NOTICE

NOTICE is hereby given that the **Twenty Seventh Annual General Meeting** of the Members of Panacea Biotec Ltd. will be held **on Saturday**, the **24th day of September, 2011** at **11:00 A.M.** at the Registered Office of the Company at **Ambala-Chandigarh Highway, Lalru – 140 501, Punjab** to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares of the Company.
3. To appoint a director in place of Dr. A.N. Saksena, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Sumit Jain, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. R.L. Narasimhan, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint M/s. S.R. Batliboi & Co., Chartered Accountants, the retiring auditors as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS:

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

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule XIII to the Act and pursuant to Article 115 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Soshil Kumar Jain as Whole-time Director designated as Chairman of the Company for a period of five years w.e.f. 1st April, 2011 on the following terms and conditions:

   A. REMUNERATION

      a) Salary : Rs.12,00,000/- per month subject to a maximum of Rs.24,00,000/- per month with the liberty to the Board to review and set the level from time to time.

      b) Commission : Upto 2% of the profits of the company computed in the manner laid down in section 349 and 350 of the Act, as may be decided by the Board from time to time.

      c) Perquisites and allowances

         1. Housing

            i) Company owned/leased furnished house with actual upkeep and maintenance expenses.

            ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.

            iii) Company shall provide such furniture and furnishing as may be required by the Director.

         2. Medical Reimbursement - Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalisation, nursing home and surgical charges for self and family.
         3. Leave Travel Assistance - Once a year for self & family as per rules of the Company.
         4. Insurance – Payment of Insurance Premium for Life Insurance, Group Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.
         5. Club fees - Membership fee of such clubs as may be considered appropriate including admission and life membership fee.
         6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund - As per rules of the Company.
         7. Gratuity - Upto half a month's salary for each completed year of service.
         8. Leave Encashment - As per rules of the Company but not exceeding one month's leave for every 11 months of service.
         9. Conveyance - The Company shall provide two or more fully insured cars with driver and reimbursement of the operational expenses, one for discharge of official responsibilities by the Director and the other(s) at his residence for his personal use and that of his family members and business guests.
         10. Telephone, Telefax and other communication facilities - The Company shall provide/reimburse expenses in respect of one or more cellular phones (with handset) for his use, and three Telephone connections with STD & ISD facilities, one fax connection with fax machine, Cable Internet connection and other communication facilities at the Director's residence.
         11. Security - The Company shall provide for round the clock security at the Director's residence.

   B. OTHER TERMS

      1. The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.
      2. The Director shall not become interested or otherwise concerned directly or through his relative(s) in any selling agency of the Company without the prior approval of the Central Government.
      3. Save and except with the approval of Central Government and/or other applicable authority(ies), the remuneration payable to all the Directors on the Board (including the above said Director) during any year, shall not exceed the amount as may be payable as per the limits prescribed under Section 198 and 309 of the Act and in case the aggregate of the total remuneration payable to all the Directors exceeds the above limits, the amount payable to all the Managing/ Joint Managing Directors and Whole-time Directors (including the above said Director) shall be reduced to the amount permissible as per the said limits and in such event the remuneration payable to the Managing/Joint Managing/Whole-time Directors shall be reduced proportionately unless otherwise decided by the Directors.
      4. Minimum Remuneration - Save and except with the approval of Central Government and/or other applicable authority(ies), in the event of loss or inadequacy of profits, the total remuneration by way of salary, commission, perquisites and any other allowances payable to the above said Whole-time Director, shall not exceed the limits as prescribed in Para 1(A) of Section II of Part II of Schedule XIII to the Act from time to time.
      5. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Whole-time Director may be terminated by either party by giving three months' notice in writing, of such termination.
      6. If, at any time, Mr. Soshil Kumar Jain ceases to be the director of the Company for any causes whatsoever, his office as Whole-time Director shall forthwith be terminated.

   RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorized to review and set the level of salary and/or change the other terms of remuneration of Mr. Soshil Kumar Jain, which the Board may decide from time to time within and subject to the remuneration and other terms of appointment as approved by the shareholders from time to time.

   RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorised to file the necessary returns with the Registrar of Companies and to do all such acts, deeds and things and to sign all such documents, papers and writings as may be necessary to give effect to the resolution."

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

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 316 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule XIII to the Act and pursuant to Article 115 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Ravinder Jain as Managing Director of the Company for a period of five years w.e.f. 1st April, 2011 on the following terms and conditions:

   A. REMUNERATION

      a) Salary : Rs.12,00,000/- per month subject to a maximum of Rs.24,00,000/- per month with the liberty to the Board to review and set the level from time to time.

      b) Commission: Upto 2% of the profits of the company computed in the manner laid down in section 349 and 350 of the Act, as may be decided by the Board from time to time.

      c) Perquisites and allowances

         1. Housing

            i) Company owned/leased furnished house with actual upkeep and maintenance expenses.

            ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.

            iii) Company shall provide such furniture and furnishing as may be required by the Director.

         2. Medical Reimbursement - Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalisation, nursing home and surgical charges for self and family.
         3. Leave Travel Assistance - Once a year for self & family as per rules of the Company.
         4. Insurance – Payment of Insurance Premium for Life Insurance, Group

Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.

5. Club fees - Membership fee of such clubs as may be considered appropriate including admission and life membership fee.

6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund - As per rules of the Company.

7. Gratuity - Upto half a month's salary for each completed year of service.

8. Leave Encashment - As per rules of the Company but not exceeding one month's leave for every 11 months of service.

9. Conveyance - The Company shall provide two or more fully insured cars with driver and reimbursement of the operational expenses, one for discharge of official responsibilities by the Director and the other(s) at his residence for his personal use and that of his family members and business guests.

10. Telephone, Telefax and other communication facilities - The Company shall provide/reimburse expenses in respect of one or more cellular phone (with handset) for his use, and three Telephone connections with STD & ISD facilities, one fax connection with fax machine, Cable Internet connection and other communication facilities at the Director's residence.

11. Security - The Company shall provide for round the clock security at the Director's residence.

B. OTHER TERMS

1. The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.

2. The Director shall not become interested or otherwise concerned directly or through his relative(s) in any selling agency of the Company without the prior approval of the Central Government.

3. Save and except with the approval of Central Government and/or other applicable authority(ies), the remuneration payable to all the Directors on the Board (including the above said Director) during any year, shall not exceed the amount as may be payable as per the limits prescribed under Section 198 and 309 of the Act and in case the aggregate of the total remuneration payable to all the Directors exceeds the above limits, the amount payable to all the Managing/Joint Managing Directors and Whole-time Directors (including the above said Director) shall be reduced to the amount permissible as per the said limits and in such event the remuneration payable to the Managing/Joint Managing/Whole-time Directors shall be reduced proportionately unless otherwise decided by the Directors.

4. Minimum Remuneration - Save and except with the approval of Central Government and/or other applicable authority(ies), in the event of loss or inadequacy of profits, the total remuneration by way of salary, commission, perquisites and any other allowances payable to the above-said Director shall not exceed the limits as prescribed in Para 1(A) of Section II of Part II of Schedule XIII to the Act from time to time.

5. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Managing Director may be terminated by either party by giving three months' notice in writing, of such termination.

6. If, at any time, Mr. Ravinder Jain ceases to be the director of the Company for any causes whatsoever, his office as Managing Director shall forthwith be terminated.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorized to review and set the level of salary and/or change the other terms of remuneration and/or role/designation of Mr. Ravinder Jain, which the Board may decide from time to time within and subject to the remuneration and other terms of appointment as approved by the shareholders from time to time.

RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorised to do all such acts, deeds and things and to sign all such documents, papers and writings as may be necessary to give effect to the resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule XIII to the Act and pursuant to Article 115 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the re-appointment of Dr. Rajesh Jain as Joint Managing Director of the Company for a period of five years w.e.f. 1st April, 2011 on the following terms & conditions:

A. REMUNERATION

a) Salary : Rs.10,00,000/- per month subject to a maximum of Rs.20,00,000/- per month with the liberty to the Board to review and set the level from time to time.

b) Commission: Upto 2% of the profits of the company computed in the manner laid down in section 349 and 350 of the Act, as may be decided by the Board from time to time.

c) Perquisites and allowances

1. Housing

i) Company owned/leased furnished house with actual upkeep and maintenance expenses.

ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.

iii) Company shall provide such furniture and furnishing as may be required by the Director.

2. Medical Reimbursement - Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalisation, nursing home and surgical charges for self and family.

3. Leave Travel Assistance - Once a year for self & family as per rules of the Company.

4. Insurance – Payment of Insurance Premium for Life Insurance, Group Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.

5. Club fees - Membership fee of such clubs as may be considered appropriate including admission and life membership fee.

6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund - As per rules of the Company.

7. Gratuity - Upto half a month's salary for each completed year of service.

8. Leave Encashment - As per rules of the Company but not exceeding one month's leave for every 11 months of service.

9. Conveyance - The Company shall provide two or more fully insured cars with driver and reimbursement of the operational expenses, one for discharge of official responsibilities by the Director and the other(s) at his residence for his personal use and that of his family members and business guests.

10. Telephone, Telefax and other communication facilities - The Company shall provide/reimburse expenses in respect of one or more cellular phone (with handset) for his use, and three Telephone connections with STD & ISD facilities, one fax connection with fax machine, Cable Internet connection and other communication facilities at the Director's residence.

11. Security - The Company shall provide for round the clock security at the Director's residence.

B. OTHER TERMS

1. The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.

2. The Director shall not become interested or otherwise concerned directly or through his relative(s) in any selling agency of the Company without the prior approval of the Central Government.

3. Save and except with the approval of Central Government and/or other applicable authority(ies), the remuneration payable to all the Directors on the Board (including the above said Director) during any year, shall not exceed the amount as may be payable as per the limits prescribed under Section 198 and 309 of the Act and in case the aggregate of the total remuneration payable to all the Directors exceeds the above limits, the amount payable to all the Managing/Joint Managing Directors and Whole-time Directors (including the above said Director) shall be reduced to the amount permissible as per the said limits and in such event the remuneration payable to the Managing/Joint Managing/Whole-time Directors shall be reduced proportionately unless otherwise decided by the Directors.

4. Minimum Remuneration - Save and except with the approval of Central Government and/or other applicable authority(ies), in the event of loss or inadequacy of profits, the total remuneration by way of salary, commission, perquisites and any other allowances payable to the above-said Director shall not exceed the limits as prescribed in Para 1(A) of Section II of Part II of Schedule XIII to the Act from time to time.

5. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Joint Managing Director may be terminated by either party by giving three months' notice in writing, of such termination.

6. If, at any time, Dr. Rajesh Jain ceases to be the director of the Company for any causes whatsoever, his office as Joint Managing Director shall forthwith be terminated.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorized to review and set the level of salary and/or change the other terms of remuneration and/or role/designation of Dr. Rajesh Jain, which the Board may decide from time to time within and subject to the remuneration and other terms of appointment as approved by the shareholders from time to time.

RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorised to do all such acts, deeds and things and to sign all such documents, papers and writings as may be necessary to give effect to the resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule XIII to the Act and pursuant to Article 115 of the Articles of Association of the Company the consent of the Company be and is hereby accorded to the re-appointment of Mr. Sandeep Jain as Joint Managing Director of the Company for a period of five years w.e.f. 1st April, 2011 on the following terms & conditions:

A. REMUNERATION

a) Salary : Rs.10,00,000/- per month subject to a maximum of Rs.20,00,000/- per month with the liberty to the Board to review and set the level from time to time.

b) Commission : Upto 2% of the profits of the company computed in the manner laid down in section 349 and 350 of the Act, as may be decided by the Board from time to time.

c) Perquisites and allowances

1. Housing

i) Company owned/leased furnished house with actual upkeep and maintenance expenses.

ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.

iii) Company shall provide such furniture and furnishing as may be required by the Director.

2. Medical Reimbursement - Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalisation, nursing home and surgical charges for self and family.

3. Leave Travel Assistance - Once a year for self & family as per rules of the Company.

4. Insurance – Payment of Insurance Premium for Life Insurance, Group Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.

5. Club fees - Membership fee of such clubs as may be considered appropriate including admission and life membership fee.

6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund - As per rules of the Company.

7. Gratuity - Upto half a month's salary for each completed year of service.

8. Leave Encashment - As per rules of the Company but not exceeding one month's leave for every 11 months of service.

9. Conveyance - The Company shall provide two or more fully insured cars with driver and reimbursement of the operational expenses, one for discharge of official responsibilities by the Director and the other(s) at his residence for his personal use and that of his family members and business guests.

10. Telephone, Telefax and other communication facilities - The Company shall provide/reimburse expenses in respect of one or more cellular phone (with handset) for his use, and three Telephone connections with STD & ISD facilities, one fax connection with fax machine, Cable Internet connection and other communication facilities at the Director's residence.

11. Security - The Company shall provide for round the clock security at the Director's residence.

B. OTHER TERMS

1. The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.

2. The Director shall not become interested or otherwise concerned directly or through his relative(s) in any selling agency of the Company without the prior approval of the Central Government.

3. Save and except with the approval of Central Government and/or other applicable authority(ies), the remuneration payable to all the Directors on the Board (including the above said Director) during any year, shall not exceed the amount as may be payable as per the limits prescribed under Section 198 and 309 of the Act and in case the aggregate of the total remuneration payable to all the Directors exceeds the above limits, the amount payable to all the Managing/Joint Managing Directors and Whole-time Directors (including the above said Director) shall be reduced to the amount permissible as per the said limits and in such event the remuneration payable to the Managing/Joint Managing/Whole-time Directors shall be reduced proportionately unless otherwise decided by the Directors.

4. Minimum Remuneration - Save and except with the approval of Central Government and/or other applicable authority(ies), in the event of loss or inadequacy of profits, the total remuneration by way of salary, commission, perquisites and any other allowances payable to the above-said Director shall not exceed the limits as prescribed in Para 1(A) of Section II of Part II of Schedule XIII to the Act from time to time.

5. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Joint Managing Director may be terminated by either party by giving three months' notice in writing, of such termination.

6. If, at any time, Mr. Sandeep Jain ceases to be the director of the Company for any causes whatsoever, his office as Joint Managing Director shall forthwith be terminated.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorized to review and set the level of salary and/or change the other terms of remuneration and/or role/designation of Mr. Sandeep Jain, which the Board may decide from time to time within and subject to the remuneration and other terms of appointment as approved by the shareholders from time to time.

RESOLVED FURTHER THAT the Directors and Company Secretary be and are hereby severally authorised to do all such acts, deeds and things and to sign all such documents, papers and writings as may be necessary to give effect to the resolution."

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

"RESOLVED THAT in continuation to the special resolution passed in the Annual General Meeting held on 29th September, 2007 granting approval pursuant to section 314 and other applicable provisions, if any, of the Companies Act, 1956, regarding appointment of Mr. Shagun Jain to the office or place of profit in the Company, the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorized to sanction suitable increments and/or change of role/designation (including promotion in due course to a higher designation), which the Board may, in its own discretion, decide from time to time within and subject to the remuneration and other terms of appointment of Mr. Shagun Jain, as approved by the shareholders and the Central Government from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and sign and execute all documents, forms or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution, to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and for matters concerned therewith or incidental thereto."

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

"RESOLVED THAT in continuation to the special resolution passed in the Annual General Meeting held on 29th September, 2007 granting approval pursuant to section 314 and other applicable provisions, if any, of the Companies Act, 1956, regarding appointment of Ms. Radhika Jain to the office or place of profit in the Company, the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorized to sanction suitable increments and/or change of role/designation (including promotion in due course to a higher designation), which the Board may, in its own discretion, decide from time to time within and subject to the remuneration and other terms of appointment of Ms. Radhika Jain, as approved by the shareholders and the Central Government from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and sign and execute all documents, forms or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution, to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and for matters concerned therewith or incidental thereto."

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

"RESOLVED THAT in continuation to the special resolution passed in the Annual General Meeting held on 29th September, 2007 granting approval pursuant to section 314 and other applicable provisions, if any, of the Companies Act, 1956, regarding appointment of Ms. Shilpy Jain to the office or place of profit in the Company, the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorized to sanction suitable increments and/or change of role/designation (including promotion in due course to a higher designation), which the Board may, in its own discretion, decide from time to time within and subject to the remuneration and other terms of appointment of Ms. Shilpy Jain, as approved by the shareholders from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and sign and execute all documents, forms or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution, to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and for matters concerned therewith or incidental thereto."

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

    "RESOLVED THAT in continuation to the special resolution passed in the Annual General Meeting held on 25th September, 2010 granting approval pursuant to section 314 and other applicable provisions, if any, of the Companies Act, 1956, regarding appointment of Mr. Ankesh Jain to the office or place of profit in the Company, the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorized to sanction suitable increments and/or change of role/designation (including promotion in due course to a higher designation), which the Board may, in its own discretion, decide from time to time within and subject to the remuneration and other terms of appointment of Mr. Ankesh Jain, as approved by the shareholders from time to time.

    RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and sign and execute all documents, forms or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution, to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and for matters concerned therewith or incidental thereto."

By order of the Board
For Panacea Biotec Ltd.

Place: New Delhi — Vinod Goel
Date: 27th July, 2011 — G. M. Legal & Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing proxy should however, be deposited at the Registered/ Corporate Office of the Company not less than forty-eight hours before the commencement of the meeting.
2. Shareholders are requested to bring their copy of Annual Report to the Meeting.
3. Members/Proxies should fill the Attendance Slip and hand over the same at the entrance for attending the meeting.
4. Those who hold shares in dematerialised form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
5. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Queries proposed to be raised at the Annual General Meeting may please be sent to the Company at its Registered/Corporate Office, at least 7 days prior to the date of Annual General Meeting to enable the Company to compile the information and answer them in the meeting.
8. The Register of Members and Share Transfer Register will remain closed from Wednesday, the 21st day of September, 2011 to Saturday, the 24th day of September, 2011 (both days inclusive) for the purpose of ascertaining the names of Members entitled to attend the Annual General Meeting.
9. Subject to the provisions of Section 206A of the Act, the dividend on Equity Shares as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or before 10th day of October, 2011:
    i) in respect of shares held in physical form, to those members or their nominee(s) whose names appear in the Register of Members of the Company, as on 24th September, 2011 after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 20th September, 2011 and registered before 24th September, 2011.
    ii) in respect of shares held in the dematerialised (electronic) form, to those 'deemed members' whose names appear on the statements of beneficial ownership furnished by the Depositories, at the end of business hours on 20th September, 2011 (i.e. the business day immediately preceding the date of commencement of closure of Register of Members and Share Transfer Books, viz. 21st September, 2011).
10. As per the provisions of the Income Tax Act, 1961 as amended by the Finance Act, 2004, the dividend will not be taxable in the hands of the recipient.
11. Members may please note that the Dividend Warrants shall be payable at par at the designated branches of the Bank printed on reverse of the Dividend Warrant for an initial period of 3 months only. Thereafter, the Dividend Warrant on revalidation would be payable only at specified location. The members are, therefore, advised to encash Dividend Warrants within the initial validity period thereof.
12. In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to send, to the Company's Registrar & Transfer Agent (RTA) viz. M/s. Skyline Financial Services Pvt. Ltd, D-153 A, 1st Floor, Okhla Indl. Area, Phase-I, New Delhi - 110 020, under the signature of Sole/First Joint Holder, the following information to be printed on the Dividend Warrants:
    i) Name of the Sole/First joint holder
    ii) Folio Number
    iii) Particulars of Bank Account, viz.
        a) Name of the Bank
        b) Name of Branch
        c) Complete address of the Bank with Pin Code Number.
        d) Account Type-whether Savings (SB) or Current Account (CA)
        e) Bank Account Number allotted by the Bank.
13. Shareholders holding Shares in electronic form may kindly note that their Bank Account details furnished by their Depositories to the Company will be printed on the Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such Bank details.

    Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic mode (or vice versa). Shareholders who wish to change such Bank Account details are therefore, requested to advise their Depository Participants about such change, with complete details of Bank Account (for Dividend 2010-11 latest by 20th September, 2011).
14. ENational Electronic Clearing Service (NECS) Facility: In view of SEBI's Circular No. DCC/FITTCIR-3/2001 dated October 15, 2001, in respect of payment of dividend, the Company provides the facility of NECS (direct credit into Bank Account) to all shareholders, holding Shares in electronic and physical forms.

    Shareholders holding shares in physical form who wish to avail NECS facility, may send their NECS mandate in the prescribed form, which can be downloaded from the Company's website (www.panaceabiotec.com under the section 'Investors Relations') or can be obtained from the Company's RTA. This service not only protects a shareholder against fraudulent interception and encashment of dividend warrant but also eliminates dependence on the postal system, loss/damage of dividend warrant in transit and correspondence relating to revalidation/issue of duplicate dividend warrant.

    Requests for payment of dividend through NECS for the year 2010-11 should be lodged with the Company's RTA latest by 20th September, 2011.
15. As provided in Section 205A and 205C of the Companies Act, 1956, dividend for the financial year ended 31st March, 2004 and thereafter, which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEP Fund) in respect of any such claims by the IEP Fund. The unclaimed dividend in respect of financial years upto 2002-03 has already been transferred to the IEP Fund.

    The information in respect of unclaimed dividend due for transfer to the said Fund in future, is given in the Corporate Governance Report forming part of Annual Report. Shareholders who have not yet encashed their dividend warrant(s) for such period, may send their request for revalidation of Dividend Warrant(s) or issue of duplicate Dividend Warrant(s), as the case may be, to the Company's Corporate Office immediately.

