Panacea Biotec
Innovation in support of life

Panacea Biotec Limited
(CIN:L33117PB1984PLC022350)
Regd. Office: Ambala-Chandigarh Highway, Lalru – 140 501, Punjab
Corp. Office: B-1 Extn./G-3, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi - 110 044,
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NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Members of Panacea Biotec Ltd. will be held on Thursday, the 25th day of September, 2014 at 11:30 A.M. at the Registered Office of the Company at Ambala-Chandigarh Highway, Lalru - 140 501, Punjab, to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Profit & Loss Account for the year ended on that date and the reports of Directors and Auditors thereon and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
   "RESOLVED THAT the Audited Balance Sheet as at March 31, 2014 and the Profit & Loss Account for the year ended on that date and the reports of Directors and Auditors thereon be and is hereby adopted and approved."
2. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:
   "RESOLVED THAT Mr. Soshil Kumar Jain (DIN: 00012812), who retires by rotation and being eligible has offered himself for re-appointment, be and is hereby appointed as director liable to retire by rotation."
3. To appoint M/s. Walker Chandiok & Co LLP, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION.
   "RESOLVED THAT M/s. Walker Chandiok & Co LLP (Regn. No. 001076N/N500013), Chartered Accountants be and are hereby appointed, as Statutory Auditors of the Company in place of M/s. S.R. Batliboi & Co. LLP., Chartered Accountants, the retiring Statutory Auditors, who have shown their unwillingness for their re-appointment as such, to hold office as such from the conclusion of this Annual General Meeting until the conclusion of Thirty-fifth Annual General Meeting subject to the ratification by Members every year on such remuneration as may finalised by the Board of Directors of the Company or any Committee thereof."

AS SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
   "RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Raghava Lakshmi Narasimhan (DIN: 00073873), an existing Independent Director and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years up to 31st March, 2019."
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
   "RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Namdeo Narayan Khamitkar (DIN: 00017154), an existing Independent Director and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years up to 31st March, 2019."
6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
   "RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Aditya Narain Saksena (DIN: 00016107), an existing Independent Director and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years up to 31st March, 2019."
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
   "RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 if any, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Krishna Murari Lal (DIN: 00016166), an existing Independent Director and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years up to 31st March, 2019."
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:
   "RESOLVED THAT pursuant to the provisions of Sections 14 and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the company be and is hereby accorded to amend the Articles of Association of the Company in the manner set out herein below:
   i. The existing Article No. 2, 116 (a) & (b) be deleted and replaced with the following Articles:

Articles shall over rule Table F	2	Save as otherwise provided herein, the regulations contained in Table F of Schedule I to the Companies Act, 2013 shall apply to the Company except to the extent that they are excluded by or inconsistent with these Articles so however that the Articles shall to the extent to which they are repugnant to and / or at variance with the provisions of the Companies Act, 2013, various schedules thereto and the Rules made thereunder, be deemed to have been replaced by the relevant provisions of the Companies Act, 2013 and various schedules thereto and the Rules made thereunder so as to be in consonance and harmony therewith."
Vacation of Office by Managing Directors	116 (a)	Save as otherwise provided in a contract in terms of provisions of the Act or Rules made thereunder or in a resolution passed by the Board or the Shareholders of the Company, a Managing Director shall be liable to retirement by rotation. He shall, however, be subject to the same provisions as to resignation and removal as are applicable to the other Directors. He shall ipso facto immediately, cease to be a Managing Director if he ceases to hold the office of Director for any reason whatsoever save and except that if he vacates office whether by, retirement by rotation or otherwise under the provisions of the Companies Act, 2013 at any Annual General Meeting and is reappointed as a director at the same meeting, he shall not, by reason only of such vacation, cease to be a Managing Director.
Seniorities of Managing Directors	116(b)	If at any time the total number of Managing Directors not liable to retire by rotation is more than one third of the total number of Directors, the Managing Director who shall not retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Managing Directors shall be determined by the date of their respective appointments as Managing Directors by the Board.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do all such acts, deeds and things as may be necessary or expedient to give effect to the above resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the approval of the Company be and is hereby accorded to vary the terms of appointment of Mr. Ravinder Jain (DIN: 00010101), Managing Director by making his office as a director liable to retire by rotation, the other terms of his appointment remaining the same."

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

    "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the approval of the Company be and is hereby accorded to vary the terms of appointment of Dr. Rajesh Jain (DIN:00013053), Joint Managing Director by making his office as a director liable to retire by rotation, the other terms of his appointment remaining the same."

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

    "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the approval of the Company be and is hereby accorded to vary the terms of appointment of Mr. Sandeep Jain (DIN:00012973), Joint Managing Director by making his office liable to retire by rotation, the other terms of his appointment remaining the same."

12. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

    "RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of M/s. J.P. Gupta & Associates, Cost Accountants, as Cost Auditors as appointed by the Board of Directors of the Company as such to conduct the audit of the cost records of the Company for the financial year 2014-15 and the payment of at a remuneration of Rs.75,000/- (Rupees Seventy Five Thousand Only) (including out of pocket expenses as may be incurred in connection with the audit but excluding out of pocket expenses as may be incurred in connection with the outstation travels as per actuals) and Service Tax as may be applicable.

    RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

13. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

    "RESOLVED THAT pursuant to the provisions of Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule V to the Act and pursuant to Article 115 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded for payment of remuneration to Mr. Soshil Kumar Jain (DIN:00012812), Whole-time Director, designated as Chairman of the Company, for financial years 2014-15 and 2015-16 on the following terms and conditions:

    A. REMUNERATION
       a) Salary - Rs.6 Lac per month (with liberty to the Board to review and set the level from time to time subject to the maximum of Rs.12 Lac per month)
       b) Commission - Payment of commission @ upto 2% of the profits of the company computed in the manner laid down in section 197 of the Companies Act, 2013, as may be decided by the Board from time to time.
       c) Perquisites and allowances
          1. Housing
             i) Company owned/leased furnished house with actual upkeep and maintenance expenses.
             ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.
             iii) Company shall provide such furniture and furnishing as may be required by the Director.
          2. Medical Reimbursement - Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalisation, nursing home and surgical charges for self and family.
          3. Leave Travel Assistance - Once a year for self & family as per rules of the Company.
          4. Insurance – Payment of Insurance Premium for Life Insurance, Group Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.
          5. Club fees - Membership fee of such clubs as may be considered appropriate including admission and life membership fee.
          6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund - As per rules of the Company.
          7. Gratuity - Upto half a month's salary for each completed year of service on the basis of his normal salary drawn ignoring the current salary cut.
          8. Leave Encashment - As per rules of the Company but not exceeding one month's leave for every 11 months of service.
          9. Conveyance - The Company shall provide two or more fully insured cars with driver and reimbursement of the operational expenses, one for discharge of official responsibilities by the Director and the other(s) at his residence for his personal use and that of his family members and business guests.
          10. Telephone, Telefax and other communication facilities - The Company shall provide/reimburse expenses in respect of one or more cellular phones (with handset) for his use, and three Telephone connections with STD & ISD facilities, one fax connection with fax machine, Cable Internet connection and other communication facilities at the Director's residence.
          11. Security - The Company shall provide for round the clock security at the Director's residence.

    B. OTHER TERMS
       1. The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.
       2. Minimum Remuneration – In the event of loss or inadequacy of profits, the above remuneration by way of salary, commission, perquisites and other allowances payable to the above said Whole-time Director, being within the limits prescribed in Section II of Part II of Schedule V to the Act, shall be payable as minimum remuneration.
       3. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Whole-time Director may be terminated by either party by giving three months' notice in writing, of such termination.
       4. If, at any time, Mr. Soshil Kumar Jain ceases to be the director of the Company for any causes whatsoever, his office as Whole-time Director shall forthwith be terminated.

    RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in schedule V to the Companies Act, 2013 and to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

14. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

    "RESOLVED THAT pursuant to the provisions of Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule V to the Act and pursuant to Article 115 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded for payment of remuneration to Mr. Ravinder Jain (DIN:00010101), Managing Director of the Company, for financial years 2014-15 and 2015-16 on the following terms and conditions:

    A. REMUNERATION
       a) Salary - Rs.6 Lac per month (with liberty to the Board to review and set the level from time to time subject to the maximum of Rs.12 Lac per month)
       b) Commission - Payment of commission @ upto 2% of the profits of the company computed in the manner laid down in section 197 of the Companies Act, 2013, as may be decided by the Board from time to time.
       c) Perquisites and allowances
          1. Housing
             i) Company owned/leased furnished house with actual upkeep and maintenance expenses.
             ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.
             iii) Company shall provide such furniture and furnishing as may be required by the Director.
          2. Medical Reimbursement - Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalisation, nursing home and surgical charges for self and family.
          3. Leave Travel Assistance - Once a year for self & family as per rules of the Company.
          4. Insurance – Payment of Insurance Premium for Life Insurance, Group Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.
          5. Club fees - Membership fee of such clubs as may be considered appropriate including admission and life membership fee.

6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund - As per rules of the Company.
7. Gratuity - Upto half a month's salary for each completed year of service on the basis of his normal salary drawn ignoring the current salary cut.
8. Leave Encashment - As per rules of the Company but not exceeding one month's leave for every 11 months of service.
9. Conveyance - The Company shall provide two or more fully insured cars with driver and reimbursement of the operational expenses, one for discharge of official responsibilities by the Director and the other(s) at his residence for his personal use and that of his family members and business guests.
10. Telephone, Telefax and other communication facilities - The Company shall provide/reimburse expenses in respect of one or more cellular phone (with handset) for his use, and three Telephone connections with STD & ISD facilities, one fax connection with fax machine, Cable Internet connection and other communication facilities at the Director's residence.
11. Security - The Company shall provide for round the clock security at the Director's residence.

B. OTHER TERMS
1. The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.
2. Minimum Remuneration – In the event of loss or inadequacy of profits, the above remuneration by way of salary, commission, perquisites and other allowances payable to the above said Managing Director, being within the limits prescribed in Section II of Part II of Schedule V to the Act, shall be payable as minimum remuneration.
3. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Managing Director may be terminated by either party by giving three months' notice in writing, of such termination.
4. If, at any time, Mr. Ravinder Jain ceases to be the director of the Company for any causes whatsoever, his office as Managing Director shall forthwith be terminated.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in schedule V to the Companies Act, 2013 and to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

15. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:
"RESOLVED THAT pursuant to the provisions of Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule V to the Act and pursuant to Article 115 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded for payment of remuneration to Dr. Rajesh Jain (DIN:00013053), Joint Managing Director of the Company, for the financial years 2014-15 and 2015-16 on the following terms and conditions:

A. REMUNERATION
a) Salary - Rs.5 Lac per month (with liberty to the Board to review and set the level from time to time subject to the maximum of Rs.10 Lac per month)
b) Commission - Payment of commission @ upto 2% of the profits of the company computed in the manner laid down in section 197 of the Companies Act, 2013, as may be decided by the Board from time to time.
c) Perquisites and allowances
1. Housing
i) Company owned/leased furnished house with actual upkeep and maintenance expenses
ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.
iii) Company shall provide such furniture and furnishing as may be required by the Director.
2. Medical Reimbursement - Reimbursement of actual medical expenses incurred in India and/or abroad.
3. Leave Travel Assistance - Once a year for self & family as per rules of the Company.
4. Insurance – Payment of Insurance Premium for Life Insurance, Group Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.
5. Club fees - Membership fee of such clubs as may be considered appropriate including admission and life membership fee.
6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund - As per rules of the Company.
7. Gratuity - Upto half a month's salary for each completed year of service on the basis of his normal salary drawn ignoring the current salary cut.
8. Leave Encashment - As per rules of the Company but not exceeding one month's leave for every 11 months of service.
9. Conveyance - The Company shall provide two or more fully insured cars with driver and reimbursement of the operational expenses, one for discharge of official responsibilities by the Director and the other(s) at his residence for his personal use and that of his family members and business guests.
10. Telephone, Telefax and other communication facilities - The Company shall provide/reimburse expenses in respect of one or more cellular phone (with handset) for his use, and three Telephone connections with STD & ISD facilities, one fax connection with fax machine, Cable Internet connection and other communication facilities at the Director's residence.
11. Security - The Company shall provide for round the clock security at the Director's residence.

B. OTHER TERMS
1. The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.
2. Minimum Remuneration – In the event of loss or inadequacy of profits, the above remuneration by way of salary, commission, perquisites and other allowances payable to the above said Joint Managing Director, being within the limits prescribed in Section II of Part II of Schedule V to the Act, shall be payable as minimum remuneration.
3. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Joint Managing Director may be terminated by either party by giving three months' notice in writing, of such termination.
4. If, at any time, Dr. Rajesh Jain ceases to be the director of the Company for any causes whatsoever, his office as Joint Managing Director shall forthwith be terminated.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in schedule V to the Companies Act, 2013 and to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

16. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:
"RESOLVED THAT pursuant to the provisions of Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule V to the Act and pursuant to Article 115 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded for payment of remuneration to Mr. Sandeep Jain (DIN: 00012973), Joint Managing Director for financial years 2014-15 and 2015-16 on the following terms and conditions:

A. REMUNERATION
a) Salary - Rs.4.7 Lac per month (with liberty to the Board to review and set the level from time to time subject to the maximum of Rs.10 Lac per month)
b) Commission - Payment of commission @ upto 2% of the profits of the company computed in the manner laid down in section 197 of the Companies Act, 2013, as may be decided by the Board from time to time.
c) Perquisites and allowances
1. Housing
i) Company owned/leased furnished house with actual upkeep and maintenance expenses
ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.
iii) Company shall provide such furniture and furnishing as may be required by the Director.
2. Medical Reimbursement - Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalisation, nursing home and surgical charges for self and family.
3. Leave Travel Assistance - Once a year for self & family as per rules of the Company.
4. Insurance – Payment of Insurance Premium for Life Insurance, Group Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.
5. Club fees - Membership fee of such clubs as may be considered appropriate including admission and life membership fee.
6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund - As per rules of the Company.

7. Gratuity - Upto half a month's salary for each completed year of service on the basis of his normal salary drawn ignoring the current salary cut.
8. Leave Encashment - As per rules of the Company but not exceeding one month's leave for every 11 months of service.
9. Conveyance - The Company shall provide two or more fully insured cars with driver and reimbursement of the operational expenses, one for discharge of official responsibilities by the Director and the other(s) at his residence for his personal use and that of his family members and business guests.
10. Telephone, Telefax and other communication facilities - The Company shall provide/reimburse expenses in respect of one or more cellular phone (with handset) for his use, and three Telephone connections with STD & ISD facilities, one fax connection with fax machine, Cable Internet connection and other communication facilities at the Director's residence.
11. Security - The Company shall provide for round the clock security at the Director's residence.

B. OTHER TERMS

1. The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.
2. Minimum Remuneration – In the event of loss or inadequacy of profits, the above remuneration by way of salary, commission, perquisites and other allowances payable to the above said Joint Managing Director, being within the limits prescribed in Section II of Part II of Schedule V to the Act, shall be payable as minimum remuneration.
3. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Joint Managing Director may be terminated by either party by giving three months' notice in writing, of such termination.
4. If, at any time, Mr. Sandeep Jain ceases to be the director of the Company for any causes whatsoever, his office as Joint Managing Director shall forthwith be terminated.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in schedule V to the Companies Act, 2013 and to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

17. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule V to the Act and pursuant to Article 115 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded for payment of remuneration to Mr. Sumit Jain(DIN:00014236), Whole-time Director designated as Director Operations and Projects of the Company for financial year 2014-15 on the following terms and conditions:

A. REMUNERATION

a) Salary - Rs.2,10,000 p.m. (with liberty to the Board to review and set the level from time to time subject to a maximum of Rs.4.5 Lac per month)
b) Perquisites and allowances
1. Housing
i) Company owned/ leased furnished house with actual upkeep and maintenance expenses. In case rent-free accommodation is not provided, he will be entitled to house rent allowance @50% of salary.
ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.
iii) Company shall provide such furniture and furnishing as may be required by the Director.
2. Medical Reimbursement - Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalisation, nursing home and surgical charges for self and family.
3. Leave Travel Assistance - Once a year for self & family as per rules of the Company.
4. Group Accident and Medical Insurance Policy(ies) – As per rules of the Company.
5. Club fees - Membership fee of such clubs as may be considered appropriate including admission and life membership fee.
6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund - As per rules of the Company.
7. Gratuity - Upto half a month's salary for each completed year of service on the basis of his normal salary drawn ignoring the current salary cut.
8. Leave Encashment - As per rules of the Company but not exceeding one month's leave for every 11 months of service.
9. Conveyance - The Company shall provide two fully insured cars with driver and reimbursement of the operational expenses, one for discharge of official responsibilities by the Director and the other at his residence for his personal use and that of his family members and business guests.
10. Telephone, Telefax and other communication facilities - The Company shall provide/reimburse expenses in respect of one or more cellular phone (with handset) for his use and three Telephone connections with STD & ISD facilities, one fax connection with fax machine, Cable Internet connection and other communication facilities at the Director's residence.
11. Security - The Company shall provide for round the clock security at the Director's residence.

B. OTHER TERMS

1. The director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.
2. Minimum Remuneration – In the event of loss or inadequacy of profits, the above remuneration by way of salary, commission, perquisites and other allowances payable to the above said Whole-time Director, being within the limits prescribed in Section II of Part II of Schedule V to the Act, shall be payable as minimum remuneration.
3. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Whole-time Director may be terminated by either party by giving three months' notice in writing, of such termination.
4. If, at any time, Mr. Sumit Jain ceases to be the director of the Company for any causes whatsoever, his office as Whole-time Director shall forthwith be terminated.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in schedule V to the Companies Act, 2013 and to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

18. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of revised clause 49-VII of the Listing Agreement (effective from October 01, 2014), the approval of the Company be and is hereby accorded to the Board of Directors, to enter into contracts/arrangements/transactions with M/s PanEra Biotec Pvt. Ltd., an associate company, relating to the transfer or receipt of goods, products, materials for an estimated amount upto Rs.160 Crore in each financial year and / or availing and providing of services, manufacturing facilities, utilities and property on lease, for an estimated amount of up to Rs.160 Crore every financial year on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and PanEra Biotec Pvt. Ltd."

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to decide upon the nature and value of the products, goods, materials, services or facilities to be transacted with PanEra Biotec Pvt. Ltd. and to do all such acts, matters and things as may be necessary to give effect to the above resolution."

19. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of section 297 and other applicable provisions of the Companies Act, 1956 and in pursuance of the stipulation contained in the approval of the Central Government vide their letter no. 4/353/T-3/2013/P/5725 dated 30.08.2013, the consent of members be and is hereby accorded for the facility agreement entered into by the Company with M/s Chiron Panacea Vaccines Pvt. Ltd., (under liquidation), Joint Venture of the Company, w.e.f. 16th June, 2013 for 11 months and with an option for a further renewal for a period upto 31st March, 2015 for providing facility for utilisation of two work stations inclusive of support services at the Company's Marketing Office at Mumbai as per the terms of Agreement approved by the Central Government.

RESOLVED FURTHER THAT (a) the agreement entered into with M/s. Chiron Panacea Vaccines Pvt. Ltd. is competitive, at arm's length, without conflict of interest and is not less advantageous to the Company as compared to similar contracts with other parties and the company has not made any default under section 297 of the Companies Act, 1956, in the past (except in respect of defaults upto 14.03.2005 which had been compounded by Central Government vide its order no. 997/T-3/2005/P/621A/1285 dated 23.09.2005) and there is no default in repayment of any of its debts (including public deposits) or debenture or interest payable thereon as on 31st March, 2013 i.e. the last date of the financial year preceding the financial year in which approval is sought and the Company has filed its up to date balance sheet and annual return with the registrar of companies; (b) the agreement is falling within the provisions of section 297 of the

Companies Act, 1956 and the provisions of section 198, 269, 309, 314 and 295 are not applicable; and (c) the Company and its directors have complied with the provisions of section 173, 287, 299, 300, 301 and other applicable provisions of the Companies Act, 1956 with regard to the said agreement."

By order of the Board
For Panacea Biotec Ltd.

Place: New Delhi — Vinod Goel
Date: 1st August, 2014 — G.M Legal & Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing proxy should however, be deposited at the Registered/Corporate Office of the Company not less than forty-eight hours before the commencement of the meeting.**
   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Shareholders are requested to bring their copy of Annual Report to the Meeting.
3. Members/Proxies should fill the Attendance Slip and hand over the same at the entrance for attending the meeting.
4. Those who hold shares in dematerialized form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
5. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Queries proposed to be raised at the Annual General Meeting may please be sent to the Company at its Registered/Corporate Office, at least 7 days prior to the date of Annual General Meeting to enable the Company to compile the information and answer them in the meeting.
8. The Register of Members and Share Transfer Register will remain closed from Friday the 19th day of September, 2014 to Thursday, the 25th day of September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
9. In view of non-availability of profits during the Financial Year 2013-14, the Board of Directors has not recommended any dividend on the Equity Shares of the Company.
10. As provided in Section 205A and 205C of the Companies Act, 1956, dividend for the financial year ended 31st March, 2007 and thereafter, which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund ('IEP Fund'). The unclaimed dividend in respect of financial years upto 2005-06 has already been transferred to the IEP Fund.
    The information in respect of unclaimed dividend due for transfer to the IEP Fund in future is given in the Corporate Governance Report forming part of Annual Report. The Company has also uploaded the details of unpaid and unclaimed amounts lying with the company as on September 25, 2013(date of last AGM) on the website of the Company as also on the website of Ministry of Corporate Affairs.
    Shareholders, who have not yet encashed their dividend warrant(s) for such period, may send their request for revalidation of Dividend Warrant(s) or issue of duplicate Dividend Warrant(s), as the case may be, to the Company's Corporate Office immediately.
11. Non-Resident Indian Shareholders are requested to inform the Company's Registrar & Transfer Agent (RTA) immediately:
    a) the particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
    b) any change in their residential status on return to India for permanent settlement.
12. The members holding shares in physical form are requested to intimate any change in their address to the Company's RTA. Those holding Shares in dematerialised form should intimate any such change to their Depository Participants.
13. The shareholders who are holding Shares in physical form and have not yet got exchanged their Share Certificates for Equity Shares of Rs.10 each, into new Share Certificate(s) in respect of sub-divided Equity Shares of Re.1 each, are requested to send the request along with the related original Share Certificate(s) immediately.
14. Those members who have not yet got their Equity Shares dematerialised are requested to contact any of the Depository Participants in their vicinity for getting their Shares dematerialised. In case any clarification is needed in that regard, the undersigned may be contacted in person or by communication addressed at the Corporate Office of the Company.
15. Securities and Exchange Board of India (SEBI) had directed that it shall be mandatory to furnish copy of PAN card to the Company/RTAs for registration of transfer/ transmission/transposition of shares of the Company in relation to securities market transactions and off-market/private transactions in physical form of listed companies. Hence, all prospective shareholders acquiring shares in physical form are requested to provide a copy of their PAN card along with their request for registration of transfer/transmission/ transposition of shares of the Company.
16. In all correspondence with the Company and/or the Registrar & Transfer Agent, members are requested to quote their folio number and in case their shares are held in the dematerialized (electronic) form, they must quote their DP ID and Client ID number for easy reference and speedy disposal thereof.
17. Pursuant to Section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination are requested to send their requests in Form No. SH.13, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014) (which can be obtained from the company's RTA or downloaded from the Company's website) to the RTA of the Company.
18. The annual report for the financial year 2013-14 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the Company/depository participants. The annual report is also available on our website viz. www.panaceabiotec.com.The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2013-14, free of cost, upon sending a request to the Company Secretary at B-1. Extn./G-3, Mohan Co-op. Industrial Estate, Mathura Road, New Delhi – 110 044. In case any member is desirous to receive communication from the Company in electronic form, they may register their email address with their depository participant or send their consent at investorgrievances@panaceabiotec.com alongwith their folio no. and valid email address for registration.
19. VOTING THROUGH ELECTRONIC MEANS: Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 30th Annual General Meeting to be held on Thursday, 25th September 2014, at 11:30 AM. The Company has engaged the services of National Securities Depository Limited ("NSDL") to provide the e-voting facility.
    The e-voting Event Number, User ID and Password alongwith the detailed instructions for e-voting are provided in the attendance slip, being sent alongwith the notice of Annual General Meeting and forms an integral part of Notice of Annual General Meeting.
    The e-voting period commences on September 18 (9.00 A.M.), 2014 and ends on September 20, 2014 (6.00 P.M.) During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of August 22, 2014 may cast their votes electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
20. Since the company is providing the facility of e-voting to the shareholders, there shall be no voting by show of hands at the Annual General Meeting. The shareholders who will be physically present at the Annual General Meeting shall be provided with polling papers to cast their votes at the meeting.
21. The shareholders can opt for only one mode of voting i.e. e-voting or physical polling at the meeting. In case of voting by both the modes, vote casted through e-voting will be considered final and voting through physical ballot will not considered.
22. The voting rights of the members shall be in proportion to their shares in the equity capital of the Company, as on the cut-off date, being Friday, the 22nd day of August, 2014.
23. Mr. Akshit Gupta, Practicing Company Secretary (Membership No. 22963), Partner M/s U.S. & Associates has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
24. The results shall be declared on or after the AGM. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.panaceabiotec.com and on the website of NSDL within two days of passing of the resolutions at the 30th Annual General Meeting of the Company and shall be communicated to Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd.
25. All documents referred to in the accompanying Notice and statement pursuant to Section 102(1) of the Companies Act 2013 will be available for inspection at the Registered Office and Corporate Office of the Company during business hours on all working days up to the date of declaration of the results of the 30th Annual General Meeting of the Company.
26. As required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the information pertaining to the Directors seeking appointment / re-appointment in the Annual General Meeting is given below:
    a) Mr. Soshil Kumar Jain
       Age : 81 Years

Qualification: Qualified Pharmacist
Professional Expertise: He has more than 58 years' experience in the pharmaceutical industry. He is the founder promoter/director of the company and has been the Chairman of the Company since October, 1984. He started his career in the Indian pharmaceutical industry by joining his family business in the form of a chemist shop set up by his father. Prior to promoting the company, he was associated with Radicura & Co., a partnership firm (formerly owned by the promoters of Panacea Biotec Ltd. and subsequently taken over by Radicura & Co. Ltd. (now known as Radicura Infra Ltd.).
Directorships: He is a director of PanEra Biotec Pvt. Ltd., Neophar Alipro Ltd., Adveta Power Pvt. Ltd. and White Pigeon Estate Pvt. Ltd.
Committee Membership / Chairmanship: He is a member of Executive Committee of the Company.
Shareholding in the Company: He holds 5,000,000 Equity Shares of Re.1 each, comprising 8.16% of total share capital of the Company.

b) Mr. Raghava Lakshmi Narasimhan
Age: 73 Years
Qualification: Post Graduate degree in Science from Madras University.
Professional Expertise: He retired as the Deputy Director General, Central Statistical Organization, to the Government's Ministry of Statistics & Programme Implementation in New Delhi and has held various senior and middle level positions in various Government ministries. Prior to his positions with the Government, he has also worked with Hoechst Pharmaceuticals Ltd., Chennai, a multinational pharmaceutical company. His expertise lies in the field of budgeting, data management, programme evaluation & research and marketing.
Directorships: He is a director of Radhika Heights Ltd. (formerly known as Best On Health Ltd.) and Blue Surmount Education.
Committee Membership/ Chairmanship: He is the Chairman of Audit Committee, Nomination & Remuneration Committee and Selection Committee of the Company.
Shareholding in the Company : Nil

c) Mr. Namdeo Narayan Khamitkar
Age: 73 Years
Qualification: B.E. - Electrical & Mechanical (Pune University), MBA (University of District of Columbia, Washington DC, USA) and Post Graduate Diploma in Public Administration (Indian Institute of Public Administration).
Professional Expertise: He is a retired Govt. Official belonging to Indian Engineering Service and retired as Dy. Director General, Ministry of Home Affairs, Govt. of India, New Delhi. He has also held various senior and middle level positions in various Govt. Ministries and Offices before his retirement. His expertise lies in the field of administration, planning and procurement.
Directorships: He is a director of Radhika Heights Ltd. and Blue Surmount Education.
Committee Membership/ Chairmanship : He is a member of the Audit Committee and Nomination & Remuneration Committee of Panacea Biotec Ltd.
Shareholding in the Company : Nil

d) Dr. Aditya Narain Saksena
Age: 76 Years
Qualification: Post Graduate in Mathematics, Doctorate in Economics, Master's Diploma in Public Administration & Master's Diploma in Total Quality Management.
Professional Expertise: He has been appointed as a Non-executive Director of the Company since December 2005. He retired in 1996 in the grade of additional secretary to Government of India as Financial Advisor to the Ministry of Petroleum. He has vast experience in the field of finance, accounts, audit, human resource development, corporate governance, legal and general management. Prior to his retirement, he held senior level position in various Central Government ministries including the Ministry of Shipping & Transport, Petroleum & Natural Gas, HRD, Information & Broadcasting, Law & Justice and Railways. He also held directorships in various public sector companies including ONGC Ltd., Indian Oil Corporation Ltd., Oil India Ltd., etc., during his tenure.
Directorships : Nil
Committee Membership/ Chairmanship: He is the Chairman of the Stakeholder Relationship Committee of the Company.
Shareholding in the Company : Nil

e) Mr. Krishna Murari Lal
Age: 74 Years
Qualification: M.Sc. (Chemistry)
Professional Expertise: He is a retired Government official belonging to Indian Administrative Services and retired as Chairman, Staff Selection Commission, Government of India. He has vast experience in the field of finance, accounts, audit, taxation, legal, project and general management. He had held various senior level positions in Government Ministries and offices.
Directorships: He is director of SREI Capital Markets Ltd., GEM Spinners India Ltd., Polylink Polymers (India) Ltd., Gem Sugars Ltd., Hindustan Wires Ltd., KMC Energy Pvt. Ltd. and Lexicon Public Relations and Corporate Consultants Pvt. Ltd.
Committee Membership/ Chairmanship : He is member of Audit Committee of SREI Capital Markets Ltd., member of Audit & Remuneration Committee of Gems Spinners Ltd, Chairman of Audit Committee of Hindustan Wires Ltd, Chairman of Audit & Remuneration Committee and member of Share Transfer cum Investors' Grievance Committee of Polylink Polymers (India) Ltd.
Shareholding in the Company : Nil

27. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, is provided in respect Special Business set out at item no. 4 to 19 is as under:

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item Nos. 4 to 7:

The Company had appointed Mr. Raghava Lakshmi Narasimhan, Mr. Namdeo Narayan Khamitkar, Dr. Aditya Narain Saksena and Mr. Krishna Murari Lal, as Independent Directors of the Company pursuant to Clause 49 of the Listing Agreement.

In accordance with Section 149 and 152 read with Schedule IV of the Companies Act, 2013 that have come into effect from 1st April, 2014 and subsequent notification by the Ministry of Corporate Affairs vide its General circular no.14/2014 dated June 09, 2014, the Company is required to appoint its independent directors, including its existing independent directors in accordance with the provisions of the Companies Act, 2013 before 31 March 2015. Further, pursuant to the above provisions, the term of such independent directors is not liable to determination by rotation.

Accordingly, it is proposed to appoint Mr. Raghava Lakshmi Narasimhan, Mr. Namdeo Narayan Khamitkar, Dr. Aditya Narain Saksena and Mr. Krishna Murari Lal, as independent directors of the Company in accordance with Section 149 of the Companies Act, 2013, not liable to retire by rotation and to hold office as independent director for a term upto 31st March, 2019.

The Company has received from each of director (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) declaration that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Company has also received notices from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of the above Directors for the office of Directors of the Company. In the opinion of the Board Mr. Raghava Lakshmi Narasimhan, Mr. Namdeo Narayan Khamitkar, Dr. Aditya Narain Saksena and Mr. Krishna Murari Lal, fulfill the conditions for their appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Agreement and are independent of the management.

A copy each of the notices received under section 160 and the draft letter of appointment setting out the terms and conditions of their appointment are available for inspection, without any fee, by the members at the Company's at the Registered Office and Corporate Office of the Company on any working day during business hours.

Except these directors, being appointees or their relative, none of the Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the resolutions set forth in the Item Nos. 4 to7 of the Notice for approval of the members.

Item No. 8

With the implementation of the Companies Act, 2013 together with various schedules thereto and the Rules made thereunder in place of the Companies Act, 1956, it is appropriate to modify the existing following Articles:

Article 2: Article 2 provides that the regulation contained in Table A in the schedule of the Companies Act, 1956 as amended, shall apply to the Company except to the extent that they are excluded by or inconsistent with these Articles. It is proposed to amend the Article 2 by replacing the same with the new Article as set out in the resolution at item no. 8 of the Notice. This amendment will have the effect of bringing various existing clauses of the Articles, in consonance with the provisions of the Companies Act, 2013, to the extent they are repugnant to and / or at variance with the provisions thereof.

Article No. 116 (a) & (b): Pursuant to Section 149(13) of Companies Act 2013, the independent directors are not liable to retire by rotation. Further Section 152 (6) stipulates that 2/3rd of the total number of directors of the public company should be liable to retire by rotation and out of such directors, 1/3rd should retire by rotation at every Annual General Meeting of the Company. To meet the requirement of the Companies Act, 2013, Company has to modify the relevant articles of its Articles of Association, which restrict the retirement of Managing Director (MD) by rotation. Accordingly Article 116 (a) & (b) are proposed to be amended by substituting Article 116 (a) & (b) in the manner as set out in the resolution.

Pursuant to the provisions of Section 14 of the Companies Act, 2013, amendment of Articles of Association requires approval of shareholders by way of special resolution. The Board of Directors of your company accordingly recommends the resolution for your approval as Special Resolution.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations would be available for inspection by the members are available for inspection, without any fee, at the Company's at the Registered Office and Corporate Office of the Company on any working day during business hours.

None of the Directors, Key Managerial Personnel or their relatives is interested or concerned in the said resolution.

Item Nos. 9 to 11

Mr. Ravinder Jain, Managing Director and Dr. Rajesh Jain and Mr. Sandeep Jain as Joint Managing Directors have been appointed as such at the Annual General Meeting held on September 24, 2011 for a period of 5 (five) years w.e.f. April 01, 2011 and as per the Articles of Association of the Company and as per their terms of appointments, they were not liable to retire by rotation.

In accordance with Section 152(6) of the Companies Act, 2013, the period of office of at least two-third Directors of the Company shall be liable to determination by retirement by rotation. Since the provisions of Section 152(6) are not applicable to independent Directors, hence to ensure compliance with the provisions of Section 152(6), it is proposed that the terms of appointment of Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain be amended to provide that they shall be liable to retire by rotation at the Annual General Meeting of the Company as per the provisions of Section 152(6) of the Companies Act, 2013. The other terms and conditions of their appointment including remuneration as approved by the shareholders shall remain unchanged.

Mr. Ravinder Jain, Dr. Rajesh Jain, Mr. Sandeep Jain themselves and Mr. Soshil Kumar Jain and Mr. Sumit Jain, Directors of the Company being related to them and their respective relatives to the extent of their shareholding interest in the Company, are interested in the resolution set out respectively at Item Nos. 9 to 11 of the Notice.

Save and except as above, none of the other Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the resolutions set forth in the Item Nos. 9 to 11 of the Notice for approval of the members.

Item No. 12

The Board, on the recommendations of the Audit Committee, has approved the re-appointment of the Cost Auditors, M/s. J.P. Gupta & Associates, Cost Accountants, at a remuneration of Rs.75,000/- (Rupees Seventy Five Thousand Only) (including out of pocket expenses as may be incurred in connection with the audit but excluding out of pocket expenses as may be incurred in connection with the outstation travels as per actuals) and Service Tax as may be applicable, to conduct the audit of the cost records of the Company for the financial year ending 31st March 2015.

In accordance with the provisions of the Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 12 of the Notice for approval for appointment and remuneration payable to the Cost Auditors for the financial year ending 31st March 2015.

None of the Directors/Key Managerial Personnel/their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution. The Board recommends the resolution set forth in the Item No. 12 of the Notice for approval of the members.

Item Nos. 13 to 17

Mr. Soshil Kumar Jain, Chairman, Mr. Ravinder Jain, Managing Director, Dr. Rajesh Jain, Joint-Managing Director and Mr. Sandeep Jain, Joint-Managing Director were re-appointed to their respective positions for a period of 5 years w.e.f. 1st April, 2011 and Mr. Sumit Jain, Whole-time Director designated as Director Operations & Projects was re-appointed for a period of 5 years w.e.f. 22nd July, 2010 on the revised terms and conditions.

During the financial year 2013-14, the Company has suffered losses and as per the Audited Financial Results for the financial year ended 31st March, 2014, the Company has incurred a net loss of Rs.4.2 million.

As per the provisions of Section 197 of the Companies Act, 2013 read with Schedule V to the Act, in case of no profits or inadequate profits, the Company can pay managerial remuneration to its directors including managing director and whole-time director in accordance with Schedule V of the Companies Act, 2013 with the approval of shareholders by way of special resolution. Since the Company has suffered losses during the FY 2013-14, the consent of the shareholders by way of special resolution is required in respect of payment of remuneration to the above directors in the manner and period as set out in their respective resolutions.

Particulars required to be disclosed in the Explanatory Statement in accordance with provisions of Clause (A) of Section II of Part II of Schedule V to the Act:

I. General Information

1. Nature of Industry:

   The Company is a public limited company, incorporated under the Act having its registered office at Ambala-Chandigarh Highway, Lalru-140501, Punjab. The Company is a leading research based Company engaged in research, manufacture, marketing and export of certain pharmaceutical products and vaccines having a net turnover of Rs.4,671.4 million as on 31st March 2014.

   The Company occupies a niche position in the Indian health management industry through its focus on providing innovative research-based solutions for health management. The Company has well established capabilities and infrastructure in research, manufacturing and marketing of vaccines and pharmaceutical formulations. The Company's brands command excellent market share in their therapeutic segments. According to AIOCD AWACS (MAT May'14) sales data, Panacea Biotec is amongst the top 60 companies in the Indian Pharmaceutical Market.

   Panacea Biotec is a widely held listed Public Limited Company with around 10,000 shareholders and is listed on the NSE & BSE.

2. Date or expected date of commencement of commercial production: The Company is a well-established Company having commenced its commercial manufacturing operations for the first time in the year 1989.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.

4. Financial performance of the Company in the last three years is as under:

(Rs. in million)

Financial Parameters	Year ended as on 31st March, 2014	Year ended as on 31st March, 2013	Year ended as on 31st March, 2012
Sales	4,671.4	5,304.2	6,883.8
Net Profit/ (Net Loss)	(4.2)	(2,301.3)	(2,077.9)
Dividend	Nil	Nil	Nil

5. Foreign Investments or Collaborations: The details of foreign investments in subsidiaries and joint ventures are as under:

Sl. No.	Name of the Entity	Description of Investment	Number of Shares/ Securities/ Shareholding	Amount (Rs. in million)*
1	Rees Investments Ltd., Islands of Guernsey	Equity	1,000	0.0
2	Panacea Biotec International S.A, Switzerland	Equity	6,000	34.4
3	Panacea Biotec GmbH, Germany (under liquidation)	Equity	2	1.6

*0.0 under "Rs. in million" represents amount less than Rs.50,000.

II. Information about the appointee(s):

1. Mr. Soshil Kumar Jain:

   Mr. Soshil Kumar Jain was re-appointed by the Board of Directors ("the Board") as Whole-time Director designated as Chairman of the Company for a period of five years w.e.f. 1st April, 2011, on the terms and payment of remuneration as specified in the resolution:

i) Background details: Mr. Soshil Kumar Jain is a qualified pharmacist with more than 58 years' experience in the pharmaceutical industry. He is the founder promoter/director of Panacea Biotec and has been its Chairman since October 1984. Prior to promoting Panacea Biotec, he was associated with Radicura & Co., a partnership firm engaged in the retail and wholesale trading of pharmaceutical products.

ii) Past remuneration: Mr. Soshil Kumar Jain was re-appointed as Chairman of the Company with effect from 1st April 2011, in accordance with the provisions of Section 269 read with Schedule XIII of the erstwhile Companies Act, 1956. He was being remunerated, for the last three financial years, as under:

(Rs. in Lac)

Financial Year	Salary	Allowances/ Perquisites	Total cost to the Company	% of net profits u/s 198
2013-14	72.00	8.32	80.32	-
2012-13	72.00	7.53	79.53	-
2011-12	144.00	7.07	151.07	-

The approval of the Central Government for the protection of remuneration paid to Mr. Soshil Kumar Jain, Chairman of the Company in FY 2011-12 amounting Rs.1,51,07,217 was obtained vide letter no. SRN No. B39387790/2/2011-CL.VII dated 21.11.2012 in view of unexpected losses during that year. Further, applications for protection/approval of the Central Government for remuneration in the FY 2012-13 & 2013-14 have been duly filed and requisite approvals are awaited.

iii) Recognition or awards: Mr. Soshil Kumar Jain is a very renowned and highly respected personality in the Industry.

iv) Job profile and his suitability: Mr. Soshil Kumar Jain is involved in the strategic planning, vision and formulation of strategies for the Company. Under his able guidance Panacea Biotec has achieved newer milestones with clear focus on driving productivity and performance across all business segments of the Company. His leadership qualities have significantly boosted the revenues and profitability of the Company. He is a motivated mentor with a focused and enlightened ability to foresee the future that has enabled Panacea Biotec to grow over the years in terms of its human capital, net worth and increased presence in newer markets, therapies and intellectual capital. His unmatched style of working and principle of taking everyone along has helped Panacea Biotec to attain the revenue to the tune of Rs.467.14 Crore during financial year 2013-14 from a rather humble level of Rs.92.5 Crore during financial year 1997-98.

v) Remuneration Proposed: The terms of remuneration to Mr. Soshil Kumar Jain, proposed to be approved by the shareholders have already been specified in the resolution as set out at item no. 13 of the notice.

vi) Detail of the remuneration paid by other players in the market to their managerial personnel: As per the information available in public domain, it may be easily inferred that considering the positioning of the company in the Pharmaceutical Industry, keeping in view his job profile, the size, operations and complexity of the business of the Company, the remuneration proposed to be paid to Mr. Soshil Kumar Jain is very modest in comparison to the Industry players. A brief break-up of the salary provided by other major Industry Players is as under:

(Rs.in Lac)*

Name of the Company	Name of Managerial Personnel	Designation of Managerial Personnel	Remuneration paid*	FY ended
Cipla Ltd.	Mr. Subhanu Saxena	Managing Director (w.e.f. 16.07.2013)	2,144.5	31.03.2014
Cipla Ltd.	Mr. M.K. Hamied	Executive Vice-Chairman	673.9	31.03.2014
Ranbaxy Laboratories Ltd.	Mr. Arun Sawhney	Managing Director	1,314.6	31.12.2014
Jubilant Life Sciences Ltd.	Mr. Shyam S. Bhartia	Managing Director	575.0	31.03.2013
Jubilant Life Sciences Ltd.	Mr. Hari S. Bhartia	Managing Director	575.0	31.03.2013

*Source: Latest Annual Reports of the respective companies as available on the Company's official websites.

vii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Mr. Soshil Kumar Jain does not have any material pecuniary relationship directly or indirectly with the Company or its managerial personnel, other than drawing his remuneration in the capacity as Chairman of the Company and interest on unsecured loans/deposits provided by him from time to time. Mr. Soshil Kumar Jain is related to other directors in the following manner:

Name of the Director	Relationship
Mr. Ravinder Jain	Son
Dr. Rajesh Jain	Son
Mr. Sandeep Jain	Son
Mr. Sumit Jain	Grandson

2. Mr. Ravinder Jain:

Mr. Ravinder Jain was re-appointed by the Board of Directors ("the Board") as Managing Director of the Company for a period of five years w.e.f. 1st April, 2011, on the terms and payment of remuneration as specified in the resolution.

i) Background details: Mr. Ravinder Jain was initially appointed as a director of Panacea Biotec in November 1984 and became a Whole-time director in February 1985. He is the eldest son of Mr. Soshil Kumar Jain, Promoter-Director and Chairman of the Company. Mr. Ravinder Jain has been the Managing Director of Panacea Biotec since March 1996.

ii) Past remuneration: Mr. Ravinder Jain was re-appointed as the Managing Director of the Company with effect from 1st April 2011 in accordance with the provisions of Section 269 read with Schedule XIII of the erstwhile Companies Act, 1956. He was being remunerated, for the last three financial years, as under:

(Rs. in Lac)

Financial Year	Salary	Allowances/ Perquisites	Total cost to the Company	% of net profits u/s 198
2013-14	72.00	52.89	124.89	-
2012-13	72.00	48.98	120.98	-
2011-12	144.00	56.62	200.62	-

The approval of the Central Government for the protection of remuneration paid to Mr. Ravinder Jain, Managing Director of the Company in FY 2011-12 amounting Rs.2,00,62,023/- was obtained vide letter no. SRN No. B39388343/2/2011-CL. VII dated 21st November, 2012 in view of unexpected losses during that year. Further, Applications for protection/approval of the Central Government for remuneration in the FY 2012-13 & 2013-14 have been duly filed and requisite approvals are awaited.

iii) Recognition or awards: Mr. Ravinder Jain is a very renowned and highly respected personality in the Industry.

iv) Job profile and his suitability: Mr. Ravinder Jain has around 33 years' experience in business collaborations and tie-ups, international marketing, business development, finance and corporate administration. He is involved in the overall supervision with emphasis on strategic planning and business development for the Company. Under his motivated leadership Panacea Biotec has set new milestones with clear focus on driving productivity and performance across all business segments of the Company. Under his strategic thinking & leadership, Panacea Biotec has, over the years, created state of the art infrastructure in terms of 4 state-of-the art manufacturing facilities, 4 R&D centres and sales & distribution network in addition to several collaborations & tie ups. His zeal, enthusiasm and vision has enabled Panacea Biotec to achieve new standards of performance in terms of financial parameters i.e. increased revenues & shareholders' wealth etc. His spirit of team work has helped Panacea Biotec to attain the revenue to the tune of Rs.467.14 Crore during financial year 2013-14 from a rather humble level of Rs.92.5 Crore during financial year 1997-98.

v) Remuneration Proposed: The terms of remuneration to Mr. Ravinder Kumar Jain, proposed to be approved by the shareholders have already been specified in the resolution as set out at item no. 14 of the notice.

vi) Detail of the remuneration paid by other players in the market to their managerial personnel: As stated in II. 1. (vi) above.

vii) Pecuniary Relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Mr. Ravinder Jain does not have any material pecuniary relationship directly or indirectly with the Company or its managerial personnel, other than drawing his remuneration in the capacity as Managing Director of the Company and interest on unsecured loans/deposits provided by him from time to time. Mr. Ravinder Jain is related to other directors in the following manner:

Name of the Director	Relationship
Mr. Soshil Kumar Jain	Father
Dr. Rajesh Jain	Brother
Mr. Sandeep Jain	Brother
Mr. Sumit Jain	Son

3. Dr. Rajesh Jain:

Dr. Rajesh Jain was re-appointed by the Board of Directors ("the Board") as Joint Managing Director of the Company for a period of five years w.e.f. 1st April, 2011, on the terms and payment of remuneration as specified in the resolution.

i) Background details: Dr. Rajesh Jain is a Ph.D. holder in Business Administration (Commerce). He also holds a Post Graduate degree in Business Management from Shivaji Institute of Management, Ghaziabad, India and is a science graduate from University of Delhi. He is the second son of Mr. Soshil Kumar Jain, Promoter-Director & Chairman of the Company.

He was appointed as a Director of Panacea Biotec Limited in November 1984, became a Whole-time director in February 1985 and currently holds the position of Joint Managing Director since February 2002. He has about 29 years' experience in the pharmaceutical industry and oversees Panacea Biotec's marketing, R&D and business development sectors. He is also a Vice President of Association of Biotechnology Led Enterprises (ABLE) Northern Region., a member of Federation of Indian Chambers of Commerce Industry (FICCI) – Pharma Committee, a member - Joint Task Force CII, Govt. of Uttaranchal, a Member - Advisory Committee of the Biotechnology Teaching Programme, Centre for Biotechnology Jawaharlal Nehru University – Delhi, a partner - Global Alliance for Vaccines and Immunization (GAVI Board, a member for Developing Country Vaccine Manufacturers WHO), a member - Punjab Bio-technology Promotion Board, Govt. of Punjab., a member of Advisory Committee of the Biotechnology Engg., Punjab University, Chandigarh and a member of Indian Pharmaceutical Alliance (IPA). Prior of joining Panacea Biotec, he was associated with Radicura & Co., a partnership firm engaged in the retail and wholesale trading of pharmaceutical products.

ii) Past remuneration: Dr. Rajesh Jain was re-appointed as the Joint Managing Director of the Company with effect from 1st April 2011, in accordance with the provisions of Section 269 read with Schedule XIII of the erstwhile Companies Act, 1956. He was being remunerated, for the last three financial years, as under:

(Rs. in Lac)

Financial Year	Salary	Allowances/ Perquisites	Total cost to the Company	% of net profits u/s 198
2013-14	60.00	10.75	70.75	-
2012-13	60.00	10.46	70.46	-
2011-12	120.00	10.30	130.30	-

The approval of the Central Government for the protection of remuneration paid to Dr. Rajesh Jain, Joint Managing Director of the Company in FY 2011-12 amounting Rs.1,30,30,694/- was obtained vide letter no. vide letter no. SRN No. B39388749/2/2011- CL.VII dated 31st October, 2012 in view of unexpected losses during that year. Further, Applications for protection/approval of the Central Government for remuneration in the FY 2012-13 & 2013-14 have been duly filed and requisite approvals are awaited.

iii) Recognition or awards: Dr. Rajesh Jain, Joint Managing Director has been ranked as one of the top 40 most influential people in global pharmaceutical industry in recognition for his vision and focus on prevention through vaccines and its delivery mechanism. He has been the Ex-Chairman of the National Committee on Biotechnology of Confederation of Indian Industry (CII), Northern Region; Vice President of ABLE, Northern Region; a member of the Advisory Committee of the Biotechnology Engineering Faculty in Punjab University, Chandigarh; a member of International WHO's WHO Society, a member of the Pharmaceuticals & Biotechnology Committee of Federation of Indian Chambers of Commerce & Industry (FICCI); a member of the Government of Uttaranchal's Joint Task Force Confederation of Indian Industry (CII); a member of the Advisory Committee of the Biotechnology Teaching Program, Center for Biotechnology of Jawahar Lal Nehru University, New Delhi and a member of Punjab Biotechnology Promotion Board, Govt. of Punjab.

iv) Job profile and his suitability: Dr. Rajesh Jain is involved in the overall supervision of day-to-day operations with emphasis on Research & Development, business development and marketing. Under his exceptional understanding of the business mantras, Panacea Biotec has an impressive product pipeline and is targeting key therapeutic areas that will deliver new and innovative treatment therapies. As a result of his unlimited energy and enthusiasm, the Company's brands command excellent market share in their therapeutic segments. According to AIOCD AWACS (MAT May'14) sales data, Panacea Biotec is amongst the top 60 companies in the Indian Pharmaceutical Market with Nephrologists, Dentists, Orthopaedicians and Diabetologists giving the best support.

v) Remuneration Proposed: The terms of remuneration to Dr. Rajesh Jain, proposed to be approved by the shareholders have already been specified in the resolution as set out at item no. 15 of the notice.

vi) Detail of the remuneration paid by other players in the market to their managerial personnel: As stated in II. 1. (vi) above.

vii) Pecuniary Relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Dr. Rajesh Jain does not have any material pecuniary relationship directly or indirectly with the Company or its managerial personnel, other than drawing his remuneration in the capacity as Joint Managing Director of the Company and interest on unsecured loans/deposits provided by him from time to time. Dr. Rajesh Jain is related to other directors in the following manner:

Name of the Director	Relationship
Mr. Soshil Kumar Jain	Father
Mr. Ravinder Jain	Brother
Mr. Sandeep Jain	Brother
Mr. Sumit Jain	Brother's Son

4. Mr. Sandeep Jain

Mr. Sandeep Jain was re-appointed by the Board of Directors ("the Board") as Joint Managing Director of the Company for a period of five years w.e.f. 1st April, 2011, on the terms and payment of remuneration as specified in the resolution.

i) Background details: Mr. Sandeep Jain was appointed as a Director of Panacea Biotec in November 1984, became a Whole-time director in February 1985 and currently holds the position of Joint Managing Director, since February 2002.

He is the youngest son of Mr. Soshil Kumar Jain, the Promoter-Director & Chairman of the Company. He has about 27 years' experience in the pharmaceutical industry.

