANS AND ADVANCES | | | | |
| (Unsecured; considered good) | | | | |
| i) Advances recoverable in cash or in kind or for value to be received | | 12,878.33 | | 9,846.91 |
| ii) Deposits with Government Departments and Others | | 8,747.75 | | 4,840.86 |
| TOTAL | | 21,626.08 | | 14,687.77 |

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

| | As on 31 st March 2011 ₹. Lacs | As on 31 st March 2010 ₹. Lacs |
|---|---|---|
| SCHEDULE - 11 | | |
| CURRENT LIABILITIES AND PROVISIONS | | |
| Current Liabilities | | |
| i) Sundry Creditors | 37,044.17 | 10,158.40 |
| ii) Interest accrued but not due | 165.48 | 244.02 |
| iii) Other Liabilities | 23,847.72 | 3,334.26 |
| iv) Employee Retirement Benefits | 855.21 | 100.24 |
| | <u>61,912.58</u> | <u>13,836.92</u> |
| Provisions | | |
| i) Proposed Dividend | 706.36 | 567.20 |
| ii) Tax on Dividend | 114.59 | 94.20 |
| iii) Provision for Taxation (Net) | 42.83 | 307.29 |
| TOTAL | <u><u>62,776.36</u></u> | <u><u>14,805.61</u></u> |
| SCHEDULE - 12 | | |
| OTHER INCOME | | |
| i) Interest | 186.70 | 35.73 |
| ii) Dividend | 277.89 | 171.85 |
| iii) Exchange Fluctuation (Loss) / Gain (Net) | 2,554.83 | 363.04 |
| iv) Lease Rental | 700.00 | 700.00 |
| v) Technical Fees | 46.20 | 106.20 |
| vi) Others | 359.07 | 388.21 |
| vii) Profit on Sale of Asset | 98.53 | 33.01 |
| TOTAL | <u><u>4,223.22</u></u> | <u><u>1,798.04</u></u> |
| SCHEDULE - 13 | | |
| COST OF MATERIALS CONSUMED / SOLD | | |
| Opening Stock | 13,987.41 | 11,134.57 |
| Add: Purchases (net) | 142,442.80 | 62,012.53 |
| Less: Closing Stock | 24,894.92 | 13,987.41 |
| TOTAL | <u><u>131,535.29</u></u> | <u><u>59,159.69</u></u> |
| SCHEDULE - 14 | | |
| (INCREASE) / DECREASE IN STOCKS | | |
| Stock in Trade (at the commencement) | | |
| Finished Goods | 1,362.49 | 1,293.39 |
| Work-in-Process | 1,491.74 | 1,510.66 |
| Addition on Acquisition | 10,604.86 | - |
| | <u>13,459.09</u> | <u>2,804.05</u> |
| Less: Stock in Trade (at the end) | | |
| Finished Goods | 9,594.39 | 1,362.49 |
| Work-in-Process | 4,913.14 | 1,491.74 |
| | <u>14,507.53</u> | <u>2,854.23</u> |
| TOTAL | <u><u>(1,048.44)</u></u> | <u><u>(50.18)</u></u> |

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

| | As on 31 st March 2011 ₹. Lacs | As on 31 st March 2010 ₹. Lacs |
|--|---|---|
| SCHEDULE - 15 | | |
| PAYMENT TO & PROVISION FOR EMPLOYEES | | |
| i) Salaries, Wages, Bonus and Allowances | 30,653.33 | 8,954.50 |
| ii) Contribution to Provident Fund and Other Funds and Schemes | 1,871.07 | 552.28 |
| iii) Employee Welfare | 543.54 | 128.38 |
| TOTAL | <u><u>33,067.94</u></u> | <u><u>9,635.16</u></u> |
| SCHEDULE - 16 | | |
| OVERHEADS | | |
| i) Power & Fuel | 5,255.52 | 1,135.65 |
| ii) Stores, Spares & Consumables | 3,127.48 | 733.48 |
| iii) Rent | 1,953.16 | 1,260.18 |
| iv) Rates and Taxes | 230.81 | 96.67 |
| v) Travelling & Conveyance | 1,144.65 | 1,088.98 |
| vi) Selling Expenses | 8,725.76 | 2,610.34 |
| vii) Communication Expenses | 816.21 | 227.61 |
| viii) Repairs and Maintenance | | |
| a) Plant and Machinery | 1,785.92 | 501.99 |
| b) Buildings | 109.77 | 79.60 |
| c) Others | <u>1,622.71</u> | <u>155.65</u> |
| | 3,518.40 | 737.24 |
| ix) Insurance | 513.96 | 272.57 |
| x) Legal and professional fees | 1,317.30 | 1,146.16 |
| xi) Lease Rental | 324.05 | 252.59 |
| xii) Donations | 0.82 | 0.11 |
| xiii) Miscellaneous | 4,706.89 | 2,283.23 |
| TOTAL | <u><u>31,635.01</u></u> | <u><u>11,844.81</u></u> |
| SCHEDULE - 17 | | |
| INTEREST PAYMENT | | |
| i) On Term Loans | 6,319.89 | 3,694.95 |
| ii) Others | 2,855.53 | 694.06 |
| TOTAL | <u><u>9,175.42</u></u> | <u><u>4,389.01</u></u> |
| SCHEDULE - 18 | | |
| PROVISION FOR TAXATION | | |
| i) Income Tax | 3,108.31 | 3,256.93 |
| ii) Deferred Tax | 1,871.12 | 1,295.64 |
| TOTAL | <u><u>4,979.43</u></u> | <u><u>4,552.57</u></u> |