    Shareholders may please note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed or unpaid for a period of 7 years from the dates on which they first became due for payment and no payment shall be made in respect of any such claims.
16. Non-Resident Indian Shareholders are requested to inform the Company's Registrar & Transfer Agent (RTA) immediately.
    a) the particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier;
    b) any change in their residential status on return to India for permanent settlement.
17. The members holding shares in physical form, are requested to intimate any change in their address to the Company's RTA. Those holding Shares in dematerialised form should intimate any change in their address to their Depository Participants.
18. Securities and Exchange Board of India (SEBI) directed that it shall be mandatory to furnish copy of PAN card to the Company/RTA for registration of transfer/transmission/ transposition of shares of the Company in relation to securities market transactions and off-market/ private transactions in physical form of listed companies. Hence, all prospective shareholders acquiring shares in physical form are requested to provide a copy of their PAN card along with their request for registration of transfer/transmission/ transposition of shares sent by them.
19. Those members who have not yet got their Equity Shares dematerialised, are requested to contact any of the Depository Participants in their vicinity for getting their Shares dematerialised. In case any clarification is needed in that regard, the undersigned may be contacted in person or by communication addressed at the Corporate Office of the Company.
20. The shareholders who are holding Shares in physical form and have not got exchanged their Share Certificates for Equity Shares of Rs.10 each, into new Share Certificate(s) in respect of sub-divided Equity Shares of Re.1 each, are requested to send the request along with the related original Share Certificate(s) immediately.
21. In all correspondence with the Company and/or the RTA, members are requested to quote their folio number and in case their shares are held in the dematerialised (electronic) form, they must quote their DPID and Client ID number for easy reference and speedy disposal thereof.

22. Consequent upon introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them. The shareholders holding shares in physical form and desirous of making nominations may send their nomination request in prescribed Form 2B of the Companies (General Rules & Forms), 1956, (which can be obtained from the Company's RTA or downloaded from the Company's web-site www.panaceabiotec.com) to the Company's RTA.

23. As required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the information pertaining to the Directors seeking appointment / re-appointment in the Annual General Meeting, is given below:

a) Dr. A. N. Saksena

Age : 73 years

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

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

Directorships : He is director of Possibilities Consultants Pvt. Ltd.

Committee Membership/ Chairmanship : He is the Chairman of Share transfer cum Investors' Grievance Committee of Panacea Biotec Limited.

Shareholding in the Company : Nil

b) Mr. Sumit Jain

Age : 30 years

Qualification : Post Graduate diploma in Business Management.

Professional Expertise : He joined Panacea Biotec Limited in May, 2003 as Manager (Vaccines) and was appointed as Whole-time Director in July 2005. He has about 11 years experience in the pharmaceutical industry. He is currently acting as Director (Operations & Projects) and oversees the upcoming projects and is also 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 Radicura & Co. Ltd. as Executive Director.

Directorships : He is a director of Radicura & Co. Ltd., Chiron Panacea Vaccines Pvt. Ltd., PanEra Biotec Pvt. Ltd. and White Pigeon Estate Pvt. Ltd.

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

Shareholding in the Company : He holds 358,500 Equity Shares of Re.1 each, comprising 0.59% shareholding of the Company.

c) Mr. R. L. Narasimhan

Age : 70 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, Mr. R.L. Narasimhan has also worked with Hoechst Pharmaceuticals Ltd., Chennai, a multinational pharmaceutical company. His expertise lies in the field of budgeting, data management, programme evaluation & research and marketing.

Directorships : He is a director of Best On Health Limited.

Committee Membership/ Chairmanship : He is the Chairman of Audit Committee, Remuneration Committee and Selection Committee of Panacea Biotec Limited.

Shareholding in the Company : Nil.

d) Mr. Soshil Kumar Jain

Age : 78 years

Qualification : Qualified Pharmacist.

Professional Expertise : He has more than 55 years experience in the pharmaceutical industry. He is the founder promoter/director of the company and has been the Chairman of the Company since October, 1984. He started his career in the Indian pharmaceutical industry by joining his family business in the form of a chemist shop set up by his father. Prior to promoting the company, he was associated with Radicura & Co., a partnership firm (formerly owned by the promoters of Panacea Biotec Ltd. and subsequently taken over by Radicura & Co. Ltd.).

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

Committee Membership/ Chairmanship : He is the Chairman of Executive Committee of Panacea Biotec Limited.

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

e) Mr. Ravinder Jain

Age : 53 years

Qualification : Matriculate.

Professional Expertise : Mr. Ravinder Jain has around 30 years experience in business collaborations and tie-ups, international marketing, business development, finance and corporate administration. He is involved in the overall supervision of day-to-day operations with emphasis on strategic planning and business development for the Company. Under his motivated leadership the company has set new milestones with clear focus on driving productivity and performance across all business segments of the Company. 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.

Directorships : He is a director of Best On Health Foods Limited, Best General Insurance Company Ltd., Lakshmi & Manager Holdings Ltd. and Panacea Biotec FZE .

Committee Membership/ Chairmanship : He is the member of Share transfer cum Investors' Grievance Committee and Executive Committees of Panacea Biotec Limited and Audit Committee of Lakshmi & Manager Holdings Limited.

Shareholding in the Company : He holds 4,646,200 Equity Shares of Re.1 each, comprising 7.59% shareholding of the Company.

f) Dr. Rajesh Jain

Age : 47 years

Qualification : Dr. Rajesh Jain is a holder of Ph.D. in Business Administration (Commerce), a Post Graduate degree in Business Management from Shivaji Institute of Management, Ghaziabad, India and is science graduate from University of Delhi.

Professional Expertise : Dr. Rajesh Jain is involved in the overall supervision of day-to-day operations with emphasis on Research & Development, business development and marketing. Under his exceptional understanding of the business mantras, the Company has an impressive product pipeline and is targeting key therapeutic areas that will deliver new and innovative treatment therapies. As a result of his unlimited energy and enthusiasm, the company has been ranked the largest vaccine producer in India and has been ranked as the 3rd largest biotechnology Company (Able Survey 2011).

Directorships : He is a director of PanEra Biotec Pvt. Ltd., Chiron Panacea Vaccines Pvt. Ltd., Panacea Biotec FZE, NewRise Healthcare Pvt. Ltd., Panacea Biotec GmbH, White Pigeon Estate Pvt. Ltd. and Advaita Power Ventures Pvt. Ltd.

Committee Membership/ Chairmanship : He is a member of Executive Committee of Panacea Biotec Limited .

Shareholding in the Company : He holds 5,713,500 Equity Shares of Re.1 each, comprising 9.33% shareholding of the Company.

g) Mr. Sandeep Jain

Age : 45 years

Qualification : Mr. Sandeep Jain is a commerce graduate from University of Delhi.

Professional Expertise : Mr. Sandeep Jain is involved in the overall supervision of day-to-day operations with emphasis on finance, international marketing and regulatory affairs. Under his exceptional understanding of the business principles, the Company is continuously expanding its global aspirations by improving its international marketing efforts into various markets across the globe and is currently exporting its branded formulations in CIS countries, Asia, Eastern Europe and African region. He has been intensively working on the international marketing efforts of the Company. His

		duty include 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.
	Directorships	: He is a director of PanEra Biotec Private Limited and Neophar Alipro Limited.
	Committee Membership/ Chairmanship	: He is the member of Executive Committee of Panacea Biotec Limited.
	Shareholding in the Company	: He holds 4,792,100 Equity Shares of Re.1 each, comprising 7.82% shareholding of the Company.

24. The Ministry of Corporate Affairs ("MCA") has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by Companies vide its Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 stating that the service of official documents by the Companies to its members can be made through electronic mode.

    Considering the move taken by the MCA as a welcome step for the society at large, the Company henceforth proposes to send various notices/ documents like Notices of General Meetings, Audited Financial Statements, Auditors' Report, Directors' Report, Financial Results, etc. in electronic form to the e-mail IDs available with company. If you still wish to receive the above documents in physical form, the same shall be made available upon receipt of a request from you.

    All the official documents including Annual Report of the company, circulated to the Members of the Company through electronic mode, will be made available on the Company's website i.e. www.panaceabiotec.com. The members holding shares in demat mode may update their e-mail IDs with their respective depository participants to ensure that the Annual Reports and other documents reach them at their preferred e-mail IDs and where the shares are held in physical form, please get your e-mail Ids registered or updated in the records of the Company.

25. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, alongwith the Particulars required to be disclosed in the Explanatory Statement in accordance with provisions of clause (c) of Section II of Part II of Schedule XIII of the Companies Act, 1956, in respect of Special Businesses set out at item no. 7 to 14 are given below:

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 7 to 10:

Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain were re-appointed as Whole-time Director (designated as Chairman), Managing Director, Joint Managing Director and Joint-Managing Director, respectively, of the Company w.e.f. 1st April, 2006 subject to the approval of shareholders. The approval of shareholders for such re-appointment was obtained by way of passing necessary resolutions at the Annual General Meeting held on 30th September, 2006.

As per the provisions of Sections 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, a Company having profits in a financial year, may pay any remuneration to the managerial person(s) by way of salary, perquisites, commission and other allowances which shall not exceed 5% of its net profits for one such managerial person and if there are more than one such managerial person, 10% of its net profits for all of them together.

As recommended by the Remuneration Committee of the Board of Directors, in recognition of the excellent services being rendered by the above said Whole-time Director (designated as Chairman), Managing and Joint-Managing Directors, the Board of Directors in its meeting held on 27th January, 2011, re-appointed Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain as Whole-time Director (designated as Chairman), Managing Director, Joint Managing Director and Joint-Managing Director, respectively, of the Company for a further period of 5 years w.e.f. 1st April, 2011, subject to the approval from the shareholders of the Company.

Further, as Mr. Soshil Kumar Jain has attained the age of more than 70 years, his appointment is to be approved by the shareholders by passing a special resolution in their general meeting and hence the resolution as set out at item no. 7 of the notice is placed for your approval as Special Resolution and resolutions as set out at item no. 8 to 10 of the notices are recommended for your approval as Ordinary Resolution.

The abstract of the terms of remuneration of the above said Directors, as required to be sent pursuant to Section 302 of the Act, has already been sent to the members of the Company within the stipulated time.

A copy each of the resolutions passed by the shareholders at the Annual General Meeting held on 30th September, 2006, the resolutions passed by the Remuneration Committee of the Board of Directors and the resolutions passed by the Board of Directors in their meeting held on 27th January, 2011, are open for inspection of the Members, during business hours between 11.00 A.M. to 1.00 P.M. on all working days of the Company, upto the date of the meeting, at the Registered Office of the Company.

Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain are concerned or interested in their respective re-appointments as Whole-time Director, Managing and Joint-Managing Directors. Further, Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain being related to each other may also deemed to be concerned or interested in the re-appointment of each other. Mr. Sumit Jain being related to them may also be deemed to be concerned or interested in the resolutions as set out at Item No. 7 to 10 of the notice. Save and except as above, none of the Directors, is in any way, concerned or interested in the said resolutions.

Item no. 11 to 14:

Mr. Shagun Jain and Ms. Radhika Jain (son in law and daughter, respectively of Mr. Ravinder Jain, Managing Director) were appointed as Deputy General Manager – Systems and Sr. Manager, respectively, of the Company, being an Office or Place of Profit in the Company, w.e.f. 1st April, 2007 and their appointments were approved by the members in the annual general meeting held on 29th September, 2007. Since the remuneration proposed to be paid to them was more than the limit then prescribed under section 314(1B) of the Companies Act, 1956, the necessary approval of the Central Government was also obtained in this regard.

Further, Ms. Shilpy Jain (wife of Mr. Sumit Jain, Director (Operations and Projects)) and Mr. Ankesh Jain (son of Dr. Rajesh Jain, Joint Managing Director) were appointed as Manager Food & Beverages and Executive Business Development, respectively, of the Company, being an Office or Place of Profit in the Company, w.e.f. 1st August, 2006 and 1st July, 2010 respectively, and their appointments were approved by the shareholders in the annual general meeting held on 30th September, 2006 and 25th September, 2010, respectively. Further, the remuneration of Ms. Shilpy Jain was increased w.e.f. 01.04.2007 which was duly approved by the shareholders in their Annual General Meeting held on 29th September, 2007.

The company appraises the performance of all its employees (including those appointed during the year) from time to time and suitable increments & promotions are given. Accordingly, your Directors had felt it appropriate to seek the approval of members for authorizing the Board for granting suitable increments and/or change of role/designation (including promotion in due course to a higher designation), of aforesaid persons, which the Board may decide from time to time in the manner as stated in resolutions at item no. 11 to 14 above.

Hence the resolutions as set out at item no. 11 to 14 of the notice are recommended for your approval as Special Resolutions.

A copy each of the resolutions passed by the shareholders at the Annual General Meeting held on 30th September, 2006, 29th September, 2007 & 25th September, 2010 and the resolutions passed by the Board of Directors in their meeting held on 27th July, 2011, are open for inspection of the Members, during business hours between 11.00 A.M. to 1.00 P.M. on all working days of the Company, upto the date of the meeting, at the Registered Office of the Company.

Save and except Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain, Mr. Sandeep Jain and Mr. Sumit Jain being related to the aforesaid persons and hence deemed to be interested in the matter, none of the Directors are any way concerned or interested in the resolutions given under item no. 11 to 14 above.

By order of the Board
For Panacea Biotec Ltd.

Place: New Delhi
Date: 27th July, 2011

Vinod Goel
G. M. Legal & Company Secretary

ATTENDANCE SLIP

Panacea Biotec Limited

Regd. Office : Ambala-Chandigarh Highway, Lalru - 140 501, Punjab.
Corporate & Secretarial Office : B-1 Extn. / G-3, Mohan Co-op. Indl. Estate, Mathura Road, New Delhi - 110 044

1. Full name of shareholder/proxy ....
2. Folio / Demat Account Number ....
3. If proxy, full name of the shareholder ....

I hereby record my presence at the 27th Annual General Meeting of the Company, being held at its registered office at Ambala-Chandigarh Highway, Lalru-140 501, Punjab, on Saturday, the 24th day of September, 2011 at 11:00 A.M.

(Signature of the Shareholder/Proxy)

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

Panacea Biotec Limited

Regd. Office : Ambala-Chandigarh Highway, Lalru - 140 501, Punjab.
Corporate & Secretarial Office : B-1 Extn. / G-3, Mohan Co-op. Indl. Estate, Mathura Road, New Delhi - 110 044

PROXY

I/We .... resident of .... being a Member/Members of Panacea Biotec Ltd. hereby appoint ....resident of .... or failing him ....resident of .... as my/our Proxy to attend and vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company, to be held at its registered office at Ambala-Chandigarh Highway, Lalru-140 501, Punjab on Saturday, the 24th day of September, 2011 at 11:00 A.M. and at any adjournment thereof.

*I wish my above Proxy to vote in the manner as indicated in the box below:

Item No.	Resolutions	For	Against
1.	Adoption of Annual Accounts for the Financial Year 2010-11.		
2.	Declaration of Dividend.		
3.	Re-appointment of retiring Director i.e. Dr. A.N. Saksena.		
4.	Re-appointment of retiring Director i.e.Mr. Sumit Jain.		
5.	Re-appointment of retiring Director i.e.Mr. R.L. Narasimhan.		
6.	Appointment of M/s. S.R. Batliboi& Co. as Statutory Auditors.		
7.	Re-appointment of Mr. Soshil Kumar Jain as Whole- time Director designated as Chairman.		
8.	Re-appointment of Mr. Ravinder Jain as Managing Director.		
9.	Re-appointment of Dr. Rajesh Jain as Joint Managing Director.		
10.	Re-appointment of Mr. Sandeep Jain as Joint Managing Director.		
11.	Authority to sanction increments /change of role/designation, etc. in case of Mr. Shagun Jain.		
12.	Authority to sanction increments /change of role/designation, etc. in case of Ms. Radhika Jain.		
13.	Authority to sanction increments /change of role/designation, etc. in case of Ms. Shilpy Jain.		
14.	Authority to sanction increments /change of role/designation, etc. in case of Mr.Ankesh Jain.		

Signed this __________ day of _________________ 2011

Folio / Demat Account No. _________________________

No. of Shares ____________________________________

Affix 30 paise Revenue Stamp

....

Signature of Shareholder/
Ist Jointholder across the revenue stamp

Cut here

Notes :

1. The Proxy, to be effective, should be deposited at the Registered/Corporate Office of the Company, not later than FORTY EIGHT HOURS before the commencement of the aforesaid meeting. A Proxy need not be a member of the Company.

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

Panacea Biotec

Innovation in support of life

Panacea Biotec Ltd.

Secretarial Deptt.

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

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

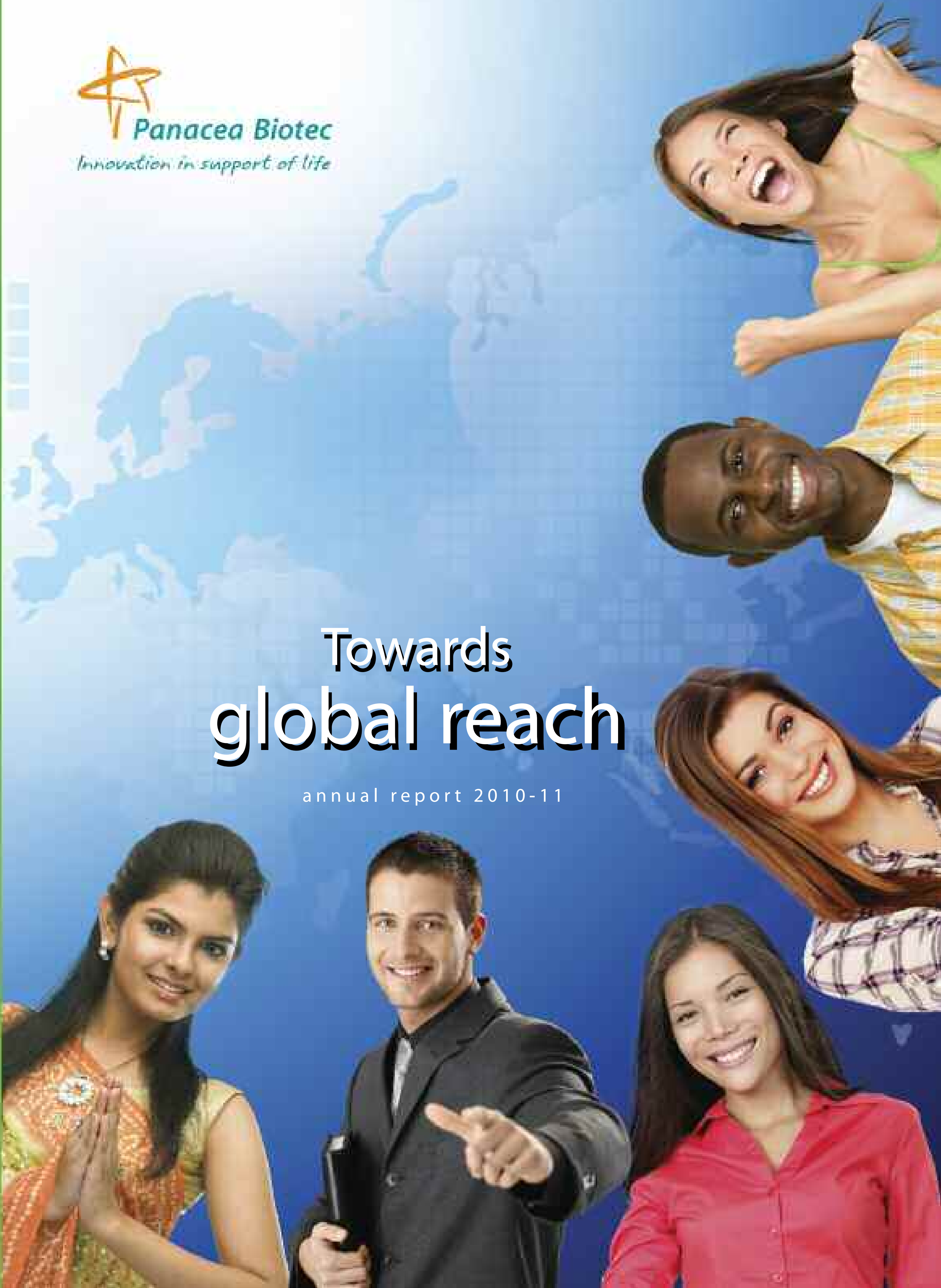
E-mail: companysec@panaceabiotec.com, Website: www.panaceabiotec.com

Panacea Biotec

Innovation in support of life

Towards global reach

annual report 2010-11



Safe harbour statement

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

Corporate Information

Board of Directors

Promoter-Directors

Mr. Soshil Kumar Jain - *Chairman*

Mr. Ravinder Jain - *Managing Director*

Dr. Rajesh Jain - *Joint Managing Director*

Mr. Sandeep Jain - *Joint Managing Director*

Mr. Sumit Jain - *Director - Operations & Projects*

Independent Directors

Mr. R.L. Narasimhan

Mr. N.N. Khamitkar

Mr. Sunil Kapoor

Mr. K.M. Lal

Dr. A.N. Saksena

Company Secretary

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

Registered Office

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

Corporate Offices

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

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

Manufacturing Facilities

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

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

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

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

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

R & D Centers

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

Plot No. E-4, Phase II, Indl. Area
Mohali – 160 055, Punjab, India

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

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

Sales & Marketing Office

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

Statutory Auditors

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

Cost Auditors

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

Registrar & Transfer Agents

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

Banks

Axis Bank Ltd.

Bank of India

IDBI Bank Ltd.