He is mainly responsible for Panacea Biotec's international marketing, finance, tax laws and regulatory matters. Prior to joining Panacea Biotec Limited, he was associated with Radicura & Co., a partnership firm engaged in the retail and wholesale trading of pharmaceutical products.

ii) Past remuneration: Mr. Sandeep Jain was re-appointed as Joint Managing Director of the Company with effect from 1st April 2011 in accordance with the provisions of Section 269 read with Schedule XIII of the erstwhile Companies Act, 1956. He was being remunerated, for the last three financial years, as under:

(Rs. in Lac)

Financial Year	Salary	Allowances / Perquisites	Total cost to the Company	% of net profits u/s 198
2013-14	56.40	8.16	64.56	-
2012-13	56.40	7.35	63.75	-
2011-12	120.00	7.15	127.15	-

The approval of the Central Government for the protection of remuneration paid to Mr. Sandeep Jain, Joint Managing Director of the Company in FY 2011-12 amounting Rs.1,27,15,123/- was obtained vide letter no. SRN No. B39389259/2/2011-CL.VII dated 31st October, 2012 in view of unexpected losses during that year. Further, applications for protection/approval of the Central Government for remuneration in the FY 2012-13 & 2013-14 have been duly filed and requisite approvals are awaited.

iii) Recognition or awards: Mr. Sandeep Jain is a renowned and highly respected personality in the Industry.

iv) Job profile and his suitability: Mr. Sandeep Jain is involved in the overall supervision of day-to-day operations with emphasis on finance, international marketing, tax and regulatory affairs. Under his exceptional understanding of the business principles, the Company is continuously expanding its global aspirations by improving its international marketing efforts into various markets across the globe and is currently exporting its branded formulations in CIS countries, Asia, Europe and African region. Mr. Sandeep Jain has been intensively working on the international marketing efforts of the Company. His duties includes increasing the Company's International brand image and is actively exploring opportunities for launching as well as licensing out some of its patented products for manufacture/ marketing in developed countries in Europe, North America and Latin America. His spirit of team work has helped Panacea Biotec to attain the revenue to the tune of Rs.467.14 Crore during financial year 2013-14 from a rather humble level of Rs.92.5 Crore during the financial year 1997-98.

v) Remuneration Proposed: The terms of remuneration to Mr. Sandeep Jain, proposed to be approved by the shareholders have already been specified in the resolution as set out at item no. 16 of the notice.

vi) Detail of the remuneration paid by other players in the market to their managerial personnel: As stated in II. 1. (vi) above.

vii) Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Mr. Sandeep Jain does not have any material pecuniary relationship directly or indirectly with the Company or its managerial personnel, other than drawing his remuneration in the capacity as Joint Managing Director of the Company and interest on unsecured loans/deposits provided by him from time to time. Mr. Sandeep Jain is related to other directors in the following manner:

Name of the Director	Relationship
Mr. Soshil Kumar Jain	Father
Mr. Ravinder Jain	Brother
Dr. Rajesh Jain	Brother
Mr. Sumit Jain	Brother's Son

5. Mr. Sumit Jain

Mr. Sumit Jain was re-appointed by the Board of Directors ("the Board") as Whole-Time Director of the Company for a period of five years w.e.f. 22nd July, 2010, on the terms and payment of remuneration as specified in the resolution

i) Background details: Mr. Sumit Jain is a Post Graduate Diploma in Business Management. He is the elder son of Mr. Ravinder Jain, Managing Director of the Company and grandson of Mr. Soshil Kumar Jain, Promoter-Director and Chairman of the Company. He joined Panacea Biotec Limited in May, 2003 as Manager (Vaccines) and was appointed as Whole-time Director in July, 2005. He has about 14 years of experience in the pharmaceutical industry. He is currently acting as Director (Operations & Projects) of the Company. Prior to joining Panacea Biotec, he was associated with Radicura & Co. Ltd, as Executive Director.

ii) Past remuneration: Mr. Sumit Jain was re-appointed as the Whole-time Director of the Company with effect from 22nd July, 2010, in accordance with the provisions of Section 269 read with Schedule XIII of the erstwhile Companies Act, 1956. He was being remunerated, for the last three financial years, as under:

(Rs.in Lac)

Financial Year	Salary	Allowances/ Perquisites	Total cost to the Company	% of net profits u/s 198
2013-14	25.20	9.88	35.08	-
2012-13	25.20	9.47	34.67	-
2011-12	36.00	14.41	50.41	-

The approval of the Central Government for the protection of remuneration paid to Mr. Sumit Jain, Whole-Time Director of the Company in FY 2011-12 amounting Rs. 5,040,981/- was obtained vide letter no. vide letter no. SRN No. B39389499/2/2011-CL.VII dated 31st October, 2012 in view of unexpected losses during that year. Further, the remuneration paid in Financial Year 2012-13 & 2013-14 was well within the limits specified in Schedule XIII of the Companies Act, 1956.

iii) Recognition or awards: Mr. Sumit Jain is a renowned and highly respected personality in the Industry.

iv) Job profile and his suitability: Mr. Sumit Jain is involved in the upcoming projects and is also responsible for the administrative matters of Panacea Biotec's Lalru & Baddi facilities. He also oversees the Supply Chain Management of the Company. His spirit of team work has helped Panacea Biotec to attain the revenue to the tune of Rs.476.14 Crore during financial year 2013-14 from a rather humble level of Rs.92.5 Crore during the financial year 1997-98.

v) Remuneration Proposed: The terms of remuneration to Mr. Sumit Jain, proposed to be approved by the shareholders have already been specified in the resolution as set out at item no. 17 of the notice.

vi) Detail of the remuneration paid by other players in the market to their managerial personnel: As stated in II. 1. (vi) above.

vii) Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Mr. Sumit Jain does not have any material pecuniary relationship directly or indirectly with the Company or its managerial personnel, other than drawing his remuneration in the capacity as Whole-Time Director of the Company and interest on unsecured loans/deposits provided by him from time to time. Mr. Sumit Jain is related to other directors in the following manner:

Name of the Director	Relationship
Mr. Soshil Kumar Jain	Father's Father
Mr. Ravinder Jain	Father
Dr. Rajesh Jain	Father's Brother
Mr. Sandeep Jain	Father's Brother

III. Other Information:

1. Reasons of loss or inadequate profits:
   The major reason for the loss during the financial year 2013-14 is the continuing downfall in the vaccine business which has got significantly affected due to withdrawal of the Company's pentavalent vaccine from the WHO's list of prequalified vaccines for supply to UNICEF and other UN agencies in financial year 2011-12. Further, there was decline in institutional business primarily on account of reduced supplies of oral polio vaccines against tender from Government of India and thereby has also contributed to the decline in the revenue and the profits of the Company. The company's performance during the financial year 2014-15 may also remain under pressure due to continuing of the adverse trend in the vaccine segment which may cause absence or inadequacy of profits.
2. Steps taken or proposed to be taken for improvement:
   The Company has well laid strategy for its future growth with clearly identified growth drivers to boost its revenue and profitability over the medium to long term. The Company has taken all corrective and preventive measures to ensure compliance with the WHO pre-qualification guidelines. During the FY 2013-14, WHO has completed the evaluation process of pre-qualification (PQ) of Pentavalent Vaccine (Easyfive-TT) and has now pre-qualified the said vaccine for supply to UNICEF and UN Agencies. WHO has also informed UNICEF of its decision to pre-qualify such vaccine for considering the Company for giving commercial orders. The Company has received long term award for supply of such vaccine to UNICEF during the period 2014 to 2016 and has started supplying Easyfive-TT vaccine to UNICEF in the last quarter of financial year 2013-14. The Company is confident that Company's performance would improve and the Company will again be on a significant growth path over next few years.
3. Expected increase in productivity and profits in measurable terms:
   In addition to steps being taken for improvement as detailed hereinabove, key focus area would be profit maximisation, conservation of cash, operational efficiencies, cost and working capital containment and investment in human resource. The Company is continuing in its endeavour to increase the revenues to improve profitability.

IV. Disclosures:

The requisite disclosures of remuneration package etc. have been made in the Corporate Governance report which forms part of Annual Report.

The Remuneration Committee of the Board of Directors of the Company has in its meeting held on 30th May, 2014 approved and recommended the approval of remuneration of Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain, Mr. Sandeep Jain and Mr. Sumit Jain. The Board recommends the resolutions as set out at item nos.13 to17 for approval of the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives except Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain, Mr. Sandeep Jain and Mr. Sumit Jain alongwith their relatives to the extent of their shareholding in the company are, in any way, concerned or interested, financially or otherwise, in these resolutions.

A copy each of the resolutions dated 25th September, 2010 and 24th September, 2011 passed in the Annual General Meetings of the shareholders and resolutions passed by the Board of Directors, in the Board meeting held on 30th May, 2014 are open for inspection by members during business hours on all working days of the Company, upto the date of the Annual General Meeting, at the Registered Office as well as Corporate Office of the Company.

Item No. 18

PanEra Biotec Pvt. Ltd. is an associate company of the Company and a 'Related Party' within the meaning of Section 2(76) of the Companies Act, 2013 and Clause 49-VII(B)(2) of the Listing Agreement (effective from October 1, 2014).

In terms of proviso to Clause 49-VII(C) of the amended Listing Agreement, the contracts/ arrangements/transactions relating to transfer or receipt of products, goods, materials or services with PanEra Biotec Pvt. Ltd. are material in nature as these transactions are likely to exceed 20% of the net worth of the Company as per the last audited financial statements of the Company. Therefore, in terms of Clause 49-VII(E) and section 188 of the Companies Act, 2013 and rules made thereunder, the contracts / arrangements / transactions with PanEra Biotec Pvt. Ltd. require the approval of shareholders of the Company by way of special resolution.

The particulars of the transaction pursuant to para 3 of Explanation (1) to Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 are as under:

1. Name of the related party : PanEra Biotec Private Limited
2. Name of the director or key managerial personnel who is related:
   a. Mr. Soshil Kumar Jain
   b. Mr. Ravinder Jain
   c. Dr. Rajesh Jain
   d. Mr. Sandeep Jain
   e. Mr. Sumit Jain
3. Nature of relationship: The Company is an associate company.
4. Nature, material terms, monetary value and particulars of the contract:
   Transfer or receipt of goods, products, materials for an estimated amount upto Rs.160 Crore in each financial year and / or availing and providing of services, manufacturing facilities, utilities and property on lease, for an estimated amount of up to Rs.160 Crore every financial year on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and PanEra Biotec Pvt. Ltd. on arm's length basis.
5. Any other information relevant or important for the members to make a decision on the proposed transaction: None.

None of the Directors / Key Managerial Personnel of the Company / their relatives except Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain, Mr. Sandeep Jain and Mr. Sumit Jain alongwith their relatives to the extent of their shareholding in the company are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the resolution set forth in Item no. 18 for the approval of the members as a special resolution.

Item No. 19

Chiron Panacea Vaccines Pvt. Ltd. ("CPV") is a joint venture of your Company and Novartis Vaccines & Diagnostic S.r.l., a company organized and existing under the laws of Italy. CPV has discontinued its active operations pursuant to termination of joint venture during previous financial year and is in the process of voluntary winding up.

Since, CPV having registered office at Mumbai and was requiring a smaller place after discontinuation of operation and requested your company to provide two spare work stations at Company's Mumbai marketing office and with the prior approval of the Central Government, your Company executed a facility agreement with CPV on 10.09.2013 for 11 months effective from 16th June, 2013 for providing utilisation of two work stations inclusive of support services at the Company's Marketing Office at Mumbai. The Central Government in its approval had, inter-alia, prescribed that the Company shall take post-facto approval of the shareholders of the Company. The Board recommends the resolution set forth in Item no.19 for the approval of the members as a special resolution.

Mr. Vinod Goel, G.M. Legal & Company Secretary, Key Managerial Personnel of the Company may be considered as interested in the resolution in his capacity as director and liquidator of CPV alongwith his relatives to the extent of their shareholding interest in the company.

Save and except as above, none of the Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The agreement and Central Government approvals, referred above shall be available for inspection by the members at the Registered Office and Corporate Office of the Company on any working day during business hours.

By order of the Board
For Panacea Biotec Ltd.

Place: New Delhi
Date: 1st August, 2014

Vinod Goel
G.M Legal & Company Secretary

Panacea Biotec
Innovation in support of life

Panacea Biotec Limited

(CIN:L33117PB1984PLC022350)

Regd. Office: Ambala-Chandigarh Highway, Lalru – 140 501, Punjab
Corp. Office: B-1 Extn./G-3, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi - 110 044,
Website: www.panaceabiotec.com E-mail:companysec@panaceabiotec.com
Tel: +91 11 41679000, Fax:+91 11 41679075

FORM OF PROXY

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member : ....

Registered Office : ....

E-mail id : ....

Folio no. / DP ID : ....

Client ID : ....

I/We being the member(s) of .... shares of the above named Company hereby appoint:

1. Name: .... E-mail id: ....
   Address: .... Signature: .... or failing him/her
2. Name: .... E-mail id: ....
   Address: .... Signature: .... or failing him/her
3. Name: .... E-mail id: ....
   Address: .... Signature: ....

As my/our proxy to attend and vote for me/us on my/our behalf at the 30th Annual General Meeting of the Company, to be held at its registered office at Ambala-Chandigarh Highway, Lalru-140 501, Punjab on Thursday, the 25th day of September, 2014 at 11:30 A.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description	For*	Against*
Ordinary business			
1.	Adoption of Audited Annual Accounts for the financial year 2013-14 and reports of Directors and Auditors thereon.		
2.	Re-appointment of retiring director i.e. Mr. Soshil Kumar Jain		
3.	Appointment of M/s. Walker Chandiok & Co LLP as Statutory Auditors		
Special business			
4.	Appointment of Mr. Raghava Lakshmi Narasimhan as independent director		
5.	Appointment of Mr. Namdeo Narayan Khamitkar as independent director		
6.	Appointment of Dr. Aditya Narain Saksena as independent director		
7.	Appointment of Mr. Krishna Murari Lal as independent director		
8.	Amendment in Articles of Association of Company		
9.	Variation in the terms of appointment of Mr. Ravinder Jain, Managing Director.		
10.	Variation in the terms of appointment of Dr. Rajesh Jain, Joint Managing Director		
11.	Variation in the terms of appointment of Mr. Sandeep Jain, Joint Managing Director		
12.	Appointment and ratification of remuneration of M/s. J.P. Gupta & Associates as Cost Auditors of the Company.		
13.	Approval of remuneration of Mr. Soshil Kumar Jain, Chairman for the financial years 2014-15 & 2015-16.		
14.	Approval of remuneration of Mr. Ravinder Jain, Managing Director for the financial years 2014-15 & 2015-16.		
15.	Approval of remuneration of Dr. Rajesh Jain, Joint Managing Director for the financial years 2014-15 & 2015-16.		
16.	Approval of remuneration of Mr. Sandeep Jain, Joint Managing Director for the financial years 2014-15 & 2015-16.		
17.	Approval of remuneration of Mr. Sumit Jain, Whole-time Director for the financial year 2014-15.		
18.	Approval for entering into contract/ arrangements/ transactions with M/s PanEra Biotec Pvt. Ltd., an associate company.		
19.	Post facto approval of facility agreement entered with M/s Chiron Panacea Vaccines Pvt. Ltd.(under liquidation), Joint Venture Company.		

Affix
Revenue
Stamp

Signed this .... day of 2014

....
Signature of Shareholder

....
Signature of proxy holder(s)

Notes :
1. This form of Proxy, in order to be effective, should be deposited at the Registered/Corporate Office of the Company, not later than 48 Hours before the commencement of the aforesaid meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.

* This is only optional. Please put a '√' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

Panacea Biotec
Innovation in support of life

Panacea Biotec Ltd.

(CIN:L33117PB1984PLC022350)
Regd. Office: Ambala-Chandigarh Highway, Lalru 140 501, Punjab
Corp. Office: B-1 Extn./G-3, Mohan Co-operative Indl. Estate,
Mathura Road, New Delhi - 110 044,
Website: www.panaceabiotec.com, E-mail:companysec@panaceabiotec.com,
Tel: +91 11 41679000, Fax:+91 11 41679075

Sl. No.

ATTENDANCE SLIP

30TH ANNUAL GENERAL MEETING

1. **Folio / D.P. & Client I.D. No:**
2. **Name** :
3. **Address** :
4. **Joint Holder(s), if any** :
5. **No. of Equity Shares held** :
6. **Name of the Proxy / Representative, if any** :

I/ we hereby record my/our presence at the 30th Annual General Meeting of the Company, being held at its registered office at Ambala-Chandigarh Highway, Lalru-140 501, Punjab, on Thursday, the 25th day of September, 2014 at 11:30 A.M.

(Signature of the Shareholder/ Proxy/ Authorised Representative)

IMPORTANT : This attendance slip may please be handed over at the entrance of the Meeting Hall.

VOTING THROUGH ELECTRONIC MEANS

Shareholders may please note the electronic voting particulars set out below for the purpose of e-voting in terms of section 108 of the Companies Act, 2013 and Clause 35 B of the Listing Agreement.

EVEN (E-voting Event Number)	USER ID	PASSWORD / PIN

The e-voting facility will be available during the following period.

Commencement of e-voting	End of e-voting
From 09:00 AM on 18th September, 2014	Upto 06:00 PM on 20th September, 2014

Note : Please read the e-voting instructions printed overleaf before exercising the vote.

These e-voting details and instructions form an integral part of the Notice of the 30th Annual General Meeting to be held on 25th September, 2014.

INSTRUCTIONS

A. The Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 30th Annual General Meeting to be held on Thursday, 25th September 2014, at 11:30 AM. The Company has engaged the services of National Securities Depository Limited ("NSDL") to provide the E-voting facility.

NSDL shall be sending the user ID & passwords to those members whose e-mail ids are registered with Company /depository participants. You are receiving this physical copy of the Notice of AGM since your e-mail id is not registered or you have requested for the physical copies of the same.

The instructions for e-voting are as under:

i) Initial password is provided at the bottom of the attendance slip for the AGM or by NSDL via e-mail.

ii) Open the internet browser and type the following URL: https://www.evoting.nsdl.com.

iii) Click on Shareholder-Login.

iv) Put user ID and password as initial password/PIN provided overleaf / via e-mail. (Please note: If you are already registered with NSDL for e-voting, you can use your existing user ID and password for casting your vote.)

v) The password change menu will appear on your screen. Change to a new password of your choice with minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,* etc). Please take utmost care to keep your password confidential.

vi) Home page of e-voting appears. Clicks on e-voting: Active Voting Cycles.

vii) Select "EVEN" (E-Voting Event Number) of Panacea Biotec Limited.

viii) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

ix) Upon confirmation, the message "Vote cast successfully" will be displayed.

x) Once you have voted on the resolution, you will not be allowed to modify your vote.

xi) For the votes to be considered valid, the corporate and institutional shareholders (companies, trusts, societies, etc.) are required to send a scanned copy (PDF/JPG format) of the relevant Board Resolution/ Appropriate Authorization etc. together with attested specimen signature of the duly authorized signatory(ies), to the Scrutinizer through e-mail at scrutinizer@panaceabiotec.com or pblscrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

xii) In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of NSDL's e-voting website: www.evoting.nsdl.com.

B. The e-voting period commences on September 18, 2014 (9.00 A.M.) and ends on September 20, 2014 (6.00 P.M.) During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd August, 2014, may cast their votes electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

C. The voting rights of the members shall be in proportion to their shares in the equity capital of the Company, as on the cut off date, being Friday, of 22nd August, 2014.

D. Mr. Akshit Gupta, Practising Company Secretary (Membership No.22963), Partner M/s. U. S. & Associates has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall, within a period of not exceeding 3 (three) working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses, not in employment of the Company and make a Scrutinizer's Report of the votes cast in favor of or against, if any, forthwith to the Chairman of the Company.

E. The results shall be declared on or after the AGM. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.panaceabiotec.com and on the website of NSDL within two days of passing of the resolutions at the 30th Annual General Meeting of the Company and shall be communicated to Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

Panacea Biotec

Innovation in support of life

Panacea Biotec Limited

(CIN:L33117PB1984PLC022350)

Secretarial Deptt.

B-1 Extn./G-3, Mohan Co-op. Indl. Estate, , Mathura Road, New Delhi - 110 044, INDIA.

Phone: +91-11-4167 9000 Extn. 2081, Fax: +91-11-4167 9075, 4167 9070,

E-mail: companysec@panaceabiotec.com, Website: www.panaceabiotec.com

FORM A

(Pursuant to clause 31 of the Listing Agreement)

Covering letter of the Annual Audit Report to be filed with the Stock Exchanges

(SEBI Circular No. CIR/CFD/DIL/7/2012, dated 13 August 2012)

1.	Name of the company	**Panacea Biotec Limited**
2.	Annual financial statements for the year ended	**31st March, 2014**
3.	Type of Audit observation	**Matter of Emphasis** Please refer: i) Para a) under the heading Emphasis of Matter of Auditors' Report (Page 48 of Annual Report) read with Note 45 of the annual financial statements (Page 82 of Annual Report); ii) Para b) under the heading Emphasis of Matter of Auditors' Report (Page 48 of Annual Report) read with Note 47 of the annual financial statements (Page 82 of Annual Report) and; iii) Management's response to the above observations under the heading "Auditors' Report" of Directors' Report (Page 28 of Annual Report).
4.	Frequency of observation	i) Observation as per Para a) of Emphasis of Matter w.r.t. managerial remuneration for the financial Year 2012-13 has appeared second time and managerial remuneration for the financial year 2013-14 has appeared for the first time. ii) Observation as per Para b) of Emphasis of Matter appeared first time.

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.: 94421

Date: September 01, 2014
Place: ~~New Delhi~~ Gurgaon

S.R. BATLIBOI & CO. LLP GURGAON

For and on behalf of the Board

Dr. Rajesh Jain
Joint Managing Director

R.L. Narasimhan
Chairman of Audit Committee

Partha Sarathi De
Chief Financial Officer & Head-IT & BPR

Panacea Biotec

Innovation in support of life

Building A Stable Future

Annual Report 2013 - 14

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SAFE HARBOUR STATEMENT

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about Company's future growth drivers, product development, market position and expenditures are forward looking statements. Forward looking statements are based on certain assumptions and expectations for future events. The company may not guarantee that these assumptions and expectations are accurate and will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any forward-looking statements. The Company assumes no responsibility to publicly amend, modify, revise any forward-looking statements, on the basis of any subsequent developments, information and events.

Corporate Information

Board of Directors

Promoter-Directors

Mr. Soshil Kumar Jain - Chairman
Mr. Ravinder Jain - Managing Director
Dr. Rajesh Jain - Joint Managing Director
Mr. Sandeep Jain - Joint Managing Director
Mr. Sumit Jain - Director Operations & Projects

Non-Executive Directors*

Mr. R.L. Narasimhan
Mr. N.N. Khamitkar
Mr. Sunil Kapoor
Mr. K.M. Lal
Dr. A.N. Saksena

Chief Financial Officer

Mr. Partha Sarathi De - CFO and Head IT & BPR

Company Secretary

Mr. Vinod Goel - G.M. Legal & Company Secretary

Registered Office

Ambala-Chandigarh Highway
Lalru - 140 501, Punjab, India

Corporate Offices

B-1 Extn./G-3, Mohan Co-operative Indl. Estate
Mathura Road, New Delhi - 110 044, India

B-1 Extn./A-27, Mohan Co-operative Indl. Estate
Mathura Road, New Delhi - 110 044, India

Manufacturing Facilities

Malpur, Baddi, Dist. Solan
Himachal Pradesh - 173 205, India

Ambala-Chandigarh Highway
Lalru – 140 501, Punjab, India

A-239 -242, Okhla Indl. Area, Phase–I
New Delhi – 110 020, India

B-1/E-12, Mohan Co-operative Indl. Estate
Mathura Road, New Delhi - 110 044, India

R&D Centers

GRAND R&D Center
Plot No. 72/3, Gen Block, T.T.C. Indl. Area
Mahape, Navi Mumbai - 400 710, India

SAMPANN Drug Delivery R&D Center
Ambala-Chandigarh Highway
Lalru – 140 501, Punjab, India

LAKSH Drug Discovery R&D Center
Plot No. E-4, Phase II, Indl. Area
Mohali – 160 055, Punjab, India

OneStream Research Center
B-1 Extn./A-24-25, Mohan Co-operative Indl. Estate
Mathura Road, New Delhi -110 044, India

Sales & Marketing Office

7th floor, Sagar Tech Plaza, 'A' Wing, Saki Naka,
Andheri (East), Mumbai - 400 072, India

Statutory Auditors

M/s. S.R. Batliboi & Co. LLP
Chartered Accountants, Gurgaon, India

Cost Auditors

M/s. J.P. Gupta & Associates
Cost Accountants, New Delhi, India

Registrar & Transfer Agents

M/s. Skyline Financial Services Pvt. Ltd.
D-153 A, Ist Floor, Okhla Indl. Area, Phase-I
New Delhi - 110 020, India

Banks

Axis Bank Ltd.
Bank of India
Canara Bank
IDBI Bank Ltd.
Indian Overseas Bank
State Bank of India
State Bank of Mysore
State Bank of Travancore
Union Bank of India

* As on 1st August, 2014

www.panaceabiotec.com
CIN: L33117PB1984PLC022350

Building a *Stable Future*

Development that meets the needs of the present without compromising the ability of future generations in a systematic approach for growth, development and welfare of their own and future generations is known as Sustainable development. And Sustainable development is what is required for building a stable future.

In order to build a sustainable & stable future a business/company needs:

- A Strong Sense of Purpose;
- Outstanding Market Intelligence;
- Effective Growth Planning Systems;
- Customer-driven Processes;
- Power of Technology;
- Find, train and retain the best and brightest people possible; and
- Ability to Foresee the Future.

Through the application of using our core skills & strengths, services and talent we, at Panacea Biotec, are committed to make a positive contribution to the society as a whole. Our 'Building a Sustainable & Stable Future' approach is a response to a rapidly changing world, increasing stakeholders' needs and global challenges amongst other challenges.

Panacea Biotec has always emphasized & worked upon with the aim of building a sustainable and stable future. Being a health management company with global focus & involved in research, manufacturing & marketing of pharmaceutical formulations, vaccines & natural products, we strongly believe this is the most dynamic way forward. Moreover, our reach and influence provides us an opportunity to be recognized in our markets as leaders in building a sustainable & stable business as we have the right values, policies, procedures and capabilities to deliver this ambition.

When in 2011, we lost our much coveted WHO PQ status, we were shell-shocked, we were disappointed but not discouraged. There was a new found opportunity to further restate our commitments & goals. It took us time but we recovered quickly and built an action plan keeping in view our aim of a sustainable and stable future of our business and it is a result of our consistent and persistent efforts towards a common goal that we got the WHO PQ after a roller coaster ride. In this process we have strengthened our various processes & systems affirming the future readiness and to again continue our collective effort of building a sustainable & stable future which is not vary of such fiascos.

Mission
Innovation in Support of Life

Vision
Leading Health Management Company

Goal
To Meet Every Healthcare Need with a Panacea Biotec Brand and Service

Objective
Take Ideas from Grey Cell to Markets in a Proactive Manner

Our Values

Innovation

- A process which transforms business ideas to marketable products
- Bringing together different functions of the organisation like marketing, finance, R&D, manufacturing to meet a common goal
- A 'way of life' in every activity, from administration to innovation
- To challenge every process & solution to discover ways to make them better
- Intolerance towards stability, encouraging continuous change
- Thinking about the impossible and discovering ways to execute it
- Deep rooted and sustainable change and superficial efforts

Pioneer

- Striving for leadership in every activity and to become the guiding star
- Having a vision of the future and succeed in reaching there before anyone else
- Persevere in owning innovation and be the first mover in the market
- Empowering people to speed up the organisation growth
- Always embracing new technology and processes

Confidence to stand apart from competitive organisations

Integrity

- Honesty
- Ethical practices
- Transparent and clear communication
- Always learning & improving

Humane

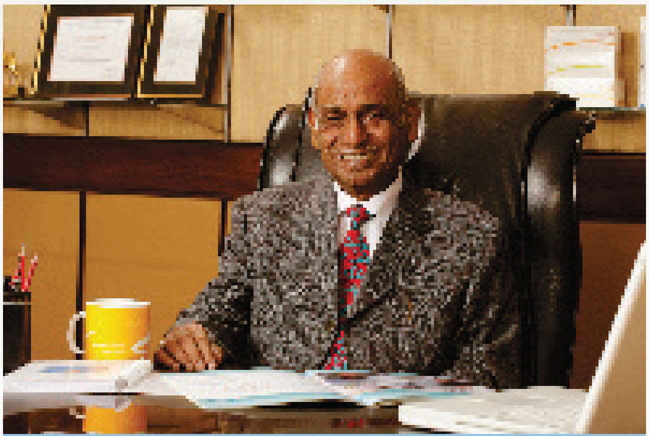
- Humility to respect all individuals

Care for individuals and environment

- Placing betterment of people (external and internal) at the core of each activity

Core of new developments

Chairman's Message



"We, at Panacea Biotec, are steadfast in our efforts to increase both the topline and bottom line and the results have started showing in the first quarter of current financial year"

Dear Shareholders,

Amongst India's leading health management companies, Panacea Biotec consistently focuses on integrating the ever-evolving science and technology with its steadfast commitment & resolution to spread good health and healthy living in masses. One of your Company's goals has been to enhance & boost India's image in the global markets as a competent and reliable provider of medicines and healthcare. To accomplish this objective, we have been working relentlessly on developing and commercializing best-in-class medicines and expanding our business operations and in doing so building a stable and sustainable future.

India celebrated a landmark achievement in public health on 11 February 2014 – the victory over polio, a significant milestone in the worldwide effort to eradicate polio when India celebrated three years since its last new case of the disease. Viewed against the challenges, India's achievement is an epic success story, a proof that any country that really wants to can defeat polio. We, at Panacea Biotec, are proud of being having partnered with the Government of India, Ministry of Health & Family Welfare, WHO, UNICEF, GAVI Alliance, BILL & MELINDA GATES Foundation and other stakeholders in ensuring defeat of polio in India.

Panacea Biotec has played a key role in the polio eradication program by supplying around 10 billion doses of safe and efficacious Oral Polio Vaccines (OPVs) to Government of India and through UNICEF in India and abroad in last 25 years. Panacea Biotec started manufacturing OPVs at its Vaccine Formulation Facility at Okhla, New Delhi in 1989 and was the first to obtain WHO pre-qualification for trivalent OPV in 2003. The Company has also been a pioneer in successful development of monovalent

Vision 2020

To be the Greatest, Largest and
the Most Admired Biotech Company

OPVs (mOPV Type 1, 2 & 3) and bivalent OPV (Type1 & 3) formulations during 2005 to 2009 to fulfill the specific requirements of global Polio immunization mission of WHO and had a distinct record of obtaining WHO pre-qualification of all the possible combinations of OPVs in a short span of 6 years (2003 - 2009).

To meet the post-polio-eradication needs, we launched the salk based Inactivated Poliomyelitis Vaccine (IPV) in India in 2007 and are also under advanced stage of development of an innovative Sabin based Inactivated Poliomyelitis Vaccine (sIPV), the safest polio vaccine, in technical collaboration with Intravaac, the Netherlands, with a view to sustain immunization against Polio disease in post eradication phase. Again it was a matter of great pride, when WHO selected us as a trusted partner in Asia to develop and launch such vaccine.

I am also pleased to inform you that during the year, the Company received the much sought-after pre-qualification from WHO for its pentavalent vaccine (Easyfive-TT) on October 2, 2013. Further, the Company has also received a long-term supply award from UNICEF for the period 2014-16 and the supplies have already been initiated early 2014.

The Company has not only made significant contribution in the development of vaccine market but also in improving the life of millions of children by providing innovative vaccines at affordable prices across the globe. The Company is continuing with its efforts to strengthen its vaccines portfolio by adding more and more vaccines in future and is currently developing several vaccines including hexavalent vaccine, pneumococcal conjugated vaccine, Japanese encephalitis vaccine and Dengue vaccine under development.

We, at Panacea Biotec, are steadfast in our efforts to increase both the topline and bottom line and the results have started showing in the first quarter of current financial year. All the major costs including manufacturing, administrative, selling & distribution and research & development, have significantly reduced and at the same time the turnover has increased by 26% during this quarter. While this is only the beginning, we are confident to continue to progress in this direction in the times to come.

Although the future is full of uncertainty and challenges but it is also full of opportunities. A bright sunlight follows a dark and gloomy weather conditions. Birds chirping and a shine behind the mountains are the signs that a beautiful sunrise is never too far away.

With these words, I express my sincere thanks to all our stakeholders, bankers, employees, vendors, partners and associates for their unbroken support, participation and guidance which we continue to count on as we forge ahead towards our destination.

Best wishes

Soshil Kumar Jain

Managing Director's Message

"On the basis of our strengths, a significant portfolio and robust pipeline of products and solid confidence of our stakeholders, we look ahead to pursue a steady and well balanced growth and exhibit significant presence"

Dear Stakeholders,

It's said that "the future belongs to those who see possibilities and opportunities before they become apparent". Fuelled by our mission – "Innovation in support of life", Panacea Biotec is committed to identify, develop and market innovative branded formulations and vaccines that have potential to make a difference in the health and lives of millions.

At Panacea Biotec the quest for the unknown never ends. We work with a belief that there is a new novelty waiting to be discovered. Panacea Biotec is devoted to maintaining the highest standards of ethics in R&D, production, marketing and human resource management. The Company is strongly devoted to social commitments and human welfare and has took a pledge to remain rooted in our principles of quality, innovation and continuous learning. In our pursuit to become known as a leading global health management organisation, we are committed for excellence at all levels.

During the year, we have experienced both transformation and stability. As a result of unrelenting and untainted efforts from all quarters, during the year we achieved the prestigious pre-qualification status from WHO for our pentavalent vaccine Easyfive-TT on 2nd October, the International Day of Non-Violence and the birth anniversary of the great Indian freedom fighter, leader and the father of the Nation, Mr. Mohandas Karamchand Gandhi, popularly known as Mahatma Gandhi who played a significant role in Indian Independence.

Furthermore, within a short period of time ever since we launched our products, Panacea Biotec has acquired a substantial market share in various

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the Most Admired Biotech Company

segments. We have created a global presence through our wholly owned subsidiaries in strategic markets including Germany and Switzerland. Our contribution of over 10 billion doses of Oral Polio Vaccines and a successful business record spanning over a decade with UNICEF in partnering the polio eradication initiative is another proud feat for the Company.

The challenges and hardships faced by us in the last few years have helped us to strengthen our creative, emotional and intellectual muscles. While the obstacles were high and mighty, they have enabled us to hasten the transformation of our culture into one of excellence. The year under review was a year of continuous focus on basics for the Company. Strengthening the existing business in market place by expanding products & customer base and increasing market penetration in both established and new markets was the key.

While the Company is in final stages of registration & approval of several pharmaceutical products in key international markets like Egypt, South Africa and Saudi Arabia (GCC) and is in the process of filing its products in the oncology segment in key emerging markets, the Company has positioned its future growth strategy on regulated markets of USA and Europe. Launched in 2011, Tacpan (Tacrolimus) has now become the 2nd largest generic in Germany. The Company has filed 6 more ANDAs with USFDA since its first product launch in USA in December 2012.

On the basis of our strengths, a significant portfolio and robust pipeline of products and solid confidence of our stakeholders, we look ahead to pursue a steady and well balanced growth and exhibit significant presence.

Our goal remains to create a long term wealth for our stakeholders.

We at Panacea Biotec are proud of our past accomplishments and are dedicated towards achieving similar feats to further build our legacy of triumph and to scale new heights towards our goal.

Before I conclude, I would like to express hearty appreciation to all and thank all my fellow directors and the Company's employees for their dedication and relentless efforts in furtherance of achieving the corporate objectives. I am also thankful to all the customers, suppliers, partners and stakeholders for their continued support in our efforts as it is with your valuable support that we can achieve our vision to be a global health management company and fulfil the unmet needs of the masses.

Best wishes

Ravinder Jain

Financial Highlights

Financial Year	2013-14		2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Particulars	(Rs. mn)	USD mn	(Rs. mn)								
Net Turnover	4,671.4	78.0	5,304.2	6,883.8	11,304.6	8,843.7	7,734.2	8,304.4	8,315.5	5,363.5	3,255.4
Total Income	5,146.7	85.9	6,013.5	7,080.4	11,655.1	9,778.5	7,993.9	8,676.2	8,615.1	5,434.5	3,309.9
EBITDA	(922.3)	(15.4)	(840.9)	(939.1)	2,689.1	1,582.5	2,444.6	2,177.6	2,298.8	1,233.8	652.3
PBT	(4.2)	(0.1)	(2,506.3)	(2,629.5)	1,554.9	1,181.0	(923.7)	1,903.9	2,091.0	1,002.1	429.4
PAT	(4.2)	(0.1)	(2,301.3)	(2,077.9)	1,350.5	800.4	(690.5)	1,331.7	1,468.1	609.4	300.7
Cash Accruals	(690.4)	(11.5)	(1,251.7)	(1,165.5)	2,106.5	1,095.8	2,001.4	1,802.2	1,823.2	791.6	463.1
Balance Sheet Summary											
Equity Share Capital	61.3	1.0	61.3	61.3	61.3	66.8	66.8	66.8	65.8	57.2	57.2
Preference Share Capital	-	-	-	-	-	-	-	-	-	904.3	904.3
Reserves & Surplus	5,561.6	92.9	5,551.3	8,079.6	6,306.8	6,898.4	6,084.7	6,905.3	5,325.1	1,546.0	1,192.4
Net Worth	5,622.9	93.9	5,612.6	8,140.9	6,367.8	6,963.2	6,147.8	6,966.7	5,383.9	1,593.6	1,235.1
Total Liabilities	18,864.6	315.0	16,798.2	18,528.8	17,177.9	14,745.3	13,488.2	11,549.5	7,909.0	8,620.9	3,899.3
Net Fixed Assets	11,120.3	185.7	9,864.1	10,483.7	6,523.6	6,946.6	6,938.7	5,343.7	4,136.1	2,337.1	1,376.8
Total Assets	18,864.6	315.0	16,798.2	18,528.8	17,177.9	14,745.3	13,488.2	11,549.5	7,909.0	8,620.9	3,899.3
Shareholders Related Ratios											
Equity Dividend	-	-	-	-	75%	25%	-	100%	100%	100%	150%
EPS (Basic)* (In Rs.)	(0.07)	-	(37.6)	(33.9)	21.4	12.0	(10.3)	20.1	23.7	9.9	4.4
Cash EPS (Basic)* (In Rs.)	11.2	-	(23.9)	(21.6)	30.4	19.3	30.0	27.3	29.5	13.1	7.2
Book Value* (In Rs.)	91.7	-	91.6	132.8	103.9	104.2	92.1	104.3	81.9	27.9	21.6
Return on Net Worth	(0.07%)	-	(41%)	(26%)	21%	11%	(11%)	19%	27%	35%	19%

* Per Equity Share of Rs. 1 each

Note: Figures in brackets are negative numbers

Pharmaceutical Formulations Facility, Baddi, Himachal Pradesh

Know us Better

Panacea Biotec is one of India's leading research-based health management companies with established research, manufacturing and marketing capabilities. As India's innovative health management company, Panacea Biotec consistently focuses on merging the cutting-edge science and technology with its unwavering commitment to spread good health and healthy living by making novel and innovative medicines within the reach of the millions of families across the world to meet the unmet needs of patients at affordable prices.

The Company has collaborations and tie-ups with leading national and international research and commercial organizations and pharmaceutical companies to achieve the mutual aim of better-quality healthcare. The company's state-of-the-art manufacturing facility for vaccines and pharmaceutical formulations comply with the key International regulatory bodies like USFDA, BfArM Germany, ANVISA Brazil and WHO-cGMP standards and it has considerable presence in more than 40 countries. The product portfolio includes highly innovative prescription products in important therapeutic areas such as Pain management, Diabetes & Cardiovascular management, Oncology, Nephrology & Transplant management, Osteoporosis management, Gastro-intestinal care products and vaccines.

Global Research and Development Center (GRAND), Mahape, Navi Mumbai

Core Strengths

Starting its journey from 1984, today Panacea Biotec has established a respectable position in the Indian Pharmaceutical Industry. At present, Panacea Biotec is a major player amid the top 10 largest Vaccine producers in India and has also been ranked amongst the leading Biotechnology Companies *(ABLE Survey 2014)* & amongst top 60 Pharmaceutical Companies in India *(AIOCD-AWACS-MAT-May 2014)*. This achievement is based on the company's epicenter of strengths, which includes:-

STATE-OF-THE-ART MANUFACTURING FACILITIES

Panacea Biotec lays special emphasis and efforts on innovation & the quality of medicines. Driven by a commitment to continuously deliver value-added products and services to enable millions of people across the globe to live happier and healthier lives, company's professionals work persistently and passionately across myriad functions. The Company's pharmaceutical manufacturing facilities are approved by several International Regulatory Agencies including USFDA, BfArM Germany, ANVISA Brazil, etc. and its product portfolio has expanded internationally with its products reaching out to more than 40 countries.

STRONG BRAND PORTFOLIO

Panacea Biotec's product portfolio includes innovative prescription products in important therapeutic areas such as pain management, cardiovascular disease management, organ transplantation, diabetes management, renal disease management, oncology, anti-osteoporosis, anti-tubercular, gastro-intestinal care products and vaccines.

In India, Panacea Biotec's brand equity spans several branded pharmaceutical formulations and, its leading brands, such as Glizid-M, Glizid 40/80mg, Nimulid, Kondro, Panimun Bioral, PanGraf and Mycept, are amongst the top 5 positions in their respective therapeutic segments.

ESTABLISHED PARTNERSHIPS & GROWING ALLIANCES

Panacea Biotec has had a rich history of successful collaborations, ventures and business relationships with various bodies including several national/international research institutes, academic universities and commercial corporations and this is a key competitive strength for the Company. In addition to the strategic alliances with multinational and leading regional companies in United States, Europe, Latin America, South East Asia, CIS and Africa, Panacea Biotec has created a global presence through its wholly owned subsidiaries in strategic markets Germany and Switzerland. A successful business record of more than a decade with WHO & UNICEF in partnering the polio eradication initiative is another proud feat for the Company.

Think Medicine Think India

ESTABLISHED RESEARCH & DEVELOPMENT CAPABILITIES

Panacea Biotec has four distinguished state-of-the-art multi-disciplinary research & development centers that specialise in the fields of new Vaccine Development, Biopharmaceuticals, Proteins, Peptides, Monoclonal Antibodies, Novel Drug Delivery Systems, Advanced Drug Delivery System and Drug Discovery (small molecules) complying with international regulatory standards where over 100 scientists work with enthusiasm, dedication and full devotion towards the company's objective of taking ideas from grey cell to the market in a proactive manner. All our four R&D centers have been accorded registration by Department of Scientific and Industrial Research, Ministry of Science & Technology, New Delhi. Research & Development activities are the core focus of the Company with around 19% of net turnover invested during fiscal 2014.

SKILLED & MOTIVATED TEAM

The term "TEAM" is an acronym where 'T' represents Together, 'E' stands for Everyone, 'A' signifies Achieves and 'M' indicates More. Panacea Biotec realizes that though individual performances can lead to sharp spikes in their growth, it is teamwork and a healthy work environment that can sustain a progressive, sky-facing trajectory of growth. There are around 2,750 people relentlessly working together to achieve the goal of meeting every healthcare need with a Panacea Biotec brand and service. The company has more than 100 scientists, around 570 employees engaged in production and Quality Control/Quality Assurance and around 1,300 professionally trained and highly motivated employees engaged in sales, marketing and logistic activities.

QUALITY ASSURANCE

Quality is at the core of Panacea Biotec's business processes and systems. Its state-of-the-art manufacturing facilities for vaccines and pharmaceutical formulations comply with various key international regulatory standards like WHO cGMP, USFDA, BfArM Germany, ANVISA Brazil, etc. to name a few. Committed to Total Quality Management, quality is in-built in products & services and it is integrated in each step of R&D, production, packaging, storage, marketing, sales & distribution at the company. This has led the company to achieve major milestones in its journey towards excellence and has acquired the much coveted WHO Pre-Qualification status for its pentavalent vaccine, Easyfive-TT.

Panacea Biotec
Innovation in support of life

Management Discussion & Analysis

Management Discussion & Analysis

Industry Structure & Developments

Global Vaccine Industry

Vaccine immunization has proved to be one of the most powerful and cost effective health interventions tools globally saving millions of lives every year. The global human vaccine industry has experienced strong growth in the years gone by and is now estimated to be around US$30 billion. The UN agencies have procured vaccines worth US$1.43 billion in 2011 as against US$0.34 billion in 2002. As per industry reports the global vaccine industry is further expected to continue its growth at a CAGR of 12% upto 2025 crossing US$100 billion. The growth in vaccine market is driven by multiple factors including increasing awareness, availability and affordability of critical vaccines.

The multi-national companies (MNCs) continued to dominate the global vaccine market with five MNCs controlling around 80% of the global markets in value terms. With the increased economic growth in developing countries, MNCs have started focusing on key emerging markets like Mexico, Brazil, Turkey, India, Russia and China. The developing world comprises of 80% of the population and accounts for 20% of the market in value terms.

The vaccine market continues to be one of the most promising opportunities as there are several critical vaccines still under development including vaccines for malaria, dengue, HIV, TB etc. which will have a great potential in future.

Indian Vaccine Market

The Indian vaccine industry is estimated at around US$ 900 mn with a large portion of this getting exported out of India. The industry is expected to grow at a CAGR of 12-15% over the next five years.

India has achieved a significant milestone in its vaccination history by becoming the latest polio free country. The World Health Organisation declared India as a polio free country in February 2014. Panacea Biotec has played a pivotal role in the polio eradication not only from India but also from many other countries by supplying over 10 billion doses of oral polio vaccine in the last over 10 years.

India is now emerging as a leader in vaccines production with about one-third share of the total market. Indian companies have now undertaken the challenge to progress from just providing few affordable vaccines to developing cutting edge quality vaccines for not just India, but also for the rest of the world.

Global Pharmaceutical Market

The global pharmaceutical industry continued its slow growth in 2013 also and is estimated to be around US$ 1 trillion. As per IMS, the global pharmaceutical market will reach between US$1.135 trillion and US$1.235 trillion by 2017. The United States will continue to be the largest market with ~31% share followed by Japan with 9% share. The EU5 markets (France, Germany, Italy, Spain and United Kingdom) collectively are projected to hold a 13% share, and Brazil, Russia and India will collectively hold 8%.

With many block buster drugs going off patent, the MNCs are under pressure to sustain their growth organically as well as inorganically. Increasing regulatory compliances have affected many companies in the developing world across the globe as FDA has suspended their facility approvals. Global pharmaceutical industry is expected to remain under pressure in the short to mid-term as governments are increasing price controls in the several markets.

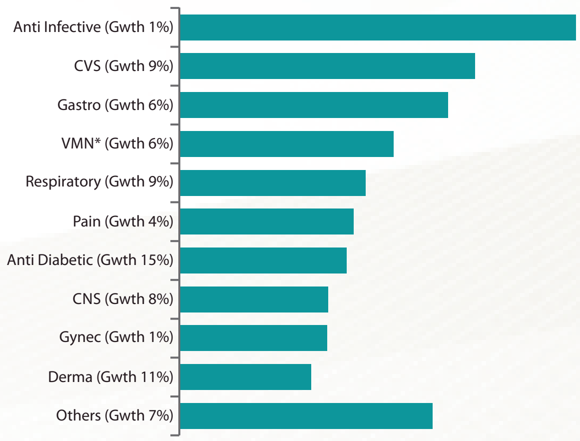
Indian Pharmaceutical Market

The country's pharma industry accounts for about 1.4% of the global pharma industry in value terms and 10% in volume terms. The Indian Pharmaceutical industry has grown at a CAGR of 14.3% from US$ 18.7 billion in FY09 to ~US$ 32 billion in FY13, comprising of domestic market of ~US$ 16.4 billion and exports of ~US$ 15.6 billion. However during FY14, the industry has grown only by 6.2% which is lower than the historical growth rate. The main reason for lower growth is the implementation of the new drug pricing policy which resulted in price cuts of 348 essential drugs. The Indian pharmaceutical market is poised to grow at a CAGR of 15% to reach US$ 85 billion by 2020. The Indian companies account for over 70% of the market share.

The country provides generic medicines to almost 200 countries and is meeting about 40% of the generic and over-the-counter drugs consumed in the US.

Increased investments by Indian and MNCs, continuous growth of the generic market, increasing affordability and insurance coverage and large number of overseas filings made by Indian companies are the key factors that will drive the future growth of the Indian pharmaceutical industry.

Indian Pharmaceutical Market: Theraphy wise Breakup



* Vitamin, Minerals & Nutrition

Panacea Biotec Business Segments

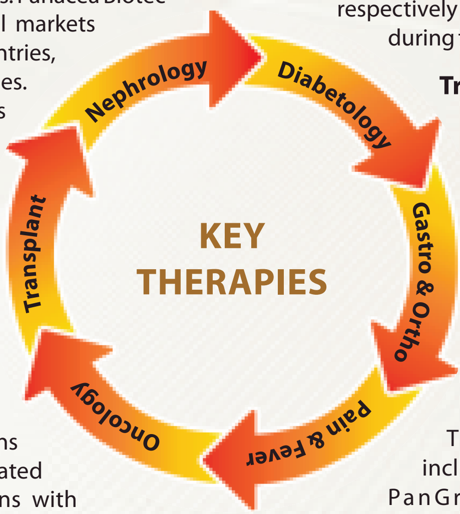
Pharmaceutical Formulations

Over the last two decades, Panacea Biotec has established itself as a research based leading pharmaceutical Company with strong presence in niche therapeutic segments including organ transplantation, nephrology, oncology, diabetes, pain and fever, gastroenterology and orthopedics therapies in the Indian pharmaceutical market.

The Company's brands command excellent market share in their therapeutic segments. According to AIOCD AWACS (MAT May'14) sales data, Panacea Biotec is amongst the top 60 companies in the Indian Pharmaceutical Market with Nephrologists, Dentists, Orthopaedicians and Diabetologists giving the best support. As per Stockist Secondary Audit of AIOCD AWACS (MAT May'14), Glizid-M stands at 183rd rank among top 200 brands in the Indian Pharmaceutical market and retains number one position within its category.

The Company manufactures and markets dosage forms comprising of tablets, hard and soft gelatin capsules, ointments, gels, liquid orals and injectables. Panacea Biotec is exporting its products in international markets including USA, CIS countries, LATAM countries, Africa, Middle East and other Asian countries. The turnover of pharmaceutical business has grown at a CAGR of around 10% from Rs.2,407 million in FY2010 to Rs.3,392.9 million in FY2014 with operating margins of around 23-24%.

The Company is now in the process of expanding its exports business with focus on the large regulated markets and emerging markets. As a part of this, the Company has filed 6 ANDAs with the USFDA in last 2 years and is working on several other projects. The Company plans to launch these products in the regulated markets through strategic collaborations with leading local partners.



Domestic Sales and Marketing

The domestic pharmaceutical business of the Company can be divided into two broad segments - Super Specialty segment and Acute & Chronic Care segment with each segment having three Strategic Business Units (SBUs).

The Super Specialty SBUs focus on Transplantation & Immunology, Nephrology and Oncology. The Acute & Chronic Care SBUs focus on Diabetes and related complications, Orthopaedics, Gastroenterology and Pain Management..

Each SBU aims to attain leadership position in its covered markets and establish brand equity in respective therapeutic segment by way of introducing innovative products. The SBUs promote a portfolio of brands to different specialties such as Orthopaedicians, Cardiologists, Diabetologists, General Physicians, Nephrologists, Oncologists, Haematologists, Chest Physicians, Surgeons, Dentists, Consulting Physicians, Pediatricians and Gastroenterologists.

The turnover from domestic pharmaceutical business has grown at a CAGR of around 6% from Rs.2,114 million in FY2010 to Rs.2,719 million in FY2014 with Diabetes & Cardiology and Transplantation segment being the top two therapeutic segments contributing around 31% and 27% respectively of the net domestic pharma revenues during the year under review.

Transplant & Immunology SBU

The Transplant & Immunology SBU's portfolio of immunosuppressive products helps improve the quality of life of patients who have undergone Organ transplantation primarily kidney, liver & heart. The SBU has achieved leadership position in and has carved a niche in the immunosuppressive segment by focusing on scientific based promotion.

The SBU has several products in its portfolio including well established brands such as PanGraf (Tacrolimus), Panimun Bioral (Cyclosporine), Mycept (Mycophenolate Mofetil), Mycept-S (Mycophenolate Sodium), Siropan (Sirolimus), EverGraf (Everolimus), Imuza (Azathioprine), VagaCyte (Valganciclovir), Amphoject (Liposomal Amphotericin B) and GrafMet (Methyl Prednisolone).

The Transplant & Immunology SBU maintained its number 1 position in its market segment with ~30% market share in its covered market segments. The SBU has extensive market coverage of over 3,800 doctors comprising mainly transplant surgeons and nephrologists, supported by field force strength of around 50 people. Pangraf which will be completing its 10 years of launch in the current financial year, continued to be no. 1 brand in Tacrolimus market in India. Mycept and Panimun Bioral also retained their number 2 position in the respective segments.

This SBU is the second highest contributor in the domestic pharmaceutical business of the Company and will be completing its 20 years in current fiscal.

The SBU is currently evaluating expansion into other indications wherein there is immense scope for the entire range of Immunosuppressive product portfolios.

Nephrology SBU

The Nephrology SBU is focused on providing "End to End solution in Chronic Kidney disease (CKD) and Mineral Bone disorders (MBD) management", thereby catering to need of every CKD patient. The SBU is focused on renal anemia management, renal nutrition and CKD-MBD therapy. The Nephrology SBU is amongst the top 10 leading players with around 5.6% market share in its market segment. The SBU has a strong field force of around 50 people covering ~1,850 nephrologists across the country.

The SBU currently has a brand portfolio of Epotrust (Erythropoietin), Overcom (Iron Sucrose), Alphadol (Alfacalcidol), SevBait (Sevelamer Carbonate), SevBait-DT (Sevelamer Carbonate in dispersible form), Fosbait (Lanthanum Carbonate), Mimcipar (Cinacalcet Hydrochloride), K-bait (Calcium Polystyrene Sulphonate) and dietary supplements brands Proseventy and Renhold.

Renal anemia segment is the largest contributor to the overall Nephrology business having a share of 52% to the total business. Epotrust is amongst the fastest growing brand of Erythropoietinin anemia market & offers a wide range of SKUs (from PFS to Vials) catering the need of individual patients.

OncoTrust SBU

Cancer is the second leading cause of death worldwide. Like the western world, the peril of cancer has reached huge proportions in India with nearly 1 million new cancer cases getting added every year to the existing cancer burden. The increasing cancer incidence has witnessed the Indian oncology community fighting this battle against cancer with more dedication. This SBU has 15 products encompassing the major indications in cancer such as lung, breast & colorectal cancer, gliomas, haematology and supportive care. With a field force of over 40 people, the SBU covers over 1,220 doctors across the country.

Oncotrust SBU is focused on providing affordable and quality chemotherapy to cancer patients for better cancer management. PacliALL maintained its number 2 position in its market segment. The new products launched by this SBU during the year included Neupokine (Filgrastim PFS) & re-launch of PeggTrust (PegFilgrastim) with new formulation matching international standards.

Diacar Alpha SBU

India is the diabetes and hypertension capital of the world and Indians are further heading towards becoming the CAD (coronary artery disease) capital of the world. WHO estimates that diabetes related mortality may increase up to 35% by 2015. India is poised at the ascending limb of epidemic diabetes. By the end of year 2025, 70 million people will suffer from diabetes and associated complications.