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. Basis of Consolidation

a) Basis of Preparation

The Consolidated Financial Statements are prepared in accordance with Accounting Standard AS-21 and AS-27 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 |
|--------|---|---------------------------------|-------------------------------|
| i) | Bilcare Singapore Pte Ltd. | Singapore | 100% |
| ii) | Bilcare GmbH | Germany | 100% |
| iii) | Bilcare Inc. | USA | 100% |
| iv) | Bilcare Farmaceutica Embalagem E Pesquisas Ltda | Brazil | 100% |
| v) | Bilcare (UK) Limited | UK | 100% |
| vi) | Bilcare GCS (Europe) Ltd | UK | 100% |
| vii) | Bilcare SA | Switzerland | 100% |
| viii) | Bilcare Technologies Singapore Pte. Ltd. | Singapore | 100% |
| ix) | Bilcare Technologies Italia Srl. | Italy | 92.50% |
| x) | Bilcare Mauritius Ltd. | Mauritius | 100% |
| xi) | Bilcare Research AG | Germany | 100% |
| xii) | Bilcare Germany Management GmbH | Germany | 100% |
| xiii) | Bilcare Germany GmbH & Co. KG | Germany | 100% |
| xiv) | Films Germany Holding GmbH | Germany | 94.90% |
| xv) | Bilcare Agency GmbH | Switzerland | 100% |
| xvi) | Bilcare Research Srl | Italy | 100% |
| xvii) | Bilcare Fucine Srl | Italy | 100% |
| xviii) | Bilcare Research Inc | US | 100% |
| xix) | Bilcare Research GmbH | Germany | 94.90% |
| xx) | Bilcare Staufen GmbH | Germany | 100% |
| xxi) | Caprihans India Limited | India | 51% |
| xxii) | International Labs LLC, Joint Venture | USA | 50% |

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

e) Consolidation of the accounts has been prepared based on the foreign currency rates prevailing as at 31st March 2011.

| | ₹. Lacs | |
|---|---|---|
| | Year ended 31 st March 2011 | Year ended 31 st March 2010 |
| f) Transactions during the year with parties referred above | | |
| Sale of Finished Goods | 5,218.38 | 2,414.70 |
| Sale of Fixed Assets | 172.50 | 162.12 |
| Purchases | 34.55 | 4,960.07 |
| Lease Income | 700.00 | 700.00 |
| 2. | | |
| a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for | 823.00 | 459.00 |
| b) Contingent Liabilities not provided for in respect of : | | |
| i. Income Tax | 165.39 | 694.94 |
| ii. Excise | 1581.62 | - |
| iii. Claims not acknowledged as debts | 331.97 | - |
| iv. Corporate Guarantees given | 19,924.43 | 26,868.80 |
| 3. Deferred tax liabilities arising on account of timing differences in depreciation | 15,719.91 | 11,710.03 |
| 4. Earnings Per Share (EPS) | | |
| a) Net Profit as per Profit & Loss Account | 14,945.74 | 11,694.83 |
| b) Net Profit available for equity shareholder (Numerator used for calculation) | 14,945.74 | 11,694.83 |
| c) Weighted Average number of ordinary shares outstanding | 23,545,231 | 22,687,890 |
| d) Effect of potential ordinary shares on Share Warrants and Convertible Bonds outstanding | - | 1,119,466 |
| e) Weighted average number of ordinary shares in computing diluted earnings per share (c + d) | 23,545,231 | 23,807,356 |
| f) EPS (Face value Rs.10/- per share) | | |
| Basic [(b) / (c)] (₹.) | 63.48 | 51.54 |
| Diluted [(b) / (e)] (₹.) | 63.48 | 49.12 |

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

5. Leases

The Company's leasing arrangements are mainly in respect of residential / office premises and plant & machinery. The aggregate lease rentals payable are charged as Rent under "Overheads" under Schedule 16 except otherwise treated.

Lease rental accrued based on the terms of contract are credited to Profit and Loss Account and included in "Other Income" under Schedule 12.

| | As on 31 st March 2011 | As on 31 st March 2010 |
|---|--------------------------------------|--------------------------------------|
| | | ₹. Lacs |
| a) Lease Rental Obligation | | |
| Not later than one year | 2,335.55 | 979.27 |
| Later than one year but not later than five years | 7,576.13 | 3412.63 |
| Later than five years | 3,983.94 | 4518.94 |
| b) Lease Rental Income | | |
| Not later than one year | 700.00 | 700.00 |
| Later than one year but not later than five years | 2,800.00 | 2,800.00 |
| Later than five years | 3,792.50 | 4,492.00 |

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. Foreign Currency Convertible Bonds

Bilcare Singapore Pte Ltd. has bought back the entire USD 90 million of its own Convertible Bonds during the last year. Subsequently, Monument Pte Ltd. had issued USD 54 million 7% Exchangeable Guaranteed Bonds due 2013; which were further converted into equity during the year, and the balance outstanding as on 31st March 2011 is USD 38.15 million.

These Bonds are supported by equivalent amount of equity shares and GDR's of Bilcare Limited as Exchange Property and guaranteed by Bilcare Singapore Pte Ltd. for principal amount and interest.

8. 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.

9. 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.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

10. 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.

11. Depreciation on Fixed Assets

On fixed assets, depreciation is provided on straight line method so as to write off the cost of the assets over their useful lives. In respect 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. Full depreciated assets are retained in the account until they are no longer usable.

Patent and Trademarks are amortized over their estimated economic life.

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

As per our report of even date

For and on behalf of Board of Directors

R. L. Rathi & Co.
Chartered Accountants

R. L. Rathi
Proprietor

Mohan H. Bhandari
Managing Director

Place: Pune
Date: 11th July 2011

Anil Tikekar
Company Secretary

Dr. Praful R. Naik
Executive Director

