

Bilcare *Research*

Annual Report 2009 - 10



The Joy of Sharing



Bilcare enters the delivery mode of nonClonableID™

With a handover of technology embedded products to leading companies like Ranbaxy, Panacea Biotec, Indofil Chemicals and Mankind Pharma, Bilcare ushered in the execution phase of its unique anti-counterfeiting technology nonClonableID™. Dr. Sam Pitroda, Adviser to Prime Minister of India in Public Information, Infrastructure and Innovation and Dr. R Chidambaram, Principal Scientific Adviser to the Government of India delivered these technology-embedded products to the respective companies in the presence of Mr. Mohan Bhandari, Founder, Chairman & Managing Director, Bilcare Limited and other senior officials. Dr. Samir Bramhachari, Director General, CSIR, also addressed the gathering. This technology is being implemented by security agencies, both in India and abroad.

Visit from Minister of State for Health and Family Welfare

The Union Minister of State for Health & Family Welfare, Mr. Dinesh Trivedi, visited Bilcare's Research and Development facility at Rajgurunagar in February 2010. He also visited the clinical facility where testing and trials take place. Mr. Trivedi commented that these innovative products would make healthcare more accessible to all and that India was in the right hands with such initiatives. The main event of the day was the unveiling of Bilcare's nonClonableID™ Medicine Authentication Device-SX-21 by Mr. Trivedi followed by an interactive symposium.

Bilcare felicitated for the second consecutive year at Annual Intellectual Property Awards – 2010

Bilcare's endeavor towards being a leader in intellectual property generation received a boost after

winning an award at the Annual Intellectual Property Awards 2010 for securing the highest number of registered designs in 2009. Dr. Praful Naik, CSO and Executive Director received the award from Mr. Anand Sharma, Minister of Commerce and Industry, Government of India. Speaking on the occasion, Dr. Naik emphasized on the culture at Bilcare where innovation is driven by focus on end-user safety, health and well being. An equal impetus is placed on creating hundreds of inimitable designs, which could provide distinctive identity to any product or medicine.

Bilcare participates at Pharmapack

Bilcare participated at Pharmapack, an exclusive event for companies in the pharma packaging space, in Paris on February 1 & 2, 2010. It provided an opportunity for Bilcare to connect with key buyers and brand protection strategists in this sector. Bilcare showcased its novel, embeddedimage™ blister film - Protect®, UV visible and forensically marked printed foils, and its flagship nonClonableID™ anti-counterfeiting system, alongside its wide range of specialist pharma packaging products. It provided visitors with an impressive array of brand and patient safety products and solutions.

Bilcare participates in Global Forum on Anti-Counterfeiting in Miami

The 5th Global Forum on Pharmaceutical Anti-Counterfeiting, in Miami, USA resonated with a focus on "End-to-end protection – from API to patient". Bilcare participated actively and demonstrated the nonClonableID™ solution applied to blister packs and cartons, which received appreciation from other participants comprising of brand owners, regulators and non-government organizations.



Bilcare's unique nonClonableID™ fingerprint technology can be easily incorporated into packaged medical products at both the primary and secondary level to make the medicines extremely secure. Dr. Satya Sharma, Global President, Chief Mentor, Bilcare Technologies, represented the company at the forum.

[Bilcare speaks on innovations and R&D in Homeland Security at FICCI conference](#)

The Federation of Indian Chambers of Commerce and Industry (FICCI) held a conference on 'Science and Technology for Homeland Security' on October 9, 2009 at the FICCI Federation House in New Delhi. Bilcare provided a detailed insight on the need to deploy novel yet simple technologies for enabling physical and economic security. The conference drew delegates from various government agencies responsible for homeland security, technology experts, policy makers, and industry representatives.

[Bilcare bags the coveted 2009 European Outsourcing award for second time in a row](#)

Bilcare Ltd bagged the prestigious 2009 European Outsourcing Award for the second year in succession. The European Outsourcing awards have become recognized as the most prestigious award in Europe for the pharma sector and Bilcare has become the first Indian company to bag this award twice in succession.

[Bilcare GCS Europe second unit inaugurated](#)

Bilcare Global Clinical Supplies' (Bilcare GCS) second unit in Wales, UK was inaugurated by Mr. Mohan Bhandari, Chairman & Managing Director on March 11, 2010. Besides being spread over an impressive 35,000 sq. ft, this facility also doubles the company's

European capacity to package, store and distribute clinical supplies in ambient, refrigerated and frozen conditions. This additional facility in Crickhowell, Wales will allow Bilcare GCS to serve the Americas, Europe, and Asia with clinical trial materials support, services and complete project management.

[Bilcare speaks on anti-counterfeiting trends at ALDCOC training program](#)

Bilcare was invited as the key resource at the training program on Improving Investigation Skills of FDA Officers, organized by the All India Drugs Control Officers Confederation (ALDCOC), for creating awareness on the changing trends in counterfeiting and novel anti-counterfeiting measures.

[Bilcare conducts session on value of packaging in drug development for the Indian Pharmacopoeia Commission](#)

In September 2009, the Indian Pharmacopoeia Commission called upon Bilcare to conduct a session for its officials on Packaging technologies and the value of packaging in drug development.

[Bilcare conducts awareness and education program for State FDA officials](#)

Based upon the request of the Commissioner of Maharashtra, Bilcare conducted an awareness and education program for the top State FDA officials on Technology Measures for Medical Product Identity Authenticity, Drug diversion and track-and-trace. Based on the excellent inputs, the program was extended as a training module and Bilcare successfully completed the training for Pune region, under the guidance of Joint Commissioner, FDA Pune.



Vision

Delivering Innovation - Transforming 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

Corporate Social Responsibility

CSR is an integral part of our culture and business ethos



Offerings

Pharma Packaging Innovations

Brand growth solutions - delivering safe products

Global Clinical Supplies

Research process outsourcing for new drug discovery in clinical trials;
Facilitating speed-to-market

Bilcare Technologies

Track, trace and authentication technology of people and products - anywhere, any time





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**Delivering
Innovation**



Dear Shareholders,

Welcome to the new norm in the Global Business Environment – Collaboration.

Listening and adapting to the customers' dynamic need is Bilcare's DNA since inception. In the new environment, this is yielding rich dividends for us.

Internationally, current estimates point to a 4-6% growth in the global pharmaceutical market. Pharmaceutical sales could touch USD 1 trillion by 2013, helped by continuous innovation.

The slowing growth in developed markets poses a big challenge. Driven by shrinking pipelines, cost control focus and growth ambition, Big Pharma have been early movers for consolidation. With two blockbuster mergers in their bag, global pharma companies are now sharpening their emerging market focus. Recent global updates indicate a significant part of the pharmaceutical sales growth till the year 2020 would come from "pharmerging" countries (BRIC, Turkey, South Korea and Mexico). A bigger slice of these markets is precisely what Big Pharma is pushing for.

For companies like Bilcare, who have a global focus and collaborative spirit, this means a

strategic fit with global pharmaceuticals growth plan. Bilcare's drive to deliver innovation led solutions and an energetic pursuit of inventing novel technologies like nonClonableID™, makes it a natural partner for Big Pharma in their journey to deliver efficient and profitable healthcare. Bilcare Technologies' nonClonableID™ solution has the potential

Bilcare is enabling safe administration of drugs to patients, leading to enhanced patient safety and well-being and is also simultaneously ensuring brand protection including overall brand growth for pharmaceutical companies.

to be deployed across 80 billion packs worldwide, allowing the end user to be able to determine the authenticity for usage and thus realise the full efficacy of drug delivery for consumers. Bilcare's

innovation mission of 5-Cs (Counterfeit, Compliance, Communication, Convenience and Cost) make us a logical favourite in addressing one of the big problems facing the industry, viz, counterfeiting. Our unique material solutions like coloured metalized substrates, image-embedded films and foils and micro text printing, help healthcare majors traverse the extra mile in ensuring product sanctity and authenticity. In the process, Bilcare is enabling safe administration of drugs to patients, leading to enhanced patient safety and well being and is also simultaneously ensuring brand protection including overall brand growth for pharmaceutical companies.



Even as the possibility of a double-dip recession in the western world keeps making occasional headlines, growth in most developed markets shows a modest increase. From the deflationary scenario that prevailed a year ago, the resilient have emerged stronger and you will be pleased to know that your company is one among them.

Bilcare achieved an important financial landmark in the year 2009-10. Our consolidated revenue topped Rs. 1,000 crore for the first time ever and stood at Rs. 1,065 crore, a 23.4 percent growth. We are confident that this is a small but significant step in many more important milestones the company will achieve. EBIDTA grew at 33.8 percent and stood at Rs. 259 crore, reflecting strong operating metrics. The Directors are pleased to recommend a dividend of 25 percent amounting to Rs. 2.50 per share.

As with any thought leadership and innovation nurturing company, our “people” are our biggest strength. Our ability to connect with a diverse workforce and enable delivery of superior service and products for our customers is at the core of our success journey. Our investments in assets, hard and soft, across the globe, will go a long way in enabling us to deliver customer-centric innovations as a strategic partner.

Patients who get ineffective or harmful medication form the core of the counterfeiting problem. Other layers include loss of revenue to the government and regulatory control issues. As per the latest updates by Partnership for Safe Medicines, almost 8 percent of the drugs imported into the US are counterfeit. Earlier indicators alluded to a USD 75 billion counterfeit trade in medical products, which needs to be plugged at the earliest. Bilcare’s efforts are at the forefront, ensuring efficacy of drug delivery from the plant to the patient.

Bilcare is contributing by making available Clinicom, a holistic and comprehensive solution, for addressing some of the key needs in clinical evaluation through implementation of its nonClonableID™ technology. Bilcare Pharma Packaging Innovations (PPI) is moving ahead in line with its pioneering efforts to become an integral part of a business model and our joint-venture in the US is already bearing fruit.

We are excited by the prospect of the US retail pharmacy business opening up to us in the near future. In particular, our joint-venture with MeadWestvaco Corp has laid the ground work for infusing innovations in the US market. This joint venture allows us to synergize our expertise in materials, processes and services. The revolutionary USD 4 generic medicine program facilitated by the JV stands testimony to the immense opportunity which will afford us better growth in the US retail market. By enabling our clients to reap returns benefits through branding and product positioning solutions, we are fast gaining credibility as a reliable and trusted source of pharmaceutical supplies even as we enable our customers to meet lowered supply chain costs. We work closely with clients on issues like communication enabled packaging.

We are confident of achieving more brand conversions globally; adding to the number of companies utilizing Bilcare’s services, a trend which will gain strength in days to come. Other areas of demonstrated concern by Bilcare are to ensure child safety yet enable our products to be recognised as senior-citizen friendly.

Our Global Clinical Supplies (GCS) business is a research process outsourcing for new drug discovery in clinical trials. We have evolved, becoming a reliable and credible company in this unique space. The increased presence across various continents like Asia, Europe and America has helped us in no small measure.





Our delivery processes are marked with a 'speed to market' approach, which is greatly appreciated by the innovator Pharma and Biotech companies.

Our belief in technology delivering future growth has shown its first sign of blooming. Enthused by the success we have received in all our verticals namely PPI, GCS and Bilcare Technologies we shall continue to invest in technologies to continually harness growth. During the year we have worked closely to expand the applicability of our key technology - nonClonableID™, from the bounds of healthcare and have taken it to agrochemicals, automobiles, social programmes, security in national and international institutions. The success of nonClonableID™ and its industry-wide applicability has now addressed questions regarding scalability. We are confident of its applications reaching the common man, given its simplicity in operations, tamper-proof nature and ease-of-use. The horizons for its growth are thus immense.

Last year I had indicated that outsourced collaborative models will be playing an important role. At Bilcare we feel confident of meeting all challenges and delivering on our collaborations with global pharmaceutical companies. We are confident that our execution capabilities and customer focus will enable us to leave an indelible mark in the field of innovative pharmaceuticals and healthcare solutions worldwide.

My sincere thanks to everyone who has been a part of this important journey at Bilcare and I look forward to exciting times ahead.

Warm Regards,

Mohan Bhandari
Chairman & Managing Director

Mohan Bhandari
Founder, Chairman and
Managing Director

Mohan Bhandari is the founder of Bilcare and spearheads the Company as the Chairman & Managing Director. He has over 28 years of experience in the global pharmaceutical packaging industry. Under his leadership the Company has grown exponentially both in the national and the international arena. A first generation technocrat entrepreneur, he received the Life-time Achievement Award in 2007 during the 59th Indian Pharmaceutical Conference in recognition of the spirit of business excellence he exemplifies. He holds a degree in Physics from the University of Pune and a postgraduate diploma in both Management Studies and Packaging Science.



Chandra Prakash Jaggi
Director

Chandra Prakash Jaggi has over 38 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 300 journal publications and

five patents. He has served as Canada's first National Science Advisor to the Prime Minister of Canada from 2004 to 2008. He also served as the President of the National Regional Council of Canada from 1994 to 2004.

Dr. Praful Naik
Executive Director

Dr. Praful Naik leads the core research initiatives at Bilcare and is the Company's Chief Scientific Officer. An expert in medicines and their formulations, he has over 20 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 Pharmaceutics from the Institute of Technology, Banaras Hindu University. He represents the Indian pharmaceutical industry on the International Medical Products Anti – Counterfeiting Taskforce of WHO.

Mohan Bhandari

Chandra Prakash Jaggi

Dr. Arthur Carty

Dr. Praful Naik



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. Bhojraj Suresh
Director

Dr. Bhojraj Suresh, an eminent expert in pharmaceutical sciences, provides Bilcare guidance on its R&D and product development efforts. Dr. Suresh has over 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 both the Pharmacy Council of India and the Indian Pharmaceutical Association. Dr. Suresh is also

the President of the Asian Association of Schools of Pharmacy and has close to 300 scientific publications to his credit.

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. R V Chaudhari
Director

Dr. R V Chaudhari, a renowned polymer catalysis scientist, provides valued insight and guidance to Bilcare's IP strategy and R&D initiatives. He has presented more than 100 papers in various international journals and holds 62 patents. He is a 'Deane E Ackers Distinguished Professor' at the Department of Chemical

and Petroleum Engineering Center for Environmentally Beneficial Catalysis at the University of Kansas, USA. Dr. Chaudhari holds a Ph.D. in Physical Chemistry and Research Fellowships of several scientific academies and societies.

Dr. Kalyani Gandhi
Director

Dr. Kalyani Gandhi provides leadership and direction to the human resource team at Bilcare. She has over 31 years of experience in teaching and is the former Dean of the Indian Institute of Management, Bangalore. Dr. Gandhi holds a Master's degree in Industrial Psychology and has completed her Ed.D. and M.Ed. from Rutgers University, USA.



Dr. Volker Huelck

Dr. Bhojraj Suresh

Rajendra Tapadia

Dr. R V Chaudhari

Dr. Kalyani Gandhi





**Ensuring
Safety**





Pharmaceutical Industry Overview

The current environment in the pharmaceutical industry is an interesting one - Big Pharma, seeking growth, is looking eastward and the rest are expected to follow its footsteps. The healthcare industry proved its resilience in 2009 despite the economic downturn and delivered steady results. There is no shortage of challenges, with the lowering of cost barriers and drying up of drug pipelines. It therefore becomes imperative for the industry to use innovation and latitude to overcome these challenges.

The pharmaceutical industry grew by 7 per cent in 2009 as per IMS Health, a pharmaceutical market research agency. Bulk of this growth came from the emerging nations. Growth rates in North America almost quadrupled to 5.5 per cent from 1.4 per cent in 2008. In absolute terms, the market size in North America is still the largest at USD 322 billion. Within the growth continents, Africa, Asia and Australia, which account for less than 13 per cent of the total USD 808 billion pharmaceutical market, delivered the best growth of 15.9 per cent. Sales in these three continents amounted to USD 106.6 billion. Growth topped previous year's development of 15.5 per cent in these three continents on a higher base of nearly USD 91 billion. However growth in Europe has been sluggish, with the continent growing at a slower 4.8 per cent in 2009 as compared to 7.1 per cent growth in 2008 and IMS has estimated Europe's

Pharmaceutical sales are likely to cross **USD 1 trillion** by 2014

pharmaceutical sales in 2009 to be approximately USD 264 billion.