Diacar Alpha SBU is the highest revenue contributing SBU in the Company's domestic pharmaceutical business with dedicated marketing and sales infrastructure for Diabetes and Cardiovascular therapy management. Diacar Alpha focuses on specialties such as Endocrinologists, Diabetologists, Cardiologists and Physicians in a fiercely competitive scenario and has achieved leadership position in oral anti-diabetic segment. With a 350 people strong field force, Diacar Alpha SBU covers around 27,000 doctors.

The flagship brand of Diacar Alpha is Glizid-M (Gliclazide & Metformin) which is the No. 1 brand in its market segment as well as within the Company across all SBUs has also become the Company's first brand in pharmaceutical segment to cross annual revenue of over Rs.50 Crores during the year under review.

The other major brands of Diacar Alpha include Glizid (Gliclazide), Glizid-MR (Gliclazide Modified release), Betaglim (Glimepiride), Metlong (Metformin), Ramipril-RAMY (modified release Ramipril with double peaks), Lower-A (Atorvastatin) and Myelogen Forte (Methylcobalamin, Alpha Lipoic Acid, Enzogenol, Vitamin B 6 & Folic Acid).

Procare SBU

Procare SBU caters to chronic care segment of Orthopedic and Gastroenterology therapy through focus on specific disease management. Within Orthopedics, SBU's focus is on osteoporosis, osteoarthritis and rheumatoid arthritis management and within Gastroenterology the focus is on constipation, anorectal disorders, acid-peptic disorders and liver disease management.

This SBU promotes a portfolio of brands with special focus on Orthopaedicians, Surgeons and Gastroenterologists along with Consulting and General Physicians. The brand portfolio of Procare includes Sitcom (Euphorbia Prostrata) Tablets & Cream, Sitcom Forte (Euphorbia Prostrata & Calcium Dobesilate) tablets, Sitcom LD cream (Euphorbia Prostrata & Lidocaine), Livoluk (Lactulose), Livoluk Fibre (Lactulose & Ispaghula husk), ODPep (Pantoprazole & Domperidone), Vacosteo (Zoledronic acid, 3rd generation injectable bisphosphonate), Kondro OD (Glucosamine) & Kondro Acute (Glucosamine & Diacerein), Kondroflex (Collagen peptide, Glucosamine & Vitamin C), Kondrogen (Collagen peptide), Delupa-P (Aceclofenac & Paracetamol), Delupa-TH (Aceclofenac & Thiocolchicoside), Delupa-SP (Aceclofenac & Serratiopeptidase), Delupa-CR (Aceclofenac) & Dolzero (Tramadol Hydrochloride & Paracetamol).

The Sitcom brand range has become the first brand range of this SBU to cross annual revenues of over Rs.10 Crores during the year under review. With a strong field force of over 360 people spread Pan-India, the SBU covers over 39,000 doctors.

Growcare SBU

Growcare SBU focuses on gastrointestinal (GI), anti-hemorrhoidal, cough & cold, vitamins and minerals and pain & fever management therapies. Committed to reduce the burden of these diseases, Growcare marks the Company's presence in therapy areas such as anorectal disorders (piles and hemorrhoids), gastrointestinal, respiratory (cough, cold and allergy) and anti-infectives.

The different specialties serviced by Growcare SBU are General Physicians, Consulting Physicians, ENT Surgeons, Pediatricians and General Surgeons. The SBU has a field force of around 300 people covering around 23,000 doctors.

The major brands of Growcare includes Thank OD Tablet & Cream, Thank OD Forte & LD Cream, Ocimix (Ornidazole), Toff MD, Toff DC & Toff Expectorant, Nimulid & Nimulid-MD (Mouth dissolving), EnBa (Rabeprazole Sodium & Domperidone), Livoluk kid and Wholesum (dietary supplement).

New Product Launches

Panacea Biotec continues to expand its product portfolio by launching new products in the domestic pharmaceutical market every year. During the year, the Company launched new products in various therapeutic categories including:

- Epotrust 6000 PFS (erythropoietin) for renal failure;
- Alphadol 0.5 mcg (alphacalcidol) capsules to treat renal bone diseases as well as rickets;
- Ilaone (ilaprazole 10 mg) for dyspepsia, peptic ulcer disease;
- Grafmet 500 mg Inj (methylprednisolone) for certain forms of arthritis, skin, blood, kidney, eye, thyroid and intestinal;
- Kondrogen Powder (collagen peptides & protein) in Osteoarthritis;
- Neupokine (recombinant human G-CSF 300 mcg.) in Chemotherapy; and
- Peggtrust 0.6 (pegylated recombinant human G-CSF 6 mg) in Chemotherapy.

Brands Review, Standing and Market share

Over the years, Panacea Biotec has established leading brands that enjoy top of the mind recall by the medical fraternity. The Company's key brands across therapeutic categories and their ranking/market share in India include:

Brands	Market Share %	Ranking
Diabetes and Cardiac Care:		
Glizid M	25.3	1
Glizid 40mg	28.8	1
Glizid 80mg	23.0	2
Glizid MR 30mg	15.1	2
Glizid MR 60mg	6.9	3
Glizid Total	7.8	4
Pain Management:		
Nimulid MD	5.4	3
Nimulid 100mg	6.4	2
Nimulid MR	13.0	2
Nimulid SP	8.7	4
Anti-arthritis & Anti-osteoporosis:		
Kondro OD	11.3	3
Kondro Acute	14.0	3
Kondroflex	35.1	1
Vacosteo	9.1	4
Gastrointestinal:		
Livoluk	4.6	4
Livoluk Fibre	7.4	3
Anti-haemorroidal:		
Sitcom Tabs	7.3	4

**Source: AIOCD AWACS MAY'14.*

**Market Share and rank is calculated within its immediate operating market i.e. the strength or the immediate market (wherever applicable).*

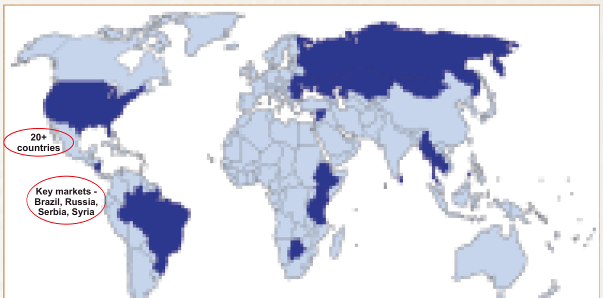
International Pharmaceuticals Business

The year under review was a year of consolidation and stabilisation for the International Pharmaceuticals Business of the Company. During the year, the company's international pharmaceutical formulation business generated net revenue of Rs.799.1 million with Russia contributing ~42% of such revenues.

ROW Countries

The major highlights during the year under review for the international pharmaceutical formulation business in ROW countries include:

- Panimun Bioral is the no. 1 brand in terms of units being supplied through the Institutional / DLO systems in Russia.
- The Company is no. 1 in Nephrology segment in Sri Lanka, Kenya & other East African markets.
- 14 products launched in 7 markets and business activities initiated in 4 new markets in the current year.
- The Company has forayed into the GCC markets by successfully registering the products in UAE. Commercialization of products is expected to start during the current financial year.



Global Market Presence

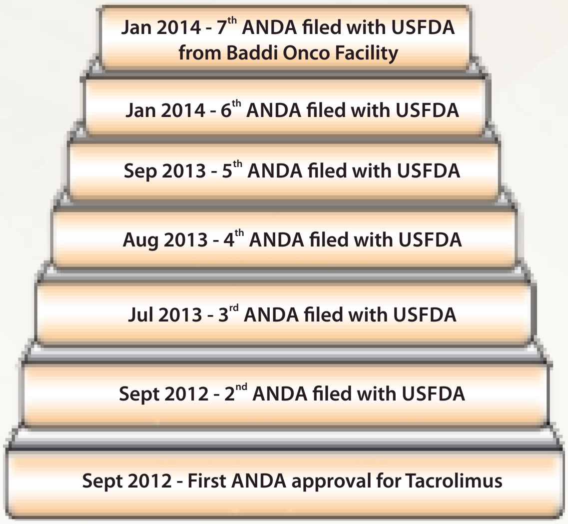
The Company is in the final stages of registration and approval in key markets like Egypt, South Africa & Saudi Arabia (GCC). The Company is also in process of filing its oncological range of products in the key emerging markets and expects to start the export from the current financial year onwards.

Regulated Markets

The Company has laid its future growth strategy with focus on the regulated markets of US and Europe. The Company launched its first product Tacpan (Tacrolimus) in 2011 in Germany and it has now become the 2nd largest generic in Germany. The Company's Indirect WOS is selling the products there in trade as well as in tender markets. The Company has also launched Tacrolimus in USA in December 2012 and is currently in the process of entering in the key pharmacy accounts through its local strategic partner.

Over the last few years, the Company's R&D centers have successfully completed development of several products and the Company has filed 6 more ANDAs with USFDA since its first product was launched in USA.

The Company's strategy is to develop and launch selective



Journey towards US market so far

portfolio of difficult to develop generics with high barrier to entry. Following this strategy the Company has already identified some niche products which are currently under different stages of development at its R&D Centers, including: Cyclosporine SEDDS capsules; Anti-cancer Drugs - Nanoparticles, Depot Injection, Liposomes; Urology Drug Depot Injection; Antifungal Drug; Immunosuppressant Modified Release and Antiemetic Nanoparticle Oral Formulation.

The Company is also developing products for registration pursuant to application under section 505(b)(2) in US markets, including ESRD Drug Suspension, Pregabalin Modified Release, Voriconazole Modified Release and Mycophenolate Modified Release.

The Company has also created a global presence through its wholly-owned subsidiaries in strategic markets, Germany and Switzerland.

Panacea Biotec (International) SA ("PBS") the Company's strategic WOS based out of Switzerland, is operating with a collaborative business model. PBS invests in value added/niche products which are manufactured in state of the art manufacturing facilities of strategic partners. These products are then marketed through strategic partners in several countries around the globe. With this strategic initiative, PBS has developed a niche portfolio of products in markets like Australia, New Zealand, UAE, Malaysia and few other ROW markets. During the year, PBS achieved a turnover of CHF 0.7 million (Rs.48.3 million) and net profits of CHF 0.2 million (Rs.11.3 million). PBS plans to expand its presence in other South East Asian and CIS markets during the current year.

Panacea Biotec Germany GmbH ("PBGG") the Company's indirect WOS (through PBS) based out of Germany achieved a turnover of Euro 1.3 million (Rs.102.9 million) and net profits of Euro 0.005 million (Rs.0.45 million) during the year, from the sale of TACPAN® (Tacrolimus) and MOWEL® (Meropenem) in German markets. Its product Tacpan® has become the leading Tacrolimus generic in the German market. PBGG had concluded supply agreements with transplant hospitals for the treatment of de-novo patients and participated in tenders with health insurance companies. Now the majority of health insurance companies have an agreement with PBGG to dispense Tacpan to their members in public pharmacies. IMS data indicates a monthly value of more than 300k EURO which means an annual sale of more than 3.6 Mio EURO per year. The other promising Product (MOWEL) is also making an inroad in German Transplant Hospitals and is well accepted by Transplant surgeons.

Vaccines Business

Vaccines continue to be the core focus area for Panacea Biotec. Panacea Biotec has developed some of the vaccines first time in the world including the fully liquid pentavalent vaccine Easyfive-TT, bivalent Oral Polio Vaccine, Monovalent Oral Polio Vaccine (Type I & Type III). The Company has played pivotal role in polio eradication from India & many other countries by having supplied over 10 billion doses of OPV in the last over ten years.

On 2nd October 2013, Panacea Biotec successfully received the prestigious pre-qualification from World Health Organisation (WHO) for its Easyfive-TT vaccine which was delisted in 2011. The Company also received long term supply award from UNICEF for the period 2014-2016. The Company also resumed supplies of Easyfive-TT to UNICEF during the last quarter of FY2014.

As part of the long term growth strategy, the Company is developing several critical vaccines including the hexavalent vaccine, pneumococcal vaccine, Japanese encephalitis vaccine and Dengue vaccine.

Panacea Vaccines SBU

The Company's SBU, Panacea Vaccines is dedicated for marketing of the Company's pediatric vaccines in the domestic vaccines market. The major brands of this SBU include Easyfive-TT (DTwP-HepB-Hib), Polprotec (Inactivated Polio Vaccine), NovoHib (Haemophilus Influenza Type B vaccine) and Primopol (Trivalent Oral Polio Vaccine). The SBU has a strong field force of around 100 people which covers around 15,000 pediatricians spread across India.

Being the first year of operations, the SBU has taken several marketing and customer interaction initiatives to make its presence felt in the Indian vaccine industry. The SBU has already successfully re-launched Easyfive-TT, Polprotec and Novohib in the private market and is now consolidating the overall position.

Going forward, the portfolio will be expanded by introducing Easyfour-TT and other vaccines which are currently under development in the Company.

International Vaccines Business

In the international markets, the Company focuses on the emerging and ROW countries. Over the last couple of years strategic collaborations have been initiated in more than 35 countries with customized business models. Till date vaccines have been registered in 11 countries with further registrations in around 20 countries expected in the near future. The Company is targeting to enter emerging markets with sizeable birth cohort (3-5 mn) to expand business with a view to reduce dependence over institutional business.


DCVMN greets WHO DG March 31st 2014

Supply Chain Management & Logistics Network

Panacea Biotec has strong Supply Chain Management (SCM) systems designed for creating end-to-end visibility and controls right from sourcing of materials till collection of receivables in both Pharmaceuticals and Vaccines segments. The Company has Pan-India sales and marketing network covering 600 districts and targets more than 1.5 million customers through a strong logistics network comprising of one mother warehouse and 30 Sales Depots/CFA (comprising of 23 Pharma Sales Depots/CFAs & 7 Vaccine CFAs). Product availability across India is ensured through vast distributor network of around 1,500 Pharma Distributors and 325 Vaccine Distributors.

Manufacturing Facilities

The Company's manufacturing facilities for vaccines and pharmaceutical formulations are situated in India in Delhi, at Lalru in Punjab and at Baddi in Himachal Pradesh. The Company also has state of the art integrated facility for bulk vaccines, antigens & biopharmaceuticals at Lalru in Punjab. The manufacturing facilities have been set up in compliance with international regulatory standards including USFDA, WHO-cGMP and European Union standards.

The Company's manufacturing expertise lies in various solid, semi-solid & liquid oral dosage forms and vaccines such as:

- Oral-solids - Conventional tablets/capsules, Controlled/ delayed release/enteric coated tablets and capsules, Tablet in Tablet, Tablet in Capsule, Multi Layered Capsules, Hard gelatin/Soft Gelatin capsules, Mouth Dissolving/Chewable Tablets, beads encapsulation, Coating (film, sugar & functional), Taste masking and fast-dissolving tablets;
- Semi-solids - Ointments/Creams/Gels, Transdermal Drug Delivery System;
- Liquids - Suspensions/Syrups/Solutions;
- Vaccines - Recombinant Vaccines, Combination Vaccines, Cell culture Vaccines and live vaccines; and
- Anti-cancer - Injectable.

Pharmaceutical Formulations Facility at Baddi

The Company's state-of-the-art pharmaceuticals formulations facility at Baddi, Himachal Pradesh became operational in year 2006. The facility is equipped for Bi-layer tablets, Tablet-in-Tablet, Mini-tablets, Complex Sustained release coatings and Delayed release coatings. The facility has been approved by National Regulatory Authority of India (NRA), USFDA, BfArM Germany and ANVISA Brazil etc.


Pharmaceutical Formulations Facility, Baddi

Panacea Biotec
Innovation in support of life

The facility has faced many regulatory audits and successfully received product approvals as under:

- Cleared 3 audits from USFDA,
- Cleared audit from BfArM Germany, and
- 161 products approval received from 14 countries.

The Company also has recently set up an Cytotoxic (Anti-Cancer) Formulation facility at Baddi, Himachal Pradesh, with two lines dedicated for liquid & lyophilized vials as well as pilot scale up batches complying to USFDA, EU, ROW and cGMP norms. Oncology facility is equipped for conventional, nano particular, liposomal, lyophilized products. The Company has already filed its first ANDA with USFDA from this facility in June 2014.

The total installed capacities of various production lines at Pharma Formulation Facility at Baddi are as under:

Production Lines	Annual capacity (mns)
Anticancer (Cytotoxic Products)	
Liquid and lyophilized Injectables	1.2
Other Dosage Forms	
Tablets	3,000
Hard Gelatin Caps	650
Soft Gelatin Caps	150
Ointments & Gels	42
Liquid Orals	24
Dietary Supplements	300

Pharmaceutical Formulations Facility in New Delhi

The Company's pharmaceuticals formulation facility in New Delhi caters to the requirements of some products for emerging and ROW markets.

Vaccines Formulation Facility at Baddi

The Company's state-of-the-art vaccine formulation facility at Baddi in Himachal Pradesh, located in a complex of 23 acres of land, comprises of two blocks and had started its operations in year 2008. The facility consists of production, quality control and quality assurance, warehousing and cold storage facility.

The facility has filling lines for injectable liquid Vaccines in pre-filled syringe (PFS) and liquid & lyophilized Vaccines in vials. The total filling capacity of this facility is 600 million doses per annum capable of being increased by addition of third line to around one billion doses per annum. The facility has been approved by Indian NRA and also pre-qualified by WHO for the pentavalent vaccine Easyfive-TT.

Vaccines Formulation Facility in New Delhi

The Company's vaccines formulation facility in New Delhi is a c-GMP compliant facility for Oral Polio Vaccines (tOPV, mOPV1, mOPV3 & bOPV) and has also been approved by NRA. The annual production capacity of the facility is around 800 million doses of Oral Polio vaccines in two shift operation.

Vaccine Antigens & Biopharmaceuticals at Lalru, Punjab

The Company has bulk vaccine and antigen manufacturing facilities with dedicated blocks for manufacture of recombinant, bacterial & viral vaccine bulk & antigens. An integrated block for cell culture based vaccines and biopharmaceuticals is also established which comprises of three independent suites dedicated for manufacture of viral vaccines, recombinant bio-therapeutics (e.g. biosimilar molecules on cell culture in both conventional as well as disposable formats) and egg based viral vaccines.

The Company currently manufactures Recombinant Hepatitis B surface antigen, Haemophilus influenzae type B conjugate bulk (Hib-TT) Diphtheria, Tetanus Toxoids & Whole cell Pertussis. The facilities for the manufacture of


SAMPANN Drug Delivery Research and Development Center, Lalru

LAKSH Drug Discovery Research and Development Center, Mohali

Recombinant Hepatitis B surface antigen, Haemophilus influenzae type B conjugate bulk (Hib-TT) have been approved by Indian NRA and WHO.

Research & Development

Research & Development is integral part of the Panacea Biotec's core business strategy. The Company has four R&D centers manned with over 100 scientists working on several key projects in vaccines, pharmaceutical formulations and biopharmaceuticals.

Global Research and Development (GRAND) Center, Navi Mumbai

GRAND Center develops products for global markets. It is spread over an area of 3,600 sqm and has about 23 dedicated scientists. The centre's focus areas are in the fields of Oncology and Organ Transplantation, amongst others. Its capabilities include delivery conceptualization to PK proof of concept in areas of Nanoparticles, Liposomes, Microparticles, Gastro retention and Oral films.

The R&D Center has successfully completed development of 5 key projects enabling the Company to file the ANDAs with USFDA. The R&D center has also developed a portfolio of oncological products enabling the Company to shift their production in-house at its Baddi oncology facility. Key products already commercialized in India include PacliALL, Bemustin and Docetaxel. It is also developing several other critical projects for global markets.

SAMPANN Drug Delivery R&D Center, Lalru, Punjab

Sampann Center focuses on research and development of generics and NDDS technologies such as depot injections, oral modified release, SMEDDS in soft gels, MD tablets, critical dose drugs and bio-therapeutics. It also supports vaccine formulation development for the Company and employs about 35 scientists.

Spread over an area of 3,810 sqm, pharmaceutical research is conducted using various innovative technologies such as hydro gel based topical drug delivery system of peptides and herbal drugs, solid dispersion for highly variable drugs, self-emulsifying drug delivery system (SEDDS) and controlled release drug delivery systems in different therapeutic areas

Key products developed by Sampann and launched over the years include Pangraf (for global markets) and Glizid, Betaglim, Lower-A10 & A20, Mycept-750, Mycept-S, Metlong, Metlong-DS, Panimun Bioral, Glizid-MR, Sitcom, Thank OD, Thank OD Forte, Livoluk Fibre, SevBait-DT, TecPara and Delupa for domestic and ROW markets. This Center is also working on several projects for global markets.

Sampann is developing new generation vaccines like Pneumococcal Conjugate Vaccine 10-valent (Nucovac) and Dengue tetravalent vaccine, Easyfour-Pol and Easysix vaccine, Sabin-Inactivated Polio vaccine (S-IPV), Tetanus vaccine, indigenous Pentavalent vaccine, Japanese encephalitis (JE) vaccine and Measles vaccine.

LAKSH Drug Discovery R&D Center, Mohali, Punjab

Laksh Center is spread over 70,000 sq. ft. employs around 34 scientists. It focusses on development of New Chemical Entities (NCEs, small molecules) and API research.

This R&D center has successfully delivered three Pre-Clinical Candidates (PCCs), two of which are currently under investigation for IND (Investigational New Drug) filing at different stages of phase I studies in India. In diabetes, efforts are on to develop a formulation for once a week dosing.

10 PCT applications and more than 50 patent applications in national phases have been filed from this Center. One of the patents has already been granted in the US. The R&D center has recently started revenue generation activities by focusing on value added contract research activities.

OneStream Research Center, New Delhi

OneStream Center which is spread over 26,000 Sq ft. area, has 14 scientists and is dedicated to carry out extensive research in vaccines and biologicals using genetic engineering, molecular biology, genomics tools, animal cell culture, fermentation, purification, formulation, serology and analytical testing techniques.

The center has well-established P3 facility to handle pathogenic viruses like H1N1, seasonal flu and JE virus. The centre has also indigenously developed and licensed Pandyflu against H1N1 virus. OneStream Centre is engaged in research of new generation vaccines like Pneumococcal Conjugate Vaccine 10-valent (Nucovac) and Dengue tetravalent vaccine, Sabin-Inactivated Polio vaccine (s-IPV), Japanese encephalitis (JE) vaccine, etc.

OneStream Research Center, New Delhi

Panacea Biotec
Innovation in support of life

Intellectual Property

The Company has been granted 34 product patents worldwide for different products/ technologies. At the end of the year under review, the Company has filed around 1,516 patent applications globally (including 225 Indian & 102 PCT applications) out of which 422 patents have been granted/ accepted for grant including 6 patents granted in Russia, China, Europe, USA and India during the year under review.

The Company has filed over 723 trade mark registration applications out of which 441 have been registered including 5 applications registered during the year under review. In addition, the Company has also filed 515 International Trade Mark applications out of which 291 have been granted. The Company had filed 222 applications for registration of Copyrights of which 166 had been registered. The Company has till date also got registered 4 Design Applications.

Human Resources

Panacea Biotec believes that for any high performing organization, its employees are at the core of its existence. The Company continues to strive at providing employees with a rewarding, productive and successful association. The Company's HR strategies are aimed at finding a balance between reducing costs and investing in the added value of employees.

The Company has a total workforce of around 2,750 employees out of which over 900 are skilled employees including corporate and managerial staff, sales staff and staff located at its manufacturing facilities. There are over 100 scientists engaged in R&D centers, around 570 employees engaged in production, Quality Control & Quality Assurance and around 1,300 engaged in sales, marketing and logistics.

Information Technology

All the operations of the Company are fully computerized. The Company has SAP system for accounting, production, materials management, HR & payroll etc. After re-implementation of Enterprise Application (SAP), the Company was able to optimize some of the business processes, reducing the processing time and cost while continuously improving the quality. The Company has also automatized leave, purchase requisition and purchase order approval system through mails.

The Company has implemented the sales force automation (SFA) software for proper management and smooth functioning of field force activities. The Company has been continuously putting efforts to enhance the functionality in SFA, as a result the Company has already incorporated some modules to improve the functionality and is planning to incorporate modules like training management system and HRMS along with integration with SAP system.

Internal Audit & Control System

Panacea Biotec has a comprehensive internal control system that commensurate with its size and nature of operations. These cover all manufacturing and research & development facilities, warehouses and sales offices besides corporate office.

The internal controls have been developed and implemented at each business process level across the Company. The user level responsibilities are constantly shared with key users for their implementation and compliance. Checks and balances and control systems, have been established to ensure that assets, are safeguarded, utilized with proper authorization and recorded in the books of account. There is a proper definition of roles and responsibilities across the organization to ensure information flow and monitoring.

The internal control systems are further tested on a sample basis by internal auditors every quarter and also by competent personnel of the Company and are reviewed by the Management to ensure that processes and controls are in place and working as intended in achieving efficiency of operations, customer focus, financial reporting and compliance of applicable contracts, laws, rules and regulations. The Company controls its revenue and capital expenditure budgets through an effective SAP fund management module.

Further, internal audits are conducted periodically by independent Chartered Accountant firms. The Audit Committee comprising of independent directors actively reviews the adequacy and effectiveness of internal controls, internal audit systems and advises improvements as may be required. Post audit follow-ups are carried out to ensure identified risks are addressed and recommendations of the Audit Committee are implemented.

Financial Performance

Summarized Balance Sheet

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31,2013
Sources of Funds:		
Shareholders' Funds	5,622.9	5,612.6
Non-current liabilities	4,838.7	6,120.8
Current liabilities	8,403.0	5,064.8
Total Liabilities	18,864.6	16,798.2
Application of Funds:		
Fixed assets	11,120.3	9,864.1
Non-current investments	3,942.0	2,718.5
Long-term loans and advances	807.6	961.8
Other non-current assets	1.8	-
Current assets	2,992.9	3,253.8
Total Assets	18,864.6	16,798.2

Net Worth: The net worth of the Company remain almost the same at Rs.5,622.9 million as at the year under review as compared to Rs.5,612.6 million as at the end of previous year.
Non-Current Liabilities: Non-current liabilities include long term borrowings, deferred tax liabilities and long term provisions. The long term borrowings as at 31st March, 2014, have decreased to Rs.4,801.2 million as against Rs.6,072.0 million as at 31st March, 2013, mainly due to reclassification into current liabilities from non-current liabilities amounting to Rs.1,559.0 million in fiscal year 2014 as compared to Rs.152.6 million in fiscal year 2013.

Current Liabilities: Current liabilities include short term borrowings, trade payables, other current liabilities and short term provisions. The short term borrowings and trade payables as at 31st March, 2014, have increased to Rs.3,544.1 million and Rs.2,262.6 million respectively as compared to Rs.2,991.4 million and Rs.1,539.9 million respectively as at the end of the previous year, mainly due to continued pressure on liquidity on account of losses during last few years resulting into delays in payment of trade payables and interest on borrowings. The other current liabilities have also increased to Rs.2,481.1 million in fiscal year 2014 as compared to Rs.434.7 million in fiscal year 2013, mainly due to reclassification into current liabilities from non-current liabilities.

Fixed Assets: The net fixed assets increased to Rs.11,120.3 million as against Rs.9,864.1 million as at the end of previous year on account of change in depreciation method from written down value (WDV) to straight line method (SLM) during the year, resulting into addition of Rs.1,770.9 million into fixed assets on account of such change in method.

Non-current investments: The non-current investments increased to Rs.3,942.0 million from Rs.2,718.5 million as at the end of previous year, on account of issue of equity shares upon conversion of preference shares (for a value equivalent to redemption value of preference shares including redemption premium of Rs.1,199.3 million) in its subsidiary Radhika Heights Ltd. and investment of Rs.146.7 million in its subsidiary, New Rise Healthcare Pvt. Ltd.

Long-term loans and advances: The long term loans & advances decreased to Rs.807.6 million as against Rs.961.8 million as at the end of the previous year, mainly on account of additional provision made during the year in respect of loan given to the overseas WOS, Rees Investments Ltd.

Current Assets: Current Assets include trade receivables, inventories, cash & bank balances, short term loans & advances and other current assets. The trade receivables and loans & advances have increased to Rs.905.8 million and Rs.183.8 million respectively as at the end of fiscal year 2014 as compared to Rs.687.5 million and Rs.163.5 million respectively as at the end of previous year. The inventories have decreased to Rs.1,767.6 million as at the end of fiscal year 2014 as compared to Rs.2,247.4 million as at the end of the previous year due to reduction in turnover and better inventory management.

Summarized Profit & Loss Account

(Rs. in million)

Particulars	For the year ended	
	31.03.2014	31.03.2013
Net Turnover	4,671.4	5,304.2
Other Operating Income	358.9	655
Revenue from operations (net)	5,030.3	5,959.2
Materials & Finished Goods Purchases	2,080.8	2,599.2
Employee benefits expense	1,427.3	1,372.3
Other expenses	2,444.5	2,828.6
Earnings before Interest, Depreciation, Taxes & Amortization (EBITDA)	(922.3)	(840.9)
Other Income	116.4	54.3
Finance costs	1,480.5	1,057.4
Depreciation and amortization expense	688.0	835.4
Profit/ (Loss) before tax and exceptional items	(2,974.4)	(2,679.4)
Exceptional items	2,970.2	173.1
Profit/ (Loss) Before Tax (PBT)	(4.2)	(2,506.3)
Provision for Taxes (including deferred tax)	-	(205)
Profit/(Loss) After Tax (PAT)	(4.2)	(2,301.3)

Segment-wise Net Turnover

(Rs. in million)

Fiscal	2014		2013	
	Rs. Million	%	Rs. Million	%
Vaccines	1,278.5	27.4	1,722.9	32.5
Pharmaceutical Formulations	3,392.9	72.6	3,581.3	67.5
Total	4,671.4	100.0	5,304.2	100.0

Vaccines: The vaccines segment's turnover declined by 26.0% and contributed Rs.1,278.5 million or 27.4% of net turnover, as compared to Rs.1,722.9 or 32.5% of net turnover for fiscal year 2013 due to decline in the institutional vaccine business which contributed Rs.1,112.9 million in fiscal year 2014 as against Rs.1,572.9 million during fiscal year 2013, registering a de-growth of 30.0%. The decline in institutional business was primarily on account of reduced supplies of oral polio vaccines against tenders from Govt. of India. The domestic vaccine sales also decreased to Rs.154.7 million during fiscal year 2014 from Rs.161.6 million during fiscal year 2013.

Pharmaceutical formulations: The pharmaceutical formulations segment's turnover decline by 5.3% and contributed Rs.3,392.9 million or 72.6% of net turnover during fiscal year 2014, as compared to Rs.3,581.3 million or 67.5% of the net turnover for fiscal year 2013. The decrease was mainly on account of decrease in exports business which is largely dependent upon award of tenders and hence generally varies on year to year basis.

Expenditures

Materials & Finished Goods purchases: The raw & packing materials and finished goods purchases during the year under review has decreased by 20.0% at Rs.2,080.8 million as against Rs.2,599.2 million during the previous fiscal year due to decline in net turnover and better inventory management.

Employee benefits expense: The employee benefits expenses increased marginally by 4% to Rs.1,427.3 million for fiscal year 2014 from Rs.1,372.3 million for fiscal year 2013.

Other Expenses: The other expenses decreased by 13.6% to Rs.2,444.5 million for fiscal year 2014 from Rs.2,828.6 million for fiscal year 2013.

Finance costs: Finance costs increased significantly by 40% to Rs.1,480.5 million during fiscal year 2014 as against Rs.1,057.4 million during fiscal year 2013 due to increased cost of funds and levy of penal interests on account of delays in payments of interest, etc. to banks.

Depreciation and amortization expenses: Depreciation has decreased by 17.6% to Rs.688.0 million during the fiscal year 2014 as compared to Rs.835.4 million during fiscal 2013, mainly due to change in deprecation method from WDV to SLM during the year under review, resulting into depreciation write-back of Rs.1,770.9 million.

Profitability

Earnings Before Interest, Tax, Depreciation & Amortizations (EBITDA): The Company registered negative EBITDA of Rs.922.3 million for fiscal year 2014 as compared to negative EBITDA of Rs.840.9 million for fiscal year 2013 due to reasons explained above.

Profit/(Loss) Before tax and exceptional item: The Company incurred a loss before tax and exceptional items of Rs.2,974.4 million for fiscal year 2014 as against Rs.2,679.4 million for fiscal 2013 due to reasons explained above. During the year, the Company had an exceptional income of Rs.2,970.2 million comprising of Rs.1,199.3 million on account of conversion of preference shares (including redemption premium) into equity shares in its WOS, Radhika Heights Ltd. and Rs.1,770.9 million on account of change in depreciation method from WDV to SLM.

Profit/(Loss) Before Tax (PBT): The Company incurred a loss before tax of Rs.4.2 million for fiscal year 2014 as against loss before tax of Rs.2,506.3 million for fiscal 2013 due to reasons explained above.

Profit/(Loss) After Tax (PAT): The loss after tax and extra-ordinary items was Rs.4.2 million for fiscal year 2014 as against loss of Rs.2,301.3 million for fiscal year 2013 due to reasons explained above.

Earnings per Share (EPS): The basic and diluted EPS stood negative at Rs.0.07 per share for fiscal year 2014 as compared to negative EPS of Rs.37.57 per share for the fiscal year 2013 due to reasons explained above.

Cash Flow Statement

(Rs. in million)

Cash Flows from:	Fiscal 2014	Fiscal 2013
Operating Activities	531.7	(392.8)
Investing Activities	(183.0)	(146.2)
Financing Activities	(377.8)	550.3
Net Cash Flows	(29.1)	11.3

Cash Flow from Operating Activities: The net cash inflows from operating activities during fiscal year 2014 was Rs.531.7 million as compared to net cash outflows of Rs.392.8 million during fiscal year 2013 primarily on account of increase in trade payable & other current liabilities and decrease in trade receivable & other receivables.

Cash Flow from Investing Activities: Net cash used in investing activities primarily towards addition of fixed assets (including CWIP) and long term investments increased to Rs.183.0 million against Rs.146.2 million during previous year.

Cash Flow from Financing Activities: Net cash outflow from Financing Activities amounted to Rs.377.8 million primarily on account of repayment of public deposits and short term borrowings as against net cash inflow of Rs.550.3 million during previous year.

Consolidated Financial Statement

The consolidated net revenue from operations of the group has decreased to Rs.5,153.7 million during fiscal 2014 as compared to Rs.6,084.9 million during previous year, primarily on account of reasons explained above. The consolidated EBITDA was also negative at Rs.766.3 million for fiscal 2014 as compared to negative EBITDA of Rs.860.6 million for fiscal 2013. On consolidated basis, group has incurred loss before tax of Rs.1,109.6 million for fiscal year 2014 as against loss before tax of Rs.2,530.6 million for fiscal 2013. The consolidated loss after tax was Rs.1,121.3 million for fiscal year 2014 against loss after tax of Rs.2,342.8 million for fiscal year 2013.

Opportunities and Outlook

Indian pharmaceutical industry is one of the largest and most advanced pharma industries in the developing world. The country's pharma industry is the 14th largest producer accounting for 10% in volume terms and about 1.4% share in value terms of the total global pharma market. India has the highest number of USFDA approved plants outside the US. The expertise of Indian pharma companies in manufacturing low cost qualitative products and research & development offers a huge opportunity to the industry.

SWOT Analysis

Strengths

- Manufacturing Infrastructure: the Indian companies have invested heavily in building one of the largest manufacturing infrastructures to produce high quality medicines at affordable prices for global markets.

- Robust pipeline: the significant investment of resources by Indian Companies has created a robust pipeline of generic drug filings in US.
- Strong Talent pool: India has one of the strongest talent pools in pharmaceutical industry. Indian companies are considered as a partner of choice by many companies while doing collaborations in the field of R&D or manufacturing etc.
- Competitive product costs: the cost of production in India is quite competitive when compared to production costs in the western world.

Weakness

- Availability of healthcare facilities and medicines:70% of the Indian population still reside in rural areas where medical facilities and medicines are still not available at large.
- Increasing Price Control Regulations: The increasing number of drugs under price control is creating concerns not only among the Indian pharma companies but also the MNCs operating out of India. The recent decision of National Pharmaceutical Pricing Authority (NPPA) to bring 108 additional products in antidiabetic and cardiovascular segments (which were not part of National List of Essential Medicines or NLEM) under price control effective from July 10, 2014, raises serious doubts on policy implementation for the industry. The domestic pharmaceutical industry is affected by pricing and regulatory issues, which raises serious doubts on policy implementation. Price controls definitely bring a short-term solution to affordability of certain medicines, but, in the long term, they are not sustainable.
- Patent protection: The Indian legal and regulatory systems is still perceived to create substantive barriers, ranging from impermissible hurdles to patentability, threat of compulsory licensing on specious grounds, to pre-grant and post-grant opposition proceedings.
- Regulatory data protection: India is still lacking a strong system for protecting the regulatory data developed by the innovator companies because of which many innovative products have still not been launched in India.
- Large scale investment on R&D: Indian companies still find it difficult to fund large scale investment on R&D of new molecules and other innovative vaccines, biosimilars etc. The overall investment in R&D by Indian companies is still a fraction of the investments made by large pharma companies in the regulated world.

Opportunities

- Untapped Rural Market: Almost 70% of India's population resides in the rural areas and this population accounts for 40% of the total pharma consumption.
- Increasing insurance coverage: The insurance coverage is consistently increasing among the Indian urban population.
- Growing economy: The Indian economy is one of the few economies continue to grow even during the last five years of recessionary period.

Dr. Rajesh Jain, Jt. MD addressing Awareness Program on Organ Donation

- Manufacturing infrastructure: The strong Manufacturing infrastructure created by the Indian companies can be further leveraged by the large MNCs thereby reducing their costs of production.
- Contract Research: Contract Research is another area where Indian companies can play a significant role in the early/mid/late stage of development.

Threats, Risks and Concerns

Risks, challenges and threats are inherent in any type of industry and needs to be mitigated through well planned strategies. The major risks/concerns associated to the industry as a whole are as under:

- Delay in approvals by various government bodies.
- Pressure by Government to make medicines more affordable for all are putting pressure on the pharmaceutical companies margins;
- Rising competition from China and other Asian markets offering low cost manufacturing.
- Increasing pressure from the regulatory authorities towards ensuring compliance has resulted in many companies being suspended from production even due to quality related issues.

Future Growth Drivers

During the year under review, the Company has successfully received the WHO pre-qualification for its pentavalent vaccine Easyfive-TT followed by a long term supply award from UNICEF for the period 2014-2016. The Company is now working on scaling up the revenues and converting the losses into profits once again within next 2 years. In order to achieve this mission, the Company has identified future growth drivers including:

- Scaling up the vaccine segment revenues by participating in emerging market tenders;
- Continue to focus on cost reduction in various areas of operations, sales and marketing, R&D etc;
- Launch of the IPV based combination vaccines and pneumococcal vaccines which are currently under various stages of development, over the next 2-3 years;
- Launch of the Dengue Vaccine and JE vaccine which are currently under research phase, in the long-term;

- Launch of several pharmaceutical products in India and ROW markets; and
- Commercializing the existing filed ANDAs in the next 2-3 years and continue to build the ANDA pipeline for long term future growth.

Corporate Social Responsibility

Panacea Biotec recognizes Corporate Social Responsibility as one of its core values by putting continuous effort to assess and take responsibility for the company's effects on the environment and impact on social welfare. The Company emphasizes on the overall social development and continues to maintain and take further efforts to protect the surrounding environment.

Safety, Health and Environment Protection

The Company undertakes all its operations with a high concern and sincerity for environment and its surroundings as well as the safety and health of people. The Company has dedicated Environment & Occupational Health and Safety (EOHS) Protection department and also engages the services of outside consultant for independent evaluation of EOHS activities.

Social Responsibility

Panacea Biotec continues its efforts to make a significant difference in lives of people everywhere. It works closely towards the development of society, in line with its philosophy of creating happier and healthier society.

Health, education, and patient awareness have been identified as the areas of priority. The Company's emphasis has been on providing assistance on a need basis, and that too, assistance at a local level. The Company also regularly provides financial assistance or sponsorship for pursuing post graduates/ doctorate studies and carrying out research projects being undertaken by Research Associates.

'No Tobacco' Awareness Program at Corporate Office

The Company regularly takes initiatives towards fulfilling its corporate social responsibility including Patients awareness/ assistance Programs for prevention, detection and management of critical diseases like cancer, renal diseases, diabetes. The Company has also launched and maintaining website www.ckdmbd.org as an online educational initiative to elucidate information extending from biochemical bone and vascular derangements associated with CKD MBD.

The Company organized awareness program on organ donation on 6th August, 2013 on the occasion of 'Organ Donation Day' in which many employees of Panacea Biotec pledged to donate their organs and supported this noble cause whole heartedly.

The Company also organized 'No Tobacco Campaign' on 31st May across India, whereby awareness was created amongst the masses towards the ill effects of tobacco via posters, education pamphlets, etc.

Note: As a result of rounding off adjustments, the figures/percentages in a column in various sections in the Annual Report may not add up to the total for such columns.

Directors' Report

Dear Members,

Your Directors are pleased to present the 30th Annual Report on business and operations together with the audited financial statements and the auditors' report of your Company for the financial year ended March 31, 2014. The financial highlights for the year under review are given below:

Financial Results

(Rs. in million)

Particulars	March 31, 2014	March 31, 2013
Revenue from operations	5,030.3	5,959.2
Other Income	116.4	54.3
Total Income	5,146.7	6,013.5
Earning before Interest, Depreciation & Tax (EBITDA)	(922.3)	(840.9)
Profit/ (Loss) before Tax and exceptional items	(2,974.4)	(2,679.4)
Profit/(Loss) before Tax (PBT)	(4.2)	(2506.3)
Provision for Taxation	-	(205.0)
Profit/(Loss) after Tax (PAT)	(4.2)	(2301.3)
Basic EPS (Rs.)*	0.07	(37.6)
Cash EPS (Rs)*	11.2	(23.9)
Book Value per share (Rs.)* (%)	91.7	91.6

** Face value Re.1 per share*

Operating Results and Profits

During the year, your Company registered a turnover of Rs.4,671.4 million as against Rs.5,304.2 million during the corresponding financial year.

The formulations segment registered turnover of Rs.3,392.9 million as against Rs.3,581.3 million during the previous financial year. The vaccines segment registered a turnover of Rs.1,278.9 million as against Rs.1,722.9 million during the previous financial year, a decline of 27.4%. The decline was mainly on account of decline in institutional business primarily on account of reduced supplies of oral polio vaccine against tenders from Government of India and delisting of Easyfive vaccines from the WHO's list of prequalified vaccines for supply to UNICEF and other UN Agencies in financial year 2011-12, which continued to have a negative impact on current year's sales.

Your Company pursued several corrective and preventive measures to ensure the compliances with the WHO pre-qualification guidelines and your directors are happy to report that inspite of all the challenges, WHO has completed the evaluation process of pre-qualification (PQ) of Pentavalent Vaccine (Easyfive-TT) and has now pre-qualified the said vaccine for supply to UNICEF and UN Agencies w.e.f. 2nd October, 2013.

The Company has received long term award for supply of such vaccine to UNICEF during the period 2014 to 2016 and has started supplying the same during the year under review.

A detailed discussion on operations for the year ended March 31, 2014 is given in the Management Discussion and Analysis section forming part of the Annual Report.

Dividend

In view of the losses during the year, the Board of Directors did not recommend any dividend on the Equity Shares of the Company.

Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the year 2005-06, which remained unpaid or unclaimed for a period of 7 years, amounting to Rs.0.2 million has been transferred by the Company to the Central Government's Investors Education and Protection Fund during November, 2013.

Share Capital and Net Worth

The issued, subscribed and paid up Equity Share Capital of the Company remains at Rs.61.3 million divided into 61,250,746 Equity Shares of Re.1 each on 31.03.2014. The net worth of the Company stood at Rs.5,622.9 million as compared to Rs.5,612.6 in previous year.

As the members are aware, the Company's accumulated losses as at March 31, 2013 had resulted into erosion of more than fifty percent of its peak net worth during the immediately preceding four financial years (as computed as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985) ("SICA"). The Company had made necessary reference on November 22, 2013 to the Board for Industrial and Financial Reconstruction (BIFR) pursuant to the provisions of SICA. The Company's accumulated losses as at March 31, 2014 continue to remain more than 50% of its peak net worth during the immediately preceding four financial years, as computed as per the provisions of SICA.

Report on Corporate Governance

Your company has always placed major thrust on managing its affairs with diligence, transparency, responsibility and accountability. Your Directors support the broad principles of Corporate Governance and lays emphasis on its role to align and direct the actions of the Company in achieving its objectives. The necessary report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is attached herewith and forms part of this Annual Report.

Management Discussion & Analysis Report

As required pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a detailed Management Discussion and Analysis Report is attached herewith and forms a part of the Annual Report.

Subsidiaries

The Company has 4 wholly owned subsidiaries (WOS), viz. Panacea Biotec (International) S.A., Radhika Heights Ltd. (formerly known as Best On Health Ltd.), Rees Investments Ltd. and Panacea Biotec GmbH (under liquidation). NewRise Healthcare Pvt. Ltd. is also a subsidiary in terms of Section 2(87) (ii) of the Companies Act, 2013.

Directors' Report

The Company has 9 other indirect subsidiaries, as under:

- Panacea Biotec Germany GmbH, the WOS of Panacea Biotec (International) S.A.
- Cabana Constructions Ltd. (formerly known as Panacea Educational Institute Pvt. Ltd.), Radicura Infra Ltd. (formerly known as Radicura & Co. Ltd.), Nirmala Buildwell Pvt. Ltd. (formerly known as Panacea Hospitality Services Pvt. Ltd.), Sunanda Infra Ltd. (formerly known as Sunanda Steel Company Ltd.), Cabana Structures Ltd. (formerly known as Best on Health Foods Ltd.) and Nirmala Organic Farms Resorts Pvt. Ltd.; all being WOS of Radhika Heights Ltd.;
- Kelisia Holdings Ltd., the WOS of Rees Investments Ltd.; and
- Kelisia Investment Holding AG (under liquidation), being the step-down WOS of Rees Investments Ltd.

Radhika Heights Limited ("RHL") inter-alia, owns a prime immovable property being used by the Company as its Corporate Office at New Delhi and land at Pataudi Road, Gurgaon (along with its 5 WOSs). It has a plan for diversification in construction and development of township as part of its future growth plans.

RHL had issued during the year under review, 28,74,159 equity shares of Re.1 each at a price of Rs.1,170 per share, upon conversion of 7,211,666 0.5% Optionally Convertible Non-Cumulative Redeemable Preference Shares of Re.1 each aggregating Rs.3,362.8 million. With such allotment of equity shares, the Company now holds 47,76,319 equity shares in RHL and the value of such investment as on 31st March, 2014 stands at Rs.3,385.6 million.

NewRise Healthcare Pvt. Ltd. ("NewRise") has set-up a 224 bedded state-of-the-art multi super-specialty hospital at Gurgaon, Haryana. It had planned to have the full-fledged operations during the year under review and started hiring the required personnel to start operations. It also obtained the necessary licenses & permissions for such operations. However, since it was requiring additional funds to start the operations as well as to fund the initial losses and working capital requirements but the funds were not available, the management has decided to put it on hold for the time being.

Further, NewRise has issued and allotted to the Company 33,94,915 equity shares of Rs.10 each for cash at a price of Rs.59 per share on May 28, 2014, aggregating to Rs.200.3 million. During the year under review, the Company has also entered into an agreement with other shareholders of NewRise to acquire the remaining stake therein, pursuant to which 1,82,900 shares have been purchased at an aggregate value of Rs.15.5 million. The Company's stake in NewRise has increased from 75.2% to 87.4% as on 30.06.2014.

During the year under review, the Company's WOS Panacea Biotec FZE was liquidated on 18.06.2013. Further, the Company has disposed of its entire shareholding in its erstwhile WOS, Lakshmi & Manager Holdings Ltd. ("LMH") to a related party at its fair value of Rs.123.8 million. Post such disposal, LMH and its WOS Trinidhi Finance Pvt. Ltd. and subsidiary Best General Insurance Company Ltd. have ceased to be the subsidiaries of the Company w.e.f. 25.01.2014.

As per the provisions of Section 212 of the Companies Act, 1956 your Company is required to attach the Directors' Report, Balance Sheet, Profit and Loss Account and other information of the subsidiary companies to its Balance Sheet. However, Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011, respectively has granted a general exemption from compliance with Section 212(8) of the Companies Act, 1956 from attaching the Annual Accounts of subsidiaries in the annual published accounts of the Company subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.

In compliance of the above said circulars, the Annual Accounts will be made available upon request by any investor of the Company/ Subsidiary, interested in obtaining the same. The annual accounts of the Subsidiary companies will be kept for inspection by any investor at the Company's Corporate Office at B-1 Extn./G-3, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi – 110044, India and at the office of the respective subsidiary companies during business hours of the respective company. Further, the following information, for each subsidiary is also being disclosed at some other place herein and forms part of the Annual Report (a) Share Capital, (b) Reserves & Surplus, (c) Total Assets, (d) Total Liabilities, (e) Details of investment (except in case of investment in subsidiaries), (f) Turnover including other income, (g) Profit/(Loss) before Tax, (h) Provision for Tax, (i) Profit/(Loss) after Tax, and (j) Proposed Dividend, if any.

Further, as per the provisions of Section 212 of the Companies Act, 1956 a statement of the Company's interest in the subsidiary companies is attached herewith and forms part of the Annual Report.

Pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial statements of each of its Subsidiaries.

Joint Ventures & Associates

PanEra Biotec Pvt. Ltd ("PanEra"): PanEra, the Company's associate company, is continuing to meet requirement of bulk vaccines and antigens for the manufacture of Hepatitis B and Combination Vaccines by your Company. During the year under review, it has achieved a net turnover Rs.391.8 million as compared to Rs.175.9 million of previous year. It has incurred a loss of Rs.11.5 million as compared to profit before tax of Rs.2.1 million during previous year.

Chiron Panacea Vaccines Pvt. Ltd. ("CPV"): CPV had discontinued its operations during previous financial year pursuant to dissolution of joint venture and is currently in the process of voluntary winding up.

Adveta Power Pvt. Ltd ("Adveta"): Adveta, the Company's 50:50 joint venture, with PanEra, has been granted in-principle approval by Govt. of Arunachal Pradesh for allotment of two Power Projects of 80 MW and 75 MW in Arunachal Pradesh during previous financial year.

Consolidated Financial Statements

The consolidated financial statements of the Company and its

Directors' Report

subsidiaries, joint ventures and associates, prepared in terms of Section 129 of the Companies Act, 2013 and Clause 32 & 41 of the Listing Agreement and in accordance with Accounting Standard 21 on 'Consolidated Financial Statements' read with Accounting Standard AS-27 on 'Financial Reporting of Interest in Joint Ventures' and Accounting Standard AS-23 on 'Accounting for Investments in Associates', as issued by the Institute of Chartered Accountants of India, is attached herewith and the same, together with Auditors' Report thereon, forms part of the Annual Report of the Company.

Listing of Equity Shares

The Equity Shares of the Company continue to be listed on NSE and BSE. The requisite annual listing fees have been paid to these Exchanges.

Public Deposits

During the year under review, your Company has not invited or accepted any deposits from the public pursuant to the provisions of Section 58A of the Companies Act, 1956. However, the Company has continued to accept deposits from the Company's Directors, their relatives, associates and the Company's employees without inviting deposits from them.

Due to the liquidity constraints, the Company could not service on time the interest on the deposits for last two quarters of the year under review. However, the major part of the dues has subsequently been paid during current financial year.

Insurance

Risk mitigation continues to be a key area of concern for the Company, which has regularly invested in insuring itself against unforeseen risks. The Company's stocks and insurable assets like building, plant & machinery, computer equipments, office equipments, furniture & fixtures, lease hold improvements and upcoming projects have been adequately insured against major risks. The Company has also taken appropriate product liability insurance for conducting clinical trials and for insuring its products (manufactured & sold) with an extension of unnamed vendor liability and add on cover of public liability inclusive of pollution liability to cover the risk on account of claims, if any, filed against the Company.

Internal Control System

Your Company has established a robust system of internal controls to ensure that assets are safeguarded and transactions are appropriately authorized, recorded and reported. The Company's internal control system comprises internal audit carried out by independent firms of Chartered Accountants and periodical review by the management. The Audit Committee of the Board of Directors addresses significant issues raised by both the Internal Auditors and the Statutory Auditors.

The Company believes that the overall internal control system is dynamic and reflects the current requirements at all times, hence ensuring that appropriate procedures and controls are in place. Your Company is proactively identifying the areas for further improvement which shall remain an ongoing process.

Directors

The Board recommends appointment of the existing Independent Directors viz. Mr. R.L. Narasimhan, Mr. N.N. Khamitkar, Dr. A.N. Saksena and Mr. K.M. Lal as independent directors for a period of five years, as per the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, not liable to retire by rotation and to hold office for the period upto 31st March, 2019.

Mr. Sunil Kapoor who was an independent director appointed earlier as per clause 49 of the listing agreement is not satisfying the criteria of independent director as per the provision of the Companies Act, 2013 effective from 01.04.2014 and hence now regarded as non-independent non-executive director.

Further, in accordance with section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. Soshil Kumar Jain, Director of the Company is liable to retire by rotation. Being eligible, Mr. Soshil Kumar Jain offers himself for reappointment.

Approval of shareholders is also being sought for variation in terms of appointment of Mr. Ravinder Jain, Managing Director and Dr. Rajesh Jain & Mr. Sandeep Jain, Joint Managing Directors for making their office liable to retire by rotation. All other terms and conditions of their appointment shall remain unchanged. In order to enable such change, the relevant articles of Articles of Association are also proposed to be amended by passing suitable resolution in the forthcoming Annual General Meeting (AGM) of shareholders.

The brief resumes of the Directors who are to be re-appointed / appointed, the nature of their expertise in specific functional areas, names of companies in which they have held directorships, committee memberships/chairmanships, their shareholding, etc. are furnished in Corporate Governance report forming part of the Annual Report.

The Board recommends their appointment / re-appointment of the above said directors at the ensuing AGM.

