Panacea Biotec
Innovation in support of life

October 18, 2018

The Manager, Listing Department
The National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051
Fax No.:022-26598237 / 38
NSE Symbol : PANACEABIO

The Manager, Listing Department
BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Fax No.:022–22721919, 3121
BSE Scrip Code: 531349

Sub.: Annual Report for the Financial Year 2017-18

Dear Sir/Madam,

Pursuant to the provisions of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the soft copy of Annual Report of the Company for the financial year 2017-18 containing the Audited Financial Statements of the Company for the financial year ended March 31, 2018 together with the reports of the Board of Directors and the Auditors thereon, duly approved and adopted at the 34th Annual General Meeting of the Company held on Saturday, September 29, 2018.

This is for your kind information and record please.

Thanking you,

Sincerely yours,

For **Panacea Biotec Ltd.**

Panacea Biotec Ltd.

Vinod Goel
Group CFO and Head Legal & Company Secretary

Encl. As Above

B1 Extn. /G3, Mohan Co-op Indl. Estate,
Mathura Road, New Delhi -110044
Email: vinodgoel@panaceabiotec.com
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Panacea Biotec
Innovation in support of life

Annual Report 2017-18

Facing the Future Together

Contents

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.

Mr. Soshil Kumar Jain, Chairman (Sitting) along with his colleagues on the Board and other officials (from left) Mr. Mahipat Singh, Mr. Vinod Goel, Mr. N. N. Khamitkar, Mr. O. P. Kelkar, Mr. Mukul Gupta, Mr. K. M. Lal, Dr. Rajesh Jain, Mr. R. L. Narasimhan, Mr. Sandeep Jain, Mr. Sumit Jain, Mr. Ankesh Jain, Mrs. Manjula Upadhyay and Mr. Devender Gupta, on the occasion of the Board Meeting held on March 12, 2018 at the corporate office at New Delhi.

Corporate Information

Board of Directors

Executive Directors

- Mr. Soshil Kumar Jain - Chairman
- Dr. Rajesh Jain - Managing Director
- Mr. Sandeep Jain - Joint Managing Director
- Mrs. Sunanda Jain - Whole time Director
- Mr. Sumit Jain - Director Operations & Projects
- Mr. Ankesh Jain- Director Sales & Marketing

Non-Executive Independent Directors

- Mr. R. L. Narasimhan
- Mr. N. N. Khamitkar
- Mr. K. M. Lal
- Mrs. Manjula Upadhyay
- Mr. Mukul Gupta

Company Secretary

Mr. Vinod Goel - Group CFO and Head Legal & Company Secretary

Chief Financial Officer

Mr. Devender Gupta - Chief Financial Officer & Head Information Technology

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

R&D Centres

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

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

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

OneStream Research Centre
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. Walker Chandiok & Co. LLP
Chartered Accountants, Gurugram, India

Secretarial Auditors

M/s. R&D Company Secretaries, Delhi, India

Cost Auditors

M/s. GT & Co., Cost Accountants, New Delhi, India

Registrar & Transfer Agents

M/s. Skyline Financial Services Private Limited
D-153 A, 1st Floor, Okhla Indl. Area, Phase-I
New Delhi - 110 020, India

Banks

Axis Bank Limited
Bank of India
Canara Bank
IDBI Bank Limited
Indian Overseas Bank
State Bank of India
Union Bank of India

Information as on August 14, 2018

www.panacea-biotec.com
CIN: L33117PB1984PLC022350

Tribute to Late Shri Ravinder Jain

(03.08.1957 – 21.02.2018)

Dear Stakeholders,

Shri Ravinder Jain, our beloved Managing Director passed away on 21st February 2018.

Panacea Biotec, the Company he founded has lost a visionary, creative, genius and a dynamic leader and BHARAT has lost an amazing human being. Those of us who have been fortunate enough to know and work with Shri Ravinder Jain have lost a coach and an inspiring mentor. He was the man loved and held in high esteem by all who have been associated with him at any time during his journey of life. He made us all better, got us all out of our comfort zones by constant challenges he used to throw on all of us in making us better human beings, confident and self-reliant. His brilliance, passion and energy were the source of countless ideas to implement unconventional yet cutting edge ways to achieve them leaving many including me perplexed.

We at Panacea Biotec are every day inspired by the contribution to our great Nation BHARAT of Polio Eradication he started in 1983 and led us all from the front for over 35 years. We are very proud that he made all of us a part of his exciting, insightful and enjoyable journey.

Panacea Biotec in this process, under the leadership of Shri Ravinder Jain, partnered with Government of India, World Health Organization (WHO), United Nations International Children's Education Fund (UNICEF), Bill and Melinda Gates Foundation to name a few and supported the National Program of Polio Eradication by supplying over 10 billion doses of Polio vaccine. Every child born in last 20 years stays protected with vaccine manufactured by Panacea Biotec.

In January 2011, India achieved Polio Eradication which was a moment of pride for the entire BHARAT and entire Panacea Biotec family including ex-employees and associates who do not work with us and have moved on.

We all at Panacea Biotec thank Shri Ravinder Jain from the core of our heart for choosing us to be part of his journey.

He has left behind a very strong company with a Purpose, Values and Mission that we need to continue to work on along with a solid and huge infrastructure, latest technology, state-of-the-art manufacturing operations, excellent research and development centers, strong brands, global network of partners and above all highly committed, talented, smart and hardworking people with a culture of performance. His spirit will forever be the foundation of Panacea Biotec.

I, on my behalf as well as on behalf of Panacea Biotec, its Board of Directors, employees, ex-employees, employees of associated companies and other stakeholders, commit to him that the journey he started and led from the front will continue with even more vigour, excitement and joy to reach heights that he always lived for.

We all pledge ourselves to this Mission of "Innovation in Support of Life" once again and shall remain committed to it.

Dr. Rajesh Jain (Ph.D)
Managing Director

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

Integrity

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

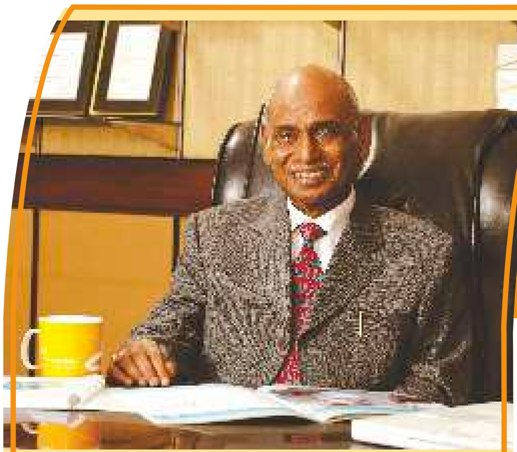
Pioneer

- 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

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



"Our endeavour is not only to add years to Life ...but Life to years"

Dear Stakeholders,

Amongst India's highly progressive and innovative health management companies, Panacea Biotec consistently focuses on integrating the ever-evolving science and technology with its commitment & resolution to spread good health and healthy living in masses.

The Indian pharmaceuticals industry at this time is facing multiple challenges in terms of growing concerns over the quality of drugs, price control measures, over dependence on China for bulk drugs, Governments push for generics drugs and lack of clarity & predictability in regulations and the IPR regime. Complex approval procedures and stringent regulations too have led to a considerable slowdown in the clinical trials industry, impacting the innovation and drug discovery environment in the country.

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. Together we have overcome challenges by redefining challenges, adopting innovative solutions and have delivered positive results. The focus was on expansion of your Company's customer base and product portfolio for its existing products and brands and increasing market penetration in both established and emerging markets at global level.

The year under review was a year of continuous growth for the Company. Strengthening the existing business in market place and venturing into new markets was the key. During the year, the Company's net revenues from operations have increased to Rs.5,799 million as compared to Rs.5,440 million during previous financial year, mainly on account of higher sale of hexavalent vaccine EasySix™ in the domestic market, sale of oral polio vaccine to Government of India and growth in the pharmaceutical formulations business. The EBITDA has also increased to Rs.814.25 million as compared to Rs.694.85 million during FY2016-17.

In pharmaceutical business, your Company has increased its footprint in International markets and is currently in the process of launching new products across different countries such as US, Germany, CIS countries, Brazil, Middle-East and other emerging South-East Asian Countries.

The Company's gross turnover of pharmaceutical formulations business has grown at a CAGR of around 5.7% to Rs.3,779 million in FY2017-18 from Rs.2,407 million in previous year.

During the year, the Company has launched two new products, viz. Rizatriptan Oral Dispersible 5mg and 10mg Tablets and Prasugrel HCL 5mg and 10mg tablets in US markets. The pharmaceutical exports have grown by more than 40% to Rs.850 million from Rs.605 million during previous year.

The Company's ANDA for Paclitaxel Protein bound particles for Injectable Suspension 100mg/vial has been accepted for filing by the USFDA. In addition, the approval process for other ANDAs filed earlier with the USFDA is in progress. The Company plans to launch these products in US, Europe, etc. through strategic collaborations with leading pharma companies.

The Company is also building a robust pipeline of several products for filing in several other emerging markets which it will be filing in the next 1-2 years and aims to improve the accessibility and affordability of medicines as the Company's contribution to Government of India's “MAKE IN INDIA” mission.

During the year, the Company has received the Certificate of GMP Compliance from State Service of Ukraine on Medicines and Drugs Control with manufacturing authorization for 22 medicinal products, including 4 oncology products valid till June 24, 2020. Under this Manufacturing Authorization, the Company's oral solid dosage manufacturing facility and oncology facility at Baddi have been certified as complying with the Good Manufacturing Practices.

The Company has tied-up with leading regional companies in emerging markets like Latin America, South East Asia, CIS and Africa to expand business reach and leverage the untapped markets. The Company has successfully got registered the nephrology and pharma products in these markets and commercialization of products is expected to start during the current year.

Your Company continues to focus on vaccines business as a core business segment. Your Company has played a pivotal role in eradication of polio disease from India & many other countries by having supplied over 10 billion doses of OPV to UNICEF/Govt. of India/PAHO etc. in the last 2 decades. During the year, your Company has initiated supplies of bOPV to Govt. of India from its Baddi vaccine facility.

Your Company has also pioneered in development of wP based fully liquid combination vaccines and has launched world's first fully liquid wP-IPV based hexavalent vaccine EasySix™ (Diphtheria, Wholecell Pertussis, Tetanus, Hepatitis B, Hib and IPV) in March 2017. I am pleased to share that the same is ranked among the Top 5 new launches in Indian pharmaceutical market. As a result of strong growth in sales of EasySix vaccine, Panacea Vaccine SBU registered impressive growth of 170% and achieved sales of Rs.836 million during the year under review.

I am also pleased to share that during the year, your Company has entered into a historical collaboration with Serum Institute of India Pvt. Ltd. with respect to hexavalent vaccine. Under this collaboration, the Company will get assured supply of IPV bulk, an important constituent of hexavalent vaccine through Serum's subsidiary at The Netherlands, and Serum shall be entitled to manufacture & sell hexavalent vaccine.

As a leading research based company, your Company has filed more than 1,500 patent applications worldwide including 230 patent applications in India. About 466 patent applications have been granted / accepted for grant including 2 patents granted in India and one each in USA, Russia, Europe and Myanmar during the year, including patents on key new chemical entity, formulations and hexavalent vaccine, EasySix™.

We, at Panacea Biotec, are steadfast in our efforts to overcome the challenges and increase both the topline and bottom line and we are confident to continue to progress in this direction in the times to come.

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.

Although the future is full of uncertainty and challenges but it is also full of opportunities. As an organization we have evolved and we have evolved for the better. Let's all gear up and prepare for the better days ahead which is not very far away.

With these words, I express my sincere thanks to all our stakeholders, bankers, employees, 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

Panacea Biotec
Innovation in support of life

Panacea Biotec
At a Glance

Panacea Biotec is one of India's leading research based biotechnology companies with established capabilities in research & development, manufacturing and marketing of pharmaceutical formulations, vaccines and biopharmaceuticals. Panacea Biotec consistently focuses on providing novel and innovative products at affordable prices by merging the cutting-edge science and technology with its unwavering commitment to spread good health and healthy living within the reach of the millions of families across the world to meet the unmet needs of patients.

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 facilities for vaccines and pharmaceutical formulations comply with the key International regulatory bodies like USFDA, BfArM Germany and WHO-cGMP standards. The product portfolio includes highly innovative prescription products in niche therapeutic areas such as diabetes & cardiovascular management, oncology, nephrology & transplant management, osteoporosis management, gastro-intestinal care, pain management products and pediatric immunization. The Company has established sales and marketing set-up in India and also exports its products to more than 30 countries.

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

Financial Highlights

Particulars	2017-18**		2016-17**$	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
	(Rs. in million)	USD million***	(Rs. in million)								
Financial Performance Summary											
Turnover	5,621.31	86.26	5,219.10	6,196.46	6,432.23	4,671.40	5,304.20	6,883.80	11,304.60	8,843.67	7,734.17
Total Income	5,975.47	91.69	5,976.89	6,724.56	7,072.52	5,146.66	6,013.50	7,080.43	11,655.12	9,778.50	7,993.86
EBITDA#	990.41	15.20	1,231.49	1,380.70	955.69	(805.90)	(786.61)	(864.50)	2,843.50	1,582.50	2,444.63
PBT	(612.35)	(9.40)	(840.43)	14.00	(633.41)	(4.16)	(2,506.30)	(2,629.47)	1,554.90	1,181.00	(923.74)
PAT	(718.76)	(11.03)	(726.61)	8.73	(652.29)	(4.16)	(2,301.30)	(2,077.87)	1,350.50	800.40	(690.50)
Total comprehensive income	(732.92)	(11.25)	(734.29)	-	-	-	-	-	-	-	-
Cash Accurals	(14.48)	(0.22)	(27.43)	744.19	(91.12)	(690.37)	(1,251.70)	(1,165.55)	2,106.52	1,095.76	2,001.38
Equity Share Capital	61.25	0.94	61.25	61.25	61.25	61.25	61.25	61.25	61.25	66.84	66.79
Reserves & Surplus	3,819.73	58.61	4,496.95	5,176.05	5,172.81	5,561.59	5,551.30	8,079.60	6,306.80	6,898.40	6,084.71
Shareholders' Funds	3,880.98	59.55	4,558.20	5,400.30	5,397.06	5,622.94	5,612.55	8,140.85	6,367.80	6,963.24	6,147.84
Total Liabilities	16,734.89	256.79	17,817.51	18,074.30	18,792.32	18,864.62	16,798.20	18,528.80	17,177.94	14,745.30	13,488.21
Net Fixed Assets	9,280.89	142.41	9,696.98	10,065.88	10,766.59	11,120.27	9,864.10	10,483.66	6,523.60	6,946.58	6,938.70
Total Assets	16,734.89	256.79	17,817.51	18,074.30	18,792.32	18,864.58	16,798.20	18,528.80	17,177.90	14,745.30	13,488.20
Key Performance Indicators											
Profitability Ratios											
EBITDA Margin (%)	17.62		23.60	22.28	14.86	(17.25)	(14.83)	(12.56)	25.15	17.89	31.61
PBT Margin (%)	(10.89)		(16.10)	0.23	(9.85)	(0.09)	(47.25)	(38.20)	13.75	13.35	(11.94)
PAT Margin (%)	(12.79)		(13.92)	0.14	(10.14)	(0.09)	(43.39)	(30.18)	11.95	9.05	(8.93)
Shareholders Related Ratios											
Equity Dividend	-		-	-	-	-	-		75%	25%	-
EPS (Basic)* (In Rs.)	(11.74)		(11.86)	0.14	(10.65)	(0.07)	(37.57)	(33.92)	21.35	11.98	(10.35)
Cash EPS (Basic)* (In Rs.)	(2.42)		(1.06)	11.78	0.08	11.15	(23.90)	(21.60)	30.40	19.30	29.97

* Per Equity Share of Re.1 each
** Figures are as per Indian Accounting Standard (IND AS)
$ Figures are regrouped and re-classified as per IND AS
*** 1 USD= 65.17
\# Includes other incomes
Note: Figures in brackets are negative numbers

Core Strengths

Panacea Biotec has established a respectable and honorable position in the Indian Pharmaceutical Industry. Panacea Biotec is one of the largest vaccine producer in India and among 15th largest biotechnology companies in India. In the Indian pharmaceutical industry, Panacea Biotec is ranked at 10th position in its represented therapeutic segments and is also amongst the top 60 pharmaceutical Companies of India as per the AIOCD AWACS (MAT March 2018) sales data. This achievement is based on the company's epicenter of strengths, which includes:-

STATE-OF-THE-ART MANUFACTURING FACILITIES

Panacea Biotec has state-of-the-art cGMP compliant integrated facility for manufacturing bulk vaccines, antigens & biopharmaceuticals at Lalru in Punjab and for manufacturing vaccines and pharmaceutical formulations at Baddi, Himachal Pradesh. The manufacturing facilities are approved by Indian National Regulatory Authority (Indian NRA), USFDA, Health Authority Saarland, Germany, Envisa, Brazil, WHO and many other international regulatory authorities of the world. The Company's manufacturing expertise lies in various solid, semi-solid & liquid oral dosage forms and vaccines

STRONG BRAND PORTFOLIO

Panacea Biotec's focuses on niche therapeutic segments including organ transplantation, nephrology, oncology and diabetes management and strong presence in pain & fever, gastroenterology, orthopedics therapies and vaccines in the Indian pharmaceutical market.

The Company's leading brands command significant market share in their respective therapeutic segments. As per the AIOCD AWACS (MAT March 2018) sales data, the Company's top selling brands viz. **Glizid** (including its extensions), **EasySix**™, **PanGraf**, **Mycept** and **Panimun Bioral** are ranked number 1 in their respective therapy areas and **Mycept-S, Easyfour-TT, Alphadol, Cilamin, Sitcom, ThankOD, Livoluk** and **Nimulid** are amongst the top 5 brands in their respective therapeutic areas. With 180th rank, **Glizid** (including its extensions) features among the top 200 brands in India, as per the AIOCD AWACS (MAT March 2018) sales data.

GROWING COLLABORATIONS & ALLIANCES

Panacea Biotec has played a pivotal role in global polio eradication in collaboration with WHO, UNICEF & PAHO by supplying more than 10 billion doses of oral polio vaccine. The Company also has a rich history of successful collaborations, ventures and business relationships with various bodies including several national/ international research institutes, academic universities and commercial corporations, which is a key competitive strength for the Company. The Company is also developing several other critical products including the dengue vaccine & sabin IPV and several difficult to develop generics etc. under such collaborations.

Think Medicine
Think India

ESTABLISHED R&D CAPABILITIES

Panacea Biotec is amongst leaders in the fast growing research based health management companies. The Company 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 around 120 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.

HIGHLY SKILLED & MOTIVATED TEAM

At Panacea Biotec employees are the core strength of its continual progress and endeavor to excel at its best in every segment and thus extending all possible support to its employees to make them achieve their goal in order to achieve the Organizational goal while keeping an eye on our set Vision & Mission.

Organization has a total manpower of around 2,500 employees out of which 410 are skilled employees including Corporate & Managerial staff, Sales staff and staff located at our Manufacturing facilities. There are around 120 scientists engaged in R&D Centres, around 640 employees engaged in Production, Quality Control & Quality Assurance and around 1,200 employees engaged in Logistics, Sales & Marketing.

QUALITY ASSURANCE

Quality is the way of life at Panacea Biotec. Its state-of-the-art manufacturing facilities for vaccines and pharmaceutical formulations comply with various key international regulatory standards like WHO cGMP, USFDA, Health Authority Saarland, Germany 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 prestigious WHO pre-qualification for its pentavalent vaccine Easyfive-TT, USFDA approval for its oral solid dosage facility & oncology facility and several other major milestones in its journey towards excellence.

INDUSTRY STRUCTURE & DEVELOPMENTS

Global Vaccine Market

The global vaccine market is estimated at US$ 34 billion in 2017 and is expected to grow to US$ 49 billion by 2022 at a CAGR of 7.5%. The future growth in vaccine industry will be driven by rising prevalence of diseases, increasing government and non-government funding for vaccine development and increasing investments in the vaccine industry. However, the future growth could face certain challenges due to the high cost of vaccine development, long gestation period and product recalls.

While North America is expected to dominate the market, Asia is also expected to register the highest CAGR over the next five years or so. The high growth in these markets will be attributed to increasing investments by companies in the emerging countries of the Asian region such as India & China, increasing awareness and rising disposable income.

Indian Vaccine Market

The Indian vaccine market is estimated at around INR 69 billion in 2017, growing at a CAGR of around 18% during 2010-2017. It is further expected to grow to INR 111 billion by 2022, growing at a CAGR of around 10%.

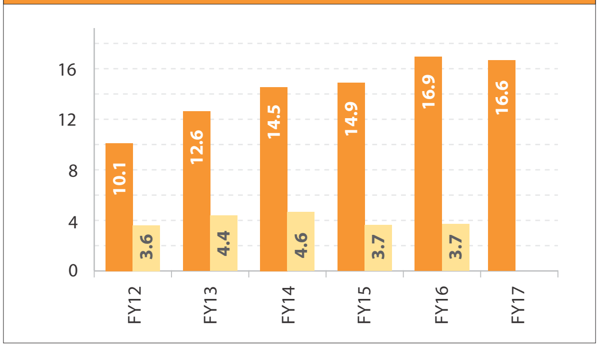
Over the years, India has established itself as one of the leading manufacturers of Vaccines worldwide, which produces and supplies large quantities of pediatric and adult vaccines across the globe. Currently, more than two-thirds of the total volume of the vaccines manufactured in India is exported while the rest is utilized domestically. As a result of these factors, India has emerged as a global vaccine manufacturing hub.

The current growth in the Indian vaccine industry is led by the launch of the Universal Immunization Program (UIP) that is aimed at increased immunization coverage against vaccine preventable diseases in the country. Moreover, the industry infrastructure in terms of the vaccine production capacity along with cold chain storage facilities has also improved, thereby adding to the growth of the industry.

Global Pharmaceutical Market

The research based pharmaceutical industry plays a unique role in developing new medicines and vaccines to prevent and treat diseases and improve the lives of patients worldwide. According to industry estimates, the global pharmaceutical industry is set to grow at a CAGR of 6.5% to reach around US$1.06 trillion by 2022. This growth can be largely attributed to the expansion of existing therapies as well as the launch of novel therapies. The orphan drug market in the United States is expected to almost double during the period of 2016-22, reaching to a level of US$209 billion by 2022. The generics drug market in the United States is expected to increase by more than 40% during the period 2016-22, reaching to a level of US$ 112 billion by 2022.

Trade data of Indian pharma sector (in US$ billion)

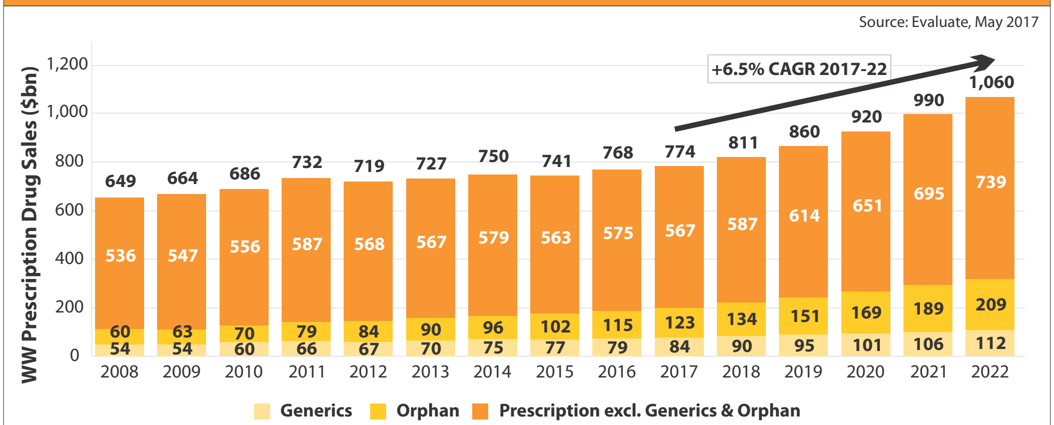


Indian Pharmaceutical Market

India has emerged as the world's largest producer and supplier of generic medicines. The country's generic drugs account for around 20% of global generic drug exports (in terms of volumes). In FY17, India exported pharmaceutical products worth US$ 16.8 billion and it grew by 3% to US$ 17.3 billion in FY18 and further expected to reach US$ 40 billion by 2020.

The Indian pharmaceuticals market is estimated to be around US$ 29.09 billion growing by 5.5% in CY2017 in terms of moving annual turnover. In March 2018, market has grown by 9.5% year-on-year with sales of Rs.100.29 billion (US$ 1.56 billion).

Worldwide Total Prescription Drug Sales (2008-2022)



PANACEA BIOTEC BUSINESS SEGMENTS

PHARMACEUTICAL FORMULATIONS

Panacea Biotec has continued to maintain its leadership position in niche therapeutic segments such as Organ Transplantation, Nephrology and Diabetes management with established presence in Oncology, Pain & Fever, Gastroenterology and Orthopedics therapies in the Indian pharmaceutical market.

Panacea Biotec has attained 10^{th} position in its represented therapeutic market and is also amongst the top 60 pharmaceutical companies of India as per the AIOCD AWACS (MAT March 2018) sales data.

The Company's leading brands are well recognized and respected by the medical fraternity and command significant market share in their respective therapeutic segments. As per the AIOCD AWACS (MAT March 2018) sales data, the Company's top selling brands viz. **Glizid** (including its extensions), **EasySix, PanGraf, Mycept** and **Panimun Bioral** are ranked number 1 and **Mycept S, EasyFour-TT, Alphadol**, **Cilamin, Sitcom, Thank OD, Livoluk** and **Nimulid** are amongst the top 5 brands in their respective therapeutic areas. With 180^{th} rank, Glizid (including its extensions) features among the top 200 brands in India, as per the AIOCD AWACS (MAT March 2018) sales data.

As per the AIOCD AWACS (MAT March 2018) sales data, the Company's key pharma brands across therapeutic categories and their market ranking in India are as follows:

Brands	Therapy	Rank
Glizid (incl. extensions)	Anti Diabetic	1
PanGraf	Anti-Neoplastics*	1
Mycept	Anti-Neoplastics*	1
Panimun Bioral	Anti-Neoplastics*	1
Nimulid	Pain / Analgesics	2
Sitcom	Varicose Therapy#	2
Thank OD	Varicose Therapy	3
Livoluk	Gastro Intestinal	5
PacliAll	Oncology	7

*Immuno-suppressant #Piles management
Note: Rank is calculated within its therapeutic category or the immediate market (wherever applicable).

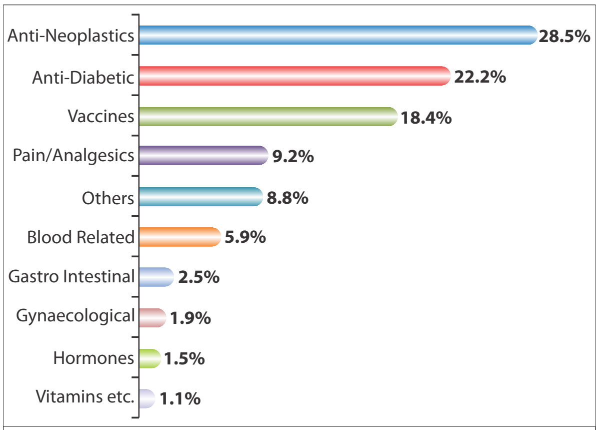
The Company's gross turnover of pharmaceutical formulations business has grown at a CAGR of around 5.7% to Rs.3,779.1 million in FY2017-18 from Rs.2,406.9 million in previous year.

Your Company has increased its footprint in International markets and is currently in the process of launching new products across different countries such as US, Germany, CIS countries, Brazil, Middle-East and other emerging South-East Asian Countries.

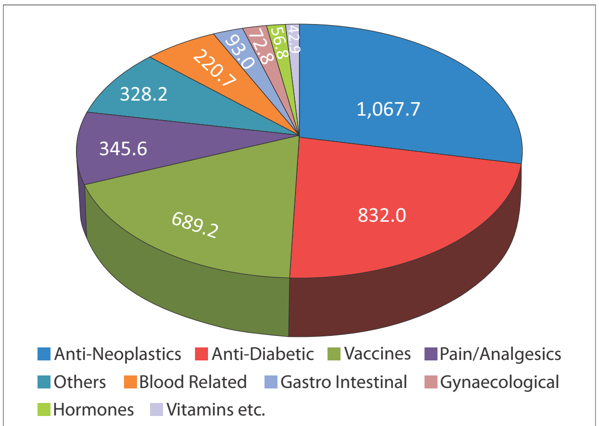
Domestic Pharmaceutical Formulations

The Company's Pharmaceutical Formulations business in India is managed by Six Strategic Business Units (SBUs) - 3 SBUs for Super-Specialty Business viz. Transplantation & Immunology, Nephrology and OncoTrust and 3 SBUs for Acute & Chronic Care business viz. Diacar Alpha, Procare and Growcare.

As per AIOCD AWACS March 2018 Sales data, the Company's therapy-wise market share and sales in India is as under:



Therapy wise market share %



Therapy-wise sales in Rs. Million

Transplant & Immunology SBU

India has made significant progress in the field of solid organ transplantation. It is estimated that over one lakh people die of liver diseases every year, whereas only one thousand undergo a liver transplant. Nearly 2,20,000 people await kidney transplant, however, only 15,000 receive donations. As per industry experts, total organ donation shortage of the country can be met with even if 5-10% of the victims involved in fatal accidents serve as organ donors. As per a study conducted by an NGO, the number of youths pledging their organs has increased manifold. 81% of the pledges for organ donation signed between 2010 and 2018 were by those in the 18-40 age group.

Transplant & Immunology SBU of the Company has been supporting transplant recipients and promoting cadaveric organ donation through various initiatives, with a goal to enhance awareness for deceased organ donation in the society, thus laying a foundation of holistic well-being across the nation.

The endeavor of Transplant & Immunology SBU has been to provide high-quality medicines at an affordable cost thereby improving the quality of life of transplant recipients. The SBU continues to be the leader in this market since 2008 with a market share of over 24% amongst various multinational and local players.

The main brands of the SBU viz. PanGraf, Mycept, Mycept-S and Panimun Bioral continue to be at number one position in their respective therapeutic category, as per the AIOCD AWACS (MAT March 2018) sales data. PanGraf has maintained its leadership position in Tacrolimus market in India since more than a decade with around 69% market share as per AIOCD AWACS (MAT March 2018).

The SBU has other established brands such as VagaCyte (Anti-Infective), Siropan & EverGraf (mTOR inhibitors) and Imuza (anti-metabolite) with an aim to provide complete and holistic management of all aspects of solid organ transplantation.

Nephrology SBU

It is estimated that in India, there are around 130,000 patients undergoing dialysis treatment, and the number is increasing by about 232 per million population, reflecting increased longevity in general. There are several issues that contribute to this high prevalence of Chronic Kidney Disease (CKD) in India. Adding to these issues is the fact that 1.3 billion people have around 1,850 nephrologists for serving them, however, these nephrologists are not equally distributed and are mostly concentrated in urban centers. India is expected to have the largest population of diabetic patients by 2030. The reported prevalence of CKD in different regions ranges from less than 1% to 13% and some of the studies also reported a prevalence of 17%.

The Nephrology SBU with its vision to be the 'Most Reliable Partner in providing end to end solution in CKD Management is catering to the needs of CKD patients at all stages right from stage II to 5D. The SBU is committed to provide quality products in management of renal anemia, CKD-MBD, renal nutrition and hyperkalemia.

The SBU aims to be amongst top 6 players in a highly competitive market with more than 40 players. It is committed in building up a strong equity amongst around 1,700 Nephrologists across India with its dedicated field force through continuous scientific programs & academic initiatives.

OncoTrust SBU

Incidence of cancer is increasing alarmingly in India. India is having a cancer population of around 2.5 million. With over seven lakh new cancer patients every year, cancer mortality is around 5.56 lakh in a year. Breast and cervical cancer are the two most common cancers among females and oral cavity and lung cancer among males. These four cancers account for more than 50% of all cancer deaths in India.

Panacea Biotec through its OncoTrust SBU has established itself as an organization aiming to deliver quality, contemporary and affordable medicines to improve the quality of life of cancer patients. With its portfolio of products, OncoTrust is well positioned to serve the increasing number of cancer survivors in the country. With a dedicated field force across the country, it is covering almost 1,300 Oncologist and all major Government and Corporate hospitals.

Panacea Biotec was the first Indian company to launch **PacliALL** a brand of nab Paclitaxel, for the management of Breast Cancer. PacliALL, the flagship brand of OncoTrust SBU, which was awarded with Brand of the Year Award 2011 by Bio-Spectrum, has become No.1 brand in nab-paclitaxel market and has saved the lives of more than 7,000 patients till now, and is one of the most admired brands for the treatment of breast cancer.

The Company has also entered into Bone Marrow Transplant segment with the launch of **Plerimob** (Plerixafor), a brand for stem cell mobilization. The other major brands of the SBU include **Bemustin** (Bendamustine Hydrochloride), **DoceTrust** (Docetaxel Trihydrate), **GemTrust** (Gemcitabine hydrochloride) and **BorteTrust** (Bortezomib) injections. Going forward there is a strong line-up of products to achieve the vision laid out by OncoTrust SBU.

Diacar Alpha SBU

As per industry estimates, the Indian diabetes market is valued at around US$ 1.60 billion in 2017. India is considered as the diabetes capital of the world with over 75 million diagnosed diabetics. Diabetes today has emerged as one of the most important risk factors for mortality and often affects other vital organs of the body like heart, eyes, kidneys, brain and nerves. The major reasons of increasing diabetes incidence in India include increasing obesity, rising stress levels and absence of proper physical exercise. The growing awareness regarding the symptoms of diabetes and its adverse health effects have largely intensified the diagnosis and drug treatment rates in the country. This is the major growth-driving factor for the diabetes market in India. In future, the diabetes market is expected to exceed US$ 4.2 billion by 2023, growing at a CAGR of around 16-17%.

With a dedicated marketing and sales team of more than 350 people, Diacar Alpha SBU focuses on specialties such as endocrinologists, diabetologists, cardiologists and physicians in a fiercely competitive anti-diabetic market. Diacar Alpha SBU has around 24% market share as per the AIOCD AWACS (MAT March 2018) sales data.

The flagship brand of Diacar Alpha SBU, **Glizid** (including Glizid-M & other extensions) is the No. 1 brand in its market segment and is ranked at No. 180 amongst the top 200 brands in the Indian Pharma industry. **Glizid-M** was also awarded with the prestigious SILVER BRAND in Chronic Care Therapy by AWACS AIOCD in FY 2015-16.

To help in better management of Glucose Triad in Type 2 Diabetes Mellitus (T2DM), the Company has a unique combination of Gliclazide, Metformin and Voglibose under the brand name **Glizid-MV** in the market. During the previous year, the Company launched its indigenously developed anti-diabetic drug, **TENEPAN** (Teneligliptin) for treatment of Type 2 Diabetes Mellitus (T2DM).

Procare SBU

Procare SBU continues to focus in the chronic care segment having increasing incidence of chronic disorders such as osteoarthritis and osteoporosis alongside lifestyle disorders like piles, constipation and acid peptic disorders through its established brands and engagement with Consulting Physicians, Orthopedic, Gastroenterologists and General Surgeons.

The chronic diseases management drugs market in India is valued at around Rs.423 billion. The gastro-intestinal is the 4^{th} largest therapy valued at around Rs.110 billion contributing 9.66% to the Indian Pharmaceutical Market as per AIOCD AWACS (MAT March 2018) sales data and is growing at 9.2% on MAT basis.

The Procare SBU has established its flagship brands **Sitcom** and **Livoluk** amongst the top 5 brands in their respective therapy areas as per the AIOCD AWACS (MAT March 2018) sales data.

The SBU has anti-inflammatory and muscle relaxant products including **Willgo CR** (Aceclofenac 200mg SR), **Willgo P**

Pharmaceutical Formulations Facility, Baddi, Himachal Pradesh

(Aceclofenac 100mg, Paracetamol 325mg), **Willgo TH4** & **Willgo TH8** (Aceclofenac & Thiocolchicoside Tablets) and **Willgo SP** (Aceclofenac 100mg, Serratiopeptidase 15mg as enteric coated granules and Paracetamol 325mg) intended for Pain Management in patients suffering from Rheumatoid Arthritis and Arthritis.

Growcare SBU

Growcare SBU operates in the large therapy areas of anti-infectives, anti-hemorrhoidal, anti-diabetic and pain & fever management. As per the AIOCD AWACS (MAT March 2018) sales data, anti-infectives is No. 3 therapy in the Indian Pharmaceutical Industry, valued at around Rs.110 billion, de-growing at 3.8%. The pain/analgesic market in India is estimated at Rs.109 billion, growing at 0.1%.

Growcare SBU's leading brand **Thank OD** is the 3rd largest brand in its therapy area as per the AIOCD AWACS (MAT March 2018) sales data. Growcare with its dedicated field force covers general physicians, consulting physicians, general surgeons and dentists. Growcare SBU is actively involved in increasing public awareness about causes and treatment of hemorrhoids (piles) through various patient education and awareness camps.

CUBE SBU

The Capacity Utilization & Business Enhancement (CUBE) SBU is playing an important role in the Company's overall pharmaceutical business. The SBU aims to enhance capacity utilization by out-licensing & supply of the Company's products to other leading Indian & multi-national pharmaceutical companies and contract manufacturing operations for third party products.

CUBE has out-licensed Company's research based products nab-Paclitaxel, Bendamustin, Cyclosporine, Mycophenolate Mofetil and Tacrolimus based finished formulations to other leading pharmaceutical companies for sale in the domestic market on non-exclusive basis. It is also in discussion for out-licensing some of these products for international markets as well.

The CUBE SBU has expanded the business by entering into collaborations with existing as well as new partners by offering them existing/new products. Currently, the process of product registration is in progress for some more products and the Company expects this business to grow in near future once all the product registrations are received.

International Pharmaceutical Business

The Company exports its pharmaceutical formulations in over 30 countries including USA, Germany, Russian Federation, Turkey, Tanzania, Kenya, Syria, Serbia, Vietnam, Philippines and Sri Lanka etc. The Company has continued its focus on development, registration and marketing of products portfolio catering to chronic therapies in private markets in several countries.

During the year under review, the Company has launched two new products, viz. Rizatriptan Oral Dispersible 5mg and 10mg Tablets and Prasugrel HCL 5mg and 10mg tablets in US markets through strategic partners in USA. The Company's pharmaceutical exports have grown by 40.4% to Rs. 850.40 million during the year under review from Rs.605.84 million during previous year.

The Company's Abbreviated New Drug Application (ANDA) submitted under section 505(j) of the Federal Food, Drug & Cosmetics Act (FD&C Act) for Paclitaxel Protein bound particles for Injectable Suspension 100mg/vial has been accepted for filing by the U.S. Food and Drug Administration (FDA). In addition, the approval process for other ANDAs filed earlier with the USFDA is in progress. The Company plans to launch these products in US, Europe, etc. through strategic collaborations with leading pharma companies.

The Company is also building a robust pipeline of several products for filing in several other emerging markets which it will be filing in the next 1-2 years and aims to improve the accessibility and affordability of medicines as the Company's contribution to Government of India's "MAKE IN INDIA" mission.

During the year, the Company has received the Certificate of GMP Compliance from State Service of Ukraine on Medicines and Drugs Control with manufacturing authorization for 22 medicinal products, including 4 oncology products valid till June 24, 2020. Under this manufacturing authorization, the Company's oral solid dosage manufacturing facility and oncology facility at Baddi, Himachal Pradesh have been certified as complying with the Good Manufacturing Practices.

The Company has tied-up with leading regional companies in emerging markets like Latin America, South East Asia, CIS and Africa to expand business reach and leverage the untapped markets. The Company has successfully got registered the nephrology and pharma products in these markets and commercialization of products is expected to start during the current year.

The Company has also started participating in the tender business for selected products in selected countries with products manufactured from its own manufacturing facility at Baddi. These efforts have started showing results and the Company has started gaining business during the current financial year in existing markets such as Russian Federation, USA, Turkey, Sri Lanka, Kenya, Jordan etc. and also in new markets like Ecuador, Ethiopia, Panama, etc.

VACCINES BUSINESS

Panacea Biotec continues to focus on vaccines business as a core business segment. The Company has pioneered in development of wP based fully liquid combination vaccines and has launched world's first fully liquid wP-IPV based hexavalent vaccine **EasySix™** (Diphtheria, Wholecell Pertussis, Tetanus, Hepatitis B, Hib and IPV) and tetravalent vaccine **Easyfour-TT** (Diphtheria, Wholecell Pertussis, Tetanus and Hib) in India in March 2017 and December 2016, respectively. Earlier the Company had launched first time in the world fully liquid pentavalent vaccine **Easyfive-TT** (Diphtheria, Wholecell Pertussis, Tetanus, Hepatitis B and Hib), bivalent Oral Polio Vaccine (bOPV) and Monovalent Oral Polio Vaccine (mOPV) (Type I & Type III).

Panacea Biotec has played a pivotal role in eradication of polio disease from India & many other countries by having supplied over 10 billion doses of OPV to UNICEF/Govt. of India/PAHO etc. in the last 2 decades. During the year, your Company has initiated supplies of bOPV to Govt. of India from its Baddi vaccine plant.

The Company has received first installment of Rs.57.98 million (out of total sanctioned amount of Rs.289.90 million) from Technology Development Board, Ministry of Science & Technology, Govt. of India to expedite the development of its tetravalent dengue vaccine.

The Company has also entered into the collaboration with Serum Institute of India Pvt. Ltd. ("SII"). Under the collaboration, (a) SII will ensure supply of IPV bulk, an important constituent of hexavalent vaccine, EasySix™ to the Company from its wholly owned subsidiary, Bilthovan Biologicals B.V., The Netherlands; (b) SII is also entitled to manufacture & sell hexavalent vaccine; and (c) in next 2 years the Company and SII will work together to get this Hexavalent Vaccine introduced in the National Immunization Program of Govt. of India and developing countries by working closely with key stakeholders including national governments, WHO, GAVI, Bill and Melinda Gates Foundation and other United Nation Agencies, etc.

As a part of the long-term growth strategy, the Company is now expanding its sales of recently launched hexavalent vaccine EasySix™ in India and is expediting development of other critical vaccines including the pneumococcal vaccine and dengue vaccine which are expected to be launched during the year 2020.

Panacea Vaccines SBU

Panacea Vaccines SBU has established itself as a leading vaccine player in the Indian Vaccine market. The SBU continues to protect millions of infants across India from

Team Panacea Biotec celebrating achievement of EasySix sales of Rs.750 million in a short span of 7 months since launch thereof


Dr. Rajesh Jain, MD, Panacea Biotec sharing his thoughts at International Vaccine Industry Forum 2017 and standing in group with other participants

diseases that could otherwise be life threatening. The SBU has expanded its reach to nearly around 10,000 pediatricians spread across India with a field force strength of about 150. Panacea Vaccine SBU registered impressive growth of 170% and achieved sales of Rs.836.15 million during the year under review on account of the strong growth in sales of EasySix™.

The launch of the world's first fully liquid wP-IPV based Hexavalent Vaccine **EasySix™** (DTwP-HepB-Hib-IPV) has strengthened its brand portfolio. The other major brands in the SBU's brand portfolio include **Easyfive-TT** (DTwP-HepB-Hib) and **Easyfour-TT** (DTwP-Hib). With this, Panacea Vaccines has now become the only vaccine SBU which has the wP based fully liquid quadravalent, pentavalent & hexavalent vaccines in India. As per the ORG IMS MAT Feb 2018 data Panacea vaccines SBU is ranked 3rd in its represented market with a market share of 17% and good growth of 328%.

The flagship brand **EasySix™** is ranked among the Top 5 new launches in IPM as per AIOCD AWACS Data. **Easyfive-TT** has been the flagship brand of Panacea Vaccines for over a decade and still commands the highest recall amongst all the vaccinators. **Easyfive-TT** continues to establish its strong foothold in the pentavalent vaccine market and has attained the No. 2 rank with a good market share of 34% in 2017-18 (Source: ORG IMS MAT FEB 2018).

International Vaccines Business

Panacea Biotec supplies its vaccines to UNICEF, PAHO & other governments of several countries and also sells in the private market through tie-ups with established industry players in various countries. The Company has registered its vaccines in around 16 countries with further registrations in around 9 countries expected in the near future. The Company is targeting to enter emerging markets with sizeable birth cohort (3-5 mn) to expand business.

Panacea Biotec is supporting global cause of providing affordable vaccines to the children across the globe. The Company is a member of Developing Countries Vaccine Manufacturers Network (DCVMN), a public health driven, international alliance of manufacturers, and shares common vision and mission of combating infectious diseases and accelerating access to affordable high-quality vaccines.

Supply Chain Management & Logistics Network

Panacea Biotec has a well-established Supply Chain Management (SCM) system designed for creating end-to-end visibility and controls right from sourcing of materials till collection of receivables for both the pharmaceuticals and vaccines products.

The Company has a strong logistics network comprising of 2 warehouses and 26 sales depots/Carrying & Forwarding Agents (CFAs) (comprising of Pharma Sales Depots/CFAs & Vaccine CFAs). Product availability across India is done through vast distributor network of 1,500 distributors for pharmaceutical formulations and 385 distributors for vaccines.

The Company has got expertise in cold chain management for storage and distribution of vaccines under controlled conditions using a system of Vaccine Vial Monitors (VVMs), data loggers, Ice boxes, coolant, cold rooms, refrigerated vehicles and Tyvek sheet for sending temperature controlled products overseas and across India directly from its Vaccine Formulation Facility at Baddi, H.P. This ensures that the Vaccines remain safe and effective against changes in the variant temperature conditions during transit. The SCM team is committed to ensure timely availability of Company's products to its business partners and patients.

Manufacturing Facilities

Panacea Biotec has state-of-the-art cGMP compliant integrated facility for manufacturing bulk vaccines, antigens & biopharmaceuticals at Lalru in Punjab and for manufacturing vaccines and pharmaceutical formulations at Baddi, Himachal Pradesh. 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

• 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, mini-tablets, complex sustained release coatings and delayed release coatings. The facility has been approved by Indian NRA, US-FDA, Health Authority Saarland, Germany and Envisa of Brazil, etc.

The Company's cytotoxic (Anti-Cancer) formulation facility at Baddi, Himachal Pradesh, has two lines dedicated for liquid & lyophilized vials as well as pilot scale up batches complying with USFDA, EU and ROW cGMP norms. Oncology facility is equipped for manufacturing conventional and technology based injections e.g. nano-particle and liposomal lyophilized products. This facility has been approved by Indian NRA, USFDA and other regulatory agencies.

Vaccines Formulation Facility at Baddi

The Company's state-of-the-art vaccines formulations facility in Baddi, Himachal Pradesh sprawls over in a complex of 23 acres of land. The facility which started its operations in year 2008 is comprised of two blocks. The production block is spread over approx. 2,800 M^2 construction area at each floor. The warehouse cum cold storage block measures approx. 3x2500 M^2.

The facility has two independent formulation suites and three filling lines for manufacturing of bacterial, viral and recombinant Vaccines including live attenuated vaccines in pre-filled syringe (PFS) and vials multi-dose and single dose vial presentations. The facility also has large lyophilization capacity for lyophilized vaccines in vials. The total filling capacity of this facility is approx. 600 million doses per annum in PFS, single and multi-dose vial presentations. This facility is approved by Indian NRA and is also pre-qualified by WHO for the pentavalent vaccine Easyfive-TT. The facility is licensed to produce 12 vaccines in different presentations for Indian and export markets. There is an additional vial filling line for manufacture of live, attenuated vaccines including oral polio, measles, dengue vaccines, etc.

The warehouse facility is equipped with cold storage and Deep freezer for cold chain maintenance and dispatch management of vaccines.

Quality control laboratories of the facility are equipped with assortment of latest sophisticated analytical equipment for testing of vaccines and input materials to assure quality of the product at each stage of manufacturing.

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 vaccines and biopharmaceuticals is also established which comprises of three independent suites dedicated for manufacture of:

a) bacterial vaccines,

b) viral vaccines, recombinant bio-therapeutics (e.g. biosimilar molecules on cell culture in both conventional as well as disposable formats),

c) polysaccharide-protein conjugates, and

d) egg based viral vaccines.

Recombinant Hepatitis B surface antigen, Haemophilus influenzae type B conjugate bulk (Hib-TT), Diphtheria, Tetanus Toxoids and whole cell Pertussis are manufactured at these facilities. The facilities for the manufacture of Recombinant Hepatitis B surface antigen, Haemophilus influenzae type B conjugate bulk (Hib-TT) have been approved by Indian NRA and WHO. During the current year, the Company has consolidated the bulk vaccine manufacturing operations into itself which was earlier being carried on by its Associate Company, PanEra Biotec Pvt. Ltd.

SAMPANN Drug Delivery Research and Development Centre, Lalru

RESEARCH & DEVELOPMENT

Research & Development is one of the core strengths of Panacea Biotec. With its four state-of-the-art R&D Centers manned with around 120 qualified and experienced scientists committed towards solving the world's problems by developing high quality and innovative drugs, the Company has built a strong R&D infrastructure to support its business segments - drug discovery, vaccines, pharmaceutical formulations and biopharmaceuticals. The Company is working on several key projects in NCEs, APIs, pharmaceutical formulations, biopharmaceuticals and vaccines. All the R&D centers are recognized by the Department of Scientific and Industrial Research (DSIR) of the Govt. of India.

Global Research and Development (GRAND) Center, Navi Mumbai

GRAND Center is spread over an area of 3,600m^2 and has about 23 dedicated scientists and develops products for global markets. The central focus areas are in the fields of Oncology, Organ Transplantation, CNS and hormonal products amongst others. Its capabilities include delivery conceptualization to pharmaco-kinetic (PK) proof of concept in areas of nano-particles, liposomes, micro-particles, gastro retention and oral films.

The R&D Center has successfully completed development of 6 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 oncology facility at Baddi.

Key products already commercialized in India include PacliALL (Paclitaxel), Bemustin (Bendamustine Hydrochloride), DoceTrust (DocetaxelTrihydrate), GemTrust (Gemcitabine hydrochloride), BorteTrust (Bortezomib), CABAPAN (Cabazitaxel) and AZAFAB (Azacitidine injections).

Rizatriptan ANDA which is also developed by GRAND R&D Center has been approved by USFDA and successfully commercialized in US market during the year under review. Further, abbreviated new drug application (ANDA) for Paclitaxel Protein Bound Particles for injectable Suspension, l00mg/vial has been filed with USFDA. This product is the generic version of Abraxane, marketed for the treatment of Metastatic Breast Cancer, Non-Small Cell Lung Cancer and Adenocarcinoma of the Pancreas in the US market. This R&D Center is also working on several other complex NDDS projects in oncology and transplantation (including ANDAs and 505 (b)(2) products) for global markets which will be filed in due course.

SAMPANN Drug Delivery R&D Center, Lalru, Punjab

Sampann R&D Center focuses on pharmaceutical research using different innovative technologies like hydro gel based topical drug delivery system of peptides and herbal drugs, solid-solid dispersion for highly variable drugs, self-emulsifying drug delivery system (SEDDS) and controlled release drug delivery systems in different therapeutic areas. Sampann is in advanced stage of development of new

LAKSH Drug Discovery Research and Development Centre, Mohali

products for domestic & ROW markets in the therapeutic segments of immuno-suppressant, diabetes and pain management, etc.

Vaccine Research and Development of Sampann Drug Delivery Center has an excellent portfolio of innovative pediatric vaccines which protect children against dreadful diseases. These include diseases such as Diphtheria, Tetanus, Pertussis, Hepatitis B, Haemophilus influenza type b and Polio. Further to broaden the presence of Panacea Biotec in the market, the Sampann Vaccine R&D is developing the new generation vaccines like pneumococcal conjugate vaccine and dengue vaccine. Other vaccines which are in the pipeline are Sabin Inactivated Polio vaccine (sIPV), Tetanus vaccine, Measles vaccine and fully indigenous pentavalent vaccine.

LAKSH Drug Discovery R&D Center, Mohali

Laksh Center is spread over 70,000 sq. ft. and employs around 50 scientists. It focusses on development of new chemical entities (NCEs, small molecules), API research and vaccine 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, phase I trials of one of the NCEs for IR (immediate release) have been completed and efforts are on to develop a formulation for convenient dosing. The other NCE is undergoing phase I directed safety evaluation. New areas in diabetes are being explored.

10 PCT applications and more than 50 patent applications in national phases have been filed from this Center. Many patents have already been granted in the US (5), Europe (4), India (2) Japan (1), Russia (1)and China (1).

This centre is also focused on developing non-infringing API processes for NCEs and generic products for captive consumption. This year two new pharma products have been developed and launched with in-house APIs. API centre also deals in polymorphism study, identification and synthesis of impurities in drug substance and drug product to support the formulation business. Vaccine R&D activities are ongoing at this Centre for optimization of biological processes.

OneStream Research Center, New Delhi

Onestream Research Center is working extensively on research and development of novel and efficacious vaccines


Lohri Celebration


Christmas Celebration

and biologicals against various epidemic/endemic diseases for global market. It focuses on providing cost effective products and process development complying with all regulatory requirements. The Center is spread over 26,000 Sq. ft. area and is dedicated to carry out research in Vaccines and Biologicals using advanced genetic engineering, molecular biology, genomics tools, animal cell culture, fermentation, purification, serological and analytical techniques. The Center has a well-established BSL-3 level containment facility to handle pathogenic viruses like H1N1, Seasonal flu and Varicella.

The Center is engaged in research & development of new generation vaccines including pneumococcal conjugate vaccine, tetravalent dengue vaccine, typhoid conjugate vaccine, varicella vaccine, measles and rubella vaccine etc. The Center is also working on development of recombinant biosimilar therapeutics such as Darbepoetin used in treatment of anemia in patients with chronic kidney failure or certain types of cancers.

Clinical Research

Clinical research is a critical function, one that should be based on facts and scientific data. It can guide clinical decisions through clinical studies on drugs that can affect the health and well-being of millions of people.

During the year, in accordance with ***"Global Switch of Polio"***, a comparative study on f-IPV was successfully conducted and submitted to the Drug Controller General of India (DCGI), in **collaboration with WHO**. Studies on Novel Dengue Vaccine & Pneumococcal Conjugate Vaccine are slated to begin in near future.

OneStream Research Centre, New Delhi

In the pharmaceutical domain, bio-equivalence (BE) studies with respect to Glizid-M (Gliclazide with Metformin), Mycophenolic Acid DR and Cyclosporine have been successfully completed during the year, and BE studies with respect to Liposomal Doxorubicin, Tacrolimus and Mycophenolate Suspension are being carried out this year.

During the year, the bio-equivalence study with respect to anti-cancer products PacliALL (albumin bound Paclitaxel) was successfully c oncluded and submitted to USFDA.

Intellectual Property

The Company has filed more than 1,500 patent applications worldwide including 230 patent applications in India for different formulation products/new drug delivery technologies. The Company has filed around 100 International patent applications through PCT route. About 466 patent applications have been granted / accepted for grant including 2 patents granted in India and one each in USA, Russia, Europe and Myanmar during the year under review. This includes patents on key new chemical entity, formulations and the hexavalent vaccine, EasySix™.

The Company has filed more than 750 applications for trademark registration out of which 517 have been registered including 55 applications registered during the year. In addition, the Company has also filed 517 international trademark applications out of which 310 have been granted. The Company had filed 222 applications for registration of copyrights of which 167 had been registered.


Dr. Rajesh Jain, MD, Panacea Biotec and Dr. Bindu Dey, Secretary, Technology Development Board, Govt. of India, with other officials of PBL and TDB at the occasion of signing of Agreement w.r.t. Dengue Vaccine

Human Resources

At Panacea Biotec employees are the core strength of its continual progress and endeavor to excel at its best in every segment and thus extending all possible support to its employees to make them achieve their goal in order to achieve the organizational goal while keeping an eye on our Vision & Mission.

The Company has a total manpower of around 2,500 employees including Corporate & Managerial staff, Sales staff and staff located at our Manufacturing and R&D facilities. There are around 120 scientists engaged in R&D Centres, around 640 employees engaged in production, quality control & quality assurance and around 1,200 employees engaged in logistics, sales & marketing.

The Human Resources team continuously thrives to get talented people on-board by regular walk-in drives, direct interviews, employee referrals, internal promotions, employment exchange etc., hence leaving no loophole in establishing strong brand image among the youth and global market.

The HR team also ensures through in-house induction and training to ensure that the new employees are skilled and are empowered to interact with the customers and meet their business targets. Panacea Biotec aims to become employee centric thus introduced more liberal employee policies and conducted several employee engagement activities across centers like New year celebration, Fruit carving and Antakshari and also celebrated Festivals like Dussehra, Diwali, Christmas, Baisakhi, Lohri, Holi, etc. leading to more work satisfaction, more efficient working and ethical organizational culture.

Information Technology

The Company has implemented fully integrated SAP ERP System for accounting, production, materials management, HR & payroll etc. and has upgraded its sales force automation system. The Company has also automatized leave, purchase requisition and purchase order approval system through e-mails.

The Company has installed various tools to protect its network and data from external threats and has upgraded the firewall and intrusion protection architecture to enhance the network security. In order to ensure continuity of data availability in the event of any loss of data, the Company ensures data backups to cloud system in respect of its key systems and employees. In due course of time, it will be applied for all the employees of the Company. The IT team has undertaken risk assessment and business impact analysis to help ensure a secure computing environment, restructured enterprise systems & web services to create web and mobile technologies to enhance use of changing web and mobile technology. It has also successfully completed an audit with the auditor for SAP & IT infrastructure with no findings reported.

Internal Audit & Internal Financial 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 & sales offices besides corporate office.

The internal financial 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 & 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.

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.

The Company has established and maintained adequate and effective internal financial controls over financial reporting (IFCoFR) in accordance with the framework, which includes policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

FINANCIAL PERFORMANCE

Effective from April 01, 2017, the Company has adopted the Indian Accounting Standards ("Ind-AS") and the adoption was carried out in accordance with Ind AS 101 'First-time adoption of Indian Accounting Standards' with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Companies Act, 2013 (the "Act") read with the relevant rules issued thereunder and the other accounting principles. The impact of transition has been accounted for in the retained earnings as at April 01, 2016 and the figures for the financial year ended March 31, 2017 have been restated accordingly.

Summarized Balance Sheet

(Rs. in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Equity & Liabilities			
Shareholders' Funds	3,880.98	4,558.20	5,185.04
Non-current liabilities	6,001.24	7,360.26	8,045.92
Current liabilities	6,852.67	5,899.05	4,758.22
Total Liabilities	16,734.89	17,817.51	17,989.18
Assets			
Fixed assets	9,280.89	9,696.98	10,113.54
Financial assets	3,461.21	3,460.20	3,466.32
Other non-current assets	456.28	566.60	490.98
Current assets	3,536.51	4,036.98	3,420.52
Asset held for sale	-	56.76	497.82
Total Assets	16,734.89	17,817.51	17,989.18

Shareholders' Funds: The Company's Shareholders' funds were Rs.3,880.98 million as at March 31, 2018 as compared to Rs.4,558.20 million as at March 31, 2017.

Non-Current Liabilities: Non-current liabilities include long-term borrowings (excluding current maturities), provisions and other non-current liabilities. The non-current liabilities as at March 31, 2018 have decreased to Rs.6,001.24 million as against Rs.7,360.26 million as at March 31, 2017, mainly on account of decrease in long-term borrowings due to re-classification of the ECB as current on account of overdue payment of the first installment of US$ 8.33 million which is pending since September 2017.

Current Liabilities: Current liabilities include short-term borrowings, trade payables and other current financial liabilities (including current maturities of long term borrowings). The current financial liabilities as at March 31, 2018 have increased to Rs.6,852.67 million as compared to Rs.5,899.05 million as at the end of previous year, mainly due to increase in trade payables and reclassification of ECB as explained above.

Fixed Assets: The net fixed assets have decreased to Rs.9,280.89 million as against Rs.9,696.98 million as at the end of previous year mainly due to depreciation charged during the year.

Financial Assets: Non-current financial assets include long-term investments, Loans and other long-term financial assets. The non-current financial assets as at March 31, 2018 have marginally increased to Rs.3,461.21 million as against Rs.3,460.20 million as at the end of previous year.

Other Non-Current Assets: Other non-current assets include deferred tax asset (net of MAT credit) and other non-current assets. The non-current assets as at March 31, 2018 have decreased to Rs.456.28 million as against Rs.566.60 million as at the end of previous year mainly due to provisioning of MAT credit receivable.

Current Assets: Current assets include inventories, trade receivables, cash & cash equivalents, other bank balances, short-term loans and other current assets. Total current assets have decreased to Rs.3,536.51 million as at the end of fiscal 2018 as compared to Rs.4,036.98 million as at the end of previous year mainly due to decrease in the trade receivables, advances to suppliers and other current assets.

Summarized Statement of Profit & Loss

(Rs. in million)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations	5,799.31	5,440.25
Materials & Finished Goods Purchases	2,003.66	1,827.69
Employee benefits expense	1,367.38	1,322.07
Other expenses	1,614.02	1,595.64
Earnings before Interest, Depreciation, Taxes & Amortization (EBITDA)	814.25	694.85
Finance Costs	1,032.28	1,035.04
Depreciation and amortization expense	570.48	661.47
Other Income	176.16	536.64
Profit/ (Loss) before tax and exceptional items	(612.35)	(465.02)
Exceptional items	-	(375.41)
Profit/ (Loss) Before Tax	(612.35)	(840.43)
Provision for Taxes (including deferred tax)	106.41	(113.82)
Profit/(Loss) After Tax	(718.76)	(726.61)
Other comprehensive income (net of tax)	(14.16)	(07.68)
Total comprehensive income	(732.92)	(734.29)
Basic EPS (Rs.)*	(11.74)	(11.86)
Cash EPS (Rs.)*	(11.74)	(11.86)

*Per Equity Share of Re.1

Income:

Revenue from Operations: During the year, the Company's revenue from operations increased to Rs.5,799.31 million as compared to Rs.5,440.25 million during previous financial year. The revenues from operations have mainly increased due to increased sale of hexavalent vaccine EasySix™ in the domestic market, sale of oral polio vaccine to Government of India and growth in the pharmaceutical formulations business.

Other Income: Other income has decreased to Rs.176.16 million during the FY 2017-18 as compared to Rs.536.64 million in previous FY 2016-17, mainly on account of higher reversal of expense provisions pertaining to earlier years during previous year.

Expenditures:

Materials & Finished Goods purchases: The raw & packing materials and finished goods purchases during the year have increased to Rs.2,003.66 million as against Rs.1,827.69 million during the previous financial year due to increased sales.

Employee benefits expenses: The employee benefits expenses have increased to Rs.1,367.38 million during FY2017-18 from Rs.1,322.07 million during FY2016-17, mainly due to higher provision of gratuity as per statutory requirement.

Other Expenses: The other expenses have marginally increased to Rs.1,614.02 million during FY2017-18 from Rs.1,595.64 million during previous financial year.

Finance costs: Finance costs comprising of interest and bank charges have marginally reduced to Rs.1,032.28 million during FY2017-18 as against Rs.1,035.04 million during FY2016-17, mainly due to reduction in debts following repayment of debts by the Company.

Depreciation and amortization expenses: Depreciation for the year was Rs.570.48 million as compared to Rs.661.47 million during previous financial year.

Other comprehensive income: Other comprehensive income include actuarial gain/(loss) on gratuity and deferred tax thereon as per IND-AS requirement.