Indian Overseas Bank

State Bank of India

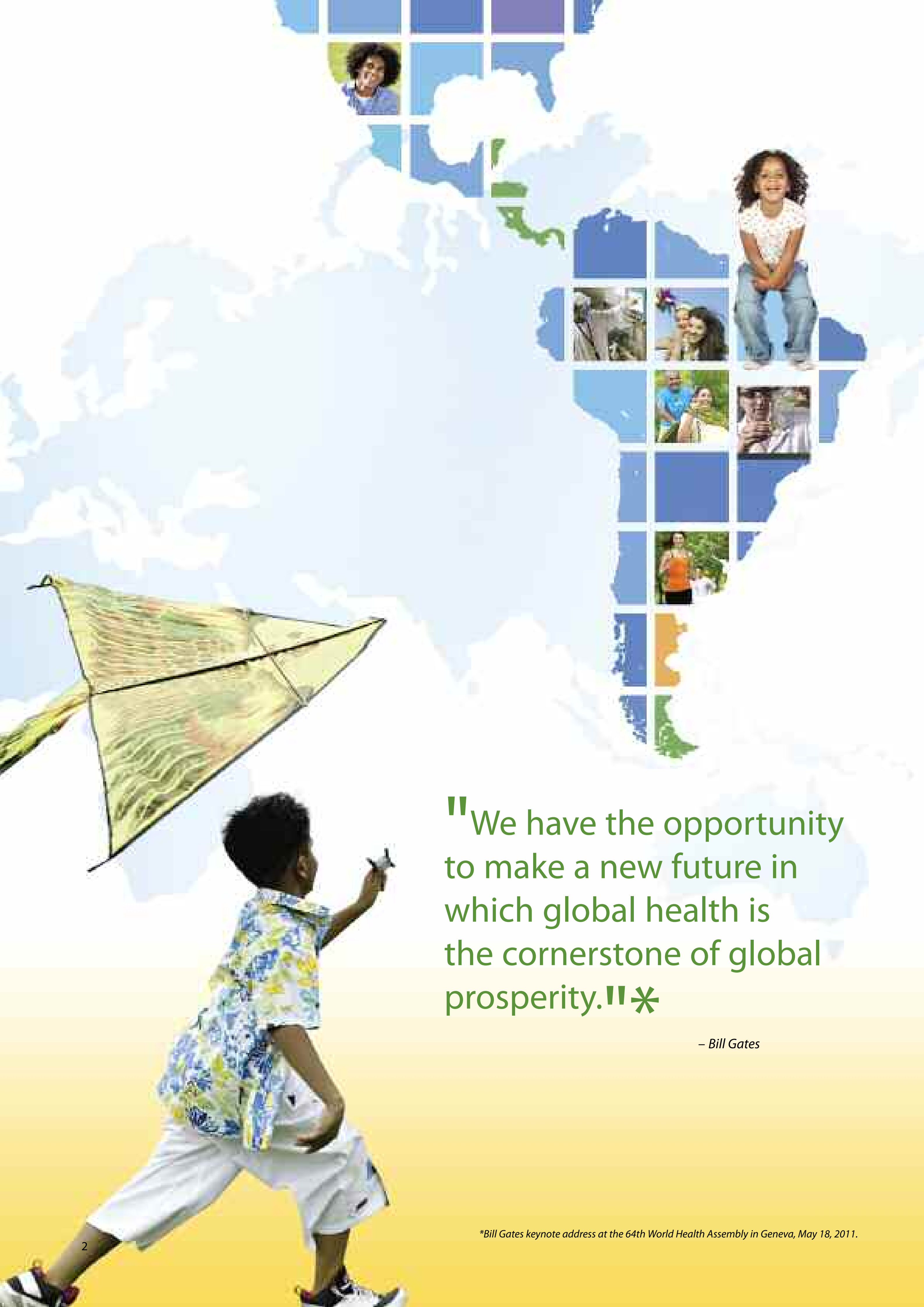
State Bank of Mysore

State Bank of Travancore

Union Bank of India

As on 27th July, 2011

www.panaceabiotec.com



"We have the opportunity to make a new future in which global health is the cornerstone of global prosperity."*

– *Bill Gates*

**Bill Gates keynote address at the 64th World Health Assembly in Geneva, May 18, 2011.*

Scientific breakthroughs in medicine have contributed to the well-being of the society since time immemorial, with Medicine an acknowledged positive and affirmative force in maintaining, promoting and restoring the health of people.

For us, at Panacea Biotec, it is this scientific fact, and the ability of science and medicine to coalesce for better health of mankind, that has been a source of inspiration since inception.

In over three decades of our journey so far, we have channelized our inspiration into building a wide portfolio of vaccines and pharmaceutical products, which includes highly innovative prescription products in important therapeutic areas.

We have endeavoured to provide research-based products to fulfil unmet medical needs through affordable offerings.

We have striven towards a global health order where every individual is free of disease and suffering, and in which the Indian health and pharmaceutical services are synonymous with the medical needs of people worldwide. An order where `Think Medicine~Think India' becomes the cornerstone of our strategy for the future.

Our products reach out to people in India and around the globe in over 75 countries across the world. Yet, we know we have miles to cover, as we foresee the need to reach even more people across the globe.

What has prompted our decision to expand our global presence, and to increase pace at which we are moving towards global reach, is the increasing number of people affected by the diseases for which our products are innovated to offer relief and succour.

Consider this:

- Cardiovascular diseases (CVD) claim more lives every year than any other disease or ailment. By 2030, almost 23.6 million people will die in a year from CVDs, mainly from heart disease and stroke.[1]
- The prevalence of diabetes has reached epidemic proportions. By 2030, an estimated 435 million people are expected to suffer from this disease - (from 285 million people in 2010).[2]
- One-third of the world's population is currently infected with Tuberculosis. Forty million people will become ill with TB and at least eight million will die unnecessarily between now and 2015, if TB programs (& medicine) don't reach out to more people soon.[3]
- Cancer is a leading cause of death (around 13% of all deaths in 2008) worldwide and accounted for 7.6 million deaths[1] in 2008.
- Each year, approximately 25 million infants do not receive the necessary immunizations, and at least 2.4 million children die from vaccine-preventable diseases. 14 millions survive, but are left severely impaired.[4]
- Worldwide, an osteoporotic fracture is estimated to occur every 3 seconds.[5]

A scenario that has prompted us to strive even harder to deliver vaccine, medicine and good health to more and more people across the globe, by exploring new horizons of innovation and expanding our geographic reach.

Source: (1) WHO, (2) Indian Express, (3) World TB Day 2011 campaign, (4) Gates Foundation, (5) International Osteoporosis Foundation.

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 Market in a Proactive Manner

Through deep-rooted Values

Innovation

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

Pioneer

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

Integrity

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

Humane

- Humility to respect all individuals
- Care for individuals and environment
- Placing betterment of people (external and internal) at the core of each activity
- Core of new developments

Chairman's Message

Dear Friends,

Evolution becomes the harbinger of progress only when it goes beyond mere change to become a source of transformational growth. And progress becomes meaningful when it impacts not only the future of those who catalyze it but also the lives of hundreds of thousands of people around the world.

A year ago, we had embarked on a journey of extensive expansion across our business operations. It was another big step towards our transformational growth that saw us scale new levels of excellence, across our financial and operational performance. It enabled us to span new boundaries & markets, and to extend our operations across new innovations & products. It set the stage for a new phase of progress for your Company - a progress that was to go beyond numbers towards a far more holistic advancement for us in the burgeoning and expanding world of medicine and healthcare.

For us, at Panacea Biotec, it became vitally important to look beyond today into a future in which we perceive India to play a pivotal and leadership role in the critical areas of healthcare and medicine. India's tryst with medicine is civilizations old and we feel it is time to augment and build brand India. It is to this end that we have made `Think Medicine~Think India' the bedrock of our Vision 2020 to be the Largest, Greatest and Most Admired Biotech Company globally.

Excellent Numbers

Although our focus now is to go beyond mere numbers, our financial performance during the year was a clear indicator of the fact that we were definitely going in the right direction in our journey towards the future.

Our focused strategy by seamless execution helped us post excellent numbers during the financial year under review. The Net turnover expanded by 28% at ₹11,305 million during the year ended March 31, 2011. Both the net turnover of pharmaceutical formulations and vaccine segment grew smartly by 24% and 29% respectively. I am happy to report that the turnover is matched by substantial growth in the EBITDA by 67% and PAT by 69% at ₹1,351 million. The Company has achieved a record turnover of more than US$ 250 million in the history of the Company. The Company also achieved record export turnover of US$ 157 million during FY 2010-11.

Excellent Strategy

With our Vision 2020 firmly in place and our strategy to achieve the same rooted in our robust strengths - innovative product portfolio, state-of-the-art facilities, respect for IPR and extensive collaborations across people competencies, systems and processes - we are fully geared to take on the global future challenges in the field of healthcare and medicine.

"With our Vision 2020 firmly in place we are fully geared to take on the global future challenges in the field of healthcare and medicine."

The award of US FDA approval to our Pharmaceutical Formulations Facility at Baddi in Himachal Pradesh in April 2010 has laid the foundation for our exemplary operational performance for years to come. This latest regulatory approval, as I mentioned in my communication even last year, is very much in line with your Company's strategic plan to expand its formulations business to the fast-growing ICH markets. The company expects to launch products very soon in the United States through its distribution partner.

Capitalizing on its collaborative strength, your Company also spread its wings in Australia, New Zealand, Turkey and Latin American markets during the year under review. These collaborations are in line with your Company's belief in investing in partnerships that provide human, technical and financial resources to engage and empower the community worldwide.

New brands and products continued to find focus in your Company's strategic growth plans for the future. The thrust, however, was on finding curative solutions for serious health-related problems. One of the most notable of such diseases is cancer, and 2010-11 saw us come out with a novel drug delivery product - PacliALL (refers to Paclitaxel `For All') that seeks to address the unmet needs of cancer treatment, namely elimination of side effects, heightening cost-effectiveness and accelerating the quality benchmark.

Far more evolved that other products of the kind, PacliALL is the ultimate solution to everyone's needs - from critics, to NGOs, to Government (regulators), patients and doctors.

Conclusion

Our strategic initiatives, as detailed above, are clearly aimed at enabling the translation of our Vision 2020 in an environment of futuristic growth and progress. The growth trajectory that we have charted for ourselves envisages a strong focus on broad-based advancement for each of us through progressive growth of the Indian healthcare industry. And as we move forward towards realizing our goals, we do so with a strong sense of confidence that we have the continuing support and dedicated commitment of every member of the Panacea Biotec family, including our employees, partners and associates.

Thank you

Soshil Kumar Jain

Managing Director's Message

Dear Stakeholders,

The future belongs to those who see possibilities before they become obvious. A few years ago, we saw the possibility of becoming a leading health management company in the future, and we made it our Vision for tomorrow. Today, we find that we've successfully translated that vision to grow into a leader in our space of operations.

Having attained that leadership position, it was time for us to look further ahead into the future. We decided to look as far as 2020 and saw another Vision - this time the vision of becoming the Largest, Greatest and Most Admired Biotech Company globally. And as we embark into the next phase of our progressive journey towards the future, we do so with this vision clearly etched out as the guiding light that shall take us to 2020, and beyond.

We see in our Vision 2020 the future not only for ourselves but for the coming generations. We see in it the future as we have envisaged it for India. It is a future that shall guide the spirit of Brand India to evolve as the Global Medical Destination. And that shall inspire us to Dream, Do and Deliver the best of products & services globally, reaching out to new markets across the world. No wonder we were ranked among the 13 Indian companies in Asia's fastest growing list, prepared by US-based `Business Week' financial magazine.

The year 2010-11 helped us set the stage for taking the first few steps towards such a future. The foundation of the stage was built in the beginning of the previous year when your Company bagged a major order from UNICEF to supply 75 million doses of Easyfive (Pentavalent) from 2010 to 2012, catapulting your Company to the position of a global leader in this niche area.

The Swine flu vaccine, about which I spoke in some detail last year, is also expected to be a major trigger going forward, for your Company.

The success of our R&D strength, with nearly 300 scientists working dedicatedly at our 4 R&D centers, has

Vision 2020

Greatest • Largest • Most Admired

"We decided to look as far as 2020 and saw another Vision - this time the vision of becoming the Largest, Greatest and Most Admired Biotech Company globally."

been manifested time and again in our innovative product pipeline expansion. As you are aware, this strength was more than corroborated again during the year under review with the launch of our innovative products PacliALL, which promises to provide the ultimate solution to the unmet needs of cancer patients and Ramy24, world's first Modified Release Ramipril. This product innovation, which is the result of painstaking efforts of our scientists and others, as I mentioned earlier, has continuously inspired us to dream beyond the ordinary, do beyond our capacities and deliver beyond the expectations of people around the world.

Our expanding network of partners, associates and collaborators is a major source of strength for us as we surge forward in our journey towards the future of our dreams, and the year 2010-11 saw us significantly augment this strength in the Latin American region.

Coupled with the strength of our own people, we are confident that this will enable us to effectively partner India in its journey towards global leadership in the healthcare sector. We realize, more than ever, that our own progress is intrinsically linked with the progress of our nation and we are committed, therefore, to giving a continuous impetus to India's advancement into the future of our dreams.

Thank you

Ravinder Jain

Vision 2020

Greatest • Largest • Most Admired

To be the

Greatest,

Largest

and the

Most Admired

Biotech Company,

globally

We Dream, We Do,

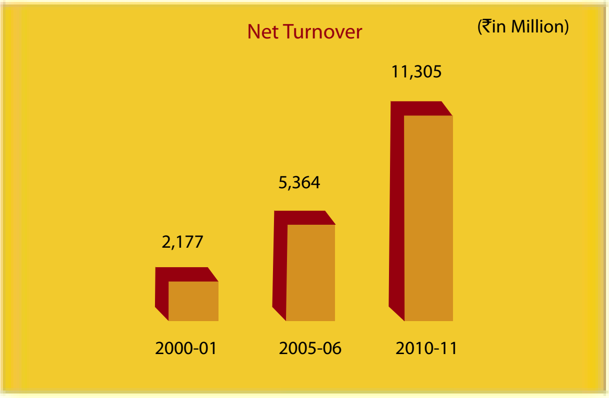
We Deliver …

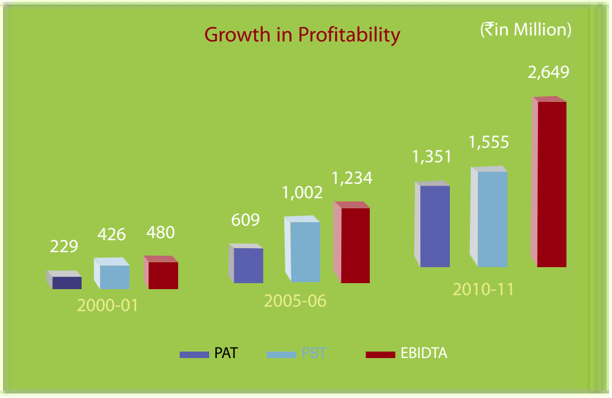
Think Medicine
Think India

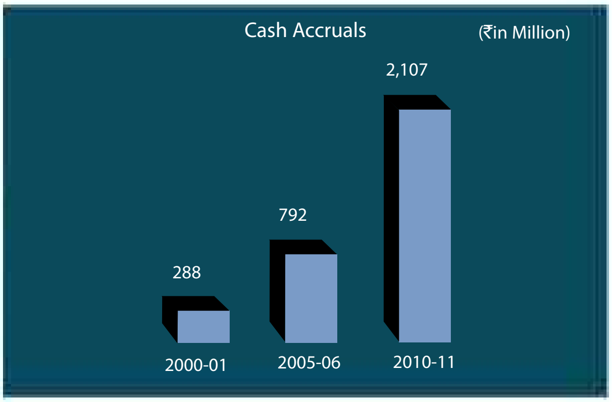
3 Mantras
Respect Your Country
Respect Your Institution
Respect Your Competition

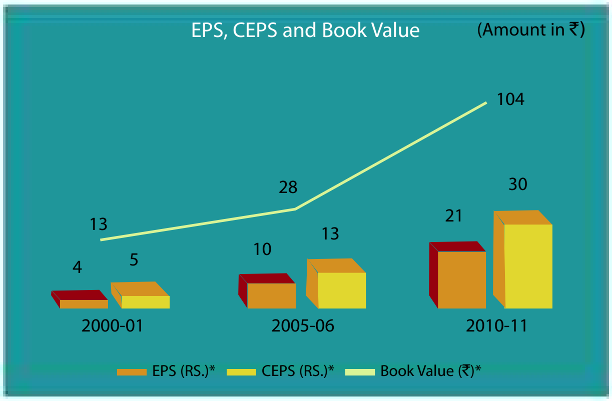
Collaborate,
Learn, Grow,
Become Leader

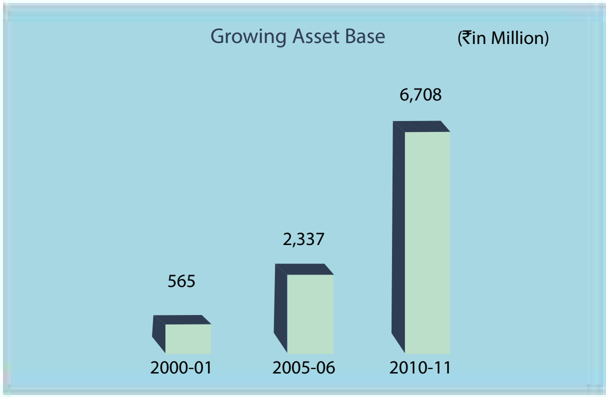
Financial Highlights

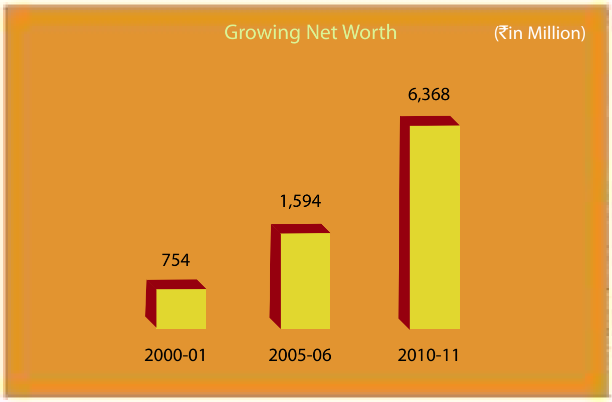












Particulars	2010-11		2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
	(₹ in mn)	US$ mn	(₹ in mn)								
Financial Performance Summary											
Net Turnover	11,304.6	253.5	8,843.7	7,734.2	8,304.4	8,315.5	5,363.5	3,255.4	2,616.2	2,691.5	2,739.3
Total Income	11,655.1	261.3	9,778.5	7,993.9	8,676.2	8,615.1	5,434.5	3,309.9	2,686.7	2,733.0	2,763.4
EBITDA	2,648.7	56.9	1,582.5	2,444.6	2,177.6	2,298.8	1,233.8	652.3	389.2	520.5	547.0
PBT	1,554.9	34.9	1,181.0	(923.7)	1,903.9	2,091.0	1,002.1	429.4	217.6	336.3	406.4
PAT	1,350.5	30.3	800.4	(690.5)	1,331.7	1,468.1	609.4	300.7	164.5	214.2	249.3
Cash Accurals	2,106.5	47.2	1,095.8	2,001.4	1,802.2	1,823.2	791.6	463.1	283.2	310.5	314.5
Balance Sheet Summary											
Equity Share Capital	61.3	1.4	66.8	66.8	66.8	65.8	57.2	57.2	57.2	57.2	57.2
Preference Share Capital	-	-	-	-	-	-	904.3	904.3	957.8	53.5	63.0
Reserves & Surplus	6,306.8	141.4	6,898.4	6,084.7	6,905.3	5,325.1	1,546.0	1,192.4	1,039.0	948.1	805.8
Net Worth	6,367.8	142.8	6,963.2	6,147.8	6,966.7	5,383.9	1,593.6	1,235.1	1,076.9	981.2	839.9
Loan Funds	8,836.8	198.1	7,054.4	7,002.9	3,982.4	2,134.2	5,866.5	1,610.4	1,680.2	1,292.2	1,060.1
Deferred Tax Liablity	756.6	17.0	708.9	333.8	595.0	383.9	246.8	135.1	74.8	60.6	73.5
FCMITDA+	-	-	16.8	-	-	-	-	-	-	-	-
Total Liabilities	15,961.5	357.9	14,745.3	13,488.2	11,549.5	7,909.0	8,620.8	3,899.4	3,809.0	2,411.6	2,059.6
Net Fixed Assets	6,708.2	150.4	6,946.6	6,938.7	5,343.7	4,136.1	2,337.1	1,376.8	1,054.5	963.0	893.5
Investments	2,329.4	52.2	2,258.5	2,165.7	2,049.3	229.5	61.4	61.4	39.1	52.6	52.6
FCMITDA+	-	-	-	96.0	-	-	-	-	-	-	-
Net Current Assets	6,923.6	155.2	5,538.2	4,284.2	4,151.2	3,536.4	6,212.8	2,446.7	2,696.0	1,371.8	1,090.4
Miscllaneous Expenditure	0.3	0.0	2.0	3.6	5.3	7.0	9.6	14.4	19.3	24.1	23.1
Total Assets	15,961.5	357.9	14,745.3	13,488.2	11,549.5	7,909.0	8,620.9	3,899.3	3,808.9	2,411.5	2,059.6
Key Performance Indicators											
Profitability Ratios											
EBITDA Margin	23%		18%	32%	26%	28%	23%	20%	15%	19%	20%
PBT Margin	14%		13%	-12%	23%	25%	19%	13%	8%	12%	15%
PAT Margin	12%		9%	-9%	16%	18%	11%	9%	6%	8%	9%
Shareholders Related Ratios											
Equity Dividend	75%		25%	-	100%	100%	100%	150%	100%	100%	100%
EPS (Basic)* (In ₹)	21.4		12.0	(10.3)	20.1	23.7	9.9	4.4	2.7	3.6	4.2
Cash EPS (Basic)* (In ₹)	30.4		19.3	30.0	27.3	29.5	13.1	7.2	4.8	5.3	5.4
Book Value* (In ₹)	103.9		104.2	92.1	104.3	81.9	27.9	21.6	18.8	17.2	14.7
Return on Net Worth	21%		11%	-11%	19%	27%	35%	19%	14%	20%	29%
Other Ratios											
Current Ratio	1.8		1.9	1.6	2.8	3.0	2.8	1.4	1.7	1.3	1.3
Debt Equity Ratio	0.9		0.7	0.9	0.5	0.4	2.9	0.3	0.5	0.4	0.4
Return on Capital Employed	20%		16%	-6%	13%	20%	8%	10%	8%	14%	17%
Interest Coverage Ratio	5.8		5.9	7.6	18.7	15.1	10.4	6.6	3.2	4.0	5.5
Debt Service Coverage Ratio	1.0		5.7	7.2	16.2	6.8	4.1	2.3	1.6	2.8	3.5

+ Foreign Currency Monetary item Translation Difference Account

* Per Equity Share of Re.1.each

Note:

1. In calculating Debt Equity ratio, we have considered the long term debts and Interest accrued thereon.
2. While calculating EBITDA, Operating Income has been considered.
3. Cash EPS= Basic EPS + Depreciation/Weighted Average No. of Equity shares.