Auditors

The term of office of M/s. S.R. Batliboi & Co. LLP, as Statutory Auditors of the Company will expire with the conclusion of forthcoming Annual General Meeting of the Company. M/s. S.R. Batliboi & Co. LLP has been Statutory Auditors of your Company since 2001. The Board of Directors of the Company has, subject to approval of the Members, decided to make a change in the Statutory Auditors. This change is in order to remain at the forefront of good corporate governance and in recognition of regulatory changes in India which has made rotation of auditors mandatory after a period of 10 years.

As recommended by Audit Committee, the Board has proposed a resolution at the forthcoming Annual General Meeting for appointment of M/s Walker Chandiok & Co. LLP as Statutory Auditors of the Company in place of M/s. S.R. Batliboi & Co. LLP, being the retiring Auditors (who have shown their unwillingness for re-appointment) pursuant to Section 139 of the Companies Act, 2013 and forms part of the Notice. The Company has received a letter from them to the effect that their appointment, if made, shall be in accordance with the conditions laid down by section 139 of the Companies Act, 2013.

The Board also places on record its appreciation for the services rendered by M/s. S.R. Batliboi & Co. LLP as the Statutory Auditors of the Company.

Directors' Report

Auditors' Report

The management response to the matters of emphasis and observations/ comments contained in the Auditors Report and Annexure thereto, are given below:

i. Payment of Managerial remuneration exceeding the limits prescribed under Section 198 and 309 read with Part II of Schedule XIII to the Companies, Act, 1956 by Rs.13.5 million and Rs.13.2 million in current and previous financial years, respectively (Emphasis of Matter - clause (a) of Auditors Report): The Company has incurred losses in the respective years mainly due to the delisting of company's vaccine from WHO's list of prequalified vaccines in the FY 2011-12. The Managerial Personnel have already voluntarily reduced their salary by 30-53% in the referred years. The Company has taken various measures as explained elsewhere in this report to regain its business. Further, the Company has already filed applications with Ministry of Corporate Affairs to obtain requisite approvals from Central Government in respect to such excess remuneration and requisite approvals are awaited.

ii. The existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern (Emphasis of Matter - clause (b) of Auditors Report): The Company has undertaken several measures to mitigate the risk of going concern as explained in Note 47 of the Financial Statements which include supply to UNICEF/other customers of pentavalent vaccine, certain strategic alliances with foreign collaborators for supply of vaccines and pharma products, etc., comprehensive debt restructuring (CDR) proposal which has already been admitted by CDR cell for further processing, launch of its first product Tacrolimus in USA in December, 2012 and filing of more ANDAs with USFDA. Accordingly, the management is confident that with the above measures and continuous efforts to improve the business, the Company would be able to generate sustainable cash flow, recover and recoup the erosion in its net worth through profitable operations, discharge its short-term & long term liabilities and continue as a going concern.

iii. Delay in payment of interest on borrowings, repayment of loan installments and overdrawing in cash credit facilities (Clause (iii)(g) and (xi) of the Annexure to the Auditors' Report): The Company is facing cash flow problems due to continuous losses resulting, inter-alia, into delay in repayment of loan installments, payment of interest on borrowings and overdrawing in cash credit facilities. However, during the current year, the Company has paid part of interest on borrowings from banks and public deposits. Moreover, the Company's proposal for CDR has already been admitted with CDR Cell and with the approval of such proposal, a significant part of such installments would be deferred as the Company would get a moratorium for such payments and the penal interest accounted for in the books of accounts due to delays/ defaults in payment of interest would also be reversed. The Company is also actively pursuing further measures to strengthen the financial position as explained in point (ii) above and note no. 47, 48 and 49 of the financial statements and expects to overcome the situation in next 2-3 years.

iv. Slight delays in depositing statutory dues in a few cases of TDS, service tax and wealth tax and non-deposit of custom duty dues (clause (ix) of the Annexure to the Auditors' Report): There was a delay of 1-7 days in 7 cases for deposit of TDS and the due amount has been deposited with applicable interest of Rs.30,718. Similarly, there was a delay of 147 days in deposit of wealth tax of Rs.3.8 million and the due amount has been deposited along with interest of Rs.0.2 million on May 27, 2014. The delay in deposition of service tax (payment on reverse mechanism basis) was due to late receipt of invoices and/or delay/non-payment to vendors. The Company has duly paid the due amount of Rs.16.0 million along with applicable interest of Rs.1.9 million within the stipulated period as per applicable laws. Further, the pending amount of customs duty of Rs.20.7 million (including interest upto 31st March, 2014) with respect to 2 expired advance licenses (pending for export obligation of Easyfive vaccine on account of WHO delisting thereof) has been paid subsequently in June/July, 2014 along with applicable interest thereon amounting to Rs.0.5 million for the period from 1st April, 2014 until the date of payment.

v. Accumulated losses at the end of the financial year being more than 50% of its net worth and incurring cash losses in the current and immediately preceding financial year (clause (x) of the Annexure to the Auditors' Report): The Company has been continuously incurring cash losses over the past few years which were mainly due to the delisting of Company's DTP based combination Vaccine by WHO from its list of pre-qualified vaccines. Though the product has now been relisted, as explained elsewhere in this report, the continuous losses have resulted in accumulated losses and consequently erosion of more than 50% of its peak net worth calculated as per the provisions of SICA. The Company has already filed the necessary reference with BIFR on 22nd November, 2013. The Company has also taken various measures to recoup the erosion in its net worth as explained in point (ii) above and note 47 of the financial statements.

vi. Utilization of short-term borrowings and increase in current liabilities amounting to Rs.3,851.0 million having been used for long-term investment representing acquisition of fixed assets, funding of losses and investment in subsidiaries companies (Clause (xvii) of the Annexure to the Auditors' Report): The Company has incurred cash losses of Rs.3,107.6 million in last 3 financial years due to the reasons mentioned elsewhere in this report. The Company has attempted to raise long-term funds in the past but due to decline in turnover & continuous losses, the Company could not arrange the same. Therefore, in order to ensure continuity of business operations, the Company had to temporarily use the short-term funds (in the form of increase in short-term borrowings and current liabilities) for funding of losses and other long-term investment representing acquisition of fixed assets and investment in subsidiaries companies. With the improving financial conditions as a result of relisting of pentavalent vaccine and overall improvement in the economy & capital markets, the Company is pursuing different options to raise long-term funds including issue of securities, etc. The Company expects to overcome the situation in near future.

Further, with regard to the matters of emphasis and observations contained in the Auditors' Report on the Consolidated Financial Statement, the management's explanations are given below:

Unaudited Annual Accounts of Subsidiary, Rees Investments Ltd.: Though its Annual Accounts were prepared by its Board of Directors, the audit thereof could not be completed till the date on which the Company's Consolidated Accounts were finalised. The audited annual accounts of Rees Investments Ltd. were signed on June 5, 2014.

The notes to accounts and other observations, if any, in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

Cost Auditors

Pursuant to the provisions of Section 233B of the Companies Act, 1956, M/s J.P. Gupta & Associates, Cost Accountants, have been appointed as the Cost Auditors to conduct the audit of the Company's Cost Records for the year ended 31st March, 2014, with the approval of the Central Government. The cost audit for the said period is under process and the Company will submit the Cost Auditors' Report to the Central Government within the prescribed time.

Based on the recommendations of the Audit Committee, the Board of Directors has re-appointed M/s J.P. Gupta & Associates, as cost auditors of the Company for FY 2014-15 in pursuance of section 148 of the Companies Act, 2013. As required, the resolution for ratification of remuneration of cost auditor is included in the notice of the AGM for shareholders' approval.

The Cost Audit Report for the financial year 2012-13 was filed on September 23, 2013, well before the last date of filing being September 30, 2013.

Disclosures under Section 217

Except as disclosed elsewhere in the Annual Report, there have been no material changes and commitments which can affect the financial position of the Company between the end of the financial year and the date of report.

As required under Section 217(2) of the Companies Act, 1956, the Board of Directors inform the members that during the financial year, there have been no material changes, except as disclosed elsewhere in this report:

- in the nature of Company's business,
- in the Company's subsidiaries or in the nature of business carried out by them,
- in the classes of business in which the Company has an interest.

Energy Conservation, Technology Absorption & Foreign Exchange

Particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings & outgo, are given in Annexure A, forming part of this Report.

Directors' Responsibility Statement

The Directors hereby confirm:

i) that in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;

ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

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; and

iv) that the directors have prepared the annual accounts on a going concern basis

Particulars of Employees

The particulars of employees as required to be disclosed in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 as amended are annexed to the Directors' Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956 , the Report and Accounts are being sent to all the Members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary.

Acknowledgements

Your Directors acknowledge with gratitude the co-operation and assistance received from the UN Agencies, Central Government, State Governments and all other Government agencies and encouragement they have extended to the Company. Your Directors also thank the shareholders, Financial Institutions, Banks/ other lenders, customers, vendors and other business associates for their confidence in the Company and its management and look forward for their continuous support. The Board wishes to place on record its appreciation for the dedication and commitment of your Company's employees at all levels which has continued to be our major strength.

For and on behalf of the Board

Dated: 1st August, 2014 — Soshil Kumar Jain
Place: New Delhi — Chairman

Annexure to the Directors' Report

Annexure A

Statement of particulars pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

I. Conservation of Energy

The Company believes that energy conservation is the most economical solution to energy shortages that our country is facing, and is a more environmentally benign alternative to increased energy production if practiced with rigour. We strive to be energy efficient by being conservative in our approach of energy utilization and also utilizing energy efficient devices. Therefore, conservation of energy has always been a prime focus area of the Company. The Company regularly reviews energy consumption and maintains effective control on utilization of energy by adopting innovative measures to reduce wastage and optimize consumption. The Company has undertaken several measures to minimize energy losses and ensure sustainable energy utilization.

1. Energy Conservation measures taken

   The Company had devised its production lines and other facilities keeping in view the objective of minimum energy losses. The following are the major energy conservation measures implemented during the year under review and recent past:

   - Use of low capacity 22.5 KW air compressor (air cooled) instead of air compressor having higher capacity 45 KW (water cooled) at Lalru.
   - During winter season at Lalru, low capacity chilled water supply pump of 25 HP have been used instead water supply pump having higher capacity of 75 HP.
   - 100% use of treated ETP water for irrigation purpose.
   - Use of RO rejected water for fire hydrant system instead of drainage.
   - Purchase of power through open access from Punjab State Transmission Corporation Ltd. thereby not only ensuring continuous supply of power but also helping in reducing use of diesel generator and landed cost of electricity during peak and off-peaks hours.
   - Installation of motion sensor for lighting control at Lalru and Mohali.
   - Modification of upper limit of temperatures in AC storage area & in foil storage area.

2. Additional Investments/ Proposals, if any, for reduction of Energy Consumption:

   The Company's initiatives in energy consumption extend beyond the needs of the present to ensure sustainable growth for years ahead. Continuous efforts are being made to further reduce the expenditure on power & fuel in the time to come.

3. Impact of measures taken and impact on cost of production of goods:

   The energy conservation measures indicated above have helped the Company to restrict the impact of increase in the cost of energy, thereby reducing the cost of production of goods to that extent.

Form A

Particulars of Consumption of Energy

	Current Year	Previous Year
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (Nos. in thousand)	26,070.4	26,979.0
Total Amount (Rs. million)	186.0	174.6
Rate/Unit (Rs.)	7.1	6.5
(b) Own generation		
(i) Through Diesel Generator		
Units (Nos.) (Nos. in thousand)	2,058.0	4,438.0
Unit per litre of Diesel/Oil	3.5	3.4
Cost/Unit (Rs.)	15.3	12.4
(ii) Through Steam Turbine/Generator		
Units (Nos.)	Nil	Nil
Unit per litre of Diesel/Oil		
Cost/Unit (Rs.)		
2. Coal		
Quantity (tonnes)	Nil	Nil
Total Cost		
Average Rate		

	Current Year	Previous Year
3. Furnace Oil		
Quantity (Kilolitres)	757.0	294.0
Total Cost (Rs. Million)	37.2	14.8
Rate/Unit (Rs.)	49.2	50.0
4. Others/Internal generation		
Quantity	Nil	Nil
Total Cost		
Rate/Unit		
B. Consumption per unit of production		
Tablets		
Production (Nos. in thousand)	655,511	632,283
Electricity Consumption (Units per thousand)	3.9	4.9
Capsules		
Production (Nos. in thousand)	108,787	105,918
Electricity Consumption (Units per thousand)	22.87	26.1
Syrups		
Production (in Kiloliters)	176,905	293,992
Electricity Consumption (Units per kiloliter)	0.3	0.6
Gels		
Production (in kilograms)	47,879	40,378
Electricity Consumption (Units per kilogram)	6.4	5.3
Vaccines		
Production (no. of vials in thousand)	7,991	17,609
Electricity Consumption (Units per thousand)	35.53	94.4
Pre-filled Syringes (PFS)		
Production (no. of PFS in thousand)	495	1,147
Electricity Consumption (Units per thousand)	287.3	324.3
Granules		
Production (in kilogram)	12,783	11,468
Electricity Consumption (Units per kilogram)	0.6	8.9
Injections		
Production (Nos. in thousands)	13	12
Electricity Consumption (Units per thousand)	8,468.3	33,802.0

II. Technology Absorption

Form B

Form for disclosure of particulars with respect to Technology Absorption

Research & Development (R&D)

1. Specific areas in which R & D is carried out by the Company

   Research & Development is a key fundamental strength of the Company. The Company is a research-focused and IPR oriented, with one of its end objectives as innovation and development of patentable products and technologies. Additionally, the Company is also involved in research on technologies for development of products suitable for substitute as cost effective alternatives that would address unmet medical needs and increase patient convenience and compliance.

   The areas of research being pursued by the Company include:

   - Small Molecule Drug Discovery (NCE Research) in 3 Therapeutic Areas, viz. Metabolic Disorders (Diabetes & Obesity), Infectious Diseases, and CNS Disorders.
   - Platform Technology - SPORTS Technology
   - NDA formulation development
   - Development of peptides.
   - Development of biosimilar therapeutic products & monoclonal antibodies.

2. Benefits derived as a result of the above R&D
   - Development of Novel Drug Delivery products.
   - Bringing innovative products to market.
   - Fulfilling unmet therapeutic needs and customer satisfaction.
   - Improved product quality and safety aspects.
   - Competitively priced products.
   - Minimization of wastes.
   - Grant of new product/process patents.

- Entry into newer markets and Export of quality products
- Solving public health problems with the availability of vaccines for immunization of public at large

3. Future Plan of Action

   The Company will continue to focus on Research & Development activities for growing its revenues and profitability, inter-alia, in the following areas:

   - Oral Immediate and Modified Release Formulation
   - Technology based Injectable dosage form
   - Nano-emulsion technology based dosage form
   - Polymeric Nano-particulate system
   - Nano-crystal Technology
   - Solid-Solid Dispersion of Critical Dose Drugs
   - Biodegradable Polymer Based Long Acting Injection
   - Liposomal drug delivery technology
   - IPV based pentavalent and hexavalent combination vaccines
   - Recombinant, polysaccharide conjugate and cell culture based vaccines.
   - Development of biosimilar therapeutic products and monoclonal antibodies.

4. Expenditure on R&D

(Rs. in million)

	2013-14	2012-13
a) Revenue (excl. Depreciation on R&D assets)	772.5	842.8
b) Capital	116.3	58.8
c) Total	888.8	901.6
d) Total R&D expenditure as a percentage of net sales	19%	17%

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology adaptation and innovation:

   Research & Development plays a vital role in developing and adopting new technologies to enhance our operational efficiencies. The Company is continuously focusing on cutting-edge science with a customer focus that can be converted into commercially viable applications to support its business segments, pharmaceutical formulations and biopharmaceuticals. The Company is actively involved in research & development of vaccines, biopharmaceuticals, proteins, peptides, novel drug delivery systems, advanced drug delivery systems and drug discovery (small molecules), in compliance with international regulatory standards.

   The R&D centers of the Company have developed several indigenous technologies in respect of various products being manufactured. The latest technological innovation is the development & successful commercialization of Bemustine (Bendamustine HCl), Paclitrust (Paclitaxel injection), PacliAll (Paclitaxel protein-bound particles for injectable suspension), Docetrust (Docetaxel injection), Ramy 24 Capsules (Ramipril modified release capsules) and Fosbait (Lanthanum carbonate chewable tablets). The registration dossiers for several generic products have recently been filed for USFDA approval.

2. Benefits derived as a result of the above efforts include product improvement, cost reduction, product development, import substitution, competitive products, product quality improvement, product development and import substitution. With in-licensing arrangements, the Company will be able to commercialize these products in the domestic and international markets.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

	Technology imported	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons thereof and future plan(s) of action
	(a)	(b)	(c)	(d)
1.	Technology for development of sabin IPV Vaccine	2011-12	No	Training of personnel at RIVM is completed. Technology transfer is in process.

III. Foreign Exchange Earnings and Outgo

1. Activities relating to exports

   During the year 2013-14, the Company's total export revenue was Rs.1,617.4 million (including R&D income of Rs.172.9 million) as compared to Rs.1,588.3 million (including R&D income of Rs.271.7 million) in the previous year. Exports contributed 32.1% of the net revenue from operations of the Company during financial year 2013-14, as compared to 26.7% during previous year. The major countries where the Company's products were exported included US, Germany, Russia, Brazil, Sri Lanka, Serbia, Turkey, Phillipines, Kazakhstan, Vietman and Tanzania.

2. Initiatives taken to increase export

   The Company focuses on the emerging and ROW countries. Over the last couple of years strategic collaborations have been initiated in more than 20 countries with customized business models. Till date vaccines have been registered in 11 countries with further registrations in around 20 countries expected in the near future. The Company is targeting to enter emerging markets with sizeable birth cohort (3-5 mn) to expand business with a view to reduce dependence over institutional business.

The Company has also laid its future growth strategy with focus on the regulated markets of US and Europe. The Company launched its first product Tacpan (Tacrolimus) in 2011 in Germany and it has now become the 2nd largest generic in Germany. The Company's Indirect WOS is selling the products there in trade as well as in tender markets. The Company has also launched Tacrolimus in USA in December 2012 and is currently in the process of entering in the key pharmacy accounts through its local strategic partner.

The Company has filed 6 more ANDAs with USFDA since its first product was launched in USA. The Company's strategy is to develop and launch selective portfolio of difficult to develop generics with high barrier to entry. The Company is also developing products for registration pursuant to application under section 505(b)(2) in US markets.

The Company has also created a global presence through its wholly-owned subsidiaries in strategic markets, Germany and Switzerland.

During the year, the Company has successfully received the prestigious pre-qualification from WHO for its Easyfive-TT vaccine which was delisted in 2011. The Company also received long term supply award from UNICEF for the period 2014-2016. The Company also resumed supplies of Easyfive-TT to several countries through UNICEF during the last quarter of FY2014.

3. Development of new export markets for Products and Export Plans

The Company is in the final stages of registration and approval of pharmaceuticals products in key markets like Egypt, South Africa & Saudi Arabia (GCC). The Company has forayed into the GCC markets by successfully registering the products in UAE. Commercialization of products is expected to start during the current financial year. The Company is also in process of filing its oncological range of products in the key emerging markets and expects to start the export from the current financial year onwards.

4. Total foreign exchange earned and used

(Rs. in million)

Particulars	2013-14	2012-13
Foreign Exchange Earned		
F.O.B. value of Exports	1,263.8	905.2
Income from distribution rights	2.3	2.1
Research & License Fees income	178.5	299.4
Interest Income from subsidiary company	94.6	-
Total	1,539.2	1206.7
Foreign Exchange Used		
Raw Materials & Packing Materials	490.1	310.9
Capital Goods	34.7	74.3
Know-how Fee	18.8	16.4
Interest	89.6	266.4
Professional & Consultation Fees	73.5	128.1
Other Expenses		
- Patents, Trade Marks & Product Registration	7.4	17.3
- Advertising and Sales Promotion	36.6	26.7
- Commission on Sales	28.2	55.1
- Processing Charges	50.4	-
- Others	112.7	58.7
Total	942.1	953.9

For and on behalf of the Board

Dated: 1st August, 2014 — Soshil Kumar Jain

Place: New Delhi — Chairman

Report on Corporate Governance

1. Philosophy on Corporate Governance

Panacea Biotec believes that timely disclosures, transparent accounting policies and a strong and independent Board go a long way in maintaining good corporate governance, preserving shareholders' trust and maximizing long-term corporate value. For establishing good corporate governance, the Company has set systems procedures, policies, practices, standards which are put in place to ensure that relationship with various stakeholders are maintained in transparent and honest manner. The Company has made a system of structuring, operating and controlling the company which tries to fulfill long-term strategic goals of stakeholders; takes care of the interests of employees; shows consideration for the environment and local community; maintains excellent relations with customers and suppliers; and properly comply with all the applicable legal and regulatory requirements. The Company continues to drive innovations in policies, practices and disclosures on corporate political activities and other key governance areas.

2. Board of Directors

Composition & Size of the Board

In keeping with the commitment of the Management for the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of Executive Directors and Independent Non-Executive Directors, representing a judicious mix of professionalism, knowledge and experience.

Currently, Panacea Biotec's Board comprises of 5 (Five) Executive Directors (1 Executive Chairman, 1 Managing Director, 2 Joint Managing Directors and 1 Whole-time Director), 4 (Four) Non-Executive Independent Directors and 1 Non-Executive Non Independent Director. The Non-Executive Directors bring external and wider perspective in the Board's deliberations and decisions.

Mr. Sunil Kapoor who was an Independent Director appointed earlier as per clause 49 of the listing agreement, is not satisfying the criteria of independence as per the provisions of Companies Act, 2013 (the "Act") effective from 1st April, 2014 and hence now regarded as Non Independent Non-Executive Director. The Board intends to induct new Independent Director in due course of time in order to have the composition of the Board in conformance with the requirements of the Act and amended Clause 49 of the Listing Agreement (Corporate Governance Guidelines) with the Stock Exchanges.

Board functioning & procedure

Panacea Biotec's Board is committed to ensuring good governance through a style of functioning that is self-governing. The members of the Board enjoy complete liberty to express their opinion and decisions are taken on the basis of consensus arrived at after detailed discussions. They are also free to bring up any matter for discussion at the Board Meetings.

Panacea Biotec's Board meets at least once in every quarter to discuss and review the quarterly results and other items of agenda, including the information required to be placed before the Board, as required under Annexure 1A of Clause 49 of Listing Agreement. The Board also meets and conducts additional meetings as and when required and thought fit. The dates for the Board Meetings are decided well in advance and communicated to the Directors. The Chairman/ Joint Managing Director of the Board and the Company Secretary discuss the items to be included in the agenda and the agenda is sent in advance to the Directors along with the draft of relevant documents and explanatory notes.

During the financial year 2013-14, four (4) Board Meetings were held on 30th May, 2013, 8th August, 2013, 14th November, 2013 and 13th February, 2014.

Attendance of Directors at the Board Meeting & last Annual General Meeting and number of other Directorships & Committee membership as on 31st March, 2014:

S. No.	Name of Director	Category of Directorship	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships$ and Committee memberships/chairmanships*		
						Other Directorship	Committee Membership	Committee Chairmanship
1.	Mr. Soshil Kumar Jain	Promoter-WTD Chairman	4	4	No	1	-	-
2.	Mr. Ravinder Jain	Promoter – MD	4	0	No	2	-	-
3.	Dr. Rajesh Jain	Promoter – JMD	4	4	No	1	-	-
4.	Mr. Sandeep Jain	Promoter – JMD	4	4	Yes	1	-	-
5.	Mr. Sumit Jain	Promoter Group – WTD	4	0	No	1	-	-
6.	Mr. Sunil Kapoor#	NED	4	4	Yes	5	-	-
7.	Mr. R.L. Narasimhan	NID	4	3	Yes	1	-	-
8.	Mr. N.N. Khamitkar	-do-	4	4	Yes	1	-	-
9.	Mr. K.M. Lal	-do-	4	3	No	5	5	2
10.	Dr. A.N. Saksena	-do-	4	4	No	-	-	-

Note: WTD = Whole-time Director, MD = Managing Director, JMD = Joint Managing Director, NID = Non-Executive Independent Director; NED = Non-Executive Non-Independent Director

$ Excludes directorships in Private Limited Companies, Foreign Companies, membership of managing committees of various chambers/bodies/Section 25 companies

*Membership in Audit and Stakeholders Relationship Committee of companies other than Panacea Biotec Limited

Mr. Sunil Kapoor is NED w.e.f. April 01, 2014

Report on Corporate Governance

None of the Directors on the Board is a member in more than ten committees and/or acts as Chairman of more than five committees across all the companies in which he is a Director.

Reappointment / appointment of Directors:

The brief resume, experience and other details pertaining to the Directors seeking appointment / re-appointment in the ensuing Annual General Meeting, to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, is furnished below:

a) Mr. Soshil Kumar Jain

Age : 81 Years

Qualification : Qualified Pharmacist

Professional Expertise : He has more than 58 years' experience in the pharmaceutical industry. He is the founder promoter/director of the company and has been the Chairman of the Company since October, 1984. He started his career in the Indian pharmaceutical industry by joining his family business in the form of a chemist shop set up by his father. Prior to promoting the company, he was associated with Radicura & Co., a partnership firm (formerly owned by the promoters of Panacea Biotec Ltd. and subsequently taken over by Radicura & Co. Ltd. (now known as Radicura Infra Ltd.).

Directorships : He is a director of PanEra Biotec Pvt. Ltd., Neophar Alipro Ltd., Adveta Power Pvt. Ltd. and White Pigeon Estate Pvt. Ltd.

Committee Membership/ Chairmanship : He is a member of Executive Committee of the Company

Shareholding in the Company : He holds 5,000,000 Equity Shares of Re.1 each, comprising 8.16% of total share capital of the Company.

b) Mr. Raghava Lakshmi Narasimhan

Age : 73 Years

Qualification : Post Graduate degree in Science from Madras University.

Professional Expertise : He retired as the Deputy Director General, Central Statistical Organization, to the Government's Ministry of Statistics & Programme Implementation in New Delhi and has held various senior and middle level positions in various Government ministries. Prior to his positions with the Government, he has also worked with Hoechst Pharmaceuticals Ltd., Chennai, a multinational pharmaceutical company. His expertise lies in the field of budgeting, data management, programme evaluation & research and marketing.

Directorships : He is a director of Radhika Heights Ltd. (formerly known as Best On Health Ltd.) and Blue Surmount Education.

Committee Membership/ Chairmanship : He is the Chairman of Audit Committee, Nomination & Remuneration Committee and Selection Committee of the Company.

Shareholding in the Company : Nil

c) Mr. Namdeo Narayan Khamitkar

Age : 73 Years

Qualification : B.E. - Electrical & Mechanical (Pune University), MBA (University of District of Columbia, Washington DC, USA) and Post Graduate Diploma in Public Administration (Indian Institute of Public Administration).

Professional Expertise : He is a retired Govt. Official belonging to Indian Engineering Service and retired as Dy. Director General, Ministry of Home Affairs, Govt. of India, New Delhi. He has also held various senior and middle level positions in various Govt. Ministries and Offices before his retirement. His expertise lies in the field of administration, planning and procurement.

Directorships : He is a director of Radhika Heights Ltd. and Blue Surmount Education.

Committee Membership/ Chairmanship : He is a member of the Audit Committee and Nomination & Remuneration Committee of Panacea Biotec Ltd.

Shareholding in the Company : Nil.

d) Mr. Aditya Narain Saksena

Age : 76 Years

Qualification : Post Graduate in Mathematics, Doctorate in Economics, Master's Diploma in Public Administration & Master's Diploma in Total Quality Management.

Professional Expertise : He has been appointed as a Non-executive Director of the Company since December 2005. He retired in 1996 in the grade of additional secretary to Government of India as Financial Advisor to the Ministry of Petroleum. He has vast experience in the field of finance, accounts, audit, human resource development, corporate governance, legal and general management. Prior to his retirement, he held senior level position in various Central Government ministries including the Ministry of Shipping & Transport, Petroleum & Natural Gas, HRD, Information & Broadcasting, Law & Justice and Railways. He also held directorships in various public sector companies including ONGC Ltd., Indian Oil Corporation Ltd., Oil India Ltd., etc., during his tenure.

Directorships : Nil.

Committee Membership/ Chairmanship : He is the Chairman of the Stakeholder Relationship Committee of the Company.

Shareholding in the Company : Nil.

e) Mr. Krishna Murari Lal

Age : 74 Years

Qualification : M.Sc. (Chemistry).

Professional Expertise : He is a retired Government official belonging to Indian Administrative Services and retired as Chairman, Staff Selection Commission, Government of India. He has vast experience in the field of finance, accounts, audit, taxation, legal, project and general management. He had held various senior level positions in Government Ministries and offices.

Directorships : He is director of SREI Capital Markets Ltd., GEM Spinners India Ltd., Polylink Polymers (India) Ltd., Gem Sugars Ltd., Hindustan Wires Ltd., KMC Energy

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Pvt. Ltd. and Lexicon Public Relations and Corporate Consultants Pvt. Ltd.

Committee Membership/ Chairmanship : He is member of Audit Committee of SREI Capital Markets Ltd., member of Audit & Remuneration Committee of Gems Spinners Ltd, Chairman of Audit Committee of Hindustan Wires Ltd, Chairman of Audit & Remuneration Committee and member of Share Transfer cum Investors' Grievance Committee of Polylink Polymers (India) Ltd.

Shareholding in the Company : Nil.

Information supplied to the Board

In addition to the regular business items, the Company provides the following information to the Board and Board Committees as and when required, either as part of the agenda papers in advance of the meetings or by way of presentations and discussions material during the meetings:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the Board.
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of the Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature including any judgment or order which may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant regulatory matters concerning Indian or Foreign Regulatory Authorities.
- Contracts/Arrangements in which directors are deemed to be interested.
- Significant labour problems and their proposed solutions and any significant development in human resources/ industrial relations front.
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc., if any.

Post Meeting Follow-Up Mechanism

In adherence to good corporate governance, the important and significant decisions taken at the Board/Committee levels are promptly communicated to the concerned departments. Moreover, the action taken in respect of such decisions is also reported in the form of status report and is placed at the next meeting of the Board/Committee.

Statutory Compliance of Laws

The Board periodically reviews the compliance report of the laws applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliances, if any.

Code of Conduct

The Board has laid down a code of conduct for all Board Members and senior management of the Company. The said code has been communicated to the directors and senior management personnel and is also posted on the web-site of the Company viz. www.panaceabiotec.com.

Declaration from the Joint Managing Director confirming that the Company has received affirmations from the Board members and the senior management personnel regarding compliance of Code of Conduct during the year under review, is attached as Annexure-I.

3. Audit Committee

Composition & Terms of Reference

The Audit Committee of the Company had been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. During the financial year 2013-14, the Audit Committee of the Company comprised three non-executive directors, all of them were independent directors viz. Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor. Mr. R.L. Narasimhan is the Chairman of the Committee. All the members are financially literate and one member is having requisite accounting and financial management expertise. As explained elsewhere in the report, Mr. Sunil Kapoor, not satisfying the criteria of independence, is now non-executive non-independent director w.e.f. 01.04.2014. However, since two-third of the Audit Committee are still independent and the Chairman is also an independent director, the composition of the Audit Committee continues to fulfill the requirements of section 177 of the Act and the revised clause 49 of the Listing Agreement as amended by SEBI vide its circular CIR/CFD/POLICY CELL/2/2014 dated 17.04.2014 effective from October 1, 2014 ("SEBI Circular").

The management is responsible for the Company's internal controls and the financial reporting process, while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

In accordance with Section 177(1) of the Act and as per the requirements of the SEBI Circular, the Board of Directors of the Company at their meeting held on May 30, 2014, have approved new terms of reference for the Audit Committee and thereupon the revised terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 (III)(D) of the revised Listing Agreement and Section 177(1) of the Act.

The terms of reference of the Audit Committee include the following:

- To investigate into any matter in relation to the items specified in Section 177 of the Act or referred to it by the Board and for this purpose, shall have full access to the information contained in the records of the Company and external professional advice, if necessary,
- To seek information from any employee,
- To obtain outside legal or other professional advice,
- To secure attendance of outsiders with relevant expertise, if it considers necessary,
- To oversight the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible,
- Recommending the appointment and removal of auditor, fixation of audit fee and also approval for payment for any other services,
- Reviewing with management the annual financial statements and auditor's report thereon before submissions to the Board, focusing primarily on.
    - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of section 134(3)(f) of the Act.
    - Any changes in accounting policies and practices and reasons for the same.
    - Major accounting entries based on exercise of judgment by management,
    - Qualifications in draft audit report,
    - Significant adjustments made in the financial statements arising out of audit,
    - The going concern assumption,
    - Compliance with accounting standards,
    - Compliance with listing, stock exchange and other legal requirements concerning financial statements
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Reviewing with the management, statutory and internal auditors, the adequacy of internal control systems,
- Evaluation of internal financial controls and risk management systems;
- Reviewing the adequacy of internal audit function, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussions with internal auditors any significant findings and follow up thereon,
- 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,
- Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern,
- Reviewing the company's financial and risk management policies, and
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Vigil Mechanism;

    Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- To investigate any activity within its terms of reference,

Review of information by Audit Committee

Apart from other matters, as per Clause 49 of the Listing Agreement the Audit Committee reviewed, to the extent applicable, the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant transactions, submitted by the Management;

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- Management letters/letters of internal control weakness issued by statutory auditors;
- Internal Audit Reports relating to internal control weakness;
- Appointment, removal and terms of remuneration of the Internal Auditors; and
- Related party transactions.

Meetings of Audit Committee and attendance of members during the year 2013-14

During the year, 4 (four) Audit Committee meetings were held on 29th May, 2013, 7th August, 2013, 13th November, 2013 and 12th February, 2014.

The attendance of members of the Audit Committee at these meetings was as follows:

S. No.	Name of the Member	Designation	Category of Directorship	No. of Meetings held	No. of Meetings attended
1.	Mr. R. L. Narasimhan	Chairman	Independent Director	4	3
2.	Mr. N. N. Khamitkar	Member	Independent Director	4	4
3.	Mr. Sunil Kapoor	Member	Independent Director*	4	4

*Non-executive non-independent Director w.e.f April 1, 2014

The Statutory Auditors, Internal Auditors, Associate Director-finance, Chief Financial Officer, GM Accounts & Taxation and A.G.M. Audit & Compliance & Co-ordinator of Audit Committee are the permanent invitees to the meetings of Audit Committee. Apart from them, Joint Managing Director, AGM Costing and Cost Auditors, attended one or more of the Audit Committee Meetings. The Company Secretary is acting as the Secretary to the Audit Committee. The Chairman of the Audit Committee, Mr. R.L. Narasimhan, was present at the Annual General Meeting of the Company held on 25th September, 2013.

Subsidiary Companies:

Radhika Heights Ltd. is a material non-listed Indian subsidiary of the Company as its net worth (i.e. paid-up capital and free reserves) exceeded 20% of the consolidated net worth of the Company. The Company's independent Directors, Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor were directors on the Board of Directors of Radhika Heights Ltd. during the entire financial year. However, Mr. Sunil Kapoor has resigned from Directorship of Radhika Heights Ltd. w.e.f. 23.07.2014.

The Audit Committee of the Company reviewed the financial statements, in particular the investments made by all unlisted subsidiary companies.

The Board's minutes of unlisted subsidiary companies are placed at the Board Meeting of the Company and the significant transactions or arrangements entered into by the unlisted subsidiary companies are periodically informed to the Board.

4. Nomination and Remuneration Committee

Composition:

During the financial year 2013-14, the Nomination and Remuneration Committee (earlier named as Remuneration Committee) comprised of three non-executive independent directors viz. Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor. Mr. R.L. Narasimhan is the Chairman of the Committee. The Company Secretary is acting as the Secretary to the Committee.

As explained elsewhere in this Report Mr. Sunil Kapoor is not satisfying the criteria of independency and hence regarded as non-executive non-independent director w.e.f 01.04.2014. However, since not less than one-half of the members of Nomination & Remuneration Committee are still independent, the composition of the Committee continues to fulfill the requirements of section 178 of the Act and the revised clause 49 of the Listing Agreement amended by the SEBI Circular.

A Meeting of the Nomination and Remuneration Committee was held on 30th May, 2013.

The attendance of members of the Nomination and Remuneration Committee at the meeting was as follows:

S. No.	Name of the Member	Designation	Category of Directorship	No. of Meetings held	No. of Meetings attended
1.	Mr. R. L. Narasimhan	Chairman	Independent Director	1	-
2.	Mr. N. N. Khamitkar	Member	Independent Director	1	1
3.	Mr. Sunil Kapoor	Member	Independent Director*	1	1

*Non-executive non-independent Director w.e.f April 1, 2014

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In accordance with Section 178 of the Act and as per the requirements of SEBI Circular, the Board of Directors of the Company at their meeting held on May 30, 2014, have approved the change in nomenclature of the Remuneration Committee to Nomination and Remuneration Committee and have revised their role as under:

Role & Terms of reference:

The role of the Nomination and Remuneration Committee, inert-alia, includes the following:

i. identify individuals qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;

ii. recommend to the Board their appointment and removal;

iii. carry out evaluation of every director's performance;

iv. formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a Policy relating to the remuneration for the directors, key managerial personnel (KMPs) and other employees;

v. while formulating the policy the Committee shall ensure that –

   a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully ;

   b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks ; and

   c. remuneration to directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals :

Remuneration Policy

The Nomination and Remuneration Committee recommends to the Board the compensation package of the Executive Directors and also the compensation payable to the Non-Executive Directors of the Company in accordance with the provisions contained in the Act.

The Non-Executive Directors are paid sitting fees for attending the Meetings of the Board of Directors and Committees within the ceiling prescribed by the Central Government.

The key components of the Company's Remuneration Policy are:

- Compensation will be a major driver of performance.
- Compensation will be competitive and benchmarked with a select group of companies from the pharmaceutical sector.
- Compensation will be fully transparent and tax compliant.

Directors' remuneration

In view of the losses incurred by the Company during the financial year ended 31st March, 2013, the Company has applied to the Central Government for protection/ payment of remuneration in respect of the financial year 2012-13 and 2013-14 of Mr. Soshil Kumar Jain, Chairman, Mr. Ravinder Jain, Managing Director, Dr. Rajesh Jain, Joint Managing Director and Mr. Sandeep Jain, Joint Managing Director of the Company and the approvals are awaited.

The details of remuneration paid to Directors during the financial year 2013-14 are as under:

i) Executive Directors (Managing/Joint Managing/Whole-time Directors) (Rs. in Lac)

S. No.	Name	Salary	Perquisites	Total
1	Mr. Soshil Kumar Jain	72.00	8.32	80.32
2	Mr. Ravinder Jain	72.00	52.90	124.90
3	Dr. Rajesh Jain	60.00	10.75	70.75
4	Mr. Sandeep Jain	56.40	8.16	64.56
5	Mr. Sumit Jain	25.20	9.88	35.08

Notes:

1. The tenure of office of Mr. Soshil Kumar Jain, Chairman, Mr. Ravinder Jain, Managing Director, Dr. Rajesh Jain and Mr. Sandeep Jain, Joint Managing Directors of the Company is for 5 years w.e.f. 1st April, 2011. The tenure of office of Mr. Sumit Jain, Director (Operations and Projects) is for 5 years w.e.f. 20th July, 2010.
2. Notice period for termination of appointment of Managing/Joint Managing/ Whole time Directors is three months by either party or a shorter period decided mutually. No severance fee is payable on termination of contract.
3. The Company does not have any Stock Option Scheme.
4. All elements of remuneration of the Managing / Joint Managing / Whole-time Directors, i.e., Salary, Perquisites and other benefits, etc. are given in Note 33 annexed to and forming part of Balance Sheet and Profit & Loss Account of the Company.
5. The above excludes the provisions for gratuity and leave encashment, as the same is calculated on overall company basis.

ii) Non-Executive Directors

Payment Criteria:

The Board of Directors determines the remuneration of the non-executive directors within the limits approved by the shareholders. Apart from the sitting fees for attending meetings of the Board or Committee thereof, the remuneration is paid to the non-executive Directors by way of monthly allowances for telephone, mobile, conveyance expenses, etc. @ Rs.15,500 p.m. (with the confirmation obtained from Central Government) to enable them to meet their expenses for attending to their responsibilities as non-executive directors.

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The details of remuneration paid to the non-executive directors during financial year ended 31st March, 2014 are as under:

(Rs. in Lac)

S. No.	Name	Allowances	Sitting Fees	Total
1	Mr. R.L. Narasimhan	1.86	0.60	2.46
2	Mr. N.N. Khamitkar	1.86	0.85	2.71
3	Mr. Sunil Kapoor	1.86	1.05	2.91
4	Mr. K.M. Lal	1.86	0.30	2.16
5	Dr. A.N. Saksena	1.86	0.60	2.46

None of the non-executive Directors holds any shares/ convertible securities of the Company.

5. Stakeholders' Relationship Committee (formerly Share Transfer cum Investors' Grievance Committee)

The Investors Grievance Committee aims at redressal of shareholder's complaints and oversees investor services. The Board of Directors of the Company has, with a view to expediting the process of share transfers, delegated the power of share transfer to the Company Secretary, who attends to share transfer formalities on a weekly basis.

In accordance with Section 178(5) of the Act and as per the requirements of the SEBI Circular, the Board of Directors at its meeting held on May 30, 2014, had approved the change in nomenclature of the Share Transfer cum Investors' Grievance Committee as Stakeholders' Relationship Committee.

The role of the Stakeholders' Relationship Committee, inert-alia, includes the following:

i) Transfer of Securities.
ii) Transmission/Transposition of Securities.
iii) Splitting up, sub-divide and consolidation of shares.
iv) Dematerialize or rematerialize the issued shares.
v) Authorize affixation of common seal of the Company.
vi) Any other matter relating to Securities of the Company.
vii) Review and redressal of the grievances of all security holders including deposit holders.
viii) Any other areas of investor service.
ix) The Committee may delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Other Terms:

- The Committee may invite other Directors / Officers of the Company to attend the meetings of the Committee as and when required.
- The Chairman shall attend the shareholders' general meeting or in his absence any other member of Committee authorised by him.

Composition of the committee:

During the financial year 2013-14, the Committee comprised of the following Directors as the members of the Committee:

i. Dr. A.N. Saksena, Chairman
ii. Mr. Ravinder Jain, Member
iii. Mr. Sunil Kapoor, Member

Mr. Vinod Goel, Company Secretary, is acting as the Secretary to the Committee as well as the Compliance Officer pursuant to Clause 47(a) of the Listing Agreement with Stock Exchanges.

During the financial year 2013-14, 4 (four) meetings of Share Transfer-cum-Investors' Grievance Committee (now Stakeholders' Relationship Committee) were held on 10th April, 2013, 5th August, 2013, 9th November, 2013 and 12th February, 2014.

The attendance of members at such meetings was as follows:

S. No.	Name of the Member	Designation	Category of Directorship	No. of Meetings held	No. of Meetings attended
1	Dr. A.N. Saksena	Chairman	Independent Director	4	4
2	Mr. Ravinder Jain	Member	Promoter Director	4	1
3	Mr. Sunil Kapoor	Member	Independent Director*	4	4

*Non-executive non-independent Director w.e.f April 1, 2014

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Details of Investors' complaints received during the financial year 2013-14:

S. No.	Nature of Complaints	Received	Resolved	Pending
1.	Non-receipt of physical copy of Annual Report	3	3	0
2.	Non-receipt of dividend	2	2	0
	Total	5	5	0

The Company put utmost priority to the satisfaction of its shareholders, which is evident from the fact that only 5 complaints were received by the Company during the entire year. The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent/issues have been resolved expeditiously, except in case of dispute over facts or other legal constraints.

There were no share transfers lying pending as on 31st March, 2014.

6. CEO/CFO Certification

The Joint Managing Director and Chief Financial Officer & Head Information Technology & BPR have certified, in terms of revised clause 49 of the Listing Agreement, to the Board that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.

The CEO and CFO certification of the financial statements and the cash flow statement for the year is enclosed as Annexure – II to this report.

7. General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue	Special Resolution passed
2012-13	25.09.13	11:30 A.M	Regd. Office at Ambala Chandigarh Highway, Lalru – 140501, Punjab	• Approval for protection of remuneration of Mr. Soshil Kumar Jain, Chairman, for financial years 2012-13 & 2013-14. • Approval for protection of remuneration of Mr. Ravinder Jain, Managing Director, for financial years 2012-13 & 2013-14 • Approval for protection of remuneration of Dr. Rajesh Jain, Joint Managing Director, for financial years 2012-13 & 2013-14 • Approval for protection of remuneration of Mr. Sandeep Jain, Joint Managing Director of the Company, for financial year 2012-13 and 2013-14 • Approval for protection of remuneration of Mr. Sumit Jain, Whole-time Director, for financial years 2012-13 & 2013-14 • Approval for renewal of arrangement entered into with M/s Residency Resorts Pvt. Ltd. for availing accommodation and hospitality services as per the terms of agreement approved by Central Government
2011-12	29.09.12	11:00 AM	-do-	• Approval for re-appointment of Mr. Soshil Kumar Jain, retiring by rotation, in the Annual General Meeting. • Approval for protection of remuneration paid to Mr. Soshil Kumar Jain, Chairman of the Company, for the financial year 2011-12. • Approval for protection of remuneration paid to Mr. Ravinder Jain, Managing Director of the Company, for the financial year 2011-12. • Approval for protection of remuneration paid to Dr. Rajesh Jain, Joint Managing Director of the Company, for the financial year 2011-12. • Approval for protection of remuneration paid to Mr. Sandeep Jain, Joint Managing Director of the Company, for the financial year 2011-12. • Approval for protection of remuneration paid to Mr. Sumit Jain, Whole-time Director of the Company, for the financial year 2011-12.
2010-11	24.09.11	11:00 AM	-do-	• Approval for re-appointment of Mr. Soshil Kumar Jain as Whole – Time Director designated as Chairman of the Company for a period of 5 years w.e.f. 1st April, 2011. • Appointment of Mr. Shagun Jain to the Office or Place of Profit. • Appointment of Mrs. Radhika Jain to the Office or Place of Profit. • Appointment of Mrs. Shilpy Jain to the Office or Place of Profit. • Appointment of Mr. Ankesh Jain to the Office or Place of Profit.

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8. Postal Ballot

No Postal Ballot resolution was passed during the financial year 2013-14.

9. Disclosure

a) Related Party Transactions

During the year, there were no materially significant related party transactions with the promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large. The other related party transactions are given in Note No.33 of the Notes to Financial Statements for the year ended March 31, 2014 annexed to and forming part of the Balance Sheet and Profit & Loss Account of the Company.

b) Disclosure of Accounting Treatment

There has not been any change in accounting policies of the Company during the year except as stated in Note No.2 of the Notes to Financial Statements for the year ended March, 2014 annexed to and forming part of the Balance Sheet and Profit & Loss Account of the Company.

c) Risk Management

The Company has a procedure to inform the Board about the risk assessment and minimization procedures. The Board of Directors periodically reviews the risk management framework of the Company and comes out with strategic risk mitigation measures.

d) Compliances by the Company

During the last three years, there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital markets.

e) Non-Mandatory Requirements under Clause 49 of the Listing Agreement

The Company has complied with all the mandatory requirements of clause 49 of the listing Agreement. As regards the adoption of non-mandatory requirements as contained in Annexure I-D to clause 49 of the listing agreement, the company has implemented the requirements as per details given below:

i) Chairman of the Board: The Chairman of Panacea Biotec is an Executive Director and he maintains the Chairman's Office at the Company's expenses.

ii) Nomination & Remuneration Committee: The Board of Directors has constituted a Nomination & Remuneration Committee. The details of the Committee and its powers have already been discussed in this Report.

iii) Shareholders' rights: The quarterly/ half-yearly results, after they are approved by the Board of Directors, are sent forthwith to the Stock Exchanges where the Company's shares are listed, published in the newspapers as mentioned under the heading "Means of Communication" at Sl. No. 11 herein below and also displayed on the Company's website www.panaceabiotec.com. They are also uploaded electronically in the website of NSE & BSE viz. NSE electronic application processing system (NEAPS) and BSE Corporate Compliance & Listing Center, respectively. The results are not separately circulated to the shareholders.

iv) Training of Board Members: No specific training program was arranged for Board members. However, at the Board/Committee meetings, detailed presentations are made by professionals, consultants, as well as senior executives of the Company on business related matters, risk assessment, strategy, effect of the regulatory changes, etc.

v) Mechanism for evaluating non-executive Board members: During the year, the Company has not adopted any mechanism for evaluating individual performance of Non- Executive Directors.

vi) Whistle Blower Policy / Vigil Mechanism: The Company has implemented a Whistle Blower Policy in the Company in pursuance of clause 49 of the listing agreement and no personnel is denied access to the Audit Committee of the Company. Further, the Company is in process of implementing revised vigil mechanism in the Company as per the requirements of the Act and also in line with revised Clause 49 of the Listing Agreement.

10. Prohibition of Insider Trading

In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has instituted a comprehensive Code of Conduct for its management, staff and relevant business associates. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made while dealing with the Shares of the Company.

11. Means of communication

i) The Quarterly and Half-Yearly results are published in one or more of the prominent daily newspapers, viz. Mint/ Financial Express, New Delhi and Mumbai editions, and in Punjabi Tribune/Desh Sewak, Chandigarh, the local newspaper published in the language of the region in which Registered Office is situated.

ii) The Company also intimates the Stock Exchanges all price sensitive matters or such matters which, in its opinion, are material and of relevance to the shareholders and subsequently issues a Press Release on the matter, wherever necessary.

iii) The Annual Results (Annual Report containing Balance Sheet etc.) are posted/ e-mailed to every shareholder of the Company.

iv) The Company's web-site, viz. www.panaceabiotec.com, is regularly updated with the financial results, annual report and other important events.

v) Management's Discussion and Analysis Report has been included in the Annual Report being sent to the shareholders of the Company.

12. General Shareholder Information

i) Company Registration Details

The company is registered in the State of Punjab, India. The Corporate Identity Number ("CIN") allotted to the company by the Ministry of Corporate Affairs is L33117PB1984PLC022350.

ii) Date of AGM

The Annual General Meeting is proposed to be held on Thursday, the 25th day of September 2014, at 11:30 A.M. at the registered office of the Company at Ambala-Chandigarh Highway, Lalru - 140501, Punjab.

Posting of Annual Report	On or before 1st September, 2014
Last date of receipt of Proxy Form	23rd September, 2014 before 11:30 A.M.
E-voting Period	From 18th September, 2014 (9:00 AM) to 20th September, 2014 (6:00 PM)

iii) The Finanacial Year of the Company covers the fiscal period from 1st April to 31st March.

iv) Financial Calendar 2013-14 (tentative):

S. No.	Tentative Schedule	Tentative Date
1	Financial reporting for the quarter ended 30th June, 2014	1st August, 2014 (Actual)
2	Financial reporting for the half year ending 30th September, 2014	Mid of November, 2014
3	Financial reporting for the quarter ending 31st December, 2014	Mid of February, 2014
4	Financial reporting for the quarter ending 31st March, 2015	End of May, 2015
5	Annual General Meeting for the year ending 31st March, 2015	End of September, 2015

v) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from 19th September, 2014 to 25th September, 2014 (both days inclusive).

vi) Dividend Payment Date

In view of non-availability of profits during the current financial year, the Board of Directors has not recommended any dividend on the Equity Shares of the Company.

vii) Unclaimed Dividends

Under the Companies Act, 1956, dividend for the financial year ended 31st March, 2007 and thereafter, which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEP Fund) established by the Central Government. During the financial year separate letters have already been sent to the members who are yet to encash the dividend for the financial year 2006-07 indicating the unclaimed amount will be transferred to IEPF, if not claimed by the members within the due date of the transfer to the said Fund. Members are once again requested to encash their unclaimed dividend, if any.

During the year, the Company had transferred Rs.264,059 lying unclaimed in Unpaid Dividend Account in respect of Dividend for the Year 2005-06 to the said Fund on 22nd November, 2013.

Information in respect of other unclaimed dividend when due for transfer to the said Fund is given below:

Financial Year	Date of declaration of Dividend	Last date for claiming unclaimed Dividend	Due date for transfer of dividend
2006-07	29.09.2007	28.10.2014	27.11.2014
2007-08	27.09.2008	26.10.2015	25.11.2015
2009-10	25.09.2010	24.10.2017	23.11.2017
2010-11	24.09.2011	23.10.2018	22.11.2018

viii) Listing on Stock Exchange

The Company's Equity Shares are listed on the following Stock Exchanges:

- The National Stock Exchange of India Ltd. (NSE), Bandra Kurla Complex, Bandra (E), Mumbai.
- Bombay Stock Exchange Ltd. (BSE), P J Tower, Dalal Street, Fort, Mumbai.

The Company has paid listing fees to all the above stock exchanges and there is no outstanding payment as on date.

ix) Stock Code of Equity Shares

- Trade symbol at National Stock Exchange is PANACEABIO.
- Stock Code at Bombay Stock Exchange is 531349.
- ISIN No. for Dematerialization is INE922B01023.

Report on Corporate Governance

x) Market Price data:

The High and Low prices of the shares of the Company at Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Ltd. (NSE) for the year ended 31st March, 2014 are as under:

Month	Share Prices (Rs.) at BSE		Share Prices (Rs.) at NSE	
	High	Low	High	Low
April, 2013	136.40	117.25	135.00	117.50
May, 2013	125.00	92.50	124.40	92.50
June, 2013	129.50	84.85	129.90	85.00
July, 2013	121.00	96.30	121.50	95.50
August, 2013	98.50	82.30	98.70	83.00
September, 2013	148.65	86.00	148.60	87.50
October, 2013	125.00	105.00	124.75	104.80
November, 2013	117.55	98.50	117.50	99.10
December, 2013	117.40	98.10	117.45	97.40
January, 2014	108.45	88.60	106.75	88.60
February, 2014	107.90	90.50	104.20	88.90
March, 2014	99.75	89.90	99.25	89.70

ix) Registrar and Transfer Agents

Skyline Financial Services Pvt. Ltd. are acting as Registrar & Transfer Agents (RTA) for handling the shares-related matters, both in physical as well as dematerialized mode. All works relating to equity shares are being done by them. The Shareholders are, therefore, advised to send all their correspondence to the RTA. However, for the convenience of shareholders, documents relating to shares received by the Company, are forwarded to the RTA for necessary action thereon.

xi) Nomination Facility

Pursuant to Section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination are requested to send their requests in Form No. SH.13, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, available on Company's website at www.panaceabiotec.com and may write to the Registrar and Share Transfer Agent of the Company.

Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

xii) Share Certificates in respect of sub-divided shares

After the sub-division of the Company's Equity Shares of Rs.10 each into shares of Re.1 each, in the year 2003, the Company had sent letters to all shareholders holding shares of the face value of Rs.10 in physical form, requesting them to exchange their share certificates into new share certificate(s) in respect of shares of face value of Re.1 each.

All the shareholders who have not yet sent their request for exchange of share certificates are requested to forward their old share certificates in respect of shares of face value of Rs.10 each (which are no longer tradable) to the Company, along with a request letter duly signed by all the joint holders.

xii) Elimination of Duplicate Mailing

The shareholders who are holding Shares in more than one folio in identical name, or in joint holders' name in similar order, may send the Share certificate(s), along with request for consolidation of holding in one folio, to avoid mailing of multiple Annual Reports.

xiii) Share Transfer System

The Company's shares transfer authority has been delegated to the Company Secretary. The delegated authority generally attends the share transfer formalities on weekly basis and as and when required to expedite all matters relating to transfer, transmission, transposition and dematerialization of shares and redressal of Investors' grievance, etc., if any. The shares received by the Company/ RTA for registration of transfers are processed by RTA (generally within a week of receipt) and transferred expeditiously and the Share Certificate(s) are returned to the shareholder(s) by registered post. As per the requirement of clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

xiv) Reconciliation of Share Capital Audit

A Practicing Company Secretary carries out reconciliation audit of share capital in each quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) and total issued and listed capital. The audit reports confirm that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized Shares held with NSDL and CDSL. The reconciliation of share capital audit reports for each quarter of the Financial Year ended March 31, 2014 have been filed with Stock Exchanges within one month of the end of each quarter.

xv) Dematerialization of Shares and its liquidity

The Company has been among the few top-most companies in India in which maximum number of shares have been dematerialized. As on 31st March, 2014, 99.17% of the Company's total Equity Share Capital representing 60,740,955 Equity Shares was held in dematerialized form and only 509,791 Equity Shares were in paper/physical form.

The shareholders holding shares in physical form are requested to get their shares dematerialized at the earliest, as the Company's shares are required to be compulsorily traded at Stock Exchanges in dematerialized form only.

The Shares of the Company are regularly traded at the National Stock Exchange and the Bombay Stock Exchange.

xvi) Share Dematerialisation System

The requests for dematerialization of shares are processed by RTA expeditiously and the confirmation in respect of dematerialization of shares is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialization of Shares generally on a weekly basis. In case of rejections, the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.

xviii) Distribution of Shareholding as on 31st March, 2014:

No. of Shares	No. of Shareholders	No. of Shares
0-2500	9,914	2,385,967
2501-5000	138	493,784
5001-10000	61	444,422
10001-100000	47	1,072,909
100001 and above	26	56,853,664
Total	10,186	61,250,746

xix) Pattern of Shareholding as on 31st March, 2014:

S. No.	Category	No. of Shares	Percentage
1.	Promoters and Promoter Group	45,823,554	74.81
2.	Institutional Investors (FIIs, Banks & Mutual Funds)	1,035,886	1.69
3.	NRIs / OCB / Foreign Corporate Bodies	1,107,154	1.81
4.	Domestic Companies	9,651,220	15.76
5.	Indian Public/ Others	3,632,932	5.93
	Total	61,250,746	100.00

xx) Plant Locations

1. Bulk Vaccines facilities at Samalheri, Ambala-Chandigarh Highway, Lalru-140501, Dist. Mohali, Punjab, India
2. Vaccines Formulations facility at Village Malpur, Baddi, Dist. Solan, H.P. -173 205, India
3. Vaccine Formulations facility at A-239-242, Okhla Indl. Area, Phase I, New Delhi – 110020, India
4. Pharmaceuticals Formulations facility at Village Malpur, Baddi, Dist. Solan, H.P. -173 205, India
5. Pharmaceuticals Formulations facility at B-1/E-12, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi - 110 044, India.

Report on Corporate Governance

xx) Address for correspondence

For transfer/ dematerialisation of shares, payment of dividend and any other query relating to shares	Skyline Financial Services Pvt. Ltd. D-153 A, 1st Floor, Okhla Indl. Area, Phase-I, New Delhi – 110 020, India.	
	Phone	: +91-11-26812682-83, 64732681-88
	Fax	: +91-11- 26812682
	E-mail	: admin@skylinerta.com, virenr@skylinerta.com
For investors assistance	The Company Secretary, Panacea Biotec Limited B-1 Extn./G-3, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi - 110 044, India.	
	Phone	: +91-11-41679000 Extn. 2081, 41578024 (D)
	Fax	: +91-11-41679075, 41679070
	E-mail	: companysec@panaceabiotec.com investorgrievances@panaceabiotec.com
	Contact Person	: Mr. Sanjay Kumar Babu, Sr. Manager Secretarial
For query relating to financial matters		: Mr. Devender Gupta - Dy. General Manager Strategic Management (Finance)
	Phone	: +91-11-41679000, +91-11-41578011 (D)
	Fax	: +91-11-41679066, 41679070
	E-mail	: devendergupta@panaceabiotec.com

For and on behalf of the Board

Dated : 1st August, 2014
Place : New Delhi

Soshil Kumar Jain
Chairman

Annexure - I

Declaration under Clause 49-I (D) of the Listing Agreement

To

The Members of Panacea Biotec Ltd.

I hereby declare that all the Board Members and the Senior Management Personnel of the Company have affirmed the compliance with the provisions of the Code of Conduct for the period ended 31st March, 2014.

For Panacea Biotec Ltd.

Dated : 1st August , 2014
Place : New Delhi

Dr. Rajesh Jain
Joint Managing Director

Annexure - II

Certificate from Joint Managing Director & Chief Financial Officer

To
The Board of Directors,
Panacea Biotec Limited

We do hereby confirm and certify that:

a) We have reviewed financial statements and the cash flow statement for the year and that, to the best of our knowledge and belief:
   i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit committee:
   i) significant changes in internal control over financial reporting during the year;
   ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii) instances of significant fraud of which we become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Panacea Biotec Ltd.

Dated : 30th May, 2014	Naresh Chand Gupta	Partha Sarathi De	Dr. Rajesh Jain
Place : New Delhi	GM - Accounts & Taxation	Chief Financial Officer & Head - Information Technology & BPR	Joint Managing Director

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AUDITORS' CERTIFICATE

To
The Members of Panacea Biotec Limited

We have examined the compliance of conditions of Corporate Governance by Panacea Biotec Limited, for the year ended on 31st March 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination 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 audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For R & D Company Secretaries
Debabrata Deb Nath

Dated : 1st August, 2014
Place : New Delhi

Partner
Membership No. ACS: 23935
C.O.P. No. - 8612

Independent Auditors' Report

To the Members of Panacea Biotec Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Panacea Biotec Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 March 31, 2014;

b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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Emphasis of Matter

We draw attention to:

a) Without qualifying our opinion, we draw attention to Note 45 to the financial statements regarding the managerial remuneration of Rs.37.5 million and Rs.37.2 million for the financial year ending March 31, 2014 and March 31, 2013, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs.13.5 million and by Rs.13.2 million on account of losses incurred during the current year and previous year respectively.

b) Without qualifying our opinion, we draw attention to Note 47 in the financial statements which indicates that the Company during the year has incurred losses of Rs.4.2 million (Previous year Rs.2,301.3 million) (including exceptional income of Rs.2,970.2 million (Previous year Rs.173.1 million)) and as of that date, the Company has net current liabilities of Rs.5,410.1 million (Previous year Rs.1,810.9 million). These conditions, along with other matters as set forth in Note 47 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a) 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;

   b) 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;

   c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;

   e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

per Rajiv Goyal
Partner
Membership No.: 94549

Dated: May 30, 2014
Place : New Delhi

Annexure To the Auditors' Report

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Panacea Biotec Limited (the Company)

i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) All fixed assets have not been physically verified by the management during the year but there is a 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) There was no disposal of a substantial part of fixed assets during the year.

ii. a) The management has conducted physical verification of inventory at reasonable intervals during the year.

b) The procedures of physical verification of inventory 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 and no material discrepancies were noticed on physical verification.

iii. a) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

e) The Company has taken loans from 10 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.864.6 million and the year-end balance of loans taken from such parties was Rs.760.8 million.

f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

g) In respect of loans taken, repayment of the principal amount is as stipulated, *however payment of interest has been delayed in certain cases which are as follows:*

I. Cases where interests have been paid with delays during the year

Loan	*Amount of Interest (Rs. in million)*	*Period for which interest was due*	*Period in which interest was paid*
Loans from directors	*10.9*	*June 2013 - September 2013*	*July 2013 - December 2013*
Fixed Deposits from directors' relative	*4.1*	*June 2013 - September 2013*	*July 2013 - December 2013*
Loans from Trinidhi Finance Pvt. Ltd.	*0.1*	*June 2013 - September 2013*	*December 2013*
Loans from Radhika Heights Ltd.	*9.3*	*June 2013 - September 2013*	*July 2013 – March 2014*

II. Cases where interests remains in arrears as on March 31, 2014

Loan	*Amount of Interest (Rs. in million)*	*Period for which interest was due*	*Subsequent status*
Loan from Directors	*10.4*	*December 2013 – March 2014*	*Paid subsequently during April, 2014*
Fixed Deposit from Directors' Relatives	*4.3*	*December 2013 – March 2014*	*Paid subsequently during April, 2014*
Loan from Radhika Heights Ltd.	*11.6*	*September 2013 – March 2014*	*Rs.4.5 million paid subsequently during May' 2014*
Loan from Trinidhi Finance Pvt. Ltd.	*0.1*	*September 2013 – March 2014*	*Not yet paid*

iv. In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the fixed assets & raw materials purchased are unique and specialized nature and alternate sources do not exist for obtaining comparative quotations thereof, there is an adequate internal control system 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 and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

v. a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi. In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that

Annexure To the Auditors' Report

no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of pharmaceuticals goods, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

ix. a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases of TDS, service tax and wealth tax. In respect of custom duty, dues have not been deposited with the appropriate authorities. Refer para (ix) (b) below for the details.*

b) According to the information and explanations given to us, *undisputed amounts payable in respect of* provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, *customs duty,* excise duty, cess and other material statutory dues *were outstanding, at the year end, for a period of more than six months from the date they became payable are as follows:*

Name of the statute	*Nature of dues*	*Amount (Rs. in million)*	*Period to which the amount relates*	*Due date*	*Date of Payment*
Customs Act, 1962	*Custom Duty including interest (relating to expired advance licenses)*	*20.7*	*Financial Year 2013-14*	*July 25, 2013 and October 10, 2013*	*Not yet paid*

c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand raised by Assessing Officer	0.9	Assessment Year 2007-08 & 2008-09	Appeal pending with AO
Income Tax Act, 1961	Demand raised by Assessing Officer	3.9	Assessment Year 2009-10	Appeal pending with CIT(Appeals)
The Finance Act, 1994	Service Tax Demand raised by Assessing Officer	9.9	Financial Year 2003-04 to 2011-12	Pending with CESTAT and Assessing officer
The Finance Act, 1994	Service Tax Demand raised by Assessing Officer	62.7	Financial Year 2009-10 & 2010-11	Pending with Commissioner, Service Tax

x. *The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. The Company has incurred cash losses in the current and immediately preceding financial year.*

xi) Based on our audit procedures and as per the information and explanations given by the management, *the Company has defaulted in repayment of loan installments, interests on borrowings and has also overdrawn cash credit facilities availed from various banks during the year. The details of amount and period of defaults are as follows:*

I. Cases where repayments of loan installments have been delayed or defaulted during the year

Loan	*Installment amount (Rs. in million)*	*Due date of Installment*	*Status*
Indian Overseas Bank - Term loan	*125.0*	*March 31, 2014*	*Not yet paid*

II. Cases where interests on long term and short term borrowings have been paid with delays during the year

Loan	*Amount of Interest (Rs. in million)*	*Period for which interest was due*	*Period in which interest was paid*
State Bank of India - Term Loan I	*63.4*	*June'2013 - August'2013*	*July'2013 - November'2013*
State Bank of India - Term Loan II	*30.8*	*June'2013 - August'2013*	*July'2013 - October'2013*
State Bank of India - Term Loan III	*12.4*	*June'2013 - September'2013*	*July'2013 - January'2014*
State Bank of Travancore - Term Loan	*65.8*	*June'2013 - September'2013*	*July'2013 - January'2014*
Indian Overseas Bank - Term loan	*39.7*	*June'2013 - September'2013*	*July'2013 - March'2014*
Bank Of India - Term Loan	*41.6*	*April'2013 - September'2013*	*December'2013 - March'2014*
Axis Bank - Cash Credit	*0.3*	*November'2013*	*December '2013*
State Bank of Travancore - Cash Credit	*3.5*	*November'2013 - December'2013*	*January'2014*

III. *Cases where interests on long term and short term borrowings have not been deposited during the year and remains in arrears as on March 31, 2014*

Loan	*Amount of interest (Rs. in million)*	*Period for which interest was due*	*Subsequent Status*
State Bank of India - Term Loan I	*154.7*	*September'2013 - March'2014*	*Rs. 13.0 million has been subsequently paid during April'2014 to May'2014*
State Bank of India - Term Loan II	*73.6*	*September'2013 - March'2014*	
State Bank of India - Term Loan III	*19.4*	*September'2013 - March'2014*	
State Bank of Travancore - Term Loan	*101.9*	*October'2013 - March'2014*	*Not yet paid*
Indian Overseas Bank - Term loan	*61.1*	*October'2013 - March'2014*	*Rs. 41.0 million has been subsequently paid during April' 2014*
Bank Of India - Term Loan	*39.6*	*October'2013 - March'2014*	*Not yet paid*
State Bank of Travancore - Cash Credit	*4.2*	*February'2014 - March'2014*	*Not yet paid*
State Bank of Mysore - Cash Credit	*11.7*	*November'2013 - March'2014*	*Not yet paid*
State Bank of India - Cash Credit	*51.2*	*December'2013 - March'2014*	*Not yet paid*

IV. *Cases where cash credit facilities availed from banks have been overdrawn during the year*

Name of the bank	*Sanctioned limit of Drawing Power (Rs. in million)*	*Maximum amount overdrawn (Rs. in million)*	*No. of days for which the account was overdrawn*	*Status as on March 31, 2014**
State Bank of India	*627.6 - 797.1*	*283.0*	*263*	*Overdrawn by Rs.270.5 million*
Indian Overseas Bank	*196.1 – 250.0*	*51.9*	*331*	*Overdrawn by Rs.19.6 million*
IDBI Bank	*78.5 – 100.0*	*34.3*	*130*	*Account within the sanctioned limits*
Union Bank of India	*196.1 – 250.0*	*53.4*	*335*	*Account within the sanctioned limits*
State Bank of Travancore	*117.7 – 150.0*	*48.1*	*328*	*Overdrawn by Rs.31.9 million*
Bank Of India	*258.9 – 330.0*	*71.7*	*334*	*Overdrawn by Rs.33.8 million*
State Bank of Mysore	*145.1 – 185.0*	*39.4*	*315*	*Overdrawn by Rs.0.9 million*
Canara Bank	*156.9 – 200.0*	*42.7*	*283*	*Account within the sanctioned limits*

* Status as on March 31, 2014 has been arrived on the basis of the drawing power for the month of November, 2013.

The Company did not have any outstanding dues in respect of a financial institution or debentures during the year.

xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we report that funds amounting to Rs.3,851 million raised on short term basis in the form of short term borrowings and increase in the current liabilities have been used for long-term investment representing acquisition of fixed assets, funding of losses and investment in subsidiary companies.*

xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix) The Company did not have any outstanding debentures during the year.

xx) During the year under review, the Company has not raised any money through public issue, hence clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

per Rajiv Goyal
Partner
Membership No. 94549

Place : New Delhi
Dated: May 30, 2014

Balance Sheet As at March 31, 2014

(Rs. in million)

	Notes	As at March 31, 2014		As at March 31, 2013	
Equity and Liabilities					
Shareholders' funds					
Share capital	3	61.3		61.3	
Reserves and surplus	4	5,561.6	5,622.9	5,551.3	5,612.6
Non-current liabilities					
Long term borrowings	5	4,801.2		6,072.0	
Deferred tax liabilities (net)	6	-		-	
Long term provisions	7	20.2		25.2	
Other long term liabilities	8	17.3	4,838.7	23.6	6,120.8
Current liabilities					
Short-term borrowings	9	3,544.1		2,991.4	
Trade payables	10	2,262.6		1,539.9	
Other current liabilities	10	2,481.2		434.7	
Short-term provisions	7	115.1	8,403.0	98.8	5,064.8
Total			18,864.6		16,798.2
Assets					
Non current assets					
Fixed assets	11				
Tangible assets		10,550.9		9,169.8	
Intangible assets		308.6		418.6	
Capital work-in-progress (Refer note 30)		137.2		169.4	
Intangible assets under development		123.6	11,120.3	106.3	9,864.1
Non-current investments	12		3,942.0		2,718.5
Loans and advances	13		807.6		961.8
Other non current assets	17		1.8		-
			15,871.7		13,544.4
Current assets					
Trade receivables	14		905.8		687.5
Inventories	15		1,767.6		2,247.4
Cash and bank balances	16		96.8		125.9
Loans and advances	13		183.8		163.5
Other current assets	17		38.9		29.5
			2,992.9		3,253.8
Total			18,864.6		16,798.2
Summary of significant accounting policies	2.1				

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

Per **Rajiv Goyal**
Partner
Membership No. 94549

Place : New Delhi
Dated : May 30, 2014

For and on behalf of Board of Directors of Panacea Biotec Ltd.

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
G.M. Accounts & Taxation

Partha Sarathi De
Chief Financial Officer and
Head of IT & BPR

Vinod Goel
G.M. Legal & Company Secretary

Statement of Profit & Loss Account For the Year ended March 31, 2014

(Rs. in million)

		Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
Income				
Revenue from operations (gross)		18	5,036.9	5,970.4
Less: excise duty			(6.6)	(11.2)
Revenue from operations (net)			5,030.3	5,959.2
Other income		19	116.4	54.3
	Total (a)		5,146.7	6,013.5
Expenses				
Purchases of traded goods		21	223.9	232.6
Cost of raw and packing material consumed		20	1,965.8	2,363.7
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods		21	(108.9)	2.9
Employee benefits expense		22	1,427.3	1,372.3
Other expenses (including prior period expenses of Rs.19.4 million (Previous year Rs.2.1 million))		23	2,444.5	2,828.6
Finance costs		24	1,480.5	1,057.4
Depreciation and amortisation expense		25	688.0	835.4
	Total (b)		8,121.1	8,692.9
(Loss) before exceptional items and tax	(a-b)		(2,974.4)	(2,679.4)
Exceptional items		26	2,970.2	173.1
	Total (c)		2,970.2	173.1
(Loss) before tax	(a-b)+(c)		(4.2)	(2,506.3)
Tax expenses				
Current tax			-	-
Deferred income tax (credit)/charge			-	(205.0)
Total tax expenses			-	(205.0)
(Loss) for the year			(4.2)	(2,301.3)
Earnings per share [nominal value per share Re.1]				
Basic earnings per share (in Rs.)		27	(0.07)	(37.57)
Diluted earnings per share (in Rs.)		27	(0.07)	(37.57)
Summary of significant accounting policies		2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

Per **Rajiv Goyal**
Partner
Membership No. 94549

Place : New Delhi
Dated : May 30, 2014

For and on behalf of Board of Directors of Panacea Biotec Ltd.

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
G.M. Accounts & Taxation

Partha Sarathi De
Chief Financial Officer and
Head of IT & BPR

Vinod Goel
G.M. Legal & Company Secretary

Notes to Financial Statements For the Year ended March 31, 2014

1. Corporate information

Panacea Biotec Limited ("the Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on stock exchange in India. The Company is one of the India's leading research based health management companies engaged in the business of research, development, manufacture and marketing of branded Pharmaceutical Formulations and Vaccines. The Company has products for various segments, which include pain management, diabetes management, organ transplantation, pediatric vaccines.

2. Basis of Preparation

The financial statements have been prepared to comply in accordance with generally accepted accounting in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2004 dated April 04, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on a going concern basis under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out.

The accounting policies adopted in the preparation of financial statement are consistent with those of previous year except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a) Change in Accounting Policy

Upto the period ended September 30, 2013, the Company had been accounting for depreciation on fixed assets based on written down value method. During the current year, the Company has revised its accounting policy of providing for depreciation with effect from October 1, 2013, from written down value method to the straight-line method as the management believes that the straight line method of depreciation accounting would result in more appropriate presentation of financial information. The Company has also carried out a technical evaluation to assess the revised useful life of fixed assets. The change in the above accounting policy has resulted in a surplus of Rs.1,948.3 million relating to the depreciation already charged upto the period ended September 30, 2013. Out of the total surplus of Rs.1,948.3 million, surplus of Rs.1,770.9 million has been credited to the statement of profit and loss and shown as exceptional income and the balance surplus of Rs.177.4 million which are related to the revalued amount of fixed assets has been credited to the revaluation reserve.

Consequently, the net profit for the current year is higher by Rs.1,770.9 million. Pursuant to the change in accounting policy w.e.f. October 1, 2013, a depreciation expense of Rs.643.1 million has been charged to the statement of profit and loss and Rs.68.5 million has been recouped from the revaluation reserve during the current year. Had the Company followed the written down value basis of depreciation accounting for the full year ended, the depreciation expense for the current year would have been higher by Rs.84.5 million and recoupment to revaluation reserve would have been higher by Rs.29.2 million

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Fixed assets

Fixed assets, except land and buildings are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

During the year ended March 31, 2012, the Company revalued its land and buildings existing as on that date. These land and buildings are measured at fair value on the revaluation date less accumulated depreciation and impairment losses, if any, recognized after the date of the revaluation. In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit and loss, in which case the increase is recognized in the statement of profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognised.

d) Depreciation on tangible fixed assets

i) Depreciation on fixed assets is calculated on Straight line method using the rates based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. However, during the year depreciation on fixed assets for the six months period September 30, 2013 was calculated on written down value method (as explained in 2.1 (a) above) using the rates based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever were higher. The Company has used following rates:

Tangibles Assets	WDV	SLM %
Building – Factory	10.00	3.17
Building – Non Factory	5.00	1.58
Plant and machinery	13.91	6.33 & 4.75
Furniture and fittings	18.10	9.5
Vehicles	25.89	11.88
Office equipment	13.91	19.00
Computer equipment	40.00	31.67 & 15.83

ii) Leasehold land is amortized over the period of lease.

iii) Leasehold improvements are amortized over the initial period of lease or useful life, whichever is shorter.

e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognised.

Research and development costs - Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Company's intention to complete the asset and use or sell it;
- the Company's ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related asset. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortization policies applied to the Company's intangible assets is as below:

Patents, Trademarks & Designs	- Amortized over a period of 7 years
Product Development	- Amortized over a period of 5 years
Technical Know-how	- Amortized over a period of 5 years
Software	- Amortized over a period of 5 years
Websites	- Amortized over a period of 2 years

f) Leases

Where the Company is the Lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the Lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

g) Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash

Notes to Financial Statements For the Year ended March 31, 2014

inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

h) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from short term foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

i) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that

i) the Company will comply with the conditions attached to them, and
ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' fund.

j) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution, in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

k) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of finished goods and WIP is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on weighted basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sales of products - Revenue from domestic sale of goods is recognized on dispatch which coincides with transfer of significant risks and rewards to customer. Revenue from export sales is recognized when the significant risks and rewards of ownership of products are transferred to the customer, which is based upon the terms of the applicable contract. Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services- Revenue from contract manufacturing is recognized as and when services are rendered.

Export benefits - Export benefits income is recognized in statement of profit and loss, when right to receive the benefits amount is established as per terms of relevant scheme.

Royalty income - Royalty income is recognized on an accrual basis based on actual sale of product by the licensee and in accordance with the term of the relevant agreement.

Research and license fees income - Research and license fees income is recognized on an accrual basis based on actual completion of activities and in accordance with the terms of the relevant agreement.

Interest income - Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income - Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

m) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of 1 and 2 above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

n) Retirement and other employee benefits

i. Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii. The Company operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under the plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out by using the projected unit credit method. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

iii. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

iv. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

o) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Notes to Financial Statements For the Year ended March 31, 2014

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

q) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

r) Segment reporting policies

(i) Identification of segments:

Primary segment

Business segment: The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are Vaccines, Formulations and Research & development activities.

Secondary segment

Geographical segment: The analysis of geographical segment is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Revenue from domestic market includes sales to customers located within India.
- Revenue from overseas market includes sales to customers located outside India.

ii) Allocation of common costs: Common allocable costs are allocated to each segment on a rational basis based on nature of each such common cost.

iii) Unallocated items: Unallocated items include general corporate income and expense items which are not allocated to any business segment.

iv) Segmental accounting policies: The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

s) Cash & cash equivalent

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

t) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Direct expenditure incurred during construction period is capitalized as part of the direct construction cost to the extent to which the expenditure is directly related to construction.

u) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(Rs. in million)

		As at March 31, 2014		As at March 31, 2013
3. Share Capital				
Authorised shares				
i. 125,000,000 (Previous year 125,000,000) equity shares of Re.1 each		125.0		125.0
ii. 110,000,000 (Previous year 110,000,000) preference shares of Rs.10 each		1,100.0		1,100.0
		1,225.0		1,225.0
Issued, subscribed and fully paid up shares				
61,250,746 (Previous year 61,250,746) equity shares of Re. 1 each		61.3		61.3
		61.3		61.3
a) Terms/right attached to equity shares: The Company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has not declared any dividend for current year and previous year. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting financial year:	No.	Amount	No.	Amount
At the beginning of the year	61,250,746	61.3	61,250,746	61.3
Movement during the year	-	-	-	-
Outstanding at the end of the year	61,250,746	61.3	61,250,746	61.3
c) Aggregate number of equity shares bought back during the period of five years immediately preceding the reporting date:		No. of shares		No. of shares
Equity shares bought back by the Company during the financial year 2010-11		5,592,000		5,592,000
d) Detail of shareholders holding more than 5% shares in the Company:	No. of shares	% age of holding	No. of shares	% age of holding
Name of Persons				
Mr. Soshil Kumar Jain	5,000,000	8.16%	5,000,000	8.16%
Mr. Ravinder Jain	5,712,300	9.33%	5,712,300	9.33%
Dr. Rajesh jain	6,213,500	10.14%	6,213,500	10.14%
Mr. Sandeep Jain	4,792,100	7.82%	4,792,100	7.82%
Ravinder Jain (HUF)	4,135,000	6.75%	4,135,000	6.75%
Rajesh Jain (HUF)	4,368,500	7.13%	4,368,500	7.13%
Sandeep Jain (HUF)	4,105,000	6.70%	4,105,000	6.70%
Serum Institute of India Ltd.	8,932,632	14.58%	8,911,632	14.55%
4. Reserves and Surplus				
Capital redemption reserve				
Balance as per the last financial statements		1,022.3		1,022.3
Capital reserve				
Balance as per the last financial statements	6.1		3.1	
Add: Capital subsidy received during the year (refer note 53)	-	6.1	3.0	6.1
Securities premium reserve				
Balance as per the last financial statements		897.0		897.0
General reserve				
Balance as per the last financial statements		364.9		364.9
Revaluation reserve				
Balance as per the last financial statements	3,723.1		3,830.2	
Add: surplus on account of change in depreciation method (refer note 2.1(a))	177.4		-	
(Less): amount transferred to the statement of profit and loss	(68.5)		(107.1)	
as reduction from depreciation (refer note 2.1(a))		3,832.0		3,723.1
Foreign currency monetary item translation difference account (refer note 50)				
Balance as per the last financial statements	(102.4)		20.3	
Add: Exchange differences accumulated during the year	(139.8)		(123.8)	
Less: Exchange differences amortised during the year	45.4	(196.8)	1.1	(102.4)
(Deficit)/ Surplus in the statement of profit and loss				
Balance as per the last financial statements	(359.7)		1,941.6	
(Loss) for the year	(4.2)	(363.9)	(2,301.3)	(359.7)
		5,561.6		5,551.3

Notes to Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	Non-current portion as at		Current maturities as at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
5. Long Term Borrowings				
Term loans				
Foreign currency term loans from banks (secured)				
Bank of India (refer note a)	1,497.3	1,357.8	-	-
Indian rupee term loan from banks (secured)				
State Bank of India [loan - I] (refer note b)	1,200.0	1,600.0	400.0	-
State Bank of India [loan - II] (refer note b)	650.0	812.5	162.5	-
State Bank of India [loan - III] (refer note b)	173.2	235.2	62.0	-
State Bank of Travancore (refer note c)	822.5	1,096.6	274.2	-
Indian Overseas Bank (refer note d)	375.0	875.0	625.0	125.0
Indian rupee term loans from Government of India				
Through Department of Biotechnology (secured) (refer note f)	58.0	72.0	30.0	20.0
Through Technology Development Board (secured) (refer note h)	11.2	6.9	1.3	5.6
Through Department of Science & Technology (unsecured) (refer note j)	14.0	16.0	4.0	2.0
	4,801.2	6,072.0	1,559.0	152.6
The above amount includes				
Secured borrowings	4,787.2	6,056.0	1,555.0	150.6
Unsecured borrowings	14.0	16.0	4.0	2.0
Amount disclosed under the head "Note 10. Other current liabilities"	-	-	(1,559.0)	(152.6)
Net amount	4,801.2	6,072.0	-	-

Notes :

a) Foreign currency term loan from Bank of India carries interest @ 6 months LIBOR plus 4.75% p.a. The loan is repayable in three equal yearly installments commencing at the end of sixth year from the date of first draw down [i.e. in financial year 2017-18] .

b) Indian rupee term loans (I, II and III) from State Bank of India carry interest @ base rate plus 5.9%, 5.2% and 5.5% p.a. respectively and are repayable in twelve quarterly installments commencing from June'14.

c) Indian rupee term loan from State Bank of Travancore carry interest @ base rate plus 7.5% p.a. and is repayable in twelve quarterly installments commencing from June'14.

d) Indian rupee term loan from Indian Overseas Bank carries interest @ 4.25% p.a. above base rate. This loan is repayable in eight equal quarterly installments commencing from March'14.

e) Above Foreign currency term loan and Indian rupee term loans taken from banks are secured by way of first pari-passu charge by hypothecation of the Company's entire movable and immovable fixed assets, both present and future including mortgage of immovable properties of the Company being land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswas situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh and land admeasuring 9435.66 sq yards situated at Indl. Plot No.E-4, PH-2, Indl. Area, S.A.S Nagar, (Mohali), Punjab . These loans, except loan from State Bank of Travancore are also collaterally secured by second pari-passu charge on the entire current assets of the company and personal guarantees of the promoter-directors of the Company, viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.

f) Indian rupee term loans from Government of India through Department of Biotechnology are project specific loans which carry interest @ 2.00% p.a. These loans are repayable in ten equal half-yearly installments. The repayment of these loans would commence from one year after the completion of the respective projects.

g) Secured term loans from Government of India through Department of Biotechnology are secured by way of hypothecation of the Company's all equipment, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property present and future by way of first charge on pari-passu basis.

h) Indian rupee term loans from Government of India through Technology Development Board is a project specific loan which carry interest @ 5.00% p.a. The loan is repayable in nine equal half-yearly installments commencing from January'15.

i) Secured term loan from Government of India through Technology Development Board is secured by way of first pari-passu charge on the whole of the moveable properties of the borrower including its movable plant & machinery, machinery spares, tools & accessories & other moveables both present & future except book debts and mortgage of immovable properties of the Company being land admeasuring 1011.11 sq. yards, situated at Plot no. 37, Sector 21-A, Urban Estate Faridabad, Haryana. The loan is also collaterally secured by personal guarantees of the promoter-directors of the Company, viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.

j) Indian rupee term loan from Government of India, through Department of Science & Technology is a project specific loan which carries interest @ 3.00% p.a. The loan is repayable in ten equal annual installments which would commence from September'2012.

k) For details of application filed for Comprehensive Debt Restructuring, refer note 48 and for details of amount and period of defaults in repayment of loan installments and interests for each loan, refer note 49.

(Rs. in million)

	As at March 31, 2014	As at March 31, 2013
6. Deferred tax liabilities (Net)		
Deferred tax liabilities		
Differences in depreciation and amortization in block of fixed assets as per Income Tax Act and books of accounts	935.1	618.8
Capital expenditure on research and development	0.6	23.2
Effect of finance lease accounting	3.1	1.7
Gross deferred tax liabilities	938.8	643.7
Deferred tax assets		
Effect of expenditure debited to statement of profit and loss but allowed for tax purposes on payment basis	132.1	63.9
Effect of unabsorbed business loss and depreciation*	806.7	579.8
Gross deferred tax assets	938.8	643.7
Net deferred tax liabilities	-	-

* The deferred tax assets on unabsorbed business loss and depreciation have been recognized only to the extent of deferred tax liabilities on account of lack of virtual certainty as required by the Accounting Standard-22 "Accounting for Taxes on Income".

(Rs. in million)

	Long term as at		Short term as at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
7. Provisions				
Provision for employees benefits				
Provision for gratuity (refer note 44)	20.2	25.2	-	2.2
Provision for leave encashment	-	-	96.1	81.6
Other provisions				
Provision for wealth tax	-	-	9.0	5.0
Provision for litigations*	-	-	10.0	10.0
	20.2	25.2	115.1	98.8
Movement in provision for litigations				
Opening balance			10.0	10.0
Addition during the year			-	-
Deletion during the year			-	-
Closing balance			10.0	10.0

* Maharashtra State Electricity Distribution Company Limited [MSEDCL] served a demand notice to the company on account of wrong tariff rates applied for the power consumption at its research and development center located at Navi Mumbai. Company contested the matter in Consumer Grievance Redrassal Forum [CGRF] of MSEDCLwhich had already given decision in favour of the Company. However, MSEDCL challenged the decision and file the case with Mumbai High Court. During the current year, High court has passed a favourable order for the company. However, the MSEDCL has further challenged the decision of High Court and moved the matter to Honorable Supreme Court. Provision of Rs.10.0 million has been accounted for in the books of accounts pertaining to this notice on a conservative basis.

(Rs. in million)

	As at March 31, 2014	As at March 31, 2013
8. Other long term liabilities		
Income received in advance	17.3	23.6
	17.3	23.6
9. Short term borrowings		
Cash credits from banks (secured) (refer note a)	2,504.0	1,878.0
Buyers' credit from banks (secured) (refer note b)	208.2	311.4
Working capital loan from bank (secured) (refer note c)	64.1	100.0
Deposits from public (unsecured) (refer note d)	7.0	339.6
Deposits from related parties (unsecured) (refer note e) (refer note 33)	133.2	
Loan from related parties (unsecured) (refer note e) (refer note 33)	627.6	362.4
	3,544.1	2,991.4
The above amount includes		
Secured borrowings	2,776.3	2,289.4
Unsecured borrowings	767.8	702.0
	3,544.1	2,991.4

a) Cash credit from bank carries interest @ 12.5% to 17.75% p.a.
b) Buyers' credit from bank carries interest @ 1.1% to 3.5% p.a.

Notes to Financial Statements For the Year ended March 31, 2014

c) Working capital loan from bank carries interest @13.25 to 13.75% p.a.
d) Deposits from public carries interest @ 8% to 9% p.a.
e) Loans & deposits from related parties carries interest @ 8% to 9.5% p.a.
f) Cash credits, Buyers' credits & Working capital loan from banks are secured by way of first pari-passu charge by hypothecation of all current assets and also by way of second pari-passu charge on all the movable fixed assets (including machinery and spares) and immovable properties of the Company, both present and future including land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswas situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh and land admeasuring 9435.66 sq yards situated at Indl. Plot No. E-4, PH-2, Indl. Area, S.A.S. Nagar, (Mohali), Punjab. These are also collaterally secured by personal guarantees of the promoter- directors of the Company, viz Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.
g) For details of application filed for Comprehensive Debt Restructuring, refer note 48 and for details of amount and period of defaults in repayment of loan installments and interests for each loan, refer note 49.

(Rs. in million)

	As at March 31, 2014	As at March 31, 2013
10. Other current liabilities		
Trade payables (Refer note 31 for details of dues to micro & small enterprises)	2,262.6	1,539.9
Other liabilities		
Current maturities of long term borrowings (Note 5)	1,559.0	152.6
Interest accrued but not due on borrowings	21.0	12.3
Interest accrued and due on borrowings	551.8	62.2
Advances from customers	240.6	102.7
Income received in advance	10.2	8.5
Sundry deposits	49.6	28.5
Investor education and protection fund will be credited by following amount (as & when due)		
Unpaid dividend on equity shares	0.6	1.0
Others :		
Statutory dues	48.4	66.9
	2,481.2	434.7

11. Fixed Assets

Tangible Assets

(Rs. in million)

Description	Land - freehold	Land - leasehold	Buildings	Leasehold improvement	Plant and equipment	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
Cost or Valuation										
At 1 April 2012	2,517.8	210.3	3,730.2	83.6	6,161.2	351.4	164.1	222.7	183.9	13,625.2
Additions	-	-	22.4	-	124.0	2.4	0.0	2.3	8.6	159.7
Sale/Adjustment	-	-	1.3	-	1.1	1.0	7.2	0.1	2.8	13.5
- Exchange Differences*	-	-	53.2	0.1	252.8	4.3	-	1.2	1.2	312.8
At 31 March 2013	2,517.8	210.3	3,804.5	83.7	6,536.9	357.1	156.9	226.1	190.9	14,084.2
Additions	-	-	9.6	-	68.7	-	-	0.3	0.4	79.0
Disposals	-	-	-	-	-	0.1	13.3	0.5	1.0	14.9
Other Adjustments										
- Exchange Differences*	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	2,517.8	210.3	3,814.1	83.7	6,605.6	357.0	143.6	225.9	190.3	14,148.3
Depreciation										
At 1 April 2012	-	5.1	754.1	82.1	2,641.3	218.7	100.9	121.9	157.7	4,081.8
Charge for the year	-	2.7	218.4	0.7	474.9	24.0	15.9	13.3	13.5	763.4
Deduction & Adjustment during the year	-	-	0.1	-	0.7	0.7	4.7	0.1	2.7	9.0
Other Adjustments										
- Exchange Differences	-	-	10.8	0.0	64.2	1.4	-	1.2	0.6	78.2
At 31 March 2013	-	7.8	983.2	82.8	3,179.7	243.4	112.1	136.3	169.1	4,914.4
Charge for the year	-	2.7	143.0	0.4	386.3	21.9	13.5	8.8	9.6	586.2
Deduction & Adjustment during the year	-	-	-	-	-	0.1	10.5	0.3	0.9	11.8
Other Adjustments										
- Surplus on account of change in method of depreciation (Refer note 2.1(a))	-	-	(676.4)	-	(1,277.4)	(26.2)	(20.4)	55.3	(3.2)	(1,948.3)
- Exchange Differences	-	-	6.9	0.0	46.9	1.1	-	1.5	0.5	56.9
At 31 March 2014	-	10.5	456.7	83.2	2,335.5	240.1	94.7	201.6	175.1	3,597.4
Net Block										
At 31 March 2013	2,517.8	202.5	2,821.3	0.9	3,357.2	113.7	44.8	89.8	21.8	9,169.8
At 31 March 2014	2,517.8	199.8	3,357.4	0.5	4,270.1	116.9	48.9	24.3	15.2	10,550.9
Capital work-in-progress										
At 31 March 2013										169.4
At 31 March 2014										137.2

Intangible Assets (Rs. in million)

Description	Patent, Trademark & Copyrights	Softwares	Websites	Product Development	Total
Cost or Valuation					
At 1 April 2012	67.5	192.5	9.2	464.7	733.9
Additions	-	26.8	-	23.0	49.8
Sale/ Adjustment	-	-	-	-	-
Other Adjustments					
- Exchange Differences	-	-	-	-	-
At 31 March 2013	67.5	219.3	9.2	487.7	783.7
Additions	-	3.4	-	-	3.4
Disposals	-	-	-	-	-
At 31 March 2014	67.5	222.7	9.2	487.7	787.1
Depreciation					
At 1 April 2012	56.9	129.2	9.2	68.9	264.2
Charge for the year	2.9	14.0	-	84.0	100.9
Deduction & Adjustment during the year	-	-	-	-	-
At 31 March 2013	59.8	143.2	9.2	152.9	365.1
Charge for the year	2.6	24.6	-	86.2	113.4
Deduction & Adjustment during the year	-	-	-	-	-
At 31 March 2014	62.4	167.8	9.2	239.1	478.5
Net Block					
At 31 March 2013	7.7	76.1	-	334.8	418.6
At 31 March 2014	5.1	54.9	-	248.6	308.6
Intangible Assets under development					
At 31 March 2013					106.3
At 31 March 2014					123.6

Notes :

1. The Company revalued freehold land, leasehold land and buildings on 1 April 2011, at the fair values determined by an independent external valuer in the previous year. The valuer determined the fair value by reference to market-based evidence. This means that valuations performed by the valuer were based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The historical cost of freehold land, leasehold land and building fair valued by the Company was Rs.306.1 million, Rs.54.8 million and Rs.1,957.3 million respectively and their fair value were Rs.2,517.7 million, Rs.207.9 million and Rs.3,010.0 million respectively. Hence, the revaluation resulted in an increase in the book value of freehold land, leasehold land and building by Rs.2,211.6 million, Rs.155.5 million and Rs.1,579.4 million respectively which was credited to revaluation reserve [Refer note 4]. In accordance with the option given in the guidance note on accounting for depreciation in companies, the Company recoups depreciation on revaluation of these assets out of revaluation reserve.
2. Plant & Machinery includes Plant & Machinery amounting to Rs.2.1 million (Previous year Rs.2.5 million) (net block) lying with third parties.
3. For assets given on operating lease, refer note 36(i) (a).

* Exchange differences capitalized during the year (refer note 50).

Notes to Financial Statements For the Year ended March 31, 2014

(Rs. in million)

		As at March 31, 2014		As at March 31, 2013
12. Non Current Investments				
Trade - Unquoted (valued as cost unless states otherwise)				
Investment in subsidiaries				
a) 4,776,319 (Previous year 1,902,160) equity shares of Re.1 each, fully paid up in Radhika Heights Ltd. (formerly Best On Health Ltd.) (refer note 57(b)).	3,385.6		22.9	
b) Nil (Previous year 7,211,666) 0.5% Optionally convertible non-cumulative redeemable preference shares of Re.1 each, fully paid up in Radhika Heights Ltd. (formerly Best On Health Ltd.) (refer note 57(b))	-		2,163.5	
c) Nil (Previous year 103,142,818) equity shares of Re.1 each, fully paid up in Lakshmi & Manager Holdings Ltd.*	-		115.5	
d) Nil (Previous year 5) Equity shares of AED 100,000 each, fully paid in Panacea Biotec FZE.**	-		5.5	
e) 3,900,601 (Previous year 3,765,701) equity shares of Rs.10 each, fully paid up (Previous year Rs.10) in NewRise Healthcare Pvt. Ltd. (Formerly Umkal Medical Institute Pvt. Ltd.)	293.4		282.0	
f) 2 (Previous year 2) equity shares of € 12,500 each, fully paid up in Panacea Biotec GmbH***	1.6		1.6	
Less: provision for other than temporary diminution in the value of investment	(1.6)		-	
g) 1,000 (Previous year 1,000) equity shares of US $ 0.01 each, fully paid up in Rees Investments Limited	0.0		0.0	
h) 6,000 (Previous year 6,000) equity shares of CHF 100 each, fully paid up in Panacea Biotec (International) S.A. Switzerland.	34.4		34.4	
i) Share application money pending allotment paid to subsidiary company (NewRise Healthcare Private Limited (formerly Umkal Medical Institute Pvt. Ltd.)****	200.3	3,913.7	65.0	2,690.4
Investment in Joint Ventures				
a) 2,295,910 (Previous year 2,295,910) equity shares of Rs.10 each, fully paid up in Chiron Panacea Vaccines Pvt. Ltd.***	23.0		23.0	
b) 90,000 (Previous year 65,000) equity shares of Rs.10 each, fully paid up in Adveta Power Pvt. Ltd.	0.9		0.7	
		23.9		23.7
Investment in Associates				
a) 419,767 (Previous year 419,767) equity shares of Rs.10 each fully paid in PanEra Biotec Pvt. Ltd.	4.2		4.2	
Non Trade - Unquoted (valued at cost unless stated otherwise)				
a) 20,250 (Previous year 20,250) equity shares of Rs.10 each fully paid up in Shivalik Solid Waste Management Ltd.	0.2		0.2	
		4.4		4.4
		3,942.0		2,718.5
Aggregate amount of unquoted Investments		3,942.0		2,718.5

* Shares have been sold to related parties during the year (refer note 33) and it ceases to be a Company's subsidiary company w.e.f 25.01.2014.
** Liquidated w.e.f. 18.06.2013
*** Under liquidation process
**** The shares are pending for allotment as on 31.03.2014

Notes to Financial Statements For the Year ended March 31, 2014

(Rs. in million)

		Non-current as at		Current as at	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
13. Loans and Advances					
Capital advances (Unsecured, considered good) (refer note 54)	(a)	189.7	185.9	-	-
Security deposits (Unsecured, considered good)	(b)	29.1	24.7	-	-
Loans and advances to related parties (refer note 33)					
Unsecured, considered good					
Loans		-	158.5	-	-
Doubtful					
Loans		630.1	536.2	-	-
		630.1	694.7	-	-
Less: Provision for doubtful loans and advances (refer note 52)		(630.1)	(536.2)	-	-
	(c)	-	158.5	-	-
Advances recoverable in cash or in kind					
Unsecured, considered good		-	-	39.9	32.5
Doubtful		-	-	35.3	35.3
		-	-	75.2	67.8
Less : Provision for doubtful advances		-	-	(35.3)	(35.3)
	(d)	-	-	39.9	32.5
Other loan and advances					
Unsecured, considered good					
Balance with excise, custom etc.		-	-	81.8	86.6
Prepaid expenses		-	16.8	41.5	23.3
Staff loans and advances		-	-	20.6	21.1
Advance income tax (Net of provision of Rs.1,687.4 million (Previous year Rs.1,687.4 million)) (refer note 28 (i)(a))		236.3	223.4	-	-
MAT credit entitlement (refer Note 56)		352.5	352.5	-	-
Doubtful					
Staff loans and advances		-	-	4.2	4.2
		588.8	592.7	148.1	135.2
Less : Provision for doubtful advances		-	-	(4.2)	(4.2)
	(e)	588.8	592.7	143.9	131.0
Total (a)+(b)+(c)+(d)+(e)		807.6	961.8	183.8	163.5

14. Trade Receivables			
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, Considered good		71.0	25.7
Doubtful		232.7	81.3
		303.7	107.0
Less : Provision for doubtful receivables		(232.7)	(81.3)
	(a)	71.0	25.7
Other receivables			
Unsecured, Considered good		834.8	661.8
Doubtful		51.7	-
		886.5	661.8
Less : Provision for doubtful receivables		(51.7)	-
	(b)	834.8	661.8
Total (a)+(b)		905.8	687.5
15. Inventories (valued at lower of cost and net realizable value)			
Raw materials (including packing materials)		623.3	1,190.7
Finished goods (Including stock in transit of Rs.Nil million (Previous year Rs.1.9 million)		331.0	723.4
Traded goods		38.1	51.1
Work in progress		646.1	131.8
Stores and spares		129.1	150.4
		1,767.6	2,247.4

Notes to Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	Non-current as at March 31, 2014	Non-current as at March 31, 2013	Current as at March 31, 2014	Current as at March 31, 2013
16. Cash and Bank Balances				
Cash and cash equivalents				
Cash on hand	-	-	1.0	1.3
Balances with banks				
Current accounts	-	-	92.7	61.9
Unpaid dividend accounts*	-	-	0.6	1.0
Exchange earner foreign currency accounts	-	-	0.7	59.7
(a)	-	-	95.0	123.9
Other bank balances**				
Deposits with original maturity for more than 12 months	1.8	-	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	1.8	2.0
(b)	1.8	-	1.8	2.0
Amount disclosed under the head "Note 17. Other non-current assets"	(1.8)	-	-	-
Total (a)+(b)	-	-	96.8	125.9
* Not available for use by the company as they represent corresponding unpaid dividend liabilities.				
**Fixed deposits amounting to Rs.2.1 million (Previous year Rs.0.5 million) are pledged with banks and various Government authorities.				
17. Other Assets				
Unsecured, considered good unless stated otherwise				
Export benefits receivable	-	-	38.9	23.2
Contractually reimbursable expenses	-	-	-	5.7
Interest accrued on deposits	-	-	-	0.6
Non current bank balances (Refer note 16)	1.8	-	-	-
	1.8	-	38.9	29.5

(Rs. in million)

	For the year ended March 31, 2014		For the year ended March 31, 2013	
18. Revenue From Operations				
Sale of products				
Finished goods		4,109.5		4,611.6
Traded goods		526.1		661.5
Sale of services				
Contract manufacturing		42.4		42.3
Other operating revenue				
Export benefits		41.7		267.7
Research and license fees income		178.2		301.5
Royalty income		81.1		63.1
Lease rent		54.6		16.9
Scrap sale		3.3		5.8
		5,036.9		5,970.4
Details of product sold				
Finished goods				
Formulations		2,831.0		2,885.9
Vaccines		1,278.5		1,725.7
		4,109.5		4,611.6
Traded goods				
Formulations		526.1		661.5
		526.1		661.5

Notes to Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	For the year ended March 31, 2014		For the year ended March 31, 2013	
19. Other Income				
Interest income on				
Banks deposits		0.2		0.2
Loans given to subsidiaries		94.0		0.7
Others		1.3		1.0
Dividend income on:				
Investments in joint venture		-		34.4
Net gain on sale of non current investments		8.3		-
Excess provision for gratuity written back (refer note 44)		5.4		3.9
Miscellaneous income		7.2		14.1
		116.4		54.3
20. Cost of Raw and Packing Material Consumed				
Inventory at the beginning of the year	1,190.7		2,386.4	
Add : Purchases during the year	1,398.4		1,168.0	
	2,589.1		3,554.4	
Less : Inventory at the end of the year	623.3		1,190.7	
	1,965.8	1,965.8	2,363.7	2,363.7
Details of raw and packing materials consumed				
Formulations				
Active pharmaceutical ingredients		517.7		606.5
Excipients		71.7		103.6
Packing materials		106.3		126.4
		695.7		836.5
Vaccines				
Bulk and Antigens		1,152.8		1,343.1
Excipients		28.4		14.1
Packing materials		88.9		170.0
		1,270.1		1,527.2
		1,965.8		2,363.7
Details of inventory				
Formulations				
Active pharmaceutical ingredients		66.5		154.6
Excipients		70.7		51.3
Packing materials		50.9		54.5
		188.1		260.4
Vaccines				
Bulk and Antigens		375.9		793.5
Excipients		1.4		56.6
Packing materials		57.9		80.2
		435.2		930.3
		623.3		1,190.7

Notes to Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	As at March 31, 2014	As at March 31, 2013	(Increase)/Decrease
21. (Increase)/Decrease in Inventories			
Inventories at the end of the year			
Finished goods	331.0	723.4	392.4
Traded goods	38.1	51.1	13.0
Work in progress	646.1	131.8	(514.3)
	1,015.2	906.3	(108.9)
Inventories at the beginning of the year			
Finished goods	723.4	638.4	(85.0)
Traded goods	51.1	80.8	29.7
Work in progress	131.8	190.0	58.2
	906.3	909.2	2.9
	(108.9)	2.9	
Detail of purchase of traded goods			
Formulations	223.9	232.6	
Detail of inventory			
Finished goods			
Formulations	137.2	187.3	
Vaccines	193.8	536.1	
	331.0	723.4	
Traded goods			
Formulations	38.1	51.1	
	38.1	51.1	
Work in progress			
Formulations	54.1	40.6	
Vaccines	592.0	91.2	
	646.1	131.8	

(Rs. in million)

	For the year ended March 31, 2014		For the year ended March 31, 2013	
22. Employee Benefits Expense				
Salary, wages and bonus		1,337.5		1,275.0
Contribution to provident and other funds		36.8		37.8
Staff welfare expenses		53.0		59.5
		1,427.3		1,372.3
23. Other Expenses*				
Contract manufacturing charges (including prior period expenses of Rs. 7.4 million (Previous year Rs. Nil))		143.9		235.9
Analytical testing and trial charges		71.2		44.7
Consumption of stores and spares		176.8		215.1
Power and fuel		317.3		377.2
Repair and maintenance :				
Buildings	12.9		27.6	
Plant and Machinery	35.8		42.9	
Others	33.8	82.5	43.4	113.9
Rent		67.3		67.2
Royalty		19.2		15.0
Directors' sitting fees		0.3		0.3
Printing and stationery		13.2		27.0
Postage and communication		52.3		47.7
Insurance		41.8		41.9
Travelling and conveyance expenses		143.5		162.5
Payment to auditors**		6.5		6.4
Legal and professional charges***		153.3		218.9
Vehicle running and maintenance		31.9		33.2
Rates and taxes		50.9		32.6

Notes to Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Donation (refer note 51)	0.0	6.0
Subscription	14.6	13.9
Staff training and recruitment	10.1	18.1
Bad debts and advances written off	0.5	0.5
Loss on sale/discard of fixed assets (net)	97.6	273.8
Wealth tax	5.0	8.7
Provision for doubtful debts and advances	297.1	144.9
Provision for Investment	1.6	
Exchange difference (net)	44.8	80.5
Advertising and sales promotion	303.2	292.6
Meetings and conferences	38.9	74.3
Freight and forwarding	78.1	96.7
Commission on sales (other than sole selling agents) (including prior period expenses of Rs.3.8 million (Previous year Rs.2.1 million))	79.0	80.4
Miscellaneous expenses (including prior period expenses of Rs.8.2 million (Previous year Rs.Nil))	102.1	98.7
	2,444.5	2,828.6
*For pre-operative expenses refer note 30		
**Payment to auditors		
As auditor		
- Audit fee	3.6	3.6
- Limited reviews fee	2.0	2.0
In other capacity		
- Management services	0.1	0.1
- Certification services	0.3	0.3
Reimbursement of expenses	0.5	0.4
Total	6.5	6.4
*** includes following :		
Tax audit fee	0.2	0.2
Cost audit fee	0.1	0.1
24. Finance Costs		
Interest expenses	1,423.8	955.7
Bank charges	34.1	43.1
Exchange differences to the extent considered as an adjustment to borrowing cost	22.6	58.6
	1,480.5	1,057.4
25. Depreciation and amortisation expense		
Depreciation of tangible assets	643.1	841.6
Amortisation of intangible assets	113.4	100.9
	756.5	942.5
Less : recoupment from revaluation reserve (refer note 2.1(a))	(68.5)	(107.1)
	688.0	835.4
26. Exceptional items		
Exchange differences (refer note 57(a))	-	173.1
Gain on conversion of preference shares (refer note 57(b))	1,199.3	-
Surplus on account of change in depreciation method (refer note 2.1(a))	1,770.9	-
	2,970.2	173.1
27. Earning Per Share		
(Loss) for the year	(4.2)	(2,301.3)
Weighted average number of equity shares in calculating basic and diluted earning per share	61,250,746	61,250,746
Basic earnings per share (in Rs.)	(0.07)	(37.57)
Diluted earnings per share (in Rs.)	(0.07)	(37.57)
Nominal value per share (in Rs.)	1.00	1.00

Notes to Financial Statements For the Year ended March 31, 2014

28 i) Contingent Liabilities (to the extent not provided for)

(Rs. in million)

Particulars	As at March 31 , 2014	As at March 31 , 2013
Disputed demands/ show-cause notices under:-		
a) Income tax cases (refer note (a) below)	167.0	167.0
b) Customs duty cases (refer note (b) below)	4.0	4.0
c) Central excise duty cases (refer note (c) below)	6.6	6.6
d) Service tax (refer note (d) below)	72.6	9.9
Total	250.2	187.5
Bank Guarantee	99.8	98.9
Labour cases (in view of large number of cases, it is impracticable to disclose each of them)	1.5	1.5

Notes:

a) Includes income tax demand of Rs.162.2 million in respect to AY 2005-06. Income tax department raised demand based on certain grounds related with purchases made by the Company from an overseas party. The demand of Rs.162.2 million has been set off by the tax authorities from the refund due to the Company from the department pertaining to various years. The matters related to income tax demand are still pending with tax/judicial authorities. Company believes that it has merit in these cases, hence no provision is required.

b) In respect of custom duty demand, the Assessing Officer levied custom duty on certain exempted items imported by the Company. Company has deposited the entire amount of demand under protest and the matter is pending before Hon'ble Customs, Excise and Service Tax Appellate Tribunal. Company believes that it has merit in its case, hence no provision is required.

c) In respect of central excise duty demand, the Assessing Officer levied excise duty on common inputs used in manufacture of exempted and taxable products. Company has deposited the entire amount of demand under protest and the matter is pending before the Hon'ble Customs, Excise and Service Tax Appellate Tribunal. Company believes that it has merit in its case, hence no provision is required.

d) In respect of service tax demand, the Assessing Officer levied service tax on foreign services rendered & delivered outside India by the Company & certain others services on which there was no liability to pay service tax. Company believes that it has merit in its case, hence no provision is required.

ii) During the financial year 2011-12, a search operation was conducted by Income tax department under section 132 of the Income Tax Act, 1961. During the search operation, certain explanations were demanded and some documents were seized by the tax authorities. Further, the Company provided details as and when required by the Income tax authorities and the Company has not received any demand order related to search operation. Also, in connection with the search operation, the Company received notices under section 153A which required the Company to file income tax returns for six assessments years i.e. from AY 2006-07 to 2011-12. Liability if any, cannot be quantified at this stage of the proceedings. The management believes that the transactions of the Company are fully compliant with relevant provisions of the Income Tax Act, 1961 and hence, no provision is required.

iii) The Company had manufactured and offered supply of certain vaccines which were manufactured against the confirmed order received from the Ministry of Health and Family Welfare (MOH&FW). Some quantities of vaccines were supplied during December 2011, the balance could not be supplied in view of disputes with respect to delivery dates and in the meantime the stock of such vaccines amounting to Rs.74.1 million got expired. Further, the Company had also received advance market commitment (AMC) amounting to Rs.100 million against these vaccines. The refund of the advance so received (after adjusting the amount receivable against the vaccines already supplied) has been demanded back by MOH&FW along with interest on account of non-supply of balance quantities of vaccines. In view of above disputes, the Company obtained a stay order from the Hon'ble Delhi High Court against recovery of said amount, till the disputes are finally resolved through arbitration. While the arbitral proceedings are on, the Company believes that the entire amount in respect of above supplies (after adjusting the AMC amount) including the amount of expired stock and applicable interest thereon is recoverable and no interest is payable on the said AMC amount. Based on legal opinion, no adjustment in respect of the expired stock and the interest amount has been made in the financials.