Given the estimates that almost a tenth of the pharmaceutical sales are of counterfeit nature, the year also saw a loss of nearly USD 80 billion in pharmaceutical sales. 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 only accelerated with 2009 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 Sales (US\$ billion)	2005	2006	2007	2008	2009
Total World market (Current -US\$)	605	649	712	773	808
Growth previous year (\$ Constant US\$ Growth)	7.3%	7.1%	6.4%	4.8%	7.0%

Source: IMS Intelligence Applied

Global pharmaceutical sales

Pharmaceutical sales are likely to cross USD 1 trillion in 2014 as per IMS Health estimates. The agency has said that global sales might stand at USD 975 billion in 2013 and USD 1.1 trillion in 2014. The importance of "pharmerging" (BRIC, South Korea, Turkey & Mexico) nations is thus gaining steady ground. While the growth in developed markets may remain slower, it is these nations which are quickly ramping up requirements given their lifestyle changes and improved affordability of drugs. Even Europe and the US, which spends almost 16 per cent of its GDP on healthcare, are under criticism as one of the most crucial measures which require trimming from the federal budget. Decentralization of healthcare costs is an increasing possibility in Europe and the need to change healthcare policies is perhaps one of the highest among the continents. Generics are expected to lead the way out for most governments with their lower cost requirements. There may be an increased focus on security and anti-counterfeiting measures to ensure genuinity of drug intake and patient safety.

Global pharmaceutical sales by region

Pharmaceutical sales in North America grew at a pace of 5.5 per cent in 2009 to USD 322 billion. The growth of other continents led by Asia, Africa and Australia, has seen a further deterioration in the pharmaceutical positioning of North America. As compared to 40.3 per cent of the pharmaceutical market contributed by North America in 2008, it

provided a slightly lower 39.8 per cent in 2009. The 3-A continents (Asia, Africa and Australia) increased their growth rate beyond the previous years' growth of 15.5 per cent by 40 basis points in 2009 on an already higher base of almost USD 91 billion in 2008. Europe grew by 4.8 per cent in 2009 which was lower than the 5.8 per cent growth posted by it in 2008. In absolute terms, the latest market size in Europe stood at USD 264 billion as compared to USD 248 billion in 2008. The trend of more products going off-patent in the developed world is likely to continue. Thus, while growth may dampen in these markets it has the potential to cause a spike in generics requirements.

Globe Pharmaceutical market by Region		
Audited Market 2009		
Sales	% Market Share	% Growth
North America	39.85	5.5
Europe	30.63	4.8
Asia, Australia, Africa	12.69	15.9
Japan	11.16	7.6
Latin America	5.67	10.6

Source: IMS Intelligence Applied

Leading Therapy Classes in 2009

Oncology remained the top therapy class in 2009 with an 8.8 per cent growth to USD 52.72 billion from USD 49.25 billion in 2008. In terms of the fast growing segments, anti-diabetics saw growth of 13.4 per cent at USD 30.4 billion. De-growth was seen in anti-epileptic segments which slowed almost 20 per cent to USD 13 billion. Lipid regulators stood as the second largest therapy class with a growth of nearly 5 per cent. The year 2009 saw USD 35 billion worth of lipid regulator sales worldwide. Auto immune agents which have seen a sharp increase in usage slowed its growth further during 2009. The year saw sales of nearly USD 19 billion worth of auto immune agents. Respiratory agents at USD 33.5 billion sales and HIV anti-virals at USD 13.75 billion annual sales saw growths of 11 and 15 per cent respectively.





IMS health estimates that patent expiries which are likely to peak through 2011 and 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 might come under pressure.

Therapeutic Classes Worldwide Audited Market 2009		
Sales	% Mkt Share	% Growth
Oncologics	7.0	8.8
Lipid	4.7	4.9
Respiratory	4.5	11
Anti-diabetics	4.0	13.4
Anti-ulcerants	3.9	0.6
Angiotensin	3.4	11.5
Anti-psychotics	3.1	4.6
Anti-depressants	2.6	-1.3
Autoimmune	2.4	18
Platelet	1.9	9

Source: IMS Intelligence Applied

Collaborative Pharma – Revisiting the Business Model

We have always maintained that big challenges give rise to bigger opportunities. The year 2009 provided an opportunity for firms in the healthcare solutions space to re-align their strategies in wake of the new economic order. The global economic crisis has every government from the US to Australia battling a deficit and healthcare is staring in the face for most of them. At the current rate of growth, healthcare will soon be adding up to nearly a fifth of the US GDP, a significant part, whilst controls are exercised. Cutting costs in this area is therefore paramount for most of these economies. Add to that the drying up pipeline and the increased threat from generics expected in the next couple of years. As a result of these challenges, Big Pharma is now warming up to a stronger presence in the “pharmerging” markets. Current expectations are that these countries will provide the next phase of growth and also a whole host of generics to complement. Typically, in this

phase most companies which have the wherewithal to demonstrate leadership and be in a position to deliver faster solutions, albeit at a reasonable price, will stand to benefit.

Bilcare Research, through its various initiatives and technologies, is naturally positioned to be able to deliver better while taking care of the 5 Cs we are committed to addressing for our clients. At the forefront is our innovative focus, helping client spends on pharma packaging solutions and innovative global clinical supplies even as we help maintain a technology led anti-counterfeiting solution edge for them. In turn, it allows the client to better their returns and enables them a faster growth trajectory whilst relying on our solutions across the healthcare spectrum.



Business Overview

We look forward to the year ahead with a sense of achievement. We are continually investing in research and are scaling up our human capital in the quest to develop customized solutions offerings. Our specialized facilities enable us to offer seamless solutions to our clients and enable them to persevere towards both revenues and reputation. America will continue to demand focus given that nearly 40 per cent of global pharmaceutical trade is in that single region. But simultaneously, we are also enhancing our efforts in markets which afford faster growth levels.

Currently Bilcare is working with three verticals - Pharma Packaging Innovation (PPI), Global Clinical Supplies (GCS) and Bilcare Technologies and we look forward to increased application of our nonClonableID™ technology. At the forefront of customer focus, this product enables an end-user to verify authenticity of the product they have purchased or paid for, eliminating brand infiltration and enhancing secured control over supply chain and logistics.

Using a combination of these technologies, our offerings are likely to result in brand and



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reputation growth for customers. Application of nonClonableD™ technologies can be scaled up into diverse industry and service applications which will result in superior technology delivery. In our GCS division, we have brought additional facilities on stream and have improved on our 'speed to market' capabilities during the year.

Bilcare's Pharma Packaging Innovations is a leader in providing packaging solutions to our customers. Most of the players are on either "side" of pharma packaging ("foil side" or on the "polymer side" of the pharma packaging business) whereas we are present in both segments. This enables us to be recognized as the pioneer on whom customers can depend on for a comprehensive solution. Addressing our 5 Cs allow us to be recognized as a partner, letting our customers be market competitive through design efficacy and cost effective solutions.

Our facilities, both in India and Singapore, place us in a better position to deliver to increased and diverse requirements from our customers. Our facilities in the US, UK, Singapore and India are accredited with GMP. Additionally, they are also ISO 9001, ISO14001 and ISO 18001 certified. Both our standard as well as innovative products have active US and Canadian DMFs. Our Singapore facility is one of the largest multi-functional barrier film facilities in the world and is accredited with Pioneer status from the government. In India our R&D Excellence centre at Pune has received renewed certification from the Department of Scientific and Industrial Research. Our capabilities, particularly on the Global Clinical Services and Bilcare Technologies, are customizable and scalable.

We are confident of delivering process-driven and customer-centric solutions, which have the ability to meet their biggest challenges, namely rising healthcare cost, reduced drug spending and loss through counterfeiting.

Looking at the future we are confident that we will be able to build on our status of a trusted innovation

led outsourcing partner and help the international industry to achieve its growth potential. Giving us this confidence is our infrastructure, close customer connect and IPR driven knowledge base that will invigorate innovation and ensure on time delivery every time.

Financial Performance

Consolidated sales topped Rs. 1,000 crore for the first time ever at Bilcare. Growing at 23.4 per cent, revenue across the globe reflected a recovery in business and operating conditions for most international companies. EBIDTA across the group grew 33.8 per cent to Rs. 259.9 crore over Rs. 194.2 crore for the year ended March 2009. Our investments across the world are resulting in an improved working environment for the group. Going ahead, we expect these group assets to contribute to a steady business increase, especially the enhanced facilities in US and Europe which were recently commissioned.

Information Technology

Information Technology provides us with the platform required for the global delivery of cutting edge solutions in all our key verticals - PPI, GCS and Bilcare Technologies. As part of an on-going process, IT and product strategy were enhanced during the year keeping in mind the revised needs of various divisions. The Asia-Pacific region of the company having migrated to SAP R3, is now in a better position to reach its customers and deliver more. As part of our new customer service initiatives, customers are now enabled access to specified operating conditions on specific projects based on their needs. This helps them place a superior sense of reliability with Bilcare and give them last mile predictability. Internally, the supply chain efficiencies are being continually sought through the new system in order to keep an optimal use of resources deployed. Information Technology remains a firm commitment for Bilcare and an important auxiliary platform through which the company endeavors to deliver its various innovations seamlessly to its customers globally.



**Inspiring
Innovation**





PHARMA PACKAGING INNOVATIONS (PPI)

Innovations

Bilcare's Pharmaceutical Packaging business has added multiple utility dimensions during the year for its customers. Brand growth and reputation enhancement through better patient safety tops the list. While retaining the drug shelf life and patient compliance, which were present even earlier, concerns such as brand communication and anti-counterfeiting measures are also being addressed through this business.

Additionally, we have endeavored to bring about a higher level of dispensing innovation, keeping end user convenience in mind. At Bilcare, we are committed to addressing the 5 Cs facing the pharmaceutical industry – Counterfeit, Compliance, Communication, Convenience and Cost.

Over a period, we have built up strong domain expertise in the area of innovative packaging, to fulfil the needs of the pharmaceutical industry. Our packaging solutions, in addition to being secure, also protect against accidental and wrongful consumption by children, while maintaining ease of use for the actual consumer. Such

innovations, we believe, aid us in our campaign against counterfeiting and at the same time allow manufacturers to preserve reputation and revenues.

Our continuous focus on innovation to deliver optimum packaging solutions has found happy collaborators among our customers. Today, we drive our research efforts from our global locations - our Global Excellence centre at Pune, India and R&D centres at Changi, Singapore and Pennsylvania, USA. Here, we channelize our physical and intellectual capabilities to develop innovative methodologies whilst fully serving compliance, quality and stability concerns from customers, end-users and regulators.

One of our main advantages is the ability to deliver customer-centric solutions which place lower demands and require lesser resources in the form of materials, space or time. These solutions also uphold the stringent regulatory requirements and prove to be an impregnable challenge for counterfeiting. The savings afforded to our customers through these solutions go a long way in enhancing the collaborative spirit with our customers who are able to see us as their long-term partners. Our research abilities complement our state-of-art manufacturing facilities and place us on a firm

One of our key strengths is our ability to deliver customer-centric solutions.



We are enthused by the response to our research-based solution offering, BicareOptima®, gaining momentum with our customers.

footing in the international healthcare arena. Our current goal is achieved through our dedicated sections for packaging research and packaging materials, analytics, and drug sensitivity. Our product offerings are strengthened by our flexo as well as UV visible print features printing facility. Our facilities are compliant with stringent regulatory and customer requirements.

Bilcare continually invests in bettering results for its customers. For example a whole host of generics which get introduced may necessitate a packaging solution which is at variance from the original patented molecule. Another instance of our customer-centric approach is the Brandpak Building Solutions™ where we offer innovative solutions for companies transitioning to the OTC medium from the prescription segment. Our presence allows these companies to garner a higher proportion of the top-line by providing the advantages of quality assurance and superior brand visibility. These additional client resource requirements are successfully met in the shortest possible duration by our talented team. We have kept up with the process of continual upgradation of our technical and manufacturing capabilities globally.

We continue to focus on our higher-end packaging solutions and are excited about the potential that higher-end anti-counterfeiting packaging solutions hold for us. We are enthused by the response to our primary research-based solution offering, BilcareOptima®, which extends unique packaging material optimization benefits to customers. Additionally, trials on some of our existing ranges like PETRA, OPTRA and VECTRA have yielded results in line with our expectations. These products have been developed keeping ecological factors in mind and also that the cost of managing disposal is at a minimum. During the year, we successfully commercialized Bilcare Protect® for one of our top customers. The service bouquet offered by

Bilcare makes it a valued solutions provider for companies looking to enhance market presence and still ensure brand growth while working simultaneously on cost optimization.

Last year, we introduced “MetNova®”, a cost-efficient alternative to standard aluminium foil, which has received a very good response from our customers. We are also strengthening our anti-counterfeiting solutions by using flexographic and UV visible printing technologies to which most pharma companies are fairly receptive. We employ the use of both open and concealed technologies to maximize our product profile in the anti-counterfeiting technologies space. Applications involving UV technology printing fall in the concealed technology space whereas using of nano-markers fit into the open technology space. Our packaging solutions Bilcare Ultra®, Bilcare Ultra TX, Bilcare Protect® and Bilcare Secure® form the remainder of our anti-barrier film capabilities. We are proud to be one of the largest players with a presence at both ends of packaging requirement (foil and blister side).

We continue to connect with the best names in business and are associated with many companies who are in a strong growth period. Today, we are in a position to deliver packaging solutions for some of the most renowned drugs. Some of these involve our unique packaging model – “crunch-break through”.

Our understanding of how critical anti-counterfeiting is to the customer and the industry makes us a valuable ally for this sector. We have embarked on a journey to make a vital difference to patient outcomes by providing convenient, cost-effective and cutting-edge packaging solutions at a reasonable cost. Bilcare’s Pharmaceutical Packaging Innovations business will be a steady performer in the years to come and an important vertical in our global strategic growth story.





Research Services

Bilcare's innovative focus has helped it remain ahead in providing the optimum pharma and healthcare packaging solutions for its customers.

Added emphasis on research enables customers to depend on us for bringing out the most optimal packaging solution for them. In an industry where lives depend on the speed of response as much as the response itself, we are in a position to meet every challenge posed by the industry and our consumers. At the heart of our efforts is the improved utilization of our patented technology "BilcareOptima®."

Our hard work and efforts towards providing customers with cutting-edge packaging solutions have consequently been rewarded. We are now in a position to develop a EmbeddedImage™ pharmaceutical grade film, allowing us to employ a uniquely differential grading methodology. Additional efforts of developing a technology for printing UV visible ink on aluminium substrate have strengthened our anti-counterfeiting measures. We are confident that these allow a further shift from conventional packaging materials to advanced technologies catering to companies paying special heed to anti-counterfeiting processes.

During the year we dedicated special attention to make medication more convenient for senior citizens and keeping it out of the reach of children. We concentrated our efforts on developing a special child-resistant blister for pharmaceutical products. This particular material is designed to keep the medication safe and also protect children from gaining access to substances contained in the blister. Normal child-resistant blister lidding foils consist of

laminated aluminium film coated with other materials, including special lacquers for making it compatible with other blister materials like PVC, PVdC and other similar substances. The unique advantage is the significant minimization of ecological waste which allows the newly developed materials to be disposed with lower resource deployment.

We focused on optimizing process parameters for manufacturing machines as well as conducting stability and in-process control tests. Going ahead, we expect to single our attention on the fields of stability studies for pharmaceutical dosage forms under varying storage conditions as well as perfecting analytics capabilities for formulation studies.

We are strengthening our research resources with addition of people and equipment across our facilities in India and abroad. At our various centres, we have people working on package design, material and package research, analytics, drug sensitivity and formulations evaluation. Approvals granted by the Department of Science and Industrial Research were extended to the first of its kind R&D centre in India for research in areas of drug protection and pharmaceutical packaging.

Bilcare is priming its innovation machine and the tempo is building steadily. Innovation is a way of life at Bilcare Research and this is partly reflected in the 148 patent filings by the company. We have also been felicitated as one of the highest patent design filers in India for 2009 by CII-DIPP. We are confident that our numero uno position in pharmaceutical packaging will be maintained, courtesy our emphasis on research and innovation, thus creating long term value for all our stakeholders.



**Cutting-edge
services**





GLOBAL CLINICAL SUPPLIES (GCS)

Increased healthcare costs in the US seem to bring with them an urge to minimize them below the 16 per cent of GDP they currently account for; while healthcare costs compared to the GDP have more or less remained static in 2008 and 2009, the sharp change in economic conditions is forcing a consequent change in the functioning style of the healthcare industry worldwide. There is a growing recognized need for better control over the entire clinical trial process, which many view as a source of ballooning research costs. Increased complexities during the clinical trial processes are another factor suspected of causing delays in critical releases.

With years of time and an average USD 1.32 billion of money taken for a new compound to be launched as a drug, cost reduction is not being placed on the improvement list. Teething troubles aside, one of the major challenges of current times is to make medical care affordable. One of the ways to achieve it is to reduce costs, especially those incurred during the Phase I to Phase IV trials where time is also responsible for cost escalation.