Profitability

Earnings before Interest, Tax, Depreciation & Amortization (EBITDA): The EBITDA (excluding other income) increased to Rs.814.25 million during Financial Year 2017-18 as compared to Rs.694.85 million during FY2016-17 on account of increased revenues from operations.

Profit/(Loss) Before tax and exceptional items: The Company's loss before tax and exceptional items has increased to Rs.612.35 million as against Rs.465.02 million during FY2017-18 on account of reasons as explained above.

Profit/(Loss) Before Tax (PBT) after exceptional item: The Company has incurred loss before tax of Rs.612.35 million during the fiscal 2018 as against Rs.840.43 million (after considering exceptional items of Rs.375.41 million) for fiscal 2017. During the previous year, the exceptional items included provisioning of Rs.450.8 million towards impairment of investments in NewRise Healthcare Pvt. Ltd. on account of sale thereof in April 2017.

Profit/(Loss) After Tax (PAT): The loss after tax for the year has decreased to Rs.718.76 million as against Rs.726.61 million during fiscal year 2017.

Earnings per Share (EPS): The basic and diluted EPS stood negative at Rs.11.74 per share for fiscal 2018 as compared to negative EPS of Rs.11.86 per share for fiscal 2017.

Cash Flow Statement

(Rs. in million)

	Fiscal 2018	Fiscal 2017
Cash Flows from:		
Operating Activities	1,720.58	1,038.35
Investing Activities	(27.30)	(179.23)
Financing Activities	(1,636.68)	(910.62)
Net Cash Flows	65.24	8.64

Cash Flow from Operating Activities: The net cash inflows from operating activities during financial year 2017-18 were Rs.1,720.58 million as compared to Rs.1,038.35 million during financial year 2016-17. The net cash inflows from operating activities have improved due to increase in revenue from operations and positive movement in working capital.

Cash Flow from Investing Activities: During the year, the net cash used in investing activities were Rs.27.30 million as against Rs.179.23 million during previous financial year. The Company has invested funds in the product development activities and other normal capital expenditure required for business operations in the previous year.

Cash Flow from Financing Activities: Net cash outflow from financing activities were Rs.1,636.68 million as against Rs.910.62 million during previous financial year on account of payment of interest and debts as per the terms and repayments schedule.

Consolidated Financial Performance

The consolidated revenues from operations of the Group has increased to Rs.5,961.61 million during FY2017-18 as compared to Rs.5,579.51 million during previous financial year. On consolidated basis, the Group has incurred loss before tax of Rs.661.39 million during the year under review as against loss before tax of Rs.518.78 million during previous financial year. The consolidated loss after tax was Rs.759.97 million during FY2017-18 as against loss after tax of Rs.408.98 million during previous financial year.

Opportunities and Outlook

Indian pharmaceuticals industry is globally respected and is one of the most successful industries in India. It has contributed immensely to India's healthcare outcomes and economy. World-class capabilities and favourable market conditions over the last many years have ensured that India continues to be one of the most lucrative pharma markets in the world.

India continues to play a significant role in manufacturing various critical, high quality and low-cost medicines for Indian and global markets. It supplies 50-60% of global demand for many vaccines (including ARVs), 40 percent of generics consumed in the US and 25% of all the medicines dispensed in the UK.

However, the industry is also facing several challenges in supplying to export markets, which must be addressed going forward including the following:

- The increasing pricing pressure in the regulated market is squeezing margins and profitability.
- Another key challenge stems from compliance issues affecting the reliability of supply.
- India continues to rely on imports of key starting materials, intermediates and APIs for China with the share of dependence increasing over time. This potentially exposes us to raw material supply disruptions and pricing volatility.

On the other hand, there are ample opportunities for Indian Pharma industry to drive growth by building on the cost advantage and improving reliability of supply. The priority areas thus emerge for Indian pharmaceutical companies:

- Build stronger quality systems and achieve full compliance
- Re-focus efforts on operational excellence
- Alternate sourcing and self-sufficiency in APIs/ intermediates

The recently launched National Health Protection Scheme ("**Ayushman Bharat**") is largest government funded healthcare programme in the world, which is expected to benefit 100 million poor families in the country by providing a cover of up to Rs.5 lakh (US$ 7,723.2) per family per year for secondary and tertiary care hospitalisation.

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Medicine spending in India is thus expected to increase at 9-12% CAGR between 2018-22 to US$ 26-30 billion, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others.

SWOT Analysis

Strengths

- India has implemented laws relating to protection of intellectual property rights which are supported by well-developed judicial system. It helps multinational companies to launch their innovative products in India.
- Manufacturing Infrastructure: The country has largest number of USFDA approved facilities outside USA and has well developed infrastructure for R&D and manufacturing with proven track record in advanced chemistry capabilities, design of high tech manufacturing facilities and regulatory compliance.
- Strong Talent pool: India has large pool of skilled scientists/ technicians/management personnel at reasonable costs leading to lower costs of innovation/ manufacturing/capex costs/ expenditure to run cGMP compliant facilities and high quality documentation and process understanding.
- The Country has healthy domestic pharmaceutical market with rising per capita expenditure and increasing insurance coverage. The country also has a strong marketing & distribution network.

Weakness

- Stringent price control regulations affecting the profitability of pharma companies.
- Low investments in innovative R&D: Majority of companies lack the ability and resources to compete with MNCs for New Drug Discovery, Research and commercialization of molecules on a worldwide basis.
- Increasing incidences of regulatory non-compliances by Indian companies impact investment in the industry.
- Shortage of healthcare facilities and medicines: 70% of the Indian population still resides in rural areas where medical facilities and medicines are still not available at large.
- Regulatory data protection: India is still perceived to be lacking a strong system for protecting the regulatory data developed by innovator companies due to which several innovative products have still not been launched in Indian markets.

Opportunities

- Billions of dollars of drugs are expected to go off patent soon in USA and Europe. This translates to a significant opportunity for Indian industry.
- Untapped Market Potential: Almost 70% of India's population resides in the rural areas and this population accounts for 40% of the total pharma consumption. A rise in life expectancy generally, and increase in the population of the old, particularly in the developed world is causing higher expenditure from respective national health budgets compelling them to move to affordable drugs which are India's forte.
- Licensing collaborations with MNCs for in-licensing/out-licensing of NCEs (New Chemical Entities) and NDDS (New Drug Delivery Systems) offer new opportunities for Indian manufacturers.
- India is one of the few economies which are consistently growing despite the global slowdown.

India has the potential to become a niche player in global pharmaceutical R&D and play significant role in the expansion of biotechnology generics (also known as bio-similars) and biopharmaceuticals.

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:

- Drug Price Control Order puts unrealistic ceilings on product prices and profitability thereby discouraging the industry from investing in innovative products.

- Delays in new product registration and other approvals by various government bodies.
- Risk of regulatory actions due to deficiencies in compliance of ever increasing requirements.
- Rising competition from China and other Asian markets offering low cost manufacturing.
- Increasing pressure from regulatory authorities towards ensuring compliance has resulted in many companies being suspended from production even due to quality related issues.

Future Growth Drivers

The Company is working on scaling up the revenues of its hexavalent vaccine and pharmaceutical business for converting the losses into profits in the coming years. In order to achieve this mission, the Company has identified future growth drivers including:

- Scaling up revenues in vaccine segment 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 pneumococcal vaccine, which is currently under development, is expected by year 2020;
- Launch of the Dengue Vaccine which is currently under development, is expected by 2020;
- Launch of several pharmaceutical products in India and ROW markets;
- Commercializing the existing filed ANDAs in US and other markets in the next 1-3 years and continue to build the ANDA pipeline for long term future growth; and

Mr. Mukul Gupta, Director, Panacea Biotec planting a sapling in the presence of officials of the Company at the occasion of AGM at Lalru

- Entering into business collaborations with other companies in both business segments.

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.

It is said "Health is wealth". Taking the same forward medical check camps were organized at various locations.

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.

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 and diabetes. The Company has also launched and is maintaining website www.ckdmbd.org as an online educational initiative to elucidate information extending from biochemical bone and vascular derangements associated with CKD-MBD.

In addition to its efforts in providing affordable and quality medicine to patients across the country, the Company also organized awareness program "Do It Today" on organ donation on the occasion of 'Organ Donation Day' i.e. 13th August, 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 34th Annual Report on the business and operations of the Company together with the Audited Standalone and Consolidated Financial Statements and the Auditors' Reports thereon for the financial year ended March 31, 2018.

Financial Results

The highlights of financial results of the Company for the financial year 2017-18 are as under:

(Rs. in million)

Particulars	Standalone	
	2017-18	2016-17#
Revenue from operations	5,799.31	5,440.25
Other Income	176.16	536.64
Total Income	5,975.47	5,976.89
Earnings Before Interest, Depreciation & Tax (EBITDA)	990.41	1,231.49
Profit/ (Loss) before tax and exceptional items	(612.35)	(465.02)
Exceptional items	-	(375.41)
Profit/(Loss) before Tax (PBT)	(612.35)	(840.43)
Profit/(Loss) after Tax (PAT)	(718.76)	(726.61)
Other Comprehensive Income	(14.16)	(7.68)
Total Comprehensive Income	(732.92)	(734.29)

 # Figures re-grouped, re-classified and/or restated wherever necessary as per Ind-AS

Indian Accounting Standards

Effective from April 01, 2017, the Company has adopted the Indian Accounting Standards ("Ind-AS") and the adoption was carried out in accordance with Ind AS 101 'First-time adoption of Indian Accounting Standards' with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with the relevant rules issued thereunder and the other accounting principles. The impact of transition has been accounted for in the retained earnings as at April 1, 2016 and the figures for the financial year ended March 31, 2017 have been restated accordingly.

Performance Highlights

During the year ended March 31, 2018, your Company has registered revenue from operations of Rs.5,799.31 million as against Rs.5,440.25 million during the corresponding previous financial year. The revenues from operations have mainly increased due to increased sale of hexavalent vaccine EasySix™.

The pharmaceutical formulations segment registered a turnover of Rs.3,839.55 million as against Rs.3,700.10 million during the previous financial year. The vaccines segment registered a turnover of Rs.1,863.16 million as against Rs.1,648.95 million during the previous financial year. The Research & Development segment earned revenue of Rs.96.60 million as against Rs.91.20 million during the previous financial year. The Company's total export revenue was Rs.1,675.30 million as compared to Rs.2,000.30 million in the previous financial year.

The Company's loss before tax has reduced to Rs.612.35 million from Rs.840.43 million in the previous financial year.

During the year ended March 31, 2018, the Group has registered consolidated revenue from operations of Rs.5,961.61 million as against Rs.5,579.51 million during the corresponding previous financial year. The Company's consolidated loss before tax has increased to Rs.661.39 million from Rs.518.78 million in the previous financial year.

During the year under review:

i) Your Company has entered into Joint Collaboration with Bionpharma Inc., a generic pharmaceutical company based in the United States for research, development and manufacturing activities for commercialization of Abbreviated New Drug Applications (ANDAs), which were earlier under development at Panacea Biotec;

ii) Your Company has expanded its existing collaboration with Apotex Inc., the largest Canadian-owned pharmaceutical company, for sales & distribution of Prasugrel 5mg and 10mg tablets (generic version of Eli Lilly's Effient) in the USA. Under the terms of the agreement, Apotex shall be responsible for sales & distribution of the product in the USA and the Company shall be responsible for manufacturing and supply;

iii) Your Company has received USFDA approval for its first-to-file abbreviated new drug application (ANDA) of Prasugrel 5mg and 10mg tablets and has launched the same in U.S. markets. Under the provisions of Hatch-Waxman Act, the Company is entitled for 180 days of shared marketing exclusivity for Prasugrel HCL tablets with this final FDA approval;

iv) Your Company's ANDA submitted under section 505(j) of the Federal Food, Drug and Cosmetic Act (FD&C Act) for Paclitaxel Protein Bound Particles for injectable Suspension, 100mg/vial has been accepted for filing by USFDA;

v) Your Company has received the Establishment Inspection Report (EIR) from USFDA indicating the formal closure of the Inspection conducted by USFDA, at its Pharmaceutical Formulation Facility for Oncology Parenteral and Oral Solids Dosage at Baddi, Himachal Pradesh;

vi) Your Company has received the Certificate of GMP Compliance from State Service of Ukraine on Medicines and Drugs Control with manufacturing authorization for 22 medicinal products, including 4 oncology products valid till June 24, 2020. Under this Manufacturing Authorization, the Company's oral solid dosage manufacturing facility and oncology facility at Baddi, Himachal Pradesh have been certified as complying with the Good Manufacturing Practices;

vii) Your Company has entered into the collaboration with signing of two long term agreements with Serum Institute of India Pvt. Ltd. ("SII") and SII's wholly owned subsidiary, Bilthovan Biologicals B.V., The Netherlands ("BBIO"). Under the collaboration, (a) SII will ensure supply of IPV bulk, an important constituent of the fully liquid Whole cell Pertussis (wP) and Salk based Injectable Polio Vaccine (IPV) based Hexavalent vaccine (DTwP-HepB-Hib-IPV) to the Company from BBIO; (b) SII is also entitled to manufacture & sell hexavalent vaccine; and (c) in next 2 years the Company and SII will work together to get this Hexavalent Vaccine introduced in the National Immunization Program of Govt. of India and developing countries by working closely with key stakeholders including national governments, WHO, GAVI, Bill and Melinda Gates Foundation and other United Nation Agencies, etc;

Directors' Report

viii) Your Company has entered into an agreement with Technology Development Board (TDB), Govt. of India for financial assistance of Rs.28.99 Crores for the "Development and commercialization of Dengue Tetravalent Vaccine (Live Attenuated, Recombinant, Lyophilized)" in the form of soft loan carrying nominal interest rate of 5% p.a. and has received first installment of Rs.57.98 million.

Further, during the current financial year, your Company along with its partner, Apotex Inc. and Apotex Corp. (Apotex) have entered into a Settlement Agreement with Celgene Corporation, a global biopharmaceutical company headquartered in USA and its subsidiary Abraxis BioScience, LLC, for settlement of disputes regarding patents covering Abraxane® drug product and the Company's Abbreviated New Drug Application (ANDA) for paclitaxel protein bound particles for injectable suspension, 100mg/vial, a generic version of Abraxane®. As part of the Settlement Agreement, Panacea Biotec and Apotex will receive a non-exclusive license under which Panacea Biotec may, through its partner Apotex, begin selling Panacea Biotec's generic version of Abraxane® in the U.S. and its territories on a mutually agreed-upon date, and also in certain jurisdictions outside of the U.S. on a mutually agreed-upon date. As a part of the settlement, the Company has also received an amount of Rs.206.59 million as Litigation Avoidance Fee.

A detailed discussion on operations for the year ended March 31, 2018 is given in the Management Discussion and Analysis Report forming part of the Annual Report.

Credit Rating

During the year, the Credit Analysis & Research Ltd. (CARE) has revised the credit rating from CARE B+; Stable (Single B Plus; Outlook:Stable) to CARE D for Long Term Bank Facilities and for Short Term Bank Facilities, the rating has been revised from CARE A4 (A Four) to CARE D due to overdue payment of installment of ECB loan from Bank of India. Earlier, in March 2017, the Credit rating for Long Term Bank Facilities was improved from CARE B- (Single B Minus) to CARE B+ (Single B Plus) and for Short Term Bank Facilities the same was reaffirmed as CARE A4 (A Four).

Goods and Services Tax

Goods and Services Tax (GST), which was implemented on July 1, 2017, is the biggest indirect tax reform of India. This transformational reform has comprehensively impacted all areas of businesses across various sectors including the pharmaceutical industry. Due to its multifaceted impact, GST has become an important factor in competitive business environment.

The applicable rate of GST on drugs in general is 12%, API is 18%, Formulations is 12% and for life saving drugs is 5%. While the headline indirect tax rate on API/Bulk drugs remains constant, the rate increased from 10.5% to 12% on Formulations. However, the increase in headline tax is likely to be offset by the tax efficiencies that may accrue on procurements. Early analysis of potential GST impact on business, proactive preparedness in the IT system enhancements and Supply Chain operations helped the Company to be GST compliant right from the GST roll-out date. The Company used this mega reform as an opportunity to upgrade the systems and also launched many initiatives such as providing training to trade partners and other stakeholders, thus, engaging with them to secure an effective GST compliant environment.

Your company is geared to deal with the challenges thrown up as a result of numerous amendments made by the Government viz. Implementation of E-Way Bill System, matching credit concepts, anti-profiteering provisions, etc.

Dividend and Transfer to Reserves

In view of losses during the year, the Board of Directors has not recommended any dividend on the Equity as well as Preference Shares of the Company. Accordingly, there has been no transfer to general reserves.

Share Capital

The issued, subscribed and paid up Share Capital of the Company as on March 31, 2018, remains unchanged at Rs.224.25 million comprising of Rs.61.25 million equity share capital divided into 61,250,746 Equity Shares of Re.1 each and Rs.163.00 million preference share capital divided into 1,63,00,000, 0.5% Cumulative Non-Convertible Non-Participating Redeemable Preference Shares of Rs.10 each.

During the year under review, the Company has not issued any equity shares with differential rights/sweat equity shares under Rule 4 & Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014.

Significant and material orders impacting the going concern status and company's operations in future

During the year under review, no significant and material orders were passed by any regulator or court or tribunal which may impact the going concern status and your Company's operations in future.

During the financial year 2011-12, a search operation was conducted by Income Tax Department in the premises of the Company and hence the Company re-filed the income tax returns for the Assessment Years ("AY") 2006-07 to 2012-13. During the financial year 2014-15, the Income Tax Department completed the assessment of the said years, disallowed certain expenses and issued demand of Rs.3,294.9 million (including interest) on various grounds. The Company preferred appeals before CIT (Appeals) and after several hearings in the matter and on the basis of facts of the matter, the appeals were decided in favour of the Company and the entire demand of Rs.3,294.9 million was cancelled. However, CIT (Appeals) made certain disallowances of Rs.60.2 million with respect to AY 2010-11 & AY 2011-12 against which the Company has filed appeals before the Income Tax Appellate Tribunal ("ITAT"). The Income Tax Department has also filed appeals before ITAT against the orders of CIT (Appeals). The appeals before ITAT are pending at present.

Further, during the financial year 2014-15, Serum Institute of India Pvt. Ltd. (along with its 3 associates), collectively holding around 4.12% of total issued share capital of the Company, filed a petition u/s 397 and 398 of the Companies Act, 1956 before the Hon'ble Company Law Board, New Delhi, which was dismissed by Hon'ble Company Law Board in January, 2016. The petitioners filed an appeal before Hon'ble Punjab and Haryana High Court, Chandigarh, which has also been dismissed as withdrawn by the Hon'ble High Court during February, 2018.

Report on Corporate Governance

Your company has always placed 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 report on Corporate Governance as stipulated under Regulation 34 read with Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") for the year under review together with a certificate from the Practicing Company Secretary confirming compliance thereof is attached and forms part of the Annual Report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as required pursuant to Regulation 34 read with Schedule V of SEBI LODR Regulations, is presented in a separate section and forms an integral part of this Report.

Subsidiaries, Associates and Joint Ventures

A. Subsidiaries

Your Company has 3 wholly owned subsidiary ("WOS") companies, viz. Radhika Heights Limited ("RHL"), Panacea Biotec (International) S.A., Switzerland ("PBS") and Rees Investments Limited, Islands of Guernsey ("Rees") and 7 indirect WOS companies, as under:

- Cabana Construction Private Limited, Cabana Structures Limited, Nirmala Buildwell Private Limited, Nirmala Organic Farms Resorts Private Limited, Radicura Infra Limited and Sunanda Infra Limited; all being WOS of RHL; and
- Panacea Biotec Germany GmbH ("PBGG"), the WOS of PBS.

RHL inter-alia, owns a prime immovable property which is being used by the Company as its Corporate Office at New Delhi and land at Pataudi Road, Gurugram (along with its 4 WOSs). It has diversified its activities in construction and development of township as part of its growth plans. Accordingly, RHL along with its 4 WOS companies signed a term sheet with a developer for development of the integrated township on its land at Pataudi Road, Gurugram during the earlier year, however, a dispute had emerged among the parties and the matter is under arbitration. The Company holds 47,76,319 equity shares of Re.1 each in RHL with an investment of Rs.3,385.65 million as on March 31, 2018.

PBS is engaged in the business of trading of pharmaceutical products. The Company holds 6,000 equity shares of CHF 100 each with an investment of Rs.34.36 million as on March 31, 2018. PBGG, WOS of PBS is engaged in marketing of pharmaceutical products including the Company's products in Germany.

Rees had its objects of inter-alia, making strategic investments in other entities. Since no further activities is envisaged in Rees, it has been decided to liquidate the same.

The Company was also having one subsidiary, viz. NewRise Healthcare Private Limited ("NewRise") until April 21, 2017. NewRise set-up a 224 bedded state-of-the-art multi super-specialty hospital at Gurugram, Haryana. The hospital project could not be completed and commercialised due to non-availability of capital investment and was on hold. Your Company was holding 88.8% stake in NewRise with an investment of Rs.507.6 million therein, as on March 31, 2017. In April 2017, the Company acquired the remaining equity shares from the minority shareholders therein and subsequently sold the entire 100% equity stake to Narayana Hrudayalaya Ltd. for an enterprise value of Rs.1,800.00 million resulting into a loss of Rs.450.87 million. Consequently NewRise ceased to be subsidiary of the Company effective from April 21, 2017.

B. Joint Ventures and Associates

Your Company has 2 joint ventures, viz. Adveta Power Private Limited ("Adveta") and Chiron Panacea Vaccines Private Limited (Under Liquidation) ("CPV") and 1 associate company, viz PanEra Biotec Private Limited ("PanEra"). Adveta and PanEra have been considered as subsidiaries for the purpose of consolidation of accounts pursuant to the provisions of IND-AS.

Adveta: Adveta, the Company's 50:50 joint venture with PanEra, was granted in-principle approval by Govt. of Arunachal Pradesh for allotment of two Power Projects of 80 MW and 75 MW in Arunachal Pradesh in financial year 2012-13. Adveta is in the process of taking preliminary steps in connection with the implementation of projects. However, no major investment is envisaged in this regard during the current financial year.

CPV: The voluntary winding up process of CPV is currently in progress.

PanEra: PanEra continued to meet requirements of bulk antigens for the manufacture of Hib and pentavalent vaccine by your Company. During the year under review, PanEra has achieved a net turnover of Rs.209.96 million as against Rs.302.12 million in previous financial year. PanEra has incurred a net loss of Rs.40.35 million as compared to a net loss of Rs.120.78 million in previous financial year.

With a view to inter-alia, streamline and consolidate the Company's business operations, your Company has during the current financial year, consolidated the entire vaccine manufacturing activities including the activity of manufacturing of bulk vaccines and antigens of PanEra in the Company at its bulk vaccines manufacturing facility at Lalru, Punjab which was earlier leased out to PanEra.

Further during earlier year, PanEra has been granted in-principle approval by Govt. of Himachal Pradesh for allotment of a hydro-power project of 4 MW in Himachal Pradesh. PanEra will be taking necessary steps in connection with the implementation of the project in due course of time. However, no major investment is envisaged in this regard during the current financial year.

A separate statement containing the salient features of financial statements of the company's subsidiaries, joint ventures and associates, in the prescribed Form AOC-1, forms part of the Annual Report and hence not repeated here for the sake of brevity.

The annual financial statements and related detailed information of the subsidiary companies shall be made available to the shareholders of the holding and subsidiary companies seeking such information on all working days during business hours. The financial statements of the subsidiary companies shall also be kept open for inspection by any shareholder during working hours at the Company's registered/corporate office and that of the respective subsidiary companies concerned.

The Company has formulated a Policy for determining material subsidiaries which may be accessed on the Company's website at the link: https://www.panacea-biotec.com/statutory-policies

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiaries, joint ventures and associates, prepared in terms of Section 129 of the Act, Regulation 33 of SEBI LODR

Directors' Report

Regulations and in accordance with Ind AS 110 read with Ind AS 28 and 31 as specified in the Companies (Indian Accounting Standards) Rules, 2015, and provisions of Schedule III to the Act, are attached herewith and the same together with Auditors' Report thereon, forms part of the Annual Report.

Listing of Equity Shares

The Equity Shares of the Company continue to be listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"). The requisite annual listing fees for the financial year 2018-19 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/members pursuant to the provisions of Sections 73 and 76 of the Act read with Companies (Acceptance of Deposits) Rules, 2014.

Directors and Key Managerial Personnel

i) Cessation of Directors:

During the year under review, Mr. Ravinder Jain (DIN: 00010101) who was acting as Managing Director of the Company, departed for his heavenly abode on February 21, 2018. Further, Mr. O. P. Kelkar (DIN:00943362), an independent director of the Company, departed for his heavenly abode on July 21, 2018.

Your Directors place their sincere appreciation towards the invaluable contributions, guidance and support received from them during their tenure as Directors of the Company towards the progress of the Company and pray the almighty that the departed souls rest in peace.

ii) Elevation of Director:

During the year under review, the Board of Directors has, on the recommendation of Nomination & Remuneration Committee ("NRC"), elevated Dr. Rajesh Jain (DIN:00013053), the then Joint Managing Director of the Company to the position of Managing Director w.e.f. March 12, 2018, subject to the approval of shareholders, for his remaining tenure of appointment i.e. till March 31, 2019, on the existing terms and conditions and his office shall continue to be liable to retire by rotation.

iii) Appointment/Re-appointment of Executive Directors:

During the year under review, the Board of Directors on the recommendation of NRC, has appointed Mrs. Sunanda Jain (DIN:03556647) as an additional director and Whole-time Director for a period of three years w.e.f. March 12, 2018, subject to the approval of shareholders.

During the current year, the Board of Directors has, on the recommendation of NRC, in its meeting held on May 30, 2018, re-appointed Mr. Sumit Jain as Whole-time Director of the Company for a period of three (3) years w.e.f. July 22, 2018, subject to approval of shareholders as his earlier term of office was up to July 21, 2018.

Further, the Board of Directors has, on the recommendation of NRC, in its meeting held on August 14, 2018, re-appointed Mr. Soshil Kumar Jain (DIN:00012812), Dr. Rajesh Jain (DIN:00013053), Mr. Sandeep Jain (DIN:00012973) and Mr. Ankesh Jain (DIN:03556647) as Chairman, Managing Director, Joint Managing Director and Whole time Director respectively for a period of three (3) years w.e.f. April 1, 2019, subject to approval of shareholders as their current term of office is up to March 31, 2019.

The terms and conditions for the appointment/re-appointment of above directors are contained in the Explanatory Statement forming part of the notice of the ensuing Annual General Meeting ("AGM").

iv) Re-appointment of Independent Directors:

The first term of office of Mr. R. L. Narasimhan (DIN:00073873), Mr. N. N. Khamitkar (DIN:00017154) and Mr. K. M. Lal (DIN:00016166) as Independent Directors, will expire on March 31, 2019. The Board of Directors has, on the recommendation of NRC, in its meeting held on August 14, 2018, recommended their re-appointment as Independent Directors of the Company for a second term of five (5) consecutive years up to March 31, 2024, subject to approval of shareholders. The terms and conditions for their re-appointment are contained in the Explanatory Statement forming part of the notice of the ensuing AGM.

v) Retirement by Rotation:

In accordance with the provisions of Section 152 of the Act and Article 112 of the Articles of Association of the Company, Mr. Soshil Kumar Jain (DIN:00012812) and Mr. Ankesh Jain (DIN:03556647) directors of the Company are liable to retire by rotation. Being eligible, they have offered themselves for re-appointment as director at the ensuing AGM.

vi) Profile of Directors seeking appointment/re-appointment:

The brief resume of the Directors seeking appointment/re-appointment along with other details as stipulated under Regulation 36(3) of the SEBI LODR Regulations and Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI), are provided in the Notice convening the AGM of the Company.

vii) Declaration of independence:

Your Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence provided in Section 149(6) of the Act and Regulation 16 of the SEBI LODR Regulations and there has been no change in the circumstances which may affect their status as Independent Director during the year under review.

Your Directors recommend appointment/re-appointment of the above said directors in the ensuing AGM.

Apart from the above, there was no other change in the directors and Key Managerial Personnel (KMP) during the year under review.

Board Evaluation

In terms of the provisions of the Act and Regulation 19(4) of SEBI LODR Regulations, the Board has adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects such as Board composition & quality, strategic & risk management, board functioning, etc. which are briefly stated in the Corporate Governance Report, forming part of the Annual Report.

Performance evaluation of independent directors was conducted by the Board of Directors excluding the director being evaluated on the criteria such as ethics and values, knowledge and proficiency, behavioral traits etc.

Board Meetings

During the year under review, five (5) Board Meetings were held on May 30, 2017, September 13, 2017, November 14, 2017, February 13, 2018 and March 12, 2018. The intervening gap between two Board Meetings was within the maximum period prescribed under the Act. The detailed information is furnished in the Corporate Governance Report, forming part of the Annual Report.

Audit Committee

The Audit Committee of the Board of Directors consists entirely of Independent Directors. The details of the composition and number of meetings of the Audit Committee are furnished in the Corporate Governance Report, forming part of the Annual Report. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Policy on Directors' appointment & remuneration

Pursuant to the provisions of Section 178(3) of the Act and Regulation 19(4) of SEBI LODR Regulations and as per the recommendations of NRC, the Board has adopted a policy for selection & appointment of Directors and Key Managerial Personnel of the Company and their remuneration. The components of remuneration policy are briefly stated in the Corporate Governance Report, forming part of the Annual Report.

Energy Conservation, Technology Absorption & Foreign Exchange

As required under Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 ("Accounts Rules") the particulars regarding conservation of energy, technology absorption and foreign exchange earnings & outgo, are given in Annexure A hereto and forms part of this Report.

Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on financial year ended on March 31, 2018 is attached as Annexure B hereto and forms part of this Report. The same is available on Company's website at: https://www.panacea-biotec.com.

Related Party Transactions

As per the provisions of the Act and SEBI LODR Regulations, your Company has formulated a policy on Related Party Transactions which is available on Company's website at: https://www.panacea-biotec.com/statutory-policies. The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the Related Parties.

This policy specifically deals with the review and approval of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All related party transactions are placed before the Audit Committee for review and approval. Wherever applicable, prior approval is obtained for related party transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at arm's length basis.

During the year, all related party transactions entered into were in the ordinary course of business and on an arm's length basis. The Company has not entered into any material related party transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements. Suitable disclosures as required under Accounting Standard AS-18 have been made in the notes to the Financial Statements forming part of the Annual Report.

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Accounts Rules are given in the prescribed Form AOC-2 attached as Annexure C hereto and the same forms part of this Report.

Particulars of Employees and Related disclosures

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Managerial Personnel Rules") are provided in Annexure D hereto and the same forms part of this Report.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Managerial Personnel Rules, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules is provided in Annexure E hereto and the same forms part of this Report.

Auditors and Audit Reports:

i) Statutory Auditors and Audit Report:

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s. Walker Chandiok & Co. LLP, Chartered Accountants (Regn. No. 001076N/N500013), were appointed as statutory auditors of the Company for a period of five years to hold office from the conclusion of the 30th AGM of the Company held on September 25, 2014 till the conclusion of the 35th AGM (i.e. AGM to be held in financial year 2019-20 to approve financial statements for the financial year 2018-19), subject to ratification of their appointment by shareholders at every AGM.

However, in terms of Section 40 of the Companies (Amendment) Act, 2017 notified on May 07, 2018, the requirement for ratification of appointment of statutory auditors by shareholders at every AGM has been omitted and accordingly shareholders' approval is not required for ratification of their appointment annually.

Consequently, M/s. Walker Chandiok & Co. LLP, Chartered Accountants, shall continue to be the statutory auditors of the Company till the conclusion of the 35th AGM, as approved by shareholders at 30th AGM held on September 25, 2014. However, as required under Section 142 of the Act, a proposal is put up for approval of members for authorising the Board of Directors of the Company to fix Auditors' remuneration for the remaining tenure of the auditors, i.e. the period until the conclusion of 35th AGM of the Company. The members are requested to approve the same.

The Company has received a certificate from the auditors to the effect that they are not disqualified from continuing as Auditors of the Company in accordance with the provisions of Section 141 of the Act.

The Auditors have given the qualified opinion in their Audit Report. The management response to the qualified opinion/adverse remark/ emphasis of matters and observations/comments contained in the Auditors' Report and Annexure thereto have been suitably given in the respective notes to the Financial Statements referred to therein.

Further, the qualified opinion/adverse remark/emphasis of matters as contained in the Auditors' Report on the Standalone Financial Statements are also mentioned as qualified opinion/adverse remark/emphasis of matters

Directors' Report

in the Auditors' Report on the Consolidated Financial Statements in similar manner. The management responses thereto have been suitably given in the respective Notes to the Consolidated Financial Statements referred to therein.

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.

ii) Cost Accounts and Auditors:

The Company is required to maintain cost records as specified by the Central Government under Section 148(1) of the Act and accordingly, such accounts and records have been duly made and maintained by the Company in compliance with the provisions of the Act.

Pursuant to the provisions of Section 148 of the Act, M/s. GT & Co., Cost Accountants (Firm's Registration Number: 000253), were appointed as the Cost Auditors to conduct the audit of the Company's Cost Records for the financial year ended March 31, 2018 and the remuneration has been ratified by the shareholders in the 33rd AGM of the Company held on September 27, 2017.

The cost audit for the said period has been completed and the Cost Auditors Report will be submitted with the Central Government within the prescribed time. The Cost Audit Report for the financial year 2016-17 was filed on September 22, 2017.

Based on the recommendations of the Audit Committee, the Board of Directors has appointed M/s. GT & Co., Cost Accountants, as cost auditors of the Company for the financial year 2018-19 pursuant to the provisions of Section 148 of the Act. As required, the item for ratification of remuneration of cost auditor has been included in the notice of the ensuing AGM for shareholders' approval.

iii) Secretarial Auditors and Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board of Directors has appointed M/s. R&D Company Secretaries, Practicing Company Secretaries to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2018. The Secretarial Audit Report for the said period is attached as Annexure F to this Report.

The management response to the observations contained in the Secretarial Audit Report are given below:

a) Company has two wholly owned foreign subsidiaries, viz. Rees Investments Limited, Islands of Guernsey and Panacea Biotec (International) S.A., Switzerland. In terms of guidelines issued by Reserve Bank of India on Overseas Direct Investment (ODI), Annual Performance Report (APR) has to be filed within the due date i.e. 30th June, 2017 which was extended till 31st December, 2017. The Company has filed APR on 16th March, 2018:

The Company is regular in filing APR within the stipulated time. However, APR for FY 2016-17 was inadvertently delayed due to some observations therein from the Authorised Dealer, the rectification whereof took some time.

b) During financial years 2012-13 and 2013-14, in view of absence of profits, total remuneration paid to the Managing/Joint Managing and Whole-time Directors had exceeded the ceiling prescribed in Section II of Part II of Schedule XIII to the erstwhile Companies Act, 1956 by Rs.29.13 million for the said years. The Company has filed necessary applications for the approval of the aforesaid excess remuneration. Further, due to non-compliance to one of the conditions of Section II of Part II of Schedule V to the Companies Act, 2013, the remuneration amounting to Rs.2.62 million paid to a whole time director during the year ended 31st March, 2016 and remuneration amounting to Rs.43.01 million paid to six directors (Managing/ Joint Managing and Whole time Directors) during the year ended 31st March, 2017 required approval of the Central Government and the Company had filed the necessary applications in this regard. However, the Company's applications for approval of the aforesaid excess remuneration have not been approved by the Central Government and consequently the Company is required to recover the excess amount thus paid for the said years, unless the recovery thereof is waived by the Central Government. The Company has also paid managerial remuneration amounting to Rs.41.62 million during the financial year ended 31st March, 2018 for which the Company required prior approval of the Central Government due to non-compliance to one of the conditions of Section II of Part II of Schedule V to the Companies Act, 2013. For a thorough reconsideration of the matter, the Company has preferred to submit new applications to the Central Government for waiver of recovery of excess remuneration paid in respect of aforesaid periods and is also in the process of completing the related procedural formalities. Pending the decision of the Central Government, the Company has recorded an amount of Rs.116.38 million as recoverable from such directors towards such excess remuneration paid.

The above observation in the Secretarial Audit Report is self-explanatory and therefore, does not call for any further comment.

Material changes and commitments affecting the financial position which have occurred between March 31, 2018 and date of the Report

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 this Report.

As required under Section 134(3) of the Act, the Board of Directors inform the members that during the financial year, there have been no material changes, except as disclosed elsewhere in the Annual 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.

Secretarial Standards

The Directors state that applicable Secretarial Standards i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly followed by the Company.

Directors' Report

Directors' Responsibility Statement

The Directors hereby confirm that:

a) in the preparation of the annual financial statements for the financial year ended March 31, 2018, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) 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 as at March 31, 2018, and of the loss of the Company for the year ended March 31, 2018;

c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the directors have prepared the annual accounts on a going concern basis;

e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details in respect of frauds reported by auditors under Section 143(12)

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under Section 143(12) of the Act.

Particulars of loans, guarantees or investments

The Company has made investments or extended loans/ guarantees to its wholly owned subsidiaries for their business purposes. The details of loans, guarantees and investments covered under the provisions of Section 186 of the Act, have been disclosed in the notes to the Financial Statements forming part of the Annual Report.

Risk Management

The Company has formulated a Risk Management Policy and monitors the risk management plan on a periodic basis. The Company has defined a structured approach to manage uncertainty and to make use of these in the decision making in business decisions and corporate functions.

The Company 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 policies 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 system of internal controls to ensure that assets are safeguarded and transactions are appropriately authorized, recorded and reported. The detailed explanation is provided in the Management Discussion and Analysis Report, forming part of this Report.

Vigil Mechanism

As required pursuant to the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI LODR Regulations, your Company has adopted a Vigil Mechanism/ Whistle Blower Policy with a view to provide its employees an avenue to raise any sensitive concerns regarding any unethical behavior or wrongful conduct and to provide adequate safeguards for protection from any victimization.

This policy is available on the website of the Company and can be accessed at: https://www.panacea-biotec.com/statutory-policies. This Policy, inter-alia, provides a direct access to the Chairman of the Audit Committee.

Your Company hereby affirms that no director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

Corporate Social Responsibility

The provisions of Section 135 of the Act regarding Corporate Social Responsibility are not attracted to the Company as the Company does not fall under the threshold limit of net worth of Rs.500 Crore or turnover of Rs.1,000 Crore or net profit of Rs.5 Crore during the financial year. However, the Company has been, over the years, pursuing Corporate Social Responsibility by putting continuous efforts in the areas of health, education and patient awareness/assistance programs towards the development of happier and healthier society.

Prevention of Sexual Harassment at Workplace

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for dealing with the complaint, if any, relating to sexual harassment of women at workplace. No case has been reported during the year under review.

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 the employees at all levels which has continued to be our major strength.

For and on behalf of the Board

Place : New Delhi
Dated : August14, 2018

Soshil Kumar Jain
Chairman

Annexure to the Directors' Report

Annexure A

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

I. Conservation of Energy

The Company believes that energy conservation is the most economical solution to energy shortages that our country is facing. The Company strives to be energy efficient by being conservative in its approach of energy utilization and also utilizing energy efficient devices. The Company regularly reviews energy consumption and maintains effective control on utilization of energy by adopting 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:

   - Replacement of CFL lamps and conventional tube lights with LED lights at several locations.
   - Vacuum Pump Water recirculation arrangement installed at Baddi.
   - 100% use of treated ETP water for irrigation purposes.
   - Installation of VFD on portable water pump at Baddi.
   - Used 37 KW pump in place of 50 KW pump during winter season at Lalru.
   - Used RO rejected water for cooling tower at Lalru.
   - Stopped filtered water booster pump rating 5.5 KW by giving water supply through raw water pump & MGF to Lalru.

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. A few measures under consideration are listed below:

   - The Company intends to continue replacement of CFL lights with LED lights across the organization over a period of time.
   - The Company has planned to replace existing Oil fired boiler with new fire briquette boiler.
   - The Company intends to interconnect air compressors of various blocks at Lalru, with a view to create redundancy in the compressed air system and also to reduce energy consumption, as unload hours of compressors will get reduced resulting in energy saving to the tune of 1.28 lakh energy units per annum.
   - The Company has also identified a prospective potential for energy saving by controlling feed water characteristics of Boiler to reduce blow down from boiler or to recover energy from blow down at Lalru.

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

   The energy conservation measures indicated above have helped the Company to reduce the energy consumption & 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

Particulars	**Current Year**	Previous Year
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (Nos. in thousand)	24,971.99	22,317.25
Total Amount (Rs. in million)	169.03	148.77
Rate/Unit (Rs.)	6.77	6.67
(b) Own generation		
(i) Through Diesel Generator		
Units (Nos. in thousand)	699.39	968.45
Unit per litre of Diesel/Oil	3.44	3.38
Cost/Unit (Rs.)	16.89	15.39
(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		

Particulars	Current Year	Previous Year
3. Furnace Oil		
Quantity (Kilolitres)	1,446.55	1,320.92
Total Cost (Rs. in million)	39.07	36.14
Rate/Unit (Rs.)	27.01	27.36
4. Others/Internal generation		
Quantity	Nil	Nil
Total Cost		
Rate/Unit		
B. Consumption per unit of production		
Tablets		
Production (no. in million)	663.39	632.54
Electricity Consumption (Units per thousand)	5.16	4.44
Capsules		
Production (no. in million)	124.09	142.26
Electricity Consumption (Units per thousand)	21.34	21.64
Syrups		
Production (in litres)	198,285	204,631
Electricity Consumption (Units per kilolitre)	0.41	0.25
Gels		
Production (in kilograms)	45,125	33,625
Electricity Consumption (Units per kilogram)	4.57	5.75
Vaccines		
Production (no. of doses in thousand)	86,964	11,675
Electricity Consumption (Units per thousand)	15.65	102
Pre-filled Syringes (PFS)		
Production (no. of PFS in thousand)	857	594
Electricity Consumption (Units per thousand)	323.28	245.82
Granules		
Production (in kilograms)	22,734	10,916
Electricity Consumption (Units per kilogram)	0.74	0.94
Injections		
Production (no. of injection in thousand)	80	101
Electricity Consumption (Units per thousand)	985.93	532.04

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

   The Company has 4 R&D Centres manned with around 120 scientists working on several key projects in vaccines, pharmaceutical formulations and biopharmaceuticals.

   The areas of research being pursued by the Company include:

   - Platform Technology - SPORTS Technology;
   - NDDS based pharmaceutical formulations development;
   - Development of Vaccines;
   - Development of biosimilar therapeutic products & monoclonal antibodies; and
   - Small Molecule Drug Discovery (NCE Research) in 3 therapeutic areas, viz. metabolic disorders (Diabetes & Obesity), infectious diseases and CNS disorders.
   - Development of API processes for NCEs and generic products for in-house consumption.

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;
   - Availability of products at affordable prices;
   - Yield improvement;
   - Grant of new product/process patents;
   - Entry into newer markets and export of quality products; and
   - Solving public health problems with the availability of vaccines for immunization of public at large and affordable life-saving drugs for critical diseases like cancer etc.

3. Future Plan of Action

   The Company intends to 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;
- Recombinant, polysaccharide conjugate and cell culture based vaccines; and
- Development of biosimilar therapeutic products and Monoclonal antibodies.

4. Expenditure on R&D

(Rs. in million)

Particulars	**2017-18**	2016-17
a) Revenue (excluding Depreciation on R&D assets)	398.23	425.23
b) Capital	111.53	219.0
c) Total	509.76	644.23
d) Total R&D expenditure as a percentage of sales	8.79%	11.84%

Technology absorption, adaptation and innovation

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

   Research & Development plays a vital role in developing and adopting new technologies to enhance our operational efficiencies. 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 Company is working on several critical projects (including ANDA and 505(b)(2) products) for global markets. It is also engaged in research of new generation vaccines. It is also working on Pneumococcal Conjugate Vaccine, Tetravalent Dengue Vaccine etc.

2. Benefits derived as a result of the above

   Benefits derived as a result of the above efforts include product improvement, cost reduction, product development, import substitution, competitive products and product quality improvement.

   The Company has successfully completed development of 5 key projects enabling the Company to file the ANDAs with USFDA. A portfolio of oncological products has also been developed enabling the Company to shift their production in-house at its oncology facility at Baddi. Key products already commercialized in India include PacliALL (Paclitaxel), Bemustin (Bendamustine Hydrochloride), DoceTrust (Docetaxel Trihydrate), GemTrust (Gemcitabine Hydrochloride), BorteTrust (Bortezomib) and CABAPAN (Cabazitaxel) injections.

   During the year under review, the Company has launched two new products, viz. Rizatriptan Oral Dispersible 5mg and 10mg Tablets and Prasugrel HCL 5mg and 10mg tablets in US markets.

   The Company has during previous year launched world's first wP based fully-liquid hexavalent vaccine EasySix™ and tetravalent vaccine Easyfour-TT. The Company has in-licensed technology for development of sabin IPV vaccine from Netherlands Vaccine Institute (NVI), the Netherlands (now Intravaac).

   With the completion of research projects and in-licensing arrangements, the Company will be able to commercialize the products in the domestic and international markets.

3. Information in respect of imported technology (imported during the last 5 years reckoned from the beginning of the financial year):

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)
Not Applicable			

III. Foreign Exchange Earnings and Outgo

1. Activities relating to exports

   The Company exports its pharmaceutical formulations in over 30 countries including USA, Germany, Russian Federation, Turkey, Tanzania, Kenya, Syria, Serbia, Vietnam, Philippines and Sri Lanka etc. The Company has continued its focus on development, registration and marketing of products portfolio catering to chronic therapies in private markets in several countries. The Company also supplies its vaccines to UNICEF, PAHO & other governments of several countries and also sells in the private market through tie-ups with established industry players in various countries.

   The Company achieved an export revenue of Rs.1,675.30 million during the year. The Company's pharmaceutical exports have grown by 40.4% to Rs.850.40 million during the year.

2. Initiatives taken to increase export

   During the year, the Company has launched two new products, viz. Rizatriptan Oral Dispersible 5mg and 10mg Tablets and Prasugrel HCL 5mg and 10mg Tablets in US markets through strategic collaborations.

   The Company's Abbreviated New Drug Application (ANDA) submitted under Section 505(j) of the Federal Food, Drug & Cosmetics Act (FD&C Act) for Paclitaxel Protein bound particles for Injectable Suspension 100mg/vial has been accepted for filing by the USFDA. In addition, the approval process for other ANDAs filed earlier with the USFDA is in progress. The Company plans to launch these products in US, Europe, etc. through strategic collaborations with leading pharma companies.

   The Company has received the Certificate of GMP

Compliance from State Service of Ukraine on Medicines and Drugs Control with manufacturing authorization for 22 medicinal products, including 4 oncology products valid till June 24, 2020. Under this manufacturing authorization, the Company's oral solid dosage manufacturing facility and oncology facility at Baddi, Himachal Pradesh have been certified as complying with the Good Manufacturing Practices.

The Company has also started participating in the tender business for selected products in selected countries with products manufactured from its own manufacturing facility at Baddi. These efforts have started showing results and the Company has started gaining business during the current financial year in existing markets such as Russian Federation, USA, Turkey, Sri Lanka, Kenya, Jordan etc. and also in new markets like Ecuador, Ethiopia, Panama, etc.

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

   The Company is building a robust pipeline of several products for filing in several other emerging markets which it will be filing in the next 1-2 years and aims to improve the accessibility and affordability of medicines as the Company's contribution to Government of India's "MAKE IN INDIA" mission.

   The Company has tied-up with leading regional companies in emerging markets like Latin America, South East Asia, CIS and Africa to expand business reach and leverage the untapped markets. The Company has successfully got registered the nephrology and pharma products in these markets and commercialization of products is expected to start during the current year.

   The Company has also registered its vaccines in around 16 countries with further registrations in around 9 countries expected in the near future. The Company is targeting to enter emerging markets with sizeable birth cohort (3-5 mn) to expand business.

4. Total foreign exchange earned and used

(Rs. in million)

Particulars	**2017-18**	2016-17
Foreign Exchange Earned:		
F.O.B. value of Exports	1,424.27	1,831.65
Income from distribution rights	-	16.71
Research & License Fees	102.29	83.81
Interest Income from subsidiary company	73.47	65.97
Total	1,600.03	1,998.14
Foreign Exchange Used:		
Raw Materials & Packing Materials	907.66	490.63
Components & Spare Parts	4.79	130.68
Capital Goods	18.17	57.93
Interest	109.22	101.08
Legal & Professional Fees	24.56	21.25
Royalty	0.47	1.90
Other Expenses:		
- Patents, Trade Marks & Product Registration	4.83	2.68
- Advertising and Sales Promotion	15.78	13.06
- Commission on Sales	5.99	3.06
- Rates & Taxes	21.52	17.39
- Testing charges	3.96	6.04
- General expenses	7.16	9.07
- Bank charges	1.12	0.89
- Travelling expenses	2.94	5.04
- Others	3.27	36.89
Total	1,131.44	897.59

For and on behalf of the Board

Place: New Delhi
Dated: August 14, 2018

Soshil Kumar Jain
Chairman

ANNEXURE B

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1	CIN	L33117PB1984PLC022350
2	Registration Date	02-02-1984
3	Name of the Company	Panacea Biotec Limited
4	Category/Sub-category of the Company	Public Company / Limited by Shares
5	Address of the Registered office & contact details	Ambala-Chandigarh Highway, Lalru-140501, Punjab Phone: +91-1762-505900 E-mail: companysec@panaceabiotec.com Website : www.panacea-biotec.com
6	Whether listed company	Yes
7	Name, Address & Contact Details of the Registrar & Transfer Agent, if any	M/s. Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Indl. Area, Phase-I, New Delhi - 110020, India Phone: 91-11-40450193-97, E-mail: admin@skylinerta.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Manufacture of allopathic Pharmaceuticals preparations	21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Radhika Heights Limited	U74899PB1995PLC045879	Wholly Owned Subsidiary	100	2(87)
2	Cabana Construction Private Limited	U80904PB2007PTC045878	Step down Subsidiary	100	2(87)
3	Cabana Structures Limited	U15122PB2007PLC045877	Step down Subsidiary	100	2(87)
4	Nirmala Buildwell Private Limited	U55101PB2007PTC045914	Step down Subsidiary	100	2(87)
5	Nirmala Organic Farms & Resorts Private Limited	U01403PB2010PTC045880	Step down Subsidiary	100	2(87)
6	Radicura Infra Limited	U74899PB1993PLC045881	Step down Subsidiary	100	2(87)
7	Sunanda Infra Limited	U13209PB2007PLC045882	Step down Subsidiary	100	2(87)
8	NewRise Healthcare Private Limited*	U85110DL2002PTC114987	Subsidiary	--	2(87)
9	Rees Investments Limited	Foreign Company	Wholly Owned Subsidiary	100	2(87)
10	Panacea Biotec (International) SA	Foreign Company	Wholly Owned Subsidiary	100	2(87)
11	Panacea Biotec Germany GmbH	Foreign Company	Step down Subsidiary	100	2(87)
12	PanEra Biotec Private Limited #	U24231DL1999PTC102557	Associate	50	2(6)
13	Adveta Power Private Limited #	U40101HP2011PTC031700	Joint Venture	50	2(6)
14	Chiron Panacea Vaccines Private Limited (Under liquidation)	U24230MH2004PTC147790	Joint Venture	50	2(6)

* Ceased to be subsidiary from 21st April, 2017 # Considered as Subsidiary for accounting purposes as per Ind-AS

IV. SHAREHOLDING PATTERN

(Equity Share Capital breakup as percentage of total equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter and Promoter Group									
(1) Indian									
a) Individual/ HUF	43,379,113	-	43,379,113	70.82%	43,057,230	-	43,057,230	70.30%	-0.53%
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(f) Partnership Firms	2,313,454	-	2,313,454	3.78%	2,313,454	-	2,313,454	3.78%	0.00%
Sub Total (A) (1)	45,692,567	-	45,692,567	74.60%	45,370,684	-	45,370,684	74.07%	-0.53%
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
Total Promoter and Promoter Group Shareholding (A)	45,692,567	-	45,692,567	74.60%	45,370,684	-	45,370,684	74.07%	-0.53%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	22,250	-	22,250	0.04%	74,283	-	74,283	0.12%	0.08%
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	22,250	-	22,250	0.04%	74,283	-	74,283	0.12%	0.08%
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	9,628,660	2,171	9,630,831	15.72%	8,120,522	-	8,120,522	13.26%	-2.47%
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	3,203,080	418,340	3,621,420	5.91%	3,334,587	332,761	3,667,348	5.99%	0.07%
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	305,572	-	305,572	0.50%	3,515,428	-	3,515,428	5.74%	5.24%
c) Hindu Undivided Family	155,348	-	155,348	0.25%	132,857	-	132,857	0.22%	-0.04%
d) Non Resident Indians	100,345	-	100,345	0.16%	94,329	-	94,329	0.15%	-0.01%
e) Overseas Corporate Bodies	639,350	-	639,350	1.04%	183,850	-	183,850	0.30%	-0.74%
f) Foreign Nationals	-	-	-	-	-	-	-	-	-
g) Clearing Members	58,715	-	58,715	0.10%	26,045	-	26,045	0.04%	-0.05%
h) Trusts	-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investors	1,021,893	-	1,021,893	1.67%	-	-	-	-	-1.67%
j) Foreign Corporate Bodies	2,455	-	2,455	0.00%	65,400	-	65,400	0.11%	0.10%
Sub-total (B)(2)	15,115,418	420,511	15,535,929	25.36%	15,473,018	332,761	15,805,779	25.81%	0.44%
Total Public Shareholding (B)	15,137,668	420,511	15,558,179	25.40%	15,547,301	332,761	15,880,062	25.93%	0.53%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	60,830,235	420,511	61,250,746	100%	60,917,985	332,761	61,250,746	100%	0.00%

Annexure to the Directors' Report

(ii) Shareholding of Promoters and Promoters Group

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
A.	Promoters							
1	Mr. Soshil Kumar Jain	5,000,000	8.16%	100.00%	5,000,000	8.16%	100.00%	0.00%
2	Mr. Ravinder Jain*	5,712,300	9.33%	-	-	-	0.00%	-9.33%
3	Dr. Rajesh Jain	6,213,500	10.14%	100.00%	6,213,500	10.14%	100.00%	0.00%
4	Mr. Sandeep Jain	4,792,100	7.82%	100.00%	4,792,100	7.82%	100.00%	0.00%
B.	Promoters Group							
5	Mrs. Nirmala Jain	2,511,000	4.10%	-	2,511,000	4.10%	-	0.00%
6	Mrs. Sunanda Jain	935,000	1.53%	-	6,647,300	10.85%	-	9.33%
7	Mrs. Meena Jain	897,000	1.46%	-	897,000	1.46%	-	0.00%
8	Mrs. Pamilla Jain	816,500	1.33%	-	816,500	1.33%	-	0.00%
9	Soshil Kumar Jain (HUF)	2,251,713	3.68%	-	2,251,713	3.68%	-	0.00%
10	Ravinder Jain (HUF)	4,135,000	6.75%	-	4,135,000	6.75%	-	0.00%
11	Rajesh Jain (HUF)	4,368,500	7.13%	-	4,046,617	6.61%	-	-0.53%
12	Sandeep Jain (HUF)	4,105,000	6.70%	-	4,105,000	6.70%	-	0.00%
13	Mr. Sumit Jain	358,500	0.59%	-	358,500	0.59%	-	0.00%
14	Mr. Nipun Jain	-	-	-	-	-	-	-
15	Mrs. Radhika Jain	357,000	0.58%	-	357,000	0.58%	-	0.00%
16	Mrs. Priyanka Jain	318,000	0.52%	-	318,000	0.52%	-	0.00%
17	Mr. Ankesh Jain	307,000	0.50%	-	307,000	0.50%	-	0.00%
18	Mr. Harshet Jain	299,500	0.49%	-	299,500	0.49%	-	0.00%
19	Mr. Abhey Kumar Jain	1,000	0.00%	-	1,000	0.00%	-	0.00%
20	Mrs. Kanta Rani	-	-	-	-	-	-	-
21	Mr. Ashish Jain	500	0.00%	-	500	0.00%	-	0.00%
22	First Lucre Partnership Co.	2,255,815	3.68%	-	2,255,815	3.68%	-	0.00%
23	Second Lucre Partnership Co.	57,639	0.09%	-	57,639	0.09%	-	0.00%

* Ceased to be promoter of the Company w.e.f. 22.02.2018 due to his sad demise on 21.02.2018 and his shares got transmitted in the name of his wife Mrs. Sunanda Jain.

(iii) Change in Promoters and Promoters Group Shareholding (please specify, if there is no change)

S. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
A.	Promoters							
1	Mr. Ravinder Jain*							
	at the beginning of the year	5,712,300	9.33%	01.04.2017			5,712,300	9.33%
	change in shareholding			05.03.2018	(5,712,300)	Transmission	-	-
	at the end of the year	-	-	31.03.2018			-	-
B.	Promoters Group							
1	Mrs. Sunanda Jain							
	at the beginning of the year	935,000	1.53%	01.04.2017			935,000	1.53%
	change in shareholding			05.03.2018	5,712,300	Transmission	6,647,300	10.85%
	at the end of the year	6,647,300	10.85%	31.03.2018			6,647,300	10.85%
2	Dr. Rajesh Jain (HUF)							
	at the beginning of the year	4,368,500	7.13%	01.04.2017			4,368,500	7.13%
	change in shareholding			24.10.2017	(78,006)	Transfer	4,290,494	7.00%
				27.11.2017	(103,797)	Transfer	4,186,697	6.84%
				28.11.2017	(75,131)	Transfer	4,111,566	6.71%
				29.11.2017	(64,949)	Transfer	4,046,617	6.61%
	at the end of the year	4,046,617	6.61%	31.03.2018			4,046,617	6.61%

* Ceased to be promoter of the Company w.e.f. 22.02.2018 due to his sad demise on 21.02.2018 and his shares got transmitted in the name of his wife Mrs. Sunanda Jain.

(iv) Shareholding pattern of top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Serum Institute of India Private Limited							
	at the beginning of the year	8,932,632	14.58%	01.04.2017			8,932,632	14.58%
	change in shareholding			30.03.2018	(3,157,900)	Transfer	5,774,732	9.43%
	at the end of the year	5,774,732	9.43%	31.03.2018			5,774,732	9.43%
2	Adar Cyrus Poonawala							
	at the beginning of the year	-	-	01.04.2017			-	-
	change in shareholding			30.03.2018	3,157,900	Transfer	3,157,900	5.16%
	at the end of the year	3,157,900	5.16%	31.03.2018			3,157,900	5.16%
3	Apoorva Realtors and Finvest Pvt. Ltd.							
	at the beginning of the year	-	-	01.04.2017			-	-
	change in shareholding			11.08.2017	558,886	Transfer	558,886	0.91%
				18.08.2017	34,412	Transfer	593,298	0.97%
				25.08.2017	127,059	Transfer	720,357	1.18%
				01.09.2017	8,212	Transfer	728,569	1.19%
				02.02.2018	32,093	Transfer	760,662	1.24%
	at the end of the year	760,662	1.24%	31.03.2018			760,662	1.24%
4	Chakan Investment Pvt. Ltd.							
	at the beginning of the year	222,149	0.36%	01.04.2017			222,149	0.36%
	change in shareholding				-	-	222,149	0.36%
	at the end of the year	222,149	0.36%	31.03.2018			222,149	0.36%
5	Gain Premium Limited							
	at the beginning of the year	639,350	1.04%	01.04.2017			639,350	1.04%
	change in shareholding			15.12.2017	(10,000)	Transfer	629,350	1.03%
				05.01.2018	9,500	Transfer	638,850	1.04%
				19.01.2018	(200,000)	Transfer	438,850	0.72%
				26.01.2018	(200,000)	Transfer	238,850	0.39%
				02.02.2018	(238,850)	Transfer	-	-
				30.03.2018	183,850	Transfer	183,850	0.30%
	at the end of the year	183,850	0.30%	31.03.2018			183,850	0.30%
6	Corpint Investments Pvt. Ltd.							
	at the beginning of the year	6,842	0.01%	01.04.2017			6,842	0.01%
	change in shareholding			02.02.2018	168,911	Transfer	175,753	0.29%
	at the end of the year	175,753	0.29%	31.03.2018			175,753	0.29%
7	Mukul Mahavir Agarwal							
	at the beginning of the year	-	-	01.04.2017			-	-
	change in shareholding			26.01.2018	116,111	Transfer	116,111	0.19%
				02.02.2018	57,770	Transfer	173,881	0.28%
				09.02.2018	26,119	Transfer	200,000	0.33%
				30.03.2018	(70,000)	Transfer	130,000	0.21%
	at the end of the year	130,000	0.21%	31.03.2018			130,000	0.21%
8	Guttikonda Vara Lakshmi							
	at the beginning of the year	126,000	0.21%	01.04.2017			126,000	0.21%
	change in shareholding			01.09.2017	12,800	Transfer	138,800	0.23%
				27.10.2017	(20,800)	Transfer	118,000	0.19%
				08.12.2017	10,000	Transfer	128,000	0.21%
				15.12.2017	(1,049)	Transfer	126,951	0.21%
				26.01.2018	(1,379)	Transfer	125,572	0.21%
				09.02.2018	(2,850)	Transfer	122,722	0.20%
	at the end of the year	122,722	0.20%	31.03.2018			122,722	0.20%

Annexure to the Directors' Report

S. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
9	Priti Ketan Kotecha							
	at the beginning of the year	90,239	0.15%	01.04.2017			90,239	0.15%
	change in shareholding			07.04.2017	900	Transfer	91,139	0.15%
				21.04.2017	(3,000)	Transfer	88,139	0.14%
				05.05.2017	700	Transfer	88,839	0.15%
				12.05.2017	9,381	Transfer	98,220	0.16%
				19.05.2017	645	Transfer	98,865	0.16%
				26.05.2017	950	Transfer	99,815	0.16%
				02.06.2017	3,000	Transfer	102,815	0.17%
				09.06.2017	4,352	Transfer	107,167	0.17%
				16.06.2017	4,758	Transfer	111,925	0.18%
				23.06.2017	8,000	Transfer	119,925	0.20%
				30.06.2017	50	Transfer	119,975	0.20%
				07.07.2017	7,455	Transfer	127,430	0.21%
				21.07.2017	1,000	Transfer	128,430	0.21%
				28.07.2017	1,000	Transfer	129,430	0.21%
				04.08.2017	2	Transfer	129,432	0.21%
				11.08.2017	302	Transfer	129,734	0.21%
				18.08.2017	1,192	Transfer	130,926	0.21%
				25.08.2017	215	Transfer	131,141	0.21%
				01.09.2017	(1,711)	Transfer	129,430	0.21%
				08.09.2017	(53,000)	Transfer	76,430	0.12%
				15.09.2017	(20,120)	Transfer	56,310	0.09%
				22.09.2017	4,083	Transfer	60,393	0.10%
				29.09.2017	24,346	Transfer	84,739	0.14%
				06.10.2017	(168)	Transfer	84,571	0.14%
				13.10.2017	108	Transfer	84,679	0.14%
				20.10.2017	62	Transfer	84,741	0.14%
				27.10.2017	1,314	Transfer	86,055	0.14%
				03.11.2017	75	Transfer	86,130	0.14%
				10.11.2017	2,080	Transfer	88,210	0.14%
				17.11.2017	370	Transfer	88,580	0.14%
				24.11.2017	(10,710)	Transfer	77,870	0.13%
				01.12.2017	9,442	Transfer	87,312	0.14%
				08.12.2017	1,210	Transfer	88,522	0.14%
				22.12.2017	3,050	Transfer	91,572	0.15%
				29.12.2017	1,000	Transfer	92,572	0.15%
				05.01.2018	909	Transfer	93,481	0.15%
				12.01.2018	5,010	Transfer	98,491	0.16%
				19.01.2018	(1,640)	Transfer	96,851	0.16%
				26.01.2018	(4,209)	Transfer	92,642	0.15%
				02.02.2018	5,500	Transfer	98,142	0.16%
				09.02.2018	2,000	Transfer	100,142	0.16%
				16.02.2018	(12,516)	Transfer	87,626	0.14%
				23.02.2018	14,837	Transfer	102,463	0.17%
				02.03.2018	50	Transfer	102,513	0.17%
				09.03.2018	604	Transfer	103,117	0.17%
				16.03.2018	(150)	Transfer	102,967	0.17%
				23.03.2018	751	Transfer	103,718	0.17%
				30.03.2018	1,088	Transfer	104,806	0.17%
	at the end of the year	104,806	0.17%	31.03.2018			104,806	0.17%

(iv) Shareholding pattern of top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
10	SI Investments and Broking Pvt. Ltd.							
	at the beginning of the year	-	-	01.04.2017			-	-
	change in shareholding			15.09.2017	500	Transfer	500	0.00%
				22.09.2017	(500)		-	-
				16.02.2018	200,000	Transfer	200,000	0.33%
				02.03.2018	(51,624)	Transfer	148,376	0.24%
				09.03.2018	(36,479)	Transfer	111,897	0.18%
				23.03.2018	(9,080)	Transfer	102,817	0.17%
	at the end of the year	102,817	0.17%	31.03.2018			102,817	0.17%
11	BNP Paribas Arbitrage @							
	at the beginning of the year	493,777	0.81%	01.04.2017			493,777	0.81%
	change in shareholding			08.12.2017	(45,777)	Transfer	448,000	0.73%
				15.12.2017	(201,000)	Transfer	247,000	0.40%
				22.12.2017	(229,000)	Transfer	18,000	0.03%
				29.12.2017	(18,000)	Transfer	-	-
	at the end of the year	-	-	31.03.2018			-	-
12	India Opportunities Growth Fund Ltd. - Pinewood Strategy @							
	at the beginning of the year	482,846	0.79%	01.04.2017			482,846	0.79%
	change in shareholding			07.04.2017	(50,000)	Transfer	432,846	0.71%
				14.04.2017	(5,117)	Transfer	427,729	0.70%
				21.04.2017	(50,650)	Transfer	377,079	0.62%
				28.04.2017	(7,140)	Transfer	369,939	0.60%
				04.08.2017	(219,939)	Transfer	150,000	0.24%
				11.08.2017	(150,000)	Transfer	-	-
	at the end of the year	-	-	31.03.2018			-	-
13	Ashwani Jain @							
	at the beginning of the year	179,572	0.29%	01.04.2017			179,572	0.29%
	change in shareholding			16.01.2018	(1,000)	Transfer	178,572	0.29%
				17.01.2018	(1,000)	Transfer	177,572	0.29%
				18.01.2018	(1,500)	Transfer	176,072	0.29%
				19.01.2018	(1,250)	Transfer	174,822	0.29%
				22.01.2018	(500)	Transfer	174,322	0.28%
				23.01.2018	(3,000)	Transfer	171,322	0.28%
				24.01.2018	(11,900)	Transfer	159,422	0.26%
				25.01.2018	(28,752)	Transfer	130,670	0.21%
				29.01.2018	(25,271)	Transfer	105,399	0.17%
				30.01.2018	(12,310)	Transfer	93,089	0.15%
				31.01.2018	(7,500)	Transfer	85,589	0.14%
				01.02.2018	(11,146)	Transfer	74,443	0.12%
				15.02.2018	(17,000)	Transfer	57,443	0.09%
	at the end of the year	57,443	0.09%	31.03.2018			57,443	0.09%
14	Poonawala Investment & Industries Pvt. Ltd. @							
	at the beginning of the year	79,610	0.13%	01.04.2017			79,610	0.13%
	change in shareholding				-	-	79,610	0.13%
	at the end of the year	79,610	0.13%	31.03.2018			79,610	0.13%
15	HS Gowrishankara @							
	at the beginning of the year	78,300	0.13%	01.04.2017			78,300	0.13%
	change in shareholding			21.07.2017	2,114	Transfer	80,414	0.13%
				28.07.2017	86	Transfer	80,500	0.13%
	at the end of the year	80,500	0.13%	31.03.2018			80,500	0.13%

@ Ceased to be in the list of Top 10 shareholders as on March 31, 2018 but was in the list of top 10 shareholders as on April 1, 2017.