Operational Highlights

Achieved record turnover of more than of ₹11 billion (US$ 250 million) in the history of the Company

Achieved record export turnover of ₹.7,103.9 million, constituting 62.8% of net sales during FY 2010-11

Redeemed the entire outstanding Zero Coupon Convertible Bonds aggregating US$ 52.55 million (including redemption premium of US$ 15.75 million)

Received approval from US FDA for Pharmaceutical Formulation Facility at Baddi in Himachal Pradesh

Signed a marketing agreement with Laboratories Clausen S.A, Uruguay to explore new opportunities in Europe and Latin American markets

Launch of PacliALL - an innovative, cost effective and novel drug delivery product for Breast Cancer

Growing from Strength to Strength

- Panacea Biotec is India's largest Vaccine producer.
- Panacea Biotec is India's 3rd largest Biotechnology Company.*
- Panacea Biotec is ranked 39th amongst Pharmaceutical Companies in India.**
- Panacea Biotec is the first company to develop and launch the innovative Fully Liquid Pentavalent Combination Vaccine Easyfive globally.
- Panacea Biotec is the first company to develop bivalent Oral Polio Vaccine globally.

- Established Brand Equity in niche therapeutic areas like Pain Management, Diabetes Management, Cardiovascular Disease Management, Organ Transplant, Renal Disease Management, Oncology and Pediatric Immunization.
- Launch of PacliALL which promises to provide the ultimate solution to the unmet needs of cancer patients.
- Launch of Ramy24, world's first Modified Release Ramipril for cardiovascular disease management.
- Over the years, continued contribution made by the Company has enabled millions of patients enjoy happy and healthy life through well established brands and services.
- Significant contribution to Shareholders' value.

- The Company's Pharmaceutical Formulation facility at Baddi is certified as cGMP by US FDA, ANVISA – Brazil, Govt. of Upper Bavaria – Germany, TGA – Australia and regulatory agencies of other key ROW markets like Jordan, Syria, Ukraine, Yemen, etc.
- The Company has played a key role in polio eradication program by supplying more than 8.8 billion doses of Oral Polio Vaccine to Govt. of India and UNICEF.
- The Company's Products reach more than 75 countries globally.
- The Company has 33 product patents valid in more than 60 countries worldwide.

- Research & Development activities are core focus with around 7.5% of net turnover invested during fiscal 2011.
- Panacea Biotec has around 300 scientists working in 4 state of-the art R&D Centers.
- Panacea Biotec is a family of more than 3,600 people working relentlessly in improving quality of life of billions of people across the globe.

** (ABLE survey year 2011)*

***(ORG IMS TSA MAT March 2011)*

With a strong foundation

Panacea Biotec is India's leading, research-based Health Management Company, engaged in research and development, manufacturing and marketing of innovative products to meet unmet medical needs of people across the globe.

Growing from strength-to-strength from when it began its journey in 1984, Panacea Biotec has established a creditable and prominent position in the Indian pharmaceutical industry. The Company's deep-rooted presence in the industry is acknowledged by its ranking in the market place. Panacea Biotec is the largest vaccine producer in India. The Company has also been ranked as the 3rd largest biotechnology* company and is also ranked 39th amongst pharmaceutical companies** in India.

*(*ABLE Survey 2011, **ORG IMS TSA March 2011)*

With innovative and quality products

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

In India, Panacea Biotec's brand equity spans branded pharmaceutical formulations and its leading brands, such as Glizid-M, Nimulid, Panimun Bioral, PanGraf and Mycept, are amongst the top 5 positions in their respective therapeutic segments. The Company enjoys leadership stature in Nephrology immuno-suppressants portfolio.

Through a focused scientific approach, the Company's brands touch the lives of millions of people around the world.

The Company has extensive experience in developing difficult to develop formulations, narrow therapeutic formulations such as Tacrolimus, as well as non-infringing formulations like Cyclosporine.

PacliALL

Panacea Biotec's innovative abilities have enabled it to continuously develop new brands and products that have reached out to millions of people around the world. The launch of the newly developed product "PacliALL" towards the latter part of the year under review is a major illustration of the same. The product offers the advantage of improved safety over conventional formulations of Paclitaxel and is meant to be used as a chemotherapeutic agent for the treatment of Breast Cancer. The product uses one of the world's most advanced particle size optimization technology to reduce adverse effects like severe anaphylaxis and sensory neuropathy associated with conventional drugs.

With state-of-the-art manufacturing facilities

Panacea Biotec has state-of-the-art manufacturing facilities for vaccines, pharmaceuticals and biopharmaceuticals, approved by leading regulatory bodies including the US FDA, Government of Upper Bavaria, Germany, TGA Australia and ANVISA Brazil. The Company's manufacturing expertise lies in oral solids, semi solids & liquid oral dosage forms, vaccines and injectables.

Formulation Facility at Baddi, Himachal Pradesh

Pharmaceutical formulations

Panacea Biotec's state-of-the-art Pharmaceutical Formulation Facility at Baddi in Himachal Pradesh received the vital approval from US FDA. The facility is already cGMP certified by ANVISA - Brazil , Government of Upper Bavaria - Germany, TGA - Australia and regulatory agencies of other key ROW markets like Jordan, Syria, Ukraine, Yemen, etc.

Located in a complex of 23 acres of land, the facility has dedicated blocks for oral solids, semi-solids and liquid oral dosage forms. The oral dosage form block has capability to manufacture tablets, hard gelatin capsules & soft gelatin capsules with a dedicated line for production of immuno-suppressants.

The Company's soft gelatin manufacturing facility is also approved for markets in US and European Union.

The Company has also set up a facility for manufacturing of Anti-Cancer products at Mahape, Navi Mumbai.

Vaccines

The Company's Vaccine Formulation facility at New Delhi has three vial filling lines – two lines dedicated to Oral Polio Vaccines and one line dedicated to injectable Vaccines (Hepatitis B & Combination Vaccines).

The Company's state-of-the-art vaccine formulation facility at Baddi has two filling lines complying with WHO cGMP norms, one for filling of injectable liquid Vaccines in pre-filled syringe (PFS) and another switchable line for filling of liquid & lyophilized Vaccines in vials.

The Company also has state-of-the-art integrated facility for bulk vaccines, antigens and biopharmaceuticals at Lalru in Punjab.

With focused R&D efforts

The Company's R&D strategy forms the heart of its innovation capabilities and is designed to strengthen its product mix, deliver greater number of differentiated products and build a culture focused on generating value. For carrying out pre-clinical research, the Company has a state-of-the-art animal house and facilities for undertaking in-vitro and in-vivo microbiology, pharmacology, safety, efficacy, proof of concept and toxicology studies.

With four highly sophisticated, ultra modern dedicated research and development centers, and nearly 300 qualified and experienced scientists, the Company stands out as a one-stop source for delivering innovative healthcare solutions aimed at fulfilling unmet medical needs of the people in an increasing number of countries around the world.

All the four R&D Centers have been accorded registration by Department of Scientific and Industrial Research, Ministry of Science & Technology, New Delhi. As a result of its research efforts, the Company has been granted more than 300 patents in India and worldwide, including major countries like U.S., Europe, Australia, Canada, China, Japan, Russia, etc.

The research facilities are self-reliant with cross-functional capabilities for research and development of drugs, starting from lead identification to pre-clinical and clinical Development, as well as product registration.

The core area of the Company's R&D focus includes 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.

The Company has built a strong R&D base over the last decade to support its various business segments and the current research strengths of Panacea Biotec are focused on:

- Drug delivery system design and optimization;
- Discovery and synthesis of new chemical and biological entities;
- Design and development of new generation prophylactic and therapeutic vaccines; and
- Development of humanized and fully human therapeutic monoclonal antibodies.

Research & Development activities is the core focus of the Company, with around 7.5% of net turnover invested in this activity during fiscal 2011.

capabilities
product
healthcare
solutions
development

With a growing network of strong collaborations and global presence

Backed by strong collaborations and tie-ups with leading national and international research organizations and corporations, the Company has extensive global footprints spanning more than 75 countries.

Panacea Biotec has a rich history of successful collaborations, ventures and business relationships with several national/international research institutes, academic universities and commercial corporations, based on strong relationships, which is a key competitive strength for the Company.

The Company has a long-standing relationship with its key customers and business partners, including a successful business record spanning more than a decade with UNICEF.

In addition to the strategic alliances with multinational and leading regional companies in United States, Europe, Latin America, South East Asia, CIS and Africa; Panacea Biotec has created a global presence through its wholly-owned subsidiaries in strategic markets including Germany and Switzerland.

With Quality as a key hallmark

Quality lies at the core of the Company's business processes and systems, and its state-of-the-art manufacturing facilities for vaccines and pharmaceutical formulations comply with international regulatory standards like WHO cGMP, US FDA, Government of Upper Bavaria, Germany, TGA Australia and ANVISA Brazil.

The Company is committed to Total Quality Management, enabling it to achieve major milestones in its journey towards excellence. At Panacea Biotec, quality is in-built in products & services and it is integrated in each step of R&D, production, packaging, storage, marketing, sales & distribution.

With Qualified & Experienced Manpower

Panacea Biotec has more than 3,600 employees including around 300 scientists engaged in R&D, over 1,200 employees engaged in production & Quality Control/Quality Assurance and over 1,550 employees engaged in sales, marketing & logistics activities.

Management Discussion and Analysis

Industry Structure & Developments

Global Vaccine Industry

In last few years, vaccines have been one of the important contributors of healthcare revenue across the globe. The global vaccine market has almost tripled since the year 2000 and has reached to US$28 billion in 2010, making the vaccine industry one of the fastest growing sectors of the pharmaceutical industry.

Increasing public awareness about preventive healthcare and increased spending by governments has put spotlight on the vaccines. With the introduction of newer vaccines covering more and more diseases, quality of life is expected to increase markedly. As a result of this, vaccines which were perceived as low margin business before, have now emerged as one of the most lucrative segments in the pharmaceutical industry.

Innovation among start-up companies is also one of the main factors behind the renewed interest in vaccines business. As growth in vaccines business has been higher than the traditional business, all major pharmaceutical companies are eyeing the vaccine market as their growth driver. Many mergers and acquisitions have taken place in this space as consolidation has become the keyword for future growth. The use of innovative manufacturing technology, growing support from public-private partnerships, and new funding resources and mechanisms are helping the development of vaccine industry.

Pediatric vaccines dominate the global vaccines market and this segment is expected to continue to grow in future. At the same time, the market for adult vaccines has been growing at a faster rate than pediatric vaccines and the share of adult and therapeutic vaccines will continue to fuel the future growth in the global vaccines market. The rising prevalence of life threatening diseases such as cancer and HIV is the prominent factor driving growth in the adult vaccine segment. Successful development of vaccines against infectious diseases like Pandemic Flu, Pneumonia, Dengue, HIV, Rotavirus and Cervical cancer in addition to the Hexavalent pediatric combination vaccines would add to the growth of the vaccine industry.

While vaccines are less susceptible to erosion by generic competition because the cost of entry is extremely high, as vaccine formulations become more precise and defined, the vaccines industry is likely to follow the lead of the biotech industry towards the production of biosimilar and biobetter vaccines.

An analysis of the global vaccine market with emphasis on the national level illustrates that the fast developing countries such as India and China will increase their overall share. India and China vaccine market is expected to grow with a CAGR of 16-18% from 2006 to 2013.

A large portion of the unvaccinated population in both developing and developed countries offers a big opportunity in future for the vaccine market players. Each year approximately 25 million infants do not receive the necessary immunizations and at least 2.4 million children die from vaccine-preventable diseases - approximately 14% of deaths in children are under 5 years of age. 14 million survive, but are left severely impaired. The long-term effects of these childhood illnesses limit the ability of those who survive to become educated, to work, or to take care for themselves or others. To fight against vaccine-preventable diseases through immunization, the WHO and The United Nations Children's Fund (UNICEF) have undertaken a number of measures to boost the awareness and access to vaccines.

Indian Vaccine Market

India has emerged as one of the leading vaccine manufacturer in recent times, producing 60% of the global health vaccines. The Indian vaccine market growing at close to 20%, is said to have the potential to reach US$ 1 billion by 2012. Currently, this market covers 6 vaccine preventable diseases including Hepatitis B, Diphtheria, Pertussis (whooping cough), Polio, Measles and Tetanus in its government program.

India continues to remain the premier location for producing affordable vaccines for the developing world with its own market for human vaccines expected to grow by 10-13% CAGR over the next five years as the market for vaccines shifts from traditional to combination vaccines. However, with rising costs and a stronger rupee, India's vaccine industry is going through a time of change. New vaccines, new markets and new production methods have to be embraced to ensure minimised costs and sustained growth. New technologies such as gene-based vaccines, virus-like particles, plant-derived vaccines, novel adjuvants and delivery systems represent promising approaches to create safer, cheaper, more potent vaccines that will be the future of India's vaccine industry.

The Indian Vaccine market is currently the Centre of attraction for all leading pharmaceutical majors as the vaccine market is registering growth at a much faster rate than the conventional pharma market. As many blockbuster vaccines are going to hit the market in near future, the growth is expected at a much faster pace.

Presently, domestic companies dominate the vaccine market covering around seven out of top 10 players. But with India's Intellectual Property Rights (IPR) laws improving considerably and healthcare expenditure increasing, foreign companies have now begun to

India has emerged as one of the leading vaccine manufacturer in recent times, producing 60% of the global health vaccines. The Indian vaccine market growing at close to 20%, is said to have the potential to reach US$ 1 billion by 2012

The Indian Vaccine market is currently the Centre of attraction for all leading pharmaceutical majors as the vaccine market is registering growth at a much faster rate than the conventional pharma market

acknowledge India's potential as a vaccine hub. Taking into consideration the factors like increasing public and private healthcare spending, birth of around 25 million babies each year in India and a large prevalence of both infectious and chronic diseases, the domestic demand for vaccines in India will continue to grow at a significant rate, offering vaccine players enough opportunities to expand their horizon in the country.

Along with the improvements in the domestic market, India has also emerged as a centre for exports. Exports have a major share in the Indian vaccine market, with 70% vaccines being exported. The private sector's share stood at $120 million or at 40% of the total domestic market. It is estimated that in the future more opportunities for manufacture and sales of vaccines will emerge from developing nations such as India and China.

Polio Eradication in India

The object of the Global Polio Eradication Initiative is to ensure that no child will ever again know the crippling effects of polio. Polio is a highly infectious disease caused by a virus known as poliovirus. It invades the nervous system and can cause total paralysis in a matter of hours. It can strike at any age, but affects mainly children under three. There is no cure for polio but the disease can be prevented by immunization with polio vaccine.

Though the number of Polio cases in India have reduced significantly from 1,934 in 1998 to 42 in 2010 and 1 in 2011 till May, 2011 (source: www.npspindia.org), as per WHO guidelines, a WHO region can be certified polio free only if it does not record any case of polio during three consecutive years; following the year; in which zero case is registered first time. Assuming that India achieves zero case for the first time in 2012 and thereafter, if it does not record any case of polio in 2013, 2014 and 2015, India can achieve its target of becoming polio free and become eligible for being declared as a polio free nation by WHO. However, immunization activities will continue until the entire region (including Pakistan & Afghanistan) becomes polio free.

Immunization against Polio to continue: In developing countries, low effectiveness of Oral Polio Vaccine (OPV) in the highest-risk communities (believed to be caused by a combination of high incidence of diarrheal diseases, malnutrition and the high force of Wild Polio Virus infection attributed to crowding) has been identified as the key challenge to interrupting Wild Polio Virus transmission. Responses being explored include enhanced inactivated poliovirus vaccine (eIPV) as a supplement to Oral Polio Vaccine (tOPV, mOPV1, bOPV & mOPV3). The immunization against polio will continue in the post-polio eradication era in the form of IPV.

Global Pharmaceutical Market

As per IMS, the global pharmaceutical market is expected to grow 5-7% in 2011, to US$ 880 billion, compared with 4-5% pace previous year. As countries recover from the global economic crisis at different rates, there is growing divergence in the pace of pharmaceutical growth among major markets. The 17 pharmemerging countries are expected to grow at a 15-17% rate in 2011, to US$ 170-180 billion. Many of these markets are benefiting from greater government spending on healthcare and broader public and private healthcare funding, which is driving greater demand and access to medicines.

The U.S. will remain the single largest pharmaceutical market, with 3-5% growth expected next year. Pharmaceutical sales in the U.S. will reach US$ 320-330 billion, up from US$ 310 billion forecast for this year, not including the impact of off-invoice discounts or rebates. The five major European markets (Germany, France, Italy, Spain and the U.K.) collectively will grow at a 1-3% pace, as will Canada. Among major developed countries, Japan is forecast to grow 5-7% in 2011.

While the overall market will appear to rebound somewhat in 2011, the underlying constraints to growth in developed markets are stronger than ever – including the impact of major patent expiries and payer mechanisms to limit drug spending. The pharmerging markets are expected to continue their rapid expansion and remain strong sources of growth. The industry also expects potential for several significant innovative treatment options that are becoming available for

Global Pharmaceutical Market By Region

	2010			2009	2006-2010	2011	2011-2015
	Mkt Size *US$ bn	Mkt Size **Const. US$	% Growth **Const. US$	% Growth **Const. US$	CAGR % **Const. US$	Forecast % Growth **Const. US$	CAGR % **Const. US$
Total global market	856.4	874.6	4.1%	7.1%	6.2%	4-5%	3-6%
North America	334.7	335.1	1.9%	5.4%	4.6%	2-3%	0-3%
Europe	245.3	253.2	2.4%	4.9%	5.6%	2-3%	2-5%
Asia/Africa/ Australia	126.5	129.7	14.0%	15.5%	14.5%	12-13%	11-14%
Japan	96.5	102.3	0.1%	7.6%	2.6%	5-6%	2-5%
Latin America	53.4	54.3	14.2%	10.3%	12.1%	11-12%	11-14%

** US$ uses actual quarterly exchange rates* *** Constant US$ uses Q409 average exchange rates*

Notes:
All forecasts are from IMS Market Prognosis International 2011-2015 which provides a view of the audited and unaudited market, using audited sales and adjusting for unaudited sales. The forecasts are based on the March 2011 Market Prognosis release and include IMS Audited and Unaudited markets.

patients in areas that include metastatic melanoma, multiple sclerosis and acute coronary syndrome.

Patient demand for pharmaceuticals is expected to remain robust, despite the ongoing effects of the economic downturn being felt in many parts of the world. In developed markets with publicly funded healthcare plans, pressure by payers to curb drug spending growth will only intensify, but that will be more than offset by the ongoing rapid expansion of demand in the emerging markets. Net growth over the next five years is expected to be strong - even as the industry faces the peak years of patent expiries for innovative drugs introduced 10-15 years ago and subsequent entry of lower-cost generic alternatives.

As the pharmaceutical industry's research & development programs adjust to the broad availability of low-cost generic options in many chronic therapeutic areas, higher growth will occur in those therapeutic areas where there is significant unmet clinical need, high-cost burden of disease, and innovative science that can bring new treatment options to patients. In the areas of oncology, diabetes, multiple sclerosis and HIV, annual growth is expected to exceed 10% through 2014 as new drugs are brought to market, patient access is expanded and funding is redirected from other areas where lower-cost generics will be available.

The pharma market world over will continue to experience significant shifts. Asia-Pacific region will emerge as the fastest growing pharmaceutical market over the recent past. Here, the pharmaceutical industry is expected to grow at a CAGR of around 6.5% during 2011-2013. It can, in fact, become the global API production hub in next few years.

Pharmaceutical sales are rapidly growing across India, China, Malaysia, South Korea and Indonesia due to the rising disposable income, several health insurance schemes, fast growing medical tourism and intense competition among top pharmaceutical companies in the region that has boosted the availability of low cost drugs.

As a result of the pharmaceutical industry's increased focus on these high-growth markets, the developing countries are benefiting from greater government spending on healthcare and broader public and private healthcare funding - which is driving greater access to, and demand for, innovative medicines.