Of the
USD 65 billion spent on research and development in 2009 a mere 20 per cent of the drugs barely recovered their sunk costs.

Recent statistics show that, of the USD 65 billion spent on research and development in 2009, a mere 20 per cent of the drugs barely recovered their sunk costs. A better metric available for success determination would improve research decision-making. One of the suggested methods is through increased collaborations and partnerships among companies offering specialized services in this field.

Bilcare GCS is positioned to offer its services to address this need of global healthcare and biotech companies and help them achieve their final goals. Our abilities to partner with global companies and finding ways for clinical trials solutions to ensure a better success ratio are being recognized. We have the capabilities to collaborate with companies through any of the four centres at UK, US, Singapore and India. Through our partnerships we hope to reduce the time and costs during the clinical trials process.

Bilcare GCS will be an able ally to many companies, some of whom are re-assessing their research aspirations and hope to be in a position to collaborate for a more suitable outcome. Latest statistics indicate that only 1 of every 1000 molecules reach the trials stage and even then only one in every five that reach the trials stage are finally accorded FDA

approval. This places strain on companies as they need to have at least five drugs in testing concurrently, to favourably hope for one successful release. Research companies have realized that one of the faster ways to get trials done is to outsource them to Asian countries like India where the gene pool is rich and trials can be carried out over a larger sample size. A larger canvas for testing is an added bonus. Collaborative outsourcing not only decreases cost pressures but also results in quicker delivery timelines and overall superior project management. Bilcare GCS is present at all ends of this chain with its innovative solutions thereby reducing the drug discovery phase time.

Presence in multiple locations and being fully compliant with regulatory processes in these locations add to Bilcare GCS's competitive advantage. It is well acknowledged that companies that have limited presence and lack of familiarity with multiple regulations face many challenges while collaborating on clinical trials.

Companies that seek specialized clinical supplies with round-the-clock precision, look at Bilcare GCS as a strategic partner. Our stated commitment is to provide customers with service beyond compliance levels. We are compliant with local and GMP regulations at all our sites and have additional accreditations as well. For example, we have provided our customers with on-line data regarding the tests and storage on specified projects. These steps go a long way in us being recognized as one of the preferred

partners for global clinical supplies and testing. Companies now recognize and seek to partner with Bilcare GCS for new chemical entities and molecules that require top-notch project management and execution skills.

Our services for multi-state clinical trial materials are in a position to fulfil the needs of every customer. Our services encompass solids, semi-solids, liquids, controlled substances and biotech materials. Add to this our global reach, and it ensures a near minimization of complexities in managing a clinical trial project besides matching the timelines as per pre-ordained schedules. Clients can choose between a range of services which could be

supplies management, formulation development, manufacturing, randomization, packaging, labelling, global logistics and distribution and QP services. Bilcare GCS appends and integrates the latest technological offerings along with its supply chain, optimizing a clinical trial process. Some of our technological processes include batch manufacturing, product and protocol design, kits assembly and IVRS systems. Our expertise in formulation development takes care of a possible delay in execution. At our facilities, we undertake manufacturing, packaging and labelling of drugs after this formulation development phase. Bilcare GCS's project management encompasses all aspects and takes into account risks involved - be they material or physical and yet keep a tight leash on costs and other resources.

During the year, we expanded our facilities both in India and abroad. We also brought the facility at Crickhowell in UK on stream. This facility is MHRA approved and has an area of 35,000 sq. ft. It has features like secure vaults for controlled substances and storage ability for clinical trial materials up to -70°C. In India,

Bilcare GCS appends and integrates the latest technological offerings along with its supply chain, optimizing a clinical trial process.



we significantly expanded our operational abilities at Pune, thereby strengthening our global offering. We now have the ability to manufacture, package and distribute Clinical trial materials using our own in-house IVRS (interactive voice response system) and have already received approvals from regulators including the FDA and narcotics control bureau.

We believe in creating the best pool of scientists for our customer solutions. Our talent has been a source of pride for us and we have a strong team driving Bilcare GCS to the next level of growth.

Bilcare GCS's program to revitalize the brand and energize growth initiatives globally is paying dividends and we continue our efforts in this direction. Our presence in multiple locations, regulatory knowledge and support make us a preferred knowledge partner. Bilcare GCS is looking to actively collaborate as an integrated partner which can help companies minimize both costs and time in its efforts to see research delivered to the final customer. Our zeal to deliver the best while focussing on innovation is likely to place us in good stead and we expect to consolidate our growth in the year ahead.





**Secure
Solutions**





Bilcare Technologies

The year 2009-10 was an interesting time for Bilcare Technologies – our nonClonableID™ technology is ready and we tried and tested it with clients across industries. Bilcare Technologies' nonClonableID™ solution is ready for seamless commercial deployment across a wide array of industries.

The fact that counterfeiting is assuming enormous proportions can be gauged from sample studies by leading agencies across the world. Recent reports suggest that the global counterfeiting industry grew to about USD 670 billion in 2009. The

principal areas affected being automobiles, airlines, agrochemicals and pharmaceuticals. The serious nature of the problem is highlighted by statistics put out by "Partnership for Safe Medicines" – a leading US think-tank which estimated that almost 8 per cent of the pharmaceutical trade entering the US is counterfeit in nature and the percentages are far more severe outside the developed world.

A key stamp of the success of this technology led to IBM and Bilcare jointly developing an innovative way to help thwart counterfeiters, using nanotechnology to give products a

unique digital "fingerprint." Bilcare Technologies worked with IBM Global Business Services to develop a pilot solution based on the IBM Product Track-and-Trace Solution framework. The solution incorporates Electronic Product Code Information System (EPCIS)-compliant IBM InfoSphere Traceability Server software into Bilcare Technologies' nonClonableID™

authentication technology.

Today, we have readily deployable solutions based on the nonClonableID™ technology for industries like pharmaceuticals, medication and patient compliance, agrochemicals, luxury & retail, heritage assets, aviation, automobiles,

identification and security. In addition, document and currency security solutions are available for Governments. Using technology and innovation to fight against counterfeiting is Bilcare's way of addressing the problem of fakes.

During the year, Bilcare has launched its brand protection technology - nonClonableID™ - in the US market. nonClonableID™ is a unique fingerprinting technology that relies on the application of micro and nano-particulate metallic materials - with unique magnetic and optical features - that can be added to a

Today, we have readily deployable solutions based on the nonClonableID™ technology for industries like pharmaceutical, medication and patient compliance, agrochemicals, luxury and retail, heritage assets, aviation, automobiles, identification and security.



product's primary and /or secondary packaging as well as the label. We believe that our success in a critical and mature market like the US will be key to our growth in the future.

Bilcare Technologies, through its nonClonableID™ solution, is at the forefront, delivering authentic drugs that give guarantee to the patient. Previous estimates of losses due to counterfeiting have risen to almost USD 80 billion in lost revenue for pharmaceutical sales alone. This technology uses state-of-the-art, patented magneto-optic devices to read nonClonable™ material "fingerprints" based on micro/nano-particles to provide a fool-proof security solution. The technology produces a unique nonClonable™ fingerprint which can be embedded in any packaging system and modularly integrated with any communication platform. These nonClonable™ fingerprints, when read through the secure scanning device, can deliver a naturally generated encrypted image over a universal mobility platform confirming the authenticity and also enabling secure track and trace of the product, on a real-time, "anywhere - any time" basis. These tamper-proof nonClonable™ fingerprints are so secure that not even we at Bilcare can duplicate them.

Bilcare Technologies had notable successes in the areas of state security; in India, it is

providing Security Forces with nonClonableID™ technology for identification of its personnel. We are extending the use of our technologies to enable minimization of leakages in the social flagship programs for the Government. Simultaneously, we are looking to enhance the solution for security agencies and are enthused by the response received from the Presidential security force of an Asian nation to whom we have extended the solution.

Bilcare Technologies, through its nonClonableID™ solution, is at the forefront, delivering authentic drugs that give guarantee to the patient.

We have recently extended the use of security solutions under our flagship anti-counterfeiting technology

to a leading wine maker in the USA. Our solutions also find application in diverse fields like art museums, luxury & retail and heritage assets. We have received a positive initial response and are looking to extend this success to other consumer-conscious sectors globally.

Bilcare Technologies and their potential to safe-guard consumers and minimize revenue losses have been much appreciated and lay the foundation for growth in this area. In fact, these are opening newer vistas of growth for our other businesses and are increasing Bilcare's circle of competence.





Conclusion

Outlook

Global healthcare has recently taken a fresh approach towards new drug discovery and litigation-led intense competition – collaboration is the new mantra for growth. Relegating litigation to the background, Big Pharma is keen on acquiring a significant foothold in the fast growing “pharmerging” (BRIC, South Korea, Mexico and Turkey) markets. It seeks consistent opportunities in the growing generics market in these regions. The reason for this is quite clear. While pharmaceutical sales in the US were a source of cheer as growth nearly quadrupled to 5.6 per cent over the previous year, future growth is seen elsewhere. Asia has proved to be resilient in the past few years with growth in excess of 15 per cent per year. This, coupled with better living conditions and improved economic parameters marks out Asia as one of the preferred business destinations for Big Pharma. At Bilcare, we will continue to focus on US and Europe while scouting superior growth opportunities which may also present themselves in the “pharmerging” (BRIC, South Korea, Turkey and Mexico) markets.

Big Pharma is also seeking to cut costs in existing operations - be they in research or manufacturing. Bilcare’s rigorous adherence to addressing the 5 Cs of Counterfeit, Compliance, Communication, Convenience and Cost, which deliver benefits to the customer, make us a natural partner in such a process. Our presence in multiple markets only makes

the decision process easier. Bilcare’s ability to service client requirements for technologically superior solutions from multiple locations is a big draw. Collaboration needs are anticipated to strongly emerge in new molecule and clinical trial research as companies will seek to rationalize costs. We are anticipating an increase in outsourcing activity consequent to cost pressures faced by the traditional healthcare models. Bilcare will seek to transform these opportunities into better stakeholder returns.

Our pharmaceutical packaging solution is highly rated. We seek to address newer requirement given our advancements in anti-counterfeiting. BilcareOptima[®] continues to grow given its ability to determine optimal packaging for formulations. Other focus areas are spreading the use of innovative technologies like UV visible and forensic marker printing and use of nano-technology to add significant muscle to anti-counterfeiting efforts in the pharma and healthcare sector. Use of substitute materials for making medicines child-proof and friendly for senior citizens will receive additional resources. In PPI, we will focus on strengthening global market leadership through new customer acquisitions and reduced costs. Going ahead, we are exploring inorganic growth opportunities across the world.

Our unique anti-counterfeiting technology - nonClonableID[™] is catching attention. We are rolling out the technology and already have solutions in place to detect counterfeiting in

a wide array of industries. We are excited at the scalability of this vertical and its diverse applications. Given the reputation and revenue at stake for governments, regulators and companies, the incorporation of anti-counterfeiting solutions is inevitable. In particular, we feel that the healthcare world would be the first to move over to this platform. We are also in discussion to roll out solutions on the e-governance front. We have also developed security solutions for documentation and currency related problems. These solutions have the benefit of increased transparency even as they help governments plug revenue losses. For a corporate, this technology means better control over their supply chain and retention of brand reputation. For the end consumer, we ensure peace of mind with respect to authenticity of purchase.

Risks & Concerns

As the past two years have demonstrated, every business is vulnerable to extreme risks, sometimes even threatening sustenance. The learning is to put in place systems and develop competitive advantages which stand ground in defence during such trying times. We are present globally and are exposed to macro level risks associated with any multiple location business presence. Bilcare's risk management policy and processes help us in meeting challenges presented by localized impact or economic turmoil. By making risk management an integral part of our decision-making process, we have minimized the possible impact from specific risks. Bilcare has developed statistical modelling for forecasting and has additional utility for generating business scenarios, which help us in preparing for the future.



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



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 the Corporate Governance norms specified in Clause 49 of the Listing Agreement.

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

Board of Directors

The Board of Directors of Bilcare Limited comprises of nine Directors. The Board comprises of the Chairman and Managing Director, who is a Promoter Director, Two Executive Directors and Six Non-Executive Independent Directors. 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 the public limited companies in which they are Directors or Chairmen of more than five such Committees.

Board of Directors and Attendance at Board Meetings and AGM

Name of the Director	Category	Particulars of Attendance	
		Board Meetings	Last AGM
Promoter Executive Director			
Mr. Mohan H. Bhandari	Chairman and Managing Director	7	Present
Non-Promoter Executive Directors			
Mr. Chandra Prakash Jaggi	Executive Director	—	—
Dr. Praful R. Naik	Executive Director	7	Present
Independent Directors			
Dr. Volker Huelck	Director	1	—
Dr. Kalyani Gandhi	Director	—	—
Dr. R. V. Chaudhari	Director	—	—
Mr. Cyrus Bagwadia#	Director	—	—
Mr. Rajendra Tapadia	Director	7	Present
Dr. Arthur J Carty*	Director	1	—
Dr. Bhojraj Suresh*	Director	—	Present
Non Independent Directors			
Mr. Rakesh Jhunjunwala**	Director	—	—
Mr. Manish Gupta**	Director	1	—

* Appointed as Director w.e.f. 9th July, 2009

** Resigned w.e.f. 9th July, 2009

Retired at Annual General Meeting held on 30th September, 2009

Number of Board Meetings

The Board met 7 times. The Meetings were on 30th June, 9th July, 30th July, 29th August, 30th October, 2009 and 29th January & 9th February, 2010. 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 has been specified by the Board of Directors as under:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Committee met four times; on 25th June, 25th July and 23rd October, 2009 and 25th January, 2010. Table No. 1 gives the Audit Committee attendance record.

Remuneration Committee

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

Shareholders'/ Investors' Grievance Committee

The Board of the Company has constituted a Shareholders'/ Investors' Grievance Committee, comprising of Mr. Rajendra B. Tapadia (Chairman of the Committee), Mr. Mohan H. Bhandari and Mr. Chandra Prakash Jaggi. The committee met once during the year on 29th January, 2010. Mr. Anil Tikekar, Company Secretary, is the Compliance Officer.

Table No. 2 gives the attendance record of Shareholders'/Investor Committee Members. The total number of letters/ complaints was 1 and the same was redressed. There were no complaints pending at the end of the year. No requests for dematerialization and/or transfer were pending for approval as on 31st March, 2010. Table No. 3 gives the number and nature of complaints.

Table No. 1 : Attendance Record of Audit Committee Members for 2009-10

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	—

Table No. 2 : Attendance Record of Shareholders'/ Investors' Grievance Committee Members for 2009-10

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

Table No. 3 : Number and Nature of complaints received and redressed during 2009-10

Nature of complaint	No. of complaints received	No. of complaints redressed
Non-receipt of Bonus Share certificate	1	1

Shares and Convertibles held by Non Executive Directors

Details of the shares and convertible instruments held by the non-executive Directors as on 31st March 2010 are as under :

Name of the Director	Category	Number of shares held
		Equity Shares of Rs.10/- each
Dr. Volker Huelck	Independent	Nil
Dr. Kalyani Gandhi	Independent	Nil
Dr. R.V. Chaudhari	Independent	Nil
Dr. Arthur Carty	Independent	Nil
Dr. Bhojraj Suresh	Independent	Nil
Mr. Rajendra Tapadia	Independent	271,051

Remuneration of Directors

The aggregate value of salary and perquisites for the year ended 31st March, 2010 to Wholetime Directors is as follows: Mr. Mohan H. Bhandari - Rs. 94.40 Lacs, Mr. Chandra Prakash Jaggi - Rs. 30.00 Lacs and Dr. Praful R. Naik - Rs. 78.17 Lacs. Besides this, the Executive Directors are also entitled to facilities as are available to other employees in the senior management of the Company.

Management

Management Discussion and Analysis

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

Code of Conduct

The Board of Bilcare has laid down a code of conduct for all Board members and Senior

Management of the Company. All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct and the Managing Director has confirmed the same.

Disclosures by the Management to the Board

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

Disclosure of Accounting Treatment in Preparation of Financial Statements

The Company has followed the guidelines of Accounting Standards as prescribed under the Companies Accounting Standard Amendment Rules, 2006.

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. Rajendra B. Tapadia, Dr. Volker Huelck and Dr. Kalyani Gandhi are retiring by rotation and being eligible offer themselves for re- appointment. Their details are given below:

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

Dr. Volker Huelck holds an MS in Chemical Engineering and a Ph.D. in Interpenetrating Polymer Networks. He did his postdoctoral research in polymer chemistry. He is the Chairman of the German Plastics Centre and a member of the Global Council at Lehigh University, USA. He guides the material science development at Bilcare, worldwide.