Annexure to the Directors' Report

(v) Shareholding of Directors and Key Managerial Personnel

S. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
A. Executive Directors:								
1	Mr. Soshil Kumar Jain							
	at the beginning of the year	5,000,000	8.16%	01.04.2017			5,000,000	8.16%
	change in shareholding				-	-	5,000,000	8.16%
	at the end of the year	5,000,000	8.16%	31.03.2018			5,000,000	8.16%
2	Mr. Ravinder Jain*							
	at the beginning of the year	5,712,300	9.33%	01.04.2017			5,712,300	9.33%
	change in shareholding			05.03.2018	(5,712,300)	Transmission	-	-
	at the end of the year	-	-	31.03.2018			-	-
3	Dr. Rajesh Jain							
	at the beginning of the year	6,213,500	10.14%	01.04.2017			6,213,500	10.14%
	change in shareholding				-	-	6,213,500	10.14%
	at the end of the year	6,213,500	10.14%	31.03.2018			6,213,500	10.14%
4	Mr. Sandeep Jain							
	at the beginning of the year	4,792,100	7.82%	01.04.2017			4,792,100	7.82%
	change in shareholding				-	-	4,792,100	7.82%
	at the end of the year	4,792,100	7.82%	31.03.2018			4,792,100	7.82%
5	Mrs. Sunanda Jain**							
	at the beginning of the year	935,000	1.53%	01.04.2017			935,000	1.53%
	change in shareholding			05.03.2018	5,712,300	Transmission	6,647,300	10.85%
	at the end of the year	6,647,300	10.85%	31.03.2018			6,647,300	10.85%
6	Mr. Sumit Jain							
	at the beginning of the year	358,500	0.59%	01.04.2017			358,500	0.59%
	change in shareholding				-	-	358,500	0.59%
	at the end of the year	358,500	0.59%	31.03.2018			358,500	0.59%
7	Mr. Ankesh Jain							
	at the beginning of the year	307,000	0.50%	01.04.2017			307,000	0.50%
	change in shareholding				-	-	307,000	0.50%
	at the end of the year	307,000	0.50%	31.03.2018			307,000	0.50%
B. Non Executive Directors:								
1	Mr. Raghava Lakshmi Narasimhan							
	at the beginning of the year	-	-	01.04.2017			-	-
	change in shareholding				-	-	-	-
	at the end of the year	-	-	31.03.2018			-	-
2	Mr. Namdeo Narayan Khamitkar							
	at the beginning of the year	-	-	01.04.2017			-	-
	change in shareholding				-	-	-	-
	at the end of the year	-	-	31.03.2018			-	-
3	Mr. Krishna Murari Lal							
	at the beginning of the year	-	-	01.04.2017			-	-
	change in shareholding				-	-	-	-
	at the end of the year	-	-	31.03.2018			-	-
4	Mr. Om Prakash Kelkar							
	at the beginning of the year	-	-	01.04.2017			-	-
	change in shareholding				-	-	-	-
	at the end of the year	-	-	31.03.2018			-	-
5	Mrs. Manjula Upadhyay							
	at the beginning of the year	-	-	01.04.2017			-	-
	change in shareholding				-	-	-	-
	at the end of the year	-	-	31.03.2018			-	-
6	Mr. Mukul Gupta							
	at the beginning of the year	-	-	01.04.2017			-	-
	change in shareholding				-	-	-	-
	at the end of the year	-	-	31.03.2018			-	-
C. Key Managerial Personnel (KMPs):								
1	Mr. Vinod Goel (Company Secretary)							
	at the beginning of the year	250	0.00%	01.04.2017			250	0.00%
	change in shareholding				-	-	250	0.00%
	at the end of the year	250	0.00%	31.03.2018			250	0.00%
2	Mr. Devender Gupta (Chief Financial Officer)							
	at the beginning of the year	-	-	01.04.2017			-	-
	change in shareholding				-	-	-	-
	at the end of the year	-	-	31.03.2018			-	-

• Ceased to be director of the Company w.e.f. 22.02.2018 due to his sad demise on 21.02.2018. ••Appointed as Whole-time Director of the Company w.e.f. 12.03.2018.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9,588.70	551.63	-	10,140.33
ii) Interest due but not paid	125.73	106.01	-	231.74
iii) Interest accrued but not due	7.03	2.52	-	9.55
Total (i+ii+iii)	9,721.46	660.16	-	10,381.62
Change in Indebtedness during the financial year				
Addition	-	37.30	-	37.30
Reduction	651.78	-	-	651.78
Net Change	(651.78)	37.30	-	(614.48)
Indebtedness at the end of the financial year				
i) Principal Amount	9,061.63	540.64	-	9,602.27
ii) Interest due but not paid	1.77	143.13	-	144.90
iii) Interest accrued but not due	6.28	13.69	-	19.97
Total (i+ii+iii)	9,069.68	697.46	-	9,767.14

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in million)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager							Total Amount
	Name	Mr. Soshil Kumar Jain	Mr. Ravinder Jain*	Dr. Rajesh Jain**	Mr. Sandeep Jain	Mrs. Sunanda Jain***	Mr. Sumit Jain	Mr. Ankesh Jain	
	Designation	Chairman	Managing Director	Managing Director	Joint Managing Director	Whole-time Director	Director (Operations & Projects)	Director (Sales & Marketing)	
1	Gross salary								
	(a) Salary as per provisions of Section 17(1) of the Income-tax Act, 1961	9.60	6.45	6.00	5.52	0.26	3.60	1.80	33.23
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1.10	3.77	1.25	1.08	0.05	0.51	0.50	8.26
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	-	-	-	-	-	-		-
2	Stock Option	-	-	-	-	-	-		-
3	Sweat Equity	-	-	-	-	-	-		-
4	Commission	-	-	-	-	-	-		-
	- as % of profit	-	-	-	-	-	-		-
	- others	-	-	-	-	-	-		-
5	Others	-	-	-	-	-	-		-
	Total	10.70	10.22	7.25	6.60	0.31	4.11	2.30	41.49

• Ceased to be director of the Company w.e.f. 22.02.2018 due to his sad demise on 21.02.2018.
•• Elevated to the position of Managing Director of the Company w.e.f. 12.03.2018.
••• Appointed as Whole-time Director of the Company w.e.f. 12.03.2018.

B. Remuneration to other Directors (Rs. in million)

S. No.	Particulars of Remuneration	Name of Directors						Total Amount
	Independent Directors	Mr. R. L. Narasimhan	Mr. N. N. Khamitkar	Mr. K. M. Lal	Mr. O. P. Kelkar	Mrs. Manjula Upadhyay	Mr. Mukul Gupta	
1	Fee for attending board / committee meetings	0.34	0.26	0.34	0.25	0.25	0.25	1.69
2	Commission	-	-	-	-	-	-	-
3	Others- monthly allowances	-	-	-	-	-	-	-
	Total	0.34	0.26	0.34	0.25	0.25	0.25	1.69

Annexure to the Directors' Report

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. in million)

S. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
	Name	Mr. Vinod Goel	Mr. Devender Gupta	
	Designation	Group CFO and Head Legal & CS	CFO & Head IT	
1	Gross salary			
	(a) Salary as per provisions of Section 17(1) of the Income-tax Act, 1961	5.08	3.98	9.06
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.02	0.0	0.0
	(c) Profits in lieu of salary under Section 17(3) of the Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	
	- as % of profit	-	-	-
	- others	-	-	-
5	Others	-	-	-
	Total	5.10	3.98	9.06

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2017-18, there were no penalties/punishment/ compounding of offences under the Companies Act, 2013

Note: 0.0 under "Rs. in millions" represents amount less than Rs.50,000, 0.0 under units represents units less than 50,000 and 0.00% under percentage represents percentage less than 0.01%. Further, the figures shown in the tables may not exactly add up due to rounding off.

For and on behalf of the Board

Place : New Delhi
Dated : August 14, 2018

Soshil Kumar Jain
Chairman

ANNEXURE C

FORM NO. AOC - 2

[Pursuant to clause (h) of sub section (3) of section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with the related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis :

S. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts/ arrangements / transactions	Salient features of contracts/arrangements / transactions, including value, if any	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which special resolution was passed in General Meeting u/s 188 (1)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
				NIL			

2. Details of material contracts or arrangements or transactions at arm's length basis.

S. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts/ arrangements / transactions	Salient features of contracts/arrangements / transactions, including value, if any	Date(s) of approval by the Board	Amount (Rs. In million)	Date on which special resolution was passed in General Meeting u/s 188 (1)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
				NIL			

For and on behalf of the Board

Place : New Delhi
Dated : August 14, 2018

Soshil Kumar Jain
Chairman

ANNEXURE D

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018

a. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18:

Name of the Director	Designation	Ratio to median remuneration of employees
Mr. Soshil Kumar Jain	Chairman	38.25
Late Mr. Ravinder Jain*	Managing Director	40.75
Dr. Rajesh Jain**	Managing Director	25.92
Mr. Sandeep Jain	Joint Managing Director	23.57
Mrs. Sunanda Jain***	Whole-time Director	20.23
Mr. Sumit Jain	Director Operations & Projects	14.67
Mr. Ankesh Jain	Director Sales & Marketing	8.22

b. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2017-18:

Name of the Director & KMP	Designation	% increase in remuneration
Mr. Soshil Kumar Jain	Chairman	4.00%
Late Mr. Ravinder Jain*	Managing Director	-3.00%
Dr. Rajesh Jain**	Managing Director	0.40%
Mr. Sandeep Jain	Joint Managing Director	1.00%
Mrs. Sunanda Jain***	Whole-time Director	N.A.
Mr. Sumit Jain	Director Operations & Projects	-8.00%
Mr. Ankesh Jain	Director Sales & Marketing	25.00%
Mr. Devender Gupta	C.F.O. and Head IT	10.00%
Mr. Vinod Goel	Group C.F.O. and Head Legal & Company Secretary	13.00%

c. The percentage increase in the median remuneration of employees in the financial year 2017-18: 18.60%.

d. The number of permanent employees on the rolls of the Company: 2,468 as at March 31, 2018.

e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentile increase in remuneration of employees other than managerial remuneration was 1.65%. On the other hand, the average percentile of the managerial remuneration for the year was decreased by 13.53%.

f. It is hereby affirmed that the remuneration is as per the remuneration policy of the Company.

* Ceased to be Managing Director w.e.f. 22.02.2018 due to his sad demise on 21.02.2018. Accordingly, the remuneration of Rs.10.22 million paid to him (excluding the amount of gratuity & leave encashment of Rs.25.62 million) is for the relevant period during the financial year 2017-18 (i.e. from 01.04.2017 to 21.02.2018).

** Acted as Joint Managing Director during the period from 01.04.2017 to 11.03.2018 and elevated as Managing Director w.e.f. 12.03. 2018.

*** Appointed as Whole-time Director w.e.f. 12.03.2018.

For and on behalf of the Board

Place : New Delhi
Dated : August 14, 2018

Soshil Kumar Jain
Chairman

ANNEXURE E

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018

S. No.	Name	Designation	Remuneration (Rs. in million)	Nature of employment	Qualification	Experience (in years)	Date of Commencement of Employment	Age (in Yrs.)	Particulars of Last Employment: Name of Employer, Designation, Period of Service (Years)
Top 10 employees as on March 31, 2018 in terms of remuneration drawn during the year:									
1.	Mr. Soshil Kumar Jain	Chairman	10.70	Contractual	Pharmacist	63	02.02.1984	85	Nil
2.	Late Mr. Ravinder Jain*	Managing Director	10.22	Contractual	Matriculate	38	15.11.1984	61	Nil
3.	Dr. Rajesh Jain**	Managing Director	7.25	Contractual	Ph.D	34	15.11.1984	54	Nil
4.	Mr. Sandeep Jain	Joint Managing Director	6.60	Contractual	Senior Secondary	33	15.11.1984	52	Nil
5.	Dr. Sanjay Trehan	Head- Global Drug Discovery & Development	8.66	Permanent employee	Ph.D	30	01.07.2004	59	Dr. Reddy Laboratories Ltd., Research Director, 3.9 years
6.	Mr. Kulvinder Sarao	Sr. V.P-Audit & Compliances (HR)	6.80	Permanent employee	PGD in Personal Management	32	14.01.2005	57	Hero Honda Motors Limited, Head HRM, 3 months
7.	Dr. Sukhjeet Singh	Chief Scientific Officer (CSO) & RA (Pharma)	6.76	Permanent employee	Ph.D	26	17.08.2006	49	Strides Arcolab Limited, VP-Formulation & Development, 1 year
8.	Dr. Sudhir Kumar Sharma	Chief Scientist & Operating Officer -Biologicals	5.65	Permanent employee	Ph.D	16	17.08.2005	49	Dr. Reddy Laboratories Ltd., Principle Scientist, 20 years
9.	Mr. Gurinder Pal Singh	Sr. V.P. - Acute & Chronic Business	5.57	Permanent employee	B.Sc	24	09.03.2010	51	Cadila Pharma V.P-Sales & Marketing, 2 years
10.	Mr. Vinod Goel	Group CFO and Head Legal & Company Secretary	5.10	Permanent employee	M.Com, LLB, ACMA & FCS	31	13.01.1999	53	Prakash Industries Limited, Company Secretary, 9 years

* Ceased to be Managing Director w.e.f. 22.02.2018 due to his sad demise on 21.02.2018. Accordingly, the remuneration paid to him (excluding the amount of gratuity & leave encashment of Rs.25.62 million) is for the relevant period during the financial year 2017-18 (i.e. from 01.04.2017 to 21.02.2018).

** Acted as Joint Managing Director during the period from 01.04.2017 to 11.03.2018 and elevated as Managing Director w.e.f. 12.03.2018.

Notes:

1. Remuneration includes salary, commission on profits, house rent allowance, bonus, Company's contribution to Provident Fund, Leave Travel Allowance, Medical Assistance and all allowances paid in cash and monetary value of taxable perquisites wherever applicable and does not include provision for Gratuity/ Retirement Benefit.
2. There was no employee who was employed either throughout the financial year or part thereof, who was holding either by himself or along with the spouse and dependent children 2% or more of the Shares of the Company and drawing remuneration in excess of the remuneration drawn by Managing Director / Joint Managing Director / Whole-time Director of the Company.
3. Mr. Soshil Kumar Jain was the only person who was employed throughout the Financial Year ended March 31, 2018 and was in receipt of remuneration for the year which is more than Rs.10.2 million. The relevant details are given at Sl. No. 1 of the above table.
4. Late Mr. Ravinder Jain was the only person who was employed for a part of the Financial Year ended March 31, 2018 and was in receipt of remuneration for any part of the year, at the rate which in the aggregate was not less than Rs.0.85 million per month. The relevant details are given at Sl. No. 2 of the above table.
5. The terms and conditions of employees at Sl. No. 1 to 4 of the above table are as approved by the Board of Directors and Shareholders on the recommendation of Nomination & Remuneration Committee. The employees at Sl. No. 5 to 10 of the above table are paid remuneration as per the policy/rules of the Company.
6. None of the above employees is related to any of the Directors except that Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Jain are related to each other. Late Mr. Ravinder Jain was also related to each one of them.
7. The nature of duties of Chairman, Managing Director and Joint Managing Director are as under: Mr. Soshil Kumar Jain, Chairman - Strategic planning, vision and formulation of strategies; Dr. Rajesh Jain, Managing Director - Overall supervision of day-to-day operations with emphasis on strategic planning, R&D and business development and Mr. Sandeep Jain, Joint Managing Director - Overall supervision of day-to-day operations with emphasis on finance, international marketing, regulatory affairs and taxation.

For and on behalf of the Board

Place : New Delhi
Dated : August 14, 2018

Soshil Kumar Jain
Chairman

Annexure F

Secretarial Audit Report for the financial year ended March 31, 2018

To
The Members,
Panacea Biotec Limited,
Ambala-Chandigarh Highway,
Lalru - 140 501, Punjab

In terms of the provisions of section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable provisions, if any, we have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Panacea Biotec Limited, a Company incorporated under the provisions of the Companies Act, 1956, vide CIN L33117PB1984PLC022350 and having its registered office at Ambala-Chandigarh Highway, Lalru-140501, Punjab (hereinafter referred to as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not applicable as the Company has not issued/ proposed to issue any Employee Stock Option Scheme and Employee Stock Purchase Scheme during the financial year under review;
   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities during the financial year under review;
   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   g. The Securities and Exchange Board of India (De-listing of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted/ proposed to delist its equity shares from any stock exchange during the financial year under review;
   h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 - Not applicable as the Company has not bought back/ propose to buy back any of its securities during the financial year under review.
vi. The management has identified the following laws as specifically applicable to the Company:
   - Drugs & Cosmetics Act, 1940;
   - Drugs (Control) Act, 1950;
   - Narcotic Drugs and Psychotropic Substances Act, 1955;
   - Dangerous Drugs Act, 1930;
   - Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954;
   - Epidemic Diseases Act, 1897;
   - Essential Commodities Act, 1955;
   - The Poisons Act, 1919;
   - The Pharmacy Act, 1948

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India notified by Central Government;
ii. The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above subject to the following observations:

- Company has two wholly owned foreign subsidiaries, viz. Rees Investments Limited, Islands of Guernsey and Panacea Biotec (International) S.A., Switzerland. In terms of guidelines issued by Reserve Bank of India on Overseas Direct Investment (ODI), Annual Performance Report (APR) has to be filed within the due date i.e. 30th June, 2017 which was extended till 31st December, 2017. The Company has filed APR on 16th March, 2018.

- During financial years 2012-13 and 2013-14, in view of absence of profits, total remuneration paid to the Managing/Joint Managing and Whole time Directors had exceeded the ceiling prescribed in Section II of Part II of Schedule XIII to the erstwhile Companies Act, 1956 by Rs.29.13 million for the said years. The Company has filed necessary applications for the approval of the aforesaid excess remuneration. Further, due to non-compliance to one of the conditions of Section II of Part II of Schedule V to the Companies Act, 2013, the remuneration amounting to Rs.2.62 million paid to a whole time director during the year ended 31st March, 2016 and remuneration amounting to Rs.43.01 million paid to six directors (Managing/Joint Managing and Whole time Directors) during the year ended 31st March, 2017 required approval of the Central Government and the Company had filed the necessary applications in this regard.

  However, the Company's applications for approval of the aforesaid excess remuneration have not been approved by the Central Government and consequently the Company is required to recover the excess amount thus paid for the said years, unless the recovery thereof is waived by the Central Government.

  The Company has also paid managerial remuneration amounting to Rs.41.62 million during the financial year ended 31st March, 2018 for which the Company required prior approval of the Central Government due to non-compliance to one of the conditions of Section II of Part II of Schedule V to the Companies Act, 2013.

  For a thorough reconsideration of the matter, the Company has preferred to submit new applications to the Central Government for waiver of recovery of excess remuneration paid in respect of aforesaid periods and is also in the process of completing the related procedural formalities. Pending the decision of the Central Government, the Company has recorded an amount of Rs.116.38 million as recoverable from such directors towards such excess remuneration paid.

We further report that:

During the period under review, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has not entered into/carried out any specific events/actions which may have a major bearing on the Company's affairs.

For R&D Company Secretaries

Debabrata Deb Nath
Partner
FCS No.:7775; CP No.: 8612

Place : Delhi
Date : 14th August, 2018

Annexure A

To
The Members,
Panacea Biotec Limited,
Ambala-Chandigarh Highway,
Lalru -140 501, Punjab

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For R&D Company Secretaries

Debabrata Deb Nath
Partner
FCS No.:7775; CP No.: 8612

Place : Delhi
Date : 14th August, 2018

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

Corporate Governance is the key attribute in ensuring commitment to values, ethical business conduct, investor's protection, excellent work environment leading to highest standards of management and maximization of everlasting long-term values. It is about how an organization is managed. Panacea Biotec beholds Corporate Governance measures as an integral part of business which adds to considerable internal and external values and contributes to business growth.

Panacea Biotec believes in the philosophy of practicing code of Corporate Governance that provides a framework by which the rights and responsibilities of different constituents such as the Board, employees and shareholders are carved out.

The Company believes that timely and accurate disclosure of information, transparency in accounting policies and a strong and independent Board are critical for maintaining good corporate governance, preserving shareholders' trust and maximizing long-term corporate value. For establishing good corporate governance, the Company has put systems, procedures, policies, practices, standards in place to ensure effective strategic planning, optimum risk management, integrity of internal controls and reporting. The Company's philosophy on Corporate Governance is, thus, concerned with the ethics, values and morals of the Company and its directors who are expected to act in the best interests of the Company and remain accountable to members and other beneficiaries for their actions and properly comply with all the applicable legal and regulatory requirements.

2. Board of Directors

a) Composition, Category & Size of Board

The Company's policy is to have an appropriate blend of executive directors and non-executive independent directors, representing a judicious mix of professionalism, knowledge and experience, in line with the management's commitment for the principle of integrity and transparency in business operations for good corporate governance.

As on March 31, 2018, the Board of Directors of the Company comprised of 12 members including 6 executive directors and 6 non-executive independent directors (including two women directors). The composition of the Board is in conformity with Regulation 17(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") enjoining specified combination of executive and non-executive directors, with not less than 50 percent of the Board comprising of non-executive directors and at least one-half comprising of independent directors.

b) Board functioning & procedure

i) Background

With a view to institutionalize all corporate affairs and setting up systems and procedures for advance planning for matters requiring discussions and decisions by the Board, the Company has defined procedures for meetings of the Board of Directors and Committees thereof.

The Board is committed to ensure good governance through a self-governing style of functioning. The directors enjoy complete liberty to express their opinion and decisions are mostly taken on the basis of consensus/majority arrived at after detailed discussions. They are also free to bring up any matter for discussion at the Board Meetings.

ii) Scheduling and Selection of Agenda items

The Board meets at least four times in a year, with a maximum time gap of 120 days between any two meetings, to discuss and review the quarterly results and other items of agenda, including the minimum information required to be placed before the Board, as per Part A of Schedule II of SEBI LODR Regulations. The Board also meets and conducts additional meetings as and when required and thought fit. The dates for the Board Meetings are decided in advance and timely communicated to the Directors.

The Chairman/Managing Director/Joint Managing Director of the Board and the Company Secretary discuss the items to be included in the agenda. The agenda of the meeting along with relevant supporting documents and explanatory notes is generally circulated in advance (at least one week before the meeting) to all the directors entitled to receive the same, to facilitate meaningful and quality discussions during the meeting. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in the agenda.

iii) Minimum Information placed before the Board Members

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

- Annual operating plans & budgets and any updates;
- Capital budgets and any updates;
- Quarterly results of 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;

Report on Corporate Governance

- 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, if any;
- Transactions, if any, that involve substantial payment towards goodwill, brand equity or intellectual property;
- Any significant labour problems and their proposed solutions;
- Any significant development in human resources/ industrial relations front;
- Any sale of investments, subsidiaries, assets which are material in nature and not in the normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

iv) Recording Minutes of the Proceedings

The minutes of the proceedings of each Board/ Committee/Shareholders' Meetings are recorded. Draft minutes of the Board/Committee meetings are circulated amongst all the members of the Board/ Committee for their feedback/comments. The minutes of all the meetings are entered in respective Minutes Books within prescribed time limits.

v) 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.

vi) 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.

c) Board Meetings and attendance

During the financial year 2017-18, five (5) Board Meetings were held on May 30, 2017, September 13, 2017, November 14, 2017, February 13, 2018 and March 12, 2018.

The attendance of directors at Board Meetings and last Annual General Meeting ("AGM") and number of directorships & committee memberships as on March 31, 2018, is as under:

S. No.	Name of Director	Category of Directorship	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships$ and Committee Memberships/ Chairmanships$$ held in other Companies		
						Directorships	Committee Memberships	Committee Chairmanships
1.	Mr. Soshil Kumar Jain	Promoter - WTD-Chairman	5	4	No	3	0	0
2.	Late Mr. Ravinder Jain*	Promoter - MD	4	3	No	NA	NA	NA
3.	Dr. Rajesh Jain**	Promoter - MD	5	4	No	2	0	0
4.	Mr. Sandeep Jain	Promoter -JMD	5	3	Yes	2	0	0
5.	Mrs. Sunanda Jain***	Promoter Group - WTD	1	0	NA	1	0	0
6.	Mr. Sumit Jain	Promoter Group - WTD	5	4	No	14	0	0
7.	Mr. Ankesh Jain	Promoter Group - WTD	5	1	No	1	0	0
8.	Mr. K. M. Lal	NID	5	5	No	4	3	2
9.	Mrs. Manjula Upadhyay	NID	5	5	Yes	2	0	0
10.	Mr. Mukul Gupta	NID	5	5	Yes	2	1	1
11.	Mr. N. N. Khamitkar	NID	5	4	Yes	3	2	1
12.	Mr. O. P. Kelkar	NID	5	5	No	1	0	0
13.	Mr. R. L. Narasimhan	NID	5	5	Yes	3	2	1

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

$ Excludes directorship in foreign companies, membership of managing committees of various chambers/bodies/Section 8 companies and Panacea Biotec Limited.

$$ In accordance with Regulation 26(1) of SEBI LODR Regulations, memberships/chairmanships of only Audit Committee and Stakeholders' Relationship Committee in all public limited companies (excluding Panacea Biotec Limited) have been taken into account.

* Ceased to be MD w.e.f. 22.02.2018 due to his sad demise on 21.02.2018.

** Acted as JMD during 01.04.2017 to 11.03.2018 and elevated as MD w.e.f. 12.03.2018.

*** Appointed as WTD w.e.f. 12.03.2018

None of the directors on the Board is a member in more than 10 committees across all the public limited entities in which he/she is a director and/or acts as Chairman of more than 5 committees across all the listed entities in which he/she is a director.

None of the independent directors is serving as an independent director in more than 7 listed companies including Panacea Biotec Ltd.

d) Disclosure of relationships between directors inter-se

Mr. Soshil Kumar Jain, Chairman of the Company is the father of Dr. Rajesh Jain & Mr. Sandeep Jain, Father-in-law of Mrs. Sunanda Jain (wife of Late Mr. Ravinder Jain & mother of Mr. Sumit Jain), grandfather of Mr. Sumit Jain (son of Late Mr. Ravinder Jain & Mrs. Sunanda Jain) and Mr. Ankesh Jain (son of Dr. Rajesh Jain).

None of the other directors are related to each other.

e) Number of Shares held by Non-Executive Directors: Nil

f) Familiarization programme for the Independent Directors

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

In terms of the provisions of the SEBI LODR Regulations, the Company has organized various familiarization programmes like plant visit, presentation on various changes in regulatory framework and its impact on the Company etc. for the independent directors. The familiarization programme aims at helping the independent directors to understand the functions and operations of the Company, its management, their roles & responsibilities towards the Company, etc.

The details of familiarization programmes for independent directors may be accessed on the Company's website at the link: https://www.panacea-biotec.com/statutory-policies.

g) Separate Meeting of Independent Directors

During the year, one meeting of independent directors was held on September 13, 2017 without the attendance of non-independent directors and members of management to review the performance of the senior management, independent and non-independent directors including Chairman and the Board as a whole. All independent directors were present during the above said meeting.

They also assess the quality, quantity and timeliness of flow of information between the Company's management and the Board.

The lead independent directors with/or without other independent directors also provided the feedback to the Board about the key elements that emerge out of the meeting.

h) Code of Conduct

The Board has laid down a Code of Conduct for all the Board members and senior management personnel of the Company. The said Code has been communicated to the directors and senior management personnel and is also available on the website of the Company and can be accessed through the link: https://www.panacea-biotec.com/code-of-conduct.

Declaration from the 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.

i) Brief profile of Directors seeking appointment / re-appointment

The brief resume, experience and other details pertaining to the Directors seeking appointment/re-appointment in the ensuing AGM, to be provided in terms of Regulation 36(3) of SEBI LODR Regulations, is furnished below:

a) Mr. Soshil Kumar Jain

Age : 85 Years

Qualification : Qualified Pharmacist

Professional Expertise: He has more than 61 years' experience in the pharmaceutical industry. He is the founder promoter & director of the company and has been its Chairman 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 Panacea Biotec, he was associated with Radicura & Co., a partnership firm engaged in the retail and wholesale trading of pharmaceutical products. He is involved in the strategic planning, vision and formulation of strategies for the Company.

Inter-se relationship between directors: He is related to Dr. Rajesh Jain, Mr. Sandeep Jain, Mrs. Sunanda Jain, Mr. Sumit Jain and Mr. Ankesh Jain.

Directorships: He is a director of PanEra Biotec Private Limited, Neophar Alipro Limited and Adveta Power Private Limited.

Committee Membership/Chairmanship: He is the Chairman of Executive Committee of the Company. Further, he does not hold Committee Membership/ Chairmanship in any other company.

Shareholding in the Company: He holds 50,00,000 Equity Shares of Re.1 each, comprising 8.16% of total Equity Share Capital of the Company. He also holds 65,70,000, 0.5% Cumulative Non-Convertible & Non-Participating Redeemable Preference Shares of Rs.10/- each, comprising 40.31% of total Preference Share Capital of the Company.

b) Dr. Rajesh Jain

Age: 54 Years

Qualification: Ph.D. holder, a Post Graduate in Business Management, an Advance Research Diploma holder in Market Research and a science graduate from University of Delhi.

Professional Expertise: He has around 34 years' experience in the pharmaceutical industry and is involved in the overall supervision of day-to-day affairs of the Company with emphasis on strategic planning, marketing, innovation and business development. Under his motivated leadership, participation, strategic thinking & planning, Panacea Biotec has set new milestones with clear focus on driving productivity and performance across all business segments of the Company and over the years, it has created state-of-the-art infrastructure in terms of state-of-the-art manufacturing facilities, R&D centres and sales & distribution network in addition to several collaborations & tie ups. His zeal, enthusiasm and vision has enabled the Company to achieve new standards of performance in terms of financial parameters i.e. increased revenues & shareholders' wealth etc.

Report on Corporate Governance

He is Vice President of Indian Pharmaceutical Alliance (IPA) for 2017-19. He was Co-Chair-Confederation of Indian Industry (CII), National Committee on Biotechnology for 2017-18 and past Chairman for 2011-12 & 2012-13. He was Hon'ble Member of Indian Pharmacopeia (IP) Expert Working on Vaccines and Immunosera for Human Use in the year 2017. He was Member of Research Council of CSIR - Central Drug Research Institute (CSIR-CDRI), Lucknow for the year 2017-18. He was also a Board Member for Innovation and Incubation Foundation - Delhi Pharmaceuticals Sciences and Research University for the year 2017. He has been awarded India Innovation Award twice in 2016 and 2015 (Top 50) by Clarivate Analytics (Formerly Thomson Reuters).

He has been amongst the Top 40 Global most influential persons as per the list put together by an internationally reputed organization World Pharmaceutical Frontiers published in SPG Media, London. He released following two position papers:

- CII recommendations for Guideline Changes in Vaccine Approval Procedures.
- The Make in India Imperative - Position Paper on Regulatory and Policy Changes required for Sustained competitiveness of the Indian Vaccine Industry.

Inter-se relationship between directors: He is related to Mr. Soshil Kumar Jain, Mr. Sandeep Jain, Mrs. Sunanda Jain, Mr. Sumit Jain and Mr. Ankesh Jain.

Directorships: He is the Managing Director of PanEra Biotec Private Limited and director of Adveta Power Private Limited.

Committee Membership/Chairmanship: He is a Member of Executive Committee of the Company. Further, he does not hold Committee Membership/Chairmanship in any other company.

Shareholding in the Company: He holds 62,13,500 Equity Shares of Re.1 each, comprising 10.14% of total Equity Share Capital of the Company. He also holds 65,70,000, 0.5% Cumulative Non-Convertible & Non-Participating Redeemable Preference Shares of Rs.10/- each comprising 40.31% of total Preference Share Capital of the Company.

c) Mr. Sandeep Jain

Age: 52 Years

Qualification: Senior Secondary

Professional Expertise: He has experience of around 33 years in the pharmaceutical industry. He is involved in the overall supervision of day-to-day operations of the Company with emphasis on finance, international marketing, regulatory affairs and taxation. 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, Eastern Europe and African region. His duty 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.

Inter-se relationship between directors: He is related to Mr. Soshil Kumar Jain, Dr. Rajesh Jain, Mrs. Sunanda Jain, Mr. Sumit Jain and Mr. Ankesh Jain.

Directorships: He is a director of PanEra Biotec Private Limited and Neophar Alipro Limited.

Committee Membership/Chairmanship: He is a Member of Executive Committee and Stakeholders' Relationship Committee of the Company. Further, he does not hold Committee Membership/Chairmanship in any other company.

Shareholding in the Company: He holds 47,92,100 Equity Shares of Re.1 each, comprising 7.82% of total Equity Share Capital of the Company and 31,60,000, 0.5% Cumulative Non-Convertible & Non-Participating Redeemable Preference Shares of Rs.10/- each, comprising 19.38% of total Preference Share Capital of the Company.

d) Mrs. Sunanda Jain

Age: 56 Years

Qualification: Graduate in Arts

Professional Expertise: She has knowledge and experience in the Company's matters including activities relating to Company's subsidiaries in real estate business and is currently responsible for supervision of various activities relating to the Company's subsidiaries engaged into real estate activities, viz. Radhika Heights Limited and its subsidiaries. She is the wife of Late Mr. Ravinder Jain who ceased to be the Managing Director of the Company due to his sad demise on 21.02.2018 and has always been the strength behind him. She is also a promoter/director of Lakshmi & Manager Holdings Limited since August, 2011 and is involved in the strategic planning, vision, and formulation of strategies for that company.

Inter-se relationship between directors: She is related to Mr. Soshil Kumar Jain, Dr. Rajesh Jain, Mr. Sandeep Jain, Mr. Sumit Jain and Mr. Ankesh Jain.

Directorships: She is a director of Lakshmi & Manager Holdings Limited.

Committee Membership/Chairmanship: She does not hold Committee Membership/Chairmanship in any Company.

Shareholding in the Company: She holds 66,47,300 Equity Shares of Re.1 each, comprising 10.85% of total Equity Share Capital of the Company.

e) Mr. Sumit Jain

Age: 37 Years

Qualification: Post Graduate Diploma in Business Management

Professional Expertise: He has experience of around 18 years in the pharmaceutical industry. He joined Panacea Biotec Limited in May, 2003 as Manager

(Vaccines) and was appointed as Whole-time Director in July 2005. He is currently acting as Whole-time Director designated as Director (Operations & Projects) and is responsible for the administrative matters of Panacea Biotec's Lalru and Baddi facilities. He also oversees the Supply Chain Management of the Company. Prior to joining Panacea Biotec, he was associated with the Company's Subsidiary, Radicura Infra Limited as an Executive Director.

Inter-se relationship between directors: He is related to Mr. Soshil Kumar Jain, Dr. Rajesh Jain, Mr. Sandeep Jain, Mrs. Sunanda Jain and Mr. Ankesh Jain.

Directorships: He is the Managing Director of Radhika Heights Limited and a director of Radicura Infra Limited, Sunanda Infra Limited, Cabana Structures Limited, Nirmala Buildwell Private Limited, PanEra Biotec Private Limited, Panacea Life Sciences Limited, Lakshmi & Manager Holdings Limited, Nirmala Organic Farms & Resorts Private Limited, Best General Insurance Company Limited, OKI Estates Private Limited, Trinidhi Finance Private Limited, Cabana Construction Private Limited and White Pigeon Estate Private Limited.

Committee Membership/Chairmanship: He is a Member of Executive Committee of the Company. Further, he does not hold Committee Membership/ Chairmanship in any other company.

Shareholding in the Company: He holds 3,58,500 Equity Shares of Re.1 each, comprising 0.59% of total Equity Share Capital of the Company.

f) Mr. Ankesh Jain

Age: 30 Years

Qualification: B.Sc. in Pharmaceutical Management from University of Bradford, U.K.

Professional Expertise: He has experience of around 8 years' in the pharmaceutical industry. He was appointed as Whole-time Director designated as Director Sales & Marketing of the Company w.e.f. April 01, 2016 and is involved in the overseas marketing, R&D and business development of the products of the Company. He was initially appointed as Executive Business Development of the Company w.e.f. July 01, 2010. From July, 2010 to October, 2013, he was actively involved in each aspect of business process for research & development, manufacturing, sales & marketing and distribution and also handled an independent territory as Business Development Executive (BDE) for close to 12 months which accustomed him with customer expectations from a pharma company. Since October 2013, he actively supported the leadership team of domestic pharmaceutical business. Later, he was promoted as Head - Domestic Pharmaceutical Business w.e.f. September 01, 2014. As part of the career growth & keeping in view future challenges, he has attended several training programs including a training programme at IIM Ahmedabad on "Young Entrepreneurs".

Inter-se relationship between directors: He is related to Mr. Soshil Kumar Jain, Dr. Rajesh Jain, Mr. Sandeep Jain, Mrs. Sunanda Jain and Mr. Sumit Jain.

Directorships: He is a director of Adveta Power Private Limited.

Committee Membership/Chairmanship: He does not hold Committee Membership/Chairmanship in any Company.

Shareholding in the Company: He holds 3,07,000 Equity Shares of Re.1 each, comprising 0.50% of total Equity Share Capital of the Company.

g) Mr. Raghava Lakshmi Narasimhan

Age: 77 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.

Inter-se relationship between directors: He is not related to any other Director of the Company.

Directorships: He is a director of Radhika Heights Ltd., Blue Surmount Education, Lakshmi & Manager Holdings Limited and Trinidhi Finance Private Limited.

Committee Membership/Chairmanship: He is the Chairman of Audit Committee and Nomination & Remuneration Committee and Member of Stakeholders' Relationship Committee of the Company. Further, he is Chairman of Audit Committee and Nomination & Remuneration Committee of Trinidhi Finance Private Limited. He is member of Audit Committee and Nomination & Remuneration Committee of Lakshmi & Manager Holdings Limited.

Shareholding in the Company: Nil.

h) Mr. Namdeo Narayan Khamitkar

Age: 77 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.

Inter-se relationship between directors: He is not related to any other Director of the Company.

Directorships: He is a director of Radhika Heights Limited, Blue Surmount Education, Lakshmi &

Report on Corporate Governance

Manager Holdings Limited and Trinidhi Finance Private Limited.

Committee Membership/Chairmanship: He is a member of the Audit Committee and Nomination & Remuneration Committee of the Company. Further, he is member of Audit Committee and Nomination & Remuneration Committee of Trinidhi Finance Private Limited. He is Chairman of Audit Committee and Nomination & Remuneration Committee of Lakshmi & Manager Holdings Limited.

Shareholding in the Company: Nil

i) Mr. Krishna Murari Lal

Age: 78 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.

Inter-se relationship between directors: He is not related to any other Director of the Company.

Directorships: He is director of Polylink Polymers (India) Limited, Gem Sugars Limited, Hindustan Wires Limited & Lexicon Public Relations and Corporate Consultants Private Limited.

Committee Membership/Chairmanship: He is a member of Audit Committee, Nomination & Remuneration Committee and Chairman of Stakeholders' Relationship Committee of the Company. Further, he is Chairman of Audit Committee and Nomination & Remuneration Committee of Hindustan Wires Limited. He is Chairman of Audit Committee and member of Nomination & Remuneration Committee & Stakeholders' Relationship Committee of Polylink Polymers (India) Limited.

Shareholding in the Company: Nil

3. Audit Committee

a) Composition

The composition of the Audit Committee of the Board of Directors of the Company meets the requirements of Section 177 of the Companies Act, 2013 ("Act") and Regulation 18 of SEBI LODR Regulations. The composition of the Committee during the year under review was as under:

S. No.	Name	Position	Category
1	Mr. R. L. Narasimhan	Chairman	Independent Director
2	Mr. K. M. Lal	Member	Independent Director
3	Mr. N. N. Khamitkar	Member	Independent Director

The Committee comprises of independent directors who are financially literate persons having vast experience in the area of finance, accounts, strategy & management.

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.

b) Terms of Reference of Committee

The terms of reference and scope of the Audit Committee includes the following:

- To oversight the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- To recommend to the Board, the appointment, remuneration and terms of appointment of auditors;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) of the Act;
  - Any changes in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosures of any related party transactions; and
  - Qualifications/Modified opinion(s) in the draft audit reports.
- 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.), if any, 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;
- Reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;
- Approval of 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;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors and the adequacy of

internal control systems;

- Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, reporting structure coverage and frequency of internal audit;
- Discussions with internal auditors of 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;
- Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle blower Mechanism;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- To carry out any other function as is mentioned in the terms of reference of the Audit Committee; and
- Any other duties/terms of reference which are incidental/necessary for the fulfillment of the above mentioned terms of reference.

c) Review of information by Audit Committee:

Apart from other matters, as per Regulation 18(3) of SEBI LODR Regulations, the Audit Committee reviews, to the extent applicable, the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the Management;
- Management letters/letters of internal control weaknesses, if any, issued by statutory auditors;
- Internal Audit Reports relating to internal control weaknesses;
- Appointment, removal and terms of remuneration of the internal auditors; and
- Statement of Deviations, if applicable:
  a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI LODR Regulations.
  b) Annual statements of funds utilized for purposes other than those stated in the offer documents/ prospectus/notice, if applicable, in terms of Regulation 32(7) of SEBI LODR Regulations.

The Audit Committee is also vested with the following powers:

- 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, the Audit Committee has 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; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

d) Meetings of Audit Committee and attendance of members

During the financial year 2017-18, five (5) meetings of the Audit Committee were held on May 29, 2017, September 12, 2017, November 13, 2017, February 12, 2018 and March 12, 2018. The attendance of members of the Audit Committee at these meetings was as follows:

S. No.	Name of the Member	No. of Meetings	
		held	attended
1	Mr. R. L. Narasimhan	5	5
2	Mr. K. M. Lal	5	5
3	Mr. N. N. Khamitkar	5	4

The Statutory Auditors, Internal Auditors, Associate Director Finance, Chief Financial Officer, Sr. G.M. Accounts, Taxation & IT and D.G.M. Audit & Compliance & Co-ordinator of Audit Committee are the permanent invitees to the meetings of Audit Committee. Apart from them, Cost Auditors, Joint Managing Director and other officials of the Company attended one or more of the Audit Committee Meetings.

The Company Secretary of the Company is acting as the Secretary to the Audit Committee.

The Chairman of the Audit Committee, Mr. R. L. Narasimhan was present at the last AGM of the Company held on September 27, 2017.

4. Nomination and Remuneration Committee

a) Composition

The composition of Nomination and Remuneration Committee of the Board of Directors of the Company meets the requirements of Section 178 of the Act and Regulation 19 of SEBI LODR Regulations. The composition of the Committee during the year under review was as under:

S. No.	Name	Position	Category
1	Mr. R. L. Narasimhan	Chairman	Independent Director
2	Mr. K. M. Lal	Member	Independent Director
3	Mr. N. N. Khamitkar	Member	Independent Director

b) Role & Terms of Reference of Committee

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
- Devising a policy on diversity of the Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal; and
- Recommending to the Board whether to extend or continue the term of appointment of the independent

Report on Corporate Governance

director, on the basis of report of performance evaluation of independent directors.

c) Meetings of Nomination and Remuneration Committee and attendance of members

During the financial year 2017-18, three (3) meetings of the Nomination and Remuneration Committee were held on May 29, 2017, September 13, 2017 and March 12, 2018. The attendance of members of the Nomination and Remuneration Committee at these meetings was as follows:

S. No.	Name of the Member	No. of Meetings	
		held	attended
1	Mr. R. L. Narasimhan	3	3
2	Mr. K. M. Lal	3	3
3	Mr. N. N. Khamitkar	3	3

The Company Secretary of the Company is acting as the Secretary to the Nomination and Remuneration Committee.

The Chairman of the Committee, Mr. R. L. Narasimhan was present at the last AGM of the Company held on September 27, 2017.

d) Performance Evaluation Criteria for Independent Directors

Pursuant to the applicable provisions of the Act and the SEBI LODR Regulations, the Board, in consultation with its Nomination and Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual directors, including independent directors.

A structured questionnaire has been prepared, covering various aspects of the functioning of the Board and its Committees, such as adequacy of the constitution & composition of the Board and its Committees, matters addressed in the Board and Committee meetings, processes followed at the meetings, Board's focus, regulatory compliances and corporate governance, etc. Similarly, for evaluation of individual director's performance, the questionnaire covers various aspects like his/her profile, contribution in Board and Committee meetings, execution and performance of specific duties, obligations, regulatory compliances and governance, etc.

Board members had submitted their response on a scale of 1 (outstanding) to 5 (poor) for evaluating the entire Board, respective Committees of which they are members and of their peer Board members, including Chairman of the Board.

The independent directors had met separately without the presence of non-independent directors and the members of management and discussed, inter-alia, the performance of non-independent directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of executive and non-executive directors.

The Nomination and Remuneration Committee has also carried out evaluation of each director`s performance.

The performance evaluation of the independent directors has been done by the entire Board, excluding the director being evaluated. On the basis of performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, whenever the respective term expires.

e) Remuneration Policy

The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis.

The key components of the Company's remuneration policy are:

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

The details of this policy are available on the Company's website viz. https://www.panacea-biotec.com

5. Remuneration of Directors

Remuneration of the executive directors consists of basic salary, perquisites and variable portion in the form of commission on profits in the case of Chairman, Managing Director & Joint Managing Directors, as approved by the Board of Directors and shareholders of the Company within the limits prescribed in Schedule V to the Act. The Nomination and Remuneration Committee recommends to the Board the compensation package of the executive directors.

a) Remuneration to Executive Directors

The details of remuneration paid to Chairman/Managing/Joint Managing/Whole-time Directors during the financial year 2017-18 are as under:

(Rs. in million)

S. No.	Name	Designation	Salary	Allowances/Perquisites	Total
1.	Mr. Soshil Kumar Jain	Chairman	9.60	1.10	10.70
2.	Late. Mr. Ravinder Jain*	Managing Director	6.45	3.77	10.22
3.	Dr. Rajesh Jain**	Managing Director	6.00	1.25	7.25
4.	Mr. Sandeep Jain	Joint Managing Director	5.52	1.08	6.60
5.	Mrs. Sunanda Jain***	Whole-time Director	0.26	0.05	0.31
6.	Mr. Sumit Jain	Whole-time Director	3.60	0.50	4.10
7.	Mr. Ankesh Jain	Whole-time Director	1.80	0.50	2.30

* Ceased to be Managing Director w.e.f. 22.02.2018 due to his sad demise on 21.02.2018. Accordingly, the remuneration paid to him (excluding the amount of

gratuity & leave encashment of Rs.25.62 million) is for the relevant period during the financial year 2017-18 (i.e. from 01.04.2017 to 21.02.2018).

** Acted as Joint Managing Director during the period from 01.04.2017 to 11.03.2018 and elevated as Managing Director w.e.f. 12.03. 2018.

*** Appointed as Whole-time Director w.e.f. 12.03.2018. Accordingly, the remuneration paid to her is for the relevant period during the financial year 2017-18 (i.e. from 12.03.2018 to 31.03.2018).

Notes:

1. Notice period for termination of appointment of Chairman/Managing/Joint Managing/Whole-time Directors is three months by either party or a shorter period as decided mutually. No severance fee is payable on termination of contract.
2. The Company does not have any Stock Option Scheme.
3. All elements of remuneration of the Chairman/Managing/Joint Managing/Whole-time Directors, i.e., salary, perquisites and other benefits, etc. are given in Note 41 (C) to the Financial Statements of the Company.
4. The above excludes the provision for gratuity and leave encashment, as the same is calculated on overall company basis.

b) Remuneration to Non-Executive Directors

The non-executive directors are being paid only the sitting fees for attending the meetings of the Board or Committees of the Board of Directors, of such sum as may be approved by the Board of Directors within the overall limits as prescribed under the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The details of sitting fees paid to the non-executive directors during financial year 2017-18 are as under:

(Rs. in million)

S. No.	Name	Sitting Fees
1	Mr. K. M. Lal	0.34
2	Mrs. Manjula Upadhyay	0.25
3	Mr. Mukul Gupta	0.25
4	Mr. N. N. Khamitkar	0.26
5	Mr. O. P. Kelkar	0.25
6	Mr. R. L. Narasimhan	0.34

The non-executive director is also reimbursed the expenses incurred by him/her for attending the meeting of the Board and/or Committee thereof.

There are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its directors except those disclosed in the Financial Statements for the year ended on March 31, 2018.

None of the non-executive directors holds any shares of the Company.

6. Stakeholders' Relationship Committee

a) Composition

The composition of Stakeholders' Relationship Committee of the Board of Directors of the Company meets the requirements of Section 178 of the Act and Regulation 20 of SEBI LODR Regulations.

During the year under review, the Stakeholders' Relationship Committee was reconstituted due to sad and untimely demise of Mr. Ravinder Jain, Member of the committee on February 21, 2018. The composition of the Committee during the year under review was as under:

S. No.	Name	Position	Category
1	Mr. K. M. Lal	Chairman	Independent Director
2	Mr. R. L. Narasimhan	Member	Independent Director
3	Mr. Ravinder Jain#	Member	Executive Director
4	Mr. Sandeep Jain	Member	Executive Director

Ceased to be the Member of the Committee w.e.f. 22.02.2018 on account of his sad demise on 21.02.2018.

b) Role & Terms of Reference of the Committee

The Stakeholders' Relationship Committee plays an important role in acting as a link between the management and ultimate owners of the Company i.e., the shareholders. The Committee considers and resolves the grievances of the security holders including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

The Committee looks after the redressal of investors' grievances and performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services.

The role of the Stakeholders' Relationship Committee, inter-alia, includes to review/approve/authorise the following:

- Transfer/ Transmission/ Transposition of securities;
- Splitting up, sub-division and consolidation of shares;
- Dematerialization or rematerialization of the issued shares;
- Affixation of common seal of the Company;
- Any other matter relating to securities of the Company;
- Review and redressal of the grievances of all security holders including deposit holders, if any; and
- Any other areas of investors' service.

Other Terms:

- The Company may delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).
- The Committee may invite other directors/officers of the Company to attend the meetings of the Committee as 'Invitees' from time to time as and when required.

The Chairman, or in his absence any other member of Committee authorised by him, attends the general meeting of the shareholders of the Company.

c) Meetings of Stakeholders' Relationship Committee and attendance of members

During the financial year 2017-18, four (4) meetings of Stakeholders' Relationship Committee were held on May 30, 2017, September 12, 2017, November 14, 2017 and February 13, 2018. The attendance of members of the Stakeholders' Relationship Committee at these meetings was as follows:

S. No.	Name of the Member	No. of Meetings	
		held	attended
1	Mr. K. M. Lal	4	4
2	Mr. R. L. Narasimhan	4	4
3	Mr. Ravinder Jain#	4	1
4	Mr. Sandeep Jain	4	2

Ceased to be the Member of the Committee w.e.f. 22.02.2018 on account of his sad demise on 21.02.2018.

Report on Corporate Governance

The Company Secretary of the Company is acting as the Secretary to the Stakeholders' Relationship Committee.

Compliance Officer: Mr. Vinod Goel, Group CFO and Head Legal & Company Secretary is the Compliance Officer of the Company pursuant to Regulation 6(1) of SEBI LODR Regulations and is duly assisted by qualified company secretaries.

The Chairman of the Committee, Mr. K. M. Lal was not present at the AGM of the Company held on September 27, 2017 and in his absence other member of the Committee viz. Mr. R. L. Narasimhan, authorized by him, attended the AGM.

d) Investors' Grievance Redressal

The details of Investors complaints received and resolved during the financial year 2017-18 are as under:

No. of Investor Complaints			
Pending as at April 01, 2017	Received from April 01, 2017 to March 31, 2018	Resolved from April 01, 2017 to March 31, 2018	Pending as at March 31, 2018
NIL	01	01	NIL

The Company put utmost priority to the satisfaction of its shareholders, which is evident from the fact that only 1 complaint was received by the Company during the year under review. 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 March 31, 2018.

7. General Body Meetings

a) Annual General Meetings

During the preceding three years, the Company's Annual General Meetings were held at the Registered Office of the Company situated at Ambala-Chandigarh Highway, Lalru-140501, Punjab. The date and time of the last three Annual General Meetings and the special resolutions passed thereat are as under:

Financial Year	Date	Time	Special Resolution(s) passed
2016-17	27.09.17	11:30 A.M.	No Special Resolution was passed.
2015-16	28.09.16	11:30 A.M.	No Special Resolution was passed.
2014-15	30.09.15	11:30 A.M.	• Approval for appointment and remuneration of Mr. Sumit Jain (DIN:00014236) as Whole-time Director designated as Director (Operations and Projects). • Approval for protection and ratification of excess remuneration paid to Mr. Ravinder Jain (DIN:00010101), Managing Director, for financial year 2014-15.

b) Postal Ballot

During the financial year 2017-18, the following special resolution was passed through Postal Ballot:

Special Resolution	Votes casted in favour		Votes casted against		Date of declaration of results
	No. of votes	%	No. of votes	%	
Raising of funds by way of issue of equity shares and/or other securities for an amount upto Rs.250 Crore	4,57,34,681	82.40	97,65,809	17.60	October 25, 2017

Person conducting the postal ballot exercise:

Mr. Soshil Kumar Jain, Chairman, Dr. Rajesh Jain, then Joint Managing Director, Mr. Sandeep Jain, Joint Managing Director and Mr. Vinod Goel, Group CFO and Head Legal & Company Secretary of the Company were appointed as persons responsible for conducting postal ballot process in a fair and transparent manner.

Mr. Akshit Gupta of M/s. U.S. & Associates, Practicing Company Secretaries, was appointed as the Scrutinizer for conducting the Postal Ballot process, including remote e-voting, in a fair and transparent manner.

A detailed procedure followed by the Company for conducting the Postal Ballot is provided hereunder:

Procedure followed:

In compliance with Regulation 44 of SEBI LODR Regulations and provisions of Sections 108 and 110 and other applicable provisions of the Act, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company provided remote e-voting facility to all its members, to enable them to cast their votes electronically. The Company availed the services of National Securities Depository Limited (NSDL) for the purpose of providing remote e-voting facility to all its members. The members had the option to vote either by postal ballot or remote e-voting.

The Company dispatched the postal ballot notices and forms through email and in physical mode along with postage prepaid business reply envelopes to its members whose names appeared on the Register of Members / list of Beneficial Owners as on the cut-off date.

The postal ballot notice was sent to members in electronic form to the e-mail IDs registered with their depository participants or with the Company/ through post to the members who have not registered their e-mail IDs. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

The Members desiring to exercise their votes by physical postal ballot were requested to return the postal ballot forms duly completed and signed, to the scrutinizer on or before the closing of voting period. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of remote e-voting.

The scrutinizer submitted his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot were then announced by the Chairman/ authorized officer. The results were also displayed on the website of the Company, https://www.panacea-biotec.com besides being communicated to the stock exchanges where the Equity Shares of the Company are listed, NSDL and Registrar & Share Transfer Agent. The last date specified for receipt of duly completed Postal Ballot Forms by the Company was deemed to be the date of passing of the resolutions.

None of the businesses are proposed to be transacted at the ensuing Annual General Meeting which requires passing of a Special resolution through postal ballot.

8. **Means of communication**

a) Results: The Quarterly/Half-Yearly/Annual results are published in one or more of the prominent daily newspapers, viz. Business Standard, New Delhi and Mumbai editions and in Desh Sewak, Chandigarh edition, the local newspaper published in the language of the region in which Registered Office is situated.

b) Intimation to the Stock Exchanges: The Company also intimates/made disclosures to the Stock Exchanges about 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. The Company also regularly provides information to the stock exchanges as per the requirements of the SEBI LODR Regulations.

c) News Releases, Presentations: Press releases are sent to the Stock Exchanges before sending the same to media and are also displayed on the Company's website i.e. https://www.panacea-biotec.com.

d) Annual Reports: The Annual Report containing, inter alia, Audited Financial Statements (Standalone as well as Consolidated), Directors' Report, Auditors' Report and other important information is posted/emailed to every shareholder of the Company.

e) Website: The Company's website, viz. http://www.panacea-biotec.com contains a separate dedicated section 'Investor Relations' where shareholders' information is available and the said section is regularly updated with the financial results, annual reports, official news releases and other important events.

f) Presentations to Institutional Investors/analysts: No presentations were made to the Institutional Investors or to the analysts.

g) SEBI Complaints Redressal System (SCORES): The investor complaints are processed by SEBI in a centralized web-based complaints redressal system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

h) Designated Exclusive email-id: The Company has designated the following email-id for investor servicing: investorgrievances@panaceabiotec.com

Investors can also mail their queries to Registrar and Transfer Agent at admin@skylinerta.com, virenr@skylinerta.com

9. **General Shareholder Information**

a) 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.

b) Date of AGM

The 34th AGM is to be held on Saturday, the 29th day of September 2018, at 11:30 A.M. at the registered office of the Company situated at Ambala-Chandigarh Highway, Lalru - 140501, Punjab.

Posting of Annual Report	On or before Tuesday, September 04, 2018
Last date of receipt of Proxy Form	September 27, 2018 before 11:30 A.M.
Remote e-voting Period	From Wednesday, September 26, 2018 (09:00 A.M.) to Friday, September 28, 2018 (05:00 P.M.)

c) Financial Year

The financial year of the Company covers the period from April 1 to March 31.

d) Financial Calendar 2018-19 (tentative)

S. No.	Tentative Schedule	Tentative Date (on or before)
1.	Financial reporting for the quarter ending June 30, 2018	August 14, 2018
2.	Financial reporting for the quarter ending September 30, 2018	November 14, 2018
3.	Financial reporting for the quarter ending December 31, 2018	February 14, 2019
4.	Financial reporting for the quarter ending March 31, 2019	May 30, 2019
5.	Annual General Meeting for the year ending March 31, 2019	On or before September 30, 2019

Report on Corporate Governance

e) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from Monday, September 24, 2018 to Saturday, September 29, 2018 (both days inclusive).

f) Dividend Payment Date

In view of losses during the financial year, the Board of Directors has not recommended any dividend on the Equity as well as Preference Shares of the Company.

g) Transfer of Unpaid/Unclaimed Dividends and Shares to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Section 124 of the Act read with Rules made thereunder, as amended from time to time, declared dividends which remained unpaid or unclaimed by the shareholders for a period of seven consecutive years or more is required to be transferred by the company to the IEPF, which has been established by the Central Government. During the year under review, the Company has credited Rs.61,652 as unclaimed dividend in respect to the financial year 2009-10 to the IEPF.

Further, pursuant to the provisions of Section 124(6) of the Act read with Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, all shares in respect of which dividend has not been claimed by the concerned shareholders for seven consecutive years or more shall be transferred by the Company into the Demat Account of IEPF Authority. Accordingly, during the year under review, the Company has transferred 72,879 equity shares of Re.1 each into the demat account of IEPF Authority, in respect of which dividend amount has not been claimed by the members for seven consecutive years or more i.e. financial year 2009-10.

The Company has initiated necessary action for transfer of shares in the Demat Account of IEPF Authority in respect of which dividend amount relating to financial year 2010-11 has not been claimed by the shareholders. The Company has sent individual notices to the latest available addresses of the shareholders, whose dividend amount for FY 2010-11 lying unpaid/ unclaimed, advising them to claim the dividend on or before October 23, 2018. Information in respect of other unclaimed dividends when due for transfer to the IEPF is given below:

Financial Year	Date of declaration of Dividend	Last date for claiming unclaimed Dividend	Due date for transfer of dividend
2010-11	24.09.2011	23.10.2018	29.11.2018

Shareholders who have not claimed their dividends for the financial year 2010-11 can write to the company's RTA: Skyline Financial Services Pvt. Ltd., D-153 A, 1st Floor, Okhla Indl. Area, Phase-I, New Delhi - 110020, India (e-mail ID: admin@skylinerta.com) or at the registered office of the Company on or before October 23, 2018 for making a valid claim for the unclaimed dividends. If the shareholders do not claim the unpaid or unclaimed dividends on or before the date mentioned above, the shares held by them are liable to be transferred to IEPF.