The pharmaceutical industry has, in the recent past, seen a trend of alliances and deals between innovators and generic companies creating a collaborative business model. The generic partner gets access to rich product pipeline under development & the research capabilities of the innovator while the innovator benefits from lower R&D costs and makes a faster entry into emerging markets through the generic partner, hence realizing higher gains from existing portfolio. With competitive advantages in terms of R&D, manufacturing and marketing, Indian companies are today in a strong position to partner with innovator pharmaceutical companies.

The pharma market world over will continue to experience significant shifts. Asia-Pacific region will emerge as the fastest growing pharmaceutical market over the recent past

Indian Pharmaceutical Market

The Indian Pharmaceutical sector is highly fragmented with more than 20,000 registered units. It has expanded drastically in the last two decades. The leading 250 pharmaceutical companies control 70% of the market with market leader holding nearly 7% of the market share. It is an extremely fragmented market with severe price competition and government price controls.

The pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectables. There are about 250 large units and about 8000 Small & Medium Enterprises, which form the core of the pharmaceutical industry in India. These units produce the complete range of pharmaceutical formulations, i.e., medicines ready for consumption by patients and about 350 bulk drugs, i.e., chemicals having therapeutic value and used for production of pharmaceutical formulations.

The Indian pharmaceutical industry has been growing at average rate of 13-14% in the past five years and exports of pharmaceuticals have consistently outstripped imports. India exports drug intermediaries, active pharmaceutical ingredients, finished dosage formulations, biopharmaceuticals and clinical services. The top five destinations for such exports are U.S., Germany, Russia, U.K. and China. Several manufacturing units are approved by regulatory authorities in U.S. and U.K and other ICH markets.

India's pharmaceutical industry is now the third largest in the world in terms of volume. Its rank is 14th in terms of value. The Indian pharmaceutical market is expected to achieve a growth of 14-17% through 2014 and reach US$ 20 billion by 2015 and US$ 55 billion in 2020. In an aggressive growth scenario the pharma market has the further potential to reach US$ 70 billion by 2020.

As per ORG IMS MAT Mar’11, the therapeutic wise market share in Indian Pharmaceutical Market is as follows:

THERAPIES	VAL MAT MAR'11 (In ₹ billion)	% SHARE	VAL GROWTH %
IPM	**482.4**	**100**	**15**
Anti-infectives	82.4	17	14
CARDIAC	55.0	11	16
Gastro Intestinal	52.9	11	17
Respiratory	41.9	9	10
Pain / Analgesics	41.3	9	14
Vitamins / Minerals / Nutrients	37.4	8	16
Anti-Diabetic	28.8	6	24
Gynaec.	27.4	6	14
Neuro / CNS	27.3	6	17
Derma	26.4	5	15
Others	61.6	13	16

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Panacea Biotec-Business Segments

Pharmaceutical Formulations
Domestic Sales & Marketing Network

Panacea Biotec has successfully established leading brands through a focused scientific marketing approach. To cater to the individual nuances of specific therapeutic segments, Panacea Biotec operates through *seven Strategic Business Units (SBUs).*

The domestic pharmaceutical business is organized into three classes – *Super-specialty* i.e. Transplantation, Nephrology & OncoTrust, *Specialty* i.e. Diacar Alpha & Diacar Delta and *Multi-specialty* i.e. Procare & Growcare.

The aim of each SBU is to attain leadership position in its chosen markets and establish brand equity in respective therapeutic segment by way of innovative products as well as innovative marketing approach with differentiated products. The SBUs promote a portfolio of brands with a special focus on Orthopaedicians, Cardiologists, Diabetologists, Physicians, Organ Transplant Surgeons, Nephrologists, Oncologists, Hematologists, Chest Physicians, Surgeons, Dentists, Pediatricians, Gastroenterologists and Consulting Physicians.

Transplantation a Super Specialty SBU

Transplantation, a Super Specialty SBU of the Company, is focused on the highly specialized organ transplantation segments. It offers a complete range of pre-transplant and post-transplant therapies. The SBU has carved a niche in super-specialty segment and created a scientific image and has achieved clear leadership in these segments. This SBU focuses on multi organ transplant patients primarily kidney, liver, heart transplants, etc.

Transplantation SBU is marketing immuno-suppressant drugs used after Organ Transplantation namely PanGraf (Tacrolimus), Panimun Bioral (Cyclosporine), Mycept (Mycophenolate Mofitel), Mycept S, Siropan & EverGraf.

The Transplantation SBU further consolidated and strengthened its leadership status in organ transplantation in the year 2010-11 with all major brands of the SBU either at No. 1 or No. 2 position in the respective market of immuno-suppressants. With the high penetration of the SBU in the post organ transplantation (both Kidney & Liver) segment, PanGraf (Tacrolimus) continued to dominate the market and is the major brand for the SBU with an aggressive growth despite the market getting highly competitive.

The launch of Mycept 750 and Mycept S 540 for the first time globally gave a boost to existing Mycept brand and family. New launches during the year also included addition on mTor inhibitor EverGraf which has proven to be right fit for long term graft survival in cases of CNI toxicity.

Nephrology

The Nephrology, another Super Specialty SBU, focuses on the Chronic Kidney Disease-Mineral Bone Disorder, Dialysis therapy, renal anemia and renal nutrition. It markets Epotrust, Overcom, Kbait, Fosbait, Mimcipar, Alphadol, Proseventy & Renhold to take care of the above segments.

During FY 10-11 Nephrology SBU launched its protein ProSeventy (70% protein), which is specially made to cater to the nutrition needs of the malnourished dialysis patients.

The domestic pharmaceutical business is organized into three classes – *Super-specialty* i.e. Transplantation, Nephrology & OncoTrust, *Specialty* i.e. Diacar Alpha & Diacar Delta and *Multi-specialty* i.e. Procare & Growcare

The Anemia Segment is the largest of the Nephrology SBU comprising of 70% of the Nephrology business, with Epotrust being the biggest in the pie.

This SBU is planning to introduce many new products to ensure its commitment of providing an end-to-end solution for the Chronic Kidney Disease (CKD) patients.

OncoTrust

Cancer is the second leading cause of death worldwide. Like the western world, the peril of cancer has reached huge proportions in India with nearly 1 million new cancer cases getting added every year to the existing cancer burden. The increasing cancer incidence has witnessed the Indian oncology community fighting this battle against cancer.

OncoTrust, the third Super Specialty SBU of the Company, focusing on one of the fastest growing Oncology segment, is working with an object to make existing cancer treatment more affordable and also to develop NDDS cytotoxic drugs that enable the patients to get high quality and affordable medicine with improved efficacy and safety.

Being a part of this crusade against cancer and partner with the oncologists to fight this dreaded disease, OncoTrust, the oncology SBU of Panacea Biotec has completed four successful years in the market, gaining the familiarity and wisdom to compete in the highly competitive oncology market of India.

The position of OncoTrust as an ethical and scientific organization has been cemented in the oncology community with several initiatives including entry into the NDDS segment of chemotherapy.

Panacea Biotec has an offering of robust portfolio of targeted therapies, cytotoxic and supportive care products that Oncologists can rely on to ensure a better quality of life for their patients.

The new product launch during the year, include the Company's cost effective and Novel Drug Delivery nano-particle based albumin bound Product Paclitaxel **(PacliALL)**, meant to be used as chemotherapeutic agent for the treatment of Breast Cancer. The product has been a grand success and 100 patients started using it within 50 days of its availability in the market.

The SBU has also ventured into an array of Lung cancer and hematology therapy area. Further, the Company has also ventured into the supportive oncology segment with the launch of protein supplementation – Fotizo which complements its existing portfolio of PeggTrust (Pegylated Filgrastim) and ZoleTrust (Zoletrodronic Acid).

Diacar Alpha & Diacar Delta - Specialty SBUs

Diacar Alpha & Delta together are the major SBUs of the Company with dedicated marketing and sales infrastructure for Diabetes and Cardiovascular management. These SBUs are committed to provide new therapies and innovations in drug delivery and overall Diabetes disease management.

Today, India is regarded as a Diabetes and Hypertension Capital of the world and Indians are heading towards becoming the CAD (coronary artery disease) capital of the world. WHO estimates that diabetes related mortality may increase upto 35% by 2015.

In this context, Diacar Alpha & Delta together promise to be in one of the most promising markets in the Indian Pharmaceutical Market. The Company's Diacar team promotes the brands to target specialists viz. Endocrinologists, Diabetologists, Cardiologists and Physicians in a fiercely competitive scenario and have achieved significant leadership position in oral anti-diabetic segment. Of late, the SBU has also started focusing on Nephrologists. To tap the growing market opportunity, Diacar was divided into 2 SBUs – Diacar Alpha & Diacar Delta in order to sharpen its focus on Cardiology & Diabetology.

The flagship brand of Diacar Alpha is Glizid-M (Gliclazide + Metformin) which is the No. 1 brand while in Diacar Delta, Glizid (Gliclazide) is the no. 2 brand in their respective categories.

The brand portfolio of Diacar Alpha & Diacar Delta includes:

Oral Hypoglycemic agents: Glizid, Glizid-M, Glizid MR & Glizid-M OD (Gliclazide Modified release), Betaglim (Glimepiride), Betaglim M (Glimepiride + Metformin), Metlong & Metlong DS (Metformin), Pioryl (Pioglitazone + Glimepiride), Oglo (Pioglitazone), Gliben Total, Glizid Total and Glim Total (Glimepiride + Metformin + Pioglitazone). New product launches during the year include the most promising statin Rosuvastatin under the brand name of ExeRoz.

> New product launch during the year, Paclitaxel (PacliALL), meant to be used as chemotherapeutic agent for the treatment of Breast Cancer, has been a grand success

Cardiovascular agents: Lower A (Atorvastatin), Lower EZ (Atorvastatin + Ezetimibe), Lower TG (Atorvastatin + Fenofibrate), Tecbeta (Metoprolol Succinate) and Teltor (Telmisartan) range. New product launches during the year include Oglibo, Tecbeta AM and World's 1st Modified Release & patented Ramipril – **"Ramy24"**.

Co-prescriptives: In co-morbid conditions like Diabetic peripheral neuropathy Diacar has Myelogen Forte and Inrica.

Procare a Multi-Specialty SBU

Procare SBU of the Company endeavors to be perceived as a leader in chronic care segment of Orthopedic and Gastroenterology therapy through focus on specific disease management. Within Orthopedics SBU's focus is on Osteoporosis, Osteoarthritis and Rheumatoid Arthritis Management and within the Gastroenterology focus is on Constipation, Anorectal disorders and Hepatology management.

This SBU promotes a portfolio of brands with special focus on Orthopaedician, Surgeons and Gastroenterologists along with Consulting & General Physicians. The brand portfolio of Procare includes:

Gastrointestinal: Sitcom Tablets & Cream, GUSH, Livoluk, Livoluk Fibre, ODpep.

Anti-osteoporosis: Vacosteo (Zoledronic acid, 3rd generation injectable bisphosphonate), Alphadol-C, Kingcal, Calcom.

Anti-arthritis: Willgo, Kondro OD, Kondro Acute.

Pain relievers: Nimulid, Nimulid SP, Nimulid MR, Nimulid HF & Dolzero.

Sitcom has evolved as the first choice among anti-hemorrhoidals within Gastroenterologists and second choice within Surgeons with 68% growth over previous year. Livoluk Fibre which enjoys unique place in the market has encouraged the SBU to step up its innovation in the category of constipation management in the form of GUSH.

Growcare a Multi-Specialty SBU

Growcare is the Non-Chronic care business of the Company with special focus in Respiratory Disorders, Gastro-Intestinal (GI), Vitamins & Minerals and Pain Management therapies.

Committed to reduce the burden of disease, Growcare marks the Company's presence in therapy areas like Anorectal Disorders (Piles & Hemorrhoids), Gastro-Intestinal, Respiratory (Cough, Cold & Allergy), Anti-Infectives, Anti-TB, Pain Relievers and Vitamins & Minerals. The different specialties serviced by Growcare are General Physicians, Chest Physicians, Consulting Physicians, ENT Surgeons, Pediatricians, General Surgeons and Gastroenterologists.

Some of the popular brands of Growcare include:

- Anti haemmorohidal: Thank OD Tablets & Cream
- Anti-infective: Cefmentin, Ocimix, ValueCef, ValueThral
- Anti-Allergic: Zomont AL Tab, Zomont AL Kid.
- Cough, Cold and Fever: Corton, toff M.D., ToffDC & Toff Expectorant, Orangemol Suspension.
- Pain Management: Nimulid M.D. (Mouth dissolving) tablets, Nimulid Transgel.
- Anti TB: Myser (Cycloserine) & Myobid (Ethionamide).
- Gastro-Intestinal: EnBa, FiberFOS and HiFibre.

Brands Review

Over the years, Panacea Biotec has established leading brands that enjoy top of the mind recall by the medical fraternity. The Company's brands command excellent market share in their therapeutic segments. According to ORG IMS (TSA MAT Mar'11) Sales value, Panacea Biotec is the 39th ranked company in the Indian Pharmaceutical

New product launches during the year include Oglibo, Tecbeta AM and World's 1st Modified Release & patented Ramipril – "Ramy24"

Market with Nephrologists, Dentists, Orthopaedicians and Diabetologists giving the best support. As per Stockist Secondary Audit of ORG IMS (MAT Mar'11), Glizid-M stands at 218th rank among top brands in the Indian Pharmaceutical market and retain number one position within its category.

The Company's key brands across therapeutic categories and their ranking/ market share in India are:

Brand Standing and Market share

Brands	Market Share %	Ranking
Diabetes and Cardiac Care:		
Glizid M	24	1
Glizid 40mg	28	1
Glizid 80mg	22	2
Glizid MR 30mg	14	2
Glizid MR 60mg	05	2
Glizid Total	15	2
Pain Management:		
Nimulid MD	5	2
Nimulid 100mg	6	2
Nimulid MR	12	3
Nimulid SP	8	4
Kondro OD	19	3
Vacosteo	27	3
Willgo	4	5
Tuberculosis Management:		
Myser	11	3
Gastro-intestinal:		
Livoluk	5	4

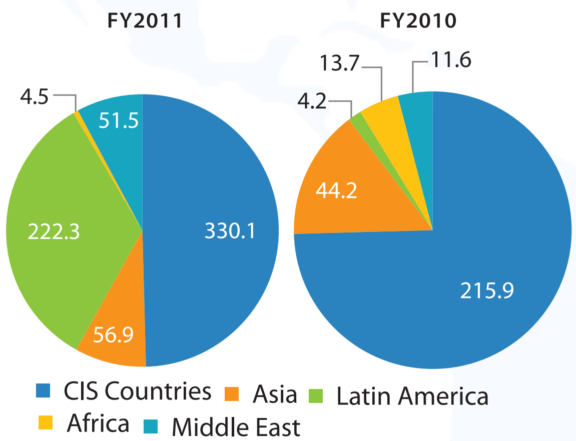
**Source: ORG IMS SSA audit MAR2011.*
**Market Share and rank is calculated within its immediate operating market i.e. the strength or the immediate market (wherever applicable).*

Panimun Bioral, Mycept and PanGraf are also the leading brands in the Organ Transplantation segment but have a poor reflection in ORG IMS audit, as ORG IMS SSA audit does not track institutional and hospital sales.

International Pharmaceuticals Business

The year under review was a year of achievements for International Pharmaceuticals Business in terms of sales, new market entries, new product registrations. During the year, the Company's pharmaceutical formulation business clocked export sales of ₹641.5 million with a growth of 119% over previous financial year. During the year, the Company has ventured into new markets of Latin America, CIS region, Asia and Africa with products in various therapeutic areas like organ transplantation, pain management, nephrology, gastro-intestinal and anti-infectives.

In the year 2010-11, the Company entered into strategic and important markets like Brazil, Philippines. The region wise sales for the year 2010-11 are depicted below:



The Company's efforts to create a strong scientific base through focused promotional efforts have borne fruit during the year under review. The testimony to this is:

- Entry of PanGraf and Mycept into MOH essential list of Syria.
- Inclusion of Tacrolimus in major Federal Institutes in Brazil, the second largest market in Latin America.

During the year, the Company has taken steps for

During the year, the Company's pharmaceutical formulation business clocked export sales of ₹641.5 million with a growth of 119% over previous financial year

Dr. Rajesh Jain, *JMD*, with Dr. Bernd G. Ruttger, Mr. Wolfgang Clotz, Dr. Konstanze Kral and Mr. Peter Heberling, *CEO* of Panacea Biotec Germany GmbH in a business Meet at Munich (Germany)

Mr. Sumit Jain, *Director* and Mr. Leonardo Olivera Jimenez, *Chief Executive Officer*, Laboratories Clausen S.A. Uruguay exchanging agreement signed at New Delhi

expanding its international footprint by creating its wholly-owned subsidiary Panacea Biotec Germany GmbH (PBGG) for sales, marketing and distribution of specialty pharmaceutical and biopharmaceutical products in the German speaking parts of Europe, specially the biggest pharmaceutical market in Europe, viz. Germany. PBGG is slated to launch the products in Germany through its own dedicated team during the current fiscal.

The Company's another subsidiary, Panacea Biotec (International) SA has obtained establishment license in Switzerland which now allows it to directly launch its products in the Swiss market.

The Company is also at an advanced stage of registration of its ANDAs in US. The Company has entered into collaboration with strategic marketing & distribution partner and is targeting launch of the products in US through such partner during the current fiscal.

During the year, the Company has also entered into strategic collaboration for marketing its products in Australia, New Zealand, Turkey and Uruguay and is at advanced stage of registration of products in those markets. The Company is building a large portfolio of products consisting of New Chemical Entities, New Biological Entities, Novel Drug Delivery System, branded generics and biosimilars for launch in the ICH regions including Japan and also in key emerging markets.

The Company has robust plans in place for coming years in terms of market identification, registration and commercializing a series of innovative products. The Company has identified 19 emerging and ROW markets as 'top priority' markets. The Company also intends to diversify into specialty therapy areas like Oncology, Endocrinology, CNS and Urology.

The Company is moving towards 'promotion oriented' approach from a trading business model across all markets and also planning to have representative offices of own with specialized personnel in various markets which will create a positive image of the Company amongst customers in market place.

Vaccines

At Panacea Biotec we are working relentlessly with a mission of **"Innovation in support of life"** thereby

Dr. Rajesh Jain, *JMD* with Dr. Danilo Astori, Hon'ble Vice President, the Oriental Republic of Uruguay along with other delegates from Uruguay and Panacea Biotec team at Corporate office in New Delhi making an effort to improve quality of life of billions of people across the globe.

Immunization being one of the most important & cost effective ways of reducing morbidity and mortality, the Company has since inception adopted a long-term strategy of development of newer vaccines. The Company has developed advanced fully-liquid combination vaccines; opening a whole new dimension towards protecting multiple diseases with a single vaccine.

Extensive portfolio of Innovative vaccines is an outcome of Company's focus on making a difference with simple but "obvious" solutions.

Panacea Biotec has produced and delivered over 8.8 billion doses of Oral Polio Vaccines in last 21 years starting from 1990, contributing towards a world where our future generations can stand tall and walk free without Polio. In addition, Panacea Biotec is the first company to develop mOPV1 and mOPV3 as well as a bivalent OPV to meet the evolving needs of polio eradication program.

Panacea Biotec has also developed an egg based pandemic flu vaccine Pandyflu (H1N1) and is currently developing Pneumococcal conjugate vaccine, Vero cell based Japanese Encephalitis vaccine and recombinant chimeric tetravalent Dengue vaccine to meet partially unmet needs (in case of Pneumo & JEV) and fully unmet needs (i.e. Dengue) of emerging & ROW markets which are also earmarked for GAVI's current or future funding. Further, the Company has been selected as a partner for development of another novel vaccine in collaboration with NVI and WHO.

Domestic Vaccines Business

The Company markets its innovative combination and other vaccines in India through its joint venture company, viz. Chiron Panacea Vaccines Pvt. Ltd. [a 50: 50 joint venture with Chiron Vaccines Holding Srl., Italy (now Novartis Vaccines and Diagnostics Srl.) The Company has a strong portfolio of vaccines including innovative Pediatric combination vaccines Easyfive (DTwP-HepB-Hib) & Easyfour (DTwP-Hib), PolProtec (enhanced Injectable Polio Vaccine) and PrimOpol (Trivalent Oral Poliomyelitis Vaccine). The JV Company commands a significant market share in the pediatric combination vaccines segment in India.

International Vaccines Business

Panacea Biotec, introduced world's first Fully Liquid Pentavalent vaccine EasyFive (DTwP-Hep B-Hib) in January, 2005 & has supplied over 35 million doses so far and has been one of the largest suppliers to UNICEF since last 3 years.

Panacea Biotec is poised to make further inroads into global markets and has deployed a specialized team for its Vaccine Business in the emerging & ROW markets.

The Company has identified around 20 key markets wherein extensive work has been initiated on customization of business models, collaboration with partners and regulatory filings for product registration.

In addition to the supplies of vaccines to Pakistan, supplies to Africa were initiated during the year under review. Registrations have also happened in Peru and Philippines where supplies are being initiated and supplies to potential Markets of Nigeria, Morocco etc. are also expected during the current year.

Supply Chain Management & Logistics Network

Panacea Biotec has created strong business processes of Supply Chain Management (SCM) in both Pharmaceuticals and Vaccines segments, with an objective to ensure customer satisfaction by monitoring and improving delivery performance on various parameters including Turn-around Time (TAT), On-time in Full (OTIF) and Error-free delivery of products and promotional materials. SCM has been designed for creating end-to-end visibility and controls right from

Mr. R.K. Suri, *Chief Executive Biologicals* with Indian mission delegation at the University of Maryland, Washington USA during International Conference Bio-2011

Panacea Biotec is poised to make further inroads into global markets and has deployed a specialized team for its Vaccine Business in the emerging & ROW markets

Panacea Biotec has created business processes of Supply Chain Management (SCM) in both Pharmaceuticals and Vaccines segments, with an objective to ensure customer satisfaction by monitoring and improving delivery performance

sourcing of materials till collection of receivables.