General Body Meetings

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

Financial Year	Venue	Date	Time
2006-07	Registered Office of the Company	28 th September, 2007	11.00 a.m.
2007-08	Registered Office of the Company	30 th September, 2008	11.00 a.m.
2008-09	Registered Office of the Company	30 th September, 2009	11.00 a.m.

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

Dr. Kalyani Gandhi is the former Dean of the Indian Institute of Management (IIM), Bangalore. She holds an MA in Industrial Psychology and has completed her Ed.D and M.Ed from Rutgers University, USA.

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

Annual General Meeting

Date : 30th September 2010
 Time : 11.00 a.m
 Venue : Registered Office of the Company
 1028, Shirol, Rajgurunagar,
 Pune 410505, India

Financial Calendar

1st April to 31st March

For the year ended 31st March 2010, results were announced on –

- 30th July 2009 : First Quarter
- 30th October 2009 : Half yearly
- 29th January 2010 : Third Quarter
- 23rd July 2010 : Annual

Book Closure

The books will be closed from 25th September, 2010 to 30th September, 2010 for payment of dividend.

Dividend Date

The Board has recommended a dividend of 25% i.e. Rs 2.50 per Equity share of Rs 10/- each and the same would be payable on and from 15th October, 2010.

Listing

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

Stock Code

BSE : 526853

Stock Data

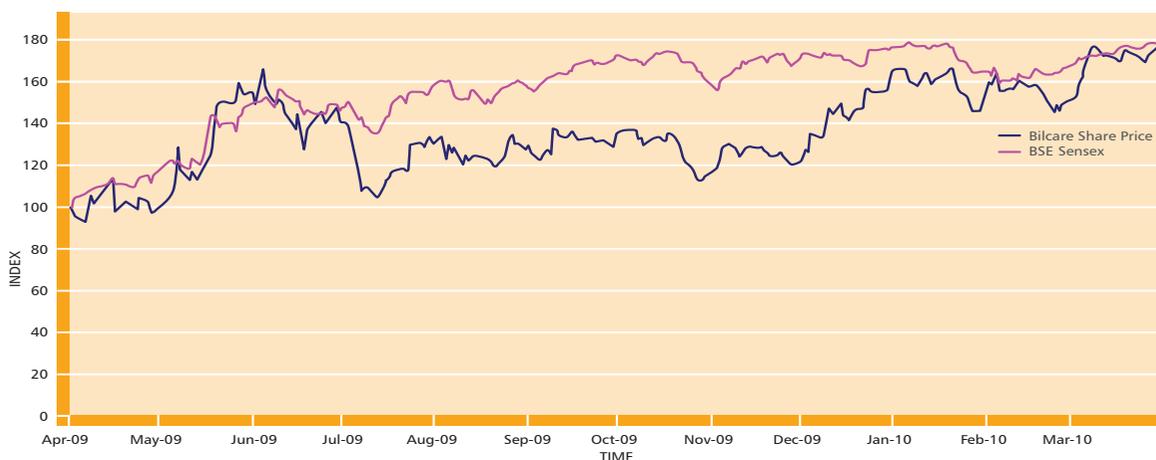
The table below gives the monthly high and low prices and volumes of Bilcare Limited at Bombay Stock Exchange Limited, Mumbai (BSE) for the year 2009-10.

High and Low Prices and Trading volumes at BSE

Month	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-09	375.00	297.10	470,187
May-09	523.00	316.50	451,193
Jun-09	549.00	395.00	334,078
Jul-09	464.90	329.10	257,736
Aug-09	449.00	380.00	301,064
Sep-09	471.00	389.00	1,015,858
Oct-09	453.00	352.00	662,500
Nov-09	435.00	375.00	657,883
Dec-09	555.00	392.00	1,930,127
Jan-10	556.20	436.00	727,529
Feb-10	541.00	460.00	440,622
Mar-10	600.00	475.00	1,083,527

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, 2009.

Registrar and Transfer Agents and Share Transfer and Demat System

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

Address of the Registrar and Transfer Agent:

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

Dematerialization

The Company's equity shares are under compulsory demat trading. As on 31st March 2010, dematerialized shares accounted for 86.61% of the total equity.

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

Liquidity

Bilcare Limited shares are part of the 'S' group on Bombay Stock Exchange Limited and are traded 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 2010

Category	Number of Shares held	Shareholding %
Promoters	8,031,274	35.40
Mutual Funds	349,138	1.54
Insurance Companies	—	—
Nationalised Banks	—	—
Foreign Institutional Investors	1,044,097	4.60
Corporate Bodies	1,388,356	6.12
Non Resident Indians	667,422	2.94
Indian Public	8,221,262	36.24
Shares held by Custodians and against which Depository Receipts have been issued	2,986,341	13.16
Total	22,687,890	100.00

Pattern of shareholding by Share Class as on 31st March, 2010

Shareholding Class	Number of Shareholders	Number of Shares	Shareholding %
Up to 500	9,443	924,967	4.08
501 - 1,000	565	412,021	1.82
1,001 - 2,000	243	361,117	1.59
2,001 - 3,000	128	332,000	1.46
3,001 - 4,000	27	96,056	0.42
4,001 - 5,000	36	172,156	0.76
5,001 - 10,000	56	392,568	1.73
10,001 & above	71	19,997,005	88.14
Total	10,569	22,687,890	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 USD 10,000 each, aggregating to USD 50.00 million, including offering under Green Shoe Option.

During the year 2009-10, the Company allotted 2,493,484 Equity Shares of Rs.10/- each upon conversion of 2,635 Foreign Currency Convertible Bonds (FCCBs) as per the terms and conditions of the Offering Circular, at a reset price of Rs. 483.28 per share, including premium. The balance 1,183 FCCBs continue to remain as Bonds, which may be converted into Equity Shares at the reset price of Rs.483.28 per share, subject to conditions in the Offering Circular.

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. GDRs may be converted into Equity Shares.

Therefore the number of shares underlying the outstanding bonds cannot be ascertained at this stage.

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 : +91-020 – 26053503
E-mail : pune@linkintime.co.in

Certificate By The Auditors On Corporate Governance

To,

The Members of Bilcare Limited

Re: Report on Corporate Governance

We have reviewed the records concerning the Company's compliance of corporate governance as stipulated in clause 49 of the Listing Agreement entered into by the company with the Bombay Stock Exchange Limited for the financial year ended on 31st March 2010.

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 Limited.

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

For R.L. Rathi & Co.

Chartered Accountants

R.L.Rathi

Proprietor

Membership No. 14739

Dated: 23rd July 2010



are
arch

Clinical
Clinical
Supplies

**Building a
Culture of
Innovation**





TEAM BILCARE

“Individually we are one drop; together we are an ocean”

Our people are our best ambassadors. The staunch belief in our vision and the zeal with which we go about our work gives us the constant motivation to deliver and achieve as a team.

Bilcare’s real strength is its IPR-driven, thought leadership aligned global workforce.

The minds that incessantly work in our advanced labs or state-of-art manufacturing plants are the force behind our determination to rise to the healthcare industry’s challenges. We are an equal-opportunity employer and believe in treating our people with dignity and respect.

Our global workforce consists of scientists, managers and business support staff from diverse nationalities, backgrounds and cultures. As a result, aligning our workforce’s diverse skills to the needs of the company, improving performance and integrating the workforce through one global vision are our priorities. Our people help healthcare companies across the world make a positive difference to patient outcomes. To help our people do this, we have created an environment that is conducive for performance, learning and knowledge creation.

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

During the year, our shared learning and support framework ensured that employees across locations are part of the training programs designed towards professional and personal excellence. These online and classroom learning tools and resources for self-study and development ensure that employees are ready to face challenging roles with skill and determination.

We meet the challenges of the healthcare industry through innovation, a key organizational value at Bilcare. A clear understanding of the company’s vision and values is percolated throughout the organization by the

senior management, which is responsible for aligning the company’s talent and operations to its vision.

Given the global footprint of our operations, we have people across various nationalities who work seamlessly to create a customer centric organization.

During the year, our corporate business review team worked closely with the business verticals, offering facilitation and support for our business verticals to move faster towards their business objectives. As part of this program, we introduced key performance tools like the Performance Management System to increase

The Management Team's focus on implementing performance management systems has ensured that we align our diverse workforce to the organization's vision and values.



organizational and employee efficiency. These tools also served to institutionalize the culture of performance, merit and transparency within the organization's fabric. For our global growth engines we have attracted superior industry talent at senior levels. We are confident that these additions will be able to guide growth potential for the company. Management depth has been strengthened during the year with these inclusions and this is a specific area of satisfaction for us.

The Management Team's focus on implementing performance management systems has ensured that we align our diverse workforce to the organization's vision and values. The new system facilitates vertical alignment between employees and their line managers and motivates employees through a transparent rewards and recognition program. The introduction and implementation of such instruments to measure our performance internally are a step towards ensuring a global uniformity in our delivery models and workforce.

As part of these initiatives, our balance score card (BSC) initiative is well accepted among our three business verticals – Pharma Packaging Innovations (PPI), Global Clinical Supplies (GCS) and Bilcare Technologies. This is consequently helping align our company and individual employee goals more clearly and closely. These verticals were formed keeping the healthcare industry's needs in mind. They are now ready to hold their own with the team ready to reach out to global customers.

Through the implementation of cross company HR training initiatives we are trying to functionalize culture and good HR practices from peers and align the same with our organization's values and vision. Today, Bilcare is a truly global company with our people spread across 3 continents serving customers with relentless zeal to ensure customer delight and innovation led solutions. It is our firm belief that these measured steps will help preserve and nurture Bilcare's position as a preferred employer.



Leaders of tomorrow





Bilcare Foundation was set up by our employees with the base motive to extend educational resources and guidance to underprivileged children.

Touching Lives

“Social obligation is much bigger than supporting worthy causes. It includes anything that impacts people and the quality of their lives.”

William Ford Jr., Chairman, Ford Motor Co.

Contributing to the education of our children is linked to our deep rooted belief that the future of a nation or society is a reflection to the condition of its youth. Through our humble efforts, we are bringing educational opportunities to less privileged children. We hope that this will enable a section, however small, to benefit and grow in stature. Given the wide nature of programmes we have built, following these educational patterns for children is likely to result in all round development. The inculcation of varied educational inputs is likely to also build leadership qualities and is at the forefront of our efforts to enable leadership ability in children from a non-urban background. This, we believe, will result in development of these non-urban areas in the long run.

Bilcare Foundation was set up by our employees with the base motive to extend educational resources and guidance to underprivileged children. Initially we rolled out the programme to cover ten schools in the vicinity of our Rajgurunagar facility near Pune. Our hope is that the programme at its full extent will be available through all our facilities and locations. Our efforts have met with sincere appreciation and admiration from the local population and there are requests for an extension of the existing program.

We encourage out-of-the-box thinking for the programs we undertake and a glimpse of some of these programs are as follows:

- 1) Extending Siddha Samadhi yoga - which leads to all round personality development and instils leadership qualities
- 2) Karate, Lejhim and play activities
- 3) Training on Vajrasan and Pranayam, which improves memory power, blood circulation and provides overall rejuvenation
- 4) Stage reading
- 5) Language and Communications

In addition we are trying to make available a moving library with availability of special educational kits, books, CDs etc.

Bilcare Foundation actively encourages excellence in sports among children and is involved with the Bilcare ATF tennis tournament for the under-14 age group, organizing and supporting two tennis competitions in and around Pune. We are enthused by the support and response and look forward to a sustained support for this format.

We are pleased to report that Bilcare Foundation is now spreading wings abroad thanks to active participation from our overseas employees. In the immortal words of Martin Luther King Jr. “The time is always right to do what is right”. We would like to acknowledge active help received from our employees and well-wishers in our efforts to reach out to the community and return a part of what we have achieved.

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

Axis Bank Ltd.

Barclays Bank Ltd.

DBS Bank Ltd.

HDFC Bank Ltd.

Hongkong & Shanghai Banking Corporation Ltd.

IDBI Bank Ltd.

Indusind Bank Ltd.

Punjab National Bank Ltd.

Standard Chartered Bank

State Bank of India

UCO Bank

Yes Bank Ltd.

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: +91-20-2605 3503

E-mail: pune@linkintime.co.in

To the Members

We are pleased to present the report on our business and operations for the financial year ended 31st March, 2010.

Financials

The Company on a stand alone basis has achieved a turnover growth of over 16.6% vis-a-vis previous year.

	Rs. Lacs	
	2009-10	2008-09
Sales and Other Income	56,440.04	47,631.48
Profit before tax	11,288.55	9,231.78
Profit after tax	7,547.33	6,069.73
Profit available for appropriation	27,532.87	21,488.85
General Reserve	1,500.00	1,000.00
Dividend	567.20	430.20
Dividend Tax	94.20	73.11
Balance in profit & loss account	25,371.47	19,985.54

Dividend

We recommend a Dividend of 25% i.e. Rs.2.50 per equity share of Rs.10/- each for the financial year ended 31st March, 2010.

Consolidated Financial Statements

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

about the Company and its subsidiaries as a single economic entity and form part of this annual report. For the year ended 31st March 2010, the consolidated turnover of Rs.104,782.59 lacs, was higher by 22.4% over the previous year's turnover of Rs. 85,602.48 lacs. The consolidated net profit after tax went up to Rs. 11,694.83 lacs for 2009-10 from Rs. 8,293.53 lacs in the previous year.

Subsidiary Companies

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

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

- i) Bilcare Singapore Pte. Ltd, Singapore;
- ii) Bilcare GmbH, Germany;
- iii) Bilcare Inc., USA;
- iv) Bilcare Farmaceutica Embalagem E Pesquisas Ltda., Brazil;
- v) Bilcare (UK) Ltd, UK;
- vi) Bilcare GCS (Europe) Ltd., UK, a subsidiary of Bilcare (UK) Ltd;
- vii) Bilcare Switzerland SA, Switzerland;
- viii) Bilcare Technologies Singapore Pte. Ltd.;
- ix) Bilcare Technologies Italia Srl, a subsidiary of Bilcare Technologies Singapore Pte. Ltd.

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

The Company is a 50% joint venture partner with MeadWestvaco Corp in International Labs, LLC, US.

Issuance of Global Depository Receipts (GDRs)

Pursuant to the approval received from the shareholders of the Company at the Annual General Meeting held on September 30th, 2009, 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 and each GDR representing one equity share of Rs.10/- each in the share capital of the Company) to 'Deutsche Bank Trust Company Americas' as the Depository.

Conversion of the Foreign Currency Convertible Bonds (FCCBs)

The Company allotted 2,493,484 Equity Shares of Rs.10/- each upon conversion of 2,635 Foreign Currency Convertible Bonds (FCCBs), as per the terms and conditions of the Offering Circular, at a reset conversion price of Rs.483.28 per share, including premium.

Post allotment of Equity Shares as aforesaid, the Paid-up Equity Share Capital of the Company stood at Rs.226,878,900/- divided into 22,687,890 Equity Shares of Rs. 10/- each.

Research & Development

Bilcare's Research and Development activities and initiatives enabled by induction of select new technologies & modern approaches continues to create

new products, processes, services and effective brand management technologies.

The process of Intellectual property creation and its protection got significant uplift with the development and operationalization of the "IPRMS" (Intellectual Property Rights Management System), a proprietary software tool enabling the systemization of innovation process. The IPRMS will go a long way in institutionalization of a successful knowledge management process resulting in a sound foundation for secured yet seamless Information flow and access.

In the year 2009-10, Bilcare enriched its IP portfolio by filing 12 new patent applications and 11 Trade marks apart from systemically progressing its earlier patent applications in national phase in designated countries for their grant.

The above fresh patent filings ensured protection of a diverse range of researched and developed Intellectual property spanning across all three business activities, which included innovations in healthcare management system, unique re-closable unit packs, anti-counterfeit printed materials, interactive packaged product authentication and dispensation, embeddedimage™ materials, senior friendly packs, special child resistant blister lidding foils, biodegradable packaging materials and smart, reversible thermo chromic and photo chromic functionality in blister packaging film materials amongst others. These innovations will aid the pharmaceutical industry in significantly enhancing their brand integrity, vibrancy and value and accomplish viable sustained growth.