Any person, whose shares and unpaid/unclaimed dividends get transferred to the IEPF may claim the shares and unpaid/ unclaimed dividends from the IEPF in accordance with such procedure and on submission of such documents as prescribed.

The voting rights on the shares transferred to IEPF Authority shall remain frozen till the rightful owner claims the shares.

Details of Unclaimed Shares as on March 31, 2018:

S. No.	Particulars	No. of Folios	No. of shares
1.	Aggregate no. of shareholders & outstanding no. of unclaimed shares in the suspense account at the beginning of the year	Nil	Nil
2.	No. of shares transferred to IEPF Authority during the year	130	72,879
3.	No. of shareholders who approached to claim the unclaimed shares during the year	3	1,035
4.	Aggregate no. of shareholders who claimed and were given the unclaimed shares during the year	NIL	NIL
5.	Aggregate no. of shareholders and the outstanding no. of unclaimed shares at the end of the year	130	72,879

As on the date of this report, 5 shareholders holding 3,035 equity shares have lodged claims with the Company, for which additional documents have been requested by IEPF Authority and are awaited from shareholders.

h) Listing on Stock Exchanges

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

- The National Stock Exchange of India Limited, Bandra Kurla Complex, Bandra (E), Mumbai-400051 ("NSE").
- BSE Limited, P J Tower, Dalal Street, Fort, Mumbai-400001 ("BSE").

The Company's Preference Shares are not listed on any Stock Exchange.

The Company has paid listing fees for the financial year 2018-19 to both the above stock exchanges and there is no outstanding payment as on date.

i) Stock Code of Equity Shares

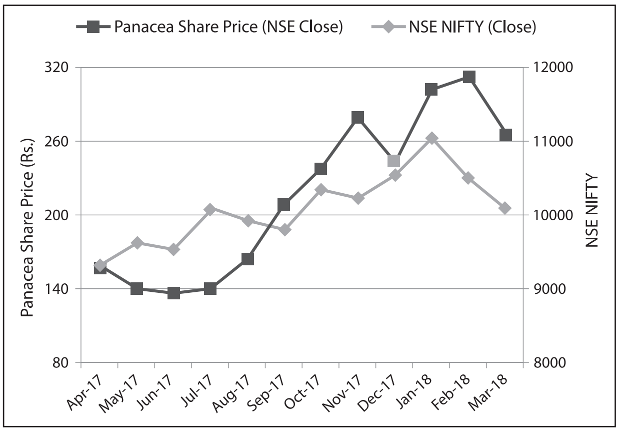
- Trade Symbol at NSE is PANACEABIO.
- Stock Code at BSE is 531349.
- ISIN No. for Dematerialization is INE922B01023.

j) Market Price data

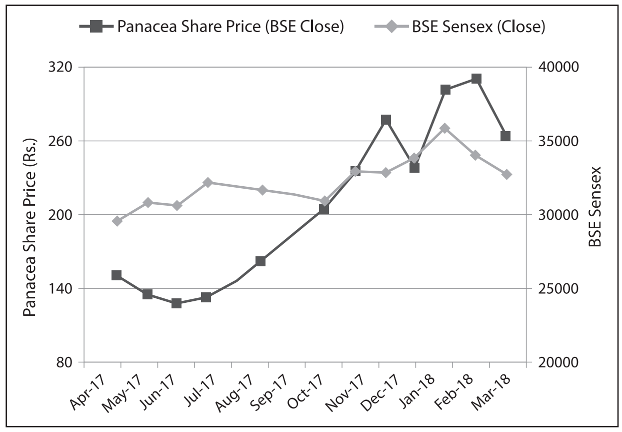
The Monthly High and Low prices of the shares of the Company at BSE and NSE during the year ended March 31, 2018 are as under:

Month	Share Price (Rs.) at BSE		Share Price (Rs.) at NSE	
	High	Low	High	Low
April, 2017	174.40	152.45	175.00	153.65
May, 2017	167.80	129.10	159.00	127.20
June, 2017	165.00	129.30	164.70	129.80
July, 2017	152.70	134.00	152.95	134.50
August, 2017	174.00	131.40	175.00	130.10
September, 2017	265.55	164.30	266.00	164.10
October, 2017	275.90	196.00	276.60	196.25
November, 2017	302.40	219.75	302.65	217.80
December, 2017	288.65	216.35	288.00	215.55
January, 2018	343.00	231.00	343.70	230.60
February, 2018	364.00	254.00	364.35	260.00
March, 2018	315.00	258.20	315.00	261.00

Share Performance of the Company in comparison to NSE Nifty



Share Performance of the Company in comparison to BSE Sensex



k) Share Price Performance in comparison to broad based indices - BSE Sensex & NSE NIFTY as on March 31, 2018

Particulars	March 31, 2017	March 31, 2018	Changes in %
Panacea Biotec's Share Price (closing) at BSE	160.70	267.10	66.21
BSE Sensex Closing Price	29,620.50	32,968.68	11.30
Panacea Biotec's Share Price (closing) at NSE	161.30	267.15	65.62
NIFTY Closing Price	9,173.75	10,113.70	10.25

l) Registrar and Transfer Agent

Skyline Financial Services Pvt. Ltd. is acting as Registrar & Transfer Agent ("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 directly 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.

m) Share Transfer System

The authority for transfer, transmission, transposition and dematerialisation of the Company's shares 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 such matters and redressal of Investors' grievance, etc., if any. The requests received by the Company/ RTA for registration of transfers, transmission, transposition and dematerialisation 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 Regulation 40(9) of SEBI LODR Regulations, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

n) Nomination Facility

Pursuant to Section 72 of the Act, members are entitled to make a nomination in respect of shares held by them. The members holding shares in physical form and desirous of making a nomination are

Report on Corporate Governance

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 the Company's website at https://www.panacea-biotec.com or may write to the RTA of the Company. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

o) Share Certificates in respect of sub-divided Shares

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

Members may kindly note that consequent to the sub-division of shares of the Company from Rs.10 to Re.1, the share certificates of the face value of Rs.10 have ceased to be valid for any purpose whatsoever.

Hence, all the shareholders who have not yet sent their request for exchange of share certificates are requested to immediately forward their old share certificate(s) 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.

p) 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.

q) Reconciliation of Share Capital Audit

A Practicing Company Secretary carries out reconciliation of share capital audit in each quarter to reconcile the total admitted capital with 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 equity shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Audit Report for each quarter of the Financial Year 2017-18, has been filed with Stock Exchanges within one month of the end of the respective quarter.

r) Distribution of Shareholding as on March 31, 2018

i) Equity Shares:

Category (Amount) From - To	Shareholders		Equity Shares held	
	Number	% of total no. of Shareholders	Number	% of Shareholding
Upto 2,500	10,207	96.96	21,94,750	3.58
2,501-5,000	159	1.51	5,98,829	0.98
5,001-10,000	64	0.61	4,66,503	0.76
10,001-20,000	31	0.29	4,36,989	0.73
20,001-30,000	12	0.12	3,10,577	0.56
30,001-40,000	9	0.08	3,12,225	0.45
40,001-50,000	5	0.05	2,34,448	0.38
50,001-1,00,000	10	0.09	7,76,494	1.26
1,00,001 and above	30	0.29	5,59,19,931	91.30
Total	10,527	100.00	6,12,50,746	100.00

ii) Preference Shares:

Category (Amount) From - To	Shareholders		Preference Shares held	
	Number	% of total no. of Shareholders	Number	% of Shareholding
1,00,001 and above	3	100.00	1,63,00,000	100.00
Total	3	100.00	1,63,00,000	100.00

s) Pattern of Shareholding as on March 31, 2018

i) Equity Shares:

S. No.	Category	No. of Shares	%
1.	Promoters and Promoter Group	4,53,70,684	74.07
2.	Institutional Investors (FIIs, Banks & Mutual Funds)	74,283	0.12
3.	NRIs / OCB / Foreign Corporate Bodies/ Foreign Portfolio Investors	3,43,579	0.56
4.	Domestic Companies	81,20,522	13.26
5.	Indian Public/ Trust/ PMS/ Others	73,41,678	11.99
	Total	6,12,50,746	100.00

ii) Preference Shares:

S. No.	Category	No. of Shares	%
1	Promoters and Promoter Group	1,63,00,000	100.00
	Total	1,63,00,000	100.00

t) Share Dematerialization 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.

u) 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 March 31, 2018, 99.45% of the Company's total Equity Share Capital representing 6,09,17,985 Equity Shares were held in dematerialized form and only 3,32,761 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 NSE and the BSE.

v) Disclosure of commodity price risks and commodity hedging activities

The Company's finished goods i.e. vaccines & pharmaceutical formulations are normally not prone to commodity price risk. They are, in fact, subject to risk of the Government's intervention in domestic market and competitive scenario in international market. However, the Company's raw materials are subject to commodity price risks. The Company does not have any hedging activities for the same. The Company is a net foreign exchange earner and like the pharmaceutical sector, faces foreign currency fluctuation risk. Looking at the future long term trend, the Company keeps its position generally open.

w) Plant Locations

1. Pharmaceuticals Formulations and Oncology facilities at Village Malpur, Baddi, Dist. Solan, H.P.-173205, India
2. Vaccines Formulations facility at Village Malpur, Baddi, Dist. Solan, H.P.-173205, India
3. Bulk Vaccines facilities at Samalheri, Ambala-Chandigarh Highway, Lalru-140501, Dist. Mohali (S.A.S. Nagar), Punjab, India.

x) Address for correspondence

For transfer/ dematerialisation of shares, payment of dividend and any other query relating to shares	Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Indl. Area, Phase-I, New Delhi – 110 020, India. Phone : +91-11-40450193-97 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 : +91-11-41679070 E-mail : companysec@panaceabiotec.com investorgrievances@panaceabiotec.com Contact Person : Ms. Shikha Rastogi, Manager - Secretarial & Compliance
For query relating to financial matters	Mr. Devender Gupta - Chief Financial Officer & Head Information Technology 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. 2125, 41578011 (D) Fax : +91-11-41679066, 41679070 E-mail : devendergupta@panaceabiotec.com

Report on Corporate Governance

10. Other Disclosures:

a) Related Party Transactions

All transactions entered into with related parties as defined under the Act and Regulation 23 of the SEBI LODR Regulations during the financial year 2017-18 were in the ordinary course of business and on an arm's length basis.

The required statements / disclosures with respect to the related party transactions, if any, as prescribed in SEBI LODR Regulations, are placed before the Audit Committee on regular basis with appropriate disclosures and safeguards being implemented to isolate the conflict. Where required, external expert opinions are sought for Board consideration.

Further, 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. 41 of the Notes to the Financial Statements for the year ended March 31, 2018 forming part of the Annual Report.

In accordance with Regulation 23 of SEBI LODR Regulations, a policy relating to dealing with Related Party Transactions has been formulated by the Company and the policy has been uploaded on the website of the Company & can be accessed through the link: https://www.panacea-biotec.com/statutory-policies

b) Compliances by the Company

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

c) Vigil Mechanism

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting instances of illegal or unethical behavior. The Company has a Vigil Mechanism and has implemented a Vigil Mechanism/Whistle Blower Policy in the Company in pursuance of Regulation 22 of SEBI LODR Regulations and no personnel has been denied access to the Audit Committee of the Company. A copy of Vigil Mechanism/ Whistle Blower Policy is displayed on the website of the Company & can be accessed through the link: https://www.panacea-biotec.com/statutory-policies

d) Subsidiary Companies

All subsidiary companies are Board managed with their Board of Directors having the rights and obligations to manage such companies in the best interest of their stakeholders. In terms of Regulation 16(1)(c) of SEBI LODR Regulations, the Board of Directors has adopted a policy with regard to determination of material subsidiaries. The policy is displayed on the website of the Company & can be accessed through the link: https://www.panacea-biotec.com/statutory-policies.

As on March 31, 2018, Radhika Heights Limited was the 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 viz. Mr. R. L. Narasimhan and Mr. N. N. Khamitkar acted as directors on the Board of Radhika Heights Limited during the financial year 2017-18.

As on March 31, 2017, the Company held 88.8% of total equity stake in its subsidiary, NewRise Healthcare Pvt. Ltd. which was a material subsidiary of the Company. During April 2017, the Company acquired the remaining equity shares from the minority shareholders therein as per the existing shareholders agreement with them and subsequently sold the entire 100% equity stake to Narayana Hrudayalaya Ltd. for an enterprise value of Rs.1,800.0 million and consequently the said company ceased to be subsidiary of the company.

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

The minutes of Board meetings of Indian 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.

e) Disclosure of Accounting Treatment

The Company has prepared the financial statements for the year in compliance with the Indian Accounting Standards ('Ind-AS') notified by the Ministry of Corporate Affairs. The Significant Accounting Policies applied in preparation of the financial statements as per Ind-AS have been set out in the Notes to financial statements.

f) Risk Management

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

11. Compliance with mandatory requirements and adoption of non-mandatory requirements

a) Mandatory requirements

The Company has complied with all mandatory requirements of the SEBI LODR Regulations with regard to corporate governance.

M/s. R & D Company Secretaries, have certified that the Company has complied with the mandatory requirements of corporate governance as stipulated under Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C, D & E of Schedule V of the SEBI LODR Regulations for the financial year ended March 31, 2018.

b) Non-mandatory requirements

The status on the compliance with the non-mandatory recommendations/discretionary requirements as specified in Part E of Schedule II to the SEBI LODR Regulations is as under:

i) Shareholders' rights: The quarterly/ half-yearly financial results, after they are approved by the Board of Directors, are sent forthwith to the NSE and BSE, published in the newspapers as mentioned under the heading "Means of Communication" at Sl. No. 8 above and also displayed on the Company's website viz. https://www.panacea-biotec.com. They are also uploaded electronically on the website of NSE & BSE viz. NSE electronic application processing system (NEAPS) and BSE Corporate Announcement, Compliance & Listing Centre, respectively. The results are not separately circulated to the shareholders.

ii) Separate posts of Chairman and CEO: The Company has appointed separate persons to the posts of Chairman and the Managing Director.

iii) Reporting of Internal Auditors: The Internal auditors of the Company report directly to the Audit Committee.

iv) Prohibition of Insider Trading: The Company has instituted a comprehensive Code of Conduct for its management, staff and relevant business associates, in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 which is available on the website of the Company viz. https://www.panacea-biotec.com. 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.

12. Disclosure of the compliance with corporate governance requirements as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI LODR Regulations:

Sl. No.	Regulation No.	Particulars	Compliance Status (Yes or No)
1.	17	Board of Directors	Yes
2.	18	Audit Committee	Yes
3.	19	Nomination and Remuneration Committee	Yes
4.	20	Stakeholders Relationship Committee	Yes
5.	21	Risk Management Committee	N.A.
6.	22	Vigil Mechanism	Yes
7.	23	Related Party Transactions	Yes
8.	24	Corporate Governance requirements with respect to subsidiaries	Yes
9.	25	Obligations with respect to Independent Directors	Yes
10.	26	Obligations with respect to Directors and Senior Management	Yes
11.	27	Other Corporate Governance requirements	Yes
12.	46(2)(b) to (i)	Website	Yes

13. CEO/CFO Certification

The Managing Director and Chief Financial Officer & Head Information Technology have certified, in terms of Part B of Schedule II of the SEBI LODR Regulations, to the Board that the Financial Statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards. The said certification of the Financial Statements and the Cash Flow Statement for the financial year 2017-18 is enclosed as **Annexure - II** to this Report.

For Panacea Biotec Limited

Place : New Delhi
Dated : August 14, 2018

Soshil Kumar Jain
Chairman

Annexure to the Report on Corporate Governance

Annexure - I

Declaration on Code of Conduct

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 financial year ended March 31, 2018.

For Panacea Biotec Limited

Place : New Delhi
Dated : August 14, 2018

Dr. Rajesh Jain
Managing Director

Annexure - II

Certificate from Managing Director & Chief Financial Officer

[Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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 financial year ended March 31, 2018 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; and
   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 for financial reporting and 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 such 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, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii) there has not been any instance, during the year, of significant fraud of which we had 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 Limited

Place : New Delhi
Dated : August 14, 2018

Devender Gupta
Chief Financial Officer &
Head Information Technology

Dr. Rajesh Jain
Managing Director

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

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, 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of 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 SEBI LODR Regulations during the year ended on 31st March, 2018.

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
Partner
Membership No. FCS 7775
C.O.P. No. - 8612

Place : New Delhi
Dated : August 14, 2018

Independent Auditors' Report

To the Members of Panacea Biotec Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Panacea Biotec Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on these standalone financial statements.

Basis for Qualified Opinion

8. As explained in Note 53 to the statement, the Company's total borrowings as at 31 March 2018 includes balances payable to various lenders amounting to Rs. 7,315.4 million which are currently recorded based on revised terms agreed with the said lenders as part of Corporate Debt Restructuring ("CDR") scheme, and are reconciled with all lenders except in case of one lender as explained in the said Note. Subsequent to the year end, the lenders have informed the Company that they are considering CDR package as failed CDR and exit from CDR, consequent to which we are unable to comment upon the impact, if any, on the carrying values of borrowings and its related classification as at 31 March 2018 and the interest expense (including penal interest, if any) for the year then ended.

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter(s) described in the Basis for Qualified Opinion paragraph, the aforesaid standalone 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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Material Uncertainty Related to Going Concern

10. We draw attention to Note 52 to the standalone financial statements which indicates that the Company has incurred a net loss (before exceptional items) of Rs. 718.76 million during the year ended 31 March 2018 and as of that date, the Company's current liabilities exceeded its current assets by Rs. 3,316.16 million. The Company has defaulted in repayment of borrowings from banks/ financial institutions and is in the process of complying with the conditions of Corporate Debt Restructuring. These factors along with other matters as set forth in aforesaid note and paragraph 8 above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, management has explained that the Company is in the process of discussions with potential investors for providing funds to the Company. Basis this and other factors mentioned in the aforesaid note 52 to the financial statements, management is of the view that going concern basis of accounting is appropriate. Our opinion is not modified in respect of this matter.

Independent Auditors' Report

Emphasis of Matters

11. We draw attention to the following notes to the standalone financial statements:
    a. Note 56 to the standalone financial statements regarding capital advances amounting to Rs.176.80 million given to a real estate developer for acquiring certain immovable properties in Dubai where the Company has initiated legal recourse; and
    b. Note 51 to the standalone financial statements regarding payment of managerial remuneration for the financial years ended March 31, 2018, 2017, 2016, 2014 and 2013, which is in excess of the limits specified by the relevant provisions of the Companies Act, 2013 / the Companies Act, 1956 by Rs. 116.38 million for the said years. The Company's applications to the Central Government seeking approval for payment of such excess remuneration have not been approved and consequently the Company is required to recover the excess amount thus paid for the said years. The Company has recorded an amount of Rs. 116.38 million as recoverable from the directors towards such excess remuneration paid. The Company has submitted new applications to the Central Government for waiver of recovery of excess remuneration paid and is also in the process of completing the related procedural formalities.

    Pending the ultimate outcome of the aforesaid matters which is presently unascertainable, no adjustments have been made in the books of accounts. Our opinion is not qualified in respect of these matters.

Other Matter

12. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 30 May 2017 and 27 May 2016 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
14. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
    a) we have sought and 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 it appears from our examination of those books;
    c) the standalone financial statements dealt with by this report are in agreement with the books of account;
    d) except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
    e) the matters described in paragraph 8 and 10 above under the Basis for Qualified Opinion/Material Uncertainty relating to Going Concern paragraph, in our opinion, may have an adverse effect on the functioning of the Company;
    f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
    g) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 30 May 2018 as per Annexure B expressed an unqualified opinion; and
    h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
        i. the Company, as detailed in Note 38 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajesh Jain
Partner
Membership No.: 081203

Place : New Delhi
Date : May 30, 2018

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

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

b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi) 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 sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii) a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months:

Name of the statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Income Tax Act, 1961	Demand u/s 154/250/153A/ 143(3) of Income Tax Act, 1961	14.5	Assessment Year 2011-12	April, 21 2016	Not yet paid	The Company intends to settle the demand with refund of other years.

b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in million)	Amount paid under Protest (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance in respect of certain purchases and expense items	162.2	-	Assessment Year 2005-06	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Disallowance in respect of certain purchases and expense items	3,300.7	-	Assessment Year 2006-07 to 2009-10	Income Tax Appellate Tribunal (ITAT)
The Finance Act, 1994	Demand raised for service tax by Assessing Officer	72.6	9.8	Financial Year 2003-04 to 2011-12	Custom Excise & Service Tax Appellate Tribunal
Customs Act, 1962	Duty levied on exempted goods	4.0	4.0	Financial Year 2001-02	Custom Excise & Service Tax Appellate Tribunal

Annexure To the Auditors' Report

viii) There are no loans or borrowings payable to financial institutions or government and no dues payable to debenture-holders. The Company has defaulted in repayment of loans/borrowings to the following banks:

Name of the bank	Amount of default as on 31 March 2018 (Rs. in million)	Period of default
Bank of India- Foreign Currency Loan	543.17	Not yet paid

ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

xi) The Company has provided and paid managerial remuneration which is not in accordance with the requisite approval mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

Further, as mentioned in Note 51 to the standalone financial statements, the Company has paid managerial remuneration, which is not in accordance with the requisite threshold mandated by the provisions of Companies Act 2013/erstwhile 1956 for the relevant years ended March 31, 2018, 2017, 2016, 2014 and 2013:

The details are as follows:

S. No	Payment made to	Amount Paid/ provided in excess of limits prescribed (Rs. in million)	Amount due for recovery as at 31 March 2018 (Rs. in million)	Steps taken to secure the recovery of the amount	Remarks (if any)#
1.	Managing/Joint Managing and Whole Time Director	14.3	14.3	Company has filed applications for waiver of recovery of excess remuneration paid	Remuneration pertains to year ended March 31, 2013
2.	Managing/Joint Managing and Whole Time Director	14.8	14.8	Company has filed applications for waiver of recovery of excess remuneration paid	Remuneration pertains to year ended March 31, 2014
3.	Whole Time Director	2.6	2.6	Company has filed representation for approval of remuneration	Remuneration pertains to year ended March 31, 2016
4.	Managing/Joint Managing and Whole Time Director	43.0	43.0	Company has filed representation for approval of remuneration	Remuneration pertains to year ended March 31, 2017
5.	Managing/Joint Managing and Whole Time Director	41.6	41.6	Company has filed representation for approval of remuneration	Remuneration pertains to year ended March 31, 2018

The Company has recorded a receivable amounting to Rs. 116.3 million as recoverable from the relevant directors.

xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajesh Jain
Partner
Membership No.: 081203

Place : New Delhi
Date : May 30, 2018

Annexure B

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Panacea Biotec Limited ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajesh Jain
Partner
Membership No.: 081203

Place : New Delhi
Date : May 30, 2018

Balance Sheet

As at March 31, 2018

(Rs. in million)

	Note No.	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
a) Property, plant and equipment	2.1	8,865.60	9,360.78	9,809.58
b) Capital work-in-progress	2.2	47.57	59.77	86.48
c) Intangibles assets	2.3	43.68	59.37	113.92
d) Intangible assets under development	2.4	324.04	217.06	103.56
e) Financial assets				
i) Investments	3	3,448.77	3,448.77	3,448.77
ii) Loans	4	9.93	9.92	11.61
iii) Other financial assets	5	2.51	1.50	5.94
f) Deferred tax assets (net)	6	219.87	318.68	200.80
g) Income tax assets	7	14.41	9.87	73.09
h) Other non-current assets	8	222.00	238.05	217.09
Total non-current assets		13,198.38	13,723.77	14,070.84
Current assets				
a) Inventories	9	1,490.95	1,405.99	1,379.71
b) Financial assets				
i) Trade receivables	10	1,422.66	1,758.03	1,418.11
ii) Cash and cash equivalents	11	65.24	24.97	60.14
iii) Other bank balances	12	52.68	47.16	33.33
iv) Loans	13	149.87	103.22	29.94
v) Other financial assets	14	51.71	49.44	53.66
c) Other current assets	15	303.40	648.17	445.63
Total current assets		3,536.51	4,036.98	3,420.52
Assets held for sale	16	-	56.76	497.82
Total assets		16,734.89	17,817.51	17,989.18
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	17	61.25	61.25	61.25
b) Other equity	18	3,819.73	4,496.95	5,123.79
Total Equity		3,880.98	4,558.20	5,185.04
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	19	5,707.08	7,140.61	7,857.11
b) Provisions	20	251.24	171.96	141.74
c) Other non-current liabilities	21	42.92	47.69	47.07
Total non-current liabilities		6,001.24	7,360.26	8,045.92
Current liabilities				
a) Financial liabilities				
i) Borrowings	22	1,938.21	2,196.48	2,182.54
ii) Trade payables	23	2,418.38	2,267.52	1,745.44
iii) Others	24	2,278.27	1,213.68	623.68
b) Other current liabilities	25	149.88	206.83	192.80
c) Provisions	26	67.93	14.54	13.76
Total current liabilities		6,852.67	5,899.05	4,758.22
Total equity and liabilities		16,734.89	17,817.51	17,989.18
Summary of significant accounting policies	1			

The accompanying notes 1 to 59 are an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

For and on behalf of Board of Directors of Panacea Biotec Limited

Rajesh Jain
Partner
Membership No. 081203

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Date : May 30, 2018

Statement of Profit and Loss
For the Year ended March 31, 2018

(Rs. in million)

	Note No.	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Income			
Revenue from operations	27	5,799.31	5,440.25
Other income	28	176.16	536.64
Total income		5,975.47	5,976.89
Expenses			
Cost of raw and packing materials consumed	29	1,794.13	1,570.14
Purchases of stock in trade		183.49	216.17
Changes in inventories of finished goods, stock in trade and work-in-progress	30	(7.63)	(98.00)
Excise duty		33.67	139.38
Employee benefits expense	31	1,367.38	1,322.07
Finance costs	32	1,032.28	1,035.04
Depreciation and amortisation expense	33	570.48	661.47
Other expenses	34	1,614.02	1,595.64
Total expenses		6,587.82	6,441.91
Profit/(loss) before exceptional items and tax		(612.35)	(465.02)
Exceptional items	35	-	(375.41)
Profit/(loss) before tax		(612.35)	(840.43)
Tax expense			
Deferred tax	36	106.41	(113.82)
Total tax expense		106.41	(113.82)
Profit/(loss) for the year		(718.76)	(726.61)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit plans		(21.77)	(11.74)
Income tax on above		7.61	4.06
Total other comprehensive income (net of tax)		(14.16)	(7.68)
Total comprehensive income for the year		(732.92)	(734.29)
Earning per equity share of face value of Re. 1 each	37		
- Basic earning per equity share (in Rs.)		(11.74)	(11.86)
- Diluted earning per equity share (in Rs.)		(11.74)	(11.86)
Summary of significant accounting policies	1		

The accompanying notes 1 to 59 are an integral part of the financial statements.
This is the Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

For and on behalf of Board of Directors of Panacea Biotec Limited

Rajesh Jain
Partner
Membership No. 081203

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Managing Director
(DIN 00013053)

Place : New Delhi
Date : May 30, 2018

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Cash Flow Statement for the Year ended March 31, 2018

(Indirect Method)

(Rs. in million)

		For the year ended March 31, 2018	For the year ended March 31, 2017
A	Cash flow from operating activities		
	Profit/(loss) before tax	(612.35)	(840.43)
	Adjustment for		
	Depreciation and amortisation expense	570.48	661.47
	Finance costs	1,032.28	1,035.04
	Allowance for expected credit loss and doubtful advances	72.28	68.83
	Impairment of non-financial assets	1.68	3.24
	Interest income	(80.81)	(84.54)
	Loss on sale of export benefits	-	3.18
	Loss on sale of property, plant and equipment (net)	0.08	0.59
	Excess provisions written back	(44.97)	(293.29)
	Unrealized foreign exchange loss (net)	53.01	70.82
	Dividend income	(0.02)	(0.02)
	Fair value loss on assets held for sale	-	450.87
	Adjustment on restructuring of debt (refer note 53)	-	(75.46)
	Operating profit before working capital changes	991.66	1,000.30
	Changes in working capital		
	Inventories	(86.77)	(37.70)
	Trade receivables	246.94	(385.60)
	Other financial assets	(2.27)	1.23
	Loans	(46.66)	(71.59)
	Other assets	354.60	(227.46)
	Trade payables	177.73	546.93
	Other financial liabilities	38.91	112.85
	Other liabilities	(59.92)	16.92
	Provisions	110.90	19.25
	Cash flow from operating activities post working capital changes	1,725.12	975.13
	Income tax (paid)/refund (net)	(4.54)	63.22
	Net cash flow from operating activities (A)	1,720.58	1,038.35
B	Cash flow from investing activities		
	Purchase of property, plant and equipment and intangible assets (including capital work in progress, intangibles under development, capital advances and creditors for capital goods)	(150.06)	(237.69)
	Proceeds from sale of property, plant and equipment	0.13	2.05
	Interest received	73.65	75.18
	Dividend received	0.02	0.02
	Investment in shares of subsidiary	(79.73)	(9.81)
	Realisation on disposal of assets held for sale	136.49	-
	Investments in bank deposits having original maturity of more than three months	(7.80)	(8.98)
	Net cash used in investing activities (B)	(27.30)	(179.23)
C	Cash flow from financing activities		
	Proceeds from non-current borrowings	57.97	-
	Repayment of non-current borrowings	(348.15)	(164.79)
	Proceeds from current borrowings	40.00	800.10
	Repayment of current borrowings	(298.28)	(609.60)
	Interest paid	(1,088.22)	(936.33)
	Net cash used in financing activities (C)	(1,636.68)	(910.62)
Increase /(Decrease) in net cash and cash equivalents (A+B+C)		56.60	(51.50)
Cash and cash equivalents at the beginning of the year (see note 1 below)		8.64	60.14
Cash and cash equivalents at the end of the year (refer note 11)		65.24	8.64
Note 1			
Reconciliation of cash and cash equivalents as per the cash flow statement			
	Cash and cash equivalents as per above comprise of the following:		
	Cash and cash equivalents (refer note 11)	24.97	60.14
	Book overdrafts (refer note 24)	(16.33)	-
	Balances per statement of cash flows above	8.64	60.14
Summary of significant accounting policies	1		

The accompanying notes 1 to 59 are an integral part of the financial statements.
This is the Cash Flow Statement referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

For and on behalf of Board of Directors of Panacea Biotec Limited

Rajesh Jain
Partner
Membership No. 081203

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Date : May 30, 2018

Statement of Changes in Equity for the year ended March 31, 2018

A. Equity share capital

(Rs. in million)

Opening balance as at April 01, 2016	61.25
Change during the year	-
Closing balance as at March 31, 2017	61.25
Change during the year	-
Closing balance as at March 31, 2018	61.25

B. Other equity

(Rs. in million)

	Equity component of compound financial instruments	Reserves and surplus					Total
		Retained earnings	General reserve	Securities premium account	Capital redemption reserve	Foreign currency monetary item translation difference account	
Balance as at April 1, 2016	96.39	2,950.72	364.99	897.05	1,022.34	(207.70)	5,123.79
Profit/(Loss) for the year	-	(726.61)	-	-	-	-	(726.61)
Other comprehensive income for the year (net of tax)	-	(7.68)	-	-	-	-	(7.68)
Total comprehensive income for the year	-	(734.29)	-	-	-	-	(734.29)
Movement during the year	-	-	-	-	-	107.45	107.45
Balance as at March 31, 2017	96.39	2,216.43	364.99	897.05	1,022.34	(100.25)	4,496.95
Balance as at April 1, 2017	96.39	2,216.43	364.99	897.05	1,022.34	(100.25)	4,496.95
Profit/(Loss) for the year	-	(718.76)	-	-	-	-	(718.76)
Other comprehensive income for the year (net of tax)	-	(14.16)	-	-	-	-	(14.16)
Total comprehensive income for the year	-	(732.92)	-	-	-	-	(732.92)
Movement during the year	-	-	-	-	-	55.70	55.70
Balance as at March 31, 2018	96.39	1,483.51	364.99	897.05	1,022.34	(44.55)	3,819.73
Summary of significant accounting policies	1						

The accompanying notes 1 to 59 are an integral part of the financial statements.
This is the Statement of Changes in Equity referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Rajesh Jain
Partner
Membership No. 081203

Place : New Delhi
Date : May 30, 2018

For and on behalf of Board of Directors of Panacea Biotec Limited

Soshil Kumar Jain
Chairman

Rajesh Jain
Managing Director

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Summary of Significant Accounting Policies for the year ended March 31, 2018

1. Corporate information

Panacea Biotec Limited ("the Company") is a public company incorporated and domiciled in India. The Company's shares are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company is one of India's leading research based biotechnology companies engaged in the business of research, development, manufacture and marketing of branded pharmaceutical formulations and vaccines.

The Company has its registered place of business at Ambala-Chandigarh Highway Lalru-140501, Punjab, India.

1.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements are separate financial statement of the Company. The Company has also prepared consolidated financial statement for the year ended March 31, 2018 in accordance with Ind AS 110 which were also approved by the Board of Directors, along with these financial statements on May30, 2018. Revision to the financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities, as per provision of the Act.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Act , read together with paragraph 7 of the Companies (Accounts) Rules, 2014 which is considered as "Previous GAAP". The financial statements for the year ended March 31, 2018 are the first Ind AS financial statements of the Company. As per the principles of Ind AS 101, the transition date to Ind AS is April 01, 2016 and hence the comparatives for the previous year ended March 31, 2017 and balances as on April 01, 2016 have been restated as per the principles of Ind AS, wherever deemed necessary. Refer note 58 for understanding the transition from Previous GAAP to Ind AS and its effect on the Company's financial position and financial performance.

The financial results have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value :

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans – plan assets measured at fair value.

The significant accounting policies that are used in the preparation of these financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the financial statements.

1.2 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 Significant accounting policies

The significant accounting policies that are used in the preparation of these financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the financial statements.

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle*
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle*
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

*Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

b) Inventory

Inventories are valued as follows:

Raw material, components, stores and spares

Raw materials (including packing materials), components, stores and spares are valued at lower of cost or net realisable 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. Stores and spares having useful life of more than twelve months are capitalised as "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost or net realisable value. Cost includes raw material cost and a proportion of direct and indirect overheads up to estimated stage of completion. Cost is determined on a weighted average basis.

Traded goods

Traded goods are valued at lower of cost or net realisable 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 average basis.

Net realisable 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.

c) Property, plant and equipment

Recognition and initial measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the straight line method arrived on the basis of the useful life prescribed under Schedule II of the Act. The following useful life of assets has been determined by the Company:

Particulars	Useful life
Building – factory	30 years
Building – Non-factory	60 years
Plant and Equipment	15 years and 20 years
Furniture and fixtures	10 years
Vehicles	8 years
Office equipment	5 years
Computer equipment	3 years and 6 years

i) Leasehold land is amortised over the period of lease

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

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

d) Intangible assets

Recognition and initial measurement

Research and development costs

Expenditure on the research phase of projects is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Company can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it

Summary of Significant Accounting Policies for the year ended March 31, 2018

- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs

Other intangibles

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

Subsequent measurement (Amortisation and useful lives)

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date and any change in the same is accounted for prospectively. The following useful lives are applied:

Intangible assets	Amortisation period
Patents, trademarks and designs	7 years
Product development	5 Years
Technical know-how	5 years
Software	5 years
Websites	2 years

De-recognition

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

e) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. 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. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the statement of profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

f) Borrowing costs

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional and presentation currency

Foreign Currencies

Transactions and balances

Initial recognition : Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.

Subsequent measurement : Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss in the year in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.

All other exchange differences are charged to the statement of profit and loss.

h) Leases

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased Asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

i) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial results are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

j) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as GST, sales tax, value added tax, etc. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Summary of Significant Accounting Policies for the year ended March 31, 2018

The Company applies the revenue recognition criteria to each separately identifiable component of the Revenue transaction as set out below:

Sale of goods : Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with the goods nor effective control over the goods sold, it is probable that economic benefits will flow to the Company, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Revenue from services rendered is recognised in the statement of profit and loss over the period the underlying services are performed.

Dividend income : Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

Interest income : Interest income is recorded on accrual basis using the effective interest rate ("EIR") method.

Royalty income : Royalty is recognized on an accrual basis based on actual sale of product by the licensee and in accordance with the terms of the relevant agreement.

Research and license fees income : Research and license fees 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.

Export incentives : Export entitlements from government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

k) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

i) Financial assets carried at amortised cost – A financial instrument is measured at amortised cost if both the following conditions are met:
   - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
   - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. Investments in equity instruments of subsidiaries and joint ventures - Investments in equity instruments of subsidiaries and joint ventures are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

iii. Financial assets at fair value
   - Investments in equity instruments other than above –Investments in equity instruments which are held for trading are generally classified as at fair value through profit or loss ("FVTPL"). For all other equity instruments, the Company makes irrevocable choice upon initial recognition, on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income ("FVOCI") or fair value through profit or loss FVTPL.

     If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company transfers the cumulative gain or loss within equity. Dividends on such investments are recognised in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

     Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are subsequently measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 58 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected life time losses to be recognised from initial recognition of the receivables.

l) Investment in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of these investments, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

m) Post-employment and other employee benefits

Provident fund

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 an expense, when an employee renders the related service. The Company has no obligation other than the contribution payable to the Provided Fund. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the gratuity plan (administered through the Life Insurance Corporation of India), which is a defined benefit plan, is calculated by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

Compensated absences

Compensated absences, which are 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 treats compensated absences 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.

Other short-term benefits

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees

n) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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.

o) Taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the statement of profit and loss and presented as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognized to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity).

Summary of Significant Accounting Policies for the year ended March 31, 2018

p) Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the conditions.

Government grants related to the income are deferred and recognised in statement of profit and loss over the period necessary to match them with the cost that are intended to compensate and presented within other income.

Government grants related to property plant and equipment are included in the non-current liabilities as deferred income and are credited to profit and loss on a straight line basis over the expected life of the related assets and presented within other income.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Identification of segments

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Company's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Results of the operating segments are reviewed regularly by the Board of director (chairman and chief financial officer) which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Allocation of common costs

Common allocable costs are allocated to each segment accordingly to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial results of the Company as a whole.

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

s) Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties associated with the present obligation.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the balance sheet.

Any amount that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset up to the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised.

1.4 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

Significant management judgments

Research and developments costs - Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Provisions, contingent liabilities and contingent assets – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. In view of the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

Defined benefit obligation – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

1.5 Standard issued but not yet effective:

a. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force with effect from April 01, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not expected to be material.

b. Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers..

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the Ind AS 115 on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company is in the process of identifying the impact of adoption of Ind AS 115.

2.1 Property, plant and equipment

(Rs. in million)

Description	Freehold land	Leasehold land	Building	Plant and equipment	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
Gross carrying value									
As at April 1, 2016*	2,370.70	291.82	4,125.79	6,748.54	345.50	121.01	226.10	194.90	14,424.36
Additions	-	-	24.10	96.16	0.09	-	1.12	3.36	124.83
Disposals	-	-	-	2.66	1.66	10.52	2.77	2.82	20.43
As at March 31, 2017	2,370.70	291.82	4,149.89	6,842.04	343.93	110.49	224.45	195.44	14,528.76
Additions	-	-	1.31	52.49	0.37	-	0.37	1.85	56.39
Disposals	-	-	-	0.20	-	1.88	1.74	-	3.82
As at March 31, 2018	2,370.70	291.82	4,151.20	6,894.33	344.30	108.61	223.08	197.29	14,581.33
Accumulated depreciation									
As at April 1, 2016*	-	17.20	646.88	3,187.42	277.43	95.18	211.80	178.87	4,614.78
Charge for the year	-	4.04	97.30	397.06	15.95	6.95	1.77	3.48	526.55
Disposals	-	-	-	1.76	1.58	9.13	2.63	2.68	17.78
Exchange differences	-	-	4.15	39.00	1.02	-	0.26	-	44.43
As at March 31, 2017	-	21.24	748.33	3,621.72	292.82	93.00	211.20	179.67	5,167.98
Charge for the year	-	4.04	101.79	422.16	13.60	5.03	0.95	3.79	551.36
Disposals	-	-	-	0.14	-	1.74	1.73	-	3.61
As at March 31, 2018	-	25.28	850.12	4,043.74	306.42	96.29	210.42	183.46	5,715.73
Net block as at March 31, 2018	2,370.70	266.54	3,301.08	2,850.59	37.88	12.32	12.66	13.83	8,865.60
Net block as at March 31, 2017	2,370.70	270.58	3,401.56	3,220.32	51.11	17.49	13.25	15.77	9,360.78
Net block as at April 1, 2016*	2,370.70	274.62	3,478.91	3,561.12	68.07	25.83	14.30	16.03	9,809.58

* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the Previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

Notes : a) Plant and equipment includes plant and machinery amounting to Rs. 0.86 million (March 31, 2017: Rs.1.30 million; April 1, 2016: Rs. 2.00 million) (net block) lying with third parties.

b) Property, plant and equipment pledged as security : Refer note 42 for information on assets pledged as security by the Company.

c) Contractual commitments : Refer note 38(B) for information on contractual commitments related to property, plant and equipment.

Notes to the financial statements for the year ended March 31, 2018

2.2 Capital work-in-progress

(Rs. in million)

Description	Amount
As at April 1, 2016	86.48
Add: addition during the year	98.12
Less: capitalisation during the year	(124.83)
As at March 31, 2017	59.77
Add: addition during the year	44.19
Less: capitalisation during the year	(56.39)
As at March 31, 2018	47.57

Note :
i) The capital work-in-progress relates to construction and installation of property, plant and equipment.
ii) Refer note 42 for information on assets pledged as security by the Company.

2.3 Intangible assets

(Rs. in million)

Description	Patent, trademark and copyrights	Softwares	Websites	Product development	Total
Gross carrying value					
As at April 1, 2016*	74.10	233.96	9.20	487.70	804.96
Additions	0.21	2.82	-	32.91	35.94
As at March 31, 2017	74.31	236.78	9.20	520.61	840.90
Additions	-	1.19	-	2.24	3.43
As at March 31, 2018	74.31	237.97	9.20	522.85	844.33
Accumulated amortisation					
As at April 1, 2016*	66.91	209.53	9.20	405.40	691.04
Charge for the year	1.81	9.05	-	79.63	90.49
As at March 31, 2017	68.72	218.58	9.20	485.03	781.53
Charge for the year	1.14	7.76	-	10.22	19.12
As at March 31, 2018	69.86	226.34	9.20	495.25	800.65
Net block as at March 31, 2018	4.45	11.63	-	27.60	43.68
Net block as at March 31, 2017	5.59	18.20	-	35.58	59.37
Net block as at April 1, 2016*	7.19	24.43	-	82.30	113.92

* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated amortisation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.
Note :
Intangible assets pledged as security : Refer note 42 for information on assets pledged as security by the Company.

2.4 Intangible assets under development

(Rs. in million)

Description	Amount
As at April 1, 2016	103.56
Add: addition during the year	149.44
Less: capitalisation during the year	(35.94)
As at March 31, 2017	217.06
Add: addition during the year	110.41
Less: capitalisation during the year	(3.43)
As at March 31, 2018	324.04

Notes :
i) The intangible under development relates to product registration, patent, technical know-how and software.
ii) Refer note 42 for information on assets pledged as security by the Company.

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
3	**Investments (Non-current)**			
	Carried at cost:			
	Investments in equity instruments			
A	Investment in equity instruments of subsidiary companies (unquoted):			
a)	4,776,319 (March 31, 2017: 4,776,319; April 1, 2016: 4,776,319) equity shares of Re.1 each, fully paid up in Radhika Heights Limited	3,385.65	3,385.65	3,385.65
b)	1,000 (March 31, 2017: 1,000; April 1, 2016: 1,000) equity shares of USD 0.01 each, fully paid up in Rees Investments Limited	0.00	0.00	0.00
c)	6,000 (March 31, 2017: 6,000; April 1, 2016: 6,000) equity shares of CHF 100 each, fully paid up in Panacea Biotec (International) S.A. Switzerland	34.36	34.36	34.36
d)	419,767 (March 31, 2017: 419,767; April 1, 2016: 419,767) equity shares of Rs.10 each, fully paid in PanEra Biotec Private Limited (refer sub note (ii) below)	4.20	4.20	4.20
e)	90,000 (March 31, 2017: 90,000; April 1, 2016: 90,000) equity shares of Rs.10 each, fully paid up in Adveta Power Private Limited (refer sub note (ii) below)	0.90	0.90	0.90
		3,425.11	3,425.11	3,425.11
B	Investment in equity instruments of Joint venture company (unquoted):			
a)	2,295,910 (March 31, 2017: 2,295,910; April 1, 2016: 2,295,910) equity shares of Rs.10 each, fully paid up in Chiron Panacea Vaccines Private Limited (under liquidation)	22.96	22.96	22.96
		22.96	22.96	22.96
	Carried at fair value through profit and loss (Refer note 47):			
A	Investment in equity instruments of other entities (unquoted):			
a)	20,250 (March 31, 2017: 20,250; April 1, 2016: 20,250) equity shares of Rs.10 each fully paid up in Shivalik Solid Waste Management Limited	0.20	0.20	0.20
b)	50,000 (March 31, 2017: 50,000; April 1, 2016: 50,000) equity shares of Rs.10 each fully paid up in Mohali Green Environment Private Limited	0.50	0.50	0.50
		0.70	0.70	0.70
	Total investments	3,448.77	3,448.77	3,448.77
	Aggregate amount of quoted investments	-	-	-
	Aggregate market value of quoted investments	-	-	-
	Aggregate amount of unquoted investments	3,448.77	3,448.77	3,448.77
	Aggregate amount of impairment in value of investments	-	-	-
	Notes:			
	i) Investments in subsidiaries and joint venture are stated at cost using the exemption provided as per Ind AS 27 "Separate Financial Statements".			
	ii) Considered as subsidiary for the purpose of consolidation as per IND AS 110.			
4	**Loans (Non-current)**			
	Unsecured, considered good			
	Security deposits	9.93	9.92	11.61
	Unsecured, considered doubtful			
	Loans to related parties (refer sub note (i) and (ii) below)	289.10	264.81	734.82
		299.03	274.73	746.43
	Less : allowance for doubtful loans	(289.10)	(264.81)	(734.82)
	Total	9.93	9.92	11.61
	Notes:			
	i) Refer note 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.			
	ii) Refer note 41 for related party disclosure.			
5	**Other financial assets (non-current)**			
	Bank deposits with maturity of more than 12 months	2.51	1.50	5.94
	Total	2.51	1.50	5.94
	Notes:			
	i) Fixed deposits amounting to Rs. 2.51 million (March 31, 2017: Rs. 1.50 million; April 1, 2016: Rs. 5.94 million) are pledged with banks and various Government authorities for tender, bank guarantee, margin money etc.			
	ii) Refer note 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.			

Notes to the financial statements for the year ended March 31, 2018

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
6	**Deferred tax assets (net)**			
	Deferred tax liabilities arising on account of			
	Property, plant and equipment and intangible assets	1,762.80	1,951.65	1,879.37
	Capital expenditure on research and development	105.93	74.36	20.36
	Others	0.77	1.60	2.66
		1,869.50	2,027.61	1,902.39
	Deferred tax assets arising on account of			
	Expenditure allowed on payment basis	425.54	467.60	519.80
	Effect of unabsorbed business loss and depreciation	1,385.86	1,511.54	1,219.34
	Minimum alternative tax credit entitlement	219.87	318.68	343.38
	Others	58.10	48.47	20.67
		2,089.37	2,346.29	2,103.19
	Total	219.87	318.68	200.80
	Note: Refer note 36 for changes in deferred tax balances.			
7	**Income tax assets (net)**			
	Advance taxes	1,716.31	1,711.77	1,774.99
	Less: provision for taxes	(1,701.90)	(1,701.90)	(1,701.90)
	Total	14.41	9.87	73.09
8	**Other non-current assets**			
	Capital advances	180.33	184.87	185.59
	Balances with statutory authorities	40.28	49.16	24.49
	Prepaid expenses	1.39	4.02	7.01
	Total	222.00	238.05	217.09
9	**Inventories**			
	(lower of cost or net realisable value)			
	Raw materials (including packing materials)	721.15	659.08	703.78
	Finished goods	345.18	414.82	369.80
	Traded goods	77.95	69.91	52.72
	Work-in-progress	218.72	149.49	113.72
	Stores and spares	127.95	112.69	139.69
	Total	1,490.95	1,405.99	1,379.71
	Note:			
	i) Inventories includes stock in transit Rs. Nil (March 31, 2017: Rs. 1.39 million; April 1, 2016: Rs. 0.24 million)			
10	**Trade receivables**			
	Unsecured, considered good	1,462.69	1,795.60	1,448.19
	Unsecured, considered doubtful	21.79	52.75	83.63
		1,484.48	1,848.35	1,531.82
	Less: allowance for expected credit loss	(40.03)	(37.57)	(30.08)
	Less: allowance for doubtful debts	(21.79)	(52.75)	(83.63)
	Total	1,422.66	1,758.03	1,418.11
	Note:			
	i) Refer note 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.			
11	**Cash and cash equivalents**			
	Balances with banks			
	- in current accounts	64.35	24.65	51.19
	- in exchange earner foreign currency accounts	0.46	0.21	6.07
	Cash on hand	0.43	0.11	2.88
	Total	65.24	24.97	60.14

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
12	**Other bank balances**			
	Deposits with original maturity for more than 3 months but less than 12 months (refer sub note (i) below)	52.56	46.95	33.12
	Unpaid dividend accounts (refer sub note (ii) below)	0.12	0.21	0.21
	Total	52.68	47.16	33.33

Notes:

i) Fixed deposits amounting to Rs. 52.17 million (March 31, 2017; Rs. 45.80 million; April 1, 2016: Rs. 32.36 million) are pledged with banks and various Government authorities for tender, bank guarantee, margin money etc.

ii) Not available for use by the Company as these represent corresponding unpaid/unclaimed dividend liabilities.

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
13	**Loans (current)**			
	Unsecured, considered good			
	Security deposits	18.06	15.27	15.11
	Loan to employees (refer note 51)	131.81	87.95	14.83
	Unsecured, considered doubtful			
	Loans to related parties (refer note 41)	585.16	535.98	-
		735.03	639.20	29.94
	Less : allowance for doubtful loans (refer note 41)	(585.16)	(535.98)	-
	Total	149.87	103.22	29.94

Note:

i) Refer note 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
14	**Other financial assets (current)**			
	Unsecured, considered good			
	Insurance claim receivables	1.23	0.98	0.99
	Export benefits receivable	42.68	48.46	52.67
	Others	7.80	-	-
	Total	51.71	49.44	53.66

Note:

i) Refer note 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
15	**Other current assets**			
	Prepaid expenses	43.79	31.25	32.70
	Balances with statutory authorities	107.29	74.42	97.30
	Advance to suppliers			
	- considered good	152.32	542.50	315.63
	- considered doubtful	41.44	39.76	36.52
		344.84	687.93	482.15
	Less: allowance for doubtful advances	(41.44)	(39.76)	(36.52)
	Total	303.40	648.17	445.63

16 Assets held for sale

During the year ended March 31, 2016, the Board of Directors decided to dispose off the Company's investment in a subsidiary, namely NewRise Healthcare Private Limited to hive off the non-core operations. Consequently, the investment in the subsidiary was disclosed as 'Assets held for sale'. Further during April 2017, the Company acquired 942,980 equity shares from the minority shareholders of NewRise Healthcare Private Ltd., thereby making it a wholly owned subsidiary of the Company. Subsequently, the Company sold the entire 100% equity stake to Narayana Hrudayalaya Ltd. for an enterprise value of Rs. 1,800.00 million. The Company has incurred a loss of Rs. 450.87 million on such sale after settling all external liabilities and preferential payments. The Company had considered the net consideration realised in relation to aforesaid transaction as recoverable amount of investment as at March 31, 2017 and consequently recorded an impairment provision of Rs. 450.87 million which had been included in exceptional items in financial year 2016-17.

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Assets classified as held for sale			
Nil (March 31, 2017: 7,459,516; April 1, 2016: 7,343,516) equity shares of Rs. 10 each fully paid in NewRise Healthcare Private Limited	-	56.76	497.82
Total	-	56.76	497.82
Non-recurring fair value measurements			
Assets classified as held for sale as at March 31, 2017 and April 01, 2016 were measured at the lower of its carrying amount and fair value less costs to sell.			

Notes to the financial statements for the year ended March 31, 2018

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
17	**Share capital**			
a)	Authorised			
i)	125,000,000 (March 31, 2017: 125,000,000; April 1, 2016: 125,000,000) Equity shares of Re.1 each	125.00	125.00	125.00
ii)	110,000,000 (March 31, 2017: 110,000,000; April 1, 2016: 110,000,000) Preference Shares of Rs.10 each	1,100.00	1,100.00	1,100.00
		1,225.00	1,225.00	1,225.00
b)	Issued, subscribed and fully paid up			
	61,250,746 (March 31, 2017: 61,250,746 ; April 1, 2016: 61,250,746) Equity Shares of Re.1 each	61.25	61.25	61.25
	Total	61.25	61.25	61.25

c) 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 Board of Directors has not proposed 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 including preference shares. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

d) Reconciliation of number of equity shares	**As at March 31, 2018**		As at March 31, 2017		As at April 1, 2016	
	No of shares	Rs. in million	No of shares	Rs. in million	No of shares	Rs. in million
Equity shares at the beginning of the year	61,250,746	61.25	61,250,746	61.25	61,250,746	61.25
Changes during the year	-	-	-	-	-	-
Equity shares at the end of the year	61,250,746	61.25	61,250,746	61.25	61,250,746	61.25

e) Details of shareholders holding more than 5% of equity shares in the Company

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No of shares	% holding	No of shares	% holding	No of shares	% holding
Mr. Soshil Kumar Jain	5,000,000	8.16%	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%	6,213,500	10.14%
Mr. Sandeep Jain	4,792,100	7.82%	4,792,100	7.82%	4,792,100	7.82%
Mrs. Sunanda Jain	6,647,300	10.85%	935,000	1.53%	635,000	1.04%
Ravinder Jain (HUF)	4,135,000	6.75%	4,135,000	6.75%	4,135,000	6.75%
Rajesh Jain (HUF)	4,046,617	6.61%	4,368,500	7.13%	4,368,500	7.13%
Sandeep Jain (HUF)	4,105,000	6.70%	4,105,000	6.70%	4,105,000	6.70%
Serum Institute of India Ltd	5,774,732	9.43%	8,932,632	14.58%	8,932,632	14.58%
Adar Cyrus Poonawala	3,157,900	5.16%	-	-	-	-

The above information has been furnished as per the shareholders' detail available with the Company at the year end.

f) Terms attached to 0.5% cumulative non-convertible and non-participating redeemable preference shares:
The Company has only one class of preference shares having a par value of Rs.10 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 Board of Directors has not proposed any dividend for current year and previous year.
The preference shares have been issued for a period of 10 years with an option with the Company as well as preference shareholders for early redemption of preference shares, provided CDR debts (refer note 19A) are fully serviced and the Company comes out from the purview of CDR system. In the event of liquidation of the Company, the holders of preference shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in preference to the equity shareholders. The distribution will be in proportion to the number of preference shares held by the preference shareholders.

g) Reconciliation of 0.5% cumulative non-convertible and non-participating redeemable preference shares outstanding at the beginning and at the end of the reporting financial year:

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No of shares	Rs. in million	No of shares	Rs. in million	No of shares	Rs. in million
Preference shares at the beginning of the year	16,300,000	163.00	16,300,000	163.00	16,300,000	163.00
Changes during the year	-	-	-	-	-	-
Preference shares at the end of the year	16,300,000	163.00	16,300,000	163.00	16,300,000	163.00

h) No equity/preference shares have been bought back or bonus share and shares have been issued for consideration other than cash during the period of five years immediately preceding the reporting date except for issue of preference shares by conversion of loan in financial year 2014-15 amounting to Rs.163,000,000.

i) Detail of preference shareholders holding more than 5% of 0.5% cumulative non-convertible and non-participating redeemable preference share capital:

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No of shares	% holding	No of shares	% holding	No of shares	% holding
Mr. Soshil Kumar Jain	6,570,000	40.31%	6,570,000	40.31%	6,570,000	40.31%
Dr. Rajesh Jain	6,570,000	40.31%	6,570,000	40.31%	6,570,000	40.31%
Mr. Sandeep Jain	3,160,000	19.38%	3,160,000	19.38%	3,160,000	19.38%

The above information has been furnished as per the shareholders detail available with the Company at the year end.

(Rs. in million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
18 Other equity*			
Equity component of compound financial instruments (refer note 17 (f), (g) and (h))	96.39	96.39	96.39
Reserves and surplus			
Retained earnings	1,483.51	2,216.43	2,950.72
General reserve	364.99	364.99	364.99
Securities premium account	897.05	897.05	897.05
Capital redemption reserve	1,022.34	1,022.34	1,022.34
Foreign currency monetary item translation difference account	(44.55)	(100.25)	(207.70)
Total	3,819.73	4,496.95	5,123.79
* For changes in balances of reserves, refer to Statement of Changes in Equity			

Nature and purpose of other reserves

Equity component of compound financial instrument : Redeemable preference shares issued by the company have been classified as borrowings and recognized at amortised cost on transition date as against part of equity as per Previous GAAP. The difference on the transition date has been recognised as a separate component in other equity. Interest charge at effective interest rate on such instruments has been recognised as finance cost in subsequent periods.

General reserve : The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the provisions of the erstwhile Companies Act, 1956. Mandatory transfer to general reserve is not required under the Act.

Securities premium reserve : represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Capital redemption reserve : created in accordance with provisions of the Act for the buy back of equity shares from the market.

Foreign currency monetary item translation difference account : Exchange difference arising on long term foreign currency monetary items related to foreign currency term loan.

Other comprehensive income : The Company has recognised remeasurements benefits on defined benefits plans through other comprehensive income.

(Rs. in million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
19 Borrowings (non-current)			
Term loans from banks (secured)			
Foreign currency loans			
Foreign currency term loans from banks (refer sub note A, B and E below)			
Bank of India	1,627.27	1,616.88	1,648.80
Rupee loans			
Term loan from banks (refer sub note A and B below)			
Indian Overseas Bank	915.00	962.50	987.89
State Bank of India [loan - I]	1,400.07	1,476.09	1,512.09
State Bank of India [loan - II]	704.70	743.21	761.51
Working capital term loan (refer sub note A and B below)			
Axis Bank	4.39	4.58	4.73
Bank of India	54.31	56.56	57.70
Canara Bank	33.41	35.13	36.26
IDBI Bank	15.76	16.45	17.04
Indian Overseas Bank	41.59	43.84	45.59
State Bank of India	523.19	550.36	563.22
Union Bank of India	40.72	42.83	44.17
Funded interest term loan (refer sub note A and B below)			
Axis Bank	3.02	3.15	3.24
Bank of India	134.68	141.93	145.66
Canara Bank	20.29	21.35	22.02
IDBI Bank	10.82	11.30	11.72
Indian Overseas Bank	225.33	237.08	247.22
State Bank of India	622.51	658.34	675.52
Union Bank of India	24.46	25.83	26.49
Rupee Term loans from others			
Biotechnology Industrial Research Assistance Council ("BIRAC") (secured) (refer sub note C (1) and (2) below)	61.00	85.00	85.00
Department of Science & Technology ("DST") (unsecured) (refer sub note C (3) below)	8.00	10.00	12.00
Edelweiss Assets Reconstruction Co. Ltd [loan - I] (secured) (refer sub note A (5) below)	1,005.76	1,059.08	1,084.34
Edelweiss Assets Reconstruction Co. Ltd [loan - II] (secured) (refer sub note A (6) below)	129.80	136.80	-
Technology Development Board ("TDB") (secured) (refer sub note C (4) below)	57.98	5.56	8.33

Notes to the financial statements for the year ended March 31, 2018

(Rs. in million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
Liability component of compound financial instruments			
16,300,000 (March 31, 2017: 16,300,000; April 1, 2016: 16,300,000) 0.5% cumulative non convertible and non participating redeemable preference shares of Rs.10 each (refer note D below)	94.60	84.87	76.14
	7,758.66	8,028.72	8,076.68
Less: current maturities of non-current borrowings (disclosed under note 24 - other current financial liabilities)	(2,051.58)	(888.11)	(219.57)
Total	5,707.08	7,140.61	7,857.11

Notes:

Rate of interest - The Company's long term borrowings are at an effective weighted average rate of 11% (March 31, 2017: 11%) (April 01, 2016: 11%) per annum.