The Company has a nationwide sales and marketing network covering approximately 450 districts in India and targets more than 1.1 million customers through a field force of over 1,200 trained marketing and sales professionals and 23 sales depots/carrying and forwarding agents all over India. The Company has its Central Warehouse at Delhi and has expertise in cold chain management for storage and distribution of Vaccines under monitored conditions using a system of Vaccine Vial Monitors, Data Loggers, Ice Boxes, Coolant, Cold Rooms, Refrigerated Vehicles and Tyvek Sheet for sending temperature controlled products overseas. All these measures ensure that the Vaccines remain safe and effective against changes in the variant temperature conditions during storage & transit.

Manufacturing Facilities

The Company's manufacturing facilities for vaccines and pharmaceutical formulations are situated in India in Delhi, at Baddi in Himachal Pradesh and Navi Mumbai in Maharashtra. The Company also has state-of-the-art integrated facility for bulk vaccines, antigens and biopharmaceuticals at Lalru in Punjab. The manufacturing facilities have been set up in compliance with international regulatory standards including WHO-cGMP and European Union standards. The Company's manufacturing expertise lies in oral solids, semi-solids & liquid oral dosage forms, vaccines and injectables such as:

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

Manufacturing Facilities for Vaccine Antigens at Lalru, Punjab

The Company has bulk vaccine manufacturing facilities at Lalru in Punjab with dedicated blocks for manufacture of Recombinant, Bacterial & Tetanus vaccine bulk & antigens and an integrated block for cell culture based vaccines and biopharmaceuticals. The integrated block comprises of three independent suites for manufacture of viral proteins/vaccines, non-viral recombinant biotherapeutics (e.g. bio similar molecules on cell cuture in both conventional as well as disposable formats), egg based viral vaccines and recombinant & conventional vaccines in microbial cultures. All the blocks have been designed, constructed, adapted and maintained following current Good Manufacturing Practices (cGMPs) prescribed by WHO.

The facilities have been approved by NRA for manufacture of Diphtheria Toxoid, Tetanus Toxoid, whole cell Pertussis, Recombinant Hepatitis B surface antigen, Haemophilus influenzae type B conjugate bulk, Inactivated H1N1 split viron influenza vaccine bulk (by traditional egg based technology). Recombinant Hepatitis B surface antigen and Haemophilus influenzae type b conjugate bulk being manufactured at this facility are used for manufacture of innovative combination vaccines Easyfive.

Vaccines Formulation facility in New Delhi

The Company's vaccines formulation facility in New Delhi is a WHO cGMP approved facility for Oral Polio Vaccines (tOPV, mOPV1, mOPV3 & bOPV), monovalent injectable recombinant Hepatitis B Vaccine (Enivac HB) and combination vaccines Ecovac-4 (DTwP-HepB), Easyfour (DTwP-Hib) & Easyfive (DTwP-HepB-Hib).

With a built up area of more than 50,000 sq. ft., the facility has three vial filling lines – two lines dedicated to Oral Polio Vaccines and one line dedicated to injectable Vaccines (Hepatitis B & Combination Vaccines). The total annual production capacity of the facility is 1,600 million doses of oral vaccines and 35 million doses of injectable vaccines.

Vaccines Formulation facility at Baddi

The Company's state-of-the-art vaccine formulation facility at Baddi in Himachal Pradesh, located in a complex of 23 acres of land, comprises of two blocks. The three-storey main building consisting of production, quality control and quality assurance is spread over approximately 2,800 square meters construction area at each floor and a five-storey block of Warehouse-cum-Cold Storage facility is spread over approximately 2,500 square meters on each floor.

The facility has two filling lines complying with WHO cGMP norms, one for filling of injectable liquid Vaccines in pre-filled syringe (PFS) and another switchable line for filling of liquid & lyophilized Vaccines in vials. The total production capacity of this facility is 600 million doses per annum capable of being increased by addition of third line to one billion doses per annum.

Pharmaceutical Formulations facility at Baddi

The Company has its state-of-the-art pharmaceutical formulations facility at Baddi, Himachal Pradesh. The facility has been built in compliance with cGMP standards, received encouraging acclaim and numerous plant approvals from various regulatory authorities. The facility has been audited and certified as cGMP compliant by various regulatory agencies including the US FDA, Government of Upper Bavaria, Germany, TGA Australia and ANVISA Brazil. The Company's soft gelatin manufacturing facility is also approved for markets in US and European Union.

The Company is in the process of commissioning and upgradation of the Baddi Pharmaceutical facility with an objective to construct an Anti-cancer formulation facility with two lines dedicated for Liquid & Lyophilized vials as well as pilot scale up batches complying to US FDA, EU, ROW and cGMP norms. The project will also have an additional provision of space for a suite for production of Tablets/Capsules to take care of future requirements.

Pharmaceutical Formulations Facility at New Delhi

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

Manufacturing Facility for Anti-Cancer Products at Navi Mumbai

The Company has set-up a manufacturing facility for anti-cancer products (Injectables & Tablets) at Mahape, Navi Mumbai. This state-of-the-art containment facility (with isolator Technology) is unique and capable of providing clinical supply and production of high value cytotoxic products. The Company's recently launched innovative product in Oncology segment, viz. PacliALL is the outcome of this facility.

Research & Development

Research & Development is considered as the main strength of Panacea Biotec. The Company has built a strong R&D base over the last decade to support its business segments, vaccines, pharmaceutical formulations and biopharmaceuticals. It has four highly sophisticated ultra-modern R&D centers with 392 employees including around 300 qualified and experienced scientists for its various research projects. The core area of research & development includes new vaccine development, biopharmaceuticals, proteins, peptides, monoclonal antibodies, novel drug delivery systems, advanced drug delivery system and drug discovery (small molecules), in compliance with international regulatory standards. The Company's R&D Centers have been accorded registration by Department of Scientific and Industrial Research, Ministry of Science & Technology, New Delhi.

As a result of its research efforts, the Company has been granted more than 300 patents in India and worldwide including major countries like U.S., Europe, Australia, Canada, China, Japan, Russia etc. For carrying out pre-clinical research, the Company has a state-of-the-art animal house and facilities for undertaking in-vitro and in-vivo microbiology, pharmacology, safety, efficacy, proof of concept and toxicology studies.

The Company has been steadily increasing its expenditure on R&D, both revenue and capital expenditure. During the year, the Company has made a total expenditure of `849.7 million (7.5% of net turnover) on R&D as against `808.6 million during previous fiscal, an increase of 5% in value terms. The revenue expenditure on R&D were `594.6 million in fiscal 2011, as compared to `577.2 million in fiscal 2010, an increase of around 3% in value terms. The investment by way of capital expenditure on R&D has been `255.1 million in fiscal 2011 as compared to `231.4 million in previous financial year. The Company is continuously strengthening its R&D base to cater to increased healthcare needs and expanding niches in vaccines, pharmaceuticals formulations and biopharmaceutical segments, both in domestic as well as global markets.

LAKSH Drug Discovery R&D Center at Mohali

The Company has its state-of-the-art research center Laksh which is dedicated for development of New Chemical Entities (NCEs, small molecules) at Mohali, Punjab. The R&D center is spread in an area of 70,000 sq. ft. and is equipped with sophisticated laboratories with modern instruments to perform NCE research. The R&D center employs about 110 dedicated scientists including 13 PhDs.

The focus of research is on development of NCEs for the treatment of diabetes, Central Nervous System (CNS) disorders and infectious diseases. This R&D center has successfully delivered two Pre-Clinical Candidates (PCCs),

Laksh Drug Discovery Center at Mohali, Punjab which are currently under investigation for IND (Investigational New Drug) filing. Eight PCT applications and more than 20 patent applications in national phases have been filed from this center.

DSIR (Department of Science & Industrial Research) has agreed to provide a grant of `37.8 million to partially fund one of the projects for development and demonstration of technology.

SAMPANN Drug Delivery R&D Center at Lalru in Punjab

SAMPANN Drug Delivery, the Company's Research and Development Centre at Lalru, is one of the major part of Panacea Biotec's R&D centers. This Centre spreads across 40,000 sq. ft. of laboratory space with superior state-of-the-art infrastructure, specialized machinery, adequate resources and skilled intellectual manpower. The primary focus of the Sampann Drug Delivery is to develop value added drug delivery products that would address unmet medical needs, increase patient compliance, augment the intellectual capital of the organization and contribute towards achieving the organizational business goals.

Pharmaceutical research has been initiated 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. Considering the need to adopt savvy development and marketing tactics to drive blockbuster product, various regulatory filings have been done in US & EU on various immuno-suppressant drugs.

Vaccine Research and Development group of Sampann has an excellent portfolio of innovative pediatric vaccines which protect children against dreadful diseases such as polio, hepatitis, diphtheria, tetanus, pertusis and haemophilus influenza. Further to broaden the Company's presence in the market, the Sampann R&D is developing new generation vaccines like Pneumococcal, Japanese encephalitis, universal flu and hexavalent vaccines.

Intellectual Property (IP) protection has served as a major incentive for encouraging scientific research and has a protective cover for larger investment for commercialization of R&D products. Six patent applications have been granted worldwide and more than 40 patent applications are under prosecution worldwide.

OneStream Research Center in Delhi

OneStream Research Centre (Vaccines & Biopharmaceutical R&D) in Delhi, spread across 26,000 Sq. ft. has been established as a confluence of two R&D Centers brought together adding experience of past so many years, with an objective to develop novel, effective and affordable vaccines and biopharmaceuticals for prevention against various epidemic/endemic life threatening diseases for global markets. OneStream has the infrastructure and expertise to take an 'idea' through different stages of product development towards a successful commercialization. OneStream has around 50 scientists including 8 Ph.Ds working in the areas of molecular biology, cell biology, immunology and peptides.

This center is carrying out extensive research in vaccines and biologicals using animal cell culture, fermentation, purification, serology, analytical and bio-analytical development. OneStream's focus is on development of novel preventive & therapeutic vaccines, novel therapeutic peptides and therapeutic fully human monoclonal antibodies for treating infectious diseases and the life style related disorders. OneStream is also

OneStream Research Centre (Vaccines & Biopharmaceutical R&D) in Delhi, spread across 26,000 Sq. ft. has been established as a confluence of two R&D Centers brought together adding experience of past so many years

actively involved in developing different bio-similar products.

The Centre has indigenously developed and licensed Pandyflu, vaccine of paramount national importance, against the H1N1 virus (Swine flu). During the year under review, the focus of Center was development of the Company's candidate vaccine for Pneumococcal Conjugate Vaccine and Vero cell based Japanese Encephalitis Vaccine.

Additionally, during 2010-11, the OneStream has been on a progressive path for the development of novel hair growth peptide, for management of Alopecia (hair loss), a technology in-licensed from National Institute of Health, USA, a novel peptide for the treatment of Rheumatoid Arthritis, bio-therapeutics, Recombinant/Chimeric recombinant Tetravalent Dengue Vaccine and fully human monoclonal antibody for Rheumatoid arthritis.

GRAND R&D Center at Navi Mumbai

Global Research and Development (GRAND) Center at Mahape, Navi Mumbai is involved in development of products based on Novel Drug Delivery Systems. A team of more than 50 highly skilled scientists including 19 Ph.Ds are working tirelessly to provide novel therapeutic alternates for catering unmet medical needs.

The Research Center is equipped with state-of-the-art infrastructure and facilities to carry out world class research. Scientifically product development at GRAND is categorized in various sub-classes based on the drug delivery technologies including:

- Controlled and modified oral delivery of bioactives
- Nanoparticles
- Microparticles
- Liposomes
- Metal oxide nanoparticles
- Drug Delivery for Immuno-suppressant drugs

Products based on Controlled and modified oral delivery of bioactives have been launched in Indian market and are ready for registration in US & Europe.

The first indigenously developed nanotechnology based parenteral product (PacliALL), a cost effective and Novel drug delivery product for Breast Cancer, has been launched recently in Indian markets. Product involves target oriented delivery of anticancer molecule leading to reduced side effect and better patient compliance compared to conventional formulation.

Products are under development involving the concept of "Stealth" liposomes for prolongation of systemic circulation to reduce side effects and achieve better therapeutic outcome.

Over the years, GRAND R&D Center has emerged as a strong contributor to the Company's intellectual property assets.

Over the years, GRAND R&D Center has emerged as a strong contributor to the Company's intellectual property assets

As at the end of year under review, the Company has filed over 1,400 patent applications worldwide including 214 Indian patent applications and 82 applications filed through the PCT (Patent Cooperation Treaty) route

Quality Assurance

Quality is among the most important reasons to encourage a customer to buy a product. Total Quality Management has always been the foundation stone of the Company which has resulted in achieving greater milestones in the past couple of years. At Panacea Biotec, quality is in-built in products & services and it is integrated in each step of R&D, production, packaging, storage, marketing, sales & distribution. The Company is committed to adhere to the highest quality standards for products it manufactures which are enabled through a highly qualified, techno-innovative & dedicated team.

Clinical Research Operations

Clinical Research plays a crucial role in the process of drug development. Clinical development establishes the safety and efficacy of a new drug product involving significant expertise, time and investment. Panacea Biotec is the first Indian pharmaceutical company to indigenously implement the Oracle Remote Data Capture (RDC) enabling it to conduct e-clinical trials.

The year 2010-11 witnessed several milestone achievements in Clinical Research Operations, including:

- Successful Marketing Authorisation Application in EU for a novel drug delivery product for Osteoarthritis;
- Phase I trials of indigenously developed DTwP-IPV based pentavalent and hexavalent vaccines;
- Phase II/III trial of indigenously developed influenza A (H1N1) vaccines PandyFlu leading to registration of the product;
- Pre-IND meeting with US FDA and pre-submission meeting with European Medicines Agency (EMA) for a novel drug delivery anti-cancer product; and
- Pre-submission meeting with EMA for a novel drug delivery immuno-suppressant.

Pharmaco-vigilance: The Company has deployed the Argus safety database, a comprehensive adverse event tracking and reporting system. This enables the company to provide a sustainable solution aimed at managing our growing global pharmaco-vigilance compliance obligations.

This important project has long term goals of enhancing the Company's risk management capabilities, integration between critical business processes, 'value add' capability of redefining business processes, enhanced compliance reporting features, and most importantly strategic advantage in the Global Safety Surveillance domain.

Intellectual Property

The Company has a full-fledged Intellectual Property Rights department which manages all the Intellectual Property related functions from inception to enforcement. The Company has been granted 33 product patents worldwide for different products/technologies.

As at the end of year under review, the Company has filed over 1,400 patent applications worldwide including 214 Indian patent applications and 82 applications filed

Mr. Sandeep Jain, *JMD* lighting the lamp at the occassion of Annual Day Celebrations at Chandigarh

through the PCT (Patent Cooperation Treaty) route. Out of the total number of patent applications filed, 384 patents had been granted/accepted for grant. Apart from this, the Company had in-licensed several patent applications, some of which are under process in different countries of the world.

During the year under review, 18 patents were granted including in Algeria, Bulgaria, Indonesia, Philippines, Serbia, South Africa, Sudan, Ukraine, Russia and India.

So far the Company has filed over 800 applications for registration of Trade Marks of which 402 have been registered including 26 trade mark applications registered during the Financial year 2010-11. In addition, the Company has filed during the year 243 International Trade Mark Applications in various countries of which 33 have been granted during 2010-11.

Besides this, the Company had filed 159 applications for registration of Copyrights of which 83 had been granted. The Company has till date also filed four Design Applications and all of them have already been registered.

Human Resources

Panacea Biotec's human capital constitutes a diverse pool of knowledgeable, experienced professionals along with a judicious blend of young and dynamic new generation professionals. The Company continues to enjoy excellent industrial relations and there have been no work disruptions, strikes, lock-outs or any other employee unrest.

The Company's permanent employees' strength crossed 3,600 in 2010-11 of which over 3,030 are skilled employees including corporate and managerial staff, sales staff and staff located at its manufacturing facilities and R&D Centers. Of these permanent employees, 416 are engaged in R&D Centers including around 300 scientists engaged in R&D, over 1,200 employees are engaged in production, Quality Control & Quality Assurance, over 1,550 are engaged in sales, marketing and logistics and the rest are engaged in corporate & support functions.

The Company acknowledges that its human assets are a pivotal force providing it a niche competitive edge and thus its HR strategy is elevated and propelled to the forefront of its overall business strategy. At Panacea Biotec, the movement from the backroom to boardroom will be largely dependent on Information Technology and a modern approach tailored to the specific goals of the Company. IT already plays a critical role in driving efficiency into the HR system and the Company continues to invest in contemporary IT-led systems while evolving its policy to match modern, international HR standards.

The Company's HR function encompasses the traditional HR functions suited to the modern day besides planning and conducting of various activities for skill enhancement to infuse adaptability, resilience and agility. The Company's policies are devised to promote a congenial working atmosphere which encourages innovation, infuses team spirit and further enhances the individual's growth potential. Through a comprehensively chalked out roadmap, the Company's HR policies are being evolved further to ensure that the Company is well poised to meet the paradigm shift envisaged in its Vision 2020 to be the Largest, Greatest and Most Admired biotechnology company globally.

Some of the key initiatives undertaken through the year include One-click Performance Management System, One Click Connect with field – Empowering Field force and Employee Satisfaction Survey – HR WOW. The Company measures its growth in overall terms by closely mapping the satisfaction level of employees through its annual survey. These surveys enables a bottom-up communication and is a platform to learn and understand the employee's needs, values, perceptions and opinions and helps the Company selects and suitably modifies their programs and policies to meet the specific

Employees performing on the occassion of Annual Day Celebrations at Chandigarh

Dr. Rajesh Jain, *JMD* with employees participating in cultural programme on the occassion of 15th Annual Day Celebrations at New Delhi

Employees performing on the occassion of Annual Day Celebrations at Chandigarh

needs of employees in line with the overall objectives of the Company.

Annual Day Celebrations

The Company celebrated its 15th Annual Day in the true spirit of participation and togetherness. The Day also served as an important platform for the management to share its thoughts behind the unfurling of "THE VISION 2020". The key message from the management team was telecast across locations and provided valuable insight into the future direction of the Company, its plan and goals. This message was not only a source of information but provided a very inspiring and motivating insight into the overall strategy and direction moving forward. Every location/site across the country celebrated the Annual Day with employee participating in large numbers. Various cultural activities were organized by the employees and the day saw several hidden talent emerging.

Employee engagement

A variety of well-thought employee engagement activities initiated across locations, were instrumental in giving the required space to scientists to rejuvenate themselves. Some of the innovative and off beat activities like the "The FIFA FEVER" at Laksh or "The PING PONG" challenge at Sampann, saw senior professionals enthusiastically participate and also whole heartedly enjoy the break from routine.

Information Technology

Information Technology plays an ever increasing role in improving health care quality. As noted by the Institute of Medicines' Committee on Quality Health Care in America, "Information technology must play a central role in the redesign of the health care system if a substantial improvement in quality is to be achieved over the coming decade." To make significant progress, a major re-engineering of the health care delivery system is required which in turn requires changes in technical, sociological, cultural, educational, financial and other important factors.

The company has continued to reinforce its Information Technology capabilities in all areas of business to improve services, knowledge, communication, outcomes, quality and efficiency.

Microsoft Exchange and Share point portal solutions are already available for messaging & collaboration, addressing the internal & external communication and workflow needs. The Company has also implemented Right Management Services to secure the highly confidential and important data and protect intellectual property within office e-mail messages and documents

Mr. Sunil Kapoor, Mr. N.N. Khamitkar, *Directors* and Mr. Sandeep Jain, *JMD* enjoying cultural programme at Annual Day Celebrations at Chandigarh

Dr. A.N. Saksena, Mr. R.L. Narasimhan, Mr. Sunil Kapoor, *Directors* enjoying cultural programme at Annual Day Celebrations at Chandigarh which have helped in safeguarding corporate assets against accidental or intentional leakage.

The Company has also adopted Active Risk Manager which is configured to meet the current Risk Management process to improve compliance management. The Sales force automation system has also been implemented by the Company, by which the productivity and outcome of the field force has been tremendously increased.

The Company has already implemented the SAP 4.7 system about 5 years back but as the business scales up, the need to re-define the business process in SAP system has become mandatory. To fulfill the current business requirements, the Company has planned the Business Process Re-engineering and SAP ECC 6 re-implementation which will improve alignment of strategies and operations, productivity and insight, financial management and corporate governance, reduce costs through increased flexibility and provide immediate access to enterprise information.

The Company has also planned to implement the business intelligence over and above the SAP system to improve organizations by providing business insights to all employees leading to better, faster and more relevant decisions. The Company will have the following benefits by using business intelligence –

- Enabling to have accurate, faster and actionable information,
- Compliance with industry regulation thus mitigating business risks,
- Connecting corporate goals, objectives and strategies to an individual contributor level, information democracy and self-service,
- Predictive analytics and smarter applications to grow the business,
- Quick wins and faster return on investment.

The Company has also planned to implement the Compliance Management System Module to monitor and ensure the compliances at various levels of the organization as a part of risk minimization strategy.

Internal Audit & Control System

Panacea Biotec has comprehensive internal control systems that commensurate with its size and nature of operations, evolving risk perceptions and covers all manufacturing and research & development facilities, warehouses & sales offices and corporate office.