29. Capital & other commitments

a) Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided in the books are as follows:

(Rs. in million)

Particulars	As at March 31 , 2014	As at March 31 , 2013
Fixed Assets	127.8	123.6

b) Other commitments :

i) Export commitments of Rs. 2,332.2 million (Previous year Rs. 2,778.7 million) under advance licenses Schemes.

ii) The Company has received financial assistance in the form of soft loan under various projects from Government authorities. As per the terms of related agreements, Company is also required to incur expenditure in form of Company's contribution to the relevant project. Further, the Company has to repay these loans as per terms of respective agreement. The amount of commitment is not quantifiable.

iii) The Company has entered into an agreement with other shareholders of its subsidiary company, namely NewRise Healthcare Private Limited (formerly Umkal Medical Institute Private Limited) to acquire the remaining stake in the subsidiary company. The Company has already purchased part of these shares during the current year at an aggregate value of Rs.11.4 million. As per the terms of the agreement, the Company is required to pay further amount of Rs.93.6 million towards purchase of balance shares in 2014-15 and post such purchase of shares, the subsidiary company will become a wholly owned subsidiary company of the Company.

iv) For commitments relating to lease arrangements, refer note 36.

30. Details of pre-operative expenses (included in capital work in progress) relating to fixed assets are as follows:

(Rs. in million)

Particulars	Opening balance		Addition during the year ended		Capitalized during the year ended		Closing balance	
	April 1, 2013	April 1, 2012	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Store and spares consumed	0.2	-	-	0.2	-	-	0.2	0.2
Rates and taxes	0.1	0.1	-	-	-	-	0.1	0.1
Miscellaneous expenses	0.5	0.5	-	-	-	-	0.5	0.5
Total	0.8	0.6	-	0.2	-	-	0.8	0.8

31. Details of dues to micro & small enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006 ("MSMED Act")

(Rs. in million)

Particulars	**As at March 31, 2014**		As at March 31, 2013	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	35.6	Nil	26.2	Nil
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	27.7	5.2	27.3	1.7
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	Nil	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	Nil	Nil	Nil	Nil

32. Details of loans and advances to subsidiaries, associates and companies in which directors are interested (as required by clause 32 of listing agreement):

(Rs. in million)

Particulars	**As at March 31 , 2014**	As at March 31 , 2013
a) Loans to wholly owned subsidiaries		
i) Rees Investments Limited	630.1	694.7
Maximum amount due at any time during the year	630.1	727.0
Accrued interest receivable on loan*	-	-
As per terms of agreement, the loan is repayable after 3 years.		
ii) NewRise Healthcare Pvt. Ltd.	-	-
Maximum amount due at any time during the year	-	65.0
Accrued interest receivable on loan	-	0.7
b) Provision for doubtful advances on above loan and interest receivable*	630.1	536.2

* Interest accrued as on March 31, 2014 has been transferred to loan balance.

Notes to Financial Statements For the Year ended March 31, 2014

33. Related Party Disclosures

A. Names of related parties and related party relationships

i) Related parties where control exists

Subsidiaries
- Radhika Heights Ltd. ("RHL") (formerly Best On Health Ltd. (Wholly-owned subsidiary (WOS))
- Radicura Infra Ltd. (formerly Radicura & Co. Ltd. (Indirect WOS (IWOS) through RHL),
- Nirmala Buildwell Pvt. Ltd. (formerly Panacea Hospitality Services Pvt. Ltd. (IWOS through RHL)
- Cabana Construction Pvt. Ltd. (formerly Panacea Educational Institute Pvt. Ltd. (IWOS through RHL)
- Sunanda Infra Ltd. (formerly Sunanda Steel Company Ltd. (IWOS through RHL)
- Nirmala Organic Farms & Resorts Pvt. Ltd. (IWOS through RHL)
- Cabana Structures Ltd. (formerly Best On Health Foods Ltd. (IWOS through RHL)
- Rees Investments Ltd. ("Rees") (Guernsey): (WOS)
- Kelisia Holdings Ltd. ("KHL") (Cyprus) (IWOS through Rees)
- Kelisia Investment Holding AG ("KIH") (Switzerland) (IWOS through KHL) (under liquidation)
- Panacea Biotec (International) SA ("PBS") (Switzerland) (WOS)
- Panacea Biotec Germany GmbH (Germany) (Indirect WOS through PBS)
- Panacea Biotec GmbH (Germany) (WOS) (under liquidation)
- Panacea Biotec FZE, (UAE) (WOS) (liquidated on June 18, 2013)
- NewRise Healthcare Pvt. Ltd. (Formerly Umkal Medical Institute Pvt. Ltd.: (Subsidiary)
- Lakshmi & Manager Holdings Ltd. ("LMH") WOS*
- Trinidhi Finance Pvt. Ltd. ("Trinidhi") (IWOS through LMH)*
- Best General Insurance Company Ltd. ("Best General") (indirect subsidiary through LMH))*

*The shares held in LMH have been sold to related parties during the year and LMH and its subsidiaries (Trinidhi and Best General) cease to be Company's subsidiary company w.e.f. 25.1.2014.

ii) Other related parties with whom transactions has taken place during the year

a) Joint Ventures
- Chiron Panacea Vaccines Pvt. Ltd. (under liquidation) (Refer note 37(e)
- Adveta Power Pvt. Ltd.,

b) Associates
- PanEra Biotec Pvt. Ltd.

c) Key Management Personnel
- Mr. Soshil Kumar Jain - Chairman and Whole-time Director
- Mr. Ravinder Jain - Managing Director
- Dr. Rajesh Jain - Joint Managing Director
- Mr. Sandeep Jain - Joint Managing Director
- Mr. Sumit Jain - Whole-time Director

(d) Relatives of Key Management personnel having transactions with the Company:
Mr. Ashwani Jain, Son-in-law of Mr. Soshil Kumar Jain
Mr. Shagun Jain, Son-in-law of Mr. Ravinder Jain
Mrs. Radhika Jain, Daughter of Mr. Ravinder Jain
Mrs. Shilpy Jain, Wife of Mr. Sumit Jain
Mr. Ankesh Jain, Son of Dr. Rajesh Jain

(e) Enterprises over which person(s) having control or significant influence over the Company / Key management personnel(s), along with their relatives, are able to exercise significant influence:
• Neophar Alipro Ltd.
• First Lucre Partnership Co.*
• LMH, Trinidhi and Best General with effect from 25.01.2014
*This enterprise is also holding shares in the Company.

B. Detail of transactions with subsidiaries, associates and joint ventures companies: (Rs. in million)

S. No.	Particulars	Subsidiary		Associate		Joint Ventures	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
I)	Transaction made during the year						
1	Purchase of raw materials						
	PanEra Biotec Pvt. Ltd.	-	-	399.6	141.0	-	-
2	Sale						
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	-	-	-	150.0
	PanEra Biotec Pvt. Ltd.	-	-	8.9	0.5	-	-
	Panacea Biotec Germany GmbH	41.5	10.6				
3	Contract manufacturing charges paid						
	PanEra Biotec Pvt. Ltd.	-	-	37.7	218.3	-	-
4	Recovery of expenses						
	PanEra Biotec Pvt. Ltd.	-	-	78.2	23.2	-	-
	NewRise Healthcare Pvt. Ltd.	2.8	1.6	-	-	-	-
5	Reimbursement of expenses						
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	-	-	-	2.9
	Radhika Heights Ltd.	3.0	-	-	-	-	-
	Panacea Biotec Germany GmbH	31.5	27.7	-	-	-	-

(Rs. in million)

S. No.	Particulars	Subsidiary		Associate		Joint Ventures	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
6	Rent paid/ payable						
	Radhika Heights Ltd.	7.9	7.3	-	-	-	-
7	Rent received						
	PanEra Biotec Pvt. Ltd.	-	-	52.3	14.8	-	-
	New Rise Healthcare Pvt. Ltd.	0.1	0.1	-	-	-	-
	Trinidhi Finance Pvt. Ltd.*	0.2	0.2	-	-	-	-
	Radhika Heights Ltd.	0.4	0.4	-	-	-	-
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	-	-	0.2	-
8	Loan / advance given						
	Rees Investments Ltd.	-	72.6	-	-	-	-
	NewRise Healthcare Pvt. Ltd.	-	65.0	-	-	-	-
9	Receipt back of loan / advance given						
	Rees Investments Ltd.	159.3	34.3	-	-	-	-
	NewRise Healthcare Pvt. Ltd.	-	65.0	-	-	-	-
10	Loan/advance received						
	Radhika Heights Ltd.	89.0	103.4	-	-	-	-
	Trinidhi Finance Pvt. Ltd.*	-	0.1	-	-	-	-
11	Repayment of loan/advance received						
	Radhika Heights Ltd.	-	50.0	-	-	-	-
12	Interest Income						
	Rees Investments Ltd.	94.1	-	-	-	-	-
	NewRise Healthcare Pvt. Ltd.	-	0.7	-	-	-	-
13	Interest expenses on loans						
	Radhika Heights Ltd.	26.3	20.6	-	-	-	-
	Trinidhi Finance Pvt. Ltd.*	0.1	0.3	-	-	-	-
14	Dividend received						
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	-	-	0.0	34.4
	Radhika Heights Ltd.	0.0	0.0	-	-	-	-
15	Subscription of Shares						
	Radhika Heights Ltd. (issue of equity shares on conversion of preference shares)	3,362.8	-	-	-	-	-
	NewRise Healthcare Pvt. Ltd.	11.4	33.8	-	-	-	-
	Adveta Power Pvt. Ltd.	-	-	-	-	0.3	0.6
	Panacea Biotec (International) S.A. Switzerland	-	34.4	-	-	-	-
16	Conversion of preference shares						
	Radhika Heights Ltd.	2,163.5	-	-	-	-	-
17	Liquidation of Investment						
	Panacea Biotec FZE	5.5	-	-	-	-	-
18	Share application money given						
	NewRise Healthcare Pvt. Ltd.	135.3	65.0	-	-	-	-
19	Gain on conversion of Preference shares						
	Radhika Heights Ltd.	1,199.3	-	-	-	-	-
II)	Year end balances						
1	Investments [Refer note 12]						
	Radhika Heights Ltd. (preference shares)	-	2,163.5	-	-	-	-
	Radhika Heights Ltd. (equity shares)	3,385.6	22.9	-	-	-	-
	Rees Investments Ltd.	0.0	0.0	-	-	-	-
	Panacea Biotec GmbH	1.6	1.6	-	-	-	-
	NewRise Healthcare Pvt. Ltd.	293.4	282.0	-	-	-	-
	Panacea Biotec FZE	-	5.5	-	-	-	-
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	-	-	23.0	23.0
	PanEra Biotec Pvt. Ltd.	-	-	4.2	4.2	-	-
	Lakshmi & Manager Holdings Ltd.*	-	115.5	-	-	-	-
	Adveta Power Pvt. Ltd.	-	-	-	-	0.9	0.7
	Panacea Biotec (International) S.A. Switzerland	34.4	34.4	-	-	-	-
2	Outstanding loan receivable						
	Rees Investments Ltd.	630.1	694.7	-	-	-	-

Notes to Financial Statements For the Year ended March 31, 2014

(Rs. in million)

S. No.	Particulars	Subsidiary		Associate		Joint Ventures	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
3	Outstanding loan payable						
	Radhika Heights Ltd.	337.4	248.4	-	-	-	-
	Trinidhi Finance Pvt. Ltd.*	3.1	3.1	-	-	-	-
4	Interest accrued receivable						
	Rees Investment Ltd.	94.1	-	-	-	-	-
	NewRise Healthcare Pvt. Ltd.	-	0.7	-	-	-	-
5	Interest accrued payable						
	Radhika Heights Ltd.	14.5	0.1	-	-	-	-
	Trinidhi Finance Pvt. Ltd.*	0.1	0.0	-	-	-	-
6	Provision for doubtful loans						
	Rees Investment Ltd.	630.1	536.2	-	-	-	-
7	Outstanding receivable						
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	-	-	0.1	-
	Panacea Biotec Germany GmbH	67.7	35.7	-	-	-	-
8	Provision for doubtful receivable						
	Panacea Biotec Germany GmbH	63.1	25.7	-	-	-	-
9	Outstanding payable						
	PanEra Biotec Pvt. Ltd.	-	-	173.7	90.7	-	-
	Panacea Biotec Germany GmbH	31.5	2.1	-	-	-	-
	Radhika Heights Ltd.	8.7	-	-	-	-	-
10	Share application money pending allotment						
	NewRise Healthcare Pvt. Ltd.	200.3	65.0	-	-	-	-

* The shares held in LMH have been sold to related parties during the year and LMH and its subsidiaries (Trinidhi and Best General) cease to be Company's subsidiary company w.e.f. 25.01.2014.

C. Detail of transactions with Key Management Personnel, their relatives and Enterprises over which Person(s) having control or significant influence over the Company / Key management personnel(s), along with their relatives, are able to exercise significant influence:

(Rs. in million)

S. No.	Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Person(s) having control or significant influence over the Company/ Key management personnel(s) along with their relatives, are able to exercise significant influence	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
I)	Transaction made during the year						
1	Remuneration						
	Soshil Kumar Jain	8.0	8.0	-	-	-	-
	Ravinder Jain	12.5	12.1	-	-	-	-
	Rajesh Jain	7.0	7.0	-	-	-	-
	Sandeep Jain	6.5	6.4	-	-	-	-
	Sumit Jain	3.5	3.7	-	-	-	-
	Shagun Jain	-	-	3.0	3.0	-	-
	Ashwani Jain	-	-	3.0	3.0	-	-
	Shilpy Jain	-	-	0.7	0.7	-	-
	Radhika Jain	-	-	1.4	1.4	-	-
	Ankesh Jain	-	-	0.3	0.3	-	-
2	Fixed Deposit received						
	First Lucre Partnership Co.	-	-	-	-	-	65.6
	Rajesh Jain	20.0	-	-	-	-	-
	Sandeep Jain	20.0	-	-	-	-	-
	Meena Jain	-	-	70.0	-	-	-
	Nirmala Jain	-	-	33.2	-	-	
	Sunanda Jain	-	-	19.8	-	-	-
3	Fixed Deposit repaid/ adjusted						
	First Lucre Partnership Co.	-	-	-	-	337.6	122.0
	Meena Jain	-	-	10.0	-	-	-
	Sunanda Jain	-	-	19.8	-	-	-

Notes to Financial Statements For the Year ended March 31, 2014

(Rs. in million)

S. No.	Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Person(s) having control or significant influence over the Company/ Key management personnel(s) along with their relatives, are able to exercise significant influence	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
4	Interest on Deposit						
	First Lucre Partnership Co.	-	-	-	-	0.3	27.6
	Meena Jain	-	-	2.8	-	-	-
	Nirmala Jain	-	-	1.3	-	-	-
	Sunanda jain	-	-	0.4	-	-	-
5	Rent received						
	Neophar Alipro Ltd.	-	-	-	-	0.2	0.2
6	Loan received						
	Rajesh Jain	101.0	18.0	-	-	-	-
	Soshil Kumar Jain	130.0	38.5	-	-	-	-
	Ravinder Jain	80.2	36.5	-	-	-	-
	Sandeep Jain	-	18.0	-	-	-	-
7	Interest expenses						
	Rajesh Jain	10.2	1.3	-	-	-	-
	Sandeep Jain	1.8	1.3	-	-	-	-
	Soshil Kumar Jain	14.6	2.7	-	-	-	-
	Ravinder Jain	7.2	2.6	-	-	-	-
8	Loan repaid/ adjusted						
	Ravinder Jain	104.0	-	-	-	-	-
	Soshil Kumar Jain	20.0	-	-	-	-	-
	Rajesh Jain	11.0	-	-	-	-	-
9	Sale of investment-equity shares of LMH						
	Ravinder Jain	104.0	-	-	-	-	-
	Sunanda Jain	-	-	19.8	-	-	-
10	Interest reversal on fixed deposit						
	First Lucre Partnership Co.	-	-	-	-	4.4	-
II)	Year end balances						
1	Outstanding fixed deposits						
	First Lucre Partnership Co.	-	-	-	-	-	337.6
	Rajesh Jain	20.0	-	-	-	-	-
	Sandeep Jain	20.0	-	-	-	-	-
	Nirmala Jain	-	-	33.2	-	-	-
	Meena Jain	-	-	60.0	-	-	-
	Interest payable						
	Sunanda Jain	-	-	0.4	-	-	-
	Nirmala Jain	-	-	1.4	-	-	-
	Meena Jain	-	-	2.4	-	-	-
2	Loan payable						
	Soshil Kumar Jain	148.5	38.5	-	-	-	-
	Ravinder Jain	12.7	36.5	-	-	-	-
	Rajesh Jain	108.0	18.0	-	-	-	-
	Sandeep Jain	18.0	18.0	-	-	-	-
3	Interest payable						
	Rajesh Jain	4.9	0.8	-	-	-	-
	Sandeep Jain	1.8	0.8	-	-	-	-
	Soshil Kumar Jain	7.5	1.9	-	-	-	-
	Ravinder Jain	4.7	1.9	-	-	-	-

Note: In respect of personal guarantee given by Promoters-Directors, refer note 5. Long term borrowings and 9. Short term borrowings.

Notes to Financial Statements For the Year ended March 31, 2014

34. Particulars of Un-hedged Foreign Currency Exposure as at Balance Sheet date

Particulars	Currency	As at March 31, 2014 Foreign Currency	Closing Exchange Rate*	As at March 31, 2014 Rs.in million	As at March 31, 2013 Foreign Currency	Closing Exchange Rate*	As at March 31, 2013 Rs.in million
Foreign trade payable	USD	2,148,402	59.90	128.7	1,643,866	54.31	89.3
	Euro	1,659,554	82.29	136.6	628,014	69.61	43.7
	CHF	-	-	-	53,050	57.17	3.0
	GBP	9,063	99.56	0.9	38,285	82.47	3.2
	JPY/100	37,035	58.50	2.2	29,825	57.60	1.7
	SEK	16,820	9.20	0.2	16,820	8.33	0.1
	CAD	6,828	54.15	0.4	3,036	53.42	0.2
	KZT	3,963,450	0.34	1.3	1,500,000	0.36	0.5
	THB	745,867	1.84	1.4	5,547	1.85	0.0
Foreign trade receivable	Euro	5,209,273	82.28	428.6	4,578,414	69.57	318.5
	USD	7,785,047	59.89	466.2	3,323,464	54.30	180.5
Foreign currency loans	USD	26,624,566	59.90	1,594.8	28,385,413	54.31	1,541.6
	Euro	1,805,558	82.29	148.6	1,814,574	69.61	126.3
	CHF	22,097	67.53	1.5	22,097	57.17	1.3
Balance with banks	USD	28,737	59.89	1.7	191,856	54.30	10.4
	Euro	677	82.28	0.1	725,033	69.57	50.4
	KZT	273,895	0.33	0.1	24,274	0.36	0.0
	RUB	245,135	1.67	0.4	112,239	1.75	0.2
Investment in Subsidiaries	USD	10	47.62	0.0	10	47.62	0.0
	AED	-	-	-	137,000	39.96	5.5
	Euro	25,000	63.29	1.6	25,000	63.29	1.6
	USD	632,911	54.29	34.4	632,911	54.29	34.4
Loan to subsidiaries	USD	12,636,797	46.43	586.8	14,618,606	47.53	694.8
Interest receivable	USD	715,974	59.89	42.9	-	-	-
Interest accrued & due on term loan	USD	-	-	-	-	-	-
Interest accrued but not due	USD	8,781	59.90	0.5	28,823	54.31	1.6
	Euro	11,237	82.29	0.9	19,283	69.61	1.3
	CHF	270	67.53	0.0	169	57.17	0.0

* Closing exchange rate has been rounded off to two decimal places.

35. Segment Information

The primary segment reporting format is determined to be business segments as the company's risk and rates of return are affected predominantly by differences in the products and services produced and sold. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business Segments :

The Company is engaged in the business of research, development, manufacture and marketing of Vaccines and Branded Pharmaceutical Formulations. The Company has products for various segments, which include pediatric vaccines, pain management, diabetes management and organ transplantation.

Notes to Financial Statements For the Year ended March 31, 2014

A. Information about Primary Segments

(Rs. in million)

Particulars	Vaccines		Formulations		Research & Development		Total	
	For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Revenue								
Segment revenue	1,333.4	1,769.3	3,523.9	3,918.2	173.0	271.7	5,030.3	5,959.2
Other income	1.2	0.5	6.2	5.4	1.8	5.7	9.2	11.6
Total	1,334.6	1,769.8	3,530.1	3,923.6	174.8	277.4	5,039.5	5,970.8
Segment result	200.1	(944.6)	1083.4	901.1	(475.2)	(771.2)	808.3	(814.7)
Unallocated corporate expenses							676.2	850.1
Operating (loss)/profit							132.1	(1,664.8)
Less: Interest & finance charges							1,480.5	1,057.4
Add: Unallocated exceptional items gain/(loss)							1,237.0	173.1
Add: Other income							107.2	42.8
Less: Income taxes							-	(205.0)
Net (loss)/profit							(4.2)	(2,301.3)
Other Information	As at		As at		As at		As at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Segment assets	6,614.3	5,950.9	3,860.7	3,610.8	2,215.5	2,109.1	12,690.5	11,670.8
Unallocated corporate assets							6,174.1	5,127.4
Total assets	6,614.3	5,950.9	3,860.7	3,610.8	2,215.5	2,109.1	18,864.6	16,798.2
Segment liabilities	612.2	391.4	1,424.6	985.8	272.5	154.3	2,309.3	1,531.5
Unallocated corporate liabilities							10,932.4	9,654.1
Total liabilities	612.2	391.4	1,424.6	985.8	272.5	154.3	13,241.7	11,185.6
	For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Capital expenditure on:								
Tangible assets	19.8	379.2	26.8	124.2	2.9	9.1	49.5	512.5
Intangible assets	16.8	-	-	1.7	113.4	49.7	130.2	51.4
Depreciation expense*	297.2	434.9	151.5	213.9	96.5	141.6	545.2	790.4
Amortization expense	-	-	0.1	-	91.7	90.1	91.8	90.1

*Note: Excluding the impact of surplus on accounts of depreciation due to change in accounting policy.

B. Information about Secondary Segments

a) Revenue as per Geographical Markets

(Rs. in million)

Segment	Domestic		Overseas	
	For the year ended		For the year ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Vaccines	688.0	1,730.7	645.4	38.6
Formulations	2,724.8	2,640.2	799.1	1,278.0
R&D	0.1	-	172.9	271.7
Total	3,412.9	4,370.9	1,617.4	1,588.3

b) Trade receivables as per Geographical Markets

(Rs. in million)

Segment	Domestic		Overseas	
	As at		As at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Vaccines	1.2	17.9	265.8	1.1
Formulations	244.1	232.0	394.7	436.5
Total	245.3	249.9	660.5	437.6

c) All other assets are located in India therefore separate disclosure for other assets is not required.

Notes to Financial Statements For the Year ended March 31, 2014

36. Leases

i. For assets given under operating lease agreements:

a) The Company has leased out certain assets situated at Lalru, Punjab on operating lease to its Associate, PanEra Biotec Pvt. Ltd., the summary of which is as under:

(Rs. in million)

Particulars	Gross Block		Accumulated Depreciation		Depreciation charged to statement of profit and loss	
	As at		As at		For the year ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014*	March 31, 2013
Building	336.0	336.0	59.0	126.3	(67.3)	20.4
Furniture and fixture	30.2	30.1	18.1	18.5	(0.5)	2.6
Office equipment	14.6	14.6	13.0	9.1	3.8	0.9
Plant & machinery	2,011.0	2,005.7	661.5	934.7	(273.9)	167.2
Computer equipment	10.1	10.1	9.4	8.5	1.0	1.1
Total	2,401.9	2,396.5	761.0	1,097.1	(336.9)	192.2

*Includes the impact of write-back of depreciation on account of change in the depreciation accounting method from written down value method to straight line method. (Refer note 2.1(a))

The total of Minimum Future Lease Payments under non-cancelable operating lease for various periods for assets stated above is as follows:

(Rs. in million)

Particulars	As at March 31, 2014*	As at March 31, 2013*
a) Receivable within 1 year	132.3	264.6
b) Later than 1 year but not later than 5 years	-	-
c) Later than 5 years	-	-

* The Lease term for the assets given on lease vide Agreement for providing Manufacturing Facility, Utilities and Services of Employees with PanEra Biotec Pvt. Ltd. As per the said Agreement, during the period of usage, if any facility is used for manufacture of the Company's Vaccines other than those mentioned therein or the facility remains idle due to insufficiency of orders from the Company, no lease rental shall be payable by PanEra Biotec Pvt. Ltd. for that relevant period.

ii. For assets taken on Lease

a) The Company has taken various residential, office and godown premises under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. There is no sublease payments expected to be received under non-cancellable subleases at the balance sheet date and no restriction is imposed by lease arrangements.

b) Lease payments for the year are Rs.67.3 million (Previous year Rs.67.2 million).

c) Total of future minimum lease payments under non-cancelable operating leases:

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Payable within 1 year	7.7	7.0
b) Later than 1 year but not later than 5 years	0.6	8.4
c) Later than 5 years	-	-

37. a) The Company's interest in Joint Venture Companies is as follows:

S. No.	Name of the Company	Nature of relationship	Country of Incorporation	(%) Holding as on March 31, 2014	(%) Holding as on March 31, 2013
1.	Adveta Power Pvt. Ltd.	Joint venture	India	50	50
2.	Chiron Panacea Vaccines Pvt. Ltd. (under liquidation)	Joint venture	India	50	50

b) Aggregate interest of the Company in Assets, liabilities, revenue & expenses in the jointly controlled entities are as follows:

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Current assets		
Inventories	-	-
Trade receivables	-	-
Cash and cash equivalents	37.9	39.1
Short term loans and advances	7.2	9.4
Other current assets	1.3	3.2
Non-current assets		
Tangible assets	-	-
Intangible assets	-	-
Capital work-in-progress	12.2	12.2
Intangible assets under development	0.0	0.0
Deferred tax assets (net)	-	-
Loans and advances	-	-
Other Non-current assets	-	-
Current liabilities		
Short- term borrowings	-	-
Trade payables	0.0	1.8
Other current liabilities	0.3	2.4
Short- term provisions	1.3	4.4
Non-current liabilities		
Long- term borrowings	-	-

(Rs. in million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue	3.9	171.1
Cost of goods sold	-	104.1
Depreciation and amortization expense	-	1.0
Employee benefits expense	0.7	26.2
Other expenses	0.7	38.0

c) The Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided in the books of companies' with which the Company has a Joint venture, are as follows:

Name of the Company	March 31, 2014	March 31, 2013
Chiron Panacea Vaccines Pvt. Ltd.	-	-
Total	-	-

Estimated amount of contracts remaining to be executed, net of advances and not provided in the books of companies' with which the Company has a Joint venture, are as follows:

Particulars	March 31, 2014	March 31, 2013
Commitments to purchase goods	-	-
Total	-	-

d) Contingent liabilities (to the extent not provided for) - Nil (Previous year Nil).

e) The Company had entered into "Dissolution of Joint Venture Agreement" dated November 30, 2012 w.r.t. its Joint Venture Chiron Panacea Vaccines Pvt. Ltd. in the previous year, whereby the Joint Venture partners have desired and mutually agreed to an early termination of the Joint Venture Agreement. As per the dissolution agreement, the joint venture between both the partners has been terminated w.e.f. January 31, 2013. The liquidation proceedings of the Joint Venture Company have already commenced and are in progress as on March 31, 2014.

However, as per the agreement both Joint Venture partners will exercise equal control over the management till the final liquidation of Joint Venture. Therefore as per the provisions of Accounting Standard – 27, the Joint Venture Company has been considered as jointly controlled entity for the purpose of preparation of financial statements.

Notes to Financial Statements For the Year ended March 31, 2014

38. Research and development expenditures incurred by the Company during the financial year are mentioned below: (Rs. in million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue expenditures		
Material consumption	4.8	8.8
Employee benefits expense	215.1	254.3
Other expenses	552.6	579.7
Depreciation and amortization expense	188.1	205.9
Capital expenditure	116.3	58.8
Income		
Surplus on change in Accounting policy (Depreciation method (refer note 2.1(a))	310.6	-

Note: The above expenditure excludes Rs.19.2 million (Previous year Rs.26.6 million) on account of depreciation and amortization expense which is attributable to revaluation of Fixed Assets.

39. Value of Imports on CIF basis (on accrual basis) (Rs. in million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Raw materials & packing materials	490.1	310.9
Capital goods	34.7	74.3

40. Expenditure in Foreign Currency (on accrual basis)

Know-how fee	18.8	16.4
Interest	89.6	266.4
Legal & professional fees	73.5	128.1
Other Expenses		
- Patents, trademarks & product registration	7.4	17.3
- Advertising and sales promotion	36.6	26.7
- Commission on sales	28.2	55.1
- Processing Charges	50.4	-
- Others	112.7	58.7

41. Earnings in Foreign Currency (on accrual basis) (Rs. in million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
F.O.B. value of exports	1,263.8	905.2
Income from distribution rights	2.3	2.1
Research and license fees income	178.5	299.4
Interest income from subsidiary company	94.6	-

42. Value of imported/indigenous raw materials & packing materials consumed (Rs. in million)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Amount	% age	Amount	% age
Indigenous	926.1	47.1	842.6	35.6
Imported	1,039.7	52.9	1,521.1	64.4
Total	1,965.8	100.0	2,363.7	100.0

43. Value of imported/indigenous stores & spares consumed (Rs. in million)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Amount	% age	Amount	% age
Indigenous	145.1	82.1	181.7	84.5
Imported	31.7	17.9	33.3	15.5
Total	176.8	100.0	215.0	100.0

44. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of Rs.1.0 million (except in case of Managing/ Joint Managing/ Whole time Directors). The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

(Rs. in million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Current service cost	19.7	15.3
Past service cost	-	-
Interest cost on benefit obligation	10.3	10.9
Expected return on plan assets	(8.9)	(9.4)
Net actuarial (gain)/loss recognized in the year on account of return on plan assets	(28.0)	(20.7)
Net benefit expense/(income)*	(6.9)	(3.9)
Actual return on plan assets	(8.4)	(9.0)

*Excludes provision of Rs.1.5 million which pertains to the employees, not covered under gratuity act.

Balance Sheet

Details of Provision for Gratuity

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Defined benefit obligation	115.3	128.2
Fair value of plan assets	95.0	100.8
Net obligation	20.3	27.4
Less: Unrecognized past service cost	-	-
Plan asset /(liability)	(20.3)	(27.4)

Changes in the present value of the defined benefit obligation for gratuity are as follows:

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening defined benefit obligation	128.2	136.2
Interest cost	10.3	10.9
Past service cost	-	-
Current service cost	19.7	15.3
Benefits paid	(14.4)	(13.1)
Actuarial (Gain)/losses on obligation	(28.5)	(21.2)
Closing defined benefit obligation	115.3	128.2

Changes in the fair value of plan assets for gratuity are as follows:

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening fair value of plan assets	100.8	100.1
Expected return	8.9	9.4
Contributions by employer	0.2	4.8
Benefits paid	(14.4)	(13.1)
Actuarial Gain /(losses)	(0.5)	(0.4)
Closing fair value of plan assets	95.0	100.8

The major categories of plan assets as a percentage of the fair value of total plan assets for gratuity are as follows:

Particulars	As at March 31, 2014	As at March 31, 2013
	%	%
Investments with Insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	As at March 31, 2014	As at March 31, 2013
	%	%
Discount rate	8.5	8.0
Expected rate of return on plan assets	8.9	9.4
Increase in compensation cost	5.0	5.0
Employee turnover:		
upto 30 years	10	10
above 30 years but upto 44 years	5	5
above 44 years	1	1

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Gratuity amount for the current and previous four periods are as follows:

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Defined benefit obligation	115.3	128.2	136.2	126.9	109.4
Plan assets	95.0	100.8	100.1	83.7	61.2
Deficit	20.3	27.4	36.1	43.2	48.2
Experience adjustments on plan liabilities-(Gain)/Loss	(28.5)	(21.2)	(9.3)	(10.3)	(7.7)
Experience adjustments on plan assets-(Gain)/Loss	(0.5)	0.4	4.1	(1.0)	(0.8)

Notes to Financial Statements For the Year ended March 31, 2014

(Rs. in million)

Defined Contribution Plan	As at March 31, 2014	As at March 31, 2013
Contribution to provident fund & other funds charged to statement of profit and loss	36.8	37.8

The Company expects to contribute Rs.19.8 million (Previous year Rs.21.4 million) to gratuity fund in the next financial year.

45. The Company has paid managerial remuneration of Rs.37.5 million during the current year. The amount paid as managerial remuneration has exceeded the limits prescribed under Section 198 and 309 read with Part II of Schedule XIII to the Companies, Act, 1956 by Rs.13.5 million due to unexpected losses during the current year. Also, during the previous year the Company paid managerial remuneration of Rs.37.2 million which exceeded the limits prescribed in aforesaid provisions of the Companies Act by Rs.13.2 million. During the year, the Company has filed applications to obtain approvals from Central Government in respect to excess remuneration paid for current and previous year. Pending outcome of the application filed with the Central Government, no adjustments have been made in the financial statements.

46. During the quarter ended September 30, 2011, World Health Organization (WHO) had delisted Company's DTP-based combination vaccines from its list of pre-qualified vaccines. The company made substantive efforts since September 2011 and has revamped the whole Quality Management System at its Lalru and Baddi sites enabling it to get pre-qualified by WHO once again. During the month of February/March, 2013, representatives from WHO and UNICEF visited the Company's vaccine facilities at Lalru (Punjab) and Baddi (H.P.) with the objective of re-evaluation of the acceptability in principle of Pentavalent Vaccine (DTP-Hep B-Hib) produced by Panacea Biotec for purchase by United Nations Agencies. World Health Organization (WHO) has completed the evaluation process of pre-qualification (PQ) of Pentavalent Vaccine (Easyfive-TT) and has pre-qualified company's vaccine product in the month of October in current year. The Company has also received UNICEF Award for supply of DTP-HepB-Hib (Pentavalent) Vaccine (Easyfive-TT) to UNICEF for the period 2014-2016. The supplies for the same have already commenced.

47. The Company has incurred losses of Rs.4.2 million (Previous year Rs.2,301.3 million) (including exceptional income of Rs.2,970.2 million (Previous year Rs.173.1 million)) during the year ended March 31, 2014 and as of that date, the Company has net current liabilities of Rs.5,410.1 million (Previous year Rs.1,810.9 million). Further, the Company's accumulated losses have resulted in erosion of more than fifty percent of its peak net worth calculated as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The fact of such erosion and measures initiated to improve financial condition has been reported to the Board for Industrial and Financial Restructuring ("BIFR") within the stipulated period. Further, the continuous losses also have adversely affected the cash flows of the Company. The Company has undertaken certain measures to mitigate the risk of going concern which includes supply to UNICEF/other customers of pentavalent vaccine, certain strategic alliances with foreign collaborators for supply of vaccines and pharma products and launching its first product Tacrolimus in USA in December 2012 and filing of ANDAs with USFDA. Further, the Company has also submitted a proposal for the comprehensive debt restructuring with Corporate Debt Restructuring (CDR) Cell which has been admitted by CDR Cell and the financial package is being finalized by the Monitoring Institution, viz. State Bank of India.

The management is confident that with the above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow, discharge its short-term and long term liabilities and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern.

Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

48. The Company has filed its proposal for Comprehensive Debt Restructuring with Corporate Debt Restructuring (CDR) Cell on 21.12.2013. The proposal has been admitted by CDR cell for further processing in its meeting held on 24.1.2014. State Bank of India (SBI) has been appointed as the Monitoring Institute (MI) to prepare a financial package under the CDR scheme. SBI is in the process of finalizing the draft package for its financial restructuring and shall submit the same with CDR cell in due course. The management is confident that Comprehensive Debt Restructuring proposal would get approved in due course.

49. On account of continuous losses as explained in the note 47 above, the cash flows of the Company have been adversely affected which has resulted into certain delays and defaults in repayment of loan installments, interests on long term and short term borrowings and overdrawing of cash credit facilities availed from banks during the year. The following tables summarize the details of amount and period of defaults in each case.

I. Cases where repayments of loan installments have been delayed or defaulted during the year:

Loan	Installment amount (Rs. in million)	Due date of Installment	Status
Loan through Department of Biotechnology	11.1	September 1, 2013	The company received an extension for repayment of installment upto March 1, 2014. However, the installment was repaid on March 28, 2014
Loan through Department of Biotechnology	11.0	March 1, 2014	Not yet paid
Loan through Department of Science and Technology	2.7	September 21, 2013	Not yet paid
Indian Overseas Bank - Term loan	125.0	March 31, 2014	Refer note 48

II Cases where interests on long term and short term borrowings have been delayed during the year

Loan	Amount of Interest (Rs. in million)	Period for which interest was due	Period in which interest was paid
State Bank of India - Term Loan I	63.4	June'13 - August'13	July'13 - November'13
State Bank of India - Term Loan II	30.8	June'13 - August'13	July'13 - October'13
State Bank of India - Term Loan III	12.4	June'13 - September'13	July'13 - January'14
State Bank of Travancore - Term Loan	65.8	June'13 - September'13	July'13 - January'14
Indian Overseas Bank - Term loan	39.7	June'13 - September'13	July'13 - March'14
Bank of India - Term Loan	41.6	April'13 - September'13	December'13 - March'14
Axis Bank - Cash Credit	0.3	November'13	December '13
State Bank of Travancore - Cash Credit	3.5	November'13 - December'13	January'14
Loan from directors'	10.9	June'13 - September'13	July'13 - December'13
Fixed Deposits from directors' relative	4.1	June'13 - September'13	July'13 - December'13
Loan from Trinidhi Finance Pvt. Ltd.	0.1	June'13 - September'13	December'13
Loan from Radhika Heights Ltd.	9.3	June'13 - September'13	July'13 – March'14

III Cases where interests on long term and short term borrowings have not been paid during the year and remain in arrears as on March 31, 2014

Loan	Amount of Interest (Rs. in million)	Period for which interest was due	Subsequent Status
State Bank of India - Term Loan I	154.7	September'13 - March'14	Rs.13.0 million has been subsequently paid till May 29, 2014*
State Bank of India - Term Loan II	73.6	September'13 - March'14	
State Bank of India - Term Loan III	19.4	September'13 - March'14	
State Bank of Travancore - Term Loan	101.9	October'13 - March'14	Not yet paid*
Indian Overseas Bank - Term loan	61.1	October'13 - March'14	Interest for the period October'2013–January'2014 amounting to Rs.41.0 million was subsequently paid on April 12, 2014*
Bank of India - Term Loan	39.6	October'13 - March'14	Not yet paid*
State Bank of Travancore - Cash Credit	4.2	February'14 - March'14	Not yet paid*
State Bank of Mysore - Cash Credit	11.7	November'13 - March'14	Not yet paid*
State Bank of India - Cash Credit	51.2	December'13 - March'14	Not yet paid*
Loan from Directors	10.4	December'13 - March'14	Paid during April, 2014
Fixed Deposit from Directors' Relatives	4.3	December'13 - March'14	Paid during April, 2014
Loan from Radhika Heights Ltd.	11.6	September'13 - March'14	Paid in May, 2014
Loan from Trinidhi Finance Pvt. Ltd.	0.1	September'13 - March'14	Not yet paid*
Loan from Nahar Capital & Financial Services Ltd.	4.2	November'13 - March'14	Paid in April 15, 2014
Fixed deposit from DKJ Luxor LLP	0.4	December'13 - March'14	Not yet paid*

*Refer note 48.

Notes to Financial Statements For the Year ended March 31, 2014

IV Cases where cash credit facilities availed from banks have been overdrawn during the year

Name of the bank	Sanctioned limit of Drawing Power (Rs. in million)	Maximum amount overdrawn (Rs. in million)	No. of days for which the account was overdrawn	Status as on March 31, 2014*
State Bank of India	627.6 - 797.1	283.0	263	Overdrawn by Rs.270.5 million
Indian Overseas Bank	196.1 – 250.0	51.9	331	Overdrawn by Rs.19.6 million
IDBI	78.5 – 100.0	34.3	130	Account within the sanctioned limits
Union Bank of India	196.1 – 250.0	53.4	335	Account within the sanctioned limits
State Bank of Travancore	117.7 – 150.0	48.1	328	Overdrawn by Rs.31.9 million
Bank of India	258.9 – 330.0	71.7	334	Overdrawn by Rs.33.8 million
State Bank of Mysore	145.1 – 185.0	39.4	315	Overdrawn by Rs.0.9 million
Canara Bank	156.9 – 200.0	42.7	283	Account within the sanctioned limits

* Status as on March 31, 2014 has been arrived on the basis of the drawing power for the month of November, 2013

50. During the previous year, the Company exercised the option as per the Companies (Accounting Standards) (Second Amendment) Rules, 2011. As per the option, exchange differences related to long term foreign currency monetary items so far as they relate to the acquisition of depreciable capital assets are capitalized or de-capitalized from cost of assets and depreciated over the useful life of the assets. In other cases, such exchange differences are accumulated in a “Foreign currency monetary item translation difference account” and amortized over the balance period of such long term assets/liabilities. Accordingly, exchange differences of Rs.Nil (previous year Rs.312.8 million) have been capitalized during the year and unamortized balance of “Foreign currency monetary item translation difference account” of Rs.196.8 million (Previous year Rs.102.4 million) as on March 31, 2014 is included under the head “Reserve & surplus”.

51. Information pertaining to donations paid to political parties.

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Bhartiya Janta Party	-	2.0

52. As at March 31, 2014, an amount of Rs.630.1 million (previous year Rs.694.7 million) including interest of Rs.94.6 (previous year Nil) is receivable from its wholly owned subsidiary viz. Rees Investments Ltd. Pursuant to the accumulated losses in Rees & its other subsidiaries, Company assessed that the loan repayment capability of Rees Investment Ltd. has been adversely affected. Accordingly, the amount of Rs.630.1 million (Previous year Rs.536.2 million) has been provided for as ‘Provision for bad and doubtful advances’.

53. The Company received a capital subsidy of Rs.Nil (Previous year Rs.3.0 million) under the Central Investment Subsidy Scheme, 2003 based on investment in plant and machinery as it manufacturing unit at Baddi, in the state of Himachal Pradesh which is in the nature of promoters’ contribution. This has been treated as a capital reserve in book of accounts.

54. The Company had given an advance of Rs.176.8 million (3.4 million USD) in financial year 2007-08 pursuant to the agreements for acquiring certain properties from M/s Ilyas & Mustafa Galadari Management Investment & Development L.L.C., U.A.E. (Ilyas). As per the agreements entered into with them, the properties were expected to be handed over in financial year 2008-09. However, due to inordinate delays in completion of project, properties could not be delivered to the Company in time. After extensive discussions and negotiations, the Company has entered into new agreements with them, as per which the Company will get 1 commercial unit and 8 residential units (having combined area more than that of properties agreed earlier) for a consideration equivalent to the advance given earlier. The possession of new properties is expected in 2015. The Company believes that the market value of the properties is more than the advance given under the earlier agreements, therefore, no adjustment is required to be provided for in respect of the advance.

55. The Company avails CENVAT credit on input and input services used as per the provision of the relevant applicable laws. Balance with excise, custom etc. amounting to Rs.81.8 million under the head Loans & Advances, includes an amount of Rs.33.7 million which relates to accumulated amount of CENVAT Credit availed by the company on input services utilized by it. With the current level of excisable manufacturing activities, the Company utilizes lesser amount of CENVAT credit as compared to the amount so accumulated every year of CENVAT credit on such input services. However, as per the provisions of service tax laws, there is no time limit on utilization of CENVAT Credit availed. Therefore, based on future business plans, the Company is confident that it will be able to fully utilize the accumulated amount of CENVAT Credit so availed by distributing it to its manufacturing units and utilizing it in subsequent years.

56. The assets of Rs.352.5 million (Previous year Rs.352.5 million) recognized by the Company as ‘MAT Credit Entitlement’ under the head ‘Loans and advances’ represents that portion of MAT liability, which can be recovered and set off in subsequent years based on provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on the future profitability projections and other factors disclosed under note 47 and 48, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT credit assets as per the relevant provisions of the Income Tax Act, 1961. The management is confident that no losses are expected in this regard and accordingly no adjustment is required in the financial statements.

57. a) In terms of the Accounting Standard -16 “Borrowing Costs”, the foreign exchange differences arising from foreign currency borrowings to the extent regarded as an adjustment to interest cost were treated as borrowing cost in earlier years. However, in the previous year in pursuance of the clarification issued by Ministry of Corporate Affairs vide its circular no. 25/2012 dated August 9, 2012, the Company changed its accounting policy w.e.f. April 1, 2011 and accounted for the aforesaid foreign exchange differences arising from foreign currency borrowings as per AS-11 - “The Effects of Changes in Foreign Exchange Rates”. Consequent to the above, exchange difference of Rs.Nil (Previous year Rs.173.1 million), which was earlier recognized as borrowing cost pertaining to the financial year 2011-12, was reversed and shown as an exceptional item.

b) In earlier years, the Company had subscribed to 7,211,666 0.5% Optionally Convertible Non-Cumulative Redeemable Preference Shares of Re.1 each at a premium of Rs.299 per share in Radhika Heights Limited (formerly Best on Health Limited). During the current year, as per the terms of the agreement, the Company exercised its right of conversion of preference shares into equity shares and accordingly, 2,874,159 equity shares of Re.1 each at a premium of Rs.1,169 per share have been allotted to the Company aggregating to Rs.3,362.8 million equivalent to the redemption value of preference shares as on date of such allotment of equity shares (including redemption premium of Rs.1,199.3 million). The aforesaid premium on redemption of preference shares has been shown as exceptional item in the statement of profit and loss. Post such allotment of equity shares in the current year, the Company holds 4,776,319 equity shares of Re.1 each in Radhika Heights Limited (formerly Best on Health Limited) as on March 31, 2014 and the value of total investment stands at Rs.3,385.6 million.

58. 0.0 under "Rs. in million" represents amount less than Rs.50,000 and 0.0 under units represents units less than 50,000.

59. Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our attached report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

Per **Rajiv Goyal**
Partner
Membership No. 94549

Place : New Delhi
Dated : May 30, 2014

For and on behalf of Board of Directors of Panacea Biotec Ltd.

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
G.M. Accounts & Taxation

Partha Sarathi De
Chief Financial Officer and
Head of IT & BPR

Vinod Goel
G.M. Legal & Company Secretary

Cash Flow Statement Annexed to Balance Sheet for the Year ended March 31, 2014

(Rs. in million)

	For the year ended March 31, 2014		For the year ended March 31, 2013	
Cash Flow from Operating Activities:				
Loss before tax		(4.2)		(2,506.3)
Adjustments to reconcile profit before tax to net cash flows				
Depreciation and amortisation expense	688.0		835.4	
Provision for doubtful debts and advances	297.1		144.9	
Provision for other than temporary diminution in the value of investment	1.6		-	
Bad debts written off	0.5		0.5	
Loss on sale/discard of fixed assets (net)	97.7		273.8	
Unrealized foreign exchange loss/(gain) (net)	39.3		(35.3)	
Exchange differences capitalised	-		(312.8)	
Loss against expired stock	-		25.3	
Net gratuity income	(5.4)		(3.9)	
Exceptional items				
Exchange differences	-		(173.1)	
Gain on conversion of preference shares	(1,199.3)		-	
Surplus on account of change in depreciation method	(1,770.9)		-	
Interest expense	1,423.8		955.7	
Net gain on sale of non-current investment	(8.3)		-	
Interest income	(95.5)		(1.9)	
Dividend income	(0.0)		(34.5)	
		(531.4)		1,674.1
Operating profit before working capital changes		(535.6)		(832.2)
Movements in working capital				
Decrease/(Increase) in trade receivables	(410.9)		(55.4)	
Decrease/(Increase) in inventories	479.8		1,149.9	
Decrease/(Increase) in other current assets	(10.0)		21.8	
Decrease/(Increase) in short-term loans and advances	(20.3)		6.8	
Decrease/(Increase) in long-term loans and advances	170.9		(137.9)	
Increase/(Decrease) in trade-paybles	718.5		359.0	
Increase/(Decrease) in other current liabilities	141.9		(915.7)	
Increase/(Decrease) in other long term liabilities	(6.4)		(0.2)	
Increase/(Decrease) in short-term provisions	16.3		5.2	
Increase/(Decrease) in long-term provisions	0.4		8.6	
		1,080.2		442.1
Cash generated from/ (used in) operations		544.6		(390.1)
Direct taxes paid (net of refunds)		12.9		2.7
Net cash flow from/ (used in) operating activities (A)		531.7		(392.8)
Cash flow from investing activities				
Purchase of fixed assets, including CWIP and capital advances	(168.4)		(154.3)	
Investments in bank deposits having original maturity of more than three months	(1.6)		0.9	
Purchase of non-current investments	(147.0)		(68.8)	
Proceeds from sale of non-current investments	123.8		-	
Proceeds from liquidation of non-current investments	5.0		-	
Proceeds from sale of fixed assets	3.0		4.0	
Proceeds from interest received	2.2		37.5	
Proceeds from dividends received	0.0		34.5	
Net cash flow from/ (used in) investing activities (B)		(183.0)		(146.2)
Cash flow from financing activities				
Proceeds from short-term borrowings	626.0		100.0	
Repayment of short term borrowings	(140.1)		(32.2)	
Proceeds from long-term borrowings	-		3,751.3	
Repayment of long term borrowings	(4.0)		(2,549.6)	
Repayment of finance lease rental	-		(19.0)	
Proceeds from deposits from public	188.0		67.6	
Repayment of deposits from public	(387.4)		(8.5)	
Proceeds from loan from related party	265.2		164.4	
Proceeds from capital subsidy	-		3.0	
Interest paid	(925.5)		(926.7)	
Net cash flow from/ (used in) financing activities (C)		(377.8)		550.3
Net increase/ (decrease) in cash & cash equivalents (A+B+C)		(29.1)		11.3
Effect of exchange differences on cash and cash equivalents held in foreign currency		0.2		1.1
Cash and cash equivalents at the beginning of the year		123.9		111.5
Cash and cash equivalents at the end of the year		95.0		123.9
Components of cash and cash equivalents				
Cash on hand		1.0		1.3
Balances with banks				
a) Current accounts		92.7		61.9
b) Unpaid dividend accounts*		0.6		1.0
c) Fixed deposits		1.8		2.0
d) Exchange earner foreign currency current accounts		0.7		59.7
Total cash & cash equivalents (note 11)		96.8		125.9
Less: Fixed deposits not considered as cash equivalents		(1.8)		(2.0)
Cash & cash equivalents in cash flow statement		95.0		123.9

*The Company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

Per **Rajiv Goyal**
Partner
Membership No. 94549

Place : New Delhi
Dated : May 30, 2014

For and on behalf of Board of Directors of Panacea Biotec Ltd.