The robust research and development activities and outcomes contributed significantly in the successful renewal of recognition of the in-house R&D unit upto the year 2015 by the Department of Scientific and Industrial

Research, Ministry of Science and Technology, Government of India. The Intellectual Property initiatives and achievements by Bilcare were also duly recognized by the Intellectual Property Office of India with the conferring of the coveted Intellectual property award on Bilcare, second time in succession.

Financial Year 2009-10 saw Bilcare R & D dedicate several innovations to the Pharma sector as it launched and successfully commercialized a range of in-house developed innovative and anti-counterfeit packaging materials which included Bilcare Protect[®], Bilcare Crispack[™], Bilcare Lamiflex[®], Bilcare Silnova[™] and Bilcare MetNova[®]. These unique products will usher in a substantial improvement in medical product safety resulting in an overall better patient security and patient well being.

The year witnessed the successful fructification of established innovations by way of enhanced commercial applications. Several major pharmaceutical brands got a new re-defined look in newly developed innovative packaging solutions, which supported the brand owners to address the challenges of 5 Cs viz., Counterfeit, Compliance, Communication, Convenience and Cost. R & D services including the novel BilcareOptima[®] study program also saw increased acceptance across the world specifically in the USA, European and Korean based pharmaceutical industry for stabilizing their formulations. These services also culminated in many cases, extension of business relationship by way of supplies contracts for the established as well as innovative packaging materials.

Scientists continued to create and develop unique testing methods & instruments for conducting sensitivity studies of pharmaceutical formulations in short period. These developments had dual impact wherein they not only help to accelerate drug sensitivity

study but also reduce the burden of water and electricity consumptions.

With the ever increasing reservoir of knowledge base at Bilcare, we extended our recognition as value knowledge partners by institutionalizing a systemic knowledge sharing process to effectively bridge the gap. This is steadily transforming Bilcare Research into a “global information hub” for pharmaceutical packaging sciences.

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

- Design and development of a range of unique re-closable unit package containment systems obliterating need of a protective secondary package and also enabling the fusion of the nonClonableID[™] technology.
- Enhancing the nonClonable[™] technology solution for diverse ID authentication capabilities leading to a basket of unique nonClonableID[™] product, process and services.
- Development of a novel product application for clinical research as well as Personalized Healthcare management system on the nonClonableID[™] technology platform.
- Development of embeddedimage[™] technology for foils.
- New CR cum senior friendly package systems with extended ability for interactive functionality including product dispensation information.
- Enhancement and improvisation of product features of existing new products including development initiatives for continuous Quality and Process excellence.
- Fusion of smart and intelligent ink systems into packaging materials for reversible thermal indications in end use applications.
- Development of a specialized coating material to neutralize the minute surface variation in Aluminum foils to accomplish

universally accepted delta variation in print outcomes.

- Design and development of a Smartsense™ web portal for client access on real-time status of their clinical trial materials.
- Improvisation of productivity with Barrier polymer coatings compatible for high speed.
- Development of extended BilcareOptima® program for effervescent formulations and for specialty agro-chemical formulations.

Benefits derived from R & D

- Successful commercialization of a range of additional innovative packaging materials leading to significant enlargement of Bilcare's product offerings which in turn enabled a broader range of pharmaceutical formulations to effectively adopt these new innovative packaging materials.
- Recognition by Global Pharma companies, the value of Bilcare's Intellectual property and its direct impact on patient safety and well being even in the OTC segment. A few of the patented package designs are under active consideration for global deployment.
- Successful deployment of test methodologies for effervescent as well as specialty agro-chemical formulations leading to the enhanced scope of application of BilcareOptima® program.
- New, cost effective alternatives of various lacquer coatings for both flexo and roto-gravure technologies.
- In-house design realizes fabrication and successful use of two more valuable testing tools comprising a moisture sorption analyzer and gas

liberation analyzer. These unique testing apparatus provide accurate and precise evaluation of any product behavior when exposed to different environmental conditions.

- Detailed evaluation of over 100 additional pharmaceutical formulations significantly enriched the knowledge bank of formulation performance and the science of packaging material integration.
- The specialized coating material developed for neutralizing the minute surface variation in Aluminum foil for significantly reducing the delta variation for print outcomes also led to the successful conversion of a two step multi-equipment process to a single equipment using flexo technology and accomplishing 2 color print jobs in a single pass leading to a substantial gain in the productivity and also enhanced Quality outcome.

Future plan of action

- Design and development of additional unique testing tools for enlarging the scope of evaluation of different types and segments of products
- Develop new packaging materials for stabilizing highly sensitive types of formulations
- Expanding research services activities in different regions of the world.
- Develop and commercialize packaging materials for medical devices.
- Develop new covert and ultra covert measures to broaden the scope of product offerings in the Aluminum segment
- Develop new mechanisms for reading the nonClonableID™ to enhance its flexibility for incorporation into objects of diverse physical shapes and dimensions

Expenditure on R & D

	Rs. Lacs
Capital	661.97
Recurring	1,640.96
Total	2,302.93
R & D Expenditure as a percentage of Total Turnover	4.08%

On a consolidated basis, total R&D expenditure as a percentage of consolidated turnover is 4.88%

Conservation of Energy and Technology

In conjunction with the ongoing process of Energy Conservation & Efficient Utilization of the resources, the Company achieved the maintenance of Power Factor to Unity leading to significant savings in the energy bill.

In the backdrop of deteriorating situation of Power Supply from MSEDL with mounting pressure on captive generation, the Company achieved a 15% improvement in Generating Efficiency resulting in higher KWH generated per litre of Diesel.

Usage optimization of the service facilities like compressed air, air handling units & lighting resulted in savings in energy consumption.

The energy efficiency in conversion by using the printing & coating machines to the optimum Overall Equipment Efficiency resulted in efficient utilization of the energy resource.

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

- i) Improvement of power factor from 0.9 to unity due to installation of new capacitor bank resulted in a discount of 5% of total MSEB bill amount which amounted to annual savings of over Rs. 7 Lacs.
- ii) Reduction of compressed air supply pressure from 8 bar to 7 bar resulted in less consumption

of units leading to significant savings on an average of 6000 units per month of the compressor which amounted to an annual savings of Rs. 5 lacs.

- iii) Reduction of 10% of lighting units by switching of lights and air conditioners whenever not required.
- iv) Conversion of thermopac from LDO to LPG resulting in annual savings of Rs. 10 Lacs

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

A consortium of 4 companies including Bilcare have approached the MSEDL for supply of uninterrupted power through express feeder. The sanction of the same from MSEDL has been obtained & the power through the same from Chandoli Sub Station is expected by Q3 of 2010-11. Bilcare will be investing Rs. 40 lacs for the same.

Technology Absorption, Adaptation and Innovation

Innovation pipeline in Bilcare maintained a healthy pace due to the focused thrust on use, absorption and adaptation of new and viable technologies to enable not only the new ideas to be successfully converted into innovations but also enable the rapid improvisation in the existing products, processes and services. This dual model led to considerable valuable development outcomes along with quite a few new line extensions of the existing products, processes and services.

Some of the key Research and Development initiatives that have successfully used, absorbed and adapted technologies as well as led to technology innovations are:

1. A collaborative development approach with producers of coating rollers led to creation of specialized rollers which significantly increased the amount of coating materials transfer by 4 times the capability of the existing rollers in a single pass for the flexo technology. The new rollers were tried and successfully validated for the set performance criteria. This technology adaptation will result in an incremental productivity outcome in a state of the art and very sensitive manufacturing process.
2. The design and development efforts on micro text printing coupled with special screen effects for the Flexo technology resulted in successful accomplishment of overt and overt-covert features and half tones that tender copying impossible by other print technologies used for Aluminum foil printing. This technology development and adaptation created capabilities for unique print features which were hitherto not possible and ushered a paradigm shift from conventional text printing to consumer discernable features on Aluminum foils used for primary packaging of pharmaceutical solid dosage forms.
3. Techniques for incorporation of complex lenticular images in the design artworks to enable securitization against duplication by mere copy of the design on finished packs were standardized and perfected. These techniques make it impossible for reproduction of a design without the master image artwork making it extremely difficult for a duplicator to produce fakes of the genuine medicines.
4. Adaptation of an online corona treatment device on the lamination plant simplified the process of film treatment and made it feasible to complete the process of treatment, adhesion and lamination at one go. This not only enhanced the productivity outcome by eliminating downtime and engagement of different equipments but also generated savings in energy consumption.
5. A state of the art Building Management system (BMS) was incorporated in the Global Clinical Supplies facility to facilitate on-line recording, monitoring and controlling of environmental factors. The technology also created a capability to link reports to the Smartsense™ web portal which enabled the Sponsors to get real-time information on storage and processing conditions for their Clinical Trial Materials (CTM).
6. To ensure secured access as well as elimination of potential processing errors, Biometric access system was incorporated in the Global Clinical Supplies facility. The system was adapted to ensure controlled access as per specific manufacturing plans and procedures.
7. Successful completion of standardization of incorporation of invisible print features which are visible under specific wavelengths of UV light as well as invisible forensic markers which are instantly detectable with use of proprietary devices has enabled Bilcare to offer these high end covert and ultra-covert technologies to the Pharmaceutical sector. Incorporation of these technologies led to generation of a range of intellectual property and proprietary processing technologies for Bilcare and also led to our recognition as the leader in providing unique product offerings which significantly enhances the securitization of brands.
8. The continual research and development initiatives on our novel nonClonableID™

security technology resulted in yet another successful innovation of this technology for the Agro-Chemicals sector wherein the specialty product of one of the leading manufacturer, Indofil Chemicals Company is being integrated and securitized with the nonClonableID™. It will effectively securitize the supply chain management and simultaneously enable real-time, anywhere-anytime product authentication.

Following planned initiatives for implementation are under progress:

1. Development for adaptation and use of Hidden image technology which can be visualized under specific visualizing screens which will lead into creation of a new level of high end covert technology which will find its place between the existing base level covert and the ultra-covert technologies.
2. Extension of the Embeddedimage™ technology for embedment of images on Aluminum foils leading to creation of distinctive, discernable feature for product identification.
3. Development for adaptation of nonClonableID™ for document security as well as large size consumables.
4. We are working on anti counterfeit features as regards to printing on Lidding & Strip Foils. The same is under trial to give customer a solution of unique basket of overt, covert & ultra covert features.

Foreign Exchange Earnings & Outgo

	Rs. Lacs
Foreign exchange earned	5,629.79
Foreign exchange outgo	15,810.55

Directors

Mr. Rajendra B. Tapadia, Dr. Volker Huelck and Dr. Kalyani Gandhi 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:

- i) That in the preparation of the accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the accounts for the financial year ended 31st March 2010 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 2010, 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: 23rd July, 2010

AUDITORS' REPORT

To,
The Members of
Bilcare Limited

We have audited the attached Balance Sheet of **Bilcare Limited** as at 31st March 2010, the Profit and Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books. The Branch Auditors' report have been forwarded to us and have been appropriately dealt with;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of 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 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 2010;
 - (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
Firm's Registration No.108719W

R. L. Rathi
Proprietor
Membership No. 14739

Date : 23rd July 2010

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 Companies Act, 1956 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 2010 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 Rs. Lacs	Forum where dispute is pending
Income Tax Act	AY 2008-09	694.94	Commissioner of Income Tax (Appeals)

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

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

R. L. Rathi
Proprietor
Membership No. 14739

Date : 23rd July 2010

BALANCE SHEET AS ON 31ST MARCH 2010

Particulars	Schedule No.	As on 31 st March 2010		As on 31 st March 2009	
		Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
SOURCES OF FUNDS					
SHAREHOLDERS' FUND					
Share Capital	1	2,268.79		1,720.81	
Reserves & Surplus	2	<u>75,897.99</u>		<u>41,054.95</u>	
			78,166.78		42,775.76
DEFERRED TAX			9,134.81		7,839.17
LOAN FUNDS					
Secured Loans	3	37,560.91		26,223.22	
Unsecured Loans	4	<u>6,522.41</u>		<u>20,685.95</u>	
			44,083.32		46,909.17
			<u>131,384.91</u>		<u>97,524.10</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	50,727.26		44,612.55	
Less : Depreciation		<u>9,229.34</u>		<u>6,588.98</u>	
Net Block		41,497.92		38,023.57	
Capital work in progress		<u>2,991.34</u>		<u>1,162.98</u>	
			44,489.26		39,186.55
INVESTMENTS	6		47,951.41		27,872.01
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	8,678.10		7,707.36	
Sundry Debtors	8	20,167.76		16,610.81	
Cash & Bank Balances	9	10,635.53		5,819.62	
Loans & Advances	10	<u>7,015.09</u>		<u>4,106.72</u>	
		46,496.48		34,244.51	
LESS : CURRENT LIABILITIES & PROVISIONS	11	<u>7,552.24</u>		<u>3,778.97</u>	
NET CURRENT ASSETS			38,944.24		30,465.54
			<u>131,384.91</u>		<u>97,524.10</u>
NOTES FORMING PART OF THE ACCOUNTS	19				

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

For and on behalf of Board of Directors

R. L. Rathi
Proprietor

Mohan H. Bhandari
Managing Director

Place : Pune
Date : 23rd July 2010

Anil Tikekar
Company Secretary

Dr. Praful R. Naik
Executive Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule No.	Year ended 31 st March 2010 Rs. Lacs	Year ended 31 st March 2009 Rs. Lacs
INCOME			
Sales		54,965.17	47,132.77
Other Income	12	1,474.87	498.71
		<u>56,440.04</u>	<u>47,631.48</u>
EXPENDITURE			
Cost of Materials Consumed / Sold	13	33,749.45	29,643.28
(Increase) / Decrease in Stocks	14	(13.09)	(654.59)
Payments to & Provision for Employees	15	2,298.82	2,007.36
Overheads	16	3,829.49	3,552.14
Interest	17	2,639.49	1,974.11
Depreciation and Amortisation		2,647.33	1,877.40
		<u>45,151.49</u>	<u>38,399.70</u>
Profit before Taxation		11,288.55	9,231.78
Provision for Taxation	18	3,741.22	3,162.05
Net Profit after Taxation carried to Balance Sheet		<u>7,547.33</u>	<u>6,069.73</u>
Earnings Per Share (EPS) par value Rs.10/- each (Refer Note No.15)			
Basic (Rs.)		33.27	35.27
Diluted (Rs.)		31.71	30.83
NOTES FORMING PART OF THE ACCOUNTS	19		

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

For and on behalf of Board of Directors

R. L. Rathi
 Proprietor

Mohan H. Bhandari
 Managing Director

Place : Pune
 Date : 23rd July 2010

Anil Tikekar
 Company Secretary

Dr. Praful R. Naik
 Executive Director

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31 st March 2010 Rs. Lacs	Year ended 31 st March 2009 Rs. Lacs
A Cash flow from operating activities		
Profit after tax	7,547.33	6,069.73
Adjustment for:		
Depreciation	2,647.33	1,877.40
Interest/Dividend (Net)	2,440.87	1,547.32
(Profit) / Loss on sale of fixed assets	(33.01)	5.45
Foreign Currency Monetary Items Translation Difference Account	1,172.34	(3,149.10)
Operating profit before working Capital charges	13,774.86	6,350.80
Deferred Tax Liability	1,295.64	1,738.80
Adjustments for:		
Trade & other receivables	(6,465.32)	(4,491.42)
Inventories	(970.73)	(1,799.70)
Trade Payables	3,378.74	514.12
Cash generated from operations	11,013.19	2,312.60
Interest Paid	(2,631.48)	(1,975.35)
Direct Taxes paid	228.43	(280.26)
Net cash from operating activities	8,610.14	56.99
B Cash flow from investing activities		
Purchase of fixed assets	(7,979.58)	(10,893.06)
Sale of fixed assets	62.54	6.22
Investments	(20,079.40)	(10,549.34)
Interest received	26.77	418.94
Dividend received	171.85	7.85
Net cash from investing activities	(27,797.82)	(21,009.39)
C Cash flow from financing activities		
Proceeds from Share application money	–	(403.99)
Proceeds from issue of Share Capital	547.98	75.50
Proceeds from Share Premium (Net)	26,784.77	3,959.15
Proceeds from long term borrowings	19,194.95	19,387.35
Repayment of long term borrowings	(7,888.04)	(4,104.24)
Conversion of FCCB	(14,132.76)	–
Dividend paid including tax	(503.31)	(805.30)
Net cash from financing activities	24,003.59	18,108.47
Net increase in cash & cash equivalents (A+B+C)	4,815.91	(2,843.93)
Cash and cash equivalents as at 01.04.2009	5,819.62	8,663.55
Cash and cash equivalents as at 31.03.2010	10,635.53	5,819.62