A. Loans under Corporate Debt Restructuring (CDR) (refer note 53)

1. All the long-term loans and sustainable working capital borrowings from the banks have been restructured under the CDR package approved by the Corporate Debt Restructuring Empowered Group (CDR- EG) on September 24, 2014, except foreign currency term loan from Bank of India.
2. The Company has executed Master Restructuring Agreement (MRA)/other definitive documents with all lender banks, except state bank of Travancore ("SBT"), On December 27, 2014 with cut off date of October 01, 2013. Under the CDR package, the Company is entitled to reliefs and concessions granted by the banks, effective from the cut off date.
3. Key terms of restructuring of the long-term loans are as under:
   i. Tenure: Door to Door 10 Years.
   ii. Additional moratorium of 2 years and 2 months from Cut Off Date.
   iii. Repayment of loans: 32 structured quarterly instalments starting from quarter ended December 2015 till quarter ending September 2023. However, first instalment was payable on November 30, 2015 instead of December 31, 2015.
   iv. Interest rate: 11% p.a. (floating), linked to base rates of respective Lenders from October 1, 2013 to September 30, 2018, thereafter rate of interest will increase to 13% p.a. linked to base rate of respective lenders w.e.f. October 1, 2018.
   v. Interest obligations aggregating Rs.1,156.40 million on (i) restructured long-term loans and the foreign currency term loan from Bank of India for a period of 24 months from Cut Off Date; and (ii) sustainable working capital borrowings for a period of 12 months from Cut Off Date, were converted into Funded Interest Term Loan (FITL).
   vi. The dues aggregating to Rs.842.80 million in the working capital borrowings as on the Cut Off Date were converted into Working Capital Term Loan (WCTL).
4. The foreign currency term loan (ECB) from Bank of India of US$ 25.00 million is repayable in three equal yearly instalments commencing from financial year 2017-18 onwards (Refer note 46).
5. During financial year 2015-16, SBT had assigned all the rights, title and interest in the entire outstanding dues owed by the Company together with all the underlying securities and guarantees, comprising its Rupee term loan and sustainable working capital along with all accrued interest thereon, in favour of Edelweiss Asset Reconstruction Company Limited ("EARC"). These loans were part of CDR. EARC had restructured the entire outstanding of Rs.1,649.50 million for an aggregate principal amount of Rs.1,153.00 million (Refer note 52 and 53) . As a result of restructuring of repayment of interest and principal, total liability of Rs.1,899.94 million is repayable as per the following terms:
   i. Cut Off date January 01, 2016
   ii. Principal payment of Rs.30.50 million to be paid on or before January 31, 2016
   iii. Balance principal amount of Rs.1,122.50 million is repayable in 29 structured quarterly instalments commencing from the quarter ending March 31, 2016 till the quarter ending March 31, 2023
   iv. Interest rate shall be 11% p.a. up to September 30, 2018 and 13% p.a. thereafter up to March 31, 2023, payable on quarterly rests along with principal instalments
6. During financial year 2015-16, State Bank of Mysore ("SBM") had absolutely assigned all the rights, title and interests in financial assistance granted to the Company, with all the underlying rights, benefits and obligations in favour of EARC vide assignment agreement dated February 26, 2016 (Refer note 53). These loans were part of CDR. EARC had restructured the entire outstanding of Rs. 166.90 million for an aggregate principal amount of Rs. 140.00 million. As a result of restructuring of repayment of interest and principal, total liability of Rs. 223.30 million is repayable as per the following terms:
   i. Cut Off date February 26, 2016
   ii. Principal amount of Rs. 140.00 million is repayable in 28 structured quarterly instalments commencing from the quarter ending June 30, 2016 till the quarter ending March 31, 2023
   iii. Interest rate shall be 11% p.a., payable on quarterly rests along with principal instalments

B. Securities for the non-current loans and sustainable working capital borrowings:

1. The long-term borrowings, except rupee term loans from BIRAC, TDB and DST have been secured by way of:
   i) first pari-passu charge over entire fixed assets (both present and future) of the Company, by way of mortgage of the immovable properties and hypothecation of all movable fixed assets: and
   ii) second pari passu charge over entire current assets (both present and future) of the Company, by way of hypothecation and/or pledge of all current assets including all receivable, finished goods, raw materials, work in progress, consumable stores and spares, book debts and bills receivable.
2. The sustainable working capital facilities (fund based, non-fund based, buyer credits etc.) have been secured by way of
   i) first pari-passu charge over entire current assets (both present and future) of the Company, by way of hypothecation and/or pledge of all current assets including all receivable, finished goods, raw materials, work in progress, consumable stores and spares, book debts, bills receivable; and
   ii) second pari-passu charge over entire fixed assets (both present and future) of the Company, by way of mortgage of the immovable properties and hypothecation of all movable fixed assets.
3. The long-term borrowings and sustainable working capital facilities, restructured under the CDR package, have been additionally secured by personal guarantees and pledge of equity shares of the Company held by three promoter directors of the Company viz. Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Jain. The personal guarantee and pledge of equity shares of the Company held by Mr. Ravinder Jain and Mr. Sumit Jain are currently pending. In the mean time, Mr. Ravinder Jain has ceased to be promoter and director on February 21, 2018 due to his sad demise.
4. The long-term loans and working capital facilities from SBI and EARC (loan I) are additionally secured by way of mortgage of personal property of promoter directors, viz. Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Jain, situated at House No.18 (Middle and Rear Portions), Block No.56, East Park Road, Karol Bagh, New Delhi.
5. The details of immovable properties of the Company mortgaged in favour of SBI CAP Trustee Co. Ltd. (acting as trustee on behalf of the CDR Lenders) to

secure the long-term borrowings and sustainable working capital borrowings as mentioned above, are as under:

i. All parcels of lands admeasuring 96 Bighas 19 Biswas situated at Village Samelheri, Tehsil Derabassi, District S.A.S. Nagar (Mohali), Punjab;

ii. All parcels of land admeasuring 93 Bighas, 12 Biswas and 10 Biswasi situated at Village Samelheri, Tehsil Derabassi, District S.A.S. Nagar (Mohali), Punjab;

iii. All parcels of land admeasuring 26 Bighas 3 biswas comprised in various Khewat/Khatoni Numbers, situated at Village Manpura, Tehsil Baddi, District Solan, Himachal Pradesh;

iv. All parcels of land admeasuring 91 Bighas 1 Biswa, comprised in various Khewat/Khatoni Numbers situated at Village Malpur, Tehsil Baddi, District Solan, Himachal Pradesh;

v. All parcels of Land bearing Plot No. E-4, Phase-2, Area measuring 9435.66 Sq.Yds., situated at Industrial Area S.A.S. Nagar, District S.A.S. Nagar (Mohali), Punjab;

vi. Flat number 3, 4, 203 and 303 situated at Elite Heights Apartment, at municipal no. 6-3-1238/15/1 & 6-3-1238/16 survey no. 32/1, at Somajiguda, Hyderabad, Telangana;

vii. Industrial plot no. A-24, A-25 and A-27 having land measuring 718.92 sq yds each at Block B-1 Extension and Industrial plot no. E-12 having land measuring 1,372.52 sq yds at Block B-1, situated at Mohan Co-operative Industrial Estate, Mathura Road, New Delhi;

viii. Plot no.35 & 36 measuring 900 sq. yds. each at Silver City Main, Village Bishanpura, MC Zirakpur, Tehsil Dera Bassi, District SAS Nagar (Mohali), Punjab;

ix. 80 flats, i.e., 20 flats comprising in blocks: A-2 bearing no.101 to 104, 201 to 204, 301 to 304, 401 to 404 & 501 to 504 each having super area 1495 sqft and 60 flats in block B-10, B-11, B-12 bearing no.101 to 104, 201 to 204, 301 to 304, 401 to 404 & 501 to 504 each having super area 1161 sqft (30 flats) and super area 1186 sq ft (30 flats) in building built on land measuring 28 bigha 11 biswa in khewat khatoni no: 89/91 comprised in khasra no: 1747(4-12), khewat khatoni no: 168/194 khasra no: 1970/1746 (1-15), 1971/1746(3-0), 1748(9-0) khewat khatoni no: 339/333 khasra no: 1749 (4-11),1750(5-13), kitas 6, village Bhatoli Kalan, Hadbast no. 214, Pargna Dharampura, Tehsil Baddi, District Solan, H.P.

x. Flat no. 201 at Samarpan Complex, village Chakala, Taluka Andheri (East), Mumbai;

xi. Flat no. 401, 601 in A-wing and Flat no. 214 in C-wing situated at Progressive's Signature Tower, plot no: 53/54 sector-6, Ghansoli, Navi Mumbai;

xii. Residential premises no. 703, 704, 903, 904 and 1001 to 1004 in wing "B" of Sagar Heights Building F; and Commercial premises no. 707 to 712, 714 to 718, 808 to 812 and 814 to 818 in Sagar Tech Plaza- Building A, all situated at CTS no . 721/A, 721B, & 721/1 survey no: 14,15,2052, at village Mohili, Andheri Kurla Road, Andheri (East), Mumbai; and

xiii. Industrial plot no. Gen-72/3, land measuring 5518 sq. mts. in the Trans Thane Creek Industrial Area, Navi Mumbai.

C. Repayment terms and security of the loans outside the CDR Scheme:

1 Rupee term loan from BIRAC for H1N1 project, with amount outstanding of Rs. 49.00 million (March 31, 2017: Rs.70.00 million; April 1, 2016: Rs. 70.00 million), was rescheduled in the financial year 2015-16. It is repayable in ten equal half-yearly instalments commencing from March 31, 2017. This loan is secured by way of hypothecation of all equipment, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property (both present and future) of the Company by way of first charge on pari-passu basis.

2 Rupee term loan from BIRAC for Streptococcus project, with amount outstanding of Rs. 12.00 million (March 31, 2017: Rs. 15.00 million; April 1, 2016: Rs. 15.00 million), is repayable in ten equal half-yearly instalments commencing from May 29, 2017 and is secured by way of hypothecation of all equipment, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property (both present and future) of the Company by way of first charge on pari-passu basis.

3 The unsecured rupee term loan from DST of Rs. 8.00 million (March 31, 2017: Rs. 10.00 million; April 1, 2016: Rs. 12.00 million), is for specific project and is repayable in ten equal annual instalments commencing from September 2012.

4 Rupee term loan from TDB of Rs. 5.56 million as at March 31, 2017 (Rs. 8.33 million as at April 1, 2016), was for oncology project and has been repaid in full along with accrued interest on May 01, 2017. Rupee term loan from TDB of Rs. 57.98 million as at March 31, 2018 (March 31, 2017: Nil; April 1, 2016: Nil) is for Dengue vaccine project and is repayable in nine equal half-yearly instalments commencing from July 1, 2020 and is secured by way of first pari-passu charge (i) on the whole of the moveable properties of the Company including its movable plant and machinery, machinery spares, tools and accessories and other movables both present and future except book debts; and (ii) 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.

D. Liability component of compound financial instruments

i) The Company had issued 16,300,000 0.5% cumulative non-convertible and non-participating redeemable Preference shares of Rs. 10 each to the three promoters viz. Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Jain. The preference shares are presented in the balance sheet as follows:

(Rs. in million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Particulars			
Value of preference shares issued	163.00	163.00	163.00
Equity component of preference shares (refer sub note (i) below)	(96.39)	(96.39)	(96.39)
	66.61	66.61	66.61
Interest expense (refer sub note (ii) below)	9.73	8.74	9.53
Opening interest accrued	18.27	9.53	-
Non-current borrowings	94.61	84.88	76.14

Notes:

i) The equity component is the difference between fair value of liability component computed at the effective interest rate of 11% p.a. and the value of preference shares issued, which is presented as a separate component of equity under Statement of Changes in Equity.

ii) Interest expense is calculated by applying the effective interest rate of 11% p.a. to the liability component

Terms attached to 0.5% cumulative non convertible and non participating redeemable preference shares:

The preference shares have been issued for a period of 10 years with an option with the Company as well as preference shareholders for early redemption of preference shares, provided CDR debts are fully serviced and the Company comes out from the purview of CDR system. In the event of liquidation of the Company, the holders of preference shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in preference to the equity shareholders. The distribution will be in proportion to the number of preference shares held by the preference shareholders.

E. Refer note 46 for defaults of repayment of loans and interest thereon.

F. Refer note 42 for assets pledged under security.

Notes to the financial statements for the year ended March 31, 2018

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
20	**Non-current provisions**			
	Provision for gratuity	147.46	72.51	50.86
	Provision for compensated absences	103.78	99.45	90.88
	Total	251.24	171.96	141.74
	Note : Refer note 45 for disclosure of employee benefits			
21	**Other non-current liabilities**			
	Income received in advance	-	-	3.39
	Deferred government grant	42.92	47.69	43.68
	Total	42.92	47.69	47.07
22	**Borrowings (current)**			
	From banks (secured) (refer note 53)			
	Cash credits (refer sub note (ii) below)	1,405.56	1,443.52	1,383.90
	Buyers' credit from banks (refer sub note (ii) below)	-	211.33	243.58
	Others (unsecured)			
	Loan from related parties (refer sub note (iii) and (iv) below)	504.54	464.54	450.06
	Loan from bodies corporate (refer sub note (iv) below)	28.11	77.09	105.00
	Total	1,938.21	2,196.48	2,182.54

Note:

i) Rate of interest - The Company's current borrowings from banks are at an effective weighted average rate ranging from 9% to 11% (31 March 2016: 9% to 11%) (1 April 2015: 9% to 11%) per annum.

ii) The sustainable working capital facilities (fund based, non-fund based, buyer credits etc.) have been secured by way of:

a) first pari-passu charge over entire current assets (both present and future) of the Company, by way of hypothecation and/or pledge of all current assets including all receivable, finished goods, raw materials, work in progress, consumable stores and spares, book debts, bills receivable; and

b) second pari-passu charge over entire fixed assets (both present and future) of the Company, by way of mortgage of the immovable properties and hypothecation of all movable fixed assets.

iii) Refer note 41 for related party disclosure.

iv) Refer note 42 for assets pledged and security.

v) Refer note 46 for default in repayment and interest thereon.

vi) Refer note 47 for disclosure of fair value in respect of financial liabilities measured at amortised cost and note 48 for maturities of financial liabilities.

Cash credits from banks			
Axis Bank	20.23	20.56	11.12
Bank of India	252.95	267.97	255.00
Canara Bank	152.19	154.13	151.32
IDBI Bank	65.04	70.23	66.98
Indian Overseas Bank	196.97	201.65	176.08
State Bank of India	530.69	539.25	399.91
Union Bank of India	187.50	189.74	156.63
State Bank of Mysore	-	-	166.86
Buyers' credit from banks	-	211.33	243.58
Loan from related parties			
Radhika Heights Limited	289.36	289.36	289.36
Trinidhi Finance Private Limited	3.06	3.06	3.06
Mr. Ravinder Jain	-	12.73	12.73
Dr. Rajesh Jain	94.63	54.63	49.67
Mr. Soshil Kumar Jain	104.75	104.75	95.24
Mrs. Sunanda Jain	12.73	-	-
Loan from bodies corporate			
Ulterior Holdings Private Limited	28.11	28.11	30.00
Radicura Pharmaceuticals Private Limited	-	48.99	40.00
Tirupati Medicare Limited	-	-	35.00
Total	1,938.21	2,196.49	2,182.54

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
23	**Trade payables**			
	Due to:			
	- micro, small and medium enterprises (refer note 40)	34.71	32.10	20.00
	- others	2,383.67	2,235.42	1,725.44
	Total	2,418.38	2,267.52	1,745.44
24	**Other financial liabilities (current)**			
	Current maturities of long-term borrowings	2,051.58	888.11	219.57
	Interest accrued but not due on borrowings	19.97	9.55	8.06
	Interest accrued and due on borrowings	144.90	231.74	327.02
	Unclaimed dividend on equity shares (refer sub note (i) below)	0.12	0.21	0.21
	Deposit from trading agents	61.15	67.74	68.82
	Book overdraft	-	16.33	-
	Others	0.55	-	-
	Total	2,278.27	1,213.68	623.68
	Note:			
	i) Not due for deposit to the Investor Education and Protection Fund			
	ii) Refer note 47 for disclosure of fair value in respect of financial liabilities measured at amortised cost and note 48 for maturities of financial liabilities.			
	iii) Refer note 46 for default in repayment of borrowings and interest thereon.			
25	**Other current liabilities**			
	Advances from customers	103.40	107.75	124.13
	Income received in advance	0.76	0.76	3.61
	Deferred government grant	6.57	16.19	17.98
	Statutory liabilities	39.15	53.19	47.08
	Others	-	28.94	-
	Total	149.88	206.83	192.80
26	**Provisions (current)**			
	Provision for compensated absences	67.93	14.54	13.76
	Total	67.93	14.54	13.76

Notes to the financial statements for the year ended March 31, 2018

(Rs. in million)

		For the year ended March 31, 2018	For the year ended March 31, 2017
27	**Revenue from operations**		
	Sale of products (Gross)		
	Manufactured goods	5,160.36	4,698.54
	Traded goods	404.26	459.60
	Sale of services		
	Contract manufacturing	56.69	60.96
	Other operating revenue		
	Export benefits	64.59	74.27
	Scrap sale	3.05	3.93
	Royalty	-	35.11
	Research and license fees	110.36	107.84
	Total	5,799.31	5,440.25
28	**Other income**		
	Dividend income	0.02	0.02
	Interest income from:		
	Banks deposits	3.97	2.02
	Loans given to subsidiaries	73.47	65.97
	Others	3.37	16.55
	Others		
	Excess provisions written back	44.97	293.29
	Government grant income	13.12	13.30
	Lease rent	35.29	68.87
	Miscellaneous	1.95	76.62
	Total	176.16	536.64
29	**Cost of materials consumed**		
	Raw materials and packing materials		
	Opening stock	659.08	703.78
	Add : Purchases during the year	1,856.20	1,525.44
		2,515.28	2,229.22
	Less : Closing stock	721.15	659.08
	Total	1,794.13	1,570.14
30	**Changes in inventories of finished goods, stock in trade and work-in-progress**		
	Opening Stock		
	Finished goods	414.82	369.80
	Work-in-progress	149.49	113.72
	Traded goods	69.91	52.72
	Total	634.22	536.24
	Closing stock		
	Finished goods	345.18	414.82
	Work-in-progress	218.72	149.49
	Traded goods	77.95	69.91
	Total	641.85	634.22
	Changes in inventories ((Increase)/Decrease)		
	Finished goods	69.64	(45.02)
	Work-in-progress	(69.23)	(35.77)
	Traded goods	(8.04)	(17.21)
	Total	(7.63)	(98.00)
31	**Employee benefits expense**		
	Salary and wages	1,205.66	1,217.66
	Contribution to provident and other funds (refer note 45)	126.15	65.54
	Staff welfare expenses	35.57	38.87
	Total	1,367.38	1,322.07
32	**Finance costs**		
	Interest expense	991.17	996.62
	Exchange differences to the extent considered as an adjustment to borrowing cost	-	6.26
	Other borrowing costs	41.11	32.16
	Total	1,032.28	1,035.04

(Rs. in million)

		For the year ended March 31, 2018	For the year ended March 31, 2017
33	**Depreciation and amortisation expense**		
	Depreciation on tangible property, plant and equipment	551.36	570.98
	Amortisation of intangible assets	19.12	90.49
	Total	570.48	661.47
34	**Other expenses**		
	Analytical testing and trial	39.95	49.22
	Advertising and sales promotion	172.41	213.62
	Allowance for expected credit loss and doubtful advances	72.28	68.83
	Contract manufacturing	52.15	14.89
	Consumption of stores and spares	121.46	149.95
	Commission on sales	69.70	61.92
	Directors' sitting fees	1.68	1.20
	Freight and forwarding	118.70	91.85
	Insurance	43.66	40.24
	Impairment of non-financial assets	1.68	3.24
	Legal and professional (refer note sub (i) below)	104.07	77.37
	Loss on sale of export benefits	-	3.18
	Loss on sale of property, plant and equipment (net)	0.08	0.59
	Loss on foreign exchange transactions and translations (net)	60.22	81.64
	Power and fuel	325.65	280.80
	Printing and stationery	10.23	11.62
	Postage and communication	29.89	36.01
	Payment to auditors (refer sub note (ii) below)	5.36	6.07
	Provision for service tax receivable	23.84	-
	Repair and maintenance :		
	- Buildings	18.21	15.52
	- Plant and machinery	35.69	44.07
	- Others	33.21	46.38
	Rent	18.42	19.75
	Royalty	0.52	2.65
	Rates and taxes	52.69	49.19
	Staff training and recruitment	8.57	16.36
	Travelling and conveyance	88.99	102.74
	Vehicle running and maintenance	26.78	24.96
	Miscellaneous	77.93	81.78
	Total	1,614.02	1,595.64
	Note:		
	i) Legal and professional expenses includes following:		
	- Tax audit fee	0.20	0.20
	- Cost audit fee	0.10	0.10
	- Secretarial audit fee	0.15	0.20
	ii) Payment to auditors*		
	As auditor		
	- Audit fee	2.60	2.60
	- Limited review fee	2.40	2.40
	In other capacity		
	- Certification and other matters	0.19	0.32
	- Reimbursement of out of pocket expenses	0.17	0.35
	Total	5.36	5.67
	*Excludes service tax / goods and service tax		
35	**Exceptional items**		
	Fair value loss on assets held for sale (refer note 16)	-	(450.87)
	Adjustment on restructuring of debt (refer note 53)	-	75.46
	Total	-	(375.41)

Notes to the financial statements for the year ended March 31, 2018

(Rs. in million)

	For the year ended March 31, 2018	For the year ended March 31, 2017
36 Income tax		
The income tax expense consists of the following :		
Deferred tax		
Minimum alternative tax (MAT) credit adjustment/(entitlement)	98.81	24.70
Deferred tax expense/(credit)	7.61	(138.52)
Total income tax	106.41	(113.82)
The reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:		
Profit/(loss) before income taxes	(612.35)	(840.43)
At Company's statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	(211.92)	(290.86)
Adjustments in respect of current income tax		
Deferred tax not created on unused losses	221.59	152.34
Change in enacted and substantively enacted tax rate	(2.06)	-
Minimum alternative tax (MAT) credit adjustments	98.81	24.70
Total	106.41	(113.82)

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follow:

	Opening balance	Recognised/ reversed through profit and loss	Recognised/ reversed through other comprehensive income	Closing balance
Deferred tax assets/liabilities in relation to :				
Deferred tax liabilities arising out of:				
Property, plant and equipment and intangible assets	1,951.65	(188.85)	-	1,762.80
Capital expenditure on research and development	74.36	31.57	-	105.93
Others	1.60	(0.83)	-	0.77
	2,027.61	(158.11)	-	1,869.50
Deferred tax assets arising out of:				
Expenditure allowed on payment basis	467.60	(42.06)	-	425.54
Effect of unabsorbed business loss and depreciation	1,511.54	(125.68)	-	1,385.86
Minimum alternative tax credit entitlement	318.68	(98.81)	-	219.87
Others	48.47	2.02	7.61	58.10
	2,346.29	(264.53)	7.61	2,089.37
Net deferred tax assets/ (liabilities)	318.68	(106.41)	7.61	219.87

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follow:

	Opening balance	Recognised/ reversed through profit and loss	Recognised/ reversed through other comprehensive income	Closing balance
Deferred Tax Assets/Liabilities in relation to :				
Deferred tax liabilities arising out of:				
Property, plant and equipment and intangible assets	1,879.37	72.28	-	1,951.65
Capital expenditure on research and development	20.36	54.00	-	74.36
Others	2.66	(1.06)	-	1.60
	1,902.39	125.22	-	2,027.61
Deferred tax assets arising out of:				
Expenditure allowed on payment basis	519.80	(52.20)	-	467.60
Effect of unabsorbed business loss and depreciation	1,219.34	292.20	-	1,511.54
Minimum alternative tax credit entitlement	343.38	(24.70)	-	318.68
Others	20.67	23.74	4.06	48.47
	2,103.19	239.04	4.06	2,346.29
Net deferred tax assets/(liabilities)	200.80	113.82	4.06	318.68

Tax losses

No deferred tax asset has been recognised on these unutilized tax losses as there is no evidence that sufficient taxable profit will be available in future against which they can be utilised.

(Rs. in million)

Financial year	Year of expiry	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Business Loss				
2011-12	2019-20	40.14	-	59.58
2012-13	2020-21	1,542.60	1,235.32	1,542.60
2013-14	2021-22	1,554.28	1,554.28	1,554.28
2015-16	2022-23	184.31	184.31	-
Potential tax benefit		1,160.60	1,029.21	1,092.39
Unabsorbed Depreciation				
2016-17	Unlimited	239.18		
Potential tax benefit		83.58	-	-
Long term capital loss				
2011-12	2019-20	254.21	-	-
2013-14	2021-22	253.90	-	-
2015-16	2023-24	2.90	-	-
Potential tax benefit		117.89	-	-
Short term capital loss				
2017-18	2025-26	82.39	-	-
Potential tax benefit		28.51	-	-

Deferred tax assets have been recognised to the extent there are sufficient taxable temporary differences.

Minimum Alternate Tax (MAT)

The Company has unused MAT credit which has been recognised on the basis that recovery is probable in the foreseeable future. MAT credit of Rs.165.41 million and Rs.165.71 expires on March 31, 2025 and March 31, 2026 respectively.

(Rs. in million)

		For the year ended March 31, 2018	For the year ended March 31, 2017
37	**Earning per share**		
	Profit/(loss) attributable to shareholders	(718.76)	(726.61)
	Weighted average number of equity shares	61,250,746	61,250,746
	Face value per equity share (in Rs.)	1.00	1.00
	Profit/(loss) per equity share		
	- Basic earning per equity share (in Rs.)	(11.74)	(11.86)
	- Diluted earning per equity share (in Rs.)	(11.74)	(11.86)

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
38	**Contingent liabilities and commitments**			
(A)	Contingent liabilities (to the extent non provided for)			
	Particulars			
	Disputed demands/show-cause notices under:-			
	a) Income tax cases (refer note (a)(i), (ii) and (iii)) below)	3,462.86	3,457.10	3,457.10
	b) Customs duty cases (refer note (b) below)	4.00	4.00	4.00
	c) Service tax (refer note (c) and (d) below)	72.60	72.60	72.60
	d) Duty saved under export licenses	76.95	107.26	79.42
	e) Labour cases (in view of large number of cases, it is impracticable to disclose each case)	1.70	1.70	1.70

Notes :

a) i) Includes income tax demand of Rs. 162.22 million in respect to Assessment Year (AY) 2005-06. The Income Tax department had issued demand based on certain grounds related to purchases made by the Company from an overseas vendor. The matter was decided in favour of the Company and the demand was cancelled by CIT (Appeals). However, the Income Tax Department has filed appeal before Income Tax Appellate Tribunal (ITAT) against the order of CIT (Appeals) which is pending at present. The Company believes that it has merit in these cases, hence no provision is required.

ii) A search operation was conducted by the Income Tax Department in the premises of the Company in January 2012 and hence the Company had re-filed the income tax returns for the AY 2006-07 to 2012-13. During the year ended March 31, 2015, the Income Tax department completed the assessment of the said years, disallowed certain expenses and issued demand of Rs. 3,294.90 million (including interest) on various grounds. The Company preferred appeals before the CIT (Appeals) against the orders of the Income Tax department. The appeals were decided in favour of the Company and the demand was cancelled. However, CIT (Appeals) has made certain disallowances with respect to AY 2010-11 and AY 2011-12 against which the Company has filed appeals before the ITAT. The Income Tax Department has also filed appeals before ITAT against the orders of CIT (Appeals). The appeals before ITAT are pending at present. Based on legal advice, the Company believes that it has merits in these cases, hence no provision is required.

Notes to the financial statements for the year ended March 31, 2018

iii) The income tax department issued a demand of Rs. 5.74 million in respect of AY 2009-10 on the Company due to non-deduction of withholding tax on payment made to a non-resident person towards purchase of immovable property. The Company had filed an appeal before CIT (Appeals) against the order of department but the CIT (Appeals) gave decision in favour of department. The Company has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the order of CIT (Appeals) which is pending at present. The Company believes that it has merit in the case, 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. The Company has deposited the entire amount of demand under protest amounting to Rs.4.00 million and the matter is pending before the Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"). The Company believes that it has merit in its case, hence no provision is required.

c) In respect of service tax demands for Financial year (FY) 2003-04 to FY 2011-12, the Assessing Officer levied service tax on foreign services rendered and delivered outside India by the Company and certain other services on which there was no liability to pay service tax. The cases are currently pending with CESTAT. The Company believes that it has merit in its case, hence no provision is required.

d) In respect of service tax demands for FY 2008-09 to FY 2010-11, service tax department has disallowed CENVAT Credit of input services availed and distributed by the Company as input service distributor. The case is currently pending with CESTAT. The Company believes that it has merit in its case, hence no provision is required.

e) 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 expired. Further, the Company had also received advance market commitment (AMC) amounting to Rs.100.00 million against these vaccines. The refund of the advance so received (after adjusting the amount receivable against the vaccines already supplied) was 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 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 advice, no adjustment in respect of the expired stock and the interest amount has been made in the financial statements.

(B) Capital and 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, 2018**	As at March 31, 2017	As at April 1, 2016
Property, plant and equipment	5.78	24.60	80.80

b) Other commitments :

i) Export commitments of Rs.488.91 million (March 31, 2017: Rs.1,331.40 million, April 1, 2016: 983.60 million) under advance licenses schemes and obligation outstanding against EPCG licenses.

ii) The Company has received financial assistance in the form of soft loan under various projects from Department of Biotechnology, Department of Science & Technology and Technology Development Board respectively. As per the terms of related agreements, the Company is also required to incur expenditure in the form of monetary contribution to the relevant project. The amount of commitment is not quantifiable.

iii) Refer note 39 for commitments relating to lease arrangements.

39. Leases

Company as a lessee

Operating leases

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 are no sublease payments expected to be received under non-cancellable subleases at the balance sheet date and no restriction is imposed by lease arrangements. (Rs. in million)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Lease payments for the year recognised in the statement of profit and loss	18.42	19.75

Company as a lessor

Operating leases

The Company has leased out certain assets situated at Lalru, Punjab on operating lease to PanEra Biotec Private Limited.

There is no uncollectible minimum lease payments receivable at the balance sheet date. (Rs. in million)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Lease income for the year recognised in the statement of profit and loss	35.29	68.87

For assets given under operating lease agreements:

i) The Company has leased out certain assets situated at Lalru, Punjab on operating lease to PanEra Biotec Private Limited, the summary of which is as under:

(Rs. in million)

Particulars	Gross block			Accumulated depreciation		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Building	341.10	340.00	337.80	98.60	88.00	77.30
Furniture and fittings	41.18	41.00	40.90	36.21	34.40	32.20
Office equipment	21.65	21.50	21.80	19.55	19.50	20.50
Plant and equipment	2,215.11	2,205.80	2,216.00	1,308.59	1,173.30	1,042.70
Computer equipment	13.26	13.30	13.40	12.59	12.60	12.70
Total	2,632.30	2,621.60	2,629.90	1,475.54	1,327.80	1,185.40

The lease agreement has been terminated w.e.f. May 25, 2018

(Rs. in million)

Particulars	Depreciation charged to the statement of profit and loss	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Building	10.68	10.70
Furniture and fittings	1.85	2.30
Office equipment	0.06	0.10
Plant and equipment	135.32	140.00
Computer equipment	0.00	0.00
Total	147.91	153.10

40. (A) Details of dues to micro, small and medium enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006 ["MSMED Act"]:

(Rs. in million)

S. no.	Particulars	As at March 31, 2018 Principal	As at March 31, 2018 Interest	As at March 31, 2017 Principal	As at March 31, 2017 Interest	As at April 1, 2016 Principal	As at April 1, 2016 Interest
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	34.71	6.15*	32.10	5.90*	20.00	6.30*
ii)	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	66.92	-	33.82	-	57.50	5.20
iii)	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	-	-	-	-	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	6.15*	-	5.90*	-	16.70*
v)	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	-	-	-	-	-	10.40

Note: * Included in "trade payable" in note 23.

(B) Details of loans and advance, in the ordinary course of business, to subsidiaries, associates and companies in which directors are interested (as required under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015):

(Rs. in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Loans to wholly owned subsidiaries (including accrued interest)			
i) Rees Investments Limited	585.16	535.98	734.80
ii) Panacea Biotec (International) SA	67.23	61.58	-
iii) Panacea Biotec Germany GmbH	221.87	203.23	-
Maximum amount due at any time during the year	874.26	800.79	734.80
b) Advance paid against purchase of materials to subsidiaries			
i) PanEra Biotec Private Limited	92.13	418.20	248.70
c) Allowance for doubtful advances on above loan and interest receivable	874.26	800.79	734.80

Notes to the financial statements for the year ended March 31, 2018

41. Related Party Disclosures

As per Ind AS 24, the disclosure of transactions with related parties are as given below:

A. Names of related parties and related party relationships

i) Parties where control exists

Subsidiaries:
- Radhika Heights Limited ("RHL") (Wholly-owned subsidiary ("WOS"))
- Cabana Construction Private Limited (Indirect WOS ("IWOS") through RHL)
- Cabana Structures Limited (IWOS through RHL)
- Nirmala Buildwell Private Limited (IWOS through RHL)
- Nirmala Organic Farms & Resorts Private Limited (IWOS through RHL)
- Radicura Infra Limited (IWOS through RHL)
- Sunanda Infra Limited (IWOS through RHL)
- Rees Investments Limited ("Rees"), Island of Guernsey (WOS)
- Kelisia Holdings Limited ("KHL"), Cyprus (IWOS through Rees) (liquidated on January 04, 2017)
- Panacea Biotec (International) SA ("PBS"), Switzerland (WOS)
- Panacea Biotec Germany GmbH ("PBGG"), Germany (IWOS through PBS)
- NewRise Healthcare Private Limited ("NewRise"), (Subsidiary until April 18, 2017, WOS during April 19 and April 20, 2017)
- Adveta Power Private Limited ("Adveta")*
- PanEra Biotec Private Limited ("PanEra")*

* *considered as subsidiary for the purpose of consolidation as per Ind AS 110.*

ii) Other related parties with whom transactions have taken place during the year :

a) Joint Ventures: • Chiron Panacea Vaccines Private Limited ("CPV") (Under liquidation)

b) Key Management Personnel:

• Mr. Soshil Kumar Jain	-	Chairman and Whole-time Director
• Mr. Ravinder Jain	-	Managing Director (upto February 21, 2018)
• Dr. Rajesh Jain	-	Managing Director (Joint Managing Director upto March 11, 2018)
• Mr. Sandeep Jain	-	Joint Managing Director
• Mrs. Sunanda Jain	-	Whole-time Director (w.e.f. March 12, 2018)
• Mr. Sumit Jain	-	Whole-time Director
• Mr. Ankesh Jain	-	Whole-time Director
• Mr. Vinod Goel	-	Group CFO and Head Legal & Company Secretary
• Mr. Devender Gupta	-	Chief Financial Officer & Head Information Technology
• Mr. R. L. Narasimhan	-	Non-Executive Independent Director
• Mr. N. N. Khamitkar	-	Non-Executive Independent Director
• Mr. K. M. Lal	-	Non-Executive Independent Director
• Mr. O. P. Kelkar	-	Non-Executive Independent Director
• Mrs. Manjula Upadhyay	-	Non-Executive Independent Director
• Mr. Mukul Gupta	-	Non-Executive Independent Director

c) 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 and Mrs. Sunanda Jain
- Mrs. Radhika Jain, daughter of Mr. Ravinder Jain and Mrs. Sunanda Jain
- Mrs. Shilpy Jain, wife of Mr. Sumit Jain
- Mr. Harshet Jain, son of Dr. Rajesh Jain and brother of Mr. Ankesh Jain

d) 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 Limited ("Neophar")
- Lakshmi & Manager Holdings Limited ("LMH"),
- Trinidhi Finance Private Limited ("Trinidhi") subsidiary of LMH
- Best General Insurance Company Limited (subsidiary of LMH)
- First Lucre Partnership Co. (holding shares in the Company)
- White Pigeon Estate Private Limited
- OKI Estate Private Limited

B. Transactions with Subsidiaries and Joint Ventures Companies:

(Rs. in million)

S. No.	Particulars	Subsidiaries			Joint Ventures		
		March 31, 2018	March 31, 2017	April 1, 2016	**March 31, 2018**	March 31, 2017	April 1, 2016
I	Transactions made during the year						
1	Purchase of raw materials						
	PanEra	202.43	309.90	-	-	-	-
2	Sale of goods/material						
	PanEra	2.48	-	-	-	-	-
	PBGG	2.78	3.67	-	-	-	-
3	Sales Return						
	PBGG	-	3.14	-	-	-	-
4	Recovery of expenses						
	PanEra	-	71.30	-	-	-	-
	NewRise			-	-	-	-
	RHL	-	6.00	-	-	-	-
5	Reimbursement of expenses						
	PanEra	17.57	-	-	-	-	-
	PBGG	-	3.77	-	-	-	-
6	Rent paid/ provided						
	RHL	7.86	9.18	-	-	-	-
7	Rent received						
	PanEra	32.35	75.90	-	-	-	-
	CPV	-	-	-	0.40	0.40	-
	NewRise	-	0.10	-	-	-	-
	RHL	0.52	0.58	-	-	-	-
8	Interest income						
	Rees	49.18	60.30	-	-	-	-
	PBS	5.65	1.32	-	-	-	-
	PBGG	18.64	4.35	-	-	-	-
9	Interest expenses on loans						
	RHL	27.65	27.58	-	-	-	-
10	Loans assigned by Rees in favour of the Company and release of loan receivable from Rees to the extent of above loan assigned						
	PBS	-	60.30	-	-	-	-
	PBGG	-	198.90	-	-	-	-
II	Year end balances						
1	Investments						
	RHL	3,385.65	3,385.65	3,385.65	-	-	-
	NewRise	-	56.73	497.80	-	-	-
	PBS	34.36	34.36	34.36	-	-	-
	PanEra	4.20	4.20	4.20	-	-	-
	Adveta	0.90	0.90	0.90	-	-	-
	CPV	-	-	-	22.96	22.96	22.96
2	Outstanding loan receivable						
	Rees	535.98	475.68	678.80	-	-	-
	PBS	61.58	60.26	-	-	-	-
	PBGG	203.23	198.88	-	-	-	-
3	Outstanding loan payable						
	RHL	289.36	289.36	289.36	-	-	-
4	Interest accrued receivable						
	Rees	49.18	60.30	56.00	-	-	-
	PBS	5.65	1.32	-	-	-	-
	PBGG	18.64	4.35	-	-	-	-
5	Interest accrued payable						
	RHL	107.54	82.70	57.80	-	-	-
6	Allowance for doubtful loans (including accrued interest)						
	Rees	585.16	535.98	734.80	-	-	-
	PBS	67.23	61.58	-	-	-	-
	PBGG	221.87	203.23	-	-	-	-
7	Outstanding receivable						
	RHL	1.98	1.42	0.90	-	-	-
	PBGG	21.85	57.67	68.70	-	-	-
	NewRise	-	0.80	0.70	-	-	-
	PanEra	77.69	321.69	178.80	-	-	-
	CPV				-	0.06	0.06
8	Outstanding loan and advances (net)						
	PanEra	92.13	418.22	248.70	-	-	-
9	Allowance for doubtful receivable						
	PBGG	-	18.62	42.80	-	-	-
10	Outstanding payable						
	PBGG	17.55	35.30	31.50	-	-	-
	RHL	20.61	12.35	16.60	-	-	-

Notes to the financial statements for the year ended March 31, 2018

C. 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, 2018	March 31, 2017	April 1, 2016	**March 31, 2018**	March 31, 2017	April 1, 2016	**March 31, 2018**	March 31, 2017	April 1, 2016
I)	Transactions made during the year									
1	Short-term employee benefits:									
	Mr. Soshil Kumar Jain*	10.70	10.53	-	-	-	-	-	-	-
	Mr. Ravinder Jain*	35.83	11.70	-	-	-	-	-	-	-
	Mrs. Sunanda Jain	0.31	-	-	-	-	-	-	-	-
	Dr. Rajesh Jain*	7.25	7.22	-	-	-	-	-	-	-
	Mr. Sandeep Jain*	6.60	6.53	-	-	-	-	-	-	-
	Mr. Sumit Jain*	4.11	4.44	-	-	-	-	-	-	-
	Mr. Ankesh Jain*	2.30	2.59	-	-	-	-	-	-	-
	Mr. Vinod Goel	5.10	4.55	-	-	-	-	-	-	-
	Mr. Devender Gupta	3.98	3.19	-	-	-	-	-	-	-
	Mr. Shagun Jain	-	-	-	2.06	2.75	-	-	-	-
	Mr. Ashwani Jain	-	-	-	3.03	3.03	-	-	-	-
	Mrs. Shilpy Jain	-	-	-	0.55	0.65	-	-	-	-
	Mrs. Radhika Jain	-	-	-	1.37	1.36	-	-	-	-
	Mr. Harshet Jain	-	-	-	0.60	0.60	-	-	-	-
2	Provision for post-employment benefits:									
	Mr. Soshil Kumar Jain	23.65	1.00	-	-	-	-	-	-	-
	Mr. Ravinder Jain*	-	0.75	-	-	-	-	-	-	-
	Dr. Rajesh Jain*	12.95	6.27	-	-	-	-	-	-	-
	Mr. Sandeep Jain*	12.49	5.58	-	-	-	-	-	-	-
	Mr. Sumit Jain*	3.19	1.52	-	-	-	-	-	-	-
	Mr. Ankesh Jain*	0.44	0.40	-	-	-	-	-	-	-
	Mr. Vinod Goel	1.42	0.88	-	-	-	-	-	-	-
	Mr. Devender Gupta	0.53	0.41	-	-	-	-	-	-	-
	Mr. Shagun Jain	0.53	0.52	-	-	-	-	-	-	-
	Mr. Ashwani Jain	1.62	0.96	-	-	-	-	-	-	-
	Mrs. Shilpy Jain	0.11	0.11	-	-	-	-	-	-	-
	Mrs. Radhika Jain	0.29	0.27	-	-	-	-	-	-	-
	Mrs. Sunanda Jain	0.01	-	-	-	-	-	-	-	-
	Mr. Harshet Jain	-	-	-	-	-	-	-	-	-
3	Fee for attending board / committee meetings									
	Mr. R. L. Narasimhan	0.37	0.30	-	-	-	-	-	-	-
	Mr. N. N. Khamitkar	0.28	0.30	-	-	-	-	-	-	-
	Mr. K. M. Lal	0.37	0.20	-	-	-	-	-	-	-
	Mr. O. P. Kelkar	0.25	0.20	-	-	-	-	-	-	-
	Mrs. Manjula Upadhyay	0.25	0.20	-	-	-	-	-	-	-
	Mr. Mukul Gupta	0.25	0.20	-	-	-	-	-	-	-
4	Rent received									
	Neophar	-	-	-	-	-	-	0.18	0.21	-
	Trinidhi	-	-	-	-	-	-	0.22	0.25	-
5	Interest expenses									
	Mr. Soshil Kumar Jain	9.43	9.43	-	-	-	-	-	-	-
	Mr. Ravinder Jain	1.15	1.15	-	-	-	-	-	-	-
	Dr. Rajesh Jain	5.51	4.93	-	-	-	-	-	-	-
	Trinidhi	-	-	-	-	-	-	0.29	0.29	-
6	Interest converted into loan									
	Mr. Soshil Kumar Jain	-	9.51	-	-	-	-	-	-	-
	Dr. Rajesh Jain	-	4.96	-	-	-	-	-	-	-
7	Loan received									
	Dr. Rajesh Jain	40.00	-	-	-	-	-	-	-	-
8	Reversal of excess remuneration paid									
	Mr. Soshil Kumar Jain	10.70	16.92	-	-	-	-	-	-	-
	Mr. Ravinder Jain	10.22	26.69	-	-	-	-	-	-	-
	Mrs. Sunanda Jain	0.31	-	-	-	-	-	-	-	-
	Dr. Rajesh Jain	7.25	11.74	-	-	-	-	-	-	-
	Mr. Sandeep Jain	6.60	9.76	-	-	-	-	-	-	-
	Mr. Sumit Jain	4.11	7.06	-	-	-	-	-	-	-
	Mr. Ankesh Jain	2.30	2.59	-	-	-	-	-	-	-

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		
										(Rs. in million)
		March 31, 2018	March 31, 2017	April 1, 2016	**March 31, 2018**	March 31, 2017	April 1, 2016	**March 31, 2018**	March 31, 2017	April 1, 2016
II)	Year end balances									
1	Loan payable									
	Mr. Soshil Kumar Jain	104.75	104.75	95.20	-	-	-	-	-	-
	Mr. Ravinder Jain#	-	12.73	12.73	-	-	-	-	-	-
	Dr. Rajesh Jain	94.63	54.63	49.70	-	-	-	-	-	-
	Mrs. Sunanda Jain#	12.73	-	-						
	Trinidhi	-	-	-	-	-	-	3.06	3.06	3.06
2	Interest payable									
	Mr. Soshil Kumar Jain	11.97	8.48	9.50	-	-	-	-	-	-
	Mr. Ravinder Jain#	-	6.77	5.70	-	-	-	-	-	-
	Dr. Rajesh Jain	9.40	4.44	5.00	-	-	-	-	-	-
	Mrs. Sunanda Jain#	7.81	-	-						
	Trinidhi	-	-	-	-	-	-	1.19	0.90	0.70
3	Outstanding receivable									
	Trinidhi	-	-	-	-	-	-	0.90	0.67	0.40
4	Remuneration Payable									
	Mr. Soshil Kumar Jain *	0.89	3.51	0.70	-	-	-	-	-	-
	Mr. Ravinder Jain*#	-	3.90	1.00	-	-	-	-	-	-
	Dr. Rajesh Jain*	0.60	2.41	0.60	-	-	-	-	-	-
	Mr. Sandeep Jain*	0.55	2.18	0.60	-	-	-	-	-	-
	Mr. Sumit Jain*	0.34	1.48	0.30	-	-	-	-	-	-
	Mr. Ankesh Jain*	0.19	0.86	0.10	-	-	-	-	-	-
	Mr. Vinod Goel	0.43	1.14	0.30	-	-	-	-	-	-
	Mr. Devender Gupta	0.33	0.80	0.20	-	-	-	-	-	-
	Mrs. Sunanda Jain	0.31	-	-	-	-	-	-	-	-
	Mr. Shagun Jain	-	-	-	0.17	0.70	0.20	-	-	-
	Mr. Ashwani Jain	-	-	-	0.25	0.80	0.30	-	-	-
	Mrs. Shilpy Jain	-	-	-	0.05	0.20	-	-	-	-
	Mrs. Radhika Jain	-	-	-	0.11	0.30	0.10	-	-	-
	Mr. Harshet Jain	-	-	-	0.05	0.10	-	-	-	-

* Refer note 51

\# The outstanding loan payable along with interest payable thereon to late Mr. Ravinder Jain is transferred to his wife Mrs. Sunanda Jain.

Note: In respect of personal guarantees given by promoter directors, refer note 19 'Non-current borrowings' and note 22 'Current borrowings'. The above transactions are in the ordinary course of business.

42. Assets mortgaged/ hypothecated as security for borrowings are as under:

(Rs. in million)

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non Current				
Property, plant and equipment	2.1	8,865.60	9,360.78	9,809.58
Capital work in progress	2.2	47.57	59.77	86.48
Intangible assets	2.3	43.68	59.37	113.92
Intangible assets under development	2.4	324.04	217.06	103.56
Financial assets				
Loans	4	9.93	9.92	11.61
Other financial assets	5	2.51	1.50	5.94
Other non-current assets	8	222.00	238.05	217.09
Total non-current assets pledged as security		9,515.33	9,946.45	10,348.18
Current				
Inventories	9	1,490.95	1,405.99	1,379.71
Financial assets				
Trade receivables	10	1,422.66	1,758.03	1,418.11
Other bank balances	12	0.39	1.15	0.76
Loans	13	149.87	103.22	29.94
Other financial assets	14	51.71	49.44	53.66
Non financial assets				
Other current assets	15	303.40	648.17	445.63
Total current assets pledged as security		3,418.98	3,966.00	3,327.81
Total assets pledged as security		12,934.31	13,912.45	13,675.99

Panacea Biotec
Innovation in support of life

Notes to the financial statements for the year ended March 31, 2018

43. Segment information

The Company has determined following reportable segments based on the information reviewed by the Company's management:

a. Vaccines

b. Formulations

c. Research and development

A. Information about reportable segments (Rs. in million)

Particulars	Vaccines		Formulations		Research and Development		Total	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue								
Segment revenue	1,863.16	1,648.95	3,839.55	3,700.10	96.60	91.20	5,799.31	5,440.25
Other income	34.79	78.74	49.87	156.08	1.38	41.28	86.04	276.11
Total	1,897.95	1,727.69	3,889.42	3,856.18	97.98	132.48	5,885.35	5,716.36
Segment result	147.14	231.54	1,310.28	1,183.37	(408.62)	(477.31)	1,048.80	937.60
Unallocated corporate expenses							718.99	628.12
Operating profit/ (loss)							329.81	309.48
Less: Interest and finance charges							1,032.28	1,035.04
Add: Unallocated exceptional items gain/ (loss)							-	(375.40)
Add: Other income							90.12	260.53
Profit/(loss) before tax							(612.35)	(840.43)
Less: Tax expense							106.41	(113.82)
Profit/(loss) after tax							(718.76)	(726.61)
Other comprehensive income/(loss)							(14.16)	(7.68)
Total other comprehensive income							(732.92)	(734.29)

Other Information	Vaccines		Formulations		Research and Development		Total	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Segment assets	5,311.79	6,330.10	4,189.40	4,062.40	2,108.40	2,205.00	11,609.59	12,597.50
Unallocated corporate assets							5,125.30	5,220.01
Total assets	5,311.79	6,330.10	4,189.40	4,062.40	2,108.40	2,205.00	16,734.89	17,817.51
Segment liabilities	711.46	464.30	1,649.95	1,662.80	257.30	320.80	2,618.71	2,447.90
Unallocated corporate liabilities							10,235.20	10,811.41
Total liabilities	711.46	464.30	1,649.95	1,662.80	257.30	320.80	12,853.91	13,259.31
Capital expenditure on:								
Tangible assets	30.51	29.10	10.30	57.60	0.18	1.10	40.99	87.80
Intangible assets	-	-	0.79	1.90	111.35	217.90	112.14	219.80
Depreciation expense*	286.06	289.90	149.38	155.80	96.73	102.89	532.17	548.59
Amortisation expense*	0.01	0.01	0.77	0.44	11.64	81.67	12.42	82.12

* Note: Excluding unallocated depreciation and amortisation.

B. Additional information by geographies

a) Revenue as per geographical markets:

Segment	Domestic		Overseas	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Vaccines	1,203.63	354.55	659.53	1,294.40
Formulations	2,916.01	3,078.00	923.54	622.10
Research and Development	4.37	7.40	92.23	83.80
Total	4,124.01	3,439.95	1,675.30	2,000.30

b) Assets (net) as per geographical markets:

Segment	Domestic		Overseas	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Vaccines	5,311.65	6,007.30	0.14	322.80
Formulations	3,692.89	3,651.40	496.51	411.00
Research and Development	2,106.37	2,151.30	2.03	53.70
Unallocated	5,125.30	5,220.01	-	-
Total	16,236.21	17,030.01	498.68	787.50

c) Revenue from customers contributing more than 10% of revenue:

Segment	Domestic		Overseas	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Vaccines				
The United Nations Children's Fund (UNICEF)	-	-	-	978.63
Total	-	-	-	978.63

d) All other assets are located in India therefore separate disclosure for other assets is not presented.

44. Research and development expenditure

Research and development expenditure incurred by the Company during the financial year are mentioned below :

(Rs. in million)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue expenditure		
Material consumed	5.25	6.10
Employee benefits expense	205.20	191.95
Other expenses	187.78	227.18
Depreciation and amortisation expense	108.37	184.56
Capital expenditure	111.53	219.00
Total	618.13	828.79

45. Employee benefits obligations

A. Defined benefit plan

Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

Salary Risk	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Discount Rate Risk	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability Risk	Death and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals Risk	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

Gratuity (funded)

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan the group makes contributions to recognised funds in India. The group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The weighted average duration of the defined benefit obligation as at March 31, 2018 is 10.85 years (March 31, 2017: 12.86 years; April 1, 2016: 13.67 years)

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a	Reconciliation of present value of defined benefit obligation and the fair value of plan assets			
	Present value of defined benefit obligation as at the end of the year	213.51	148.39	129.95
	Fair value of plan assets as at the end of the year	66.05	75.88	79.09
	Net liability position recognised in balance sheet	147.46	72.51	50.86

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017
b	Changes in defined benefit obligation		
	Present value of defined benefit obligation as at the start of the year	148.39	129.95
	Interest cost	11.13	10.40
	Current service cost	16.37	14.44
	Past service cost	31.38	-
	Benefits paid for eligible employees	(15.05)	(17.93)
	Actuarial loss	21.29	11.53
	Present value of defined benefit obligation as at the end of the year	213.51	148.39
c	Net interest cost		
	Interest cost on defined benefit obligation	11.13	10.40
	Interest income on plan assets	5.69	6.33
	Net interest cost	5.44	4.07

Notes to the financial statements for the year ended March 31, 2018

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017
d	Amount recognised in the statement of profit and loss		
	Current service cost	16.37	14.44
	Past service cost	31.38	-
	Net interest cost	5.44	4.07
	Amount recognised in the statement of profit and loss	53.19	18.51
e	Change in plan assets		
	Fair value of the plan assets at the beginning of the year	75.88	79.09
	Actual return on plan assets	5.21	6.12
	Employer contribution	-	5.95
	Benefits paid for eligible employees	(15.04)	(15.28)
	Fair value of the plan assets at the end of the year	66.05	75.88
f	Key categories of plan assets as a percentage of the fair value of total plan assets for gratuity		
	Investment with insurer	100%	100%
g	Other comprehensive income		
	Actuarial loss on arising from change in demographic assumption	1.96	-
	Actuarial (gain)/loss on arising from change in financial assumption	(1.75)	6.81
	Actuarial loss on arising from experience adjustment	21.08	4.72
	Actuarial loss on arising on plan assets	0.48	0.21
	Total actuarial loss for the year	21.77	11.74
h	Actuarial assumptions		
	Discount rate	7.60%	7.50%
	Future salary increase	5.00%	5.00%
i	Demographic assumption		
	Retirement age (years)	58/75	58/75
	Mortality rates inclusive of provision for disability	100%	100%
	Ages	Withdrawal Rate (%)	
	Up to 30 years	10.00%	10.00%
	From 31 to 44 years	5.00%	5.00%
	Above 44 years	1.00%	1.00%
j	Sensitivity analysis for gratuity liability		
	Impact of the change in discount rate		
	a) Impact due to increase of 0.50%	(8.26)	(9.66)
	b) Impact due to decrease of 0.50%	8.94	4.69
	Impact of the change in salary increase		
	a) Impact due to increase of 0.50%	8.25	4.84
	b) Impact due to decrease of 0.50%	(7.74)	(9.85)
k	Maturity profile of defined benefit obligation		
	April 2017 to March 2018	-	13.11
	April 2018 to March 2019	48.62	8.30
	April 2019 to March 2020	11.20	4.06
	April 2020 to March 2021	5.68	4.36
	April 2021 to March 2022	8.16	3.26
	April 2022 to March 2023	7.13	2.91
	April 2023 to March 2024	6.39	109.32
	April 2024 onwards	118.72	-

B Defined contribution plans

The Company's contribution to state governed provident fund scheme, employee state insurance scheme and Labour Welfare Fund scheme are considered as defined contribution plans. The contribution under the schemes is recognised as an expense, when an employee renders the related service. There are no other obligations other than the contribution payable to the respective funds.

46. On account of continuous losses of the Company, certain delays and defaults, in repayment of loan instalments (including accrued interest thereon) on borrowings have occurred during the year, which are described below.

(Rs. in million)

Particulars	Amount of total instalment along with interest	Due Date	Paid On
A. Borrowings from bank			
Bank of India ECB loan	543.17	30-Sep-17	Not paid
B. Other borrowings			
Loan from Directors - Late Mr. Ravinder Jain (refer note 41 C)	20.50	June 2014 to March 2018	Not paid in view of CDR conditions
Loan from Radhika Heights Limited	107.50	January 2014-March 2018	Not paid in view of CDR conditions
Loan from Trinidhi Finance Private Limited	1.20	December 2013-March 2018	Not paid in view of CDR conditions

47. Fair value measurements

A. Financial assets and liabilities

The carrying amounts and fair values of financial instruments by class are as follows:

(Rs. in million)

As at March 31, 2018	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial Assets			
(i) Investments	0.70	-	-
(ii) Trade receivables	-	-	1,422.66
(iii) Cash and cash equivalents	-	-	65.24
(iv) Other bank balances	-	-	52.68
(v) Loans	-	-	159.80
(vi) Others financial assets	-	-	54.22
Total	0.70	-	1,754.60
Financial Liabilities			
(i) Borrowings	-	-	9,861.74
(ii) Trade payables	-	-	2,418.38
(iii) Other financial liabilities	-	-	61.82
Total	-	-	12,341.94

As at March 31, 2017	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial Assets			
(i) Investments	0.70	-	-
(ii) Trade receivables	-	-	1,758.03
(iii) Cash and cash equivalents	-	-	24.97
(iv) Other bank balances	-	-	47.16
(v) Loans	-	-	113.14
(vi) Others financial assets	-	-	50.94
Total	0.70	-	1,994.24
Financial Liabilities			
(i) Borrowings	-	-	10,466.49
(ii) Trade payables	-	-	2,267.52
(iii) Other financial liabilities	-	-	84.28
Total	-	-	12,818.29

As at April 1, 2016	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial Assets			
(i) Investments	0.70	-	-
(ii) Trade receivables	-	-	1,418.11
(iii) Cash and cash equivalents	-	-	60.14
(iv) Other bank balances	-	-	33.33
(v) Loans	-	-	41.55
(vi) Others financial assets	-	-	59.60
Total	0.70	-	1,612.73
Financial Liabilities			
(i) Borrowings	-	-	10,594.30
(ii) Trade payables	-	-	1,745.44
(iii) Other financial liabilities	-	-	69.03
Total	-	-	12,408.76

Investment in subsidiaries amounting to Rs. 3,425.11 million are measured at cost as per Ind AS 27, 'Separate Financial Statements' and hence, not presented here.

B. Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

The different levels of fair value have been defined below:

Level 1: Quoted prices (unadjusted) in an active market for financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

Notes to the financial statements for the year ended March 31, 2018

B1. Financial assets and liabilities measured at fair value - recurring fair value measurements

(Rs. in million)

As at March 31, 2018	Note	Level 1	Level 2	Level 3
Investments	3	-	0.70	-

As at March 31, 2017	Note	Level 1	Level 2	Level 3
Investments	3	-	0.70	-

As at April 1, 2016	Note	Level 1	Level 2	Level 3
Investments	3	-	0.70	-

B2. Fair value of instruments measured at amortised cost

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Borrowings	9,861.74	9,840.76	10,466.49	10,444.23	10,594.30	10,569.72

The management assessed that fair value of cash and cash equivalents, trade receivables, security deposits, loan to related parties, other financial assets, short term borrowings, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

i) The fair values of the Company's fixed interest-bearing borrowings are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

ii) All the other long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's credit worthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

48. Financial risk management

Risk management framework

The Company's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

A. Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counter parties and incorporates this information into its credit risk controls.

A1. Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

The Company provides for expected credit loss based on the following:

Asset Company	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables	Life time expected credit loss or 12 month expected credit loss*
High credit risk	Trade receivables and loans	Life time expected credit loss or fully provided for

*In respect of trade receivables, the Company recognises a provision for lifetime expected credit losses

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

(Rs. in million)

Credit rating	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A: Low credit risk	Cash and cash equivalents	65.24	24.97	60.14
	Other bank balances	52.68	47.16	33.33
	Loans	159.80	113.14	41.55
	Other financial assets	54.22	50.94	59.60
B: Medium credit risk	Trade receivables	1,462.69	1,795.60	1,448.19
C: High credit risk	Trade receivables	21.79	52.75	83.63
	Loans	874.26	800.79	734.82

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become two year past due.

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to related parties and employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

A.2 Expected credit losses for financial assets other than trade receivables

The Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the Company is in possession of the underlying asset. However, in respect of loans comprising loans to related parties, credit risk is evaluated on the basis of credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. In respect of other financial assets, credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. The Company does not have any expected loss based impairment recognised (except in case of loans to related parties) on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

As at March 31, 2018 (Rs. in million)

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment
Cash and cash equivalents	65.24	0.00%	-	65.24
Other bank balances	52.68	0.00%	-	52.68
Loans	1,034.06	84.55%	874.26	159.79
Other financial assets	54.22	0.00%	-	54.22

As at March 31, 2017 (Rs. in million)

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment
Cash and cash equivalents	24.97	0.00%	-	24.97
Other bank balances	47.16	0.00%	-	47.16
Loans	913.93	87.62%	800.79	113.14
Other financial assets	50.94	0.00%	-	50.94

As at April 1, 2016 (Rs. in million)

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment
Cash and cash equivalents	60.14	0.00%	-	60.14
Other bank balances	33.33	0.00%	-	33.33
Loans	776.37	94.65%	734.82	41.55
Other financial assets	59.60	0.00%	-	59.60

(Rs. in million)

Reconciliation of loss allowance	Loans
Loss allowance as on 1 April 2016	734.82
Expected loss recognised/(reversed) during the year	65.97
Amounts written off	-
Loss allowance on 31 March 2017	800.79
Expected loss recognised/(reversed) during the year	73.47
Amounts written off	-
Loss allowance on 31 March 2018	874.26

A.3 Expected credit loss for trade receivables under simplified approach

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein the Company has defined percentage of provision by analysing historical trend of default relevant to each category of customer based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

As at March 31, 2018 (Rs. in million)

Particulars	Not Due	0-30 days post due	31-90 days post due	91-182 days post due	183-365 days post due	366-730 days post due	More than 730 days post due	Total
Gross carrying amount	285.97	350.45	140.23	35.02	8.36	23.44	15.72	859.19
Expected loss rate	1.35%	2.15%	3.49%	2.40%	25.24%	21.72%	100.00%	4.66%
Expected credit loss (Loss allowance provision)	3.86	7.52	4.89	0.84	2.11	5.09	15.72	40.03
Carrying amount of trade receivables (net of impairment)	282.11	342.93	135.34	34.18	6.25	18.35	-	819.16

Notes to the financial statements for the year ended March 31, 2018

As at March 31, 2017 (Rs. in million)

Particulars	Not Due	0-30 days post due	31-90 days post due	91-182 days post due	183-365 days post due	366-730 days post due	More than 730 days post due	Total
Gross carrying amount	586.47	257.91	54.15	26.01	15.10	14.31	20.02	973.97
Expected loss rate	1.08%	2.08%	5.49%	1.66%	4.96%	11.85%	100.00%	3.86%
Expected credit loss (Loss allowance provision)	6.32	5.37	2.97	0.43	0.75	1.70	20.02	37.57
Carrying amount of trade receivables (net of impairment)	580.15	252.54	51.18	25.58	14.35	12.61	-	936.41

As at April 1, 2016 (Rs. in million)

Particulars	Not Due	0-30 days post due	31-90 days post due	91-182 days post due	183-365 days post due	366-730 days post due	More than 730 days post due	Total
Gross carrying amount	264.33	541.79	30.90	21.21	19.00	6.35	13.20	896.78
Expected loss rate	1.28%	1.89%	5.20%	4.05%	4.19%	0.00%	100.00%	3.35%
Expected credit loss (Loss allowance provision)	3.37	10.24	1.61	0.86	0.80	-	13.20	30.08
Carrying amount of trade receivables (net of impairment)	260.96	531.56	29.29	20.35	18.20	6.35	-	866.71

Movement of allowance for trade receivables

(Rs. in million)

Particulars	Amount
As at April 1, 2016	113.71
Movement during the year	(23.39)
As at March 31, 2017	90.32
Loss recognised/(reversed) during the year	(28.50)
As at March 31, 2018	61.82

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

B.1 Contractual Maturities of financial liabilities

The tables below analyse the Company's financial liabilities based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs. in million)

March 31, 2018	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings	4,822.48	1,444.12	1,600.88	5,230.67	13,098.15
(ii) Trade payables	2,418.38	-	-	-	2,418.38
(iii) Others	61.82	-	-	-	61.82
Total	7,302.68	1,444.12	1,600.88	5,230.67	15,578.35

March 31, 2017	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings	3,898.19	1,791.91	1,983.08	6,773.57	14,446.75
(ii) Trade payables	2,267.52	-	-	-	2,267.52
(iii) Others	84.28	-	-	-	84.28
Total	6,249.99	1,791.91	1,983.08	6,773.57	16,798.55

April 1, 2016	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings	3,778.50	1,645.24	1,794.55	8,095.89	15,314.18
(ii) Trade payables	1,745.44	-	-	-	1,745.44
(iii) Others	69.03	-	-	-	69.03
Total	5,592.97	1,645.24	1,794.55	8,095.89	17,128.65

C. Market risk

(I) Interest rate risk

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the year end, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

The Company's exposure to interest rate risk on borrowings is as follows:

(Rs. in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Variable rate	8,942.65	9,498.14	9,522.68
Fixed rate	754.22	727.06	736.54
Total	9,696.87	10,225.20	10,259.22

The following table illustrates the sensitivity of profit after tax and equity to a possible change in interest rates of +/- 1% in current year (March 31, 2017: +/- 1%; April 1, 2016: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(Rs. in million)

Interest sensitivity*	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest rates - increase by 100 basis points (March 31, 2017: 100 basis points)	(58.18)	(62.11)
Interest rates - decrease by 100 basis points (March 31, 2017: 100 basis points)	58.18	62.11

* Holding all other variables constant

(II) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO, JPY, CAD, GBP and TBH. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. The Company does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes.