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
G.M. Accounts & Taxation

Partha Sarathi De
Chief Financial Officer and
Head of IT & BPR

Vinod Goel
G.M. Legal & Company Secretary

Statement u/s 212 of the Companies Act, 1956 Relating to Subsidiary Companies

(Rs. in million)

S. No.	Name of the Company	Date from which they became subsidiary Company	Financial Year of the subsidiary ended on	Shares of the subsidiary held by Panacea Biotec Ltd. on the above dates			Net aggregate Profit or (Loss) for the current year (in Rs.)	Net aggregate amounts of the profits or losses of the subsidiary so far as it concerns the members of the holding company and is dealt with in the accounts of holding company		Net aggregate amounts of the profits or losses of the subsidiary so far as it concerns the members of the holding company and is not dealt with in the accounts of holding company	
				i) Number & face value		ii) Extent of holding		a) for the financial year of the subsidiary	b) for the previous financial years of the subsidiary since it became its subsidiary	a) for the financial year of the subsidiary	b) for the previous financial years of the subsidiary since it became its subsidiary
1	Radhika Heights Ltd.(formerly known as Best On Health Ltd).	15.03.2000	31.03.2014	4,776,319	Re.1	100%	21.84	-	0.03	21.84	96.12
2	Radicura Infra Ltd. (formerly known as Radicura & Co. Ltd.)*	16.07.1999	31.03.2014	1,982,500	Re.1	100%	(1.00)	-	-	(1.00)	(1.85)
3	Nirmala Buildwell Pvt. Ltd.(formerly known as Panacea Hospitality Services Pvt. Ltd.)*	23.08.2007	31.03.2014	100,000	Re.1	100%	(0.70)	-	-	(0.70)	(1.79)
4	Cabana Construction Pvt. Ltd. (formerly known as Panacea Educational Institute Pvt. Ltd.)*	23.08.2007	31.03.2014	100,000	Re.1	100%	(0.46)	-	-	(0.46)	(0.97)
5	Sunanda Infra Ltd. (formerly known as Sunanda Steel Co. Ltd.)*	05.09.2007	31.03.2014	500,000	Re.1	100%	(0.04)	-	-	(0.04)	(48.96)
6	Cabana Structures Ltd. (formerly known as Best on Health Foods Ltd)*	06.12.2010	31.03.2014	500,000	Re.1	100%	(0.03)	-	-	(0.03)	(0.04)
7	Nirmala Organic Farms & Resorts Pvt. Ltd*	23.02.2011	31.03.2014	100,000	Re.1	100%	1.68	-	-	1.68	(0.10)
8	Panacea Biotec (International) SA$$	19.02.2009	31.03.2014	6000	CHF 100	100%	10.48	-	-	10.48	(86.08)
9	Panacea Biotec (Germany) GmbH*****	12.08.2010	31.03.2014	1	Euro 25000	100%	0.41	-	-	0.41	(198.29)
10	Rees Investments Ltd.	16.09.2008	31.03.2014	1,000	US $ 0.01	100%	14.05	-	-	14.05	(202.45)
11	Kelisia Holdings Ltd.***	18.09.2008	31.03.2014	1000	Euro 1	100%	3.05	-	-	3.05	(449.84)
12	Kelisia Investment Holdings AG.****	22.10.2008	31.03.2014	5000	CHF 100	100%	(2.40)	-	-	(2.40)	(2.47)
13	NewRise Heathcare Pvt. Ltd.(Formerly known as Umkal Medical Institute Pvt. Ltd)	30.06.2008	31.03.2014	3,900,601	Rs.10	77.9%	(48.44)	-	-	(37.73)	1.30
14	Lakshmi & Manager Holdings Ltd.$	24.11.2011	24.01.2014	103,142,818	Re.1	100%	(7.84)	(7.84)	0.72	-	-
15	Best General Insurance Company Ltd**	24.11.2011	24.01.2014	2,000,000	Re.1	80%	0.00	0.00	(1.33)	-	-
16	Trinidhi Finance Pvt. Ltd.**	24.11.2011	24.01.2014	101,754,000	Re.1	100%	7.72	7.72	16.47	-	-
17	Panacea Biotec GmbH #	11.06.2008	31.03.2014	2	Euro 12500	100%	(0.14)	-	-	(0.14)	(1.48)
18	Panacea Biotec, FZE ##	16.03.2008	17.06.2013	5	AED 100000	100%	(0.12)	(0.12)	(2.52)	-	-

* Indirect subsidiary through Radhika Heights Ltd.
** Indirect subsidiary through Lakshmi & Manager Holding Ltd.
*** Indirect subsidiary through Rees Investments Ltd.
**** Indirect subsidiary through Kelisia Holdings SA. and is under liquidation.
***** Indirect subsidiary through Panacea Biotec (International) SA.
$ Lakshmi & Manager Holdings Ltd. has been sold during the year and ceases to be a company's subsidiary (along with its subsidiary companies at serial no. 15 & 16 above) w.e.f. 25.01.2014
$$ Indirect subsidiary through Rees Investments Ltd. until 31.03.2012, became direct subsidiary w.e.f. 01.04.2012
Under liquidation
Liquidated w.e.f. 18.06.2013

For and on behalf of the Board

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
G.M. Accounts & Taxation

Partha Sarathi De
Chief Financial Officer and
Head of IT & BPR

Place : New Delhi
Dated : May 30, 2014

Vinod Goel
G.M. Legal & Company Secretary

Financial Details of Subsidiary Companies

(Rs. in million)

S. No.	Name of the Company	As on 31st March, 2014					For the year/ period ended 31st March, 2014				
		Capital	Reserves & Surplus	Total Assets	Total Liabilities	Details of investment (except in case of investment in subsidiary)	Turnover (including other income)	Profit/ (Loss) before Tax	Provision for Tax	Profit after Tax	Proposed Dividend
1	Radhika Heights Ltd.(formerly known as Best On Health Ltd).	4.78	2,558.11	2,599.10	2,599.10	-	38.93	33.10	11.26	21.84	0.03
2	Radicura Infra Ltd. (formerly known as Radicura & Co. Ltd.)*	1.98	87.34	546.95	546.95	0.10	0.03	(0.81)	0.19	(1.00)	-
3	Nirmala Buildwell Pvt.Ltd.(formerly known as Panacea Hospitality Services Pvt. Ltd.)*	0.10	47.09	348.82	348.82	-	0.03	(0.63)	0.08	(0.70)	-
4	Cabana Construction Pvt.Ltd. (formerly known as Panacea Educational Institute Pvt. Ltd.)*	0.10	37.53	359.04	359.04	-	0.03	(0.35)	0.11	(0.46)	-
5	Sunanda Infra Ltd. (formerly known as Sunanda Steel Co. Ltd.)*	0.50	(49.00)	164.31	164.31	-	0.01	(0.03)	0.00	(0.04)	-
6	Cabana Structures Ltd. (formerly known as Best on Health Foods Ltd)*	0.50	(0.21)	0.32	0.32	0.27	0.02	(0.03)	0.00	(0.03)	-
7	Nirmala Organic Farms & Resorts Pvt. Ltd*	0.10	1.55	93.96	93.96	-	1.72	1.68	-	1.68	-
8	Panacea Biotec (International) SA	40.51	(120.11)	56.64	56.64	-	29.31	10.50	0.02	10.48	-
9	Panacea Biotec (Germany) GmbH*****	20.24	(244.19)	135.63	135.63	-	111.56	0.28	(0.13)	0.41	-
10	Rees Investments Ltd.	0.00	(634.55)	169.14	169.14	-	60.19	14.05	-	14.05	-
11	Kelisia Holdings Ltd.***	0.08	(408.10)	83.95	83.95	-	34.50	3.05	-	3.05	-
12	Kelisia Investment Holdings AG.****	33.76	(5.86)	30.57	30.57	-	-	(2.37)	0.03	(2.40)	-
13	NewRise Heathcare Pvt Ltd.(Formerly known as Umkal Medical Institute Pvt. Ltd)	50.08	197.78	1,549.47	1,549.47	-	0.14	(48.40)	0.05	(48.44)	-
14	Lakshmi & Manager Holdings Ltd.$	-	-	-	-	-	0.12	(7.84)	(0.01)	(7.84)	-
15	Best General Insurance Company Ltd**	-	-	-	-	-	0.05	0.02	0.02	0.00	-
16	Trinidhi Finance Pvt Ltd**	-	-	-	-	-	16.83	11.41	3.69	7.72	-
17	Panacea Biotec GmbH #	2.06	(1.97)	0.34	0.34	-	0.00	(0.14)	-	(0.14)	-
18	Panacea Biotec, FZE##	-	-	-	-	-	-	(0.12)	-	(0.12)	-

* Indirect subsidiary through Radhika Heights Ltd.
** Indirect subsidiary through Lakshmi & Manager Holding Ltd.
*** Indirect subsidiary through Rees Investments Ltd.
**** Indirect subsidiary through Kelisia Holdings SA. and is under liquidation.
***** Indirect subsidiary through Panacea Biotec (International) SA.
$ Lakshmi & Manager Holdings Ltd. has been sold during the year and ceases to be a company's subsidiary (along with its subsidiary companies at serial no. 15 & 16 above) w.e.f. 25.01.2014. Accordingly the details mentioned at serial no. 15-16 are as on/ upto 24.01.2014, that is the date upto which these were subsidiary companies.
$$ Indirect subsidiary through Rees Investments Ltd. until 31.03.2012, became direct subsidiary w.e.f. 01.04.2012
Under liquidation
Liquidated w.e.f. 18.06.2013, the details are as on / upto that date.

For and on behalf of the Board

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
G.M. Accounts & Taxation

Partha Sarathi De
Chief Financial Officer and
Head of IT & BPR

Place : New Delhi
Dated : May 30, 2014

Vinod Goel
G.M. Legal & Company Secretary

Auditors' Report on the Consolidated Financial Statements

To the Board of Directors of Panacea Biotec Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Panacea Biotec Limited ("the Company"), its subsidiaries, associates and joint ventures (together referred to as "PBL Group") which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The consolidated financial statements of PBL Group includes assets, revenues and cash out flows of Rs.0.1 million, Rs. 19.7 million and Rs. 0.6 million respectively in relation to Group's share in its subsidiary company (Rees Investments Limited), based on unaudited financial statements. The effects of the adjustments, if any, that may have been required to be made to the accompanying consolidated financial statements, had those components been audited, is not currently ascertainable and upon which we are unable to comment on.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph,* the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and

c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

a) Without qualifying our opinion, we draw attention to Note 41 to the financial statements regarding the managerial remuneration of Rs. 37.5 million and Rs. 37.2 million for the financial year ending March 31, 2014 and March 31, 2013, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs. 13.5 million and by Rs. 13.2 million on account of losses incurred during the current year and previous year respectively.

b) Without qualifying our opinion, we draw attention to Note 43 in the financial statements which indicates that the Company has incurred losses of Rs. 1,121.3 million (Previous year Rs. 2,342.8 million) (including exceptional income of Rs. 1,770.9 million (Previous year Rs. 173.1 million)) during the year ended March 31, 2014 and as of that date, the Company has net current liabilities of Rs. 4,555.1 million (Previous year Rs. 762.2 million). These conditions, along with other matters as set forth in Note 43 indicate the existence of a material uncertainty about the Company's ability to continue as a going concern.

Other Matter

We did not audit total assets of Rs. 4,378.4 million as at March 31, 2014, total revenues of Rs. 157.5 million and net cash outflows amounting to Rs. 114.7 million for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries, associates and joint ventures, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries, associates and joint ventures is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

per **Rajiv Goyal**
Partner
Membership No.: 94549

Place : New Delhi
Date : May 30, 2014

Consolidated Balance Sheet As at March 31, 2014

(Rs. in million)

	Notes	As at March 31, 2014		As at March 31, 2013	
Equity and Liabilities					
Shareholders' Funds					
Share Capital	3	61.3		61.3	
Reserves and Surplus	4	5,065.9	5,127.2	6,195.6	6,256.9
Minority Interest	5		54.8		73.5
Non-current liabilities					
Long term borrowings	6	5,831.7		6,899.1	
Deferred tax liabilities (net)	7	5.2		4.8	
Long term provisions	8	20.2		25.3	
Other long term liabilities	9	29.1	5,886.2	35.4	6,964.6
Current liabilities					
Short term borrowings	10	3,206.7		2,740.0	
Trade payables	11	2,521.1		1,756.9	
Other current liabilities	11	2,519.1		498.2	
Short term provisions	8	118.4	8,365.3	104.5	5,099.6
Total			19,433.5		18,394.6
Assets					
Non current assets					
Fixed assets	12				
Tangible assets		12,381.9		11,051.8	
Intangible assets		373.5		493.1	
Capital work-in-progress (Refer Note 32)		1,601.2		1,246.2	
Intangible assets under development		123.6	14,480.2	106.4	12,897.5
Non-current investments	13		159.4		165.1
Loans and advances	14		980.2		992.8
Other non current assets	19		3.5		1.7
			15,623.3		14,057.1
Current assets					
Current investments	18		0.3		59.9
Trade receivables	15		949.3		698.6
Inventories	16		2,198.1		2,679.4
Cash and bank balances	17		247.8		392.3
Loans and advances	14		373.5		469.4
Other current assets	19		41.2		37.9
			3,810.2		4,337.5
Total			19,433.5		18,394.6
Summary of significant accounting policies	2.1				

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

Per **Rajiv Goyal**
Partner
Membership No. 94549

Place : New Delhi
Dated : May 30, 2014

For and on behalf of Board of Directors of Panacea Biotec Ltd.

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
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Naresh Chand Gupta
G.M. Accounts & Taxation

Partha Sarathi De
Chief Financial Officer and
Head of IT & BPR

Vinod Goel
G.M. Legal & Company Secretary

Consolidated Statement of Profit & Loss Account

For the Year ended March 31, 2014

(Rs. in million)

		Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
Income				
Revenue from operations (gross)		20	5,160.3	6,096.1
Less: excise duty			(6.6)	(11.2)
Revenue from operations (net)			5,153.7	6,084.9
Other income		21	99.8	54.4
	Total (a)		5,253.5	6,139.3
Expenses				
Purchases of traded goods			226.5	234.1
Cost of raw and packing material consumed		22	2,020.4	2,373.5
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods		23	(106.9)	26.5
Employee benefits expense		24	1,449.2	1,469.4
Other expenses (Including prior period expenses of Rs. 19.4 million (Previous year Rs. 2.1 million))		25	2,330.8	2,842.0
Finance costs		26	1,503.0	1,037.6
Depreciation and amortisation expense		27	711.0	859.9
	Total (b)		8,134.0	8,843.0
(Loss) before exceptional item and tax	(a-b)		(2,880.5)	(2,703.7)
Exceptional item		28	1,770.9	173.1
	Total (c)		1,770.9	173.1
(Loss) before tax	(a-b) + (c)		(1,109.6)	(2,530.6)
Tax expenses				
Current tax			16.5	15.0
Deferred income tax (credit)/charge			0.3	(202.6)
Total tax expenses			16.8	(187.6)
(Loss) for the year before share of loss from associate and share of minority interest			(1,126.4)	(2,343.0)
Add: share of loss in associates			(5.7)	0.2
Less:Share of Minority Interest in loss			10.8	-
(Loss) for the year			(1,121.3)	(2,342.8)
Earnings per share [nominal value per share Re.1]				
Basic earnings per share (in Rs.)		29	(18.31)	(38.25)
Diluted earnings per share (in Rs.)		29	(18.31)	(38.25)
Summary of significant accounting policies		2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

Per **Rajiv Goyal**
Partner
Membership No. 94549

Place : New Delhi
Dated : May 30, 2014

For and on behalf of Board of Directors of Panacea Biotec Ltd.

Soshil Kumar Jain
Chairman
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Naresh Chand Gupta
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Partha Sarathi De
Chief Financial Officer and
Head of IT & BPR

Vinod Goel
G.M. Legal & Company Secretary

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

1. Basis of preparation

The Consolidated financial statements relate to Panacea Biotec Limited (Parent Company), its Subsidiary Companies, Joint Venture and Associates (hereinafter collectively referred as the "Group").

The Consolidated financial statements (CFS) have been prepared to comply in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on a going concern basis under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out (also refer note 43).The accounting policies adopted in the preparation of financial statement are consistent with those of previous year except for the change in accounting policy explained at note 2.1(a).

2. Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis:

i. The financial statements of the Parent Company and its Subsidiary Companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses, if any, as per Accounting Standard –21, Consolidated Financial Statements.

ii. Interest in assets, liabilities, income and expenses of the Joint Venture have been consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profits/losses have been eliminated to the extent of Company's proportionate shares as per Accounting Standard –27, Financial reporting of interests in Joint Venture.

iii. In case of Associates, where the Company having a significant influence in decision for operation of business of associates is accounted for by Equity Method in accordance with Accounting Standards -23, Accounting for Investment in Associates.

iv. The financial statements of the Subsidiary Companies, Joint Venture and Associates used in the consolidation are drawn for the same period as that of the Parent Company i.e. year ended March 31, 2014.

v. Minorities' interest in net profit/(loss) of consolidated Subsidiary Companies for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Parent Company. Minorities' share of net assets has been identified and presented in Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the Parent Company.

vi. List of Subsidiaries, Joint Venture and Associates considered for consolidation is as follows:

S.No.	Name of the Company	Nature of relationship	Country of Incorporation	Extent of Holding/ Voting Power (%)	
				As at March 31, 2014	As at March 31, 2013
1	Radhika Heights Ltd (formerly Best On Health Ltd)	Subsidiary	India	100.0	100.0
2	Cabana Construction Pvt Ltd (formerly Panacea Educational Institute Pvt. Ltd.)	Indirect Subsidiary*	India	100.0	100.0
3	Radicura Infra Ltd (formerly Radicura & Co. Ltd.)	Indirect Subsidiary*	India	100.0	100.0
4	Nirmala Buildwell Pvt. Ltd. (formerly Panacea Hospitality Services Pvt. Ltd.)	Indirect Subsidiary*	India	100.0	100.0
5	Sunanda Infra Ltd (formerly Sunanda Steel Company Ltd.)	Indirect Subsidiary*	India	100.0	100.0
6	Nirmala Organic Farms & Resorts Pvt. Ltd	Indirect Subsidiary*	India	100.0	100.0
7	Cabana structures Limited (formerly Best On Health Foods Limited)	Indirect Subsidiary*	India	100.0	100.0
8	NewRise Healthcare Private Limited (Formerly Umkal Medical Institute Pvt. Ltd)	Subsidiary	India	77.9	75.2
9	Panacea Biotec GmbH #	Subsidiary	Germany	100.0	100.0
10	Panacea Biotec FZE ##	Subsidiary	UAE	100.0	100.0
11	Rees Investments Ltd.	Subsidiary	Guernsey	100.0	100.0
12	Kelisia Holdings Ltd.	Indirect Subsidiary†	Cyprus	100.0	100.0
13	Kelisia Investment Holdings SA #	Indirect Subsidiary††	Switzerland	100.0	100.0
14	Panacea Biotec (International) SA	Subsidiary	Switzerland	100.0	100.0
15	Panacea Biotec Germany GmbH	Indirect Subsidiary†††	Switzerland	100.0	100.0
16	Lakshmi & Manager Holdings Ltd. ###	Subsidiary	India	-	100.0
17	Best General Insurance Company Ltd	Indirect Subsidiary**	India	-	80
18	Trinidhi Finance Private Limited	Indirect Subsidiary**	India	-	100.0
19	Chiron Panacea Vaccines Pvt. Ltd. #	Joint Venture***	India	50.0	50.0
20	Adveta Power Private Limited	Joint Venture***	India	50.0	50.0
21	PanEra Biotec Pvt Ltd.	Associate	India	50.0	50.0

* Wholly Owned Subsidiary of Radhika Heights Ltd (formerly Best On Health Ltd)
†† Wholly Owned Subsidiary of Kelisia Holdings Ltd.
** Subsidiary of Lakshmi & Manager Holdings Ltd.
# Under liquidation process
† Wholly Owned Subsidiary of Rees Investments Ltd.
††† Wholly Owned Subsidiary of Panacea Biotec (International) SA
*** Jointly controlled entity
Liquidated w.e.f 18.06.2013
Shares have been sold to related parties during the year (Refer note 34) and ceases to be a Company's subsidiary company w.e.f 25.1.2014.

vii. Goodwill represents the difference between the Parent Company's shares in the net worth of the Subsidiary / Joint Venture Company and the cost of acquisition at the time of making the investment in the Subsidiary / Joint Venture Companies. For this purpose, the Parent Company's share of net worth of the Subsidiary/ Joint Venture Company is determined on the basis of the latest financial statements of the Subsidiary/Joint Venture Company prior to acquisition, after making the necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

viii. The Consolidated Financial Statements have been prepared using uniform accounting policies unless otherwise stated for like transactions and other events in similar circumstances and are presented in the same manner as the Parent Company's separate financial statements.

2.1 Summary of significant accounting policies

a) Change in Accounting Policy

Upto the period ended September 30, 2013, the Parent company had been accounting for depreciation on fixed assets based on written down value method. During the current year, the Parent company has revised its accounting policy of providing for depreciation with effect from October 1, 2013, from written down value method to the straight-line method as the management believes that the straight line method of depreciation accounting would result in more appropriate presentation of financial information. The Parent company has also carried out a technical evaluation to assess the revised useful life of fixed assets. The change in the above accounting policy has resulted in a surplus of Rs. 1,948.3 million relating to the depreciation already charged upto the period ended September 30, 2013. Out of the total surplus of Rs. 1,948.3 million, surplus of Rs. 1,770.9 million has been credited to the statement of profit and loss which has been grouped with "Miscellaneous income" under the head "Other income" and the balance surplus of Rs. 177.4 million which are related to the revalued amount of fixed assets has been credited to the revaluation reserve.

Consequently, the net profit for the current year is higher by Rs. 1,770.9 million. Pursuant to the change in accounting policy w.e.f. October 1, 2013, a depreciation expense of Rs.643.1 million has been charged to the statement of profit and loss and Rs.68.5 million has been recouped from the revaluation reserve during the current year. Had the Company followed the written down value basis of depreciation accounting for the full year ended, the depreciation expense for the current year would have been higher by Rs. 84.5 million and recoupment to revaluation reserve would have been higher by Rs. 29.2 million.

b) Uses of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Tangible assets

Fixed assets, except land and buildings are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

During the year ended March 31, 2012, the Group revalued its land and buildings existing as on that date. These land and buildings are measured at fair value on the revaluation date less accumulated depreciation and impairment losses, if any, recognized after the date of the revaluation. In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit and loss, in which case the increase is recognized in the statement of profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Group adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized..

d) Depreciation on tangible assets

i) The Group has used following rates:

Tangibles Assets	WDV(%)	SLM(%)
Building – Factory	10.00	3.17
Building – Office Premises	5.00	1.58
Plant & Machinery	13.91	6.33 & 4.75
Furniture & Fittings	18.10	9.50
Vehicles	25.89	11.88
Office Equipments	13.91	19.00
Computer Equipments	40.00	31.67 & 15.83

ii) Leasehold land is amortized over the period of lease.

iii) Leasehold improvements are amortized over the initial period of lease or useful life, whichever is shorter.

e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Research and development costs - Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Group's intention to complete the asset and use or sell it;
- the Group's ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related asset. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortization policies applied to the Group's intangible assets is as below:

Patents, Trademarks & Designs	- Amortized over a period of 7 years
Product Development	- Amortized over a period of 5 years
Technical Know-how	- Amortized over a period of 5 years
Software	- Amortized over a period of 5 years
Websites	- Amortized over a period of 2 years
Goodwill	- Amortized over a period of 10 years

f) Leases

Where the Group is the Lessee:

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Group is the Lessor:

Leases in which the Group transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Group apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

g) Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

h) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from short term foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

i) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that

i) the Group will comply with the conditions attached to them, and

ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

j) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution, in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

k) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and and cost of finished goods and WIP is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sales of products- Revenue from domestic sale of goods is recognized on dispatch which coincides with transfer of significant risks and rewards to customer. Revenue from export sales is recognized when the significant risks and rewards of ownership of products are transferred to the customer, which is based upon the terms of the applicable contract. Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services- Revenue from contract manufacturing is recognized as and when services are rendered.

Export benefits – Export benefits income is recognized in statement of profit and loss, when right to receive the benefits amount is established as per terms of relevant scheme.

Royalty income - Royalty income is recognized on an accrual basis based on actual sale of product by the licensee and in accordance with the term of the relevant agreement.

Research and license fees income - Research and license fees income is recognized on an accrual basis based on actual completion of activities and in accordance with the terms of the relevant agreement.

Interest income - Interest income is recognized on a time proportion

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income - Dividend income is recognized when the Group's right to receive dividend is established by the reporting date.

m) Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of 1 and 2 above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

n) Retirement and other employee benefits

i. Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii. The Group operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under the plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out by using the projected unit credit method. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

iii. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

iv. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

o) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

q) Provisions

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

r) Segment reporting policies

i) Identification of Segments:

Primary Segment

Business segment: The Group's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are vaccines, formulations, research & development, healthcare and real estate activities.

Secondary Segment

Geographical segment: The analysis of geographical segment is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Revenue from domestic market includes sales to customers located within India.
- Revenue from overseas market includes sales to customers located outside India.

ii) Allocation of common costs: Common allocable costs are allocated to each segment on a rational basis based on nature of each such common cost.

iii) Unallocated items: Unallocated items include general corporate income and expense items which are not allocated to any business segment.

iv) Segmental accounting policies: The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

s) Cash & cash equivalent

Cash and cash equivalents in the cash flow statement comprise cash at bank and on hand and short-term investments with an original maturity of three months or less.

t) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Direct expenditure incurred during construction period is capitalized as part of the direct construction cost to the extent to which the expenditure is directly related to construction.

u) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

(Rs. in million)

		As at March 31, 2014		As at March 31, 2013
3. Share Capital				
Authorised Shares				
i. 125,000,000 (Previous Year 125,000,000) Equity Shares of Re.1 each		125.0		125.0
ii. 110,000,000 (Previous Year 110,000,000) Preference Shares of Rs.10 each		1,100.0		1,100.0
		1,225.0		1,225.0
Issued, Subscribed and fully paid up Shares				
61,250,746 (Previous Year 61,250,746) Equity Shares of Re.1 each		61.3		61.3
		61.3		61.3

a) Terms/right attached to equity shares :

The Company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has not declared any dividend for current year and previous year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. .

b)Reconcilition of the shares outstanding at the beginning and at the end of the reporting financial year :

	No.	Amount	No.	Amount
At the beginning of the year	61,250,746	61.3	61,250,746	61.3
Movement during the year	-	-	-	-
Outstanding at the end of the year	61,250,746	61.3	61,250,746	61.3

c) Aggregate number of equity shares bought back during the period of five years immediately preceding the reporting date :

		No. of shares		No. of shares
Equtiy shares bought back by the Company during the financial year 2010-11		5,592,000		5,592,000

d) Detail of shareholders holding more than 5% shares in the Company :	No. of shares	% age of holding	No. of shares	% age of holding
Name of Persons				
Mr. Soshil Kumar Jain	5,000,000	8.16%	5,000,000	8.16%
Mr. Ravinder Jain	5,712,300	9.33%	5,712,300	9.33%
Dr. Rajesh jain	6,213,500	10.14%	6,213,500	10.14%
Mr. Sandeep Jain	4,792,100	7.82%	4,792,100	7.82%
Ravinder Jain (HUF)	4,135,000	6.75%	4,135,000	6.75%
Rajesh Jain (HUF)	4,368,500	7.13%	4,368,500	7.13%
Sandeep Jain (HUF)	4,105,000	6.70%	4,105,000	6.70%
Serum Institute of India Ltd	8,932,632	14.58%	8,911,632	14.55%

4. Reserves and Surplus				
Capital redemption reserve		1,022.3		1,022.3
Balance as per last financial statements				
Capital reserve				
Balance as per last financial statements	6.1		3.1	
Add: Capital subsidy received during the year (Refer note 47)	-	6.1	3.0	6.1
Securities premium reserve				
Balance as per the last financial statements		919.4		919.4
General reserve				
Balance as per the last financial statements	369.9		367.7	
Add: Transferred from surplus in statement of profit & loss	-	369.9	2.2	369.9
Revaluation reserve				
Balance as per the last financial statements	4,167.7		4,280.4	
Add: surplus on account of change in depreciation method (refer note 2.1(a))	177.4			
Less: amount transferred to the statement of profit and loss as reduction from depreciation (refer note 2.1(a))	(73.8)	4,271.3	(112.7)	4,167.7
Foreign currency monetary item translation difference account (refer note 46)				
Balance as per the last financial statements	(102.4)		20.3	
Add: Exchange differences accumulated during the year	(139.8)		(123.8)	
Less: Exchange differences amortised during the year	45.4	(196.8)	1.1	(102.4)

(Rs. in million)

	As at March 31, 2014		As at March 31, 2013	
Foreign currency translation reserve	99.8		13.0	
Balance as per the last financial statements	(17.5)	82.3	86.8	99.8
Add: Movement during the year				
(Deficit)/ Surplus in the statement of profit and loss				
Balance as per the last financial statements	(287.2)		2,063.5	
(Loss) for the year	(1,121.3)		(2,342.8)	
Tax on Interim dividend on equity shares	-		(5.7)	
Transfer to General Reserve	-	(1,408.5)	(2.2)	(287.2)
		5,065.9		6,195.6
5. Minority Interest				
Minority Interest of NewRise Healthcare Private Limited (Formerly known as Umkal Medical Institute Pvt. Ltd.)				
i) Minority Interest in equity		11.1		12.4
1,106,986 (previous year 1,241,880) equity shares of Rs. 10 each, fully paid up				
ii) Minority Interest in Non-Equity				
a) Securities Premium		54.0		60.6
b) Balance in statement of profit and loss				
Share of profit/(loss) brought forward	0.5		0.3	
Share of profit/(loss) of the year	(10.8)	(10.3)	0.2	0.5
(a)		54.8		73.5
Minority Interest of Best General Insurance Company Limited, Subsidiary of Lakshmi & Manager Holding Ltd.				
i) Minority Interest in equity				
Nil (previous year 5,00,000) equity shares of Rs. 10 each, fully paid up		-		0.5
ii) Minority Interest in Non-Equity				
a) Security premium		-		-
b) Balance in Statement of Profit & Loss				
Share of profit/(loss) brought forward	-		-	
Share of profit/(loss) of the year	-	-	0.5	(0.5)
(b)		-		-
Total Minority Interest (a+b)		54.8		73.5

(Rs. in million)

	Non-current portion as at		Current maturities as at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
6. Long Term Borrowings				
Term loans				
Foreign currency term loans from banks (secured)				
Bank of India (refer note a)	1,497.5	1,357.8	-	-
Indian rupee term loan from banks (secured)				
State Bank of India [loan - I] (refer note b)	1,200.0	1,600.0	400.0	-
State Bank of India [loan - II] (refer note b)	650.0	812.5	162.5	-
State Bank of India [loan - III] (refer note b)	173.2	235.2	62.0	-
State Bank of Travancore (refer note c)	822.5	1,096.6	274.1	-
Indian Overseas Bank (refer note d)	375.0	875.0	625.0	125.0
Bank of Baroda (refer note e)	1,030.4	827.1	-	-
Indian rupee term loans from Government of India				
Through Department of Biotechonology (secured) (refer note h)	58.0	72.0	30.0	20.0
Through Technology development board (secured) (refer note i)	11.1	6.9	1.4	5.6
Through Department of Science & Techonology (unsecured) (refer note k)	14.0	16.0	4.0	2.0
	5,831.7	6,899.1	1,559.0	152.6

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	Non-current portion as at		Current maturities as at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
The above amount includes				
Secured borrowings	5,817.7	6,883.1	1,555.0	150.6
Unsecured borrowings	14.0	16.0	4.0	2.0
Amount disclosed under the head "Note 11. Other current liabilities"	-	-	(1,559.0)	(152.6)
Net Amount	5,831.7	6,899.1	-	-

Notes :

a) Foreign currency term loan from Bank of India carries interest @ 6 months LIBOR plus 4.75% p.a. The loan is repayable in three equal yearly installments commencing at the end of sixth year from the date of first drawdown [i.e. in financial year 2017-18] .

b) Indian rupee term loans (I, II and III) from State Bank of India carry interest @ base rate plus 5.9%, 5.2% and 5.5% p.a. respectively and are repayable in twelve quarterly installments commencing from June'14.

c) Indian rupee term loan from State Bank of Travancore carry interest @ base rate plus 7.5% p.a. and is repayable in twelve quarterly installments commencing from June'14.

d) Indian rupee term loan from Indian Overseas Bank carries interest @ 4.25% p.a. above base rate. This loan is repayable in eight equal quarterly installments commencing from March'14.

e) Indian rupee loan from Bank of Baroda carries interest @ base rate plus 3% p.a i.e. 13.25% at present on monthly resets with reset every year. The loan is repayable in 32 quarterly installments, starting from March,2015 and ending on Dec,2022.The said term Loan is secured by way of first charge on entire movable and immovable (land admeasuring 2.53 Acres at Plot no 3201, Sector 24, DLF Phase III, Gurgaon in the state of Haryana) fixed assets of the company & by way of 1st charge on current assets (present & future) of the company.

f) Above Foreign currency term loan and Indian rupee term loans taken from banks are secured by way of first pari-passu charge by hypothecation of the Company's entire movable and immovable fixed assets, both present and future including mortgage of immovable properties of the Company being land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswas situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh and land admeasuring 9435.66 sq yards situated at Indl Plot No.E-4, PH-2, Indl Area, S.A.S Nagar, (Mohali), Punjab . These loans, except loan from State Bank of Travancore are also collaterally secured by second parri passu charge on the entire current assets of the company and personal guarantees of the promoter-directors of the Company, viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.

g) Indian rupee term loans from Government of India through Department of Biotechonology are project specific loans which carry interest @ 2.00% p.a. These loans are repayable in ten equal half-yearly installments. The repayment of these loans would commence from one year after the completion of the respective projects.

h) Secured term loans from Government of India through Department of Biotechonology are secured by way of hypothecation of the Company's all equipments, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property present and future by way of first charge on pari-passu basis.

i) Indian rupee term loans from Government of India through Technology development board is a project specific loan which carry interest @ 5.00% p.a. The loan is repayable in nine equal half-yearly installments commencing from January'15.

j) Secured term loan from Government of India through Technology development board is secured by way of first pari-passu charge on the whole of the moveable properties of the borrower including its movable plant & machinery, machinery spares, tools & accessories & other moveables both present & future except book debts and mortgage of immovable properties of the Company being land admeasuring 1011.11 sq. yards, situated at Plot no. 37, Sector 21-A, Urban Estate Faridabad, Haryana. The loan is also collaterally secured by personal guarantees of the promoter-directors of the Company, viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.

k) Indian rupee term loan from Government of India, through Department of Science & Techonology is a project specific loan which carries interest @ 3.00% p.a. The loan is repayable in ten equal annual installments which would commence from September'2012.

l) For details of application filed for Comprehensive Debt Restructuring, refer note 44 and for details of amount and period of defaults in repayment of loan installaments and interests for each loan, refer note 45.

(Rs. in million)

		As at March 31, 2014		As at March 31, 2013
7. Deferred tax liabilities				
Deferred tax liabilities				
Differences in depreciation and amortization in block of fixed assets as per Income Tax Act and books of accounts		939.1		623.7
Capital expenditure on research and development		0.6		23.2
Effect of finance lease accounting		3.1		1.7
Gross deferred tax liabilities		942.8		648.6
Deferred tax assets				
Effect of expenditure debited to statement of profit and loss but allowed for tax purposes on payment basis		132.1		64.0
Effect of unabsorbed business loss and depreciation*		805.5		579.8
Gross deferred tax assets		937.6		643.8
Net deferred tax liabilities		5.2		4.8

* The deferred tax assets on unabsorbed business loss and depreciation have been recognized only to the extent of deferred tax liabilities on account of lack of virtual certainty as required by the Accounting Standard-22 "Accounting for Taxes on Income".

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	Long term as at		Short term as at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
8. Provisions				
Provision for employees benefits				
Provision for gratuity (Refer note 39)	20.2	25.3	0.1	2.6
Provision for leave encashment	-	-	97.1	82.6
Other provisions				
Provision for wealth tax	-	-	10.0	5.8
Provision for inocme tax	-	-	0.4	0.1
Provision for litigations*	-	-	10.0	10.0
Provision for liquidation expenses	-	-	0.8	3.4
	20.2	25.3	118.4	104.5
Movement in provision for litigations				
Opening balance			10.0	10.0
Addition during the year			-	-
Deletion during the year			-	-
Closing balance			10.0	10.0

* Maharashtra State Electricity Distribution Company Limited [MSEDCL] served a demand notice to the company on account of wrong tariff rates applied for the power consumption at its research and development center located at Navi Mumbai. Company contested the matter in Consumer Grievance Redrassal Forum [CGRF] of MSEDCL which had already given decision in favour of the Company. However, MSEDCL challenged the decision and file the case with Mumbai High Court. During the current year, High court has passed a favourable order for the company. However, the MSEDCL has further challanged the decision of High Court and moved the matter to Honorable Supreme Court. Provision of Rs.10.0 million has been accounted for in the books of accounts pertaining to this notice on a conservative basis.

(Rs. in million)

	As at March 31, 2014	As at March 31, 2013
9. Other long term liabilities		
Income received in advance	17.3	23.6
Group's liability towards preference share capital of Adveta Power Pvt. Ltd., joint venture company	11.8	11.8
	29.1	35.4
10. Short term borrowings		
Cash credits from banks (secured) (refer note a)	2,503.9	1,878.0
Buyers' credit from banks (secured) (refer note b)	208.2	311.4
Working capital loan from bank (secured) (refer note c)	64.1	100.0
Deposits from public (unsecured)(refer note d)	7.0	
Deposits from related parties (unsecured)(refer note e)	133.2	339.6
"Loan from related parties (unsecured) (Refer note 34) (refer note e)"	290.3	111.0
	3,206.7	2,740.0
The above amount includes		
Secured borrowings	2,776.2	2,289.4
Unsecured borrowings	430.5	450.6
	3,206.7	2,740.0

a) Cash credit from bank carries interest @ 12.5% to 17.75% p.a.
b) Buyers' credit from bank carries interest @ 1.1% to 3.5% p.a.
c) Working capital loan from bank carries @13.25 to 13.75% p.a.
d) Deposits from public carries interest @ 8% to 9% p.a.
e) Loans & deposits from related parties carries interest @ 8% to 9.5% p.a.
f) Cash credits, Buyers' credits & Working capital loan from banks are secured by way of first pari passu charge by hypothecation of all current assets and also by way of second pari-passu charge on all the movable fixed assets (including machinery and spares) and immovable properties of the Company, both present and future including land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswas situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh, and land admeasuring 9435.66 sq yards situated at Indl Plot No. E-4, PH-2, Indl Area, S.A.S. Nagar, (Mohali), Punjab. These are also collaterally secured by personal guarantees of the promoter- directors of the Company, viz Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.
g) For details of application filed for Comprehensive Debt Restructuring, refer note 44 and for details of amount and period of defaults in repayment of loan installaments and interests for each loan, refer note 45.

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	As at March 31, 2014	As at March 31, 2013
11. Other Current Liabilities		
Trade payables (Refer note 33 for details of dues to micro & small enterprises)	2,521.1	1,756.9
Other liabilities		
Current maturities of long term borrowings (Note 6)	1,559.0	152.6
Book Overdraft	0.2	2.1
Interest accrued but not due on borrowings	6.9	17.9
Interest accrued and due on borrowings	551.3	62.2
Advances from customers	290.6	153.7
Income received in advance	10.3	8.4
Sundry deposits	49.7	28.4
Investor education and protection fund will be credited by following amount (as & when due)	-	-
Unpaid dividend on equity shares	0.6	1.0
Others :	-	-
Statutory dues	50.5	71.9
	2,519.1	498.2

12. Fixed Assets

Tangible Assets

(Rs. in million)

Description	Land - freehold	Land - leasehold	Buildings	Leasehold improvement	Plant and equipments	Furniture and fittings	Vehicles	Office equipments	Computer equipments	Total
Cost or Valuation										
At 1 April 2012	4,016.0	412.2	3,928.6	86.2	6,161.5	353.6	173.9	227.6	187.9	15,547.5
Additions	10.1	-	22.4	-	124.0	2.4	0.1	2.4	8.6	170.0
Disposals	-	-	1.3	-	1.2	1.0	8.6	0.3	3.9	16.3
Other Adjustments	-	-	-	-	-	-	-	-	-	-
- Exchange Differences*	-	-	53.2	0.1	252.8	4.3	-	1.2	1.2	312.8
At 31 March 2013	4,026.1	412.2	4,002.9	86.3	6,537.1	359.3	165.4	230.9	193.8	16,014.0
Additions	7.1	-	9.6	-	68.7	-	-	0.3	0.3	86.0
Disposals	47.2	-	-	-	-	0.1	14.1	0.5	1.0	62.9
Other Adjustments										
- Exchange Differences*	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	3,986.0	412.2	4,012.5	86.3	6,605.8	359.2	151.3	230.7	193.1	16,037.1
Depreciation										
At 1 April 2012	-	5.1	779.9	86.2	2,640.9	216.4	106.3	124.5	160.8	4,120.1
Charge for the year	-	3.3	227.0	0.1	475.1	24.3	17.1	13.9	14.0	774.8
Deduction & Adjustment during the year	-	-	0.1	-	0.8	0.7	5.6	0.2	3.8	11.2
Other Adjustments										
- Exchange Differences	-	-	10.8	-	64.2	1.4	-	1.2	0.6	78.2
At 31 March 2013	-	8.4	1,017.6	86.3	3,179.4	241.4	117.8	139.4	171.6	4,961.9
Charge for the year	-	4.6	151.3	-	386.0	22.0	14.0	9.0	9.7	596.6
Surplus on account of change in method of depreciation (Refer note 2.1(a))	-	-	(676.3)	-	(1,277.1)	(26.2)	(20.8)	55.3	(3.2)	(1,948.3)
Deduction & Adjustment during the year	-	-	-	-	-	0.1	10.6	0.3	0.9	11.9
Other Adjustments										
- Exchange Differences	-	-	6.9	0.0	46.9	1.1	-	1.5	0.5	56.9
At 31 March 2014	-	13.0	499.5	86.3	2,335.2	238.2	100.4	204.9	177.7	3,655.2
Net Block										
At 31 March 2013	4,026.1	403.8	2,985.3	(0.0)	3,357.7	117.9	47.6	91.5	22.2	11,051.8
At 31 March 2014	3,986.0	399.2	3,513.0	-	4,270.6	121.0	50.9	25.8	15.4	12,381.9
Capital work-in-progress										
At 31 March 2013										1,246.2
At 31 March 2014										1,601.2

Intangible Assets

(Rs. in million)

Description	Goodwill on Consolidation	Patent, Trademark & Copyrights	Softwares	Websites	Product Development	Total
Cost or Valuation						
At 1 April 2012	84.9	85.9	193.8	9.3	464.7	838.6
Additions	39.3	-	26.8	-	23.0	89.1
Sale/ Adjustment	-	-	0.1	-	-	0.1
At 31 March 2013	124.2	85.9	220.5	9.3	487.7	927.6
Additions	8.1	-	3.4	-	-	11.5
At 31 March 2014	132.3	85.9	223.9	9.3	487.7	939.1
Depreciation						
At 1 April 2012	48.8	57.7	130.3	9.3	68.9	315.0
Charge for the year	16.0	5.5	14.0	-	84.0	119.5
Deduction & Adjustment during the year	-	-	0.1	-	-	0.1
At 31 March 2013	64.8	63.2	144.2	9.3	153.0	434.5
Charge for the year	14.4	6.0	24.6	-	86.2	131.2
At 31 March 2014	79.2	69.2	168.8	9.3	239.1	565.7
Net Block						
At 31 March 2013	59.4	22.7	76.3	-	334.7	493.1
At 31 March 2014	53.1	16.7	55.1	-	248.5	373.5
Capital work-in-progress						
At 31 March 2013						106.4
At 31 March 2014						123.6

Notes :

1. The Company revalued freehold land, leasehold land and buildings on 1 April 2011, at the fair values determined by an independent external valuer in the previous year. The valuer determined the fair value by reference to market-based evidence. This means that valuations performed by the valuer were based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The historical cost of freehold land, leasehold land and building fair valued by the Company was Rs.306.1 million, Rs.54.8 million and Rs.1,957.3 million respectively and their fair value were Rs. 2,517.7 million, Rs. 207.9 million and Rs. 3,010.0 million respectively. Hence, the revaluation resulted in an increase in the book value of freehold land, leasehold land and building by Rs. 2,211.6 million, Rs. 155.5 million and Rs.1,579.4 million respectively which was credited to revaluation reserve [Refer note 4]. In accordance with the option given in the guidance note on accounting for depreciation in companies, the Company recoups depreciation on revaluation of these assets out of revaluation reserve.

2. Plant & Machinery includes Plant & Machinery amounting to Rs.2.1 million (Previous year Rs.2.5 million) (net block) lying with third parties.

3. For assets given on operating lease (Refer note 37 i) a).

* Exchange differences capitalized during the year (Refer Note 46)

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	As at March 31, 2014		As at March 31, 2013	
13. Non Current Investments				
(valued at cost unless stated otherwise)				
Trade - Unquoted (valued as cost unless stated otherwise)				
Investment in associates				
419,767 (Previous year 419,767) equity shares of Rs.10 each fully paid in PanEra Biotec Pvt. Ltd.	164.8		164.6	
Add: Profit / (loss) for the year	(5.7)	159.1	0.2	164.8
Non Trade - Unquoted (valued at cost unless stated otherwise)				
20,250 (Previous year 20,250) equity shares of Rs.10 each fully paid up in Shivalik Solid Waste Management Ltd.		0.2		0.2
- Quoted				
10,000 Equity Shares (Previous Year 10,000 of Rs.10/- each) of Rs. 10/- each fully paid in Medicamen Biotec Limited		0.1		0.1
		159.4		165.1
Aggregate amount of unquoted investment		159.3		165.0
Aggregate amount of quoted investment		0.1		0.1
Aggregate market value of quoted investment		0.1		0.1
Aggregate provision for other than temporary dimiunation in value		-		-

(Rs. in million)

		Non-current as at		Current as at	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
14. Loans and Advances					
Capital advances (Unsecured, considered good)(Refer Note 48)	(a)	211.8	219.6	-	-
Security deposits (Unsecured, considered good)	(b)	30.0	25.4	5.8	6.1
		241.8	245.0	5.8	6.1
Loans and advances to other parties					
Unsecured, considered good		-	5.5	-	109.8
		-	5.5	-	109.8
Less : Provision for doubtful loans		-	-	-	-
	(c)	-	5.5	-	109.8
Advances recoverable in cash or in kind					
Unsecured considered good		142.5	142.5	220.8	220.8
Doubtful		-	-	35.3	35.3
		142.5	142.5	256.1	256.1
Less : Provision for doubtful advances		-	-	(35.3)	(35.3)
	(d)	142.5	142.5	220.8	220.8
Other loan and advances					
Unsecured, considered good					
Balance with excise, custom etc.		-	-	81.8	86.6
Prepaid expenses		-	16.8	44.5	25.0
Staff loans and advances		-	-	20.6	21.1
Advance income tax (Net of provision of Rs.1,687.4 million (Previous year Rs.1,687.4 million)) (refer note 30 (i)(a))		243.1	230.3	-	-
MAT credit entitlement (refer note 50)		352.8	352.7	-	-
Other statutory receivables		-	-	-	-
Doubtful					
Staff loans and advances		-	-	4.2	4.2
		595.9	599.8	151.1	136.9
Less : Provision for doubtful advances		-	-	(4.2)	(4.2)
	(e)	595.9	599.8	146.9	132.7
Total (a)+(b)+(c)+(d)+(e)		980.2	992.8	373.5	469.4

(Rs. in million)

		Current as at March 31, 2014		Current as at March 31, 2013
15. Trade Receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, Considered good		66.2		26.6
Doubtful		213.2		81.3
		279.4		107.9
Less : Provision for doubtful receivables		(213.2)		(81.3)
(a)		66.2		26.6
Other receivables				
Unsecured, Considered good		883.1		672.0
Doubtful		8.1		(0.0)
		891.2		672.0
Less : Provision for doubtful receivables		(8.1)		-
(b)		883.1		672.0
Total (a)+(b)		949.3		698.6

(Rs. in million)

		As at March 31, 2014		As at March 31, 2013
16. Inventories				
(valued at lower of cost and net realizable value)				
Raw materials (including packing materials)		623.2		1,190.7
Finished goods		338.1		732.6
(Including stock in transit of Rs. Nil (Previous year Rs. 1.9 million))				
Traded goods		38.1		51.1
Work in progress		646.2		131.8
Stores and spares		129.0		150.4
Land under development		423.5		422.8
		2,198.1		2,679.4

(Rs. in million)

	Non-current as at		Current as at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
17. Cash and Bank Balances				
Cash and cash equivalents				
Cash on hand	-	-	1.8	6.5
Balances with banks				
Current accounts	-	-	205.3	282.3
Unpaid dividend accounts*	-	-	0.6	1.0
Exchange earner foreign currency accounts	-	-	0.7	59.7
(a)	-	-	208.4	349.5
Other Bank Balances**				
Deposits with original maturity for more than 12 months	3.5	1.7	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	39.4	42.8
(b)	3.5	1.7	39.4	42.8
Amount disclosed under the head "Note 19 : other current assets"	(3.5)	(1.7)	-	-
Total (a)+(b)	-	-	247.8	392.3

* Not available for use by the company as they represent corresponding unpaid dividend liabilities.

** Fixed deposits amounting to Rs. 2.1 million (Previous year Rs. 0.5 million) are pledged with banks and various Government authorities.