The internal controls have been developed and implemented at each business process level across the Company. The user level responsibilities are constantly shared with key users for their implementation and compliance. The internal control systems are further tested on an ongoing basis by internal auditors and also by competent personnel of the Company and are reviewed by the Management to ensure that processes and controls are in place and working as intended in achieving efficiency of operations, customer focus, financial reporting and compliances of applicable contracts, laws, rules and regulations.

An effective fund budgetary control mechanism on both revenue and capital expenditure through SAP fund management process ensures that Budget allocations are approved by Management and are fair & just and commensurate with the business operations and Corporate Vision.

Further, internal audits are conducted periodically by independent auditors. The Audit Committee of the Board of Directors comprising independent Directors actively review the adequacy and effectiveness of internal controls, internal audit systems and advise improvements as appropriate. Any material change in the business process or outlook is reported to the Audit Committee and the Board of Directors. Post audit follow-ups are carried out to ensure identified risks are addressed and recommendations of the Audit Committee are implemented.

Subsidiaries, Joint Ventures, Collaborations & Tie-ups

The Company is continuously expanding its horizon through its subsidiaries, joint ventures and associates including the following:

Subsidiaries

Best On Health Ltd.: The Company's wholly-owned subsidiary (WOS) namely Best On Health Ltd. ("BOH"), which owns a prime immovable property being used by the Company as its Corporate Office, has diversified in related health management space as part of its future growth plans. BOH holds a substantial piece of land on its own and through its four wholly owned subsidiaries for setting up sector-specific biotech Special Economic Zone located at Pataudi Road, Gurgaon, Haryana. BOH has got the formal approval for setting up sector specific bio-tech SEZ and is to apply for its notification and is taking the necessary steps for business modeling exercises, approaching prospective investors/ clients/ service providers for its SEZ project.

BOH has also purchased substantial land in Rajasthan through its WOS to carry out the business of agriculture farming, cultivation, setting up motels, tourist resorts, etc.

NewRise Healthcare Pvt. Ltd.: The Company's subsidiary NewRise Healthcare Pvt. Ltd. (formerly known as Umkal Medical Institute Pvt. Ltd.) is setting up a multi super-specialty hospital with modern equipments at Gurgaon and is set to commence the hospital during second quarter of next financial year.

Panacea Biotec Germany GmbH: The Company's indirect WOS in Germany has got registration of products in Germany and is set to launch the pharmaceutical products during the first half of fiscal 2012.

Panacea Biotec (International) SA: The Company's indirect WOS in Switzerland has obtained establishment license in Switzerland which now allows it to directly launch its products in the Swiss market and first product launch is slated toward the end of current fiscal.

Joint Ventures & Associates

Chiron Panacea Vaccines Pvt. Ltd.: The Company's joint venture company Chiron Panacea Vaccines Pvt. Ltd. ("CPV"), has grown its business in DTwP based pediatric combination vaccines, Polio and Flu franchisee by 24% over last year in spite of intense competitive market environment in all three vaccine segments of market where it operates. CPV has a significant market share in DTwP based pediatric combination vaccines, IPV vaccines and trivalent flu vaccines. In the journey of investing in its people and providing them excellent training in selling skills and team building, the CPV has carried out multiple interventions to train, promote, recognize excellent performers thereby create an environment of healthy competition and commitment towards the organization. During the year under review, CPV's packaging product "2 piece Label Design for Pre filled Syringe & a transparent peelable blister pack" won "IndiaStar Award 2010" selected by Indian Institute of Packaging, New Delhi amongst total 493 entries.

PanEra Biotec Pvt. Ltd.: The Company's associate Company, PanEra Biotec Pvt. Ltd. ("PanEra") is continuing to meet the Company's requirement of bulk vaccines and antigens for manufacture of Hepatitis B and Combination Vaccines & H1N1 Vaccine. PanEra has become a specialized company focused on bulk manufacture of vaccines & antigens and plans to venture into new products and technologies. It is one of the fastest growing company amongst the Panacea group and has achieved a net turnover and profit after tax of ₹721.7 million and ₹236.1 million, respectively during fiscal 2011.

Collaborations and Tie-ups

Apart from the above, Panacea Biotec has important business relationships with various research institutes, academic universities & commercial corporations, including:

National Institute of Immunology, India: The Company has an exclusive license agreement with National Institute of Immunology, India for in-licensing of technology and processes for production of tissue culture derived formalin inactivated, Japanese encephalitis vaccine. The technology has been further modified significantly at our research center to yield a commercially viable and safer vaccine.

Biotech Consortium India Ltd.: The Company has an in-licensing arrangement with Biotech Consortium India Ltd. for the development, manufacture and marketing of anthrax vaccine developed by JawaharLal Nehru University, India.

National Institutes of Health (NIH), U.S.: The Company has an in-licensing arrangement with NIH, USA, for use of a peptide-based product for generation of hair follicles and hair growth foralopecia (hair loss) management.

Dr. Reddy's Laboratories Ltd.: The Company has a License

The Company's indirect WOS in Germany has got registration of products in Germany and is set to launch the pharmaceutical products during the first half of fiscal 2012

Mr. Sumit Jain, *Director*, Mr. R.K. Suri, Dr. Rajesh Jain, *JMD* and Mr. Satyaki Banerjee at prestigious BIO 2010 international conference at Chicago

Mr. Satyaki Banerjee and Mr. Vinod Goel along with Directors of Overseas Subsidiaries

Dr. Rajesh Jain, *JMD* and Mr. David M. Gray, *Managing Director*, InterPharma Pty. Ltd., Australia exchanging agreement signed at New Delhi

Dr. Rajesh Jain, *JMD* and Mr. David M. Gray, *MD*, InterPharma Pty. Ltd., Australia with Panacea Biotec team

and Supply Agreement with Dr. Reddy's for the supply of its patented product, Nimesulide Injection, for marketing in India. The Company has another License and Supply Agreement with Dr. Reddy's for another patented product, Nimesulide Transdermal Gel, for marketing, distribution and sale in Russian Federation.

Nederland Vaccin Instituut (NVI), Netherlands: The Company has an agreement with NVI for manufacturing and marketing of Inactivated Polio Vaccine (PolProtec) in global markets except Netherlands, Denmark, Norway, Finland and South Korea.

National Research Development Corporation (NRDC), India: The Company has in-licensing arrangement with NRDC for manufacturing the Foot and Mouth Disease (FMD) Vaccine developed by Indian Veterinary Research Institute (IVRI).

PT BioFarma, Indonesia: The Company has an agreement with PT BioFarma, Indonesia to manufacture & market the Measles Vaccine and plans to supply the vaccine to UNICEF, PAHO and CIS, African, LATAM and Asian Countries in furtherance to Global Measles Reduction Strategy of WHO and UNICEF.

Laboratories Clausen S.A., Uruguay: During the year, the company has signed marketing agreements with Laboratories Clausen S.A., Uruguay to market its product in few markets in Europe and Latin America.

InterPharma Pty. Ltd., Australia: During the year, the Company has signed marketing agreement with InterPharma Pty. Ltd., Australia to market its products in Australia and New Zealand.

The Company has an agreement with NVI for manufacturing and marketing of Inactivated Polio Vaccine (PolProtec) in global markets except Netherlands, Denmark, Norway, Finland and South Korea

Mr. R.K. Suri, *Chief Executive Biologicals* with Dr. Klaire Boog, *Director Vaccinology,* RIVM, Mr. André van der Zande, *Director General,* RIVM and team members of Panacea Biotec and RIVM, The Netherlands

Financial Performance

Summarised Balance Sheet

(₹ in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Sources of Funds:		
Shareholders' Funds	6,368.1	6,965.2
Loan Funds	8,836.8	7,054.4
Deferred Tax Liability	756.6	708.9
FCMITDA*	-	16.8
Total Liabilities	15,961.5	14,745.3
Application of Funds:		
Net Fixed Assets	6,708.2	6,946.6
Investments	2,329.4	2,258.5
Net Current Assets	6,923.6	5,538.2
Miscellaneous Expenses not written off	0.3	2.0
Total Assets	15,961.5	14,745.3

(*Foreign Currency Monetary Item Translation Difference Account)

Net Worth: The Net Worth of the Company stands at ₹6,367.8 million as at year end as against ₹6,963.2 million as at the end of previous year. The net worth has decreased by 8.5% mainly on account of buyback of equity shares and payment of premium on redemption of FCCBs.

Loan Funds: The total loan funds as at year end have increased to ₹8,836.8 million as against ₹7,054.4 million on account of increased working capital and capital expenditure requirements.

Fixed Assets: The net fixed assets decreased to ₹6,708.2 million as against ₹6,946.6 million as at the end of the previous year primarily on account of de-capitalization of foreign exchange gains as per option given by the Companies (Accounting Standards) Amendment Rules, 2009.

Investments: The investments marginally increased to ₹2,329.4 million from ₹2,258.5 million as at the end of previous year primarily on account of investment of ₹73.3 million in its subsidiary NewRise Healthcare Pvt. Ltd. to finance the Company's foray in healthcare industry.

Net Current Assets: The Company's net current assets have improved to ₹6,923.6 million as against ₹5,538.2 million as at the end of previous financial year. The inventories have decreased to ₹3,680.2 million from ₹4,555.1 million. The receivables increased to ₹2,788.4 million as against ₹1,094.1 million as at the end of previous financial year. The Cash and bank balances increased to ₹394.7 million as against ₹363.3 million as at the end of previous financial year. Other current assets (including Loans & Advances) decreased to ₹1,276.7 million as against ₹1,391.3 million as at the end of the previous year.

The current liabilities decreased to ₹1,061.7 million as compared to ₹1,382.1 million as at the end of previous financial year mainly on account of decrease in balance of sundry creditors. The provisions decreased to ₹154.7 million from ₹483.5 million mainly on account of provision for derivative contract having settled with actual transactions during the current year.

Summarized Profit & Loss Account

(₹ in million)

Particulars	For the year ended	
	31.03.2011	31.03.2010
Net Turnover	11,304.6	8,843.7
Other Operating Income	189.7	248.3
Total Income	11,494.3	9,092.0
Materials & Finished Goods Purchases	5,290.7	4,680.2
Operating & Other Expenses	1,116.0	863.5
Personnel Expenses	1,293.9	990.1
Selling & Distribution Expenses	548.7	396.7
Research & Development Expenses (Excl. Depreciation)	594.6	577.3
Misc. Expenses written off	1.7	1.7
Earnings Before Interest, Depreciation, Taxes & Amortization (EBITDA)	2648.7	1,582.5
Financial Expenses	521.1	423.5
Depreciation/Amortization	731.1	664.5
Other Income	160.8	686.5
Provision for impairment	2.4	-
Profit Before Tax (PBT)	1,554.9	1,181.0
Provision for Taxes (including deferred tax)	204.4	380.6
Profit After Tax (PAT)	1,350.5	800.4

Segment-wise Turnover

Fiscal	2011		2010	
	₹ Million	%	₹ Million	%
Vaccines	8,332.3	73.7	6,443.9	72.8
Pharmaceutical Formulations*	2,972.3	26.3	2,398.8	27.1
Research & Development	-	-	1.0	0.1
Total	11,304.6	100.0	8,843.7	100.0

(*Net of excise duty of ₹3.6 million and ₹7.9 million during fiscal 2011 & 2010, respectively.)

Vaccines: In fiscal 2011, the Vaccines segment's turnover registered a remarkable growth of 29.3% and contributed ₹8,332.3 million or 73.7% of net turnover, as compared to ₹6,443.9 or 72.9% of net turnover for fiscal 2010.

The institutional vaccine business saw major growth of 29.6% and contributed ₹8,036.0 million as against ₹6,198.8 million during the fiscal 2010 mainly on account of higher sales of Easyfive vaccines.

The Vaccine sales to Joint Venture company for domestic market has also increased to ₹296.2 million as against ₹243.5 million during fiscal 2010, registering a growth of 21.6%.

Pharmaceutical formulations: The pharmaceutical formulations segment's turnover grew by 23.9% and contributed ₹2,972.3 million or 26.3% of net turnover during fiscal 2011, as compared to ₹2,398.8 million or 27.1% of the net turnover for fiscal 2010.

In the pharmaceutical formulations segment, the export turnover of formulations more than doubled and was ₹641.5 million during fiscal 2011 as against ₹292.9 million during fiscal 2010, registering the growth of 119.0%. The domestic net turnover increased by 10.2% to ₹2,290.8 million during fiscal 2011 from ₹2,077.7 million during fiscal 2010.

The Company's gross turnover (inclusive of excise duty but exclusive of income from contract manufacturing activities) from pharmaceutical formulations in various categories:

Fiscal	2011		2010	
	₹ Million	%	₹Million	%
Renal Disease Management	924.6	31.1	582.1	24.5
Diabetes & Cardiovascular Management	717.4	24.1	682.1	28.7
Pain Management	500.0	16.8	481.4	20.2
Oncology	143.0	4.8	96	4.0
Anti-Osteoporosis	99.5	3.3	64.2	2.7
Anti-tubercular	98.4	3.3	67.9	2.9
Gastro-intestinal & Constipation	276.1	9.3	216.8	9.1
Other Segments	238.3	7.3	188.1	7.9
Total	2,975.9	100.0	2,378.5	100.0

The Vaccines segment's turnover registered a remarkable growth of 29.3% during fiscal 2011 and contributed ₹8,332.3 million or 73.7% of net turnover

The Company registered a spectacular growth of 67.4% in EBITDA which stood at ₹2,648.7 million during fiscal 2011 as compared to ₹1,582.5 million during fiscal 2010

Expenditures:

Materials & Finished Goods Purchases: The raw and packing materials and finished goods purchases during the year under review has increased by 13% at ₹5,290.7 million as against ₹4,680.2 million during the previous financial year. The materials consumption ratio as a percentage to net turnover has decreased to 46.8% from 52.9% during previous year mainly on account of change in product mix.

Operating & Other Expenses: The operating & other expenses increased to ₹1,118.4 million for fiscal 2011 from ₹863.5 million for fiscal 2010. As a percentage of net turnover, the said expenses remain at constant level at approx. 10% in fiscal 2010-11 as compared to fiscal 2009-10.

Personnel Expenses: The personnel expenses increased to ₹1,293.9 million for fiscal 2011 from ₹990.1 million for fiscal 2010. As a percentage of net turnover, these expenses marginally increased to 11.4% in fiscal 2011 from 11.2% in fiscal 2010.

Selling & Distribution Expenses: The selling & distribution expenses increased to ₹548.7 million for fiscal 2011 from ₹396.7 million for fiscal 2010. As a percentage of net turnover, these expenses marginally increased to 4.9% in fiscal 2011 from 4.5% in fiscal 2010.

Research & Development (R&D) Expenses: The R&D expenses, excluding depreciation on R&D assets, increased by 3.0% to ₹594.6 million for fiscal 2011 as against ₹577.3 million for fiscal 2010. However, as depreciation on R&D assets decreased by 9.7% at ₹158.5 million as against ₹175.9 million during previous financial year, total R&D expenses (including depreciation) remained same at ₹753.1 million as against ₹753.2 million during previous fiscal.

Interest: Interest charges increased to ₹478.0 million during fiscal 2011 as against ₹382.7 million during fiscal 2010, mainly attributable to overall increase in interest rates and higher utilization of borrowed funds from Banks. However, as a percentage of net turnover, the interest charges marginally decreased to 4.2% from 4.3% in fiscal 2010.

Finance & Miscellaneous Charges: Finance and miscellaneous charges marginally increased to ₹44.8 million during fiscal 2011 from ₹42.5 million during fiscal 2010.

Depreciation: Depreciation has increased by 10% to ₹731.1 million as compared to ₹664.5 million during fiscal 2010 mainly on account of capitalization of projects during the year. Depreciation as a percentage of net turnover, however, decreased to 6.5% in fiscal 2011 as against 7.5% in fiscal 2010.

Profitability

Earnings Before Interest, Tax, Depreciation & Amortizations (EBITDA): The Company registered a spectacular growth of 67.4% in EBITDA which stood at ₹2,648.7 million during fiscal 2011 as compared to ₹1,582.5 million during fiscal 2010. The EBITDA margin also increased to 23% of net turnover during fiscal 2011 as against 18% during fiscal 2010.

Profit Before Tax (PBT): The Company earned profit before tax of ₹1,554.9 million during fiscal 2011 as against ₹1,181.0 million for fiscal 2010, registering a significant growth of 31.7%. The PBT margin also increased to 13.8% of net turnover during fiscal 2011 as against 13.4% during fiscal 2010.

Profit After Tax (PAT): The PAT was ₹1350.5 million for fiscal year 2011 against PAT of ₹800.4 million for fiscal 2010, registering a remarkable growth of 68.7%. The PAT margin also increased to 11.9% of net turnover during fiscal 2011 as against 9.1% during fiscal 2010.

Earnings per Share (EPS): The basic EPS stood at ₹21.4 per share of ₹1 as compared to EPS of ₹11.9 per share, for the fiscal 2010.

Cash Flow Statement

The following table summarizes our statements of cash flows:

(₹ in million)

Cash Flows from:	Fiscal 2011	Fiscal 2010
Operating Cash Profit	2,307.6	738.9
Changes in Working Capital	(1,221.8)	127.2
Net Direct Taxes Paid	(184.1)	(108.6)
Operating Activities	901.7	757.5
Investing Activities	(198.3)	(1,216.9)
Financing Activities	(670.6)	305.2
Net Cash Flows	32.8	(154.2)

Cash Flow from Operating Activities: The operating cash profits increased by 212.3% during fiscal 2011 to ₹2,307.6 million as compared to ₹738.9 million during fiscal 2010. The net cash flow from operating activities increased by 19% during fiscal 2011 primarily on account of increase in inventories and decline in trade and other receivables and current liabilities.

Cash Flow from Investing Activities: Net cash used in investing activities amounted to ₹198.3 million primarily used for acquiring fixed assets for various ongoing expansion/new projects.

Cash Flow from Financing Activities: Net cash used in Financing Activities amounted to ₹.670.6 million primarily comprising of amount utilized for Buyback of Shares and Redemption of FCCBs.

Consolidated Financial Statements

The consolidated net turnover of the group has increased to ₹11,434.2 million during financial year 2010-11 as compared to ₹9,001.5 million during financial year 2009-10 registering a growth of 27%. The consolidated EBITDA was ₹2,622.9 million for fiscal 2011 as compared to ₹1,549.6 million for fiscal 2010 registering a growth of 69.3%. On consolidated basis, group has earned PBT of ₹1,543.7 million during fiscal 2011 as against ₹1,127.8 million during fiscal 2010, registering a growth of 37.4%. The consolidated PAT was ₹1,324.8 million for fiscal year 2011 against ₹724.2 million for fiscal 2010, registering an enormous growth of 82.9%.

Opportunities and Outlook

India has the highest number of US FDA approved plants outside the U.S. and accounts for over one-third of Drug Master Files (DMFs) in the biggest market of world, viz. US. It ranks 2nd in approved Abbreviated New Drug Applications (ANDAs) with a major share of 30% of total approvals in U.S. Despite all hue and cries about financial turmoil across the globe in recent times, as expected, India has been relatively insulated from the global recession, without any significant impact on the growth of the pharma industry.

SWOT Analysis

Strengths

- Indigenous capabilities of developing first in class and best in class NCEs, NBEs and patented drug delivery systems
- Strong research & development and manufacturing capabilities
- Cost competitiveness with quality products
- Third largest English speaking scientific and technical manpower in the world
- Strong marketing and distribution network and presence in major markets
- Diversified business – across the value chain & geographies to capitalize on all opportunities and a brand focused model

Weakness

- Highly fragmented industry
- Low investments in innovative R&D in India as compared to developed markets
- Price Control Regulations: 74 formulations under

price ceiling - affects investments in innovative product development in related therapeutic areas due to concerns over recovery of research & development costs

Opportunities

- Significant export potential in regulated as well as emerging geographical markets
- Significant unmet medical needs offering avenues for innovative research and growth for research driven company
- Increased expenditure on healthcare due to inter-alia, growing population with India being the 2nd most populous country, rising per-capita income, increased disposable income, increased penetration of health insurance sector, ageing population, higher incidence of lifestyle related diseases, for emergence of "life-style" drugs, a shift to newer and more expensive drugs, an increase in therapeutic coverage (i.e. new drugs for diseases that previously could not be treated)
- Drying global pipeline & pricing pressure: Edge in CRAMs due to unmatched cost competitiveness with lower cost of infrastructure and skilled manpower & vertical integration
- Marketing alliances with MNCs to sell their products in domestic market
- Potential for developing India as a centre for international clinical trials: Over 100% increase in industry sponsored Phase II, III trials
- Niche player in global pharmaceutical R&D
- Innovation in Biotechnology
- Over 150 countries, including 65 GAVI countries, have introduced Hib vaccine or have applied for GAVI funding for Hib vaccine
- Global demand of pandemic as well as universal flu vaccine
- Huge potential of pediatric combination vaccines in U.S., Europe & Emerging markets

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:

- Increasing regulatory approval timelines in key markets like US, Europe, Latin America and emerging markets
- Ever increasing requirement of large and complex clinical trials for product registration in ICH regions
- Pricing pressure imposed by the Government of India
- Unprecedented international currency imbalances in the aftermath of the global financial crisis resulting into foreign exchange fluctuations
- Low cost manufacturing base such as China, Korea and Taiwan have increased competition

Over 150 countries, including 65 GAVI countries, have introduced Hib vaccine or have applied for GAVI funding for Hib vaccine, a big opportunity for Panacea Biotec

Manufacturing and R & D Complex at Lalru, Punjab

The Company is a leading global research based health management company with an established leadership in niche therapeutic areas and aims to become the world's greatest, largest and most admired Biotechnology Company by 2020

- A highly regulated industry with a broad range of dynamic regulatory controls - failure to obtain regulatory approvals for new drugs under development could affect business opportunities
- Rising costs of FDA Compliance
- Ever increasing business interests of MNC players in India leading to increased competition
- Risk of Product failure - a risk of all R&D initiatives not leading to commercially viable and successful products
- Risk of IPR challenges - Patent challenges or delay in receipt of regulatory approvals could delay product launch
- Increased competition
- Swiftly changing trends in vaccines, e.g. from wholesale pertussis (wp) to acellular pertussis (ap) combos
- Lack of awareness of vaccines in under developed countries

Besides above, there are a few risk factors that are applicable to the Company's operations and business. While the effective measures are taken by the Company to minimize or eliminate the impact of these risks on its business performance, they nonetheless exist. Some such risks, challenges or threats are outlined below:

- The Company has several joint ventures and collaborations with varied partners. Any adverse developments in such JVs and collaborations may impact the Company
- Other risks include rise in input costs, rise in interest rates, loss of key personnel, exchange rate fluctuations, environmental liabilities, tax laws, litigations, labour relations and significant changes in the Indian as well as global political and economic environment

Future Growth Drivers

The Company is a leading global research based health management company with an established leadership in niche therapeutic areas and aims to become the world's greatest, largest and most admired Biotechnology Company by 2020. The Company is strategically positioned to create sustainable competitive advantage through Innovation (Incremental & Disruptive) and Global Brand building. The Company has well laid strategy for its future growth with clearly identified growth drivers to sustain and boost its revenues and profitability over the short, medium to long term.