As per our report of even date

R. L. Rathi & Co.

Chartered Accountants

R. L. Rathi

Proprietor

Place : Pune

Date : 23rd July 2010

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 2010		As on 31 st March 2009	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
SCHEDULE – 1				
SHARE CAPITAL				
AUTHORISED				
i)	40,000,000 (Previous Year 20,000,000) Equity Shares of Rs.10/- each	4,000.00		2,000.00
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>2,500.00</u>
ISSUED SUBSCRIBED AND PAID UP				
i)	Equity Shares 22,687,890 (Previous Year 17,208,065) Equity Shares of Rs.10/- each (Refer Note No.10)	2,268.79		1,720.81
	TOTAL	<u>2,268.79</u>		<u>1,720.81</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: Expenses on Issue of Shares & exchange rate difference (Refer Note No.10)	20,888.87 26,882.18 97.41 <u>47,673.64</u>	16,929.72 3,963.75 4.60 <u>20,888.87</u>	
ii)	General Reserve As per last Balance Sheet Add: Transfer during the year from Profit & Loss Account Less: Foreign Currency Monetary Items Translation Difference Account	1,622.47 1,500.00 – <u>3,122.47</u>	2,058.01 1,000.00 1,435.54 <u>1,622.47</u>	
iii)	Capital Redemption Reserve	271.63		271.63
iv)	Foreign Currency Monetary Items Translation Difference Account As per last Balance Sheet Add: Additions during the year Less: Transferred to Profit and Loss Account	(1,713.56) 631.11 541.23 <u>(541.22)</u>	(2,570.34) – 856.78 <u>(1,713.56)</u>	
v)	Profit & Loss Appropriation Account Balance brought forward from Previous Year Add: Net Profit for the year Less: Transfer to General Reserve Proposed Dividend Tax on Dividend	19,985.54 7,547.33 1,500.00 567.20 94.20 <u>25,371.47</u>	15,419.12 6,069.73 1,000.00 430.20 73.11 <u>19,985.54</u>	
	TOTAL	<u>75,897.99</u>		<u>41,054.95</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	As on 31 st March 2010 Rs. Lacs	As on 31 st March 2009 Rs. Lacs
SCHEDULE – 3		
SECURED LOANS		
i) Term Loans	33,060.91	21,723.22
ii) Bank Borrowings (Refer Note No.7)	4,500.00	4,500.00
TOTAL	37,560.91	26,223.22
SCHEDULE – 4		
UNSECURED LOANS		
i) Sales Tax deferral	1,188.52	1,218.40
ii) Fixed Deposits	13.94	14.84
iii) Foreign Currency Convertible Bonds (FCCB) (Refer Note No.10a)	5,319.95	19,452.71
TOTAL	6,522.41	20,685.95

SCHEDULE – 5

FIXED ASSETS

Sr.No.	Items of Asset	Gross Block at Cost or Book Value				Depreciation				Net Block	
		As at 01/04/2009	Additions during the year	Deductions during the year	As at 31/03/2010	As at 01/04/2009	For the year	Deductions	As at 31/03/2010	As at 31/03/2010	As at 31/03/2009
		01	Land	227.20	–	–	227.20	–	–	–	–
02	Building	5,162.33	40.02	17.46	5,184.89	616.16	172.35	1.63	786.88	4,398.01	4,546.17
03	Plant & Machinery	31,944.66	5,834.43	–	37,779.09	4,263.88	1,681.19	–	5,945.07	31,834.02	27,680.78
04	Vehicles	174.01	–	19.04	154.97	55.99	15.46	5.34	66.11	88.86	118.02
05	Electric Fitting	1,638.08	15.77	–	1,653.85	284.87	78.57	–	363.44	1,290.41	1,353.21
06	Furniture & Fixture	695.55	0.78	–	696.33	147.34	43.19	–	190.53	505.80	548.21
07	Office Equipments	3,597.12	119.30	–	3,716.42	962.86	539.17	–	1,502.03	2,214.39	2,634.26
08	Patent and Trademarks	1,173.60	140.91	–	1,314.51	257.88	117.40	–	375.28	939.23	915.72
	Total	44,612.55	6,151.21	36.50	50,727.26	6,588.98	2,647.33	6.97	9,229.34	41,497.92	38,023.57
	Previous Year	34,566.81	10,059.11	13.37	44,612.55	4,713.27	1,877.40	1.69	6,588.98	38,023.57	29,853.54

SCHEDULES FORMING PART OF THE ACCOUNTS

	As on 31 st March 2010 Rs. Lacs	As on 31 st March 2009 Rs. Lacs
SCHEDULE – 6		
INVESTMENTS		
Long Term Investments		
Unquoted, Trade Investment in Subsidiary Companies		
i) Investment in subsidiary company-Bilcare Singapore Pte. Limited:		
– 145,000,000 (Previous Year 59,470,000) Equity Shares of S\$ 1 each	43,728.16	16,016.39
– Pending Allotment	500.52	8,132.89
ii) Investment in Joint Venture Company, International Labs, LLC	3,722.73	3,722.73
TOTAL	<u>47,951.41</u>	<u>27,872.01</u>
SCHEDULE – 7		
INVENTORIES		
(As taken, Valued at cost or realisable value whichever is lower and Certified by the Management)		
i) Raw Material	6,393.46	5,423.45
ii) Work-in-process	1,209.87	1,274.79
iii) Finished Goods	976.77	898.76
iv) Stores & Spares, Consumables	98.00	110.36
TOTAL	<u>8,678.10</u>	<u>7,707.36</u>
SCHEDULE – 8		
SUNDRY DEBTORS		
(Unsecured, considered good)		
i) Outstanding for more than six months	692.03	620.06
ii) Other Debts	19,475.73	15,990.75
TOTAL	<u>20,167.76</u>	<u>16,610.81</u>
SCHEDULE – 9		
CASH AND BANK BALANCES		
i) Cash on Hand	1.11	4.18
ii) Balances with Scheduled Banks		
a. Current Accounts	722.45	1,303.02
b. Deposit Accounts	9,910.00	4,498.61
iii) Balance with Non-Scheduled Bank (Refer Note No.17)	1.97	13.81
TOTAL	<u>10,635.53</u>	<u>5,819.62</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	As on 31 st March 2010 Rs. Lacs	As on 31 st March 2009 Rs. Lacs
SCHEDULE – 10		
LOANS AND ADVANCES		
(Unsecured; considered good)		
i) Advances recoverable in cash or in kind or for value to be received	2,378.75	465.85
ii) Deposits with Government Departments and Others	4,636.34	3,640.87
TOTAL	<u>7,015.09</u>	<u>4,106.72</u>
SCHEDULE – 11		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
i) Sundry Creditors	6,039.04	2,386.34
ii) Interest accrued but not due	12.08	4.07
iii) Other Liabilities	432.72	619.70
iv) Employee Retirement Benefits	100.24	187.22
	<u>6,584.08</u>	<u>3,197.33</u>
Provisions		
i) Proposed Dividend	567.20	430.20
ii) Tax on Dividend	94.20	73.11
iii) Provision for Taxation (Net)	306.76	78.33
TOTAL	<u>7,552.24</u>	<u>3,778.97</u>
SCHEDULE – 12		
OTHER INCOME		
i) Interest income (TDS Rs.3.44 lacs (Previous Year Rs.60.97 lacs))	26.77	418.94
ii) Dividend	171.85	7.85
iii) Exchange Fluctuation (Loss) / Gain (Net)	363.04	(921.59)
iv) Lease Rental	700.00	700.00
v) Technical Fees	106.20	268.05
vi) Others	74.00	25.46
vii) Profit on sale of assets	33.01	–
TOTAL	<u>1,474.87</u>	<u>498.71</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	As on 31 st March 2010 Rs. Lacs	As on 31 st March 2009 Rs. Lacs
SCHEDULE – 13		
COST OF MATERIALS CONSUMED / SOLD		
Opening Stock	5,423.45	4,300.17
Add: Purchases (net)	34,719.46	30,766.56
Less: Closing Stock	6,393.46	5,423.45
TOTAL	<u>33,749.45</u>	<u>29,643.28</u>
SCHEDULE – 14		
(INCREASE) / DECREASE IN STOCKS		
Stock in Trade (at the commencement)		
Finished Goods	898.76	656.23
Work-in-Process	1274.79	862.73
	<u>2,173.55</u>	<u>1,518.96</u>
Less: Stock in Trade (at the end)		
Finished Goods	976.77	898.76
Work-in-Process	1209.87	1,274.79
	<u>2,186.64</u>	<u>2,173.55</u>
TOTAL	<u>(13.09)</u>	<u>(654.59)</u>
SCHEDULE – 15		
PAYMENT TO & PROVISION FOR EMPLOYEES		
i) Salaries, Wages, Bonus and Allowances	2,185.71	1,849.37
ii) Contribution to Provident and Other Funds and Schemes	68.59	114.94
iii) Employee Welfare	44.52	43.05
TOTAL	<u>2,298.82</u>	<u>2,007.36</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	As on 31 st March 2010		As on 31 st March 2009	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
SCHEDULE – 16				
OVERHEADS				
i) Power & Fuel		563.93		533.60
ii) Stores, Spares & Consumables		191.50		101.65
iii) Rent		146.79		151.20
iv) Rates and Taxes		37.96		7.48
v) Travelling & Conveyance		325.39		369.91
vi) Selling Expenses		1,033.61		796.38
vii) Communication Expenses		67.76		111.83
viii) Repairs and Maintainance				
a) Plant and Machinery	123.41		71.16	
b) Buildings	25.58		44.94	
c) Others	85.25		109.13	
		234.24		225.23
ix) Insurance		38.34		69.12
x) Legal and professional fees		546.29		325.63
xi) Loss on Sale of Assets		–		5.45
xii) Donations		0.11		0.45
xiii) Miscellaneous		643.57		854.21
TOTAL		<u>3,829.49</u>		<u>3,552.14</u>
SCHEDULE – 17				
INTEREST PAYMENT				
i) On Term Loans		2,123.33		1,561.77
ii) Others		516.16		412.34
TOTAL		<u>2,639.49</u>		<u>1,974.11</u>
SCHEDULE – 18				
PROVISION FOR TAXATION				
i) Income Tax		2,445.58		1,393.25
ii) Deferred Tax		1,295.64		1,738.80
iii) Fringe Benefit Tax		–		30.00
TOTAL		<u>3,741.22</u>		<u>3,162.05</u>

NOTES FORMING PART OF THE ACCOUNTS

	As on 31 st March 2010 Rs. Lacs		As on 31 st March 2009 Rs. Lacs		
1. Contingent Liabilities not provided for in respect of:					
a) Counter guarantees given for subsidiary company		13,492.41		22,927.50	
b) Disputed Income Tax matters in appeal		694.94		22.10	
c) Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advances)		459.00		1,580.20	
2. Suit filed by the Company for recovery of import levies		150.43		150.43	
3. Directors Remuneration					
a) Salary					
Basic Salary		129.00		126.75	
b) Perquisites					
HRA		49.01		48.11	
Speical Allowance		3.00		3.00	
LTA		11.14		11.17	
Medical Reimbursement		10.42		10.51	
		<u>202.57</u>		<u>199.54</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		11,288.55		9,231.78	
Add: Depreciation provided in Accounts		2,647.33		1,877.40	
Directors Remuneration		202.57		199.54	
Less: Profit / (Loss) on Sale of Assets		33.01		(5.45)	
		<u>14,105.44</u>		<u>11,314.17</u>	
Less: Depreciation computed in accordance with section 350 of the Companies Act, 1956		4,747.49		3,927.53	
		<u>9,357.95</u>		<u>7,386.64</u>	
Eligibility at 11% of the above		1,029.37		812.53	
4. Information as required by paragraph 4 of part II of Schedule VI of the Companies Act, 1956.					
a) The Department of Company Affairs, Government of India vide its order No. 46/132/2010-C-III issued under Section 211 (4) of the Companies Act, 1956 has exempted the Company from disclosure of quantitative details in the Profit & Loss Account under paras 3(i)(a), 3(ii)(a) and 3(ii)(b) of Part II, Schedule VI to the Companies Act, 1956.					
b) i) Sales		Year ended 31 st March 2010		Year ended 31 st March 2009	
Films & Foils		RFT Lacs	Rs. Lacs	RFT Lacs	Rs. Lacs
Scrap Sales		25,163.31	54,637.82	20,492.58	46,757.72
			327.35		375.05
			<u>54,965.17</u>		<u>47,132.77</u>
ii) Material Consumed					
Films, Foils & chemicals	Tonnes	33,008.39	33,201.09	27,361.28	29,174.71
Others			548.36		468.57
			<u>33,749.45</u>		<u>29,643.28</u>
iii) Production during the year					
Licensed Capacity			NA		NA
Installed Capacity	Tonnes		30,000.00		30,000.00
Production		25,202.93		20,541.36	
iv) Details of Stocks - Films & Foils	Tonnes				
Opening Stock		439.41	898.76	313.32	656.23
Closing Stock		472.99	976.77	439.41	898.76
v) Details of Raw Material consumption	Rs. Lacs				
Imported		14,825.39	43.93 %	11,245.94	37.94 %
Indigenous		18,924.06	56.07 %	18,397.34	62.06 %
		<u>33,749.45</u>		<u>29,643.28</u>	

NOTES FORMING PART OF THE ACCOUNTS

	As on 31 st March 2010 Rs. Lacs	As on 31 st March 2009 Rs. Lacs
5. a) Expenditure in Foreign Currencies (On actual payment basis)		
i) Traveling Expenses	64.61	106.83
ii) Interest	425.14	710.33
iii) Other	151.94	680.07
b) CIF value of Imported Material	15,168.86	12,078.67
c) Capital Goods Imported	–	36.73
6. Earnings in Foreign Currencies		
a) Export of Goods	5,194.44	4,680.38
b) Interest	2.06	80.30
c) Lease Rent	350.00	700.00
d) Other	83.29	–

7. 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.

8. 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.

9. Payment to Auditors

	As on 31 st March 2010 Rs. Lacs	As on 31 st March 2009 Rs. Lacs
Payment to Statutory Auditors (including Service Tax)		
a) Audit Fees	4.41	3.59
b) Tax Audit Fees	1.10	1.10
c) Expenses for Taxation Matters	1.10	1.10
d) Certification & Other Charges	0.44	0.55
	<u>7.05</u>	<u>6.34</u>

10. a) The Company has issued Foreign Currency Convertible Bonds (FCCB) on 27th December 2005 amounting to USD 50 million.

No interest is payable on the Bonds. The Company will redeem each Bond (unless previously converted, redeemed or cancelled), at 145.270% of its principal amount on the Maturity Date which is 22nd December 2010. The outstanding Bonds of USD 11.83 million are convertible into fully paid equity shares at any time prior to close of business on 22nd November 2010 or will be redeemed as above.

The Bonds will be converted with a fixed rate of exchange of Rs. 45.7325 = USD 1.00 on conversion. The Conversion Price was reset to Rs.704/- as per the offering circular dated 16th December 2005. The price is further reset to Rs. 483.28. There is an option for the Company to redeem the Bonds in whole but not in part at any time on or after 21st December 2007 and prior to 22nd December 2010 subject to certain conditions.

In the opinion of the Management the above mentioned Convertible Bonds issued upon terms and conditions set out in the offering circular dated 16th December 2005, would be outside the purview of Section 117(C) of the Companies Act, 1956 as regards creation of Debenture Redemption Reserve.