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	As at March 31, 2014	As at March 31, 2013
18. Current Investments		
Quoted investments: (Valued as cost unless states otherwise)		
a) 2644.970 Units (Previous Year Nil Units) of Rs.100.1950 NAV in BSL Cash Plus - Daily Dividend - Regular Plan - Reinvestment Retail - Daily Dividend - Option Reinvestment)	0.3	-
b) Nil Units (Previous Year 4,459,832.813 Units) of Rs.10.0111 NAV in Templeton India Ultra - Short Bond Fund - Institutional DD Retail - Daily Dividend - Option Reinvestment)	-	44.6
c) Nil Units (Previous Year 353,715.683 Units) of Rs.10.0172 NAV in Templeton India Ultra - Short Bond Fund - Super Institutional DD Retail - Daily Dividend - Option Reinvestment)	-	3.5
d) Nil Units (Previous Year 264, 907.057 Units) of Rs. 11.4113 NAV in BSL Dynamic Bond Fund - Retail - Quarterly Dividend - Regular Pan - Reinvestment	-	3.0
e) Nil Units (Previous Year 2,6391.427 Units) of Rs.11.4113 NAV in BSL Dynamic Bond Fund- Retail - Quarterly Dividend - Regular Plan-Reinvestment	-	0.3
f) Nil Units (Previous Year 244,366.981 Units) of Rs.10.0172 NAV in Templeton India Ultra - Short Bond Fund - Super Institutional Plan - Daily Dividend - Option Reinvestment	-	2.4
g) Nil Units (Previous Year 29,993.763 Units) of Rs.100.1158 NAV	-	3.0
h) Investment in Equity Shares	-	3.1
	0.3	59.9
Aggregate amount of quoted investment	0.3	59.9
Aggregate market value of quoted investment	0.3	59.9

(Rs. in million)

	Non-current as at		Current as at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
19. Other assets				
Unsecured, considered good unless stated otherwise				
Export benefits receivable	-	-	38.9	23.2
Contractually reimbursable expenses	-	-	-	5.7
Interest accrued on deposits/loans (considered good)	-	-	1.3	8.1
Other current assets	-	-	1.0	0.9
Non current bank balances (Refer note 17)	3.5	1.7	-	-
	3.5	1.7	41.2	37.9

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	For the year ended March 31, 2014		For the year ended March 31, 2013	
20. Revenue From Operations				
Sales of products:				
Finished goods		4,233.7		4,737.9
Traded goods		526.1		661.5
Sales of services:				
Contract manufacturing		42.4		42.3
Other operating revenue:				
Export benefits		41.7		267.7
Research and license fees income		178.2		301.5
Royalty income		81.1		63.1
Lease rent		53.8		16.3
Scrap sale		3.3		5.8
		5,160.3		6,096.1
21. Other Income				
Interest income on				
Banks deposits		4.0		9.0
Income tax refund		16.0		0.9
Others		53.5		21.1
Dividend income on :				
Investments in mutual fund		0.0		3.4
Investment in other non trade fund		3.0		-
Income from sale of current investment		2.1		3.9
Net gratuity income (Refer note 39)		5.4		-
Miscellaneous income		15.8		16.1
		99.8		54.4
22. Cost of Raw and Packing Material Consumed				
Inventory at the beginning of the year	1,190.7		2,386.4	
Add : Purchases during the year	1,453.0		1,177.8	
	2,643.7		3,564.2	
Less : Inventory at the end of the year	623.3		1,190.7	
	2,020.4	2,020.4	2,373.5	2,373.5

(Rs. in million)

	For the year ended March 31, 2014	For the year ended March 31, 2013	(Increase)/ decrease
23. (Increase) / Decrease in Inventories			
Inventories at the end of the year			
Finished goods	338.1	732.6	394.5
Traded goods	38.1	51.1	13.0
Work in progress	646.2	131.8	(514.4)
	1,022.4	915.5	(106.9)
Inventories at the beginning of the year			
Finished goods	732.6	658.4	(74.2)
Traded goods	51.1	93.6	42.5
Work in progress	131.8	190.0	58.2
	915.5	942.0	26.5
	(106.9)	26.5	

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

(Rs. in million)

	For the year ended March 31, 2014		For the year ended March 31, 2013	
24. Employee Benefits Expense				
Salary, wages and bonus		1,357.0		1,362.6
Contribution to provident and other funds		36.8		38.3
Staff welfare expenses		55.4		68.5
		1,449.2		1,469.4
25. Other Expenses*				
Contract manufacturing charges (including prior period expenses of Rs.7.4 million (Previous year Nil))		143.9		235.9
Analytical testing and trial charges		71.2		44.7
Consumption of stores and spares		176.8		215.1
Power and fuel		317.4		377.6
Repair and maintenance :				
Buildings	12.9		28.2	
Plant and machinery	35.8		42.9	
Others	33.9	82.6	43.7	114.8
Rent		61.4		67.9
Royalty		19.2		15.0
Directors' sitting fees		1.0		0.9
Printing and stationery		13.2		27.0
Postage and communication		52.3		49.2
Insurance		43.1		45.0
Travelling and conveyance expenses		143.6		170.8
Payment to auditors (Refer note 40)		7.6		8.0
Legal and professional charges		160.8		229.2
Vehicle running and maintenance		33.2		46.0
Rates and taxes		51.3		34.8
Donation		0.0		6.0
Subscription		14.6		13.9
Staff training and recruitment		10.1		18.2
Bad debts and advances written off		0.5		0.5
Loss on sale/discard of fixed assets (net)		97.7		273.9
Wealth tax		6.0		9.4
Provision for doubtful debts and advances		171.0		30.1
Exchange difference (net)		26.9		94.3
Advertising and sales promotion		303.8		302.7
Meetings and conferences		38.9		74.3
Freight and forwarding		78.1		100.3
Commission on sales (other than sole selling agents) (including prior period expenses of Rs. 3.8 million (Previous year Rs. 2.1 million))		79.0		85.7
Loss on sale of non current investment		0.1		26.5
Miscellaneous expenses (including prior period expenses of Rs. 8.2 million (Previous year Rs. Nil))		125.5		124.3
		2,330.8		2,842.0
*For pre-operative expenses refer to note 32				

(Rs. in million)

	For the year ended March 31, 2014	For the year ended March 31, 2013
26. Finance Cost		
Interest expenses	1,445.9	935.6
Bank charges	34.4	43.4
Exchange differences to the extent considered as an adjustment to borrowing cost	22.7	58.6
	1,503.0	1,037.6
27. Depreciation and amortisation expense		
Depreciation of tangible assets	653.6	853.1
Amortisation of intangible assets	131.2	119.5
	784.8	972.6
Less : recoupment from revaluation reserve	(73.8)	(112.7)
	711.0	859.9
28. Exceptional items		
Exchange differences (refer note 52)	-	173.1
Surplus on account of change in depreciation method (refer note 2.1(a))	1,770.9	-
	1,770.9	173.1
29. Earning per share		
(Loss) for the year	(1,121.3)	(2,342.8)
Weighted average number of equity shares in calculating basic and diluted earning per share	61,250,746	61,250,746
Basic earnings per share (in Rs.)	(18.31)	(38.25)
Diluted earnings per share (in Rs.)	(18.31)	(38.25)
Nominal value per share (in Rs.)	1.00	1.00

30. i) Contingent Liabilities (to the extent not provided for)

(Rs. in million)

Particulars	**As at March 31 , 2014**	As at March 31 , 2013
Disputed demands/ show-cause notices under:-		
a) Income Tax cases (refer note (a) below)	167.0	167.0
b) Customs Duty cases (refer note (b) below)	4.0	4.0
c) Central Excise Duty cases (refer note (c) below)	6.6	6.6
d) Service Tax (refer note (d) below)	72.6	9.9
Total	250.2	187.5
Bank Guarantee	99.8	98.9
Labour cases (in view of large number of cases, it is impracticable to disclose each of them)	1.5	1.5

Notes:

a) Includes income tax demand of Rs. 162.2 million in respect to AY 2005-06. Income tax department raised demand based on certain grounds related with purchases made by the Company from an overseas party. The demand of Rs. 162.2 million has been set off by the tax authorities from the refund due to the company from the department pertaining to various years. The matters related to income tax demand are still pending with tax/judicial authorities. Company believes that it has merit in these cases, hence no provision is required.

b) In respect of custom duty demand, the Assessing Officer levied custom duty on certain exempted items imported by the Company. Company has deposited the entire amount of demand under protest and the matter is pending before Hon'ble Customs, Excise and Service Tax Appellate Tribunal. Company believes that it has merit in its case, hence no provision is required.

c) In respect of central excise duty demand, the Assessing Officer levied excise duty on common inputs used in manufacture of exempted and taxable products. Company has deposited the entire amount of demand under protest and the matter is pending before the Hon'ble Customs, Excise and Service Tax Appellate Tribunal. Company believes that it has merit in its case, hence no provision is required.

d) In respect of service tax demand, the Assessing Officer levied service tax on foreign services rendered & delivered outside India by the Company & certain others services on which there was no liability to pay service tax. Company believes that it has merit in its case, hence no provision is required.

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

ii) During the financial year 2011-12, a search operation was conducted by Income tax department under section 132 of the Income Tax Act, 1961. During the search operation, certain explanations were demanded and some documents were seized by the tax authorities. Further, the Company provided details as and when required by the tax authorities and the Company has not received any demand order related to search operation. Also, in connection with the search operation, the Company received notices under section 153A which required the Company to file income tax return for six assessment years i.e. from AY 2006-07 to 2011-12. Liability if any, cannot be quantified at this stage of the proceedings. The management believes that the transactions of the Company are fully compliant with relevant provisions of the Income Tax Act, 1961 and hence, no provision is required.

iii) The Company had manufactured and offered supply of certain vaccines which were manufactured against the confirmed order received from the Ministry of Health and Family Welfare (MOH&FW). Some quantities of vaccines were supplied during December 2011, the balance could not be supplied in view of disputes with respect to delivery dates and in the meantime the stock of such vaccines amounting to Rs.74.1 million got expired. Further, the Company had also received advance market commitment (AMC) amounting to Rs.100 million against these vaccines. The refund of the advance so received (after adjusting the amount receivable against the vaccines already supplied) has been demanded back by MOH&FW along with interest on account of non-supply of balance quantities of vaccines. In view of above disputes, the Company obtained a stay order from the Hon'ble Delhi High Court against recovery of said amount, till the disputes are finally resolved through arbitration. While the arbitral proceedings are on, the Company believes that the entire amount in respect of above supplies (after adjusting the AMC amount) including the amount of expired stock and applicable interest thereon is recoverable and no interest is payable on the said AMC amount. Based on legal opinion, no adjustment in respect of the expired stock and the interest amount has been made in the financial statements.

iv) A petition under section 9 of the Arbitration & Conciliation Act, 1996 for urgent ex-parte interim measure was filed by M/s. G.S. Developers & Contractors (P) Limited ("Petitioner") against one of the subsidiaries companies New Rise Healthcare Private Limited ("Respondent" or "NRHPL") under O.M.P No. 358/2014 with Hon'ble High Court of Delhi dated 20.03.2014 and Petitioner has demanded a claim of Rs. 63.7 million (As detailed below):

(Rs. in million)

Particulars	Amount
Final Bill Amount	Rs.24.7
Retention Money	Rs.9.2
Cost due to Delay in Drawings	Rs.29.3
Interest on Delay Payment	Rs.0.5
Total Claim Amount	Rs.63.7

The matter was listed to be heard on 01.04.2014 before Hon'ble High Court of Delhi and the matter was referred to Mediation to be held on 04.04.2014 and shall again be listed for 29.04.2014 before Hon'ble High Court of Delhi for awaiting the report of the learned Mediator. In mediation on 04.04.2014, Mediator was on leave and matter listed for 21.04.2014 on which the Counsel of Respondent argued the matter and matter was relisted to be heard by Mediator on 05.05.2014. On 05.05.2014, due to no consensus on any mediation between the parties, Mediator has closed the matter and forwarded it again to be heard by Hon'ble High Court of Delhi. In the meantime, on 29.04.2014 as the matter was listed before Hon'ble High Court of Delhi, the court ordered Respondents Counsel to file reply to the said petition within one month i.e. by 28.05.2014 and matter will be now heard on 09.09.2014. Prior to filing of this petition, G.S. Developers has sent a claim of Rs.63.7 million to NRHPL vide its letter dated 20.01.2014 and in response to that NRHPL has filed its reply dated 19.03.2014 and has declined the said claim and raised a counter claim of Rs.597.7 million. Though the matter is under dispute, however NRHPL believes that it has merits in its case and hence no provision is required in financial statements of NRHPL as on 31st March 2014.

31. Capital & other commitments

a) Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided in the books are as follows:

(Rs. in million)

Particulars	As at March 31 , 2014	As at March 31 , 2013
Fixed Assets	327.1	406.4

b) Other commitments :

i) Export commitments of Rs. 2,332.2 million (Previous year Rs.2,778.7 million) under advance licenses Schemes.

ii) The Company has received financial assistance in the form of soft loan under various projects from Government authorities. As per the terms of related agreements, Company is also required to incur expenditure in form of Company's contribution to the relevant project. Further, the Company has to repay these loans as per terms of respective agreement. The amount of commitment is not quantifiable.

iii) The Company has entered into an agreement with other shareholders of its subsidiary company, namely NewRise Healthcare Private Limited (formerly Umkal Medical Institute Private Limited) to acquire the remaining stake in the subsidiary company. The Company has already purchased part of these shares during the current year at an aggregate value of Rs.11.4 million. As per the terms of the agreement, the Company is required to pay further amount of Rs.93.6 million towards purchase of balance shares in 2014-15 and post such purchase of shares, the subsidiary company will become a wholly owned subsidiary company of the Company.

iv) For commitments relating to lease arrangements, refer note 37.

32. Details of pre-operative expenses (included in Capital Work in Progress) relating to Fixed Assets are as follows:

(Rs. in million)

Particulars	Opening balance		Addition during the year ended		Capitalized during the year ended		Closing balance	
	April 1, 2013	April 1, 2012	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Legal & professional	109.6	90.4	30.5	20.9	-	1.7	140.1	109.6
Store & Spares Consumed	0.2	0.0	-	0.2	-	-	0.2	0.2
Power & Fuel	3.5	1.1	14.0	2.4	-	-	17.5	3.5
Rates & Taxes	1.1	1.0	0.5	0.1	-	-	1.5	1.1
Repair & Maintenance	0.4	0.4	-	-	-	-	0.4	0.4
Salary & Wages	58.3	39.3	48.2	19.0	-	-	106.5	58.3
Travelling & conveyance	2.1	1.8	2.5	0.3	-	-	4.6	2.1
Rent	11.4	9.5	2.7	1.9	-	-	14.2	11.4
Sundry Expenses	130.4	37.8	143.9	92.6	-	-	274.3	130.4
Total	317.0	181.3	242.3	137.4	-	1.7	559.3	317.0

33. Details of dues to micro & small enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act)

(Rs. in million)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	35.6	Nil	26.2	Nil
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	27.7	5.2	27.3	1.7
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	Nil	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	Nil	Nil	Nil	Nil

34. Related Party Disclosures

A. Names of Related Parties

Related parties with whom transactions has taken place during the year

(a) Joint Ventures -
- Chiron Panacea Vaccines Private Limited (under liquidation) (Refer 38(c))
- Adveta Power Private Limited

(b) Associates -
- PanEra Biotec Private Limited

(c) Key Management Personnel:
- Mr. Soshil Kumar Jain - Chairman and Whole-time Director
- Mr. Ravinder Jain - Managing Director
- Dr. Rajesh Jain - Joint Managing Director
- Mr. Sandeep Jain - Joint Managing Director
- Mr. Sumit Jain - Whole-time Director

(d) Relatives of Key Management personnel having transactions with the Company:

Mr. Ashwani Jain, Son-in-law of Mr. Soshil Kumar Jain

Mr. Shagun Jain, Son-in-law of Mr. Ravinder Jain

Mrs. Radhika Jain, Daughter of Mr. Ravinder Jain

Mrs. Shilpy Jain, Wife of Mr. Sumit Jain

Mr. Ankesh Jain, Son of Dr. Rajesh Jain

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

(e) Enterprises over which Person(s) having control or significant influence over the Company / Key management personnel(s), along with their relatives, are able to exercise significant influence:

- Neophar Alipro Ltd.
- First Lucre Partnership Co.*
- Lakshmi & Manager Holdings Ltd., Trinidhi Finance Pvt. Ltd. and Best General Insurance Company Ltd with effect from 25/01/2014

* Holding Shares in the Company.

B. Detail of transactions with Associates and Joint Ventures companies: (Rs. in million)

S. No.	Particulars	Associate		Joint Ventures	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
I)	Transaction made during the year				
1	Purchase of raw materials				
	PanEra Biotec Pvt. Ltd.	399.6	141.0	-	-
2	Sale				
	Chiron Panacea Vaccines Pvt. Ltd.*	-	-	-	75.0
	PanEra Biotec Pvt. Ltd.	8.9	0.5	-	-
3	Contract manufacturing charges paid				
	PanEra Biotec Pvt. Ltd.	37.7	218.3	-	-
4	Recovery of expenses				
	PanEra Biotec Pvt. Ltd.	78.2	23.2	-	-
5	Reimbursement of expenses				
	Chiron Panacea Vaccines Pvt. Ltd.*	-	-	-	1.5
6	Rent received				
	PanEra Biotec Pvt. Ltd.	52.3	14.8	-	-
	Chiron Panacea Vaccines Pvt. Ltd.*	-	-	0.1	-
7	Dividend received				
	Chiron Panacea Vaccines Pvt. Ltd.*	-	-	0.0	17.2
8	Investments made				
	Adveta Power Pvt. Ltd.	-	-	0.1	0.3
II)	Year end balances				
1	Investments				
	PanEra Biotec Pvt. Ltd.	4.2	4.2	-	-
2	Outstanding payable				
	PanEra Biotec Pvt. Ltd.	173.7	90.7	-	-

*Under liquidation

C. Detail of transactions with Key Management Personnel, their relatives and Enterprises over which Person(s) having control or significant influence over the Company / Key management personnel(s), along with their relatives, are able to exercise significant influence:

(Rs. in million)

S. No.	Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Person(s) having control or significant influence over the Company/ Key management personnel(s) along with their relatives, are able to exercise significant influence	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
I	Transaction made during the year						
1	Remuneration						
	Soshil Kumar Jain	8.0	8.0	-	-	-	-
	Ravinder Jain	12.5	12.1	-	-	-	-
	Rajesh Jain	7.0	7.0	-	-	-	-
	Sandeep Jain	6.5	6.4	-	-	-	-
	Sumit Jain	3.5	3.7	-	-	-	-
	Shagun Jain	-	-	3.0	3.0	-	-
	Ashwani Jain	-	-	3.0	3.0	-	-
	Shilpy Jain	-	-	0.7	0.7	-	-
	Radhika Jain	-	-	1.4	1.4	-	-
	Ankesh Jain	-	-	0.3	0.3	-	-
2	Fixed Deposit received						
	First Lucre Partnership Co.	-	-	-	-	-	65.6
	Rajesh Jain	20.0	-	-	-	-	-
	Sandeep Jain	20.0	-	-	-	-	-
	Sunanda Jain	-	-	19.8	-	-	-
	Nirmala Jain	-	-	33.2	-	-	
	Meena Jain	-	-	70.0	-	-	-
3	Fixed Deposit repaid						
	First Lucre Partnership Co.	-	-	-	-	337.6	5.0
	Sunanda Jain	-	-	19.8	-	-	-
	Meena Jain	-	-	10.0	-	-	-
4	Interest on Deposit						
	First Lucre Partnership Co.	-	-	-	-	0.3	27.6
	Sunanda Jain	-	-	0.4	-	-	-
	Nirmala Jain	-	-	1.3	-	-	-
	Meena Jain	-	-	2.8	-	-	-
5	Rent received						
	Neophar Alipro Ltd.	-	-	-	-	0.2	0.2
6	Loan received						
	Soshil Kumar Jain	130.0	38.5	-	-	-	-
	Ravinder Jain	80.2	36.5	-	-	-	-
	Rajesh Jain	101.0	18.0	-	-	-	-
	Sandeep Jain	-	18.0	-	-	-	-
7	Interest paid						
	Soshil Kumar Jain	14.6	2.7	-	-	-	-
	Ravinder Jain	7.2	2.6	-	-	-	-
	Rajesh Jain	10.2	1.3	-	-	-	-
	Sandeep Jain	1.8	1.3	-	-	-	-
8	Loan repaid/ adjusted						
	Soshil Kumar Jain	20.0					
	Ravinder Jain	104.0					
	Rajesh Jain	11.0					
9	Interest reversal on fixed deposit						
	First Lucre Partnership Co.					4.4	-
10	Sale of investment-Equity shares of Lakshmi & Manager Holdings Ltd						
	Ravinder Jain	104.0	-	-	-	-	-
	Sunanda Jain	-	-	19.8	-	-	-

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

II	Year end balances						
1	Outstanding fixed deposits						
	First Lucre Partnership Co.	-	-	-	-	-	337.6
	Sandeep Jain	20.0	-	-	-	-	-
	Rajesh Jain	20.0	-	-	-	-	-
	Nirmala Jain	-	-	33.2	-	-	-
	Meena Jain	-	-	60.0	-	-	-
2	Interest payable						
	Sunanda Jain	-	-	0.4	-	-	-
	Nirmala Jain	-	-	1.4	-	-	-
	Meena Jain	-	-	2.4	-	-	-
3	Loan payable						
	Soshil Kumar Jain	148.5	38.5	-	-	-	-
	Ravinder Jain	12.7	36.5	-	-	-	-
	Rajesh Jain	108.0	18.0	-	-	-	-
	Sandeep Jain	18.0	18.0	-	-	-	-
4	Interest payable						
	Soshil Kumar Jain	7.5	1.9	-	-	-	-
	Ravinder Jain	4.7	1.9	-	-	-	-
	Rajesh Jain	4.9	0.8	-	-	-	-
	Sandeep Jain	1.8	0.8	-	-	-	-

Note: : In respect of personal guarantee given by Promoters-Directors refer Note 6 - Long term borrowings and 10 - Short term borrowings.

D. Effect of disposal of subsidiary company:

During the year, the Company sold its investment in equity share of its wholly owned subsidiary (WOS) Lakshmi & Manager Holdings Ltd. (LMH) to one of its related party on January 24, 2014. The effect of the disposal of subsidiary company on consolidated financial position is as follows: (Rs. in million)

Particulars	March, 2014
Equity and Liabilities	
Share Capital	103.1
Reserve and surplus	11.9
Net worth as on date of disposal	115.0
Less: Sales Proceeds from disposal of investment	123.8
Surplus over net-worth of the company	(8.8)
Less: Gain recognized in standalone financials statement	8.3
Balance booked in consolidated financial statement	(0.5)

35. Particulars of Un-hedged Foreign Currency Exposure as at Balance Sheet date

Particulars	Currency	As at March 31, 2014 Foreign Currency	Closing Exchange Rate*	As at March 31, 2014 Rs. in million	As at March 31, 2013 Foreign Currency	Closing Exchange Rate*	As at March 31, 2013 Rs. in million
Foreign trade payable	USD	2,148,402	59.90	128.7	1,643,866	54.31	89.3
	Euro	1,659,554	82.29	136.6	628,014	69.61	43.7
	CHF	-	-	-	53,050	57.17	3.0
	GBP	9,063	99.56	0.9	38,285	82.47	3.2
	JPY/100	37,035	58.50	2.2	29,825	57.60	1.7
	SEK	16,820	9.20	0.2	16,820	8.33	0.1
	CAD	6,828	54.15	0.4	3,036	53.42	0.2
	KZT	3,963,450	0.34	1.3	1,500,000	0.36	0.5
	THB	745,867	1.84	1.4	5,547	1.85	0.0
Foreign trade receivable	Euro	5,209,273	82.28	428.6	4,578,414	69.57	318.5
	USD	7,785,047	59.89	466.2	3,323,464	54.30	180.5
Foreign currency loans	USD	26,624,566	59.90	1,594.8	28,385,413	54.31	1,541.6
	Euro	1,805,558	82.29	148.6	1,814,574	69.61	126.3
	CHF	22,097	67.53	1.5	22,097	57.17	1.3
Balance with banks	USD	28,737	59.89	1.7	191,856	54.30	10.4
	Euro	677	82.28	0.1	725,033	69.57	50.4
	KZT	273,895	0.33	0.1	24,274	0.36	0.0
	RUB	245,135	1.67	0.4	112,239	1.75	0.2
Interest accrued but not due	USD	8,781	59.90	0.5	28,823	54.31	1.6
	Euro	11,237	82.29	0.9	19,283	69.61	1.3
	CHF	270	67.53	0.0	169	57.17	0.0

* Closing exchange rate has been rounded off to two decimal places

36. Segment Information

The primary segment reporting format is determined to be business segments as the company's risk and rates of return are affected predominantly by differences in the products and services produced and sold. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Primary segments:

Business segments: The Group's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are:

Vaccines, Formulations and Research & development : These business segments are engaged in the business of research, development, manufacture and marketing of Vaccines and Branded Pharmaceutical Formulations. The Company has products for various segments, which include pediatric vaccines, pain management, diabetes management and organ transplantation

Healthcare : This business segment is engaged in business of maintaining and operating hospitals.

Real estate activities : This business segment is engaged in the business of acquisition, construction and development of housing and commercial real estate projects.

Secondary segment: Geographical segment: The analysis of geographical segment is based on the geographical location of the customers.

A. Information about Primary Segments

(Rs. in million)

Particulars	Vaccines		Formulations		Research & Development		Healthcare		Real Estate		Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Revenue												
Segment revenue	1,332.6	1,857.2	3,648.1	3,956.0	173.0	271.7	-	-	-	-	5,153.7	6,084.9
Other income	4.3	9.2	22.9	9.9	1.8	5.7	0.1	0.3	6.3	3.2	35.5	28.3
Total	1,336.9	1,866.4	3,671.0	3,965.9	174.8	277.4	0.1	0.3	6.3	3.2	5,189.2	6,113.2
Segment results	202.6	(905.6)	1,117.6	901.9	(475.2)	(771.2)	0.1	0.3	24.8	23.9	869.9	(750.8)
Unallocated corporate expenses											621.5	941.4
Operating profit											248.4	(1,692.2)
Less: Interest and finance charges											1,503.0	1,037.6
Add: Exceptional items gain/(loss)											46.0	173.1
Add: Other income											98.8	26.1
Less: Income taxes											16.8	(187.6)
Net profit											(1,126.4)	(2,343.0)
Particulars	As at		As at		As at		As at		As at		As at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Other information												
Segment assets	6,660.4	6,002.6	4,040.7	3,610.8	2,215.5	2,109.1	1,549.5	1,225.4	2,518.5	2,852.8	16,984.2	15,800.8
Unallocated corporate assets											2,449.3	2,593.8
Total assets	6,660.4	6,002.6	4,040.7	3,610.8	2,215.5	2,109.1	1,549.5	1,225.4	2,518.5	2,852.8	19,433.5	18,394.6
Segmental liabilities	613.8	399.9	1,475.4	985.8	272.5	154.3	1,101.3	864.1	199.3	199.0	3,662.3	2,603.1
Unallocated corporate liabilities											10,589.2	9,461.2
Total liabilities	613.8	399.9	1,475.4	985.8	272.5	154.3	1,101.3	864.1	199.3	199.0	14,251.5	12,064.3
Particulars	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Capital expenditure on:												
Tangible assets	19.9	379.2	26.8	124.2	2.9	9.1	0.0	0.0	10.1	10.1	59.7	522.7
Intangible assets	16.8	-	0.0	1.7	113.4	49.7	-	-	-	-	130.2	51.4
Depreciation expense	298.1	435.8	151.5	213.9	96.5	141.6	0.4	0.4	9.7	9.7	556.2	801.4
Amortization expense	0.0	-	0.1	-	91.7	90.1	-	-	-	-	91.8	90.1

*Note: Excluding the impact of surplus on accounts of depreciation due to change in accounting policy.

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

B. Information about Secondary Segments

a) Revenue as per geographical markets

(Rs. in million)

Segment	Domestic* For the year ended March 31, 2014	Domestic* For the year ended March 31, 2013	Overseas For the year ended March 31, 2014	Overseas For the year ended March 31, 2013
Vaccines	687.2	1,818.6	645.4	38.6
Formulations	2724.9	2,639.6	923.3	1,316.4
R&D	0.1	-	172.9	271.7
Total	3412.2	4,458.2	1,741.5	1,626.7

b) Trade receivable as per geographical markets

(Rs. in million)

Segment	Domestic As at March 31, 2014	Domestic As at March 31, 2013	Overseas As at March 31, 2014	Overseas As at March 31, 2013
Vaccines	1.1	17.9	265.8	1.1
Formulations	243.9	232.7	394.7	446.9
Total	245.0	250.6	660.4	448.0

c) The Company has common assets for producing goods for domestic market and overseas markets and these assets are located in India. Hence, separate figures for other assets cannot be furnished.

37. Leases

i. For assets given under operating lease agreements:

a) The Company has leased out the assets situated at Lalru, Punjab on operating lease to its Associate, PanEra Biotec Pvt. Ltd., the summary of which is as under:

(Rs. in million)

Particulars	Gross Block As at March 31, 2014	Gross Block As at March 31, 2013	Accumulated Depreciation As at March 31, 2014	Accumulated Depreciation As at March 31, 2013	Depreciation charged to P&L Account For the year ended March 31, 2014	Depreciation charged to P&L Account For the year ended March 31, 2013
Building	336.0	336.0	59.0	126.3	(67.3)	20.4
Furniture and fixture	30.2	30.1	18.1	18.5	(0.5)	2.6
Office equipment	14.6	14.6	13.0	9.1	3.8	0.9
Plant & machinery	2011.0	2,005.7	661.5	934.7	(273.9)	167.2
Computer equipment	10.1	10.1	9.4	8.5	1.0	1.1
Total	2401.9	2,396.5	761.0	1,097.1	(336.9)	192.2

* Includes the impact of write-back of depreciation on account of change in the depreciation accounting method from written down value method to straight line method. (Refer note 2.1(a))

The total of Minimum Future Lease Payments under non-cancelable operating lease for various periods for assets stated above is as follows:

(Rs. in million)

Particulars	As at March 31, 2014*	As at March 31, 2013*
a) Receivable within 1 year	132.3	264.6
b) Later than 1 year but not later than 5 years	-	-
c) Later than 5 years	-	-

* The Lease term for the assets given on lease vide Agreement for providing Manufacturing Facility, Utilities and Services of Employees with PanEra Biotec Pvt. Ltd. As per the said Agreement, during the period of usage, if any facility is used for manufacture of the Company's Vaccines other than those mentioned therein or the facility remains idle due to insufficiency of orders from the Company, no lease rental shall be payable by PanEra Biotec Pvt. Ltd. for that relevant period.

ii. For assets taken on Lease

a) The Company has taken various residential, office and godown premises under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. There is no sublease payments expected to be received under non-cancellable subleases at the balance sheet date and no restriction is imposed by lease arrangements.

b) Lease payments for the year are Rs.61.4 million (Previous year Rs.67.9 million).

c) Total of future minimum lease payments under non-cancelable operating leases.

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Payable within 1 year	8.3	10.1
b) Later than 1 year but not later than 5 years	2.3	11.6
c) Later than 5 years	48.3	47.2

38. a) The Company's interest in Joint Venture Companies is as follows:

S. No.	Name of the Company	Nature of relationship	Country of Incorporation	(%) Holding as on March 31, 2014	(%) Holding as on March 31, 2013
1.	Chiron Panacea Vaccines Private Limited (under liquidation)	Joint venture	India	50	50
2.	Adveta Power Private Limited	Joint venture	India	50	50

b) Aggregate interest of the Company in Assets, Liabilities, Revenue & Expenses in the jointly controlled entities are as follows:

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Current assets		
Inventories	-	-
Trade receivables	-	-
Cash and cash equivalents	37.9	39.1
Short term loans and advances	7.2	9.4
Other current assets	1.3	3.2
Non-current assets		
Tangible assets	-	-
Intangible assets	-	-
Capital work-in-progress	12.2	12.2
Intangible assets under development	0.0	0.0
Deferred tax assets (net)	-	-
Loans and advances	-	-
Other Non-current assets	-	-
Current liabilities		
Short- term borrowings	-	-
Trade payables	0.0	1.8
Other current liabilities	0.3	2.4
Short- term provisions	1.3	4.4
Non-current liabilities		
Long- term borrowings	-	-

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue	3.9	171.1
Cost of goods sold	-	104.1
Depreciation and amortization expense	-	1.0
Employee benefits expense	0.7	26.2
Other expenses	0.7	38.0

c) The Company has entered into "Dissolution of Joint Venture Agreement" dated November 30, 2012 w.r.t. its Joint Venture Chiron Panacea Vaccines Pvt. Ltd., whereby the Joint Venture partners have desired and mutually agreed to an early termination of the Joint Venture Agreement. As per the dissolution agreement, the joint venture between both the partners has been terminated w.e.f. January 31, 2013. The liquidation proceedings of the Joint Venture Company have already commenced and are in progress as on March 31, 2014.

However, as per the agreement both Joint Venture partners will exercise equal control over the management till the final liquidation of Joint Venture. Therefore as per the provisions of Accounting Standard – 27 the Joint Venture Company has been considered as jointly controlled entity for the purpose of preparation of financial statements.

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

39. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to maximum of Rs.1.0 million (except in case of Managing/ Joint Managing/ Whole time Directors). The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

(Rs. in million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Current service cost	19.7	15.3
Past service cost	-	-
Interest cost on benefit obligation	10.3	10.9
Expected return on plan assets	(8.9)	(9.4)
Net actuarial (gain)/loss recognized in the year on account of return on plan assets	(28.0)	(20.7)
Net benefit expense*	(6.9)	(3.9)
Actual return on plan assets	(8.4)	(9.0)

*Excludes provision of Rs. 1.5 million which pertains to the employees, not covered under gratuity plan assets.

Balance sheet

Details of provision for gratuity

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Defined benefit obligation	115.3	128.2
Fair value of plan assets	95.0	100.8
Net obligation	20.3	27.4
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	(20.3)	(27.4)

Changes in the present value of the defined benefit obligation for gratuity are as follows: (Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening defined benefit obligation	128.2	136.2
Interest cost	10.3	10.9
Past service cost	-	-
Current service cost	19.7	15.3
Benefits paid	(14.4)	(13.1)
Actuarial (Gain)/losses on obligation	(28.5)	(21.2)
Closing defined benefit obligation	115.3	128.2

Changes in the fair value of plan assets for gratuity are as follows: (Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening fair value of plan assets	100.8	100.1
Expected return	8.9	9.4
Contributions by employer	0.2	4.8
Benefits paid	(14.4)	(13.1)
Actuarial Gain /(losses)	(0.5)	(0.4)
Closing fair value of plan assets	95.0	100.8

The major categories of plan assets as a percentage of the fair value of total plan assets for gratuity are as follows:

Particulars	As at March 31, 2014	As at March 31, 2013
	%	%
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	As at March 31, 2014	As at March 31, 2013
	%	%
Discount rate	8.50	8.0 to 8.4
Expected rate of return on plan assets	8.8 to 8.9	7.5 to 9.3
Increase in compensation cost	5.00	5.0 to 11.0
Employee turnover:		
upto 30 years	10	10 to 27
above 30 years but upto 44 years	5	5
above 44 years	1	1

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Gratuity amount for the current and previous four periods are as follows:

(Rs. in million)

Particulars	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Defined benefit obligation	115.3	128.2	138.8	129.2	111.1
Plan assets	95.0	100.8	102.1	85.6	62.3
Deficit	20.3	27.4	36.7	43.6	48.8
Experience adjustments on plan liabilities-(Gain)/Loss	(28.5)	(21.2)	(9.3)	(10.2)	(7.7)
Experience adjustments on plan assets-(Gain)/Loss	(0.5)	0.4	4.1	(1.0)	(0.9)

(Rs. in million)

Defined Contribution Plan:	As at March 31, 2014	As at March 31, 2013
Contribution to provident fund & other funds charged to statement of profit and loss	36.8	38.3

The Company expects to contribute Rs.20.6 million (Previous year Rs.21.4 million) to gratuity fund in the next financial year.

40. Auditors' remuneration:

(Rs. in million)

Particulars	For the year ended March 31, 2014			For the year ended March 31, 2013		
	Parent Company	Subsidiaries	Joint Ventures	Parent Company	Subsidiaries	Joint Venture
As auditor						
- Audit fee	3.7	0.9	0.2	3.7	0.9	0.6
- Limited reviews fee	2.0	-	-	2.1	-	-
In other capacity						
- Management services	-	0.1	-	0.0	0.1	-
- Certification services	0.3	-	-	0.3	-	-
Reimbursement of expenses	0.5	-	-	0.3	-	0.0
Total	6.5	1.0	0.2	6.4	1.0	0.6
Tax Auditor*	0.2	-	0.0	0.2	-	0.1
Cost Auditor*	0.1	-	-	0.1	-	-

* Included in legal and professional charges

41. The Company has paid managerial remuneration of Rs.37.5 million during the current year. The amount paid as managerial remuneration has exceeded the limits prescribed under Section 198 and 309 read with Part II of Schedule XIII to the Companies, Act, 1956 by Rs.13.5 million due to unexpected losses during the current year. Also, during the previous year the Company paid managerial remuneration of Rs.37.2 million which exceeded the limits prescribed in aforesaid provisions of the Companies Act by Rs.13.2 million. During the year, the Company has filed an application to obtain approval from Central Government in respect to excess remuneration paid for current and previous year. Pending outcome of the application filled with the Central Government, no adjustments have been made in the financial statements.

42. During the quarter ended September 30, 2011, World Health Organization (WHO) had delisted Company's DTP-based combination vaccines from its list of pre-qualified vaccines. The company made substantive efforts since September 2011 and has revamped the whole Quality Management System at its Lalru and Baddi sites enabling it to get pre-qualified by WHO once again. During the month of February/March, 2013, representatives from WHO and UNICEF visited the Company's vaccine facilities at Lalru (Punjab) and Baddi (H.P.) with the objective of re-evaluation of the acceptability in principle of Pentavalent Vaccine (DTP-Hep B-Hib) produced by Panacea Biotec for purchase by United Nations Agencies. World Health Organization (WHO) has completed the evaluation process of pre-qualification (PQ) of Pentavalent Vaccine (Easyfive-TT) and has pre-qualified company's vaccine product in the month of October in current year. The company has also received UNICEF Award for supply of DTP-HepB-Hib (Pentavalent) Vaccine (Easyfive-TT) to UNICEF for the period 2014-2016. The supplies for the same have already commenced.

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

43. The Company has incurred losses of Rs.1,121.3 million (Previous year Rs.2,342.8 million) (including exceptional income of Rs.1,770.9 million (Previous year Rs.173.1 million)) during the year ended March 31, 2014 and as of that date, the Company has net current liabilities of Rs.4,555.1 million (Previous year Rs.762.2 million). Further, the Company's accumulated losses have resulted in erosion of more than fifty percent of its peak net worth calculated as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The fact of such erosion and measures initiated to improve financial condition has been reported to the Board for Industrial and Financial Restructuring ("BIFR") within the stipulated period. Further, the continuous losses also have adversely affected the cash flows of the Company. These conditions indicate the existence of a material uncertainty about the Company's ability to continue as a going concern.

The Company has undertaken certain measures to mitigate the risk of going concern which includes supply to UNICEF/other customers of pentavalent vaccine, certain strategic alliances with foreign collaborators for supply of vaccines and pharma products and launching its first product Tacrolimus in USA in Dec 2012 and filing of ANDAs with USFDA. Further, the Company has also submitted a proposal for the comprehensive debt restructuring with Corporate Debt Restructuring (CDR) Cell which has been admitted by CDR Cell and the financial package is being finalized by the Monitoring Institution, viz. State Bank of India. The management is confident that with the above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow, discharge its short-term and long term liabilities and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern.

Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

44. The Company has filed its proposal for Comprehensive Debt Restructuring with Corporate Debt Restructuring (CDR) Cell on 21.12.2013. The proposal has been admitted by CDR cell for further processing in its meeting held on 24.1.2014. State Bank of India (SBI) has been appointed as the Monitoring Institute (MI) to prepare a financial package under the CDR scheme. SBI is in the process of finalizing the draft package for its financial restructuring and shall submit the same with CDR cell in due course. The management is confident that Comprehensive Debt Restructuring proposal would get approved in due course.

45. On account of continuous losses as explained in the note 43 above, the cash flows of the Company have been adversely affected which has resulted into certain delays and defaults in repayment of loan installments, interests on long term and short term borrowings and overdrawing of cash credit facilities availed from banks during the year.

The followings tables summarize the details of amount and period of defaults in each case:

I. Cases where repayments of loan installments have been delayed or defaulted during the year

Loan	Installment amount (Rs. in million)	Due date of Installment	Status
Loan through Department of Bio technology	11.1	September 1, 2013	The company received an extension for repayment of installment upto March 1, 2014. However, the installment was repaid on March 28, 2014.
Loan through Department of Bio technology	11.0	March 1, 2014	Not yet paid
Loan through Department of Science and Technology	2.7	September 21, 2013	Not yet paid
Indian Overseas Bank - Term loan	125.0	March 31, 2014	Refer note 44.

II. Cases where interests on long term and short term borrowings have been deposited with delays during the year

Loan	Amount of Interest (Rs. in million)	Period for which interest was due	Period in which interest was paid
State Bank of India - Term Loan I	63.4	June'13 - August'13	July'13 - November'13
State Bank of India - Term Loan II	30.8	June'13 - August'13	July'13 - October'13
State Bank of India - Term Loan III	12.4	June'13 - September'13	July'13 - January'14
State Bank of Travancore - Term Loan	65.8	June'13 - September'13	July'13 - January'14
Indian Overseas Bank - Term loan	39.7	June'13 - September'13	July'13 - March'14
Bank Of India - Term Loan	41.6	April'13 - September'13	December'13 - March'14
Axis Bank - Cash Credit	0.3	November'13	December '13
State Bank of Travancore - Cash Credit	3.5	November'13 - December'13	January'14
Loan from directors'	10.9	June'13 - September'13	July'13 - December'13
Fixed Deposits from directors' relative	4.1	June'13 - September'13	July'13 - December'13
Loan from Trinidhi Finance Pvt. Ltd.	0.1	June'13 - September'13	December'13
Loan from Radhika Heights Ltd.	9.3	June'13 - September'13	July'13 – March'14

III. Cases where interests on long term and short term borrowings have not been deposited during the year and remains in arrears as on March 31, 2014

Loan	Amount of interest (In Million Rs.)	Period for which interest was due	Subsequent Status
State Bank of India - Term Loan I	154.7	September'13 - March'14	Rs. 13.0 million has been subsequently paid till May 29, 2014*
State Bank of India - Term Loan II	73.6	September'13 - March'14	
State Bank of India - Term Loan III	19.4	September'13 - March'14	
State Bank of Travancore - Term Loan	101.9	October'13 - March'14	Not yet paid*
Indian Overseas Bank - Term loan	61.1	October'13 - March'14	Interest for the period October'2013–January'2014 amounting to Rs.41.0 million was subsequently paid on April 12, 2014*
Bank Of India - Term Loan	39.6	October'13 - March'14	Not yet paid*
State Bank of Travancore - Cash Credit	4.2	February'13 - March'14	Not yet paid*
State Bank of Mysore - Cash Credit	11.7	November'13 - March'14	Not yet paid*
State Bank of India - Cash Credit	51.2	December'13 - March'14	Not yet paid*
Loan from Directors	10.4	December'13 - March'14	Paid during April, 2014
Fixed Deposit from Directors' Relatives	4.3	December'13 - March'14	Paid during April, 2014
Loan from Radhika Heights Ltd.	11.6	September'13 - March'14	Paid in May, 2014
Loan from Trinidhi Finance Pvt. Ltd.	0.1	September'13 - March'14	Not yet paid*
Loan from Nahar Capital & Financial Services Ltd.	4.2	November'13 - March'14	Paid in April, 2014
Fixed deposit from DKJ Luxor LLP	0.4	December'13 - March'14	Not yet paid*

*Refer note 44

IV. Cases where cash credit facilities availed from banks have been overdrawn during the year

Name of the bank	Sanctioned limit of Drawing Power (Rs. in million)	Maximum amount overdrawn (Rs. in million)	No. of days for which the account was overdrawn	Status as on March 31, 2014*
State Bank of India	627.6 - 797.1	283.0	263	Overdrawn by Rs.270.5 million
Indian Overseas Bank	196.1 – 250.0	51.9	331	Overdrawn by Rs.19.6 million
IDBI Bank	78.5 – 100.0	34.3	130	Account within the sanctioned limits
Union Bank of India	196.1 – 250.0	53.4	335	Account within the sanctioned limits
State Bank of Travancore	117.7 – 150.0	48.1	328	Overdrawn by Rs.31.9 million
Bank Of India	258.9 – 330.0	71.7	334	Overdrawn by Rs.33.8 million
State Bank of Mysore	145.1 – 185.0	39.4	315	Overdrawn by Rs.0.9 million
Canara Bank	156.9 – 200.0	42.7	283	Account within the sanctioned limits

* Status as on March 31, 2014 has been arrived on the basis of the drawing power for the month of November, 2013.

46. During the financial year 2011- 12, the Company exercised the option as per the Companies (Accounting Standards) (Second Amendment) Rules, 2011. As per the option, exchange differences related to long term foreign currency monetary items so far as they relate to the acquisition of depreciable capital assets are capitalized or de-capitalized from cost of assets and depreciated over the useful life of the assets. In other cases, such exchange differences are accumulated in a "Foreign currency monetary item translation difference account" and amortized over the balance period of such long term assets/liabilities. Accordingly, exchange differences of Rs.Nil (previous year Rs.312.8 million) have been capitalized during the year and unamortized balance of "Foreign currency monetary item translation difference account" of Rs.196.8 million (Previous year Rs.102.4 million) as on March 31, 2014 is included under the head "Reserve & surplus".

47. The Company received a capital subsidy of Rs.Nil (Previous year Rs.3.0 million) under the Central Investment Subsidy Scheme, 2003 based on investment in plant and machinery as it manufacturing unit at Baddi, in the state of Himachal Pradesh which is in the nature of promoters' contribution. This has been treated as a capital reserve in book of accounts.

48. The Company had given an advance of Rs.176.8 million (3.4 million USD) in financial year 2007-08 pursuant to the agreements for acquiring certain properties from M/s Ilyas & Mustafa Galadari Management Investment & Development L.L.C., U.A.E. (Ilyas). As per the agreements entered into with them, the properties were expected to be handed over in financial year 2008-09. However, due to inordinate delays in completion of project, properties could not be delivered to the Company in time. After extensive discussions and negotiations, the Company has entered into new agreements with them, as per which the Company will get 1 commercial unit and 8 residential units (having combined area more than that of properties agreed earlier) for a consideration equivalent to the advance given earlier. The possession of new properties is expected in 2015. The Company believes that the market value of the properties is more than the advance given under the earlier agreements; therefore, no adjustment is required to be provided for in respect of the advance.

49. The Company avails CENVAT credit on input and input services used as per the provision of the relevant applicable laws. Balance with excise, custom etc. amounting to Rs.81.8 million under the head Loans & Advances, includes an amount of Rs.33.7 million which relates to accumulated amount of CENVAT Credit availed

Notes to Consolidated Financial Statements For the Year ended March 31, 2014

by the company on input services utilized by it. With the current level of excisable manufacturing activities, the Company utilizes lesser amount of CENVAT credit as compared to the amount so accumulated every year of CENVAT credit on such input services. However, as per the provisions of service tax laws, there is no time limit on utilization of CENVAT Credit availed. Therefore, based on future business plans, the Company is confident that it will be able to fully utilize the accumulated amount of CENVAT Credit so availed by distributing it to its manufacturing units and utilize it in subsequent years.

50. The assets of Rs.352.8 million (Previous year Rs.352.7 million) recognized by the Company as 'MAT Credit Entitlement' under the head 'Loans and advances' represents that portion of MAT liability, which can be recovered and set off in subsequent years based on provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on the future profitability projections and other factors disclosed under note 43 & 44, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT credit assets as per the relevant provisions of the Income Tax Act, 1961. The management is confident that no losses are expected in this regard and accordingly no adjustment is required in the financial statements.

51. One of the subsidiary of parent company Radhika Heights Limited (RHL) along with its four subsidiaries had signed a term sheet with developer dated 03.09.2012 for development of integrated township on its 108.713 acres land situated in Gurgaon, Haryana. Since, RHL and its subsidiaries were new in this business after signed the Term Sheet they came to know that the developer has signed a Pro-Developer Term Sheet. RHL wanted to renegotiate the term with the developer, but the developer was not willing to re-negotiate the terms in fair and accurate manner as per market standards and was insisting that the old Terms Sheet was valid and binding and RHL had to adhere to the same. While the fresh negotiation were on, suddenly the Developer sent Arbitration Notice on dated 16.12.2013 to RHL, invoking Arbitration and filling Section 9 Petition with the Hon'ble District Court Gurgaon, and referred the matter to Arbitral Tribunal. The Hon'ble District Court vide its order dated 12.02.2014 granted an interim stay over the Land according to which RHL cannot sell, create any third party rights and interfere in any manner with the land. The management of the group believes that the company has a higher chance of winning since the issues raised by the developers are unfounded and untenable. Liability, if any, cannot be quantified at this point of time.

52. In terms of the Accounting Standard-16 "Borrowing Costs", the foreign exchange differences arising from foreign currency borrowings to the extent regarded as an adjustment to interest cost were treated as borrowing cost in earlier years. However, in the previous year in pursuance of the clarification issued by Ministry of Corporate Affairs vide its circular no. 25/2012 dated August 9, 2012, the Company changed its accounting policy w.e.f. April 1, 2011 and accounted for the aforesaid foreign exchange differences arising from foreign currency borrowings as per AS-11 - "The Effects of Changes in Foreign Exchange Rates". Consequent to the above, exchange difference of Rs.Nil (Previous year Rs.173.1 million), which was earlier recognized as borrowing cost pertaining to the financial year 2011-12, was reversed and shown as an exceptional item.

53. 0.0 under "Rs. in million" represents amount less than Rs.50,000 and 0.0 under units represents units less than 50,000.

54. Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

Per **Rajiv Goyal**
Partner
Membership No. 94549

Place : New Delhi
Dated : May 30, 2014

For and on behalf of Board of Directors of Panacea Biotec Ltd.

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
G.M. Accounts & Taxation

Partha Sarathi De
Chief Financial Officer and
Head of IT & BPR

Vinod Goel
G.M. Legal & Company Secretary

Consolidated Cash Flow Statement

Annexed to the Balance Sheet for the Year ended March 31, 2014

(Rs. in million)

	For the year ended March 31, 2014		For the year ended March 31, 2013	
Cash Flow from Operating Activities:				
Loss before tax		(1,109.6)		(2,530.6)
Adjustment to reconcile profit before tax to net cash flows				
Depreciation and amortisation expense	711.0		859.9	
Provision for doubtful debts and advances	171.0		30.1	
Bad debts written off	0.5		0.5	
Loss on sale/ discard of fixed assets (net)	95.5		273.9	
Unrealized foreign exchange loss/(gain) (net)	21.8		(14.7)	
Exchanges differences capitalized	-		(312.8)	
Loss against expired stock	-		25.3	
Provision for liquidation expenses on joint venture company	0.1		3.4	
Net gratuity income	(5.4)		(4.4)	
Exceptional items				
Exchange differences	-		(173.1)	
Surplus on account of change in depreciation method	(1,770.9)		-	
Interest expense	1,445.9		935.6	
Gain/loss on sale of non current investment	8.4		26.5	
Interest income	(73.5)		(31.1)	
Dividend income	(3.1)		(3.4)	
Gain/loss on sale of current investment	(2.1)		(3.9)	
		599.2		1,611.8
Operating profit before working capital changes		(510.4)		(918.8)
Movements in working capital				
Decrease/(Increase) in trade receivables	(406.4)		(47.1)	
Decrease/(Increase) in inventories	481.2		1,173.2	
Decrease/(Increase) in other current assets	(10.0)		21.4	
Decrease/(Increase) in current investments	61.9		(40.0)	
Decrease/(Increase) in short-term loans and advances	95.9		(216.1)	
Decrease/(Increase) in long-term loans and advances	12.0		229.4	
Increase/(Decrease) in trade payables	759.9		535.7	
Increase/(Decrease) in other current liabilities	136.1		(863.1)	
Increase/(Decrease) in other long term liabilities	(6.4)		(128.0)	
Increase/(Decrease) in long-term provisions	0.4		4.6	
Increase/(Decrease) in short-term provisions	9.5		12.3	
		1,134.1		682.3
Cash generated from/ (used in) operations		623.7		(236.5)
Direct taxes paid (net of refunds)		24.5		3.7
Net cash flow from/ (used in) operating activities (A)		599.2		(240.2)
Cash flow from investing activities				
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(559.8)		(797.8)	
Investments in bank deposits having original maturity of more than three months)	(1.5)		24.2	
Purchase of non-current investments	(7.9)		4.5	
Loans and advances to subsidiary companies	-		36.1	
Proceeds from Sale of fixed assets	53.1		-	
Proceeds from Sale of non-current investments	(8.4)		117.7	
Interest received	80.3		-	
Dividends received	3.1		3.4	
Net cash flow from/ (used in) investing activities (B)		(437.9)		(611.9)
Cash flow from financing activities				
Proceeds from short-term borrowings	625.1		100.0	
Repayment of short term borrowings	(139.1)		(32.2)	
Proceeds from long-term borrowings	203.3		4,283.5	
Repayment of long term borrowings	(4.0)		(2,549.7)	
Repayment of finance lease rental	-		(19.0)	
Proceeds from deposits from public	188.0		67.6	
Repayment of deposits from public	(387.4)		(8.5)	
Proceeds from loan from related party	179.2		111.0	
Proceeds from capital subsidy	-		3.0	
Interest paid	(967.7)		(901.0)	
Tax on equity dividend paid	-		(5.7)	
Net cash flow from/ (used in) financing activities (C)		(302.6)		1,049.0
Net increase/ (decrease) in cash & cash equivalents (A+B+C)		(141.3)		196.9
Effect of exchange differences on cash and cash equivalents held in foreign currency		0.2		1.1
Cash & cash equivalents at the beginning of the year		349.5		151.6
Cash & cash equivalents at the end of the year		208.4		349.5
Components of cash and cash equivalents				
Cash Balance on Hand		1.8		6.5
Balances with scheduled banks :				
a) on Current accounts		205.3		282.3
b) on Unpaid dividend accounts*		0.6		1.0
c) on Fixed deposits		39.4		42.8
d) on Exchange earner foreign currency current accounts		0.7		59.7
Total cash & cash equivalents (note 11)		247.8		392.3
Less: Fixed deposits not considered as cash equivalents		(39.4)		(42.8)
Cash & cash equivalents in cash flow statement		208.4		349.5

* The company can utilize these balances only toward settlement of the respective unpaid dividend liabilities.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

Per **Rajiv Goyal**
Partner
Membership No. 94549

Place : New Delhi
Dated : May 30, 2014

For and on behalf of Board of Directors of Panacea Biotec Ltd.

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
G.M. Accounts & Taxation

Partha Sarathi De
Chief Financial Officer and
Head of IT & BPR

Vinod Goel
G.M. Legal & Company Secretary

Notes

Panacea Biotec

Innovation in support of life

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Fax: +91-11-4167 9070, 4167 9081
www.panaceabiotec.com

FORM A

(Pursuant to clause 31 of the Listing Agreement)

Covering letter of the Annual Audit Report to be filed with the Stock Exchanges
(SEBI Circular No. CIR/CFD/DIL/7/2012, dated 13 August 2012)

1.	Name of the company	Panacea Biotec Limited
2.	Annual financial statements for the year ended	31st March, 2014
3.	Type of Audit observation	**Matter of Emphasis** Please refer: i) Para a) under the heading Emphasis of Matter of Auditors' Report (Page 48 of Annual Report) read with Note 45 of the annual financial statements (Page 82 of Annual Report); ii) Para b) under the heading Emphasis of Matter of Auditors' Report (Page 48 of Annual Report) read with Note 47 of the annual financial statements (Page 82 of Annual Report) and; iii) Management's response to the above observations under the heading "Auditors' Report" of Directors' Report (Page 28 of Annual Report).
4.	Frequency of observation	i) Observation as per Para a) of Emphasis of Matter w.r.t. managerial remuneration for the financial Year 2012-13 has appeared second time and managerial remuneration for the financial year 2013-14 has appeared for the first time. ii) Observation as per Para b) of Emphasis of Matter appeared first time.

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.: 94421

Date: September 01, 2014
Place: ~~New Delhi~~ Gurgaon

For and on behalf of the Board

Dr. Rajesh Jain
Joint Managing Director

R.L. Narasimhan
Chairman of Audit Committee

Partha Sarathi De
Chief Financial Officer & Head-IT & BPR