

May 13, 2011

**CARE REVISES THE RATING OF BANK FACILITIES OF
BILCARE LIMITED**

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	193.62	'CARE A' (Single A)	Revised from 'CARE A'
Total Bank Facilities	193.62		

Rating Rationale

The revision in the rating takes into account the improvement in the financial risk profile of the company characterised by improvement in capital structure post GDR issue and growth in total income and profitability during FY10 and 9MFY11. As the impact of acquisition of Ineos Films has been taken into consideration, the credit watch has been removed. Further, the ratings continue to take into account experienced promoters and management, established global presence, reputed clientele and diversification into niche segments.

However, the ratings are constrained by order-driven nature of the business and increasing exposure towards subsidiaries.

The ability of BL to successfully integrate operations of its recently-acquired Ineos Films and to sustain financial risk profile in terms of leverage and profitability margins are the key rating sensitivities.

Company Profile

Bilcare Limited (BL), promoted by Mr Mohan Bhandari in July 1987 is primarily engaged in manufacturing specialty pharmaceutical packaging barrier films. On a consolidated basis, BL provides Pharmaceutical Packaging Innovation (PPI) services and products, Global Clinical Services (GCS) and Anti-Counterfeit technologies to major pharma companies. The company's manufacturing facilities are located in India, Singapore, USA and Europe and its R&D facilities are in India, Singapore and USA.

In August 2010, BL through its step-down subsidiary Bilcare AG, Germany acquired the European company - Ineos Films for 105 million Euro (around Rs.607 crore). The company has funded the deal with Euro 70 million of term debt (funded by EXIM Bank and SBI), Euro 20 million through mezzanine debt and balance Euro 15 million through BL's internal accruals.

¹Complete definition of the ratings assigned are available at www.careratings.com and in various CARE publications

Ineos Films is a producer of polymer films for pharmaceutical blister packaging, films for printing and decoration, shrink film for sleeves, capsules and plastic credit cards and has manufacturing facilities in Germany, Italy, India and North America. It reported revenue of Euro 235 million and PBILDT margin and net margin of 6% and 1%, respectively, for the calendar year ended December 2009.

On a total operating income of Rs.563.33 crore, BL reported PAT of Rs.75.47 crore in FY10 as against Rs.476.06 crore and 60.70 crore, respectively, in FY09.

As per unaudited 9MFY11 results, BL's performance improved compared to 9MFY10 in terms of total income and profitability registering growth of 19.75% and 16.44%, respectively. During 9MFY11, BL reported PAT of Rs.61.75 crore on a total income of Rs.483.87 crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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