NOTES FORMING PART OF THE ACCOUNTS

- b) During the year, the Company has allotted:
- GDRs with 2,986,341 underlying Equity Shares of Rs.10/- each at Rs.515/- per share (including share premium of Rs.505/-) to 'Deutsche Bank Trustee Company Americas' as the Depository.
 - 2,493,484 Equity Shares of Rs.10/- each @ Rs.483.28 (including share premium of Rs.473.28) on conversion of 2,635 Foreign Currency Convertible Bonds.
- Consequently, the paid-up equity share capital of the Company stands increased to Rs.2,268.79 lacs.
- c) Expenses for increase in Authorized Share Capital, GDR issue and FCCBs conversion aggregating to Rs.97.41 lacs are debited to Securities Premium Account.
11. As required by Accounting Standard – AS 18 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India are as follows:
- Subsidiary Companies
 - Bilcare Singapore Pte Ltd.
 - Bilcare GmbH; subsidiary of Bilcare Singapore Pte Ltd.;
 - Bilcare Inc, subsidiary of Bilcare Singapore Pte Ltd.;
 - Bilcare Farmaceutica Embalagem E Pesquisas Ltda, subsidiary of Bilcare Singapore Pte Ltd.;
 - Bilcare (UK) Ltd., subsidiary of Bilcare Singapore Pte Ltd.;
 - Bilcare GCS (Europe) Ltd. subsidiary of Bilcare (UK) Ltd.
 - Bilcare SA, subsidiary of Bilcare Singapore Pte Ltd.;
 - Bilcare Technologies Singapore Pte. Ltd., subsidiary of Bilcare Singapore Pte Ltd.; and
 - Bilcare Technologies Italia Srl., subsidiary of Bilcare Technologies Singapore Pte. Ltd.
 - The company is a 50% Joint Venture partner with MeadWestvaco Corp in International Labs, LLC.
 - Key Management Personnel
 - Mr. Mohan H. Bhandari (Managing Director)
 - Mr. Chandra Prakash Jaggi (Executive Director)
 - Dr. Praful R. Naik (Executive Director)
 - Transactions with parties referred above

Rs. Lacs

Particulars	Subsidiary Companies		Key Management Personnel	
	Year ended 31 st March 2010	Year ended 31 st March 2009	Year ended 31 st March 2010	Year ended 31 st March 2009
Remuneration	–	–	202.57	199.54
Rent Payment	–	–	–	11.13
Sale	1120.23	1,705.17	–	–
Purchases	4960.07	3,291.04	–	–
Lease Income	700.00	700.00	–	–

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

12. The Company is engaged in pharma packaging research solutions which as per Accounting Standard – AS 17 is considered the only reportable business segment by the Management in the light of the dominant source and nature of risks and returns, location of its production facilities and assets of the group and relied upon by the Auditors. As per AS 17 all reportable information as regards segment revenue, segment results, carrying amount of segment assets, segment liabilities, total cost of acquisition of segment assets and depreciation are fairly disclosed in the financial statements.
13. The Department of Company Affairs, Government of India vide its order No. 47/452/2010-CL-III issued under Section 212 (8) of the Companies Act, 1956 has exempted the Company from attaching a copy of Accounts of its subsidiaries for the financial year ended 31st March 2010. The disclosures as per the terms of above order have been provided.

NOTES FORMING PART OF THE ACCOUNTS

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

	Year ended 31 st March 2010 Rs. Lacs	Year ended 31 st March 2009 Rs. Lacs
Deferred Tax Liability on account of timing difference in Depreciation	9,134.81	7,839.17

15. Earnings Per Share (EPS)

a) Net Profit as per Profit & Loss Account	7,547.33	6,069.73
b) Net profit available for equity shareholders (Numerator used for calculation)	7,547.33	6,069.73
c) Weighted Average number of ordinary shares outstanding	22,687,890	17,208,065
d) Effect of potential ordinary shares on share Warrants and convertible Bonds outstanding	1,119,466	2,480,209
e) Weighted average number of ordinary shares in computing diluted earnings per share (c + d)	23,807,356	19,688,274
f) Earnings per share (Face value Rs.10/- per share)		
Basic [(b) / (c)] (Rs.)	33.27	35.27
Diluted [(b) / (e)] (Rs.)	31.71	30.83

16. Financial Instruments –

- a) Financial contracts entered into by the company and outstanding as on 31st March 2010 -
- For hedging Currency and Interest Rate Related Risks: NIL (Previous Year NIL).
 - For hedging commodity related risks: NIL.
- b) Foreign currency exposure (Net) that are not hedged by forward contract as on 31st March 2010 amount to Rs.12,250.82 Lacs. (Previous Year Rs.23,440.85 Lacs)

17. Balance in Non Scheduled Bank includes balance with Rajgurunagar Sahakari Bank Ltd. Maximum Balance during the year Rs.21.52 Lacs (Previous Year Rs.33.15 Lacs).

18. 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.

	Year Ended 31 st March 2010 Rs. Lacs	Year Ended 31 st March 2009 Rs. Lacs
a) Lease Rental Obligation		
Not later than one year	279.27	183.13
Later than one year but not later than five years	612.63	612.63
Later than five years	26.94	63.69
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	4,492.50	5,192.50

19. 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 previous year. 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 will be amortised in the next year. Effect of exercising this option is understatement of Profit for the year to the extent of Rs.1,172.34 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

20. Retirement Benefits

In respect 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:

	Year Ended 31 st March 2010 Rs. Lacs	Year Ended 31 st March 2009 Rs. Lacs
Defined Benefit Plan		
a) Changes in Deferred Benefit Obligation and reconciliation thereof:		
i) Opening Balance	151.17	121.23
ii) Add: Current Service cost	38.77	50.46
iii) Add: Interest cost	10.00	9.39
iv) Less: Actuarial gain	51.71	28.33
v) Less: Benefits paid	16.50	1.58
vi) Closing Balance	131.73	151.17
b) Changes in fair value of Plan Assets and reconciliation thereof:		
i) Opening Balance	78.58	67.94
ii) Add: Expected return on Planed assets	8.27	6.41
iii) Add: Contribution by Employer	40.27	5.95
iv) Less: Actuarial gains	0.11	0.14
v) Less: Benefits paid	16.49	1.58
vi) Closing Balance	110.52	78.58
c) Amount to be recognized in the Balance sheet in respect of:		
i) Gratuity (funded)	18.29	97.83
ii) Leave Encashment (non funded)	81.95	89.38
d) Percentage of each category of plan Assets to total fair value of Plan assets		
Insurer Managed Funds	100%	100%
e) Principal Actuarial Assumptions:		
i) Gratuity:		
Discount rate	8.40%	7.00%
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	8.40%	7.00%
Salary Escalation Rate	10.00%	10.00%

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

21. Sundry Creditors etc. include Acceptances of Rs.2,172.90 Lacs (Previous Year Rs.1,473.25 Lacs).
22. Trial run income and expenses are directly capitalized to the respective assets.
23. Figures for the previous year have been regrouped / reclassified wherever necessary to confirm with the current years classification.
24. There are no amounts due and outstanding to be credited to Investor's Education and Protection Fund.
25. All figures are in Rupees Lacs, rounded off to two decimal places.

NOTES FORMING PART OF THE ACCOUNTS

26. Significant Accounting Policies:

- i) **Basis of accounting**
The Company adopts the accrual basis in the preparation of its accounts except otherwise stated and those with significant uncertainties. Financial statements are based on historical cost. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.
- ii) **Revenue Recognition**
The Company recognizes sales at the point of dispatch of goods from the plant to the customer. Sales are net of discounts, sales tax, excise duty and sales returns. Export sales are accounted on the basis of bill of lading.
Dividend is recorded when the right to receive payment is established.
Interest income is recognized on accrual basis.
- iii) **Use of Estimates**
The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.
- iv) **Fixed Assets**
Fixed assets are stated at cost of acquisition exclusive of Cenvat and inclusive of duties, taxes, incidental expenses, borrowing cost and any directly attributable cost of bringing the assets to its working condition for intended use till the stage of its commercially viable optimum production including expenditure incurred on trial runs.
Patents/Trademarks are recorded at their acquisition cost.
- 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 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.
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 deferrment 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.
- 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.

NOTES FORMING PART OF THE ACCOUNTS

- 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 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) **Provisions, Contingent Liabilities and Contingent Assets**
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.
- 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

For and on behalf of Board of Directors

R. L. Rathi
Proprietor

Mohan H. Bhandari
Managing Director

Place : Pune
Date : 23rd July 2010

Anil Tikekar
Company Secretary

Dr. Praful R. Naik
Executive Director

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 (Rs) DIVIDEND RATE %

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 : 23rd July 2010

Anil Tikekar
Company Secretary

Dr. Praful R. Naik
Executive Director

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

Sr. No.	Particulars	1	2	3	4	5	6	7	8	9
1	Name of the Subsidiary	Bilcare Singapore Pte. Ltd.	Bilcare Gmbh *	Bilcare Inc *	Bilcare Farmaceutica Embalagem E Pesquisas Ltda *	Bilcare (UK) Ltd. *	Bilcare GCS (Europe) Ltd. **	Bilcare Technologies Singapore Pte.Ltd.	Bilcare Technologies * Italia Srl ***	Bilcare Switzerland S.A.*
2	Financial year of the Subsidiary ended on	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st December, 2009			
3	Shares of the Subsidiary held by the Company on the above date									
a	Number and face value									
	i) (145,000,000 Equity Shares of SGD 1.00 each)	Rs. 43,728.16 lacs								
	ii) (25,000 Equity Shares of Euro 1.00 each)		Rs. 1,008.62 lacs							
	iii) (5 Equity Shares) (Common Stock-No Par Value)			Rs. 20,769.49 lacs						
	iv) (523,275 Equity Shares of BRL 1.00 each)				Rs. 131.91 lacs					
	v) (1,500,000 Equity Shares of GBP 1.00 each)									
	vi) (24,500 Equity Shares of GBP 1.00 each)									
	vii) (178,332 Equity Shares of SGD 1.00 each)									
	viii) (18,500 Equity Shares of SGD 1.00 each)									
	ix) (5 Equity Shares) (Common Stock - No Par Value)									
b	Extent of holding	100%	100%	100%	100%	100%	100%	100%	92.50%	100%
4	Net aggregate amount of profits / (losses) for the above financial year of the subsidiary so far as they concern members of the Holding Company							Rs. 6,125.60 lacs	Rs. 5.95 lacs	Rs. 42.71 lacs
a	dealt with in the accounts of the Company for the year ended 31 st March 2010	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b	not dealt with in the accounts of the Company for the year ended 31 st March 2010	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Net aggregate amount of profits / (losses) for the previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Holding Company									
a	dealt with in the accounts of the Company for the year ended 31 st March 2010	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b	not dealt with in the accounts of the Company for the year ended 31 st March 2010	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	(Refer Note No.14 of Accounts)									

Note : * Subsidiary of Bilcare Singapore Pte. Ltd.

** Subsidiary of Bilcare (UK) Ltd.

*** Subsidiary of Bilcare Technologies Singapore Pte. Ltd.

Annexure – 1
Summarised Statement of Financials of Subsidiary Companies pursuant to approval u/s 212 (8) of the Companies Act, 1956.

		Rs. LaCS										
Sr. No.	Name of the Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover including other Income	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	
1.	Bilcare Singapore Pte Ltd.	47,112.18	4,686.02	66,375.90	14,577.70	31,199.18	22,272.03	2,995.68	-	2,995.68	-	
2.	Bilcare GmbH	15.20	376.83	392.03	-	-	525.73	(250.47)	-	(250.47)	-	
3.	Bilcare Inc.	20,769.52	3,606.53	25,888.85	1,512.80	-	20,443.78	2,686.70	797.63	1,889.07	-	
4.	Bilcare Farmaceutica Embalagem E Pesquisas Ltd.	131.91	-	131.91	-	-	-	-	-	-	-	
5.	Bilcare (UK) Ltd.	1,023.83	(251.99)	1,880.98	1,109.14	2,103.05	-	(82.44)	-	(82.44)	-	
6.	Bilcare GCS (Europe) Ltd.	16.72	647.78	816.34	151.84	-	2,817.13	139.13	-	139.13	-	
7.	Bilcare Technologies Singapore Pte. Ltd.	3,421.56	(824.91)	3,224.90	628.25	11.99	82.30	(417.58)	13.21	(430.79)	-	
8.	Bilcare Technologies Italia Srl.	12.16	88.18	89.55	(10.79)	-	11.70	(47.80)	-	(47.80)	-	
9.	Bilcare Switerland SA	42.71	(7.70)	35.01	-	-	0.07	(3.15)	0.50	(3.65)	-	

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

To
The Board of Directors of
Bilcare Limited

1. We have audited the attached consolidated balance sheet of **Bilcare Limited**, with its subsidiary company Bilcare Singapore Pte Ltd., Singapore, and joint venture International Labs, LLC as at 31st March 2010 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 company Bilcare Singapore Pte Ltd., Singapore, and its subsidiaries Bilcare Inc, Bilcare GmbH, Bilcare Farmaceutica Embalagem E Pesquisas Ltda, Bilcare (UK) Limited, Bilcare GCS (Europe) Limited, subsidiary of Bilcare (UK) Limited, Bilcare Technologies Singapore Pte. Limited and Bilcare Technologies Italia Srl , subsidiary of Bilcare Technologies Singapore Pte. Limited and Bilcare SA, all ending 31st March 2010 except Bilcare SA which is 31st December 2009 and joint venture International Labs, LLC for the year ended on 31st March 2010. These statements were audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to these companies is based solely on the report of the other auditors.
2. We conducted the audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of Bilcare Limited and its subsidiaries included in the aforesaid consolidation.
4. In our opinion, based on our audit and the separate report of other auditors, the consolidated financial statements referred to above give true and fair view of the financial position of Bilcare Limited and its aforesaid subsidiaries as at 31st March 2010 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
Firm's Registration No.108719W

R. L. Rathi
Proprietor
Membership No. 14739

Date : 23rd July 2010

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2010

	Schedule No.	As on 31 st March 2010		As on 31 st March 2009	
		Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
SOURCES OF FUNDS					
SHAREHOLDERS' FUND					
Share Capital	1	2,268.79		1,720.81	
Reserves & Surplus	2	<u>85,002.14</u>		<u>47,877.29</u>	
			87,270.93		49,598.10
DEFERRED TAX			11,710.03		9,838.13
LOAN FUNDS					
Secured Loans	3	52,138.61		27,953.93	
Unsecured Loans	4	<u>7,793.18</u>		<u>67,091.46</u>	
			59,931.79		95,045.39
			<u>158,912.75</u>		<u>154,481.62</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	100,129.19		92,686.14	
Less : Depreciation		<u>14,657.50</u>		<u>9,854.57</u>	
Net Block		85,471.69		82,831.57	
Capital work in progress		<u>3,319.18</u>		<u>1,603.46</u>	
			88,790.87		84,435.03
INVESTMENTS	6		–		14,545.84
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	17,053.87		14,148.70	
Sundry Debtors	8	35,304.53		32,954.04	
Cash & Bank Balances	9	15,158.18		10,532.24	
Loans & Advances	10	<u>14,687.77</u>		<u>7,197.76</u>	
		82,204.35		64,832.74	
LESS : CURRENT LIABILITIES & PROVISIONS	11	<u>14,805.61</u>		<u>11,683.82</u>	
NET CURRENT ASSETS			67,398.74		53,148.92
MISCELLANEOUS EXPENSES (to the extent not written off or adjusted)			2,723.14		2,351.83
			<u>158,912.75</u>		<u>154,481.62</u>
NOTES FORMING PART OF THE ACCOUNTS	19				

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

For and on behalf of Board of Directors

R. L. Rathi
 Proprietor

Mohan H. Bhandari
 Managing Director

Place : Pune
 Date : 23rd July 2010

Anil Tikekar
 Company Secretary

Dr. Praful R. Naik
 Executive Director

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule No.	Year ended 31 st March 2010 Rs. Lacs	Year ended 31 st March 2009 Rs. Lacs
INCOME			
Sales		104,782.59	85,602.48
Other Income	12	1,798.04	771.11
		106,580.63	86,373.59
EXPENDITURE			
Cost of Materials Consumed / Sold	13	59,159.69	48,469.09
(Increase) / Decrease in Stocks	14	(50.18)	(1,031.13)
Payments to & Provision for Employees	15	9,635.16	8,633.50
Overheads	16	11,844.81	10,880.96
Interest	17	4,389.01	3,925.55
Depreciation & Amortisation		5,354.74	3,783.97
		90,333.23	74,661.94
Profit before Taxation		16,247.40	11,711.65
Provision for Taxation	18	4,552.57	3,418.12
Net Profit after Taxation carried to Balance Sheet		11,694.83	8,293.53
Earnings per share (EPS) par value Rs.10 each (Refer Note No.4)			
Basic		51.54	48.19
Diluted		49.12	42.12
NOTES FORMING PART OF THE ACCOUNTS	19		