(a) Foreign currency denominated financial assets and liabilities, translated at the closing rate, are as follows:

Particulars	Foreign currency	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
		Amount in foreign currency	Closing rate	Amount (Rs. in million)	Amount in foreign currency	Closing rate	Amount (Rs. in million)	Amount in foreign currency	Closing rate	Amount (Rs. in million)
Financial assets										
Balance with banks	USD	5,589	65.17	0.36	1,551	64.85	0.10	80,644	66.25	5.34
	Euro	763	80.82	0.06	56	69.19	0.00	6,182	75.38	0.47
	KZT	52,110	0.21	0.01	52,110	0.21	0.01	793,347	0.19	0.15
	RUB	16,556	1.13	0.02	80,404	1.15	0.09	113,786	1.00	0.11
Interest receivable	USD	1,127,318	65.17	73.47	988,744	66.72	65.97	855,852	65.42	55.99
Investment in subsidiaries	USD	10	47.62	0.00	10	47.62	0.00	10	47.62	0.00
	CHF	632,911	54.29	34.36	632,911	54.29	34.36	632,911	54.29	34.36
Loan to subsidiaries	USD	15,976,792	50.12	800.79	14,988,048	49.03	734.86	14,132,196	48.03	678.77
Foreign trade receivable	Euro	2,778,254	80.82	224.53	4,170,940	69.19	288.59	3,829,449	75.38	288.66
	USD	3,932,609	65.17	256.29	8,067,471	64.85	523.18	9,417,780	66.25	623.93
Financial liabilities										
Foreign trade payable	USD	2,579,377	65.18	168.12	2,971,061	64.86	192.70	2,882,801	66.26	191.01
	EUR	3,818,755	80.85	308.74	2,062,853	69.20	142.75	1,456,513	75.39	109.81
	CHF	-	-	-	-	-	-	8,329	63.68	0.53
	GBP	12,173	92.31	1.12	10,512	81.34	0.86	11,664	95.17	1.11
	JPY	2,722,810	0.62	1.68	2,722,810	0.59	1.61	2,722,810	0.60	1.63
	SEK	16,820	7.80	0.13	16,820	7.23	0.12	16,820	8.17	0.14
	CAD	14,328	50.68	0.73	14,028	48.74	0.68	6,828	51.01	0.35
	KZT	-	-	-	-	-	-	6,886,608	0.20	1.38
	THB	5,547	2.09	0.01	5,547	1.90	0.01	5,547	1.90	0.01
	RUB	-	-	-	-	-	-	6,020	1.01	0.01
Foreign currency loans	USD	25,000,000	65.18	1,629.50	28,222,352	64.86	1,830.50	28,676,061	66.26	1,900.08
	CHF	-	-	-	36,000	64.64	2.33	-	-	-
Interest accrued but not due	USD	9,612	65.18	0.63	21,184	64.86	1.37	14,705	66.26	0.97
	CHF	-	-	-	79	64.64	0.01	-	-	-
Interest accrued and due	USD	-	-	-	752,109	64.86	48.78	-	-	-
Net exposure										
USD		(6,546,671)		(667.34)	(7,920,882)		(749.25)	(7,087,085)		(728.03)
Euro		2,779,017		224.59	4,170,996		288.59	3,835,631		289.13
GBP		(12,173)		(1.12)	(10,512)		(0.86)	(11,664)		(1.11)
CHF		632,911		34.36	596,832		32.03	624,582		33.83
RUB		16,556		0.02	80,404		0.09	107,766		0.11
THB		(5,547)		(0.01)	(5,547)		(0.01)	(5,547)		(0.01)
SEK		(16,820)		(0.13)	(16,820)		(0.12)	(16,820)		(0.14)
CAD		(14,328)		(0.73)	(14,028)		(0.68)	(6,828)		(0.35)
KZT		52,110		0.01	52,110		0.01	(6,093,261)		(1.23)
JPY		(2,722,810)		(1.68)	(2,722,810)		(1.61)	(2,722,810)		(1.63)

* Closing exchange rate has been rounded off to two decimal places.

Notes to the financial statements for the year ended March 31, 2018

(b) Sensitivity analysis of change in foreign currency rates on profit/(loss) after tax

Currency	Profit for the year +200 bps		Profit for the year -200 bps	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
USD	(8.71)	(9.80)	8.71	9.80
Currency	Profit for the year +500 bps		Profit for the year -500 bps	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
EURO	7.31	9.44	(7.31)	(9.44)
Currency	Profit for the year +500 bps		Profit for the year -500 bps	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
GBP	(0.04)	(0.03)	0.04	0.03
Currency	Profit for the year +200 bps		Profit for the year -200 bps	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
JPY	(0.02)	(0.02)	0.02	0.02
Currency	Profit for the year +200 bps		Profit for the year -200 bps	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
CHF	(0.01)	(0.01)	0.01	0.01

49. Capital management policies

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position recognised in other comprehensive income.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Company are summarised as follows:

(Rs. in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current borrowings	7,923.53	8,270.01	8,411.76
Current borrowings	1,938.21	2,196.48	2,182.54
Less: Cash and cash equivalents*	(65.24)	(8.64)	(60.14)
Net debt	9,796.50	10,457.85	10,534.16
Total equity	3,880.98	4,558.20	5,185.04
Net debt to equity ratio	252.42%	229.43%	203.16%

*Cash and cash equivalents is net of book overdraft as at 31 March 2018 - Nil (31 March 2017 - Rs. 16.33 million and April 1, 2016 - Nil)

50. Reconciliation of liabilities arising out of financing activities

A. Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

(Rs. in million)

Particulars	Long term borrowings	Short term borrowings	Total
As at April 1, 2017	7,861.85	2,363.37	10,225.22
Cash movement:			
- Proceeds	57.97	40.00	97.97
- Repayment	(348.15)	(298.28)	(646.43)
Other non-cash movements			
- Foreign currency monetary item translation difference account	8.00	-	8.00
- Impact of effective interest rate adjustment	2.39	-	2.39
- Notional interest expense recorded on less than market rate loans	9.73	-	9.73
Net debt as at March 31, 2018	7,591.79	2,105.09	9,696.88

(Rs. in million)

Particulars	Long term borrowings	Short term borrowings	Total
As at April 1, 2016	8,076.69	2,182.54	10,259.23
Cash movement:			
- Proceeds	-	800.10	800.10
- Repayment	(164.79)	(609.60)	(774.39)
Other non-cash movements			-
- Impact of of debt restructuring	(26.86)	-	(26.86)
- Foreign currency exchange difference	(35.00)	(9.67)	(44.67)
- Impact of effective interest rate	3.08	-	3.08
- Increase in liability portion of compound financial instruments	8.73	-	8.73
Net debt as at March 31, 2017	7,861.85	2,363.37	10,225.22

51. In view of absence of profits during financial years 2013-14 and 2012-13, total remuneration paid to the Managing/Joint Managing and Whole time Directors had exceeded the ceiling prescribed in Section II of Part II of Schedule XIII to the erstwhile Companies Act, 1956 by Rs. 29.13 million for the said years. Further, because of non-compliance to one of the conditions of part II Section II of Schedule V to the Companies Act, 2013, the remuneration amounting to Rs. 2.62 million paid to a whole time director during the year ended March 31, 2016 and remuneration amounting to Rs. 43.01 million paid to six directors (Managing/Joint Managing and Whole time Directors) during the year ended March 31, 2017 required approval of the Central Government and the Company had filed the necessary applications in this regard. However, the Company's applications for approval of the aforesaid excess remuneration have not been approved by the Central Government and consequently the Company is required to recover the excess amount thus paid for the said years, unless the recovery thereof is waived by the Central Government. The Company has also paid managerial remuneration amounting to Rs. 41.62 million during the financial year ended March 31, 2018 for which the Company required prior approval of the Central Government due to non-compliance to one of the conditions of part II Section II of Schedule V to the Companies Act, 2013. For a thorough reconsideration of the matter, the Company has preferred to submit new applications to the Central Government for waiver of recovery of excess remuneration paid in respect of aforesaid periods and is also in the process of completing the related procedural formalities. Pending the decision of the Central Government, the Company has recorded an amount of Rs. 116.38 million (March 31, 2017 Rs. 74.76 million, April 1, 2016 Rs. 31.75 million) as recoverable from such directors, legal representative in case of decesed director, towards such excess remuneration paid. Based on Management's assessment and legal advice obtained, the Company is confident of a favourable outcome for its applications.

52. For the Financial Year ended March 31, 2018, the Company has incurred a loss of Rs. 718.76 million (Financial Year ended March 31, 2017: loss Rs. 726.61 million). The continuous losses have adversely affected the cash flows of the Company. These conditions, read with note 53, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company has undertaken several measures to mitigate this risk, which include scaling up revenues of hexavalent vaccine EasySix™ (DTwP-HepB-Hib-IPV), initiating supply of oral polio vaccine from Baddi facility, entering into strategic alliances with domestic as well as foreign collaborators for supply of products, launch of innovative new products, launch of new products in USA/EU etc., expediting development of new products, monetization of non-core assets, proposed raising of funds, etc. Based on above measures and continuous efforts to improve the business performance and as explained in note 53, the management believes that it would be able to generate sustainable cash flow, recover and recoup the erosion in its net worth through profitable operations, discharge its obligations as they fall due and continue as a going concern.

53. During financial year 2014-15, the Company was sanctioned a Corporate Debt Restructuring ("CDR") scheme under the CDR mechanism of the Reserve Bank of India ("RBI") after attaining super-majority from its lender banks. The debt obligations, including interest thereon, have been measured, classified and disclosed in these financial statements in accordance with the Master Restructuring Agreement (MRA) as per CDR scheme, to the extent agreed with the banks. The CDR lenders have recently during the consortium meeting held on May 22, 2018 informed the Company that due to non-compliance with the pending conditions of CDR scheme, they are considering the CDR scheme as failed CDR and exit from CDR. Consequently, the CDR lenders (other than Indian Overseas Bank) have classified the Company's account as non-performing asset due to non-compliance with the pending conditions but not because of any default for payment of principal/ interest as per agreed terms of CDR. The account with Bank of India has also been classified as non-performing asset due to non payment of prinicipal instalment of ECB loan. Further, at the year end, the outstanding principal and interest by the Company to CDR Lenders amounts to Rs. 7,315.38 million (March 31, 2017: Rs. 7,958.30 million). At the year end, as per books of the accounts of the Company, there are no reconciling items between the outstanding balance of principal / interest with the CDR Lenders except for Edelweiss Asset Reconstruction Company Limited ("EARC") whose balance as per books of the Company stands at Rs. 1,135.56 million (March 31, 2017: Rs. 1,227.18 million) whereas the said lender has claimed balance of Rs. 1,961.23 million (March 31, 2017: Rs. 1,969.43 million), which in the Company's view is inaccurate and misleading and therefore has been disputed by the Company. The CDR Lenders have requested the Company to expedite the process of raising funds through equity dilution and/or refinancing of debt and ensure that the same is completed within the timeline as shared during the said consortium meeting. Completion of the pending terms and conditions are in progress and the management is confident that it will be able to comply with all key pending conditions within the aforesaid timeline. Based on the management's evaluations and independent legal advice obtained, the Company believes that the Company will be able to resolve these matters favourably in due course without materially impacting the recognition, measurement, classification and disclosures presented in these financial results for its obligations to the CDR Lenders. Accordingly, no adjustments are considered necessary in the books of accounts at this stage.

54. During the year ended March 31, 2018, no exchange difference has been capitalised as there were no long term foreign currency monetary items related to acquisition of capital assets. Unamortised balance of "Foreign currency monetary item translation difference account" of Rs. 44.55 million as on March 31, 2018 (March 31, 2017: Rs. 100.25 million and April 1, 2016: Rs. 207.70 million) is included under the head "Reserves and Surplus.

55. As at March 31, 2018 an amount of Rs. 585.16 million (March 31, 2017: Rs. 535.98 million, April 1, 2016: Rs. 734.82 million) including interest of Rs.45.18 million (March 31, 2017: Rs. 60.30 million, April 1, 2016: Rs. 55.99 million) was receivable from the Company's wholly owned subsidiary, Rees Investments Limited ("Rees"). Pursuant to the accumulated losses in Rees and its other subsidiaries, the Company, in earlier years, had assessed that the loan repayment capability of Rees has continued to be adversely affected. Accordingly, the Company had created 'Provision for bad and doubtful advances' on the aforesaid loan balance. With a view to make the structure of overseas subsidiaries more efficient and aligned to business objectives and to save management and administrative expenses thereof, the Company has decided to wind up Rees during the previous financial year. Accordingly, in order to achieve the said objective, two set-off and release agreements have been executed on December 31, 2016 among the Company, Rees and the Company's wholly-owned subsidiaries viz. Panacea Biotec (International) SA ("PBS") and Panacea Biotec Germany GmbH ("PBGG") whereby all the rights and obligations of Rees arising out of the loan agreement between Rees and PBS and between Rees and PBGG, have been assigned and transferred to the Company w.e.f. December 31, 2016. Consequently, the outstanding amounts of its loans of Rs. 60.30 million and Rs. 198.90 million given by Rees to PBS and PBGG, respectively, as on December 31, 2016 have been assigned in favour of the Company and balance recoverable by the Company from Rees have been reduced to that extent. Owing to accumulated losses in PBS and PBGG, the Company has continued to maintain the provision for bad and doubtful advances in respect of the loans receivable from PBS and PBGG also amounting to Rs.67.23 million and Rs.221.87 million, respectively, as on March 31, 2018 (March 31, 2017: Rs.61.58 million and Rs. 203.23 million, respectively, April 1, 2016: Nil) including interest of Rs.5.65 million and Rs.18.64 million, respectively as on March 31, 2018 (March 31, 2017: Rs.1.32 million and Rs. 4.35 million, respectively, April 1, 2016: Nil).

Further, the process of liquidation of Rees is being initiated and is expected to be completed in due course of time after obtaining necessary approvals from the Reserve Bank of India and other applicable authorities. Upon such liquidation the outstanding balance amount of the loan receivable from Rees shall be written off against the said 'Provision for bad and doubtful advances' already made in the Company's books. Accordingly, there will be no impact of such write off on the Company's profits/losses during the relevant year.

56. During the financial year 2007-08, the Company had given an advance of Rs. 176.80 million pursuant to the agreement with Ilyas & Mustafa Galadari Management Investment & Development L.L.C., U.A.E. ("Developer") for purchase of certain immovable properties in Dubai. The Developer failed to deliver the said properties to the Company and offered other properties under construction in lieu of the said properties. Owing to continuous delays in completion of construction, the Company has initiated legal recourse and issued a legal notice to the Developer. In view of ongoing discussions with the Developer and on the basis of the legal advice obtained, the Company believes that it has valid rights to claim the recovery of the advance paid to the Developer, in the form of either a refund or other properties. The Company believes that the advance given to the Developer is fully realisable as the market value of the properties under discussion is more than the advance given under the original agreement. Accordingly no adjustments are considered necessary in the books of accounts. Further, during the year under review, with a view to restructure the Company's debt obligations and reduce its interest outlay, the board of directors had approved the assignment of above said amount due from the developer to its wholly owned subsidiary, Radhika Heights Ltd. (RHL) in lieu of adjustment of part of RHL's loan payable by the Company, subject to the applicable provisions of the Foreign Exchange Management Act, 1999 as amended and other applicable laws, if any. The process of assigning the said receivable to RHL is in progress and is expected to be completed in due course.

57. As at March 31, 2018, a cumulative amount of Rs. 343.38 million (March 31, 2017 Rs. 343.38 million and April 1, 2016 Rs. 343.38 million) is recognised by the Company as 'MAT Credit Entitlement' under the head 'Loans and advances' represented that portion of MAT liability, which, based on the then future profitability projections, could have been recovered and set off in subsequent years as per the provisions of Section 115JAA of the Income-tax Act, 1961. The management, based on revised estimates of future profitability projections and other factors disclosed under note 52, expects that the recoverable amount of MAT will be Rs. 219.87 million as at March 31, 2018 (March 31, 2017: Rs. 318.68 million and April 1, 2016: Rs. 343.38 million) accordingly during financial year 2017-18 an amount of Rs. 98.81 million (financial year 2016-17: Rs. 24.70 million and financial year 2015-16 Rs. Nil) has been provided as non-recoverable.

58. First time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS financial statements as at April 1, 2016 (date of transition). In preparing its opening Ind AS financial statements, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP" or "Indian GAAP"). An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Ind AS optional exemptions

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous GAAP to Ind AS.

Ind AS optional exemptions

a. Deemed cost

Property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their Previous GAAP carrying value.

b. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at fair value through profit and loss (FVTPL) on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

c. Assets held for sale

The Company has elected to measure non-current assets held for sale at the lower of carrying value and fair value less cost to sell at the date of transition and recognise directly in retained earnings any difference between that amount and the carrying amount of those assets at the date of transition.

d. Deemed cost for investments in subsidiaries and joint ventures

The Company has elected to fair value of all of its investments in subsidiaries recognised as of 1 April 2016 (transition date). Fair value has been determined by obtaining an external third party valuation using discounted cash flow method, level 3 valuation technique.

e. Foreign currency monetary item translation difference account

Ind AS 101 allows a first-time adopter to continue the policy adopted for the accounting for exchange differences arising on translation of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per Previous GAAP. The Company has opted for this exemption and continued its Previous GAAP policy for accounting of exchange differences on long-term foreign currency monetary items recognized in the Previous GAAP financial statements for the year ended 31 March 2017. Accordingly, foreign currency differences on such items attributable to the acquisition of property, plant and equipment are adjusted against their cost and depreciated prospectively over the remaining useful lives.

B. Ind AS mandatory exceptions

a. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP:

a) Fair value of investment in equity instruments carried at fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI).

b) Impairment of financial assets based on expected credit loss model.

b. Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

C. Reconciliations between Previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS. There has been no material impact on the casflows due to this transition.

B: Reconciliations between Previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity and total comprehensive income for prior periods.

(Rs. in million)

Reconciliation of equity as at date of transition (April 1, 2016)

ASSETS	Notes to first-time adoption	As per Previous GAAP	Ind AS Adjustments	As per Ind AS
Non-current assets				
a) Property, plant and equipment	9	9,761.97	47.61	9,809.58
b) Capital work-in-progress		86.48	-	86.48
c) Intangibles assets		113.92	-	113.92
d) Intangible assets under development		103.56	-	103.56
e) Financial assets				
i) Investments	8	3,946.59	(497.82)	3,448.77
ii) Loans		11.61	-	11.61
iii) Other financial assets		5.94	-	5.94
f) Deferred tax assets (net)	1	343.38	(142.58)	200.80
g) Income tax assets		73.09	-	73.09
h) Other non-current assets		217.09	-	217.09
Total non-current assets		14,663.63	(592.79)	14,070.84
Current assets				
a) Inventories	10	1,365.70	14.01	1,379.71
b) Financial assets				
i) Trade receivables	2	1,422.11	(4.00)	1,418.11
ii) Cash and cash equivalents		60.14	-	60.14
iii) Other bank balances		33.33	-	33.33
iv) Loans		29.94	-	29.94
v) Other financial assets		53.66	-	53.66
c) Other current assets		445.63	-	445.63
Total current assets		3,410.51	10.01	3,420.52
Assets held for sale	8	-	497.82	497.82
Total assets		18,074.14	(84.96)	17,989.18
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital		224.25	(163.00)	61.25
b) Other equity		5,175.83	(52.04)	5,123.79
Total equity		5,400.08	(215.04)	5,185.04
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	4	7,788.67	68.44	7,857.11
b) Provisions		141.74	-	141.74
c) Other non-current liabilities	9 & 10	3.41	43.66	47.07
Total non-current liabilities		7,933.82	112.10	8,045.92
Current liabilities				
a) Financial liabilities				
i) Borrowings		2,182.54	-	2,182.54
ii) Trade payables		1,745.44	-	1,745.44
iii) Other		623.68	-	623.68
b) Other current liabilities	9 & 10	174.82	17.98	192.80
c) Provisions		13.76	-	13.76
Total current liabilities		4,740.24	17.98	4,758.22
Total equity and liabilities		18,074.14	(84.96)	17,989.18

Notes to the financial statements for the year ended March 31, 2018

Reconciliation of equity as at March 31, 2017

ASSETS	Notes to first-time adoption	As per Previous GAAP	Ind AS Adjustments	As per Ind AS
Non-current assets				
a) Property, plant and equipment	9	9,308.41	52.37	9,360.78
b) Capital work-in-progress		59.77	-	59.77
c) Intangibles assets		59.37	-	59.37
d) Intangible assets under development		217.06	-	217.06
e) Financial assets				
i) Investments		3,448.77	-	3,448.77
ii) Loans		9.92	-	9.92
iii) Other financial assets		1.50	-	1.50
f) Deferred tax assets (net)	1	318.68	-	318.68
g) Income tax assets		9.87	-	9.87
h) Other non-current assets		238.05	-	238.05
Total non-current assets		13,671.40	52.37	13,723.77
Current assets				
a) Inventories	10	1,394.58	11.41	1,405.99
b) Financial assets				
i) Investments	8	56.76	(56.76)	-
ii) Trade receivables	2	1,764.89	(6.86)	1,758.03
iii) Cash and cash equivalents		24.97	-	24.97
iv) Other bank balances		47.16	-	47.16
v) Loans		103.22	-	103.22
vi) Others financial assets		49.44	-	49.44
c) Other current assets		648.17	-	648.17
Total current assets		4,089.19	(52.21)	4,036.98
Asset held for sale	8	-	56.76	56.76
Total assets		17,760.59	56.92	17,817.51
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital		224.25	(163.00)	61.25
b) Other equity		4,421.04	75.91	4,496.95
Total equity		4,645.29	(87.09)	4,558.20
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	4	7,060.35	80.26	7,140.61
c) Other non-current liabilities	9 & 10	-	47.69	47.69
b) Provisions		171.96	0.00	171.96
Total non-current liabilities		7,232.31	127.95	7,360.26
Current liabilities				
a) Financial liabilities				
i) Borrowings		2,196.48	-	2,196.48
ii) Trade payables		2,267.51	0.01	2,267.52
iii) Other		1,213.68	-	1,213.68
b) Other current liabilities	9 & 10	190.78	16.05	206.83
c) Provisions		14.54	-	14.54
Total current liabilities		5,882.99	16.06	5,899.05
Total equity and liabilities		17,760.59	56.92	17,817.51

Reconciliation of total comprehensive income for the year ended March 31, 2017

	Notes to first time adoption	Previous GAAP	Ind AS Adjustments	Ind AS
Income				
Revenue from operations		5,440.25	-	5,440.25
Other income	9	523.34	13.30	536.64
Total income		5,963.59	13.30	5,976.89
Expenses				
Cost of raw and packing materials consumed		1,570.16	(0.02)	1,570.14
Purchases of stock in trade		216.17	-	216.17
Changes in inventories of finished goods, stock in trade and work-in-progress		(98.00)	-	(98.00)
Excise duty		139.38	-	139.38
Employee benefits expense	5	1,333.82	(11.75)	1,322.07
Finance costs	3 & 4	1,014.55	20.49	1,035.04
Depreciation and amortisation expense	9	657.12	4.35	661.47
Other expenses	2	1,592.78	2.86	1,595.64
Total expenses		6,425.98	15.93	6,441.90
Profit/(loss) before exceptional items and tax		(462.40)	(2.63)	(465.02)
Exceptional items		(375.40)	(0.01)	(375.41)
Profit/(loss) before tax		(837.80)	(2.64)	(840.43)
Tax expense				
Current tax		-	-	-
Deferred tax (credit)/charge	1	24.72	(138.54)	(113.82)
Total tax expense		24.72	(138.54)	(113.82)
Profit/(loss) for the year		(862.52)	135.90	(726.61)
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of net defined benefit plans	5	-	(11.74)	(11.74)
Income tax on above	1	-	4.06	4.06
Total other comprehensive income (net of tax)		-	(7.68)	(7.68)
Total comprehensive income for the year		(862.52)	128.22	(734.29)

Reconciliation of total equity as at March 31, 2017 and April 1, 2016

	Notes to first time adoption	As at March 31, 2017	As at April 1, 2016
Total equity (shareholder's funds) as per Previous GAAP		4,645.29	5,400.08
Adjustments:			
Impact of effective interest rates on borrowings	4	4.62	7.70
Impact of expected credit loss	2	(6.86)	(4.00)
Financial liabilities at amortized cost	3	(84.85)	(76.14)
Recognition of deferred tax on carry forward losses	1	-	(142.60)
Total equity as per Ind AS		4,558.20	5,185.04

Reconciliation of total comprehensive income for the year ended March 31, 2017

	Notes to first time adoption	For the year ended March 31, 2017
As per Previous GAAP		(862.24)
Adjustments:		
Impact of effective interest rates on borrowings	4	(3.06)
Impact of expected credit loss	2	(2.86)
Financial liabilities at amortized cost	3	(8.73)
Re-measurement of defined benefit plans	5	11.74
Recognition of deferred tax on carry forward losses	1	138.54
Net Profit /(Loss) after tax (before other comprehensive income)		(726.61)
Other Comprehensive Income (net of tax)	5	(7.68)
Total comprehensive income for the year		(734.29)

Note 1:

Deferred tax : Under Previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS, deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments has also led to recognition of deferred taxes on new temporary differences.

Note 2:

Recognition of loss allowance for expected credit losses on financial assets measured at amortised cost : Under Previous GAAP, provision for doubtful debts was recognised based on the estimates of the outcome and of the financial effect of contingencies determined by the management of the Company. This judgement was based on consideration of information available up to the date on which the financial statements were approved and included a review of events occurring after the balance sheet date. Under Ind AS, a loss allowance for expected credit losses is recognised on financial assets carried at amortised cost. Expected loss on individually significant receivables is assessed when they are past due and based on company's historical counterparty default rates and forecast of macro-economic factors. Other receivables have been segmented by reference to the industry of the counterparty and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counterparty default rates for each category of customer.

Notes to the financial statements for the year ended March 31, 2018

Note 3:
Compound financial instrument : Redeemable preference shares issued by the Company have been classified as borrowings and recognized at amortised cost on transition date as against part of equity under Previous GAAP. The difference on the transition date has been recognised as a separate component in other equity. Interest charge at effective interest rate on such instruments has been recognised as finance cost in subsequent periods.
Note 4:
Borrowings : Under Previous GAAP, all financial assets and financial liabilities were carried at cost.
Under Ind AS, certain financial assets and financial liabilities are subsequently measured at amortised cost which involves the application of effective interest method. In applying the effective interest method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.
Note 5:
Remeasurements of post-employment benefit obligations : Under Ind AS, remeasurements, i.e., actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability, are recognized in other comprehensive income instead of profit or loss under Previous GAAP.
Note 6:
Excise duty : Under Previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of the Statement of Profit and Loss as part of expenses.
Note 7:
Minimum Alternate Tax (MAT) : Ind AS 12 requires classification of MAT credit as Deferred tax asset. Accordingly, the Company has reclassified MAT credit from loans and advances to Deferred tax asset on each reporting date. There is no impact on the total equity or profit as a result of this adjustment.
Note 8:
Assets held for sale : Ind AS 105 requires an entity to classify a non-current asset (or disposal Company) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The management of the Company had, during the year 2015-16, decided to sell the investment and was actively involved in looking a buyer. Consequent to that, the investment has been classified as held for sale.
Note 9:
Property, plant and equipment : Under Ind AS, the transfer of resources from the government in the form of a waiver of duty needs to be accounted for as government grant. Accordingly, the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme and SEZ scheme on purchase of plant and equipment has been recognised as government grant by an increase in the carrying value of plant and equipment with a corresponding credit to the deferred government grant. The increase in the value of plant and equipment is depreciated over the balance useful life of the asset. The deferred grant revenue is released to the profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset. Under Previous GAAP such benefits were being netted off with the cost of the respective item of plant and equipment.
Note 10:
Inventory : Under Ind AS, the transfer of resources from the government in the form of a waiver of duty needs to be accounted for as government grant. Accordingly, the duty benefit availed under Advance license schemes on purchase of inventory has been recognised as government grant by an increase in the carrying value of inventory with a corresponding credit to the deferred government grant.

59. 0.0 under "Rs. in million" represents amount less than Rs.50,000 and 0.0 under units represents units less than 50,000. Further, the figures shown in the tables may not exactly add up due to rounding off.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Rajesh Jain
Partner
Membership No. 081203

Place : New Delhi
Date : May 30, 2018

For and on behalf of Board of Directors of Panacea Biotec Limited

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

FORM NO. AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

Financial Details of Subsidiary Companies

(Rs. in million)

S. No.	Name of the Company	Reporting period of the subsidiary, if different from parent	Reporting currency	Exchange rate as on Balance Sheet date	As on March 31, 2018					For the year/ period ended March 31, 2018					% of Share Holding as on March 31, 2018
					Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Details of investment (except in case of investment in subsidiary)	Turnover (including other income)	Profit/ (Loss) before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	
1	2	3	4		5	6	7	8	9	10	11	12	13	14	15
1	Radhika Heights Ltd.	31.03.2018	INR	1.00	4.8	2,629.1	2,760.5	2,760.5	20.3	40.0	13.7	(6.3)	20.0	-	100%
2	Cabana Construction Pvt. Ltd.*	31.03.2018	INR	1.00	0.1	2.3	319.6	319.6	-	-	(0.1)	-	(0.1)	-	100%
3	Cabana Structures Ltd.*	31.03.2018	INR	1.00	0.5	(0.5)	0.1	0.1	-	0.0	(0.1)	-	(0.1)	-	100%
4	Nirmala Buildwell Pvt. Ltd.*	31.03.2018	INR	1.00	0.1	(4.0)	298.7	298.7	-	-	(0.2)	-	(0.2)	-	100%
5	Nirmala Organic Farms & Resorts Pvt. Ltd.*	31.03.2018	INR	1.00	0.1	7.3	104.1	104.1	-	-	(0.5)	(0.0)	(0.5)	-	100%
6	Radicura Infra Ltd.*	31.03.2018	INR	1.00	2.0	33.3	500.8	500.8	-	0.0	(2.0)	(2.1)	0.1	-	100%
7	Sunanda Infra Ltd.*	31.03.2018	INR	1.00	0.5	(1.7)	222.5	222.5	-	0.0	(0.1)	-	(0.1)	-	100%
8	PanEra Biotec Private Limited#	31.03.2018	INR	1.00	8.4	(67.6)	266.1	266.1	-	211.2	(40.4)	(0.0)	(40.3)	-	100%
9	Adveta Power Private Limited**#	31.03.2018	INR	1.00	1.8	(0.5)	27.8	27.8	-	-	(0.1)	-	(0.1)	-	100%
10	NewRise Heathcare Pvt Ltd.$	31.03.2018	INR	1.00	-	-	-	-	-	-	-	-	-	-	0%
11	Panacea Biotec (International) SA	31.03.2018	CHF	68.50	41.1	(123.9)	14.2	14.2	-	-	8.0	0.0	8.0	-	100%
12	Rees Investments Ltd.	31.03.2018	US $	65.17	0.0	(748.0)	0.0	0.0	-	(0.0)	(51.0)	-	(51.0)	-	100%
13	Panacea Biotec (Germany) GmbH***	31.03.2018	Euro	80.72	19.9	(285.1)	191.7	191.7	-	160.0	29.8	-	29.8	-	100%

* Indirect subsidiary through Radhika Heights Ltd.

** Indirect subsidiary through PanEra Biotec Private Limited.

*** Indirect subsidiary through Panacea Biotec (International) SA.

$ Subsidiary until April 18, 2017, WOS during April 19 and April 20, 2017. The entire investment was sold on April 21, 2017.

considered as subsidiary for the purpose of consolidation as per Ind AS 110.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Rs. in million)

	Name of Associates/Joint Ventures	Joint Venture Chiron Panacea Vaccines Pvt. Ltd. (Under Liquidation)
1.	Latest audited Balance Sheet Date	31.03.2018
2.	Shares of Associate/Joint Ventures held by the company on the year end	
	Number	2,295,910
	Amount of Investment in Associates/Joint Venture (Rs. million)	22.96
	Extent of Holding %	50%
3.	Description of how there is significant influence	Note-A
4.	Reason why the associate/joint venture is not consolidated	NA
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	103.54
6.	Profit/Loss for the year	
i.	Considered in Consolidation	2.07
ii.	Not Considered in Consolidation	2.07

Note : A. There is significant influence as the Company holds more than 20% of total share capital.

For and on behalf of Board of Directors of Panacea Biotec Limited

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Date : May 30, 2018

Independent Auditors' Report on the Consolidated Financial Statements

To the Members of Panacea Biotec Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Panacea Biotec Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group, and its joint venture are responsible for 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. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group, and its joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 12 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on these consolidated financial statements.

Basis for Qualified Opinion

8. As explained in Note 62 to the consolidated financial statements, the Holding Company's total borrowings as at 31 March 2018 includes balances payable to various lenders amounting to Rs. 7,315.4 million which are currently recorded based on revised terms agreed with the said lenders as part of Corporate Debt Restructuring ("CDR") scheme, and are reconciled with all lenders except in case of one lender as explained in the said Note. Subsequent to the year end, the lenders have informed the Company that they are considering CDR package as failed CDR and exit from CDR, consequent to which we are unable to comment upon the impact, if any, on the carrying values of borrowings and its related classification as at 31 March 2018 and the interest expense (including penal interest, if any) for the year then ended.

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above the aforesaid consolidated 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, of the consolidated state of affairs of the Group and its joint venture as at 31 March 2018, and their consolidated loss (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Material Uncertainty Related to Going Concern

10. We draw attention to Note 61 to the consolidated financial statements which indicates that the Group has incurred a net loss (before exceptional items) of Rs. 759.97 million during the year ended 31 March 2018 and as of that date, the Group's current liabilities exceeded its current assets by Rs. 1,306.77 million. The Holding Company has defaulted in repayment of borrowings from banks/ financial institutions and is in the process of complying with the conditions of Corporate Debt Restructuring. These factors along with other matters as set forth in aforesaid Note and paragraph 8 above indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. However, management has explained that the Holding Company is in the process of discussions with potential investors for providing funds to the Group. Basis this and other factors mentioned in the aforesaid Note 61, management is of the view that going concern basis of accounting is appropriate. Our opinion is not modified in respect of this matter.

Emphasis of Matters

11. We draw attention to the following notes to the consolidated financial statements:
    a. Note 64 to the consolidated financial statements regarding capital advances amounting to Rs. 176.8 million given to a real estate developer for acquiring certain immovable properties in Dubai where the Holding Company has initiated legal recourse: and
    b. Note 59 to the consolidated financial statements regarding payment of managerial remuneration for the financial years ended March 31, 2018, 2017, 2016, 2014 and 2013, which is in excess of the limits specified by the relevant provisions of the Companies Act, 2013 / the Companies Act, 1956 by Rs. 116.38 million for the said years. The Holding Company's applications to the Central Government seeking approval for payment of such excess remuneration have not been approved and consequently the Holding Company is required to recover the excess amount thus paid for the said years. The Holding Company has recorded an amount of Rs. 116.38 million as recoverable from the directors towards such excess remuneration paid. The Holding Company has submitted new applications to the Central Government for waiver of recovery of excess remuneration paid and is also in the process of completing the related procedural formalities.

Pending the ultimate outcome of the aforesaid matters which is presently unascertainable, no adjustments have been made in the books of accounts. Our opinion is not qualified in respect of these matters.

Other Matters

12. We did not audit the financial statements / financial information of thirteen subsidiaries, whose financial statements / financial information reflect total assets of Rs. 4,729.9 million and net assets of Rs. 1,515.3 million as at 31 March 2018, total revenues of Rs. 377.9 million and net cash inflows amounting to Rs. 44.69 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of Rs. 2.07 million for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of its joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

13. The Holding Company had prepared separate sets of consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated 30 May 2017 and 27 May 2016 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Holding Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

14. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and joint venture, we report, to the extent applicable, that:
    a) We have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the

Independent Auditors' Report on the Consolidated Financial Statements

possible effects of the matters described in paragraph 8 of the Basis for Qualified Opinion paragraph with respect to the financial statements of the Holding Company;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

e) The matters described in paragraphs 8 and 10 above under the Basis for Qualified Opinion/Material Uncertainty relating to Going Concern paragraph, in our opinion, may have an adverse effect on the functioning of the Group;

f) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and joint venture company covered under the Act, none of the directors of the Group companies, and its joint venture company covered under the Act, are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies and joint venture company covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its joint venture as detailed in Note 40 to the consolidated financial statements;

ii) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Group, and its joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and joint venture covered under the Act; and

iv) The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajesh Jain
Partner
Membership No.: 081203

Place : New Delhi
Date : May 30, 2018

Annexure A

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Panacea Biotec Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its joint venture as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its subsidiary companies, and its joint venture company, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its joint venture company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and

efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary companies and its joint venture company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary companies and its joint venture company as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies and joint venture company, the Holding Company, its subsidiary companies and joint venture, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control in the Guidance Note issued by ICAI.

Other Matters

9. We did not audit the IFCoFR in so far as it relates to ten subsidiary companies, which are companies covered under the Act, whose financial statements/financial information reflect total assets of ₹ 3,239.56 million and net assets of ₹ 2,619.66 million as at 31 March 2018, total revenues of ₹ 209.96 million and net cash inflows amounting to ₹ 14.39 for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 2.07 million for the year ended 31 March 2018, in respect of a joint venture company, which is a company covered under the Act, whose IFCoFR have not been audited by us. The IFCoFR in so far as it relates to such subsidiary companies and joint venture have been audited by other auditors whose report(s) have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its subsidiary companies and its joint venture company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies and joint venture company is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajesh Jain
Partner
Membership No.: 081203

Place : New Delhi
Date : May 30, 2018

Panacea Biotec
Innovation in support of life

Consolidated Balance Sheet
As at March 31, 2018

(Rs. in million)

	Note No.	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
a) Property, plant and equipment	2.1	9,428.75	9,936.20	10,398.50
b) Capital work-in-progress	2.2	75.20	87.00	113.61
c) Goodwill		8.96	8.96	8.96
d) Other intangible assets	2.3	52.00	68.57	126.54
e) Intangible assets under development	2.4	324.05	217.07	103.57
f) Investments accounted for using the equity method	58	51.77	50.62	48.73
g) Financial assets				
i) Investments	3	0.70	19.49	21.46
ii) Loans	4	10.43	10.46	12.15
iii) Other financial assets	5	52.66	51.74	56.36
h) Deferred tax assets (net)	6	196.63	295.04	200.81
i) Income tax assets (net)	7	49.10	20.91	84.65
j) Other non-current assets	8	221.85	238.07	217.11
Total non-current assets		10,472.10	11,004.13	11,392.45
Current assets				
a) Inventories	9	3,342.06	3,155.54	3,075.33
b) Financial assets				
i) Investments	10	20.29	2.71	14.58
ii) Trade receivables	11	1,360.10	1,421.71	1,233.71
iii) Cash and cash equivalents	12	164.37	91.01	95.93
iv) Other bank balances	13	68.00	50.27	48.77
v) Loans	14	353.10	104.79	32.32
vi) Other financial assets	15	51.70	49.45	53.66
c) Other current assets	16	243.84	458.88	437.12
Total current assets		5,603.46	5,334.36	4,991.42
Assets classified as held for sale	17	-	1,662.89	1,646.01
Total assets		16,075.56	18,001.38	18,029.88
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	18	61.25	61.25	61.25
b) Other equity	19	3,025.60	3,495.50	3,974.42
Equity attributable to owners of Company		3,086.85	3,556.75	4,035.67
Non-controlling interest		(29.49)	105.40	122.72
Total equity		3,057.36	3,662.15	4,158.39
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	20	5,707.08	7,140.61	7,857.11
b) Provisions	21	265.39	183.57	150.69
c) Deferred tax liabilities (net)	6	92.57	110.94	144.91
d) Other non-current liabilities	22	42.92	47.69	47.07
Total non-current liabilities		6,107.96	7,482.81	8,199.78
Current liabilities				
a) Financial liabilities				
i) Borrowings	23	1,648.80	1,907.12	1,893.18
ii) Trade payables	24	2,771.90	2,486.03	1,881.62
iii) Others	25	2,222.74	1,181.02	617.64
b) Other current liabilities	26	197.29	219.08	223.81
c) Provisions	27	69.43	87.99	40.77
d) Current tax liabilities (net)	28	0.08	0.06	0.08
Total current liabilities		6,910.24	5,881.30	4,657.10
Liabilities directly associated with assets classified as held for sale	55	-	975.12	1,014.61
Total equity and liabilities		16,075.56	18,001.38	18,029.88
Summary of significant accounting policies	1			

The accompanying notes 1 to 68 are an integral part of the consolidated financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

For and on behalf of Board of Directors of Panacea Biotec Limited

Rajesh Jain
Partner
Membership No. 081203

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Date : May 30, 2018

Consolidated Statement of Profit and Loss

For the Year ended March 31, 2018

(Rs. in million)

	Note No.	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Continuing operations			
Income			
Revenue from operations	29	5,961.61	5,579.51
Other income	30	82.33	465.95
Total income		6,043.94	6,045.46
Expenses			
Cost of material consumed	31	1,796.29	1,368.01
Purchases of stock in trade		183.49	216.17
Changes in inventories of finished goods, stock in trade and work in progress	32	(107.29)	(89.03)
Excise duty		33.67	139.38
Employee benefits expense	33	1,515.92	1,481.24
Finance costs	34	1,005.79	1,009.28
Depreciation and amortisation expense	35	585.33	679.51
Other expenses	36	1,694.20	1,839.54
Total expenses		6,707.40	6,644.10
Profit/(loss) before share of profit of joint venture, exceptional items and tax from continuing operations.		(663.46)	(598.64)
Share of profit of joint venture accounted for using the equity method		2.07	2.70
Profit/(loss) before exceptional items and tax from continuing operations		(661.39)	(595.94)
Exceptional items	37	-	77.16
Profit/(loss) before tax from continuing operations		(661.39)	(518.78)
Tax expense	38		
Current tax		10.91	14.20
Deferred tax		87.67	(124.00)
Total tax expense		98.58	(109.80)
Profit/(loss) for the year from continuing operations		(759.97)	(408.98)
Discontinued operations			
Profit/(loss) from discontinued operations before tax		-	(153.02)
Tax expense of discontinued operations		-	-
Profit/(loss) from discontinued operations		-	(153.02)
Profit/(loss) after tax		(759.97)	(562.00)
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(21.83)	(12.25)
Income tax relating to items that will not be reclassified to profit or loss		7.63	4.24
B. Items that will be reclassified to profit or loss			
Foreign currency translation reserve		77.24	(33.68)
Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income for the year (net of tax)		63.04	(41.69)
Total comprehensive income		(696.93)	(603.69)
Profit/(loss) for the year			
Attributable to:			
Owners of parent		(739.78)	(544.84)
Non-controlling interest		(20.19)	(17.16)
Other comprehensive income for the year			
Attributable to:			
Owners of parent		63.06	(41.53)
Non-controlling interest		(0.02)	(0.16)
Total comprehensive income attributable to:			
Owners of parent		(676.72)	(586.37)
Non-controlling interests		(20.21)	(17.32)
Earning per equity share (for continuing operations)	39		
- Basic earning per equity share (in Rs.)		(12.41)	(6.68)
- Diluted earning per equity share (in Rs.)		(12.41)	(6.68)
Earnings per equity share (for discontinued operations)			
- Basic earning per equity share (in Rs.)		-	(2.50)
- Diluted earning per equity share (in Rs.)		-	(2.50)
Earnings per equity share (for discontinued and continuing operations)			
- Basic earning per equity share (in Rs.)		(12.41)	(9.18)
- Diluted earning per equity share (in Rs.)		(12.41)	(9.18)
Summary of significant accounting policies	1		

The accompanying notes 1 to 68 are an integral part of the consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Rajesh Jain
Partner
Membership No. 081203

Place : New Delhi
Date : May 30, 2018

For and on behalf of Board of Directors of Panacea Biotec Limited

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Panacea Biotec
Innovation in support of life

Consolidated Cash Flow Statement Annexed to the Balance Sheet for the Year ended March 31, 2018 (Indirect Method)

(Rs. in million)

		For the year ended March 31, 2018	For the year ended March 31, 2017
A Cash flow from operating activities			
Profit/(loss) before tax from			
Continuing operations		(661.39)	(518.78)
Discontinued operations		-	(153.02)
Adjustment for			
Depreciation and amortisation expense		585.33	679.51
Finance costs		1,005.79	1,009.28
Allowance for expected credit loss and doubtful advances		2.52	2.86
Interest income		(11.65)	(31.49)
Loss on sale of export incentives		-	(3.18)
Loss on sale of property, plant and equipment		0.08	0.59
Excess provisions written back		(45.18)	(272.80)
Unrealized foreign exchange loss (net)		130.22	37.12
Dividend income		(0.89)	(1.62)
Adjustment on restructuring of debt (refer note 20A.6)		-	75.46
Operating profit before working capital changes		1,004.83	823.98
Changes in working capital			
Inventories		(188.32)	(91.63)
Trade receivables		44.61	(184.42)
Other financial assets		(2.25)	7.59
Loans		(248.28)	(70.78)
Other assets		225.05	(46.67)
Trade payables		312.74	628.72
Other financial liabilities		41.14	111.07
Other liabilities		(11.64)	11.46
Provisions		41.43	67.85
Cash generated from operations		1,219.31	1,257.17
Income tax (paid)/refund (net)		(39.08)	49.52
Net cash generated from operating activities (A)		1,180.23	1,306.69
B Cash flow from investing activities			
Purchase of property, plant and equipment & intangible assets (including capital advances)		(152.16)	(238.95)
Sale of property, plant and equipment		0.13	2.10
Proceeds from sale of investments		22.08	18.44
Purchase of investments		(20.00)	(3.00)
Investments accounted for using the equity method		(1.15)	(1.89)
Interest received		(1.47)	18.19
Dividend income		0.02	0.02
Purchse of non-controlling interest		(79.73)	(56.37)
Realisation from sale of subsidiary		803.95	-
Investments in bank deposits having original maturity of more than three months		(18.73)	3.11
Net cash flow from/(used in) investing activities (B)		552.94	(258.34)
C Cash flow from financing activities			
Proceeds from non-current borrowings		57.96	-
Repayment of non-current borrowings		(348.15)	(100.24)
Proceeds from current borrowings		39.96	633.21
Repayment of current borrowings		(298.28)	(609.60)
Interest paid		(1,094.97)	(992.97)
Net cash flow used in financing activities (C)		(1,643.48)	(1,069.60)
Increase in net cash and cash equivalents (A+B+C)		89.69	(21.25)
Cash and cash equivalents at the beginning of the year		74.68	95.93
Cash and cash equivalents at the end of the year		164.37	74.68
Reconciliation of cash and cash equivalents as per the cash flow statement			
Cash and cash equivalents as per above comprise of the following:			
Cash and cash equivalents (refer note 12)		164.37	91.01
Book overdraft (refer note 25)		-	(16.33)
Cash and cash equivalents at the end of the year		164.37	74.68
Summary of significant accounting policies	1		

The accompanying notes 1 to 68 are an integral part of the consolidated financial statements.
This is the Consolidated Cash Flow Statement referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

For and on behalf of Board of Directors of Panacea Biotec Limited

Rajesh Jain
Partner
Membership No. 081203

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Date : May 30, 2018

Consolidated Statement of Changes in Equity for the year ended March 31, 2018

A. Equity share capital

	(Rs. in million)
Balance as at April 01, 2016	61.25
Change during the year	-
Balance as at March 31, 2017	61.25
Change during the year	-
Balance as at March 31, 2018	61.25

B. Other equity

(Rs. in million)

	Equity component of compound financial instruments	Attributable to owners of Panacea Biotec Limited – Reserves and surplus					Other comprehensive income*	Total other equity	Non-controlling interests	Total
		Retained earnings	General reserve	Securities premium	Capital redemption reserve	Foreign currency monetary item translation difference account	Foreign currency translation account			
Balance as at April 01, 2016	96.39	1,668.90	474.99	919.40	1,022.44	(207.70)	-	3,974.42	122.72	4,097.14
Profit/(loss) for the year	-	(544.84)	-	-	-	-	-	(544.84)	(17.16)	(562.00)
Other comprehensive income	-	(7.84)	-	-	-	-	(33.69)	(41.53)	(0.16)	(41.69)
Total comprehensive income for the year	-	(552.68)	-	-	-	-	(33.69)	(586.37)	(17.32)	(603.69)
Movement during the year	-	-	-	-	-	107.45	-	107.45	-	107.45
Balance as at March 31, 2017	96.39	1,116.22	474.99	919.40	1,022.44	(100.25)	(33.69)	3,495.50	105.40	3,600.90
Balance as at April 01, 2017	96.39	1,116.22	474.99	919.40	1,022.44	(100.25)	(33.69)	3,495.50	105.40	3,600.90
Profit/(loss) for the year	-	(739.78)	-	-	-	-	-	(739.78)	(20.19)	(759.97)
Other comprehensive income	-	(14.18)	-	-	-	-	77.24	63.06	(0.02)	63.04
Total comprehensive income for the year	-	(753.96)	-	-	-	-	77.24	(676.72)	(20.21)	(696.93)
Movement during the year	-	-	-	-	-	55.69	-	55.69	-	55.69
Transfer to retained earning on disposal of subsidiary	-	151.13	-	-	-	-	-	151.13	(114.68)	36.45
Balance as at March 31, 2018	96.39	513.39	474.99	919.40	1,022.44	(44.56)	43.55	3,025.60	(29.49)	2,996.11

* The Holding Company has recognised remeasurements benefits on defined benefits plans through other comprehensive income.

Summary of significant accounting policies 1

The accompanying notes 1 to 68 are an integral part of the consolidated financial statements.
This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Rajesh Jain
Partner
Membership No. 081203

Place : New Delhi
Date : May 30, 2018

For and on behalf of Board of Directors of Panacea Biotec Limited

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal & Company Secretary

Devender Gupta
Chief Financial Officer & Head Information Technology

Summary of significant accounting policies for the year ended March 31, 2018

1. Corporate information

Panacea Biotec Limited ("the Holding Company") is a public company incorporated and domiciled in India. The Holding Company's shares are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Holding Company is one of India's leading research based biotechnology companies engaged in the business of research, development, manufacture and marketing of branded pharmaceutical formulations and vaccines.

The Holding Company is domiciled in India and its registered place of business at Ambala-Chandigarh Highway Lalru-140501, Punjab, India.

The Holding Company, its subsidiaries and its joint venture (collectively referred to as the 'Group' herein under) are considered in these consolidated financial statements.

1.1 Basis of preparation

The consolidated financial statements ('financial statements') of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

These financial statements are consolidated financial statement of the Group prepared in accordance with Ind AS 110 and the same were approved by the Board of Directors on May 30, 2018. Revision to the financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities, as per provision of the Act.

For all periods up to and including the year ended March 31, 2017, the Group prepared its consolidated financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 which is considered as "Previous GAAP". The financial statements for the year ended March 31, 2018 are the first Ind AS Financial statements of the Group. As per the principles of Ind AS 101, the transition date to Ind AS is April 1, 2016 and hence the comparatives for the previous year ended March 31, 2017 and balances as on April 1, 2016 have been restated as per the principles of Ind AS, wherever deemed necessary. Refer note 67 for understanding the transition from Previous GAAP to Ind AS and its effect on the Group's financial position and financial performance.

The financial results have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans – plan assets measured at fair value.

The significant accounting policies that are used in the preparation of these financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the financial statements.

1.2 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Profit/ (loss) and Other Comprehensive Income ('OCI') of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. All the consolidated subsidiaries have a consistent reporting date of March 31, 2018. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's statement of profit and loss and net assets that is not held by the Group. Profit/(loss) and each component of OCI are attributed to the equity holders of the parent company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Group attributes total comprehensive income or loss of the subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Joint ventures

Investments in joint arrangements are classified as either Joint operations or Joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the Joint arrangement. Joint ventures – Interest in joint venture are accounted for using the equity method, after initially being recognised at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in these entities. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

1.3 Use of estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these consolidated financial statements have been disclosed in note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Significant accounting policies

The significant accounting policies that are used in the preparation of these financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the financial statements.

a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle*
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle*,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

*Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

b) Inventory

Inventories are valued as follows:

Raw material, components, stores and spares

Raw materials (including packing materials), components, stores and spares are valued at lower of cost or net realisable 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. Stores and spares having useful life of more than twelve months are capitalised as "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost or net realisable value. Cost includes raw material cost and a proportion of direct and indirect overheads up to estimated stage of completion. Cost is determined on a weighted average basis.

Traded goods

Traded goods are valued at lower of cost or net realisable 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 average basis.

Net realisable 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.

c) Property, plant and equipment

Recognition and initial measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Summary of significant accounting policies for the year ended March 31, 2018

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the straight line method arrived on the basis of the useful life prescribed under Schedule II of the Act. The following useful life of assets has been determined by the Group:

Particulars	Useful life
Building – factory	30 years
Building – Non-factory	60 years
Plant and Equipment	15 years and 20 years
Furniture and fixtures	10 years
Vehicles	8 years
Office equipment	5 years
Computer equipment	3 years and 6 years

i) Leasehold land is amortised over the period of lease

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

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

d) Intangible assets

Recognition and initial measurement

Research and development costs

Expenditure on the research phase of projects is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Group can demonstrate the following:

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

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs

Other intangibles

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

Subsequent measurement (Amortisation and useful lives)

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date and any change in the same is accounted for prospectively. The following useful lives are applied:

Intangible assets	Amortisation period
Patents, trademarks and designs	7 years
Product development	5 Years
Technical know-how	5 years
Software	5 years
Websites	2 years

De-recognition

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

e) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. 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. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the statement of profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

f) Borrowing costs

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign and presentation currency

The consolidated financial statements are presented in Indian Rupees (INR), which is also the functional and presentation currency of the Holding Company.

Foreign currencies

Transactions and balances

Initial recognition

Transactions in foreign currencies are initially recorded in functional currency spot rates at the date the transaction first qualifies for recognition.

Subsequent measurement

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss in the year in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.

All other exchange differences are charged to the statement of profit and loss.

Translation of a foreign operation

Functional and reporting currencies of foreign operations are different from the reporting currency of the Holding Company. For all the foreign operations of the Group, all assets and liabilities (excluding share capital and opening reserves and surplus) are translated into INR using the exchange rate prevailing at the reporting date. Share capital, opening reserves and surplus at historical rates. Revenues, costs and expenses are translated using the average exchange rate during the reporting period. The resultant currency translation difference is recognized as foreign currency translation reserve under the head 'other equity'.

h) Leases

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased Asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalised.

Summary of significant accounting policies for the year ended March 31, 2018

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

i) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial results are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

j) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The Group applies the revenue recognition criteria to each separately identifiable component of the Revenue transaction as set out below:

Sale of goods : Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with the goods nor effective control over the goods sold, it is probable that economic benefits will flow to the Group, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably. Revenue from services rendered is recognised in the statement of profit and loss over the period the underlying services are performed.

Dividend income : Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

Interest income : Interest income is recorded on accrual basis using the effective interest rate ("EIR") method.

Royalty income : Royalty is recognized on an accrual basis based on actual sale of product by the licensee and in accordance with the terms of the relevant agreement.

Research and license fees income : Research and license fees 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.

Export incentives : Export entitlements from government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

k) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

i. Financial assets carried at amortised cost – A financial instrument is measured at amortised cost if both the following conditions are met:
   - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
   - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. Financial assets at fair value
   - Investments in equity instruments other than above –Investments in equity instruments which are held for trading are generally classified as at fair value through profit or loss (FVTPL). For all other equity instruments, the Group makes irrevocable choice upon initial recognition, on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

     If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group transfers the cumulative gain or loss within equity. Dividends on such investments are recognised in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

     Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.
   - Investments in mutual funds – Investments in mutual funds in scope of Ind-AS 109 are measured at FVTPL.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are subsequently measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 52 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

l) Post-employment and other employee benefits

Provident fund

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 an expense, when an employee renders the related service. The Group has no obligation other than the contribution payable to the Provided Fund. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group net obligation in respect of the gratuity plan (administered through Life Insurance Corporation of India), which is a defined benefit plan, is calculated by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

Compensated absences

Compensated absences, which are 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.

Summary of significant accounting policies for the year ended March 31, 2018

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.

Other short-term benefits

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

m) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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.

n) Taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the statement of profit and loss and presented as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognized to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity).

o) Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the conditions.

Government grants related to the income are deferred and recognised in statement of profit and loss over the period necessary to match them with the cost that are intended to compensate and presented within other income.

Government grants related to property plant and equipment are included in the non-current liabilities as deferred income and are credited to profit and loss on a straight line basis over the expected life of the related assets and presented within other income.

p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Identification of segments

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Group's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the other components. Results of the operating segments are reviewed regularly by the Board of Directors (chairman and chief financial officer) which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Allocation of common costs

Common allocable costs are allocated to each segment accordingly to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial results of the Group as a whole.

q) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

r) Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties associated with the present obligation.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the balance sheet.

Any amount that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset up to the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised.

1.5 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Group financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

Significant management judgments

Research and developments costs - Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Provisions, contingent liabilities and contingent assets – The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. In view of the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

Defined benefit obligation – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

1.6 Standard issued but not yet effective:

a. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force with effect from April 01, 2018. The Group has evaluated the effect of this on the financial statements and the impact is not expected to be material.

b. Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

   The standard permits two possible methods of transition:

   - Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;
   - Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

   The Group will adopt the Ind AS 115 with effect from April 01, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Group is in the process of identifying the impact of adoption of Ind AS 115.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

2.1 Property, plant and equipment

(Rs. in million)

Description	Freehold land	Leasehold land	Building	Plant and equipment	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
Gross carrying value									
As at April 1, 2016*	2,441.13	593.00	4,341.98	6,749.40	345.77	127.90	227.10	195.61	15,021.89
Additions	0.36	-	24.10	96.76	0.09	-	1.30	3.36	125.97
Disposals	-	-	-	2.66	1.66	11.11	2.77	2.82	21.02
As at March 31, 2017	2,441.49	593.00	4,366.08	6,843.50	344.20	116.79	225.63	196.15	15,126.84
Additions	0.02	-	1.31	52.66	0.37	-	0.47	1.85	56.68
Disposals	-	-	-	0.20	-	1.88	1.74	-	3.82
As at March 31, 2018	2,441.51	593.00	4,367.39	6,895.96	344.57	114.91	224.36	198.00	15,179.70
Accumulated depreciation									
As at April 1, 2016*	-	23.61	646.88	3,188.15	277.55	95.54	212.26	179.40	4,623.39
Charge for the year	-	4.04	113.55	436.19	17.02	8.97	2.23	3.58	585.58
Disposals	-	-	-	1.76	1.58	9.68	2.63	2.68	18.33
As at March 31, 2017	-	27.65	760.43	3,622.58	292.99	94.83	211.86	180.30	5,190.64
Charge for the year	-	4.04	112.58	422.35	13.62	6.39	1.12	3.82	563.92
Disposals	-	-	-	0.14	-	1.74	1.73	-	3.61
As at March 31, 2018	-	31.69	873.01	4,044.79	306.61	99.48	211.25	184.12	5,750.95
Net block as at March 31, 2018	2,441.51	561.31	3,494.38	2,851.17	37.96	15.43	13.11	13.88	9,428.75
Net block as at March 31, 2017	2,441.49	565.35	3,605.65	3,220.92	51.21	21.96	13.77	15.85	9,936.20
Net block as at April 1, 2016*	2,441.13	569.39	3,695.10	3,561.25	68.22	32.36	14.84	16.21	10,398.50

*Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the Previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

Notes :

a) Plant and equipment includes plant and machinery amounting to Rs. 0.86 million (March 31, 2017 Rs.1.30 million, April 1, 2016 Rs. 2.00 million) (net block) lying with third parties.

b) Property, plant and equipment pledged as security : Refer note 44 for information on assets pledged as security by the Group.

c) Contractual commitments : Refer note 40 (B) for information on contractual commitments related to property, plant and equipment.

2.2 Capital work-in-progress

(Rs. in million)

Description	Amount
As at April 1, 2016	113.61
Add: Addition during the year	99.36
Less: Capitalisation during the year	(125.97)
As at March 31, 2017	87.00
Add: Addition during the year	44.88
Less: Capitalisation during the year	(56.68)
As at March 31, 2018	75.20

Note:

1. The capital work in progress relates to construction and installation of property, plant and equipment.
2. Refer note 44 for information on assets pledged as security by the Group.

2.3 Other Intangible assets

(Rs. in million)

Description	Patent, trademark and copyrights	Softwares	Websites	Product development	Total
Gross carrying value					
As at April 1, 2016*	96.84	235.10	9.34	487.67	828.95
Additions	0.33	2.82	-	32.81	35.96
Disposals	-	-	-	-	-
As at March 31, 2017	97.17	237.92	9.34	520.48	864.91
Additions	-	1.19	-	3.65	4.84
Disposals	-	-	-	-	-
As at March 31, 2018	97.17	239.11	9.34	524.13	869.75
Accumulated amortisation					
As at April 1, 2016*	77.18	210.49	9.34	405.40	702.41
Charge for the year	5.35	9.05	-	79.53	93.93
Disposals	-	-	-	-	-
As at March 31, 2017	82.53	219.54	9.34	484.93	796.34
Charge for the year	2.01	7.77	-	11.63	21.41
Disposals	-	-	-	-	-
As at March 31, 2018	84.54	227.31	9.34	496.56	817.75
Net block as at March 31, 2018	12.63	11.80	-	27.57	52.00
Net block as at March 31, 2017	14.64	18.38	-	35.55	68.57
Net block as at April 1, 2016*	19.66	24.61	-	82.27	126.54

* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated amortisation from the Previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

Note:

Intangible assets pledged as security : Refer note 44 for information on assets pledged as security by the Group.

2.4 Intangible assets under development

(Rs. in million)

Description	Amount
As at April 1, 2016	103.57
Add: Addition during the year	149.46
Less: Capitalisation during the year	(35.96)
As at March 31, 2017	217.07
Add: Addition during the year	111.82
Less: Capitalisation during the year	(4.84)
As at March 31, 2018	324.05

Notes:

1. The intangible assets under development relates to product registration, patent and software.
2. Refer note 44 for information on assets pledged as security by the Group.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
3	**Investments (non-current)**			
	Investments equity instruments			
	A. Carried at fair value through profit or loss (refer note 51)			
	Investment in equity shares of other entities (unquoted):			
	a) 20,250 (March 31, 2017: 20,250; April 1, 2016: 20,250) equity shares of Rs.10 each fully paid up in Shivalik Solid Waste Management Limited	0.20	0.20	0.20
	b) 50,000 (March 31, 2017: 50,000; April 1, 2016: 50,000) equity shares of Rs.10 each fully paid up in Mohali Green Environment Private Limited	0.50	0.50	0.50
	B. Non trade investment carried at fair value through profit or loss			
	a) Nil Equity instruments (March 31, 2017: Nil; April 1, 2016: 10,000) of Rs.10/- each fully paid in Medicamen Biotec Limited	-	-	0.14
	C. Carried at fair value through profit or loss			
	Investments in mutual fund (quoted)			
	a) Nil (March 31, 2017: 187,113.099 Units of of 100.3199 NAV; April 1, 2016: 205,527.823 units of Rs. 100.2970 NAV) in Birla Sun Life Saving Fund Daily Dividend - Regular Plan - reinvestment	-	18.79	20.61
	Total	0.70	19.49	21.46
	Aggregate cost of quoted investments	-	18.79	20.61
	Aggregate market value of quoted investments	-	18.79	20.61
	Aggregate cost of unquoted investments	0.70	0.70	0.85
	Aggregate amount of impairment in value of investments	-	-	-
4	**Loans (non-current)**			
	Unsecured, considered good			
	Security deposits	10.43	10.46	12.15
	Total	10.43	10.46	12.15
	Notes:			
	i) Refer note 51 and 52 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.			
	ii) Refer note 43 for related party disclosure.			
5	**Other financial assets (non-current)**			
	Bank deposits with maturity of more than 12 months	52.66	51.74	56.36
	Total	52.66	51.74	56.36
	Notes:			
	i) Refer note 51 and 52 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.			
	ii) Fixed deposits amounting to Rs. 52.66 million (March 31, 2017: Rs. 51.74 million; April 1, 2016: Rs. 56.36 million) are pledged with banks and various Government authorities for tender, bank guarantee, margin money etc.			
6	**Deferred tax assets (net)**			
	Deferred tax liabilities arising on account of:			
	Property, plant and equipment and other intangible assets	1,865.64	2,073.40	2,034.26
	Capital expenditure on research and development	105.93	74.36	20.36
	Others	24.03	24.21	2.67
		1,995.60	2,171.97	2,057.29
	Deferred tax assets arising on account of:			
	Expenditure allowed on payment basis	425.54	467.60	519.80
	Unabsorbed business loss and depreciation	1,385.86	1,511.54	1,219.34
	Minimum alternative tax credit entitlement	230.14	328.98	353.38
	Others	58.12	47.95	20.67
		2,099.66	2,356.07	2,113.19
	Total	104.06	184.10	55.90
	Deferred tax assets and liabilities have been offset where they arise in the same legal entity and taxing jurisdiction but not otherwise. Accordingly, the net deferred tax (assets) / liability has been disclosed in the consolidated balance sheet as follows :			
	Deferred tax assets	196.63	295.04	200.81
	Deferred tax liabilities	92.57	110.94	144.91
	Deferred tax assets (net)	104.06	184.10	55.90
	(Refer note 38 for changes in deferred tax balances).			