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

For and on behalf of Board of Directors

R. L. Rathi
Proprietor

Mohan H. Bhandari
Managing Director

Place : Pune
Date : 23rd July 2010

Anil Tikekar
Company Secretary

Dr. Praful R. Naik
Executive Director

CONSOLIDATED CASHFLOW FOR THE YEAR ENDED 31ST MARCH 2010

	Year ended 31 st March 2010 Rs. Lacs	Year ended 31 st March 2009 Rs. Lacs
A Cash flow from operating activities		
Profit after tax	11,694.83	8,293.53
Adjustment for:		
Depreciation	4,809.93	3,577.85
Interest/Dividend (Net)	4,181.42	3,413.73
(Profit)/Loss on sale of fixed assets	(33.01)	(0.28)
Foreign Currency Monetary Items Translation Difference Account	1,172.34	(3,149.10)
Warrant Repurchase	–	(1,670.80)
FCCB Liability & Bond Investment revaluation	–	(826.75)
Exchange Difference (Foreign currency translation reserves)	<u>(1,865.72)</u>	<u>4,536.08</u>
Operating profit before working Capital charges	19,959.79	14,174.26
Deferred Tax Liability	1,871.91	3,534.58
Adjustments for:		
Trade & other receivables	(9,840.50)	(11,552.30)
Inventories	(2,905.17)	(5,983.03)
Trade Payables	2,899.76	3,835.82
(Increase) / Decrease in Preliminary Expenses	<u>(371.31)</u>	<u>196.65</u>
Cash generated from operations	11,614.48	4,205.98
Interest Paid	(4,553.47)	(3,611.63)
Direct Taxes paid	228.41	(280.18)
Net cash from operating activities	<u>7,289.42</u>	<u>314.17</u>
B Cash flow from investing activities		
Purchase of fixed assets	(9,195.28)	(31,193.22)
Sale of fixed assets	62.54	11.67
Investments	14,545.84	(2,268.63)
Interest received	35.73	503.96
Dividend received	171.85	7.85
Net cash from investing activities	<u>5,620.68</u>	<u>(32,938.37)</u>
C Cash flow from financing activities		
Proceeds from Share application money	–	(403.99)
Proceeds from issue of Share Capital	547.98	75.50
Proceeds from Share Premium (Net)	26,784.77	3,959.15
Proceeds from long term borrowings	30,732.85	28,781.46
Repayment of long term borrowings	(8,272.84)	(4,104.24)
Conversion/Buy back of FCCB	<u>(57,573.61)</u>	–
Dividend paid including tax	(503.31)	(812.60)
Net cash from financing activities	<u>(8,284.16)</u>	<u>27,495.28</u>
Net increase in cash & cash equivalents (A+B+C)	4,625.94	(5,128.92)
Cash and cash equivalents as at 01.04.2009	10,532.24	15,661.16
Cash and cash equivalents as at 31.03.2010	15,158.18	10,532.24

As per our report of even date

R. L. Rathi & Co.

Chartered Accountants

R. L. Rathi

Proprietor

Place : Pune

Date : 23rd July 2010**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 CONSOLIDATED ACCOUNTS

	As on 31 st March 2010		As on 31 st March 2009	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
SCHEDULE – 1				
SHARE CAPITAL				
AUTHORISED				
i)	40,000,000 (Previous Year 20,000,000) Equity Shares of Rs.10/- each		4,000.00	2,000.00
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>2,500.00</u>	
ISSUED SUBSCRIBED AND PAID UP				
i)	Equity Shares 22,687,890 (Previous Year 17,208,065) Equity Shares of Rs.10/- each		2,268.79	1,720.81
	<u>2,268.79</u>		<u>1,720.81</u>	
<p>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.</p>				
SCHEDULE – 2				
RESERVES & SURPLUS				
i)	Securities Premium As per last Balance Sheet Additions during the year Less: Expenses on Issue of Shares & exchange rate difference		20,902.52 26,882.18 <u>97.41</u>	16,943.37 3,963.75 <u>4.60</u>
		47,687.29	20,902.52	
ii)	General Reserve As per last Balance Sheet Add: Transfer during the year from Profit & Loss Account Less: Foreign Currency Monetary Items Translation Difference Account		1,624.42 1,500.00 –	2,059.96 1,000.00 <u>1,435.54</u>
		3,124.42	1,624.42	
iii)	Capital Redemption Reserve		271.63	271.63
iv)	Foreign Currency Translation Reserve on Consolidation		2127.60	3,993.29
v)	Foreign Currency Monetary Items Translation Difference Account As per last Balance Sheet Add: Addition during the year Less: Transferred to Profit & Loss Account		(1,713.56) 631.11 <u>541.23</u>	(2,570.34) <u>856.78</u>
		(541.22)	(1,713.56)	
vi)	Profit & Loss Appropriation Account Balance brought forward from Previous Year Add: Net Profit for the year Less: Transfer to General Reserve Warrant Repurchase FCCB Liability reinstatement (Net) Proposed Dividend Tax on Dividend		22,798.99 11,694.83 1,500.00 – – 567.20 <u>94.20</u>	18,506.32 8,293.53 1,000.00 1,670.80 826.75 430.20 <u>73.11</u>
		32,332.42	22,798.99	
TOTAL		<u>85,002.14</u>	<u>47,877.29</u>	

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As on 31 st March 2010 Rs. Lacs	As on 31 st March 2009 Rs. Lacs
SCHEDULE – 3		
SECURED LOANS		
i) Term Loans	47,638.61	23,453.93
ii) From Financial Institutions and Banks	4,500.00	4,500.00
TOTAL	52,138.61	27,953.93
SCHEDULE – 4		
UNSECURED LOANS		
i) Sales Tax deferral	1,188.52	1,218.40
ii) Fixed Deposits	13.94	14.84
iii) Others	1,270.77	2,964.66
iv) Foreign Currency Convertible Bonds (FCCB) (Refer Note No. 7)	5,319.95	62,893.56
TOTAL	7,793.18	67,091.46

SCHEDULE – 5

FIXED ASSETS

Sr.No.	Items of Asset	Gross Block at Cost or Book Value					Depreciation				Net Block		
		As at 01/04/2009	Exchange Fluctuation	Additions during the year	Deductions during the year	As at 31/03/2010	As at 01/04/2009	Exchange Fluctuation	For the year	Deductions	As at 31/03/2010	As at 31/03/2010	As at 31/03/2009
		01	Goodwill	11,579.47	(335.55)	(492.41)	–	10,751.51	–	–	617.71	–	617.71
02	Land	1,610.40	(54.90)	–	–	1,555.50	4.57	(0.57)	0.76	–	4.76	1,550.74	1,605.83
03	Building	7,950.54	(202.57)	53.76	17.46	7,784.27	1,117.07	(49.77)	384.74	1.63	1,450.41	6,333.86	6,833.47
04	Plant & Machinery	60,891.57	(3,227.01)	9,751.28	75.29	67,340.55	6,395.26	(182.06)	3,117.96	75.29	9,255.87	58,084.68	54,496.31
05	Vehicles	174.01	–	–	19.04	154.97	55.99	–	15.46	5.34	66.11	88.86	118.02
06	Electric Fitting	1,638.08	–	15.77	–	1,653.85	284.86	–	78.57	–	363.43	1,290.42	1,353.22
07	Furniture & Fixture	905.78	(25.67)	62.81	–	942.92	179.08	(1.66)	61.20	–	238.62	704.30	726.70
08	Office Equipments	6,222.80	(182.76)	261.46	–	6,301.50	1,559.86	(58.95)	783.80	–	2,284.71	4,016.79	4,662.94
09	Patent and Trademarks	1,713.49	795.01	1,135.62	–	3,644.12	257.88	–	118.00	–	375.88	3,268.24	1,455.61
	Total	92,686.14	(3,233.45)	10,788.29	111.79	1,00,129.19	9,854.57	(293.01)	5,178.20	82.26	14,657.50	85,471.69	82,831.57
	Previous Year	58,789.77	–	33,920.67	24.30	92,686.14	6,289.35	–	3,577.84	12.62	9,854.57	82,831.57	52,500.42

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As on 31 st March 2010 Rs. Lacs	As on 31 st March 2009 Rs. Lacs
SCHEDULE – 6		
INVESTMENTS		
Traded Investments	–	14,545.84
TOTAL	<u>–</u>	<u>14,545.84</u>
SCHEDULE – 7		
INVENTORIES		
(As taken, Valued at cost or realisable value whichever is lower and Certified by the Management)		
i) Raw Material	13,987.41	11,134.57
ii) Work-in-process	1,491.74	1,510.66
iii) Finished Goods	1,362.49	1,293.39
iv) Stores & Spares, Consumables	212.23	210.08
TOTAL	<u>17,053.87</u>	<u>14,148.70</u>
SCHEDULE – 8		
SUNDRY DEBTORS		
(Unsecured; considered good)		
i) Outstanding for more than six months	1,196.97	1,044.49
ii) Other Debts	34,107.56	31,909.55
TOTAL	<u>35,304.53</u>	<u>32,954.04</u>
SCHEDULE – 9		
CASH AND BANK BALANCES		
i) Cash on Hand	13.46	5.69
ii) Balances with Scheduled Banks		
a. Current Accounts	4,403.82	3,789.03
b. Deposit Accounts	10,738.93	6,723.71
iii) Balance with Non-Scheduled Bank	1.97	13.81
TOTAL	<u>15,158.18</u>	<u>10,532.24</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As on 31 st March 2010 Rs. Lacs	As on 31 st March 2009 Rs. Lacs
SCHEDULE – 10		
LOANS AND ADVANCES		
(Unsecured, considered good)		
i) Advances recoverable in cash or in kind or for value to be received	9,846.91	3,382.75
ii) Deposits with Government Departments and Others	4,840.86	3,815.01
TOTAL	<u>14,687.77</u>	<u>7,197.76</u>
SCHEDULE – 11		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
i) Sundry Creditors	10,158.40	8,400.40
ii) Interest accrued but not due	244.02	408.49
iii) Other Liabilities	3,334.26	2,105.52
iv) Employee Retirement Benefits	100.24	187.22
	<u>13,836.92</u>	<u>11,101.63</u>
Provisions		
i) Proposed Dividend	567.20	430.20
ii) Tax on Dividend	94.20	73.11
iii) Provision for Taxation (Net)	307.29	78.88
TOTAL	<u>14,805.61</u>	<u>11,683.82</u>
SCHEDULE – 12		
OTHER INCOME		
i) Interest	35.73	503.96
ii) Dividend	171.85	7.85
iii) Exchange Fluctuation (Loss) / Gain (Net)	363.04	(434.40)
iv) Lease Rental	700.00	222.31
v) Technical Fees	106.20	268.05
vi) Others	388.21	203.06
vii) Profit on Sale of Asset	33.01	0.28
TOTAL	<u>1,798.04</u>	<u>771.11</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As on 31 st March 2010 Rs. Lacs	As on 31 st March 2009 Rs. Lacs
SCHEDULE – 13		
COST OF MATERIALS CONSUMED / SOLD		
Opening Stock	11,134.57	6,269.49
Add : Purchases (net)	62,012.53	53,334.17
Less : Closing Stock	13,987.41	11,134.57
TOTAL	<u>59,159.69</u>	<u>48,469.09</u>
SCHEDULE – 14		
(INCREASE) / DECREASE IN STOCKS		
Stock in Trade (at the commencement)		
Finished Goods	1,293.39	735.49
Work-in-Process	1,510.66	1,037.43
	<u>2,804.05</u>	<u>1,772.92</u>
Less: Stock in Trade (at the end)		
Finished Goods	1,362.49	1,293.39
Work-in-Process	1,491.74	1,510.66
TOTAL	<u>2,854.23</u> <u>(50.18)</u>	<u>2,804.05</u> <u>(1,031.13)</u>
SCHEDULE – 15		
PAYMENT TO & PROVISION FOR EMPLOYEES		
i) Salaries, Wages, Bonus and Allowances	8,954.50	7,645.86
ii) Contribution to Provident and Other Funds and Schemes	552.28	749.95
iii) Employee Welfare	128.38	237.69
TOTAL	<u>9,635.16</u>	<u>8,633.50</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As on 31 st March 2010		As on 31 st March 2009	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
SCHEDULE – 16				
OVERHEADS				
i) Power & Fuel		1,135.65		1,060.42
ii) Stores, Spares & Consumables		733.48		624.06
iii) Rent		1,260.18		1,259.27
iv) Rates and Taxes		96.67		114.44
v) Travelling & Conveyance		1,088.98		1,083.63
vi) Selling Expenses		2,610.34		2,289.74
vii) Communication Expenses		227.61		451.58
viii) Repairs and Maintainance				
a) Plant and Machinery	501.99		346.32	
b) Buildings	79.60		94.25	
c) Others	155.65		180.78	
		737.24		621.35
ix) Insurance		272.57		295.12
x) Legal and Professional Fees		1,146.16		1,007.19
xi) Lease Rentals		252.59		–
xii) Donations		0.11		0.45
xiii) Miscellaneous		2,283.23		2,073.71
TOTAL		<u>11,844.81</u>		<u>10,880.96</u>
SCHEDULE – 17				
INTEREST PAYMENT				
i) On Term Loans		3,694.95		3,361.70
ii) Others		694.06		563.85
TOTAL		<u>4,389.01</u>		<u>3,925.55</u>
SCHEDULE – 18				
PROVISION FOR TAXATION				
i) Income Tax		3,256.93		1,649.32
ii) Deferred Tax		1,295.64		1,738.80
iii) Fringe Benefit Tax		–		30.00
TOTAL		<u>4,552.57</u>		<u>3,418.12</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 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

b) Principles of Consolidation

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

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

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

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

d) Companies included in Consolidation are:

Name of the company	Country of Incorporation	% of voting power held as at 31 st March 2010
Bilcare Singapore Pte Ltd.	Singapore	100%
Bilcare GmbH	Germany	100% *
Bilcare Inc.	USA	100% *
Bilcare Farmaceutica Embalagem E Pesquisas Ltda.	Brazil	100% *
Bilcare (UK) Ltd.	UK	100% *
Bilcare GCS (Europe) Ltd. Subsidiary of Bilcare (UK) Ltd.	UK	100%
Bilcare SA	Switzerland	100% *
Bilcare Technologies Singapore Pte. Ltd.	Singapore	100% *
Bilcare Technologies Italia Srl. Subsidiary of Bilcare Technologies Singapore Pte. Ltd.	Italy	92.50%
International Labs, LLC	USA	50% #

* Held through subsidiary – Bilcare Singapore Pte. Ltd.

50% Joint Venture with MeadWestvaco Corp

e) Consolidation of the accounts has been prepared based on the foreign currency rates prevailing as at 31st March 2010.

	Consolidated 31 st March 2010 Rs. Lacs	Consolidated 31 st March 2009 Rs. Lacs
2. a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for.	459.00	1,580.20
b) Contingent Liabilities not provided for in respect of :		
i. Income Tax	694.94	22.10
ii Corporate Guarantee given for loans taken by subsidiary companies	13,492.41	22,927.50
iii. Other Guarantees	2,582.46	29.43

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	Consolidated 31 st March 2010 Rs. Lacs	Consolidated 31 st March 2009 Rs. Lacs
3. Deferred tax (assets) and liabilities arising on account of timing differences in depreciation	11,710.03	9,838.13
4. Earnings Per Share (EPS)		
a) Net Profit as per Profit & Loss Account	11,694.83	8,293.53
b) Net Profit available for equity shareholder (Numerator used for calculation)	11,694.83	8,293.53
c) Weighted Average number of ordinary shares outstanding	22,687,890	17,208,065
d) Effect of potential ordinary shares on share warrants and convertible bonds outstanding	1,119,466	2,480,209
e) Weighted average number of ordinary shares in computing diluted earnings per share (c + d)	23,807,356	19,688,274
f) Earnings per share (Face value Rs.10/- per share)		
Basic [(b) / (c)] (Rs.)	51.54	48.19
Diluted [(b) / (e)] (Rs.)	49.12	42.12
5. 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.		
6. The Department of Company Affairs, Government of India vide its order No. 47/452/2010-CL-III issued under Section 212 (8) of the Companies Act, 1956 has exempted the Company from attaching a copy of Accounts of its subsidiaries for the financial year ended 31 st March 2010.		
7. Foreign Currency Convertible Bonds Bilcare Singapore Pte Ltd. has bought back the entire USD 90 million of its own Convertible Bonds. Bilcare Singapore Pte. Ltd. also bought Bilcare India Bonds of USD 5.1 million resulting into a total holding of USD 26.35 million of the same. Subsequently, Monument Pte. Ltd. has issued USD 54 million 7% Exchangeable Guaranteed Bonds due 2013. These Bonds are supported by equivalent amount of Equity Shares and GDR 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.		
10. The Company is engaged in pharma packaging research solutions which as per Accounting Standard – AS 17 is considered the only reportable business segment by the management in the light of the dominant source and nature of risks and returns, location of its production facilities and assets of the group and relied upon by the auditors.		
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 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. Fully 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

R. L. Rathi & Co.

Chartered Accountants

R. L. Rathi
Proprietor

Place : Pune
Date : 23rd July 2010

For and on behalf of Board of Directors

Mohan H. Bhandari
Managing Director

Anil Tikekar
Company Secretary

Dr. Praful R. Naik
Executive Director

Bilcare *Research*

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