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
7	**Income tax assets (net)**			
	Advance income tax	49.10	20.91	84.65
	Total	49.10	20.91	84.65
8	**Other non-current assets**			
	Prepaid expenses	1.24	4.04	7.03
	Capital advances	180.33	184.87	185.59
	Balances with statutory authorities	40.28	49.16	24.49
	Total	221.85	238.07	217.11
9	**Inventories**			
	(lower of cost or net realisable value)			
	Raw materials (including packing materials)	717.60	659.33	646.00
	Finished goods	428.65	421.45	380.76
	Traded goods	77.95	69.91	52.72
	Work-in-progress	262.90	170.85	139.71
	Land under development	1,680.16	1,680.16	1,680.16
	Stores and spares	174.80	153.84	175.98
	Total	3,342.06	3,155.54	3,075.33
	Note: Inventories includes stock in transit Rs. Nil (March 31, 2017: Rs. 1.39 million; April 1, 2016: Rs. 0.24 million)			
10	**Investment - current**			
	Carried at fair value through profit or loss			
	Investment in mutual funds (quoted):			
	a) 962,572.107 units (March 31, 2017: 269,083.111 units of Rs. 10.0818, April 1, 2016: 1,447,401.393 units of Rs. 10.0759 NAV) of Rs. 10.0778 NAV in Franklin India Ultra Short Bond Fund Super Institutional Plan Daily Dividend - Option Reinvestment	9.70	2.71	14.58
	b) 10,587.165 units (March 31, 2017: Nil; April 1, 2016: Nil) of Rs. 1000.7051 NAV in Franklin India Treasury Management Account - Super Institutional Plan Daily Dividend - Option Reinvestment	10.59	-	-
	Total	20.29	2.71	14.58
	Aggregate cost of quoted investments	20.30	2.71	14.58
	Aggregate market value of quoted investments	20.29	2.71	14.58
	Aggregate cost of unquoted investments	-	-	-
	Aggregate amount of impairment in value of investments	-	-	-
11	**Trade receivables**			
	Unsecured, considered good	1,400.13	1,459.28	1,263.79
	Unsecured, considered doubtful	25.60	34.12	45.02
		1,425.73	1,493.40	1,308.81
	Less: allowance for expected credit loss	(40.03)	(37.57)	(30.08)
	Less: allowance for doubtful debts	(25.60)	(34.12)	(45.02)
	Total	1,360.10	1,421.71	1,233.71
	Note: Refer note 51 and 52 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.			
12	**Cash and cash equivalents**			
	Balances with banks			
	- in current accounts	163.25	30.24	55.35
	- in exchange earner foreign currency accounts	0.46	0.21	6.07
	Cash on hand	0.66	60.56	34.51
	Total	164.37	91.01	95.93
13	**Other bank balances**			
	Deposits with original maturity for more than 3 months but less than 12 months (refer sub note (i) below)	67.88	50.07	48.56
	Unpaid dividend accounts (refer sub note (ii) below)	0.12	0.21	0.21
	Total	68.00	50.27	48.77
	Notes: i) Fixed deposits amounting to Rs. 52.17 million (March 31, 2017: Rs.47.30 million; April 1, 2016: Rs.38.30 million) are pledged with banks and various Government authorities for tender, bank guarantee, margin money etc. ii) Not available for use by the Group as these represent corresponding unpaid/unclaimed dividend liabilities.			

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
14	**Loans (current)**			
	Unsecured, considered good			
	Security deposits	19.02	16.10	16.01
	Loan to employees	132.32	88.69	16.30
	Loan to body corporate	201.75	-	-
	Total	353.10	104.79	32.32
	Note:			
	Refer note 51 and 52 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.			
15	**Other financial assets (current)**			
	Insurance claims receivable	1.23	0.99	0.99
	Export benefits receivable	42.68	48.46	52.67
	Others	7.79	-	-
	Total	51.70	49.45	53.66
	Note:			
	Refer note 51 and 52 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.			
16	**Other current assets**			
	Prepaid expenses	47.73	34.88	37.42
	Balance with government authorities	132.17	74.45	102.53
	Advance to suppliers			
	- considered good	62.81	347.98	297.17
	- considered doubtful	41.44	39.76	36.52
		104.25	387.74	333.69
	Less: allowance for doubtful advances	(41.44)	(39.76)	(36.52)
		62.81	347.98	297.17
	Others	1.13	1.56	-
	Total	243.84	458.88	437.12
17	**Assets classified as held for sale**			
	Disposal group (refer note 55)	-	1,662.89	1,646.01
	Total	-	1,662.89	1,646.01
18	**Share capital**			
a)	Authorised			
	i) 125,000,000 (March 31, 2017: 125,000,000; April 1, 2016: 125,000,000) equity shares of Re.1 each	125.00	125.00	125.00
	ii) 110,000,000 (March 31, 2017: 110,000,000; April 1, 2016: 110,000,000) preference shares of Rs.10 each	1,100.00	1,100.00	1,100.00
b)	Issued, subscribed and fully paid up			
	61,250,746 (March 31, 2017: 61,250,746; April 1, 2016: 61,250,746) equity shares of Re.1 each	61.25	61.25	61.25
		61.25	61.25	61.25

c) Terms/right attached to equity shares:

The Holding 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 Holding 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 Board of Directors has not proposed any dividend for current year and previous year.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts including preference shares. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

d) Reconciliation of number of shares	**As at March 31, 2018**		As at March 31, 2017		As at April 1, 2016	
	No. of shares	Rs. in million	No. of shares	Rs. in million	No. of shares	Rs. in million
Equity shares at the beginning of the year	61,250,746	61.25	61,250,746	61.25	61,250,746	61.25
Changes during the year	-	-	-	-	-	-
Equity shares at the end of the year	61,250,746	61.25	61,250,746	61.25	61,250,746	61.25

e) Details of shareholders holding more than 5% of equity shares in the holding company	**As at March 31, 2018**		As at March 31, 2017		As at April 1, 2016	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Mr. Soshil Kumar Jain	5,000,000	8.16%	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%	6,213,500	10.14%
Mr. Sandeep Jain	4,792,100	7.82%	4,792,100	7.82%	4,792,100	7.82%
Mrs. Sunanda Jain	6,647,300	10.85%	935,000	1.53%	635,000	1.04%
Ravinder Jain (HUF)	4,135,000	6.75%	4,135,000	6.75%	4,135,000	6.75%
Rajesh Jain (HUF)	4,046,617	6.61%	4,368,500	7.13%	4,368,500	7.13%
Sandeep Jain (HUF)	4,105,000	6.70%	4,105,000	6.70%	4,105,000	6.70%
Serum Institute of India Ltd	5,774,732	9.43%	8,932,632	14.58%	8,932,632	14.58%
Adar Cyrus Poonawala	3,157,900	5.16%	-	-	-	-

The above information has been furnished as per the shareholders' detail available with the holding company at the year end.

f) Terms attached to 0.5% cumulative non-convertible and non-participating redeemable preference shares:
The Holding Company has only one class of preference shares having a par value of Rs.10 per share. The Holding 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 Board of Directors has not proposed any dividend for current year and previous year.
The preference shares have been issued for a period of 10 years with an option with the Holding Company as well as preference shareholders for early redemption of preference shares, provided CDR debts (refer note 20A) are fully serviced and the holding company comes out from the purview of CDR system. In the event of liquidation of the holding company, the holders of preference shares will be entitled to receive the remaining assets of the holding company after distribution of all preferential amounts, in preference to the equity shareholders. The distribution will be in proportion to the number of preference shares held by the preference shareholders.

g) Reconciliation of 0.5% cumulative non-convertible and non-participating redeemable preference shares outstanding at the beginning and at the end of the reporting financial year:

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	Rs. in million	No. of shares	Rs. in million	No. of shares	Rs. in million
Preference shares at the beginning of the year	16,300,000	163.00	16,300,000	163.00	16,300,000	163.00
Changes during the year	-	-	-	-	-	-
Preference shares at the end of the year	16,300,000	163.00	16,300,000	163.00	16,300,000	163.00

h) No equity/preference shares have been bought back or bonus share and shares have been issued for consideration other than cash during the period of five years immediately preceding the reporting date except for issue of preference shares by conversion of loan in financial year 2014-15 amounting to Rs.163,000,000.

i) Detail of preference shareholders holding more than 5% of 0.5% cumulative non-convertible and non-participating redeemable preference share capital:

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Mr. Soshil Kumar Jain	6,570,000	40.31%	6,570,000	40.31%	6,570,000	40.31%
Dr. Rajesh Jain	6,570,000	40.31%	6,570,000	40.31%	6,570,000	40.31%
Mr. Sandeep Jain	3,160,000	19.38%	3,160,000	19.38%	3,160,000	19.38%

The above information has been furnished as per the shareholders detail available with the Company at the year end.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
19	**Other equity***			
	Equity component of compound financial instrument	96.39	96.39	96.39
	Reserves and surplus			
	Retained earnings	513.39	1,116.22	1,668.90
	General reserve	474.99	474.99	474.99
	Securities premium reserve	919.40	919.40	919.40
	Capital redemption reserve	1,022.44	1,022.44	1,022.44
	Foreign currency monetary item translation difference account	(44.56)	(100.25)	(207.70)
	Foreign currency translation account	43.55	(33.69)	-
	Total	3,025.60	3,495.50	3,974.42

* For changes in balances of reserves, refer to Consolidated Statement of Changes in Equity

Nature and purpose of reserves

Equity component of compound financial instrument

Redeemable preference shares issued by the holding company have been classified as borrowings and recognized at amortised cost on transition date as against part of equity as per Previous GAAP. The difference on the transition date has been recognised as a separate component in other equity. Interest charge at effective interest rate on such instruments has been recognised as finance cost in subsequent periods.

General reserve : The Holding Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the provisions of erstwhile Companies Act, 1956.

Mandatory transfer to general reserve is not required under the Act.

Securities premium reserve : Securities premium reserve represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Capital redemption reserve : This reserve has been created in accordance with provision of the Act for the buy back of equity shares from the market.

Foreign currency monetary item translation difference account : Exchange difference arising on long term foreign currency monetary items related to foreign currency term loan.

Other comprehensive income (OCI) reserve : The Holding Company has recognised remeasurements benefits on defined benefits plans through other comprehensive income.

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
20	**Borrowings (non-current)**			
	Term loans from banks (secured)			
	Foreign currency loans			
	Foreign currency term loans from banks (refer sub note A, B and E below)			
	Bank of India	1,627.27	1,616.88	1,648.80
	Rupee loans			
	Term loan from banks (refer sub note A and B below)			
	Indian Overseas Bank	915.00	962.50	987.89
	State Bank of India [loan - I]	1,400.07	1,476.09	1,512.09
	State Bank of India [loan - II]	704.70	743.21	761.51
	Working capital term loan (refer sub note A and B below)			
	Axis Bank	4.39	4.58	4.73
	Bank of India	54.31	56.56	57.70
	Canara Bank	33.41	35.13	36.26
	IDBI Bank	15.76	16.45	17.04
	Indian Overseas Bank	41.59	43.84	45.59
	State Bank of India	523.19	550.36	563.22
	Union Bank of India	40.72	42.83	44.17
	Funded interest term loan (refer sub note A and B below)			
	Axis Bank	3.02	3.15	3.24
	Bank of India	134.68	141.93	145.66
	Canara Bank	20.29	21.35	22.02
	IDBI Bank	10.82	11.30	11.72
	Indian Overseas Bank	225.33	237.08	247.22
	State Bank of India	622.51	658.34	675.52
	Union Bank of India	24.46	25.83	26.49

(Rs. in million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Rupee term loans from others (secured)			
Biotechnology Industrial Research Assistance Council ("BIRAC") (secured) (refer sub note C (1) and (2) below)	61.00	85.00	85.00
Department of Science & Technology ("DST") (unsecured) (refer sub note C (4) below)	8.00	10.00	12.00
Edelweiss Assets Reconstruction Co. Ltd [loan - I] (secured) (refer sub note A (5) below)	1,005.76	1,059.08	1,084.34
Edelweiss Assets Reconstruction Co. Ltd [loan - II] (secured) (refer sub note A (6) below)	129.80	136.80	-
Technology Development Board ("TDB") (secured) (refer sub note C (3) below)	57.98	5.56	8.33
Unsecured			
Liability component of compound financial instrument			
16,300,000 (March 31, 2017: 16,300,000; April 1, 2016: 16,300,000) 0.5% cumulative non-convertible and non-participating redeemable preference shares of Rs.10 each (refer note f above and sub note D below)	94.60	84.87	76.14
	7,758.66	8,028.72	8,076.68
Less: current maturities of non-current borrowings (disclosed under note 25 - other current financial liabilities)	(2,051.58)	(888.11)	(219.57)
Total	5,707.08	7,140.61	7,857.11

Notes: Rate of interest - The Group's long term borrowings are at an effective weighted average rate of 11% (March 31, 2017: 11%) (April 01, 2016: 11%) per annum.

A. Loans under Corporate Debt Restructuring (CDR) (refer note 62)

1 All the long-term loans and sustainable working capital borrowings from the banks have been restructured under the CDR package approved by the Corporate Debt Restructuring Empowered Group (CDR- EG) on September 24, 2014, except foreign currency term loan from Bank of India.

2 The company has executed Master Restructuring Agreement (MRA)/other definitive documents with all lender banks, except State Bank of Travancore ("SBT"), on December 27, 2014 with cut off date of October 01, 2013. Under the CDR package, the Holding Company is entitled to reliefs and concessions granted by the banks, effective from the cut off date.

3 Key terms of restructuring of the long-term loans are as under:

i. Tenure: Door to Door 10 Years.

ii. Additional moratorium of 2 years and 2 months from Cut Off Date.

iii. Repayment of loans: 32 structured quarterly instalments starting from quarter ending December 2015 till quarter ending September 2023. However, first instalment was payable on November 30, 2015 instead of December 31, 2015.

iv. Interest rate: 11% p.a. (floating), linked to base rates of respective Lenders from October 1, 2013 to September 30, 2018, thereafter rate of interest will increase to 13% p.a. linked to base rate of respective lenders w.e.f. October 1, 2018.

v. Interest obligations aggregating Rs.1,156.4 million on (i) restructured long-term loans and the foreign currency term loan from Bank of India for a period of 24 months from Cut Off Date; and (ii) sustainable working capital borrowings for a period of 12 months from Cut Off Date, were converted into Funded Interest Term Loan (FITL).

vi. The dues aggregating to Rs.842.8 million in the working capital borrowings as on the Cut Off Date were converted into Working Capital Term Loan (WCTL).

4 The foreign currency term loan (ECB) from Bank of India of US$ 25.00 million is repayable in three equal yearly instalments commencing from financial year 2017-18 onwards.

5 During financial year 2015-16, SBT had assigned all the rights, title and interest in the entire outstanding dues owed by the Holding Company together with all the underlying securities and guarantees, comprising its rupee term loan and sustainable working capital along with all accrued interest thereon, in favour of Edelweiss Asset Reconstruction Company Limited ("EARC") (refer note 62). These loans were part of CDR. EARC had restructured the entire outstanding of Rs.1,649.5 million for an aggregate principal amount of Rs.1,153.0 million. As a result of restructuring of repayment of interest and principal, total liability of Rs.1,900.0 million shall be repaid as per the following terms:

i. Cut Off date January 01, 2016

ii. Principal payment of Rs.30.5 million to be paid on or before January 31, 2016

iii. Balance principal amount of Rs.1,122.5 million shall be repaid in 29 structured quarterly instalments commencing from the quarter ending March 31, 2016 till the quarter ending March 31, 2023

iv. Interest rate shall be 11% p.a. up to September 30, 2018 and 13% p.a. thereafter up to March 31, 2023, payable on quarterly rests along with principal instalments.

6 During financial year 2015-16, State Bank of Mysore ("SBM") had absolutely assigned all the rights, title and interests in financial assistance granted to the Holding Company, with all the underlying rights, benefits and obligations in favour of EARC vide assignment agreement dated February 26, 2016 (refer note 62). These loans were part of CDR. EARC had restructured the entire outstanding of Rs. 166.90 million for an aggregate principal amount of Rs. 140.00 million. As a result of restructuring of repayment of interest and principal, total liability of Rs. 223.30 million shall be repaid as per the following terms:

i. Cut Off date February 26, 2016

ii. Principal amount of Rs. 140.00 million shall be repaid in 28 structured quarterly instalments commencing from the quarter ending June 30, 2016 till the quarter ending March 31, 2023

iii. Interest rate shall be 11% p.a., payable on quarterly rests along with principal instalments.

B. Securities for the non-current loans and sustainable working capital borrowings:

1 The long-term borrowings, except rupee term loans from BIRAC, TDB and DST have been secured by way of

i) first pari-passu charge over entire fixed assets (both present and future) of the Holding Company, by way of mortgage of the immovable properties and hypothecation of all movable fixed assets: and

ii) second pari passu charge over entire current assets (both present and future) of the Holding Company, by way of hypothecation and/or pledge of all current assets including all receivable, finished goods, raw materials, work in progress, consumable stores and spares, book debts and bills receivable.

2 The sustainable working capital facilities (fund based, non-fund based, buyer credits etc.) have been secured by way of

i) first pari-passu charge over entire current assets (both present and future) of the Holding Company, by way of hypothecation and/or pledge of all current assets including all receivable, finished goods, raw materials, work in progress, consumable stores and spares, book debts, bills receivable; and

ii) second pari-passu charge over entire fixed assets (both present and future) of the Company, by way of mortgage of the immovable properties and hypothecation of all movable fixed assets.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

3 The long-term borrowings and sustainable working capital facilities, restructured under the CDR package, have been additionally secured by personal guarantees and pledge of equity shares of the Holding Company held by three promoter directors of the Company viz. Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Jain. The personal guarantee and pledge of equity shares of the Company held by Mr. Ravinder Jain and Mr. Sumit Jain are currently pending. Mr. Ravinder Jain has ceased to be promoter and director due to his sad demise on February 21, 2018.

4 The long-term loans and working capital facilities from SBI are additionally secured by way of mortgage of personal property of promoter directors, viz. Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Jain, situated at House No.18 (Middle and Rear Portions), Block No.56, East Park Road, Karol Bagh, New Delhi.

5 The details of immovable properties of the Holding Company mortgaged in favour of the CDR Lenders to secure the long-term borrowings and sustainable working capital borrowings as mentioned above, are as under:

i. All parcels of lands admeasuring 96 Bighas 19 Biswas situated at Village Samelheri, Tehsil Dera bassi, District S.A.S. Nagar (Mohali), Punjab;

ii. All parcels of land admeasuring 93 Bighas, 12 Biswas and 10 Biswasi situated at Village Samelheri, Tehsil Derabassi, District Patiala, Punjab;

iii. All parcels of land admeasuring 26 Bighas 3 biswas comprised in various Khewat/Khatoni Numbers, situated at Village Manpura, Tehsil Baddi, District Solan, Himachal Pradesh;

iv. All parcels of land admeasuring 91 Bighas 1 Biswa, comprised in various Khewat/Khatoni Numbers situated at Village Malpur, Tehsil Baddi, District Solan, Himachal Pradesh;

v. All parcels of Land bearing Plot No. E-4, Phase-2, Area Measuring 9435.66 Sq.Yds., situated at Industrial Area S.A.S. Nagar, District S.A.S. Nagar (Mohali), Punjab;

vi. Flat number 3, 4, 203 and 303 situated at Elite Heights Apartment, at municipal no. 6-3-1238/15/1 & 6-3-1238/16 survey no. 32/1, at Somajiguda, Hyderabad, Telangana;

vii. Industrial plot no. A-24, A-25 and A-27 having land measuring 718.92 sq yds. each at Block B-1 Extension and Industrial plot no: E-12 having land measuring 1,372.52 sq yds. at Block B-1, situated at Mohan Co-operative Industrial Estate, Mathura Road, New Delhi;

viii. Plot no.35 & 36 measuring 900 sq. yds. each at Silver City Main, Village Bishanpura, MC Zirakpur, Tehsil Dera Bassi, District SAS Nagar (Mohali), Punjab;

ix. 80 flats, i.e., 20 flats comprising in blocks: A-2 bearing no: 101 to 104, 201 to 204, 301 to 304, 401 to 404 & 501 to 504 each having super area 1495 sqft and 60 flats in block B-10, B-11, B-12 bearing no. 101 to 104, 201 to 204, 301 to 304, 401 to 404 & 501 to 504 each having super area 1161 sqft (30 flats) and super area 1186 sq ft. (30 flats) in building built on land measuring 28 bigha 11 biswa in khewat khatoni no. 89/91 comprised in khasra no: 1747(4-12), khewat khatoni no: 168/194 khasra no: 1970/1746 (1-15), 1971/1746(3-0), 1748(9-0) khewat khatoni no: 339/333 khasra no: 1749 (4-11),1750(5-13), kitas 6, village Bhatoli Kalan, Hadbast no. 214, Pargna Dharampura, Tehsil Baddi, District Solan, H.P.

x. Flat no. 201 at Samarpan Complex, village Chakala, Taluka Andheri (East), Mumbai;

xi. Flat no. 401, 601 in A-wing and Flat no. 214 in C-wing situated at Progressive's Signature Tower, plot no: 53/54 sector-6, Ghansoli, Navi Mumbai;

xii. Residential premises no. 703, 704, 903, 904 and 1001 to 1004 in wing "B" of Sagar Heights Building F; and Commercial premises no. 707 to 712, 714 to 718, 808 to 812 and 814 to 818 in Sagar Tech Plaza- Building A, all situated at CTS no . 721/A, 721B, & 721/1 survey no: 14,15,2052, at village Mohili, Andheri Kurla Road, Andheri (East), Mumbai; and

xiii. Industrial plot no, Gen-72/3, land measuring 5518 sqmts in the Trans Thane Creek Industrial Area, Navi Mumbai.

C. Repayment terms and security of the loans outside the CDR Scheme:

1 Rupee term loan from BIRAC for H1N1 project, with amount outstanding of Rs. 49.00 million (March 31, 2017: Rs.70.00 million; April 1, 2016: Rs. 70.00 million), was rescheduled in the previous year. It is repayable in ten equal half-yearly instalments commencing from March 31, 2017. This loan is secured by way of hypothecation of all equipment, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property (both present and future) of the Holding Company by way of first charge on pari-passu basis.

2 Rupee term loan from BIRAC for Streptococcus project, with amount outstanding of Rs. 12.00 million (March 31, 2017: Rs. 15.00 million; April 1, 2016: Rs. 15.00 million), is repayable in ten equal half-yearly instalments commencing from May 29, 2017 and is secured by way of hypothecation of all equipment, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property (both present and future) of the Holding Company by way of first charge on pari-passu basis.

3 The unsecured rupee term loan from DST of Rs. 8.00 million (March 31, 2017: Rs. 10.00 million; April 1, 2016: Rs. 12.00 million), is for specific project and is repayable in ten equal annual instalments commencing from September 2012.

4 Rupee term loan from TDB of Rs. 5.56 million as at March 31, 2017 (Rs. 8.33 million as at April 1, 2016), was for oncology project and has been repaid in full along with accrued interest on May 01, 2017. Rupee term loan from TDB of Rs. 57.98 million as at March 31, 2018 (March 31, 2017: Nil; April 1, 2016: Nil) is for Dengue vaccine project and is repayable in nine equal half-yearly instalments commencing from July 1, 2020 and is secured by way of first pari-passu charge (i) on the whole of the moveable properties of the Holding Company including its movable plant and machinery, machinery spares, tools and accessories and other movables both present and future except book debts; and (ii) 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.

D. Compound financial instrument

The Holding Company had issued 16,300,000 0.5% cumulative non-convertible and non-participating redeemable Preference shares of Rs. 10 each to the three promoters viz. Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Kumar Jain. The preference shares are presented in the balance sheet as follows:

(Rs. in million)

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Value of preference shares issued	163.00	163.00	163.00
Equity component of preference shares (refer sub note (i) below)	(96.39)	(96.39)	(96.39)
	66.61	66.61	66.61
Interest expense (refer sub note (ii) below)	9.73	8.73	9.53
Opening interest accrued	18.26	9.53	-
Total	94.60	84.87	76.14

Notes:

i) The equity component is the difference between fair value of liability component computed at the effective interest rate of 11% p.a. and the value of preference shares issued, which is presented as a separate component of equity under consolidated statement of changes in equity.

ii) Interest expense is calculated by applying the effective interest rate of 11% p.a. to the liability component.

E. Refer note 50 for defaults in repayment of loans and interest thereon.

F. Refer note 44 for information on assets pledged as security by the Group.

(Rs. in million)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
21	**Non-current provisions**			
	Provision for gratuity	153.90	78.16	54.08
	Provision for compensated absences	111.49	105.41	96.61
	Total	265.39	183.57	150.69
	Note:			
	Refer note 47 for disclosure for employee benefits			
22	**Other non-current liabilities**			
	Income received in advance	-	-	3.39
	Deferred income on government grant	42.92	47.69	43.68
	Total	42.92	47.69	47.07
23	**Borrowings (current)**			
	Secured			
	Cash credits from banks (refer sub note (ii) below)	1,405.51	1,443.52	1,383.90
	Buyers' credit from banks (refer sub note (ii) below)	-	211.33	243.58
	Unsecured			
	Loans from related parties (refer sub note (iii) and (v) below)	215.18	175.18	160.70
	Loans from bodies corporate (refer sub note (v) below)	28.11	77.09	105.00
	Total	1,648.80	1,907.12	1,893.18

Notes:

i) Rate of interest - The Group's current borrowings from banks are at an effective weighted average rate ranging from 9% to 11% p.a. (March 31, 2017: 9% to 11% p.a.) (April 01, 2016: 9% to 11% p.a).

ii) The sustainable working capital facilities (fund based, non-fund based, buyer credits etc.) have been secured by way of :

a) first pari-passu charge over entire current assets (both present and future) of the Company, by way of hypothecation and/or pledge of all current assets including all receivable, finished goods, raw materials, work in progress, consumable stores and spares, book debts, bills receivable; and

b) second pari-passu charge over entire fixed assets (both present and future) of the Company, by way of mortgage of the immovable properties and hypothecation of all movable fixed assets.

iii) Refer note 43 for related party disclosure.

iv) Refer note 44 for information on assets pledged as security by the Group.

v) Refer note 50 for default in repayment and interest thereon.

vi) Refer note 51 for disclosure of fair value in respect of financial liabilities measured at amortised cost and note 52 for maturities of financial liabilities.

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Cash credits from banks			
	Axis Bank Limited	20.23	20.56	11.12
	Bank of India	252.95	267.97	255.00
	Canara Bank	152.19	154.13	151.32
	IDBI Bank	65.04	70.23	66.98
	Indian Overseas Bank	196.97	201.65	176.08
	State Bank of India	530.68	539.25	399.91
	Union Bank of India	187.45	189.74	156.62
	State Bank of Mysore	-	-	166.86
	Buyers' credit from banks	-	211.33	243.58
	Loan from related parties			
	Trinidhi Finance Private Limited	3.06	3.06	3.06
	Mr. Ravinder Jain	-	12.73	12.73
	Dr. Rajesh Jain	94.63	54.63	49.67
	Mr. Soshil Kumar Jain	104.75	104.75	95.24
	Mrs. Sunanda Jain	12.73	-	-
	Loan from bodies corporate			
	Ulterior Holdings Private Limited	28.11	28.11	30.00
	Radicura Pharmaceuticals Private Limited	-	48.99	40.00
	Tirupati Medicare Limited	-	-	35.00
	Total	1,648.80	1,907.12	1,893.18
24	**Trade payables**			
	Due to:			
	- micro, small and medium enterprises (refer note (i) below)	34.71	32.10	20.00
	- others	2,064.05	1,860.51	1,356.25
	Employee related payables	347.53	256.64	140.62
	Expense payable	325.61	336.78	364.75
	Total	2,771.90	2,486.03	1,881.62

Note: Refer note 42 for details of dues to micro, small and medium enterprises.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
25	**Other financial liabilities (current)**			
	Current maturities of long-term borrowings	2,051.58	888.11	219.57
	Interest accrued but not due on borrowings	19.97	9.55	8.06
	Interest accrued and due on borrowings	37.36	149.08	269.21
	Unclaimed dividend on equity shares (refer sub note (i) below)	0.12	0.21	0.21
	Deposit from trading agents	61.16	67.74	68.82
	Book overdraft	-	16.33	-
	Others	52.55	50.00	51.77
	Total	2,222.74	1,181.02	617.64

Notes: i) Not due for deposit to Investment Education Provident Fund.
ii) Refer note 51 for disclosure of fair value in respect of financial liabilities measured at amortised cost and note 52 for maturities of financial liabilities.
iii) Refer note 50 for default in repayment of borrowings and interest thereon.

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
26	**Other current liabilities**			
	Advances from customers	103.39	122.29	139.44
	Income received in advance	0.76	0.76	3.61
	Deferred government grant	6.57	16.19	17.98
	Statutory liabilities	82.60	47.82	57.28
	Others	3.97	32.02	5.50
	Total	197.29	219.08	223.81
27	**Provisions (current)**			
	Provision for compensated absences	68.99	15.85	14.52
	Provision for gratuity (refer note 47)	0.41	0.66	0.81
		69.40	16.51	15.33
	Other provisions			
	Sales tax liability	-	14.57	-
	Others	0.03	56.91	25.44
	Total	69.43	87.99	40.77

Movement in provisions

Particulars	Provision for sales tax liability	Other Provisions
Provision at April 01, 2016	-	25.44
Movement during the year	14.57	31.47
Provision at March 31, 2017	14.57	56.91
Movement during the year	(14.57)	(56.88)
Provision at March 31, 2018	-	0.03

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
28	**Current tax liabilities (net)**			
	Provision for tax	44.96	34.98	12.25
	Less: Advance tax paid	(44.87)	(34.92)	(12.17)
	Total	0.08	0.06	0.08

(Rs. in million)

		For the year ended March 31, 2018	For the year ended March 31, 2017
29	**Revenue from operations**		
	Sale of products		
	Manufactured goods	5,305.85	4,837.41
	Traded goods	404.26	459.60
	Sale of services		
	Contract manufacturing	56.69	60.96
	Other operating revenue		
	Export benefits	64.59	74.27
	Scrap sale	3.05	3.96
	Royalty income	-	35.11
	Income from contract research	16.44	-
	Research and license fees	110.36	107.84
	Others	0.37	0.36
	Total	5,961.61	5,579.51

(Rs. in million)

		For the year ended March 31, 2018	For the year ended March 31, 2017
30	**Other income**		
	Dividend income on:		
	Mutual fund	0.87	1.60
	Equity instruments	0.02	0.02
	Interest income from:		
	Banks deposits	7.57	7.19
	Loans given to related party	0.00	0.78
	Income tax refund	0.03	14.32
	Others	4.05	9.20
	Others		
	Gain on foreign currency transactions and translations	6.38	0.94
	Miscellaneous balances / provisions written back	45.18	272.80
	Lease rent	2.88	67.09
	Income from government grant	13.12	13.30
	Fair value changes in investments carried at FVTPL	-	0.06
	Sale of investments	-	1.62
	Miscellaneous	2.23	77.03
	Total	82.33	465.95
31	**Cost of raw and packing material consumed**		
	Opening stock	659.33	646.00
	Add : Purchases during the year	1,854.56	1,381.34
		2,513.89	2,027.34
	Less : Closing stock	717.60	659.33
	Total	1,796.29	1,368.01
32	**Changes in inventories of finished goods, stock in trade and work in progress**		
	Opening stock		
	Finished goods	421.45	380.76
	Work-in-progress	170.85	139.71
	Traded goods	69.91	52.72
		662.21	573.18
	Closing stock		
	Finished goods	428.65	421.45
	Work-in-progress	262.90	170.85
	Traded goods	77.95	69.91
		769.50	662.21
	Changes in inventories		
	Finished goods	(7.20)	(40.69)
	Work-in-progress	(92.05)	(31.14)
	Traded goods	(8.04)	(17.19)
	Total	(107.29)	(89.03)
33	**Employee benefits expense**		
	Salary, wages and bonus	1,335.88	1,361.44
	Contribution to provident and other funds (refer note 47)	135.57	73.25
	Staff welfare expenses	44.47	46.55
	Total	1,515.92	1,481.24
34	**Finance costs**		
	Interest expenses	963.52	969.01
	Exchange differences to the extent considered as an adjustment to borrowing cost	-	6.26
	Other borrowing costs	42.27	34.01
	Total	1,005.79	1,009.28
35	**Depreciation and amortisation**		
	Depreciation on property, plant and equipment	563.92	585.58
	Amortisation of intangible assets	21.41	93.93
	Total	585.33	679.51

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

(Rs. in million)

		For the year ended March 31, 2018	For the year ended March 31, 2017
36	**Other expenses**		
	Analytical testing and trial	41.63	49.22
	Advertising and sales promotion	181.15	222.88
	Contract manufacturing	52.15	15.70
	Consumption of stores and spares	179.00	201.39
	Commission on sales	69.70	61.93
	Directors' sitting fees	2.40	1.86
	Freight and forwarding	118.98	92.19
	Insurance	47.22	43.27
	Legal and professional (refer sub note (i) below)	122.04	105.24
	Loss on foreign exchange transactions and translations (net)	63.66	109.79
	Meetings and conferences	4.02	16.27
	Office expenses	12.78	11.00
	Other field expense	5.60	4.06
	Power and fuel	335.23	305.54
	Printing and stationery	11.80	13.81
	Payment to auditors (refer sub note (ii) below)	5.80	6.60
	Postage and communication	30.26	36.72
	Provision for service tax receivable	23.84	-
	Rates and taxes	53.33	49.51
	Royalty	0.52	2.65
	Repair and maintenance :		
	Buildings	18.76	19.33
	Plant and machinery	41.08	49.93
	Others	33.91	46.71
	Rent	14.44	89.06
	Staff training and recruitment	9.05	16.49
	Subscription	12.54	9.57
	Security charges	28.51	30.64
	Travelling and conveyance	90.45	105.25
	Vehicle running and maintenance	33.95	33.91
	Miscellaneous	50.40	89.02
	Total	1,694.20	1,839.54
	Notes:		
i)	Legal and professional expenses include following:		
	Tax audit fee	0.20	0.20
	Cost audit fee	0.10	0.10
	Secretarial audit fee	0.15	0.20
ii)	Payment to auditors*		
	As auditor		
	- Audit fee	3.01	3.08
	- Limited reviews fee	2.40	2.40
	In other capacity		
	- Management services		0.20
	- Certification and other matters	0.22	0.30
	- Reimbursement of out of pocket expenses	0.17	0.40
	Total	5.80	6.38
	* Excludes service tax/Goods and service tax		
37	**Exceptional items**		
	Adjustment on restructuring of debt (refer note 20A.6)	-	75.46
	Realised exchange loss	-	1.70
	Total	-	77.16

(Rs. in million)

		For the year ended March 31, 2018	For the year ended March 31, 2017
38	**Income tax**		
	The income tax expense consists of the following :		
	Current tax expense for the current year	10.91	14.20
	Deferred tax		
	Minimum alternative tax (MAT) credit	98.84	24.40
	Deferred tax expense/(benefit)	(11.17)	(148.40)
	Total	98.58	(109.80)
	The reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:		
	Profit before income taxes	(661.39)	(518.78)
	At Holding Company's statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	(228.89)	(179.54)
	Adjustments in respect of current income tax		
	Deferred tax not created on unused losses	230.85	45.34
	Change in enacted and substantively enacted tax rate	(2.22)	-
	Minimum alternative tax (MAT) credit adjustment	98.84	24.40
	Total	98.58	(109.80)

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follow:

	Opening balance	Recognised/ reversed through profit and loss	Recognised/ reversed through other comprehensive income	Closing balance
Deferred tax assets/liabilities in relation to :				
Deferred tax liabilities arising out of:				
Property, plant and equipment and other intangible assets	2,073.40	(207.76)	-	1,865.64
Capital expenditure on research and development	74.36	31.57	-	105.93
Others	24.21	(0.18)	-	24.03
	2,171.97	(176.37)	-	1,995.60
Expenditure allowed on payment basis	467.60	(42.06)	-	425.54
Unabsorbed business loss and depreciation	1,511.54	(125.68)	-	1,385.86
Minimum alternative tax credit entitlement	328.98	(98.84)	-	230.14
Others	47.95	2.54	7.63	58.12
	2,356.07	(264.04)	7.63	2,099.66
Net deferred tax assets/(liabilities)	184.10	(87.67)	7.63	104.06

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follow:

	Opening balance	Recognised/ reversed through profit and loss	Recognised/ reversed through other comprehensive income	Closing balance
Deferred tax assets/liabilities in relation to :				
Deferred tax liabilities arising out of:				
Property, plant and equipment and other intangible assets	2,034.26	39.14	-	2,073.40
Capital expenditure on research and development	20.36	54.00	-	74.36
Others	2.67	21.54	-	24.21
	2,057.29	114.68	-	2,171.97
Deferred tax assets arising out of:				
Expenditure allowed on payment basis	519.80	(52.20)	-	467.60
Unabsorbed business loss and depreciation	1,219.34	292.20	-	1,511.54
Minimum alternative tax credit entitlement	353.38	(24.40)	-	328.98
Others	20.67	23.04	4.24	47.95
	2,113.19	238.64	4.24	2,356.07
Net deferred tax assets/(liabilities)	55.90	123.96	4.24	184.10

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

Tax losses

No deferred tax asset has been recognised on these unutilized tax losses as there is no evidence that sufficient taxable profit will be available in future against which they can be utilised by the respective entities.

(Rs. in million)

	Year of expiry	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Financial year				
2011-12	2019-20	40.14	-	59.58
2012-13	2020-21	1,542.60	1,235.32	1,542.60
2013-14	2021-22	1,554.28	1,554.28	1,554.28
2015-16	2022-23	184.31	184.31	-
2016-17	2024-25	-	-	-
		1,160.60	1,029.21	1,092.39
Potential tax benefit				
Unabsorbed Depreciation				
2016-17	Unlimited	239.18	-	-
Potential tax benefit		83.58	-	-
Long term capital loss				
2011-12	2019-20	254.21	-	-
2013-14	2021-22	253.90	-	-
2015-16	2023-24	2.90	-	-
Potential tax benefit		117.89	-	-
Short term capital loss				
2017-18	2025-26	82.39	-	-
Potential tax benefit		28.51	-	-

Minimum Alternate Tax (MAT)

The Holding Company has unused MAT credit which has been recognised on the basis that recovery is probable in the foreseeable future. MAT credit of Rs.165.41 million and Rs.165.71 expires on March 31, 2025 and March 31, 2026 respectively.

(Rs. in million)

		For the year ended March 31, 2018	For the year ended March 31, 2017
39	**Earning per share (EPS)**		
	Earning Per Share		
	Net Profit from:		
	Continuing operations attributable to owner of the Company	(759.97)	(408.98)
	Discontinued operations	-	(153.02)
	Net profit for the year from continuing and discontinued operations	(759.97)	(562.00)
	Profit from continuing operations attributable to owners of the Company (A)	(759.97)	(408.98)
	Weighted-average number of equity shares for basic EPS (B)	61,250,746	61,250,746
	Basic EPS (Amount in Rs.) (A/B)	(12.41)	(6.68)
	Diluted EPS (Amount in Rs.) (A/C)	(12.41)	(6.68)
	Profit from continuing operations and discontinued operations attributable to owners of the Company (B)	(759.97)	(562.00)
	Weighted-average number of equity shares for basic EPS (B)	61,250,746	61,250,746
	Basic EPS (Amount in Rs.) (A/B)	(12.41)	(9.18)
	Diluted EPS (Amount in Rs.) (A/B)	(12.41)	(9.18)
	Basic EPS from discontinued operations	-	(2.50)

(Rs. in million)

	Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
40	**Contingent liabilities and commitments**			
	Disputed demands/show cause notices under:-			
	a) Income tax cases (refer note (a) (i), (ii) and (iii) below)	3,462.86	3,457.10	3,457.10
	b) Customs duty cases (refer note (b) below)	4.00	4.00	4.00
	c) Service tax (refer note (c) and (d) below)	72.60	72.60	72.60
	d) Duty saved under EPCG licenses	76.95	107.26	79.42
	e) Labour cases (in view of large number of cases, it is impracticable to disclose each case)	1.70	1.70	1.70

Notes :

a) i) Includes income tax demand of Rs.162.22 million in respect to AY 2005-06. The Income Tax Department had issued demand based on certain grounds related to purchases made by the Holding Company from an overseas vendor. The matter was decided in favour of the Holding Company and the demand was cancelled by CIT (Appeals). However, the Income Tax Department has filed appeal before Income Tax Appellate Tribunal ("ITAT") against the order of CIT (Appeals) which is pending at present. The Company believes that it has merit in these cases, hence no provision is required.

ii) A search operation was conducted by the Income Tax Department in the premises of the Holding Company in January 2012 and hence the Holding Company had re-filed the income tax returns for the assessment year (AY) 2006-07 to 2012-13. During the year ended March 31, 2015, the Income Tax Department completed the assessment of the said years, disallowed certain expenses and issued demand of Rs.3,294.90 million (including interest) on various grounds. The Holding Company preferred appeals before the CIT (Appeals) against the orders of the Income Tax department. The appeals were decided in favour of the Holding Company and the demand was cancelled. However, CIT (Appeals) has made certain disallowances with respect to AY 2010-11 and AY 2011-12 against which the Holding Company has filed appeals before the ITAT. The Income Tax Department has also filed appeals before ITAT against the orders of CIT (Appeals). The appeals before ITAT are pending at present. Based on legal advice, the Holding Company believes that it has merits in these cases, hence no provision is required.

iii) The income tax department issued a demand of Rs.5.74 million in respect of AY 2009-10 on the Holding Company due to non-deduction of withholding tax on payment made to a non-resident person towards purchase of immovable property. The Holding Company had filed an appeal before CIT (Appeals) against the order of department but the CIT (Appeals) gave decision in favour of department. The Holding Company has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the order of CIT (Appeals) which is pending at present. The Holding Company believes that it has merit in the case, 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 Holding Company. The Holding Company has deposited the entire amount of demand under protest amounting to Rs. 4.00 million and the matter is pending before Hon'ble Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"). The Holding Company believes that it has merit in its case, hence no provision is required.

c) In respect of service tax demands for the financial year (FY) 2003-04 to financial year (FY) 2011-12, the Assessing Officer levied service tax on foreign services rendered and delivered outside India by the Holding Company and certain other services on which there was no liability to pay service tax. The cases are currently pending with CESTAT. The Holding Company believes that it has merit in its case, hence no provision is required.

d) In respect of service tax demands for the FY 2008-09 to FY 2010-11, service tax department has disallowed CENVAT Credit of input services availed and distributed by the Holding Company as input service distributor. The case is currently pending with CESTAT. The Holding Company believes that it has merit in its case, hence no provision is required.

e) The Holding 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 expired. Further, the Holding Company had also received advance market commitment (AMC) amounting to Rs. 100.00 million against these vaccines. The refund of the advance so received (after adjusting the amount receivable against the vaccines already supplied) was demanded back by MOH&FW along with interest on account of non-supply of balance quantities of vaccines. In view of above disputes, the Holding 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 Holding Company believes that the entire amount in respect of above supplies 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 advice, no adjustment in respect of the expired stock and the interest amount has been made in the financial statements.

B) Capital and 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, 2018**	As at March 31, 2017	As at April 1, 2016
Property, plant and equipment	5.78	24.60	80.80

b) Other commitments :

i) Export commitments of Rs. 488.91 million (March 31, 2017: Rs. 1,331.40 million, April 1, 2016: 983.60 million) under advance licenses schemes and obligation outstanding against EPCG licenses.

ii) The Company has received financial assistance in the form of soft loan under various projects from Department of Biotechnology and Department of Science & Technology respectively. As per the terms of related agreements, the Company is also required to incur expenditure in the form of monetary contribution to the relevant project. The amount of commitment is not quantifiable.

iii) Refer note 41 for commitments relating to lease arrangements.

41. Leases

Group as a lessor:

Operating leases

The Group has leased out certain assets situated at Lalru, Punjab on operating lease to PanEra Biotec Private Limited.

There is no uncollectible minimum lease payments receivable at the balance sheet date.

(Rs. in million)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Lease income for the year recognised in the consolidated statement of profit and loss	2.88	67.09

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

Group as a lessee

Operating leases

The Group 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 are no sublease payments expected to be received under non-cancellable subleases at the balance sheet date and no restriction is imposed by lease arrangements.

(Rs. in million)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Lease payments for the year recognised in the statement of profit and loss	14.44	89.06

42. Details of dues to micro, small and medium enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006 ["MSMED Act"]:

(Rs. in million)

S. no.	Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
		Principal	Interest	Principal	Interest	Principal	Interest
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	34.71	6.15*	32.10	5.90*	20.00	6.30*
ii)	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	66.92	-	33.80	-	57.50	5.20
iii)	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	-	-	-	-	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	6.15*	-	5.90*	-	16.70*
v)	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	-	-	-	-	-	10.40

Note: * Included in "expense payable" in note 24.

43. Related Party Disclosures

A. Names of related parties and related party relationships

a) Joint Ventures:
- Chiron Panacea Vaccines Private Limited ("CPV") (Under liquidation)

b) Key Management Personnel:
- Mr. Soshil Kumar Jain - Chairman and Whole-time Director
- Mr. Ravinder Jain - Managing Director (upto February 21, 2018)
- Dr. Rajesh Jain - Managing Director (Joint Managing Director upto March 11, 2018)
- Mr. Sandeep Jain - Joint Managing Director
- Mrs. Sunanda Jain - Whole-time Director (w.e.f. March 12, 2018)
- Mr. Sumit Jain - Whole-time Director
- Mr. Ankesh Jain - Whole-time Director
- Mr. Vinod Goel - Group CFO and Head Legal & Company Secretary
- Mr. Devender Gupta - Chief Financial Officer & Head Information Technology
- Mr. R. L. Narasimhan - Non-Executive Independent Director
- Mr. N. N. Khamitkar - Non-Executive Independent Director
- Mr. K. M. Lal - Non-Executive Independent Director
- Mr. O. P. Kelkar - Non-Executive Independent Director
- Mrs. Manjula Upadhyay - Non-Executive Independent Director
- Mr. Mukul Gupta - Non-Executive Independent Director

c) 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 and Mrs. Sunanda Jain
- Mrs. Radhika Jain, daughter of Mr. Ravinder Jain and Mrs. Sunanda Jain
- Mrs. Shilpy Jain, wife of Mr. Sumit Jain
- Mr. Harshet Jain, son of Dr. Rajesh Jain and brother of Mr. Ankesh Jain

d) 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 Limited ("Neophar")
- Lakshmi & Manager Holdings Limited ("LMH"),
- Trinidhi Finance Private Limited ("Trinidhi") subsidiary of LMH
- Best General Insurance Company Limited (subsidiary of LMH)
- First Lucre Partnership Co. (holding shares in the Company)
- White Pigeon Estate Private Limited
- OKI Estate Private Limited

B. Transactions with Joint Venture Company:

(Rs. in million)

S. No.	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
I	Transactions made during the year			
1	Rent received			
	CPV	0.40	0.40	0.40
II	Year end balances			
1	Investments			
	CPV	22.96	22.96	22.96
2	Outstanding receivable			
	CPV	-	0.06	0.06

C. 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		
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
I)	Transactions made during the year									
1	Short-term employee benefits:									
	Mr. Soshil Kumar Jain *	10.70	10.50	-	-	-	-	-	-	-
	Mr. Ravinder Jain*	35.83	11.70	-	-	-	-	-	-	-
	Dr. Rajesh Jain*	7.25	7.22	-	-	-	-	-	-	-
	Mr. Sandeep Jain*	6.60	6.53	-	-	-	-	-	-	-
	Mr. Sumit Jain*	4.11	4.44	-	-	-	-	-	-	-
	Mr. Ankesh Jain*	2.30	2.59	-	-	-	-	-	-	-
	Mr. Vinod Goel	5.10	4.55	-	-	-	-	-	-	-
	Mr. Devender Gupta	3.98	3.19	-	-	-	-	-	-	-
	Mrs. Sunanda Jain	0.31	-	-	-	-	-	-	-	-
	Mr. Shagun Jain	-	-	-	2.06	2.75	-	-	-	-
	Mr. Ashwani Jain	-	-	-	3.03	3.03	-	-	-	-
	Mrs. Shilpy Jain	-	-	-	0.55	0.65	-	-	-	-
	Mrs. Radhika Jain	-	-	-	1.37	1.36	-	-	-	-
	Mr. Harshet Jain	-	-	-	0.60	0.60	-	-	-	-
2	Provision for post-employment benefits:									
	Mr. Soshil Kumar Jain*	23.65	1.00	-	-	-	-	-	-	-
	Mr. Ravinder Jain*	-	0.75	-	-	-	-	-	-	-
	Dr. Rajesh Jain*	12.95	6.27	-	-	-	-	-	-	-
	Mr. Sandeep Jain*	12.49	5.58	-	-	-	-	-	-	-
	Mr. Sumit Jain*	3.19	1.52	-	-	-	-	-	-	-
	Mr. Ankesh Jain*	0.44	0.40	-	-	-	-	-	-	-
	Mr. Vinod Goel	1.42	0.88	-	-	-	-	-	-	-
	Mr. Devender Gupta	0.53	0.41	-	-	-	-	-	-	-
	Mr. Shagun Jain	0.53	0.52	-	-	-	-	-	-	-
	Mr. Ashwani Jain	1.62	0.96	-	-	-	-	-	-	-
	Mrs. Shilpy Jain	0.11	0.11	-	-	-	-	-	-	-
	Mrs. Radhika Jain	0.29	0.27	-	-	-	-	-	-	-
	Mrs. Sunanda Jain	0.01	-	-	-	-	-	-	-	-
	Mr. Harshet Jain	-	-	-	-	-	-	-	-	-
3	Fee for attending board / committee meetings									
	Mr. R. L. Narasimhan	0.37	0.30	-	-	-	-	-	-	-
	Mr. N. N. Khamitkar	0.28	0.30	-	-	-	-	-	-	-
	Mr. K. M. Lal	0.37	0.20	-	-	-	-	-	-	-
	Mr. O. P. Kelkar	0.25	0.20	-	-	-	-	-	-	-
	Mrs. Manjula Upadhyay	0.25	0.20	-	-	-	-	-	-	-
	Mr. Mukul Gupta	0.25	0.20	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

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		
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
4	Rent received									
	Neophar	-	-	-	-	-	-	0.18	0.25	-
	Trinidhi	-	-	-	-	-	-	0.22	0.25	-
5	Interest expenses									
	Mr. Soshil Kumar Jain	9.43	9.43	-	-	-	-	-	-	-
	Mr. Ravinder Jain	1.15	1.15	-	-	-	-	-	-	-
	Dr. Rajesh Jain	5.51	4.93	-	-	-	-	-	-	-
	Trinidhi	-	-	-				0.29	0.29	-
6	Loan received									
	Dr. Rajesh Jain	40.00	-	-	-	-	-	-	-	-
7	Interest converted into loan									
	Mr. Soshil Kumar Jain	-	9.51	-	-	-	-	-	-	-
	Dr. Rajesh Jain	-	4.96	-	-	-	-	-	-	-
8	Reversal of excess remuneration paid									
	Mr. Soshil Kumar Jain	10.70	16.92	-	-	-	-	-	-	-
	Mr. Ravinder Jain	10.22	26.69	-	-	-	-	-	-	-
	Mrs. Sunanda Jain	0.31	-	-	-	-	-	-	-	-
	Dr. Rajesh Jain	7.25	11.74	-	-	-	-	-	-	-
	Mr. Sandeep Jain	6.60	9.76	-	-	-	-	-	-	-
	Mr. Sumit Jain	4.11	7.06	-	-	-	-	-	-	-
	Mr. Ankesh Jain	2.30	2.59	-	-	-	-	-	-	-
II)	Year end balances									
1	Loan payable									
	Mr. Soshil Kumar Jain	104.75	104.75	95.20	-	-	-	-	-	-
	Mr. Ravinder Jain#	-	12.73	12.73	-	-	-	-	-	-
	Dr. Rajesh Jain	94.63	54.63	49.70	-	-	-	-	-	-
	Mrs. Sunanda Jain#	12.73	-	-						
	Trinidhi	-	-	-	-	-	-	3.06	3.06	3.06
2	Interest payable									
	Mr. Soshil Kumar Jain	11.97	8.48	9.50	-	-	-	-	-	-
	Mr. Ravinder Jain#	-	6.77	5.70	-	-	-	-	-	-
	Dr. Rajesh Jain	9.40	4.44	5.00	-	-	-	-	-	-
	Mrs. Sunanda Jain#	7.81	-	-						
	Trinidhi	-	-	-	-	-	-	1.19	0.90	0.70
3	Outstanding receivable									
	Trinidhi	-	-	-	-	-	-	0.90	0.70	0.40
4	Remuneration Payable									
	Mr. Soshil Kumar Jain*	0.89	3.51	0.70	-	-	-	-	-	-
	Mr. Ravinder Jain*	-	3.90	1.00	-	-	-	-	-	-
	Dr. Rajesh Jain*	0.60	2.41	0.60	-	-	-	-	-	-
	Mr. Sandeep Jain*	0.55	2.18	0.60	-	-	-	-	-	-
	Mr. Sumit Jain*	0.34	1.48	0.30	-	-	-	-	-	-
	Mr. Ankesh Jain*	0.19	0.86	0.10	-	-	-	-	-	-
	Mr. Vinod Goel	0.43	1.14	0.30	-	-	-	-	-	-
	Mr. Devender Gupta	0.33	0.80	0.20	-	-	-	-	-	-
	Mrs. Sunanda Jain	0.31	-	-	-	-	-	-	-	-
	Mr. Shagun Jain	-	-	-	0.17	0.70	0.20	-	-	-
	Mr. Ashwani Jain	-	-	-	0.25	0.80	0.30	-	-	-
	Mrs. Shilpy Jain	-	-	-	0.05	0.20	-	-	-	-
	Mrs. Radhika Jain	-	-	-	0.11	0.30	0.10	-	-	-
	Mr. Harshet Jain	-	-	-	0.05	0.10	-	-	-	-

* Refer note 59

The outstanding loan payable along with interest payable thereon to late Mr. Ravinder Jain was transferred to Mrs. Sunanda Jain.

Note: In respect of personal guarantees given by promoter directors, refer note 20 'Non-current borrowings' and note 23 'Current borrowings'. The above transactions are in the ordinary course of business.

44. Assets mortgaged/ hypothecated as security for borrowings are as under:

(Rs. in million)

Particulars	Note	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Non Current				
Property, plant and equipment	2.1	8,865.60	9,360.78	9,809.58
Capital work in progress	2.2	47.57	59.77	86.48
Intangible assets	2.3	43.68	59.37	113.92
Intangible assets under development	2.4	324.04	217.06	103.56
Financial assets				
Loans	4	9.93	9.92	11.61
Other financial assets	5	2.51	1.50	5.94
Other non-current assets	8	222.00	238.05	217.09
Total non-current assets pledged as security		9,515.33	9,946.46	10,348.18
Current				
Inventories	9	1,490.95	1,405.99	1,379.71
Financial assets				
Trade receivables	10	1,422.66	1,758.03	1,418.11
Other bank balances	12	0.39	1.15	0.76
Loans	13	149.87	103.22	29.94
Other financial assets	14	51.71	49.44	53.66
Non financial assets				
Other current assets	15	303.40	648.17	445.63
Total current assets pledged as security		3,418.98	3,966.00	3,327.81
Total assets pledged as security		12,934.31	13,912.46	13,675.99

45. Research and development expenditure

Research and development expenditure incurred by the Group during the financial year are mentioned below:

(Rs. in million)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Revenue expenditure		
Material consumed	5.25	6.10
Employee benefits expense	205.20	193.80
Other expenses	187.77	227.20
Depreciation and amortisation expense	108.37	184.56
Capital expenditure	111.53	219.00
Total	618.12	830.66

46. Segment information

The primary segment reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced and sold. Secondary information is reported geographically between India (domestic) and overseas. The operating businesses are organised 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 Group is engaged in the business of research, development, manufacture and marketing of vaccines and pharmaceutical formulations. The Group has products for various therapeutic segments, which include renal disease management, nephrology, oncology, diabetes management and pediatric vaccines.

The Group has determined following reportable segments based on the information reviewed by the Company's management:

a. Vaccines

b. Formulations

c. Research and development

d. Healthcare

e. Real Estate

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

A. Information about reportable segments

(Rs. in million)

Particulars	Vaccines		Formulations		Research and 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Segment revenue	1,868.21	1,641.17	3,996.80	3,847.15	96.60	91.19	-	-	-	-	5,961.61	5,579.51
Other income	4.21	89.69	56.25	158.90	1.38	41.28	-	0.10	4.45	5.91	66.29	295.88
Total	1,872.42	1,730.86	4,053.05	4,006.05	97.98	132.47	-	0.10	4.45	5.91	6,027.90	5,875.39
Segment result	175.50	136.48	1,332.21	1,226.91	(408.62)	(477.31)	-	0.28	(8.45)	(36.99)	1,090.64	849.37
Unallocated corporate expenses											762.28	606.10
Operating profit/ (loss)											328.36	243.27
Less: Interest and finance charges											1,005.79	1,009.28
Add: Exceptional items gain/ (loss)											-	77.16
Add: Other income											16.04	170.07
Profit/(loss) before tax from continuing operations											(661.39)	(518.78)
Less: Tax expense											98.58	(109.80)
Profit/(loss) for the year from continuing operations											(759.97)	(408.98)
Add: Profit/(loss) from discontinued operations before tax											-	(153.02)
Profit/(loss) after tax											(759.97)	(562.00)
Other comprehensive income/(loss)											63.04	(41.69)
Total other comprehensive income											(696.93)	(603.69)

Other Information	Vaccines		Formulations		Research and Development		Healthcare		Real Estate		Total	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Segment assets	5,345.23	5,679.75	4,392.40	4,167.02	2,108.41	2,205.00	-	1,598.30	2,527.96	2560.52	14,374.00	16,210.59
Unallocated corporate assets											1,701.55	1,790.79
Total assets	5,345.23	5,679.75	4,392.40	4,167.02	2,108.41	2,205.00	-	1,598.30	2,527.96	2,560.52	16,075.55	18,001.38
Segment liabilities	866.95	609.92	1,787.89	1,700.02	257.29	320.78	-	1,595.09	286.06	305.17	3,198.19	4,530.98
Unallocated corporate liabilities											9,820.00	9,808.25
Total liabilities	866.95	609.92	1,787.89	1,700.02	257.29	320.78	-	1,595.09	286.06	305.17	13,018.19	14,339.23
Capital expenditure on:												
Tangible assets	30.51	29.10	10.35	57.60	0.18	1.10	-	-	0.23	1.60	41.27	89.40
Intangible assets	-	-	0.79	1.90	111.35	217.90	-	-	0.02	-	112.16	219.80
Depreciation expense*	286.13	289.21	149.42	152.10	96.73	103.00	-	-	12.50	14.50	544.78	558.81
Amortisation expense*	0.01	0.00	2.93	0.40	11.64	81.70	-	-	0.01	-	14.59	82.10

* Note: Excluding unallocated depreciation and amortisation.

B. Information about Secondary Segments

a) Revenue as per Geographical Markets: (Rs. in million)

Segment	Domestic		Overseas	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Vaccines	1,208.68	346.77	659.53	1,294.40
Formulations	2,916.01	3,078.00	1,080.79	769.15
Research and Development	4.37	7.40	92.23	83.79
Total	4,129.06	3,432.17	1,832.55	2,147.34

b) Assets (net) as per geographical markets:

Segment	Domestic		Overseas	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Vaccines	5,345.09	5,356.99	0.14	322.76
Formulations	3,671.07	3,651.24	721.33	515.78
Research and Development	2,106.38	2,151.30	2.03	53.70
Real Estate	2,527.96	2,560.52	-	-
Healthcare	-	1,598.30		-
Corporate	1,701.53	1,790.27	0.02	0.52
Total	15,352.03	17,108.62	723.52	892.76

c) Revenue as per Customers (more than 10% of revenue):

Segment	Domestic		Overseas	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Vaccines				
The United Nations Children's Fund (UNICEF)	-	-	-	978.63
Total	-	-	-	978.63

47. Employee benefits obligations

A. Defined benefit plan

Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such, the Group is exposed to various risks as follows:

Salary Risk	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Discount Rate Risk	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability Risk	Death and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals Risk	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

Gratuity (funded)

The Group provides for gratuity for employees in India as per the Payments of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan the group makes contributions to recognised funds in India. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The weighted average duration of the defined benefit obligation as at March 31, 2018 is 10.85 years (March 31, 2017: 12.86 years; April 1, 2016: 13.67 years)

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a	Reconciliation of present value of defined benefit obligation and the fair value of plan assets			
	Present value of defined benefit obligation as at the end of the year	223.62	157.01	135.85
	Fair value of plan assets as at the end of the year	69.31	78.19	79.09
	Net liability position recognized in balance sheet	154.31	78.82	56.76

		As at March 31, 2018	As at March, 2017
b	Changes in defined benefit obligation		
	Present value of defined benefit obligation as at the start of the year	157.01	137.42
	Interest cost	11.78	11.00
	Current service cost	18.12	15.91
	Past service cost	31.38	-
	Benefits paid for eligible employees	(15.78)	(19.30)
	Actuarial loss	21.11	11.98
	Present value of defined benefit obligation as at the end of the year	223.62	157.01

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

(Rs. in million)

		As at March 31, 2018	As at March 31, 2017
c	Net interest cost		
	Interest cost on defined benefit obligation	11.78	11.00
	Interest income on plan assets	5.69	6.33
	Net interest cost	6.09	4.67
d	Amount recognised in the statement of profit and loss		
	Current service cost	18.12	15.91
	Past service cost	31.38	-
	Net interest cost	5.91	4.39
	Amount recognised in the statement of profit and loss	55.41	20.30
e	Change in plan assets	78.19	82.54
	Fair value of the plan assets at the beginning of the year	5.27	6.35
	Actual return on plan assets	1.61	5.95
	Employer contribution	(15.76)	(16.65)
	Benefits paid for eligible employees	69.31	78.19
	Fair value of the plan assets at the end of the year		
f	Key categories of plan assets as a percentage of the fair value of total plan assets for gratuity		
	Investment with insurer	100%	100%
g	Other comprehensive income		
	Actuarial loss on arising from change in demographic assumption	1.96	-
	Actuarial (gain)/loss on arising from change in financial assumption	(1.65)	7.23
	Actuarial loss on arising from experience adjustment	21.15	4.75
	Actuarial loss on arising on plan assets	0.48	0.21
	Total actuarial loss for the year	21.95	12.19
h	Actuarial assumptions		
	Discount rate	7.60%	7.50%
	Future salary increase	5.00%	5.00%
i	Demographic Assumption		
	Retirement age (years)	58/75	58/75
	Mortality rates inclusive of provision for disability	100%	100%
	Ages	Withdrawal Rate(%)	
	Up to 30 years	10.00%	10.00%
	From 31 to 44 years	5.00%	5.00%
	Above 44 years	1.00%	1.00%
j	Sensitivity analysis for gratuity liability		
	Impact of the change in discount rate		
	a) Impact due to increase of 0.50%	(8.78)	(10.10)
	b) Impact due to decrease of 0.50%	9.50	5.17
	Impact of the change in salary increase		
	a) Impact due to increase of 0.50%	8.82	5.33
	b) Impact due to decrease of 0.50%	(8.30)	(10.30)
k	Maturity profile of defined benefit obligation		
	April 2017 to March 2018	-	13.73
	April 2018 to March 2019	49.36	8.57
	April 2019 to March 2020	11.57	4.33
	April 2020 to March 2021	5.98	4.58
	April 2021 to March 2022	8.42	3.45
	April 2022 to March 2023	7.38	3.10
	April 2023 to March 2024	6.61	-
	April 2024 onwards	125.04	-

B. Defined contribution plans

The Group's contribution to state governed provident fund scheme, employee state insurance scheme and Labour Welfare Fund scheme are considered as defined contribution plans. The contribution under the schemes is recognised as an expense, when an employee renders the related service. There are no other obligations other than the contribution payable to the respective funds.

48. Group information

Information about subsidiary/entity consolidated

The Consolidated Financial statements of the Group include entities listed in the table below:

(Rs. in million)

S. No.	Name of entity	Country of Incorporation	Proportion (%) of equity interest		
			As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A.	Subsidiaries of Panacea Biotec Limited#				
1	Radhika Heights Limited	India	100.00%	100.00%	100.00%
2	Rees Investment Limited	Guernsey	100.00%	100.00%	100.00%
3	Panacea Biotec (International) SA	Switzerland	100.00%	100.00%	100.00%
4	PanEra Biotec Private Limited*	India	50.00%	50.00%	50.00%
5	Adveta Power Private Limited*	India	75.00%	75.00%	75.00%
6	New Rise Healthcare Private Limited**	India	Nil	88.78%	87.40%
B.	Joint Venture				
1	Chiron Panacea Vaccine Private Limited	India	50.00%	50.00%	50.00%

Excluding names for step down subsidiaries, since consolidated financial information of these entities is used for preparing these Consolidated Financial Statements.

* Considered as subsidiary for the purpose of consolidation as per Ind AS 110.

** Subsidiary until April 18, 2017, WOS during April 19 and April 20, 2017. Entire stake sold on April 21, 2017.

49. Additional information, as required under Schedule III of the Companies Act, 2013, of the enterprises consolidated as subsidiaries / entities consolidated:

(Rs. in million)

S. No.	Name of entity	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent									
	Panacea Biotec Limited	21.65%	661.84	67.93%	(516.29)	-22%	(14.16)	76.11%	(530.45)
Subsidiaries									
1	Radhika Heights Limited	73.33%	2,241.90	2.07%	(15.72)	-	-	2.26%	(15.72)
2	Rees Investment Limited	-0.06%	(1.82)	0.25%	(1.93)	39%	24.75	-3.27%	22.82
3	Panacea Biotec (International) SA	2.20%	67.26	-6.22%	47.26	770%	485.37	-76.42%	532.63
4	PanEra Biotec Private Limited*	2.00%	61.22	36.11%	(274.42)	-687%	(432.92)	101.49%	(707.33)
5	Adveta Power Private Limited*	0.88%	26.97	0.01%	(0.07)	-	-	0.01%	(0.07)
Joint Venture									
1	Chiron Panacea Vaccine Private Limited	-	-	-0.15%	1.15	0%	-	-0.17%	1.15
	Total	100.00%	3,057.37	100.00%	(760.01)	100%	63.04	100.00%	(696.97)

* Considered as subsidiary for the purpose of consolidation as per Ind AS 110.

50. On account of continuous losses of the Group, certain delays and defaults, in repayment of loan instalments (including accrued interest thereon), have occurred during the year, which are described below:

(Rs. in million)

Loan particulars	Amount of total instalment along with interest	Due Date	Paid On
A. Borrowings from Bank			
Bank of India ECB loan	543.17	30-Sep-17	Not paid
B. Other borrowings			
Loan from Directors - Late Mr. Ravinder Jain (refer note 59)	20.50	June 2014 to March 2018	Not paid in view of CDR conditions
Loan from Radhika Heights Limited	107.50	January 2014-March 2018	Not paid in view of CDR conditions
Loan from Trinidhi Finance Private Limited	1.20	December 2013-March 2018	Not paid in view of CDR conditions

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

51. Fair value measurements

A. Financial assets and liabilities

The carrying amounts and fair values of financial instruments by class are as follows:

(Rs. in million)

As at March 31, 2018	Fair value through profit & loss	Fair value through other comprehensive income	Amortised cost
Financial Assets			
i) Investments	20.99	-	-
ii) Trade receivables	-	-	1,360.10
iii) Cash and cash equivalents	-	-	164.37
iv) Other bank balances	-	-	68.00
v) Loans	-	-	363.53
vi) Others financial assets	-	-	104.36
Total	20.99	-	2,060.36
Financial Liabilities			
i) Borrowings	-	-	9,464.79
ii) Trade payables	-	-	2,771.90
iii) Other financial liabilities	-	-	113.83
Total	-	-	12,350.52

As at March 31, 2017	Fair value through profit & loss	Fair value through other comprehensive income	Amortised cost
Financial Assets			
i) Investments	22.20	-	-
ii) Trade receivables	-	-	1,421.71
iii) Cash and cash equivalents	-	-	91.01
iv) Other bank balances	-	-	50.27
v) Loans	-	-	115.25
vi) Others financial assets	-	-	101.19
Total	22.20	-	1,779.43
Financial Liabilities			
i) Borrowings	-	-	10,094.46
ii) Trade payables	-	-	2,486.03
iii) Other financial liabilities	-	-	134.28
Total	-	-	12,714.77

As at April 1, 2016	Fair value through profit & loss	Fair value through other comprehensive income	Amortised cost
Financial Assets			
i) Investments	36.04	-	-
ii) Trade receivables	-	-	1,233.71
iii) Cash and cash equivalents	-	-	95.93
iv) Other bank balances	-	-	48.77
v) Loans	-	-	44.47
vi) Other financial assets	-	-	110.02
Total	36.04	-	1,532.90
Financial Liabilities			
i) Borrowings	-	-	10,247.13
ii) Trade payables	-	-	1,881.62
iii) Other financial liabilities	-	-	120.80
Total	-	-	12,249.55

B. Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

The different levels of fair value have been defined below:

Level 1: Quoted prices (unadjusted) in an active market for financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B1. Financial assets and liabilities measured at fair value - recurring fair value measurements

(Rs. in million)

As at March 31, 2018	Note	Level 1	Level 2	Level 3
Investments	3	20.29	0.70	-

As at March 31, 2017	Note	Level 1	Level 2	Level 3
Investments	3	21.50	0.70	-

As at April 1, 2016	Note	Level 1	Level 2	Level 3
Investments	3	35.19	0.85	-

B2. Fair value of financial assets and liabilities measured at amortised cost

(Rs. in million)

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Borrowings	9,464.79	9,443.81	10,094.46	10,072.20	10,247.13	10,222.55

The management assessed that security deposits, loan to related party, other financial assets and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

i) The fair values of the Group's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

ii) All the other long term borrowing facilities availed by the Group are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Group's credit worthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Group. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

52. Financial risk management

The Group's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

A. Credit risk

Credit risk is the risk that a counter party fails to discharge its obligation to the Group. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counter parties and incorporates this information into its credit risk controls.

A.1 Credit risk management

Credit risk rating

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets:

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

The Group provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables and other financial assets	Life time expected credit loss or 12 month expected credit loss*
High credit risk	Trade receivables and other financial assets	Life time expected credit loss or fully provided for

*In respect of trade receivables, the Group recognises a provision for lifetime expected credit losses

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in consolidated statement of profit and loss.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

(Rs. in million)

Credit rating	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A: Low credit risk	Cash and cash equivalents	164.37	91.01	95.93
	Other bank balances	68.00	50.27	48.77
	Loans	363.53	115.25	44.47
	Other financial assets	104.36	101.19	110.02
B: Medium credit risk	Trade receivables	1,400.13	1,459.28	1,263.79
C: High credit risk	Trade receivables	25.60	34.12	45.02

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become two year past due.

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

A.2 Expected credit losses for financial assets other than trade receivables

The Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. As the Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the Group is in possession of the underlying asset. However, in respect of loans comprising loans to related parties, credit risk is evaluated on the basis of credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. In respect of other financial assets, credit risk is evaluated based on Group's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. The Group does not have any expected loss based impairment recognised (except in case of loans to related parties) on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

(Rs. in million)

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
As at March 31, 2018				
Cash and cash equivalents	164.37	0.00%	-	164.37
Other bank balances	68.00	0.00%	-	68.00
Loans	363.53	0.00%	-	363.53
Other financial assets	104.36	0.00%	-	104.36
As at March 31, 2017				
Cash and cash equivalents	91.01	0.00%	-	91.01
Other bank balances	50.27	0.00%	-	50.27
Loans	115.25	0.00%	-	115.25
Other financial assets	101.19	0.00%	-	101.19
As at April 1, 2016				
Cash and cash equivalents	95.93	0.00%	-	95.93
Other bank balances	48.77	0.00%	-	48.77
Loans	44.47	0.00%	-	44.47
Other financial assets	110.02	0.00%	-	110.02

A.3 Expected credit loss for trade receivables under simplified approach

The Group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein the group has defined percentage of provision by analysing historical trend of default relevant to each category of customer based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

(Rs. in million)

Ageing	Not Due	0-30 days post due	31-90 days post due	91-182 days post due	183-365 days post due	366-730 days post due	More than 730 days post due	Total
As at March 31, 2018								
Gross carrying amount	285.97	350.45	140.23	35.02	8.36	23.44	15.71	859.18
Expected loss rate	1.35%	2.15%	3.49%	2.40%	25.24%	21.76%	100.00%	4.66%
Expected credit loss (Loss allowance provision)	3.86	7.52	4.89	0.84	2.11	5.10	15.71	40.03
Carrying amount of trade receivables (net of impairment)	282.11	342.93	135.34	34.18	6.25	18.34	-	819.15
As at March 31, 2017								
Gross carrying amount	586.47	257.91	54.15	26.01	15.10	14.31	20.02	973.97
Expected loss rate	1.08%	2.08%	5.49%	1.66%	4.96%	11.85%	100.00%	3.86%
Expected credit loss (Loss allowance provision)	6.32	5.37	2.97	0.43	0.75	1.70	20.02	37.57
Carrying amount of trade receivables (net of impairment)	580.15	252.54	51.18	25.58	14.35	12.61	-	936.41
As at April 1, 2016								
Gross carrying amount	264.33	541.79	30.90	21.21	19.00	6.35	13.20	896.78
Expected loss rate	1.28%	1.89%	5.20%	4.05%	4.19%	0.00%	100.01%	3.35%
Expected credit loss (Loss allowance provision)	3.37	10.24	1.61	0.86	0.80	-	13.20	30.08
Carrying amount of trade receivables (net of impairment)	260.96	531.56	29.29	20.35	18.20	6.35	(0.00)	866.71

Changes in allowance for doubtful advances (Rs. in million)

Particulars	Amount
As on April 1, 2016	75.10
Expected loss recognised/reversed during the year	(3.41)
As on March 31 , 2017	71.69
Expected loss recognised/reversed during the year	(6.06)
As on March 31 , 2018	65.63

B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

Contractual Maturities of financial liabilities

The tables below analyse the financial liabilities into relevant maturity groupings based on their contractual maturities:

(Rs. in million)

	Less than and equal to 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
March 31, 2018					
i) Borrowings	6,477.10	1,444.12	1,600.88	5,230.67	14,752.77
ii) Trade payables	2,771.90	-	-	-	2,771.90
iii) Others	113.83	-	-	-	113.83
Total	9,362.83	1,444.12	1,600.88	5,230.67	17,638.50
March 31, 2017					
i) Borrowings	4,414.28	1,791.91	1,983.08	6,773.57	14,962.84
ii) Trade payables	2,486.03	-	-	-	2,486.03
iii) Others	134.28	-	-	-	134.28
Total	6,900.31	1,791.91	1,983.08	6,773.57	17,583.15
April 1, 2016					
i) Borrowings	3,650.91	1,645.24	1,794.55	8,095.89	15,186.59
ii) Trade payables	1,881.62	-	-	-	1,881.62
iii) Others	120.80	-	-	-	120.80
Total	5,653.33	1,645.24	1,794.55	8,095.89	17,189.01

C. Market Risk

(i) Interest Rate risk

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the year end, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

The Group's exposure to interest rate risk on borrowings is as follows:

(Rs. in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Variable rate	8,999.92	9,656.76	9,799.95
Fixed rate	464.87	437.70	447.18
Total	9,464.79	10,094.46	10,247.13

The following table illustrates the sensitivity of profit and equity to possible change in interest rates of +/- 1% (March 31, 2017: +/- 1%; April 1, 2016: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

Interest sensitivity*	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest rates - increase by 100 basis points	(58.55)	(63.15)
Interest rates - decrease by 100 basis points	58.55	63.15

* Holding all other variables constant

ii) Foreign Currency Risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO, JPY, CAD, GBP and TBH. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Group. The Group does not use any derivative instruments to manage its exposure. Also, the Group does not use forward contracts and swaps for speculative purposes.

a) Foreign currency denominated financial assets and liabilities, translated at the closing rate, are as follows:

(Rs. in million)

Particulars		As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	Foreign Currency	Amount in Foreign Currency	Closing Rate	Amount	Amount in Foreign Currency	Closing Rate	Amount	Amount in Foreign Currency	Closing Rate	Amount
Foreign trade receivable	Euro	2,778,254	80.82	224.53	4,170,940	69.19	288.59	3,829,449	75.38	288.66
	USD	3,932,609	65.17	256.29	8,067,471	64.85	523.18	9,417,780	66.25	623.93
Balance with banks	USD	5,589	65.17	0.36	1,551	64.85	0.10	80,644	66.25	5.3
	Euro	763	80.82	0.06	56	69.19	0.00	6,182	75.38	0.5
	KZT	52,110	0.21	0.01	52,110	0.21	0.01	793,347	0.19	0.2
	RUB	16,556	1.13	0.02	80,404	1.15	0.09	113,786	1.00	0.1
Financial liabilities										
Foreign trade payable	USD	2,579,377	65.18	168.12	2,971,061	64.86	192.70	2,882,801	66.26	191.01
	Euro	3,818,755	80.85	289.68	2,062,853	69.20	142.75	145,613	75.39	10.98
	CHF	-	-	-	-	-	-	8,329	63.68	0.53
	GBP	12,173	92.31	1.12	10,512	81.34	0.86	11,664	95.17	1.11
	JPY	2,722,810	0.62	1.68	2,722,810	0.59	1.61	2,722,810	0.60	1.63
	SEK	16,820	7.80	0.13	16,820	7.23	0.12	16,820	8.17	0.14
	CAD	14,328	50.68	0.73	14,028	48.74	0.68	6,828	51.01	0.35
	KZT	-	-	-	-	-	-	6,886,608	0.20	1.38
	THB	5,547	50.68	0.28	5,547	1.90	0.01	5,547	1.90	0.01
	RUB	-	-	-	-	-	-	6,020	1.01	0.01
Foreign currency loans	USD	25,000,000	65.18	1,629.50	28,222,352	64.86	1,830.50	28,676,061	66.26	1,900.08
	CHF	-	-	-	36,000	64.64	2.33	-	-	-
Interest accrued but not due	USD	9,612	65.18	0.63	21,184	64.86	1.37	14,705	66.26	1.0
	CHF	-	-	-	79	64.64	0.01	-	-	-
Interest accrued and due	USD	-	-	-	752,109	64.86	48.78	-	-	-
Net exposure										
USD		(23,650,792)	-	(1,541.60)	(23,897,684)	-	(1,550.08)	(22,075,143)	-	(1,462.79)
Euro		(1,039,738)	-	(84.15)	2,108,143	-	145.84	3,690,018	-	278.15
GBP		(12,173)	-	(1.12)	(10,512)	-	(0.86)	(11,664)	-	(1.11)
JPY		(2,722,810)	-	(1.68)	(2,722,810)	-	(1.61)	(2,722,810)	-	(1.63)
CHF		-	-	-	(36,079)	-	(2.33)	(8,329)	-	(0.53)
RUB		16,556	-	0.02	80,404	-	0.09	107,766	-	0.11
THB		(5,547)	-	(0.28)	(5,547)	-	(0.01)	(5,547)	-	(0.01)
SEK		(16,820)	-	(0.13)	(16,820)	-	(0.12)	(16,820)	-	(0.14)
CAD		(14,328)	-	(0.73)	(14,028)	-	(0.68)	(6,828)	-	(0.35)
KZT		52,110	-	0.01	52,110	-	0.01	(6,093,261)	-	(1.23)

* Closing exchange rate has been rounded off to two decimal places.

b) Sensitivity analysis of change in foreign currency rates on profit/(loss) after tax

(Rs. in million)

Currency	Profit for the year +200bps		Profit for the year -200bps	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD	(20.06)	(20.27)	20.06	20.27
Currency	Profit for the year +1000bps		Profit for the year -1000bps	
EURO	(4.23)	9.54	4.23	(9.54)
GBP	(0.07)	(0.06)	0.07	0.06
	Profit for the year +200bps		Profit for the year -200bps	
JPY	(0.02)	(0.00)	0.02	0.00

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

53. Capital Management Policies

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern as well as to provide a an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Group are summarised as follows:

(Rs. in million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non Current Borrowings	7,815.99	8,187.35	8,353.95
Current Borrowings	1,648.80	1,907.12	1,893.18
Less: Cash and cash equivalents*	(164.37)	(74.68)	(95.93)
Net debt	9,629.16	10,169.15	10,343.06
Total equity	3,086.85	3,556.75	4,035.67
Net debt to equity ratio	311.94%	285.91%	256.29%

*Cash and cash equivalents is net of book overdraft as at March 31, 2018 - Nil (March 31, 2017 - Rs. 16.33 million and April 01, 2016 - Nil)

54. Cash Flow

A. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

(Rs. in million)

Particulars	Long term borrowings	Short term borrowings	Total
Net debt as at 1 April 2017	8,028.72	1,907.12	9,935.84
Cash flow:			
- Proceeds	57.96	39.96	97.91
- Repayment	(348.15)	(298.28)	(646.42)
Other non-cash movements			
- Foreign currency exchange difference	8.00	-	8.00
- Impact of effective interest rate	2.39	-	2.39
- Increase in liability portion of compound financial instruments	9.73	-	9.73
Net debt as at 31 March 2018	7,758.66	1,648.80	9,407.46

Particulars	Long term borrowings	Short term borrowings	Total
Net debt as at 1 April 2016	8,076.68	1,893.18	9,969.86
Cash flow:			
- Proceeds	-	633.21	633.21
- Repayment	(100.24)	(609.60)	(709.84)
Other non-cash movements			
- Impact of of debt restructuring	75.46	-	75.46
- Foreign currency exchange difference	(35.00)	(9.67)	(44.67)
- Impact of effective interest rate	3.08	-	3.08
- Increase in liability portion of compound financial instruments	8.73	-	8.73
Net debt as at 31 March 2017	8,028.72	1,907.12	9,935.84

55. Discontinued operation

a) Description

On March 30, 2017, the Group announced its intention to exit the healthcare business in India and initiated an active program to locate a buyer for its Indian subsidiary, New Rise Health Care Private Limited . The associated assets and liabilities were consequently presented as held for sale in financial statements for the year ended March 31, 2017.

The subsidiary was subsequently sold on April 21, 2017 and has been reported as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the 21 days ended April 21, 2017 (year ended March 31, 2018) and the year ended March 31, 2017.

(Rs. in million)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue	-	0.28
Expenses	-	(153.02)
Profit before income tax	-	(152.73)
Income tax expense	-	0.18
Profit after income tax	-	(152.92)
Gain on sale of the subsidiary after income tax	-	
Profit from discontinued operation*	-	(152.92)
Exchange differences on translation of discontinued operations	-	-
Other comprehensive income from discontinued operations	-	-
Net cash inflow from operating activities		(156.89)
Net cash inflow (outflow) from investing activities (March 31, 2018 includes inflow of INR 1,800 million from the sale of the division)		(8.18)
Net cash (outflow) from financing activities		164.33
Net increase in cash generated from discontinued operation		(0.73)

* The entire amount is attributable to equity holders of the holding company

c) Details of the sale of the subsidiary

(Rs. in million)

Particulars	As at April 21, 2017
Consideration received:	
Cash and cash equivalent*	136.48
Carrying amount of net assets sold	587.35
Loss on sale before income tax and reclassification of foreign currency translation reserve	(450.87)
Reclassification of exchange differences on foreign currency translation	-
Income tax expense on gain	-
Loss on sale after income tax	(450.87)

The carrying amounts of assets and liabilities as at the date of sale (April 21, 2017) were as follows:

(Rs. in million)

Particulars	As at April 21, 2017
Property, plant and equipment	168.34
Capital work-in-progress	1,413.84
Intangible under development	0.04
Other financials assets	0.14
Deferred Tax assets	0.02
Others assets	7.25
Current tax assets	0.02
Trade receivable	0.07
Current loans	5.74
Cash and cash equivalents	0.62
Other bank balances	2.23
Total assets	1,598.30
Long term borrowings	780.85
Provisions	0.67
Current borrowings	689.19
Trade payables	20.51
Other financial liabilities	173.01
Other current liabilities	0.20
Provisions	0.69
Total liabilities	1,665.11
Net assets	(66.81)

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

(Rs. in million)

	As at March 31, 2017	As at April 01, 2016
(d) Assets and liabilities of disposal group classified as held for sale		
Non-current assets		
a) Property, plant and equipment	1,582.22	1,573.98
b) Goodwill	64.58	54.78
(i) Other financial assets	0.14	0.13
c) Deferred tax assets (net)	0.02	0.02
d) Non-current tax assets (net)	0.02	0.12
Total non-current assets	1,646.99	1,629.03
Current assets		
a) Financial assets		
i) Trade receivables	0.07	0.29
ii) Cash and cash equivalents	0.62	1.35
iii) Other bank balances	2.23	2.09
iv) Loans	5.74	5.95
b) Other current assets	7.25	7.31
Total current assets	15.90	16.98
Total assets of disposal group held for sale	1,662.89	1,646.01
Liabilities directly associated with assets classified as held for sale		
Non-current liabilities		
a) Financial liabilities		
i) Borrowings	780.85	880.30
b) Provisions	0.67	0.51
Total non-current liabilities	781.52	880.81
Current liabilities		
a) Financial liabilities		
i) Trade payables	19.70	26.38
ii) Other financial liabilities	173.01	105.88
b) Other current liabilities	0.20	1.03
c) Current tax liabilities (net)	0.07	0.48
d) Provisions	0.61	0.03
Total current liabilities	193.60	133.79
Total liabilities of disposal group held for sale	975.12	1,014.61

56. Notes to first time consolidation

(a) Consolidation of subsidiary

Under Previous GAAP, one entity controls another entity when it has the ownership of more than one-half of the voting power of the other entity or control of the composition of the board of directors so as to obtain economic benefits from its activities. As the Group held 50% of the voting power in Adveta Power Private Limited and PanEra Biotec Private Limited, it was not consolidated as subsidiary. Group's investment in Adveta Power Private Limited was accounted as Joint venture by applying proportionate consolidation and PanEra Biotec Private Limited was accounted as an associate by applying the equity method of accounting.

Based on the control assessment carried out by the Group under Ind AS 110, refer note 58, Adveta Power Private Limited and PanEra Biotec Private Limited has been assessed as a subsidiary of the Group. Accordingly, the assets, liabilities, incomes and expenses of Adveta Power Private Limited and PanEra Biotec Private Limited have been consolidated with the Group on a line by line basis. The group has also recognised non-controlling interests in Adveta Power Private Limited and PanEra Biotec Private Limited as at March 31, 2017 and April 1, 2016, respectively as the entity holds less than 100% stake in the entity.

(i) The assets and liabilities of Adveta Power Private Limited and PanEra Biotec Private Limited as at March 31, 2017 and April 1, 2016 were as follows:

(Rs. in million)

Particulars	Adveta Power Private Limited		PanEra Biotec Private Limited	
	As at March 31, 2017	As at April 01, 2016	As at March 31, 2017	As at April 01, 2016
Non-current assets				
a) Property, plant and equipment	-	-	0.27	0.38
b) Capital work-in-progress	27.34	27.16	-	-
c) Other intangible assets	-	-	0.00	0.00
d) Intangible assets under development	0.01	0.01	-	-
e) Financial assets				
i) Investments	-	-	0.90	0.90
ii) Loans	-	-	0.50	0.50
iii) Other financial assets	-	-	0.24	0.22

(Rs. in million)

Particulars	Adveta Power Private Limited		PanEra Biotec Private Limited	
	As at March 31, 2017	As at April 01, 2016	As at March 31, 2017	As at April 01, 2016
f) Income tax assets (net)	-	-	10.25	10.76
Total non-current assets	27.35	27.18	12.15	12.76
Current assets				
a) Inventories	-	-	131.49	93.93
i) Investments	-	-	645.63	490.50
ii) Cash and cash equivalents	0.47	0.66	1.35	1.71
iii) Other bank balances	-	-	3.03	15.44
iv) Loans	-	-	70.00	26.50
b) Other current assets	-	0.00	2.93	4.67
Total current assets	0.47	0.66	854.43	632.75
Total assets	27.82	27.84	866.58	645.51
Non-current liabilities				
a) Provisions	-	-	11.62	8.94
Total non-current liabilities	-	-	11.62	8.94
Current liabilities				
a) Financial liabilities				
i) Borrowings	25.70	25.70	-	257.88
ii) Trade payables	0.76	0.70	412.71	-
iii) Other financial liabilities	0.02	0.02	21.74	7.19
b) Other current liabilities	-	0.00	437.48	267.74
c) Provisions	-	-	1.97	1.57
Total current liabilities	26.48	26.42	873.90	534.38
Total liabilities	26.48	26.42	885.53	543.33
Net Assets recognised	1.34	1.42	(18.94)	102.18
Non controlling interest recognised	0.34	0.35	(9.47)	51.09
Investment in associate derecognised			(9.47)	51.09

(ii) Summarised statement of profit and loss for the year ended March 31, 2017

	Adveta Power Private Limited	PanEra Biotec Private Limited
Revenue	-	302.12
Interest income	-	10.95
Expenses:		
Cost of raw-materials consumed	-	67.19
Changes in inventory	-	5.53
Employee benefit expense	-	132.49
Finance costs	-	1.79
Depreciation and amortisation expense	-	0.11
Other expenses	0.07	225.22
Profit/(loss) before tax (A)	(0.07)	(119.26)
Tax expense	-	1.35
Deferred tax charge	-	0.17
Profit/(loss) after tax	(0.07)	(120.78)
Other comprehensive income	-	(0.33)
Total comprehensive income	(0.07)	(121.11)
Share of profit of equity accounted investments derecognised (B)	(0.02)	(60.39)
Impact on profit (A-B)	(0.05)	(60.39)

(iii) Summarised statement of cash flows for the year ended 31 March 2017

Particulars	Adveta Power Private Limited	PanEra Biotec Private Limited
Cash and cash equivalents April 1, 2016	0.66	1.71
Cash flow from operating activities	(0.01)	141.16
Cash flow from investing activities	(0.18)	(141.51)
Cash flow from financing activities	-	-
Cash and cash equivalents March 31, 2017	0.47	1.35

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

57. Notes to first time consolidation

(a) Joint Venture

Under Previous GAAP, Chiron Panacea Vaccines Private Ltd was classified as jointly controlled entity and accounted for using the proportionate consolidation method. Under Ind AS, Chiron Panacea Vaccines Private Ltd has been classified as a joint venture and accounted for using the equity method since the company is a limited liability company whose legal form offers separation of the company from the investors. The parties to the joint arrangements do not have direct rights to the assets and liabilities of Chiron Panacea Vaccines Private Ltd.

For the purposes of applying the equity method, the investment in Chiron Panacea Vaccines Private Ltd, as at the date of transition, has been measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated. An impairment assessment has been performed as at April 01, 2016 and no impairment provision is considered necessary.

i) The following assets and liabilities of Chiron Panacea Vaccines Private Ltd were previously proportionately consolidated under previous GAAP:

(Rs. in million)

Particulars	Chiron Panacea Vaccines Private Ltd	
	As at March 31, 2017	As at April 01, 2016
Non-current assets		
a) Income tax assets (net)	0.09	0.07
Total non-current assets	0.09	0.07
Current assets		
a) Financial assets		
i) Cash and cash equivalents	6.16	4.08
ii) Other bank balances	95.45	95.87
iii) Loans	0.03	0.03
b) Other current assets	2.28	0.32
Total current assets	103.92	100.30
Total assets	104.00	100.37
Current liabilities		
a) Financial liabilities		
i) Trade payables	0.07	0.65
b) Other current liabilities	0.01	0.07
c) Provisions	2.69	2.20
Total current liabilities	2.77	2.91
Total liabilities	2.77	2.91
Net Assets recognised	101.24	97.46
Non controlling interest recognised	101.24	97.46
Investment in associate derecognised	50.62	48.73

ii) The following items of income and expenditure were previously proportionately consolidated under Previous GAAP:

(Rs. in million)

Particulars	For the year ended March 31, 2017
Revenue	6.93
Expenses:	
Employee benefit expense	0.01
Other expenses	1.52
Profit before tax (A)	5.40
Tax expense	1.62
Profit after tax	3.78
Other comprehensive income	-
Total comprehensive income	3.78
Share of profit of equity accounted investments derecognised (B)	1.89
Impact on profit (A-B)	1.89
Impact on account of equity accounting of the joint venture under Ind AS:	
Share of profits of joint venture recognised as per equity method	2.70
Share of other comprehensive income (remeasurements) of joint venture recognised as per equity method	-

iii) Summarised statement of cash flows of Chiron Panacea Vaccines Private Ltd for the year ended March 31, 2017

Cash and cash equivalents April 1, 2016	97.52
Cash flow from operating activities	(2.85)
Cash flow from investing activities	6.93
Cash flow from financing activities	-
Cash and cash equivalents as at March 31, 2017	101.61

58. Interests in other entities

a) Subsidiaries

The group's subsidiaries at March 31, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group			Ownership interest held by non-controlling interest			Principal activities
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	
Radhika Heights Limited	India	100%	100%	100%	-	-	-	Construction
Rees Investments Limited	Guernsey	100%	100%	100%	-	-	-	Investment
Panacea Biotec (Intl.) SA, Switzerland	Switzerland	100%	100%	100%	-	-	-	Pharmaceuticals
PanEra Biotec Private Limited	India	50%	50%	50%	50%	50%	50%	Vaccines
Adveta Power Private Limited	India	75%	75%	75%	25%	25%	25%	Power

b) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations. (Rs. in million)

Summarised balance sheet	PanEra Biotec Private Limited			Adveta Power Private Limited		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current assets	254.85	854.43	632.74	0.18	0.47	0.66
Current liabilities	311.17	873.90	534.38	26.52	26.48	26.42
Net current assets	(56.33)	(19.47)	98.36	(26.33)	(26.01)	(25.76)
Non-current assets	11.24	12.16	12.76	27.60	27.35	27.18
Non-current liabilities	14.15	11.62	8.94	-	-	-
Net non-current assets	(2.91)	0.54	3.82	27.60	27.35	27.18
Net assets	(59.24)	(18.94)	102.18	1.27	1.34	1.42
Accumulated NCI	(29.62)	(9.47)	51.09	0.32	0.34	0.35

	PanEra Biotec Private Limited		Adveta Power Private Limited	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Summarised statement of profit and loss				
Revenue	209.96	302.12	-	-
Profit/(loss) of the year	(40.35)	(120.78)	(0.07)	(0.07)
Other comprehensive income	0.04	(0.33)	-	-
Total comprehensive income	(40.30)	(121.11)	(0.07)	(0.07)
Profit/(loss) allocated to NCI	(20.15)	(60.56)	(0.02)	(0.02)
Dividend paid to NCI	-	-	-	-
Summarised cash flows				
Cash flows from operating activities	(602.50)	141.16	(0.04)	(0.01)
Cash flows from investing activities	608.24	(141.51)	(0.25)	(0.18)
Cash flows from financing activities	-	-	-	-
Net increase/ (decrease) in cash and cash equivalents	5.74	(0.35)	(0.29)	(0.19)

Reconciliation to carrying amounts (Rs. in million)

Particular	Adveta Power Private Limited		PanEra Biotec Private Limited	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Opening net assets	1.34	1.42	(18.94)	102.18
Profit/(loss) of the year	(0.07)	(0.07)	(40.35)	(120.78)
Other comprehensive income	-	-	(0.04)	(0.33)
Dividends paid	-	-	-	-
Closing net assets	1.27	1.34	(59.33)	(18.94)
Group's share in %	75%	75%	50%	50%
Group's share in Rs.	0.95	1.01	(29.66)	(9.47)
Goodwill	-	-	-	-
Carrying amount	0.95	1.01	(29.66)	(9.47)

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

Summarised statement of profit and loss (Rs. in million)

Particular	Adveta Power Private Limited		PanEra Biotec Private Limited	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Revenue	-	-	209.96	302.12
Interest income	-	-	1.20	10.95
Expenses:				
Cost of raw-materials consumed	-	-	44.53	67.19
Changes in inventory	-	-	(49.16)	5.53
Employee benefit expense	-	-	108.17	132.49
Finance cost	-	-	0.90	1.79
Depreciation and amortization	-	-	0.07	0.11
Interest expense	-	-	-	-
Other expense	0.07	0.07	147.02	225.22
Income tax expense	-	-	(0.02)	1.52
Profit from continuing operations	(0.07)	(0.07)	(40.35)	(120.78)
Profit from discontinued operations	-	-	-	-
Profit for the year	(0.07)	(0.07)	(40.35)	(120.78)
Other comprehensive income	-	-	0.04	(0.33)
Total comprehensive income	(0.07)	(0.07)	(40.30)	(121.11)
Dividend received	-	-	-	-

c) There are no transactions with non-controlling interests.

d) Interests in joint venture

Set out below are the joint venture of the Group as at year end which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held.

(Rs. in million)

Name of entity	Place of business	% of ownership interest	Relationship	Accounting method	Carrying amount		
					As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Chiron Panacea Vaccines Private Limited	India	50	Joint Venture	Equity method	51.77	50.62	48.73
Total equity accounted investments					51.77	50.62	48.73

i) Chiron Panacea Vaccines Private Limited (under liquidation) was engaged in marketing of vaccines with significant presence in all parts of India.

* Unlisted entity – no quoted price available.

ii) Contingent liabilities and commitments

The Group has Nil contingent liabilities and commitments in respect of joint venture.

iii) Summarised financial information for joint venture

The tables below provide summarised financial information for the joint venture that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint venture and not Panacea Biotec Limited, share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(Rs. in million)

	Chiron Panacea Vaccines Private Ltd	
Summarised balance sheet	As at March 31, 2017	As at April 01, 2016
Current assets		
a) Financial assets		
i) Cash and cash equivalents	6.16	4.08
ii) Other bank balances	95.45	95.87
iii) Loans	0.03	0.03
iv) Others financial assets	-	-
b) Other current assets	2.28	0.32
Total current assets	103.92	100.30
Non-current assets		
a) Income tax assets (net)	0.09	0.07
Total non-current assets	0.09	0.07
Current liabilities		
a) Financial liabilities	0.07	0.65
b) Other liabilities	0.01	0.07
c) Provision	2.69	2.20
Total current liabilities	2.77	2.91
Non-current liabilities		
a) Financial liabilities	-	-
b) Other liabilities	-	-
Total non-current liabilities	-	-
Net assets	101.24	97.46

59. In view of absence of profits during financial years 2013-14 and 2012-13, total remuneration paid to the Managing/Joint Managing and Whole time Directors of the Holding Company had exceeded the ceiling prescribed in Section II of Part II of Schedule XIII to the erstwhile Companies Act, 1956 by Rs. 29.13 million for the said years. Further, because of non-compliance to one of the conditions of part II Section II of Schedule V to the Companies Act, 2013, the remuneration amounting to Rs. 2.62 million paid to a whole time director during the year ended March 31, 2016 and remuneration amounting to Rs. 43.01 million paid to six directors (Managing/Joint Managing and Whole time Directors) during the year ended March 31, 2017 required approval of the Central Government and the Company had filed the necessary applications in this regard. However, the Holding Company's applications for approval of the aforesaid excess remuneration have not been approved by the Central Government and consequently the Holding Company is required to recover the excess amount thus paid for the said years, unless the recovery thereof is waived by the Central Government. The Holding Company has also paid managerial remuneration amounting to Rs. 41.62 million during the financial year ended March 31, 2018 for which the Holding Company required prior approval of the Central Government due to non-compliance to one of the conditions of part II Section II of Schedule V to the Companies Act, 2013. For a thorough reconsideration of the matter, the Holding Company has preferred to submit new applications to the Central Government for waiver of recovery of excess remuneration paid in respect of aforesaid periods and is also in the process of completing the related procedural formalities. Pending the decision of the Central Government, the Holding Company has recorded an amount of Rs. 116.38 million (March 31, 2017 Rs. 74.76 million, April 1, 2016 Rs. 31.75 million) as recoverable from such directors/ legal heir(s) representative in case of deceased director, towards such excess remuneration paid. Based on Management's assessment and legal advice obtained, the Holding Company is confident of a favourable outcome for its applications.

60. Details of pre-operative expenses relating to property, plant and equipment in Adveta Power Private Limited: (Rs. in million)

Particulars	As at April 1, 2017	Addition during the year	Capitalized during the year	As at March 31, 2018
Bank Charges	0.04	-	0.00	0.04
Books & Periodicals	0.01	-	0.00	0.01
Consultancy & Professional Charges	1.72	-	0.00	1.72
Fees & Taxes	0.03	-	0.00	0.03
General Expenses	0.00	-	0.00	0.00
Interest Paid on TDS	0.00	-	0.00	0.00
Interest Paid on Unsecured Loan	0.00	-	0.00	0.00
Labour Charges	0.27	0.25	0.00	0.52
Membership & Subscription	0.01	-	0.00	0.01
Meeting & Conferences	0.04	-	0.00	0.04
Postage	0.00	-	0.00	0.00
Printing & Stationery	0.01	-	0.00	0.01
Statutory Audit Fees	0.08		0.00	0.08
Tender Fees	0.05	-	0.00	0.05
Telephone & Internet	0.01	-	0.00	0.01
Upfront Premium and Processing Fee of the Project	23.25	-	0.00	23.25
Total	25.50	0.25	-	25.75

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

61. For the financial year ended March 31, 2018, the Group has incurred a loss of Rs. 696.93 million (March 31, 2017: loss Rs. 603.69 million, March 31, 2016: loss Rs. 182.90 million). The continuous losses have adversely affected the cash flows of the Group. These conditions, read with note 62, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The Holding Company has undertaken several measures to mitigate this risk, which include scaling up revenues of hexavalent vaccine EasySix™ (DTwP-HepB-Hib-IPV), initiating supply of oral polio vaccine from Baddi facility, executing into strategic alliances with domestic as well as foreign collaborators for supply of products, launch of innovative new products, launch of new products in USA/EU etc., expediting development of new products, monetization of non-core assets, proposed raising of funds, etc. Based on above measures and continuous efforts to improve the business performance and as explained in note 62, the management believes that it would be able to generate sustainable cash flow, recover and recoup the erosion in its net worth through profitable operations, discharge its obligations as they fall due and continue as a going concern.

62. During financial year 2014-15, the Holding Company was sanctioned a Corporate Debt Restructuring ("CDR") scheme under the CDR mechanism of the Reserve Bank of India ("RBI") after attaining super-majority from its lender banks. The debt obligations, including interest thereon, have been measured, classified and disclosed in these financial statements in accordance with the Master Restructuring Agreement (MRA) as per CDR scheme, to the extent agreed with the banks. The CDR lenders have recently during the consortium meeting held on May 22, 2018 informed the Holding Company that due to non-compliance with the pending conditions of CDR scheme, they are considering the CDR scheme as failed CDR and exit from CDR. Consequently, the CDR lenders (other than Indian Overseas Bank) have classified the Holding Company's account as non-performing asset due to non-compliance with the pending conditions but not because of any default for payment of principal/ interest as per agreed terms of CDR. The account with Bank of India has also been classified as non-performing asset due to non payment of principal installment of ECB loan. Further, at the year end, the outstanding principal and interest by the Holding Company to CDR Lenders amounts to Rs. 7,315.38 million (March 31, 2017: Rs. 7,958.30 million). At the year end, as per books of the accounts of the Holding Company, there are no reconciling items between the outstanding balance of principal / interest with the CDR Lenders except for Edelweiss Asset Reconstruction Company Limited ("EARC") whose balance as per books of the Company stands at Rs. 1,135.56 million (March 31, 2017: Rs. 1,227.18 million) whereas the said lender has claimed balance of Rs. 1,961.23 million (March 31, 2017 Rs. 1,969.43 million), which in the Holding Company's view is inaccurate and misleading and therefore has been disputed by the Company. The CDR Lenders have requested the Holding Company to expedite the process of raising funds through equity dilution and/or refinancing of debt and ensure that the same is completed within the timeline as shared during the said consortium meeting. Completion of the pending terms and conditions are in progress and the management is confident that it will be able to comply with all key pending conditions within the aforesaid timeline. Based on the management's evaluations and independent legal advice obtained, the Holding Company believes that it will be able to resolve these matters favourably in due course without materially impacting the recognition, measurement, classification and disclosures presented in these consolidated financial statements for its obligations to the CDR Lenders. Accordingly, no adjustments are considered necessary in the books of accounts at this stage.

63. The wholly owned subsidiary, Radhika Heights Limited ("RHL") along with its four subsidiaries had signed a term sheet dated September 03, 2012 with Bestech India Pvt. Ltd. ("Developer") for development of integrated township on its 108.713 acres land situated in Gurugram, Haryana. Since RHL and its subsidiaries were new in this business, after signing the Term Sheet they came to know that the Developer has signed a pro-Developer Term Sheet. RHL wanted to renegotiate the terms in fair and accurate manner as per market standards, but the Developer was not willing to re-negotiate the terms and was insisting that the old Term Sheet was valid and binding. While the fresh negotiations were on, suddenly the Developer sent Arbitration Notice on December 16, 2013 to RHL, invoking arbitration and filed petition under Section 9 of the Arbitration & Reconciliation Act with the Hon'ble District Court, Gurugram, and the matter was accordingly referred to the Arbitral Tribunal. The Hon'ble District Court vide its order dated February 12, 2014 also 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.

Further, RHL moved a petition with the Hon'ble High Court at Chandigarh seeking cancellation of stay. In response, the Developer appealed to the Hon'ble High Court for extension of stay till the decision of the arbitral tribunal is granted. After hearing both the sides, the Hon'ble High Court at Chandigarh continued the stay over land till the decision of Arbitral Tribunal. While the arbitration proceedings are on, the management of the Group believes that RHL & its subsidiaries have a higher chance of winning. The liability, if any, cannot be quantified at this point of time.

64. During the financial year 2007-08, the Holding Company had given an advance of Rs. 176.8 million pursuant to the agreement with Ilyas & Mustafa Galadari Management Investment & Development L.L.C., U.A.E. ("Developer") for purchase of certain immovable properties in Dubai. The Developer failed to deliver the said properties to the Holding Company and offered other properties under construction in lieu of the said properties. Owing to continuous delays in completion of construction, the Holding Company has initiated legal recourse and issued a legal notice to the Developer. In view of ongoing discussions with the Developer and on the basis of the legal advice obtained, the Company believes that it has valid rights to claim the recovery of the advance paid to the Developer, in the form of either a refund or other properties. The Holding Company believes that the advance given to the Developer is fully realisable as the market value of the properties under discussion is more than the advance given under the original agreement. Accordingly no adjustments are considered necessary in the books of accounts. Further, during the year under review, with a view to restructure the Holding Company's debt obligations and reduce its interest outlay, the board of directors had approved the assignment of above said amount due from Ilyas & Mustafa Galadari Management Investment & Development (L.L.C.), U.A.E. ("Developer") to its wholly owned subsidiary, Radhika Heights Ltd. (RHL) in lieu of adjustment of part of RHL's loan payable by the Hoolding Company, subject to the applicable provisions of the Foreign Exchange Management Act, 1999 as amended and other applicable laws, if any. The process of assigning the said receivable to RHL is in progress and is expected to be completed in due course. Further, on December 31, 2017, with a view to restructure the Company's debt obligations and reduce its interest outlay, the board of directors had approved the assignment of above said amount due from Ilyas & Mustafa Galadari Management Investment & Development (L.L.C.), U.A.E. ("Developer") to its wholly owned subsidiary viz. Radhika Heights Ltd. (RHL) in lieu of adjustment of part of RHL's loan payable by the Company, subject to the applicable provisions of the Foreign Exchange Management Act, 1999 as amended and other applicable laws, if any. The process of assigning the said receivable to RHL is in progress and is expected to be completed in due course.

65. As at March 31, 2018, a cumulative amount of Rs. 353.65 million (March 31, 2017 Rs. 353.68 million and April 1, 2016 Rs. 353.38 million) is recognised by the Holding Company as 'MAT Credit Entitlement' under the head 'Deferred Tax Assets' representing that portion of MAT liability, which, based on the then future profitability projections, could have been recovered and set off in subsequent years as per the provisions of Section 115JAA of the Income-tax Act, 1961. The management, based on revised estimates of future profitability projections and other factors disclosed under note 61 has provided for an amount of Rs. 123.51 million (financial year 2016-17 Rs. 24.70 million and financial year 2015-16 Rs. Nil) as non-recoverable.

66. During April 2017, the Holding Company acquired 942,980 equity shares from the minority shareholders of NewRise Healthcare Private Ltd., thereby making it a wholly owned subsidiary of the Holding Company. Subsequently, the Holding Company sold the entire 100% equity stake to

Narayana Hrudayalaya Ltd. for an enterprise value of Rs. 1,800.00 million. The Holding Company has incurred a loss of Rs. 450.87 million on such sale after settling all external liabilities and preferential payments. The Holding Company had considered the net consideration realised in relation to aforesaid transaction as recoverable amount of investment as at March 31, 2017 and consequently recorded an impairment provision of Rs. 450.87 million which had been included in exceptional items in financial year 2016-17. Accordingly there is no impact on the Holding Company's profit and loss statement for financial year 2017-18 (refer notes 17 and 55).

67. First Time Adoption of Ind AS

Transition to Ind AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the consolidated financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS consolidated Statement of Financial Position at April 01, 2016 (the Group's date of transition). In preparing its opening Ind AS consolidated Statement of Financial Position, the Group has adjusted the amounts reported previously in the consolidated financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Previous GAAP or Indian GAAP). An explanation of how the transition from Previous GAAP to Ind AS has affected the Group's consolidated financial position, financial performance and cash flows is set out in the following tables and notes.

A. Ind AS optional exemptions

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous GAAP to Ind AS

1 Ind AS optional exemptions

1.1 Deemed cost : Property, plant and equipment and intangible assets : Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their Previous GAAP carrying value.

1.2 Designation of previously recognised financial instruments : Ind AS 101 allows an entity to designate investments in equity instruments at fair value through profit and loss (FVTPL) on the basis of the facts and circumstances at the date of transition to Ind AS. The Group has elected to apply this exemption for its investment in equity investments.

1.3 Joint venture : Ind AS 101 provides an exemption for changing from proportionate consolidation to the equity method. As per the exemption, when changing from proportionate consolidation to the equity method, an entity should recognise its investment in the joint venture at transition date to Ind AS. That initial investment should be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition. The balance of the investment in joint venture at the date of transition to Ind AS, determined in accordance with the above is regarded as the deemed cost of the investment at initial recognition. The Group has elected to apply this exemption for its joint venture.

1.4 Leases: Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has elected to apply this exemption for such contracts/arrangements.

1.5 Cumulative translation differences : Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a subsidiary or equity method investee was formed or acquired. The Group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

1.6 Foreign currency monetary item translation difference account : Ind AS 101 allows a first-time adopter to continue the policy adopted for the accounting for exchange differences arising on translation of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per Previous GAAP. The Group has opted for this exemption and continued its Previous GAAP policy for accounting of exchange differences on long-term foreign currency monetary items recognized in the Previous GAAP financial statements for the year ended 31 March 2017. Accordingly, foreign currency differences on such items attributable to the acquisition of property, plant and equipment are adjusted against their cost and depreciated prospectively over the remaining useful lives.

B. Ind AS mandatory exceptions

Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP:

a) Fair value of investment in equity instruments carried at fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI);

b) Impairment of financial assets based on expected credit loss model.

Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets are made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

Impairment of financial assets

At the date of transition to Ind AS, determine whether there has been a significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Group has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised.

C. Reconciliations between Previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS. The transition to Ind AS did not have any material impact on cash flows of the Group.

Reconciliation of equity as at date of transition (April 1, 2016) (Rs. in million)

	Notes to first-time adoption	As per Previous GAAP	Ind AS Adjustments	Ind AS
ASSETS				
Non-current assets				
a) Property, plant and equipment	9	10,520.77	(122.27)	10,398.50
b) Capital work-in-progress		1,505.88	(1,392.27)	113.61
c) Other intangible assets		190.26	(63.72)	126.54
d) Intangible assets under development		103.56	0.01	103.57
e) Goodwill		-	8.96	8.96
f) Investments accounted for using the equity method		-	48.73	48.73
g) Financial assets				
i) Investments		51.90	(30.44)	21.46
ii) Loans		27.66	(15.51)	12.15
iii) Other financial assets		5.62	50.74	56.36
h) Deferred tax assets (net)	1 & 7	348.52	(147.71)	200.81
j) Other non-current assets		224.70	(7.59)	217.11
i) Income tax assets (net)		74.05	10.60	84.65
Total non-current assets		13,052.91	(1,660.46)	11,392.45
Current assets				
a) Inventories	10	3,052.34	22.99	3,075.33
b) Financial assets				
i) Investments		35.20	(20.62)	14.58
ii) Trade receivables	2	1,416.73	(183.02)	1,233.71
iii) Cash and cash equivalents		97.28	(1.35)	95.93
iv) Other bank balances		132.02	(83.25)	48.77
v) Loans		20.79	11.53	32.32
vi) Other financial assets		254.33	(200.67)	53.66
c) Other current assets		477.29	(40.17)	437.12
Total		5,485.97	(494.55)	4,991.42
Assets classified as held for sale	8	-	1,646.01	1,646.01
Total current assets		5,485.97	1,151.46	6,637.43
Total assets		18,538.88	(509.00)	18,029.88
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	3	224.30	(163.05)	61.25
b) Other equity	3, 5 & 11	4,261.74	(287.32)	3,974.42
Equity attributable to owners of Holding Company		4,486.04	(450.37)	4,035.67
Non-controlling interest		10.80	111.92	122.72
Total equity		4,496.84	(338.45)	4,158.39
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	3 & 4	8,670.61	(813.50)	7,857.11
ii) Other Non-current Financial liabilities	3	477.65	(477.65)	-
b) Deferred tax liabilities (net)	1 & 7	-	144.91	144.91
c) Provisions		142.25	8.44	150.69
d) Other non-current liabilities		3.39	43.68	47.07
Total non-current liabilities		9,293.90	(1,094.12)	8,199.78
Current liabilities				
a) Financial liabilities				
i) Borrowings		1,918.20	(25.02)	1,893.18
ii) Trade payables		1,878.75	2.87	1,881.62
iii) Others		668.78	(51.14)	617.64
b) Other current liabilities	10	267.34	(43.53)	223.81
c) Current tax liabilities		0.08	-	0.08
d) Provisions		14.99	25.78	40.77
Total		4,748.14	(91.04)	4,657.10
Liabilities directly associated with assets classified as held for sale	8	-	1,014.61	1,014.61
Total current liabilities		4,748.14	923.57	5,671.71
Total liabilities		18,538.87	(508.99)	18,029.88

(Rs. in million)

Reconciliation of equity as at March 31, 2017

	Notes to first-time adoption	Previous GAAP	IND AS Adjustments	Ind AS
ASSETS				
Non-current assets				
a) Property, plant and equipment	9	10,051.81	(115.61)	9,936.20
b) Capital work-in-progress		1,487.25	(1,400.25)	87.00
c) Other intangible assets		142.08	(73.51)	68.57
d) Intangible assets under development		217.06	0.01	217.07
e) Goodwill		-	8.96	8.96
f) Investments accounted for using the equity method		-	50.62	50.62
g) Financial assets				
i) Investments		19.47	0.02	19.49
ii) Loans		10.79	(0.33)	10.46
iii) Other financial assets		1.65	50.09	51.74
h) Deferred tax assets (net)	1 & 7	324.40	(29.36)	295.04
j) Other non-current assets		243.93	(5.86)	238.07
i) Income tax assets (net)		10.67	10.24	20.91
Total non-current assets		12,509.11	(1,504.98)	11,004.13
Current assets				
a) Inventories	10	3,077.83	77.71	3,155.54
b) Financial assets				
i) Investments		2.71	(0.00)	2.71
ii) Trade receivables	2	1,750.83	(329.12)	1,421.71
iii) Cash and cash equivalents		93.12	(2.11)	91.01
iv) Other bank balances		145.92	(95.65)	50.27
v) Loans		108.83	(4.04)	104.79
vi) Other financial assets		303.85	(254.40)	49.45
c) Other current assets		623.54	(164.66)	458.88
Total		6,106.64	(772.28)	5,334.36
Assets classified as held for sale	8	-	1,662.89	1,662.89
Total current assets		6,106.64	890.61	6,997.25
Total assets		18,615.75	(614.37)	18,001.38
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital		224.30	(163.05)	61.25
b) Other equity	3	3,749.43	(253.93)	3,495.50
Equity attributable to owners of Holding Company		3,973.73	(416.98)	3,556.75
Non-controlling interest		-	105.40	105.40
Total equity		3,973.73	(311.58)	3,662.15
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	3 & 4	7,841.20	(700.59)	7,140.61
ii) Other Non-current Financial liabilities	3	632.79	(632.79)	-
b) Deferred tax liabilities (net)	1 & 7	-	110.94	110.94
c) Provisions		172.63	10.94	183.57
d) Other non-current liabilities		-	47.69	47.69
Total non-current liabilities		8,646.62	(1,163.81)	7,482.81
Current liabilities				
a) Financial liabilities				
i) Borrowings		1,976.38	(69.26)	1,907.12
ii) Trade payables		2,392.68	93.35	2,486.03
iii) Others		1,313.30	(132.28)	1,181.02
b) Other current liabilities	10	297.29	(78.21)	219.08
c) Current tax liabilities		0.08	(0.01)	0.06
d) Provisions		15.68	72.31	87.99
Total		5,995.40	(114.10)	5,881.30
Liabilities directly associated with assets classified as held for sale	8	-	975.12	975.12
Total current liabilities		5,995.40	861.02	6,856.42
Total liabilities		18,615.75	(614.37)	18,001.38

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

(Rs. in million)

Reconciliation of total comprehensive income for the year ended March 31, 2017

	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
Revenue				
Revenue from operations	6	5,587.28	(7.77)	5,579.51
Other income	9 & 10	445.55	20.40	465.95
Total income		6,032.83	12.63	6,045.46
Expenses				
Cost of raw and packing material consumed		1,628.81	(260.80)	1,368.01
Purchases of traded goods		216.17	(0.00)	216.17
Changes in inventories of finished goods, work in progress and stock in trade	10	(94.66)	5.63	(89.03)
Excise duty	6	139.38	0.00	139.38
Employee benefits expense		1,364.72	116.52	1,481.24
Depreciation and amortisation expense		677.00	2.51	679.51
Finance costs	3	1,117.08	(107.80)	1,009.28
Other expenses	2	1,627.12	212.42	1,839.54
Total expenses		6,675.62	(31.52)	6,644.10
Loss before exceptional items and tax		(642.79)	44.15	(598.64)
Share of profit of Joint venture		-	2.70	2.70
Exceptional items		75.46	1.70	77.16
Loss before tax		(567.32)	48.54	(518.78)
Tax expense				
Current tax		37.43	(23.23)	14.20
Deferred tax (credit)/charge	1	(0.30)	(123.70)	(124.00)
Total tax expense		37.13	(146.93)	(109.80)
Loss for the year from continuing operations		(604.45)	195.47	(408.98)
Discontinued operations				
Profit/(loss) from discontinued operations before tax		-	(153.02)	(153.02)
Tax expense of discontinued operations				
Profit/(loss) from discontinued operations		-	(153.02)	(153.02)
Add: Share of loss in associates		(51.10)	51.10	-
Less: Share of minority interest in loss		10.75	(10.75)	-
Loss for the year		(644.80)	82.80	(562.00)
Other comprehensive income				
1) Items that will not be reclassified to Profit or Loss				
Remeasurements of net defined benefit plans	5	-	(12.25)	(12.25)
Tax on above items		-	4.24	4.24
B Items that will be reclassified to profit or loss				
Foreign currency translation reserve	11	-	(33.68)	(33.68)
Income tax relating to items that will be reclassified to profit or loss		-	-	-
Total other comprehensive income		-	(41.69)	(41.69)
Total comprehensive income		(644.80)	41.11	(603.69)

(Rs. in million)

Reconciliation of total equity as at March 31, 2017 and April 01, 2016

	Notes to first time adoption	As at March 31, 2017	As at April 1, 2016
Total equity (shareholder's funds) as per Previous GAAP		3,973.87	4,496.84
Adjustments:			
Adjustment on effective interest rates on borrowings	3 & 4	4.62	7.70
Fair valuation of mutual funds and shares		-	0.04
Impact of share of associates		(73.67)	(34.06)
Adjustment of grant income		4.40	-
Impact of expected credit loss policy	2	(6.86)	(4.00)
Additional NCI allocated		(10.90)	60.41
Depreciation adjustment		(4.36)	-
Financial liabilities at amortized cost		(84.85)	(76.04)
Deferred tax impact on unrealised profit	1	(140.10)	(292.50)
Total equity as per Ind AS		3,662.15	4,158.39

Reconciliation of total comprehensive income for the year ended March 31, 2017

	Notes to first time adoption	As at March 31, 2017
As per Previous GAAP for March 2017		(655.40)
Ind AS Adjustment:		
a) Adjustment on effective interest rates on borrowings	3 & 4	(11.83)
b) Entity previously accounted for as JV/Associates now considered as subsidiary for consolidation	12	(52.27)
c) Adjustment of grant income	9 & 10	4.35
d) Impact of expected credit loss policy	2	(2.86)
e) Depreciation adjustment	9 & 10	(4.35)
f) Actuarial gain/(loss) reclassified to other comprehensive income	5	12.24
g) Deferred tax adjustments	1	148.00
Total Profit /(Loss) after tax (before comprehensive income)		(562.12)
h) Other Comprehensive Income	5 & 11	(41.57)
Total Comprehensive Income as per IND-AS		(603.69)

Note 1:

Deferred tax : Under Previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS, deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments has also led to recognition of deferred taxes on new temporary differences.

Note 2:

Recognition of loss allowance for expected credit losses on financial assets measured at amortised cost : Under Previous GAAP, provision for doubtful debts was recognised based on the estimates of the outcome and of the financial effect of contingencies determined by the management of the Group. This judgement was based on consideration of information available up to the date on which the financial statements were approved and included a review of events occurring after the balance sheet date.

Under Ind AS, a loss allowance for expected credit losses is recognised on financial assets carried at amortised cost. Expected loss on individually significant receivables is assessed when they are past due and based on company's historical counterparty default rates and forecast of macro-economic factors. Other receivables have been segmented by reference to the industry of the counterparty and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counterparty default rates for each identified customer.

Note 3:

Compound financial instrument : Redeemable preference shares issued by the Group have been classified as borrowings and recognized at amortised cost on transition date as against part of equity under Previous GAAP. The difference on the transition date has been recognised as a separate component in other equity. Interest charge at effective interest rate on such instruments has been recognised as finance cost in subsequent periods.

Note 4:

Borrowings : Under Previous GAAP, all financial assets and financial liabilities were carried at cost.

Under Ind AS, certain financial assets and financial liabilities are subsequently measured at amortised cost which involves the application of effective interest method. In applying the effective interest method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.

Note 5:

Remeasurements of post-employment benefit obligations : Under Ind AS, remeasurements, i.e., actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability, are recognized in other comprehensive income instead of profit or loss under Previous GAAP.

Note 6:

Excise duty : Under Previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of the Consolidated Statement of Profit and Loss as part of expenses.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

Note 7:
Minimum Alternate Tax (MAT) : Ind AS 12 requires classification of MAT credit as Deferred tax asset. Accordingly, the Company has reclassified MAT credit from loans and advances to Deferred tax asset on each reporting date. There is no impact on the total equity or profit as a result of this adjustment.
Note 8:
Assets held for sale : Ind AS 105 requires an entity to classify a non-current asset (or disposal Company) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The management of the Group had, during the year 2015-16, decided to sell the investment and was actively involved in looking a buyer. Consequent to that, the investment has been classified as held for sale.
Note 9:
Property, plant and equipment : Under Ind AS, the transfer of resources from the government in the form of a waiver of duty needs to be accounted for as government grant. Accordingly, the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of plant and equipment has been recognised as government grant by an increase in the carrying value of plant and equipment with a corresponding credit to the deferred government grant. The increase in the value of plant and equipment is depreciated over the balance useful life of the asset. The deferred grant revenue is released to the profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset. Under Previous GAAP, such benefits were being netted off with the cost of the respective item of plant and equipment.
Note 10:
Inventory
Under Ind AS, the transfer of resources from the government in the form of a waiver of duty needs to be accounted for as government grant. Accordingly, the duty benefit availed under advance license schemes on purchase of inventory has been recognised as government grant by an increase in the carrying value of inventory with a corresponding credit to the deferred government grant.
Note 11:
Foreign currency translation reserve : The Group has deemed the cumulative translation differences for foreign operations at the date of transition to be zero. Adjustments to give effect to this are recorded against opening equity. After the date of transition, translation differences arising on translation of foreign operations are recognised in other comprehensive income and included in a separate translation reserve within equity.
Note 12:
Impact on account of equity accounted joint ventures : Under the Previous GAAP, joint ventures were proportionately consolidated on a line to line basis. However, under Ind AS, interest in joint venture is accounted for on the basis of equity method of accounting.

68. 0.00 under "Rs. in million" represents amount less than Rs.50,000 and 0.00 under units represents units less than 50,000. Further, the figures shown in the tables may not exactly add up due to rounding off.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Rajesh Jain
Partner
Membership No. 081203

Place : New Delhi
Date : May 30, 2018

For and on behalf of Board of Directors of Panacea Biotec Limited

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Panacea Biotec

Innovation in support of life

Panacea Biotec Ltd.

CIN: L33117PB1984PLC022350

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