The Company's key growth drivers are as under:

- Launch of organ transplantation products in ICH regions and key emerging markets
- Launch of Vaccine for pandemic and seasonal flu
- Launch of novel drug delivery based products in Oncology, CVD, GI, CNS and Pain Management therapeutic segments in key markets across the world
- Diversification in related healthcare segment.
- Launch of new pipelines of generics in US, Europe, Japan and other key markets
- Global launch of a NCE of herbal origin in GI segment.
- Launch of new IPV based wP combination Vaccines currently under Phase III clinical development for pediatric age group
- Launch of new IPV & acellular pertussis based combination Vaccines currently under development for pediatric age group
- Launch of Pneumococcal conjugate vaccine for GAVI markets
- Launch of Japanese Encephalitis vaccine
- Launch of Dengue Vaccine
- Launch of biosimilars
- Expansion of generic presence by introduction of difficult to develop products
- Global launch of NCEs and NBEs
- Potential supply of Anthrax Vaccine to US for national stockpiling program

In addition to above identified growth factors, the Company will continue to explore in-licensing of technologies and products from national/international research agencies/institutions to fasten its growth strategy.

Corporate Social Responsibility

Safety, Health and Environment Protection

Panacea Biotec is privileged to be working in the healthcare industry in which it has the opportunity to contribute towards improving the health of patients. 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 external consultants for independent evaluation of EOHS activities.

The Company has made substantial investments in setting up Effluent Treatment Plants and in developing "Green Belt" and green landscaping at the manufacturing sites at Lalru & Baddi to prevent possible adverse environmental impact on the community. All type of wastes, i.e. non-hazardous, hazardous & bio-wastes generated are managed separately and adequately as per the norms. All the bio-safety measures are periodically reviewed by the Bio-safety Committee. The vaccine R&D facility has been created with classified laboratories including P-3 facility for carrying out certain R&D activities which require containment. All personnel working in R&D are vaccinated as per the Vaccination Policy.

The Company has installed Modern Fire Hydrant System with sprinkler system and smoke detection & sensing devices at all its major facilities, for an early detection and extinguishing of accidental fire. The fire protection systems also include fire resistant compartmentation, fire detection system and fire extinguishers at all facilities. The company has trained Emergency Management Teams at all locations to control emergency situations, if any. Surprise mock fire-fighting drills are also undertaken to create awareness amongst the employees to meet any challenge which may arise out of such incidents. Regular training is also provided to the Company's employees about the importance of safety in day-to-day life in general and work in particular. The integration of environment friendly measures and cleaner production practices in the business process has resulted in better efficiency of operations.

Social Responsibility

Panacea Biotec has continued its efforts in making a difference to the lives of people. It works closely towards the development of society, in line with its philosophy of creating happier and healthier society. Health, education, disaster relief and patient awareness have been identified as the areas of priority. The Company's emphasis has been on providing assistance on a need basis, and that too, assistance at a local level. The Company also regularly provides financial assistance or sponsorship for pursuing post graduates/ doctorate studies and carrying out research projects being undertaken by Research Associates in various Institutes & Universities.

The Company regularly takes initiatives towards fulfilling its corporate social responsibility including:

- Tree Plantation programmes were conducted at Corporate Office at New Delhi, Malpur village along from NH2A to Near Baddi and in and around the manufacturing facility at Lalru and around 6,000 trees were planted during the year
- Donation of life saving drugs to Charitable Dispensaries, Institutions, Research Projects and hospitals as per their needs and free medicines to various Dental/Medical Colleges for conducting trials
- Contribution to several NGOs for supporting their efforts and contribution for social cause in the field of medicine, education and culture, etc.
- Provided support to eye camps with medicine and spectacles around Mohali.
- SURAKSHA: Detection and Awareness Camps on Diabetes & Complications were organised wherein blood sugar was screened along with neuropathy & nephropathy, the two most common complications of diabetes.

Mr. Sandeep Jain, *JMD* rewarding employees for their exemplary efforts during flood at Lalru

Mr. R.L. Narasimhan, *Director* rewarding employees for their exemplary efforts during flood at Lalru

- PREVENT: Diabetes & Complications Management Guidelines from Indian Perspectives: For the 1st time in India, the Company initiated this unique project PREVENT to help Indian clinicians at primary care set-ups diagnose and manage diabetes and complications. The Company also came out with a book PREVENT.
- PANDEPTH: Under this program, the Company initiated the awareness program for checking heart problems while checking diabetes for the patients to help early screening of heart problems in diabetes.
- PANCHECK, DDC & HbA1c Camps: These camps were organized for creating awareness in the society with regard to diabetes & its complications.
- DHRUVARSITY: The company is conducting workshops in Cardiology for medical students in which they are guided by the profound Faculty Cardiologists, DM/DNB panelists. This serves guidance for upcoming young cardiologists in the society.
- Winners of Life: "Breast Cancer Survivors Meets"were organised at various places across India as a part of International Breast Cancer Awareness Month in October to inter-alia, enhance the confidence and motivation of the patients to fight against Breast Cancer.
- No Tobacco Campaign: Organised on 31st May across India, whereby awareness was created amongst the masses towards the ill effects of tobaccovia posters, patient education pamphlets, etc.
- World Cancer Day: Radio shows on FM were conducted with various KOLs which was highly appreciated by medical fraternity.
- Lung Cancer Awareness Month: Organised in the month of November wherein Grey Ribbon badges were distributed amongst the masses and Lung Models depicting cancer were displayed for showing concern in eradicating the dreaded disease.
- Lighthouse: The Company has taken up the major initiative of supporting the launch of a patient counseling helpline namely "Lighthouse" for organ transplant recipients.
- Transplant Fortnite: A patient education campaign was organized by the Company for providing information and sharing of experience amongst transplant recipients and their loved ones.
- Soft Skill Training: Various skill workshops are organized for the medical and para-medical staff and other people connected with the health care delivery profession.
- Renal Fortnight: A special Patient-Doctor interaction program to create awareness amongst the mass done at more than 75 major Nephrology Centers across the country.
- Various other programs were organized on constipation management, piles awareness and osteoporosis awareness.
- Piles detection camps were organised at different public locations for the benefit of general public.

Cautionary Note

Certain statements in the "Management Discussion and Analysis" and other sections in the Annual Report are forward-looking statements. These statements and expectations envisaged by the management are only estimates in nature and are based on current expectations and forecasts about future events. Such statements involve known/unknown risks, uncertainties and other factors and may cause and defer the actual results materially. Such factors include, but are not limited to, changes in local and global economic conditions, the Company's ability to successfully implement its strategies, the market acceptance and demand of the Company's products and services, the Company's growth rates, expansion, technological changes and the Company's exposure to market risks. By this nature, these indications and forecasts/projections are only estimates and actual results could differ from these in future. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date hereof.

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

Directors' Report

Dear Shareowners,

Backed by strong credentials and expanding footprints, the Company has reported excellent business and operational performance during the fiscal 2010-11.

Your Directors have pleasure in presenting here the 27th Annual Report on the Company's business and operations along with the audited standalone and consolidated financial accounts and the auditors' report thereon for the financial year ended March 31, 2011. The financial highlights for the year under review are given below:

Financial Results

(Rs. in million)

Particulars	For the year ended March 31, 11	For the year ended March 31, 10
Net Turnover	11,304.6	8,843.7
Other Income	350.5	934.8
Total Income	11,655.1	9,778.5
Profit Before Interest, Depreciation & Tax (EBITDA)	2,648.7	1,582.5
Financial Expenses	521.1	423.5
Depreciation	731.1	664.5
Profit before Tax (PBT)	1,554.9	1,181.0
Provision for Taxation	(204.4)	(380.6)
Profit after Tax (PAT)	1,350.5	800.4
Dividend proposed on Equity Shares	45.9	16.7
Dividend Distribution Tax	7.5	2.8
Transfer to General Reserve	135.0	80.0
Balance in Profit & Loss Account	4,019.5	2,856.1
Basic EPS (Rs.)*	21.4	12.0
Cash EPS (Rs.)*	30.4	19.3
Book Value per Share (Rs.)*	103.9	104.2
Dividend per Equity Shares (%)	75%	25%

** Face value Re.1/- per share*

Operating Results and Profits

The exemplary performance of the Company is manifest in the numbers posted for the year under review. During the year ended March 31, 2011, the Company registered a record net turnover of Rs.11,304.6 million as against Rs.8,843.7 million during the corresponding previous financial year, a spectacular growth of 27.8%. The Company registered EBITDA of Rs.2,648.7 million as compared to Rs.1,582.5 million during the corresponding previous financial year, a growth of 67.4%. Likewise, the PBT and PAT for the year under review have grown by 31.7% and 68.7% respectively and stood at Rs.1,554.9 million and Rs.1,350.5 million respectively, as compared to the PBT and PAT at Rs.1,181.0 million and Rs.800.4 million respectively in the previous fiscal.

This growth was recorded across our both business segments. The Vaccines Segment grew by 29.3% and registered a net turnover of Rs.8,332.3 million as against Rs.6,443.9 million during previous financial year. The Formulations Segment registered a growth of 23.9% with a net turnover of Rs.2,972.3 million as compared to Rs.2,398.8 million during the previous financial year.

Your Company strives to remain globally and regionally attractive to customers and investors by continuing to focus on sustained growth, cost optimization and efficient management of working capital. These strategic initiatives are continually fueling the Company's growth across its business operations.

A detailed discussion on operations for the year ended March 31, 2011 is given in the Management Discussion and Analysis section.

Dividend

The Directors are pleased to recommend a dividend of 75% which translates to Re.0.75 per equity share of the Company for the financial year 2010-11 as against 25% dividend during last year.

The dividend on Equity Shares is placed before you for approval at the ensuing Annual General Meeting and, if approved, will absorb an amount of Rs.45.9 million (excluding dividend distribution tax).

The proposed Final Dividend will be paid to the members:

i) whose names appear on the Register of Members of the Company as on 24th September, 2011; and

ii) whose names appear as beneficial owners as at the close of business on 20th September, 2011 as per details to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.

Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 ("the Act"), dividend for the year 2002-03, which remained unpaid or unclaimed for a period of 7 years, amounting to Rs.0.16 million has been transferred by the Company to the Central Government's Investors Education and Protection Fund.

Transfer to Reserves

An amount of Rs.135.0 million is proposed to be transferred to the general reserves of the Company out of the profits of the Company for the year.

Buyback of Shares

During the year under review, the Company commenced its Buy-back offer on 21st July, 2010 for purchase of not more than

5,592,000 Equity Shares at a maximum price of Rs.229 per share from its existing shareholders from the open market through Stock Exchanges. The Company bought back the entire 5,592,000 Equity Shares at an average price of Rs.196.39 per share by utilising an amount of Rs.1,098.2 million under such Buy-back offer. The said Buy-back offer closed on 15th October, 2010.

Share Capital

The Issued, Subscribed and Paid-up Equity Share Capital of the Company after extinguishment of shares bought back under the above referred Buy-back offer has been reduced to Rs.61.3 million divided into 61,250,746 Equity Shares of Re.1 each on 31.03.2011 as against Rs.66.8 million divided into 66,842,746 Equity Shares of Re.1 each on 31.03.2010.

Foreign Currency Convertible Bonds (FCCBs)

During the year under review, outstanding Zero Coupon Convertible Bonds (Tranche 2) with Nominal Value of USD 36.8 million which were due for redemption on Maturity Date i.e., 14th February, 2011, have been redeemed in full at the redemption price as per the terms and conditions of the Bonds. Consequently, Tranche 2 Bonds have been extinguished and no bonds remain outstanding.

Credit Rating

During the year under review, CARE has revised the ratings assigned to the Company with respect to the various bank facilities availed by the Company and assigned 'CARE A-' (Single A Minus) to Long-term Bank Facilities, 'PR2+' (PR Two Plus) to the Long-term/ Short-term Bank Facilities and 'PR1' (PR one) to the CP/Short term NCD (within working capital limits from the Banks).

Implementation of IFRS/IND-AS

As a part of the exercise for preparing for implementation of IFRS/IND-AS earlier scheduled to be implemented by the Ministry of Corporate Affairs (MCA), Government of India w.e.f. 1st April, 2011 for convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS), the Company has carried out fair valuation of its Fixed Assets as on 01.04.2010. Your Directors are pleased to inform that the fair value of the Company's fixed assets has been arrived at Rs.8,330.2 million as against the written down value (WDV) of Rs.5,034.1 million as on that date. However, as a prudent accounting policy, the revaluation of fixed assets in its books of accounts has not been considered. Moreover, as the implementation of IFRS/IND-AS has now been postponed by MCA and is now proposed to be effective w.e.f. 1st April, 2012, the fair valuation of fixed assets will be carried out at appropriate time in future in order to take effect of fair valuation thereof into the books of accounts.

Report on Corporate Governance

An organization's Corporate Governance philosophy is directly linked to its excellence in performance. Keeping this important dictum in view, your Company has always placed major thrust on managing its affairs with diligence, transparency, responsibility and accountability.

The Company is committed to adopting and adhering to the best corporate governance practices recognized globally. The Company understands and respects its fiduciary role and responsibility towards stakeholders and the society at large and strives hard to serve their interests, resulting in creation of value and wealth for all stakeholders at all times.

The compliance report on Corporate Governance and a certificate regarding compliance of the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is attached herewith and forms part of this Annual Report.

Certificate from Managing Director and Chief Financial Officer, inter-alia, confirming the correctness of the financial statements, compliance with Company's Code of Conduct, adequacy of the Internal Control measures and reporting of matters to the Audit Committee in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, is also enclosed as a part of the Annual Report.

Management Discussion & Analysis Report

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, a detailed Management Discussion and Analysis Report forms a part of the Annual Report.

Subsidiaries

Driven by prudent operational stratagem and aimed at facilitating ease of functioning, the Company has put in place a network of Subsidiaries.

The Company has 4 wholly owned subsidiaries (WOS), viz. Best On Health Ltd., Panacea Biotec FZE, Panacea Biotec GmbH and Rees Investments Ltd. NewRise Healthcare Private Limited (formerly known as Umkal Medical Institute Pvt. Ltd.) is also a subsidiary in terms of Section 4(1)(b)(ii) of the Act. The Company has 11 other subsidiaries in terms of Section 4(1)(c) of the Act, as under:

- Radicura & Co. Ltd., Panacea Hospitality Services Pvt. Ltd., Sunanda Steel Company Ltd., Panacea Educational Institute Pvt. Ltd., Best on Health Foods Limited (w.e.f. 6th December, 2010) and Nirmala Organic Farms & Resorts Pvt. Ltd. (formerly known as Sugandh Agri. Development Pvt. Ltd.) (w.e.f. 22nd February, 2011), all being WOS of Best On Health Ltd.;
- Kelisia Holdings Ltd., Cyprus, the WOS of Rees Investments Ltd.; and
- Kelisia Investment Holding AG, Switzerland, Panacea Biotec (International) SA, Switzerland, Panacea Biotec (Europe) AG, Switzerland and Panacea Biotec Germany GmbH, all being the step-down subsidiaries of Rees Investments Ltd.

During the current financial year, the Company's WOS Panacea Biotec Inc. has been wound up.

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

In compliance of the above said circular, the Annual Accounts will be made available upon request by any investor of the Company/ Subsidiary, interested in obtaining the same. The annual accounts of the Subsidiary companies will also be kept for inspection by any investor at the Company's Corporate Office at B-1 Extn./G-3, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi – 110 044, India and at the office of the respective Subsidiary companies during business hours of the respective company and shall also be available on the Company's website www.panaceabiotec.com. Further, the following information, in aggregate, for each Subsidiary is being disclosed at some other place herein and forms part of the Annual Report (a) Capital, (b) Reserves & Surplus, (c) Total Assets, (d) Total Liabilities, (e) Details of investment (except in case of investment in subsidiaries), (f) Turnover including other Income, (g) Profit/Loss Before Tax, (h) Provision for Tax, (i) Profit After Tax, and (j) Proposed Dividend.

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

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

Joint Venture

Chiron Panacea Vaccines Pvt. Ltd.

Panacea Biotec's strong legacy of growth and excellence makes it an ideal Joint Venture partner for Indian and global companies. The Company has nurtured several important JVs that enable it to strengthen its growth fundamentals and to enhance its customer value.

During the year under review, your Company's Joint Venture Company (JV Company), Chiron Panacea Vaccines Pvt. Ltd. ("CPV"), has grown its business in DTwP based Pediatric combination vaccines, Polio and Flu franchisee by 24% over last year in spite of intense competitive price pressure within the pediatric vaccine market and has a significant market share in the DTwP-Hib combination vaccines, IPV vaccines and Trivalent Flu vaccines.

CPV has retained its customers by offering value added services by introducing novel concept of pre-booking for flu vaccines and flu protection clinic and arranging for international speakers, thereby creating awareness and benefit of a flu vaccination.

CPV has also lead a partnering program with the Pediatricians on the World Polio Day through various activities conducted across the Country like CME's, creating awareness on synergestic role of IPV+OPV in polio eradication, vaccination camp, with a drive to protect maximum children against Polio. It has also carried out a Trust campaign to re-emphasise the role of Easyrange vaccines in the Hib segment over past five years.

CPV continues to have a strong portfolio of innovative pediatric vaccines and enjoy its significant position at market place. CPV achieved a turnover of Rs.555.4 million and net profit of Rs.21.2 million during the year under review and commands a significant market share in the pediatric combination vaccines segment in India.

Associates

Your Company's associate Company, PanEra Biotec Pvt. Ltd. is continuing to meet requirement of bulk vaccines and antigens for the manufacture of Hepatitis B and Combination Vaccines by your Company. During the year under review, it has achieved a net turnover and profit after tax of Rs.721.7 million and Rs.236.1 million recording a spectacular growth of 18.4% & 31.6% respectively. The Company's another Associate Company, Lakshmi & Manager Holdings Ltd. is mainly engaged in the business of making investments.

Consolidated Financial Statements

As required under clause 41 of the Listing Agreement with the stock exchanges, a consolidated financial statement of the Company and its subsidiaries, joint ventures and associates, as prepared in accordance with the Accounting Standard AS-21 on 'Consolidated Financial Statements' read with Accounting Standard AS-27 on 'Financial Reporting of Interest in Joint Ventures' and Accounting Standard AS-23 on 'Accounting for Investments in Associates', as issued by the Institute of Chartered Accountants of India, is attached herewith and the same, together with Auditors' Report thereon, forms part of the Annual Report of the Company.

Listing of Equity Shares / Bonds

The Equity Shares of the Company continue to be listed on NSE and BSE. The Foreign Currency Convertible Bonds (FCCBs) were listed at Singapore Stock Exchange (SGX) till their Maturity Date i.e., 14th February, 2011 only. The requisite annual listing fees have been paid to these Exchanges.

Public Deposits

During the year under review, your Company has not invited or accepted any deposits from the public pursuant to the provisions of Section 58A of the Act and no amount of principal or interest was outstanding in respect of deposits from the public as on the date of Balance Sheet. However, during the year under review, the Company has continued to accept deposits from the Company's Directors, their relatives, associates and the Company's employees without inviting deposits from them.

Insurance

Risk mitigation continues to be a key area of concern for the Company, which has regularly invested in insuring itself against unforeseen risks. The Company's Stocks and insurable assets like Building, Plant & Machinery, Computer Equipments, Office Equipments, Furniture & Fixtures, Lease Hold Improvements and upcoming projects have been adequately insured against major risks. The Company has also taken appropriate product liability insurance 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

The Company has devised a strong Internal Control System through its extensive experience that ensures control over various functions in its business.

The Company has a well placed, proper and adequate Internal Control System, which ensures that all assets are protected against loss from unauthorized use and all transactions are recorded and reported correctly. The Company's internal control system comprises internal audit carried out by independent firms of Chartered Accountants and periodical review by management. The Audit Committee of the Board addresses significant issues raised by both, the Internal Auditors and the Statutory Auditors.

Directors

During the year under review, Mr. Gurmeet Singh ceased to be the director of the company, w.e.f. 25th September, 2010. The Board places on its record its appreciation for valuable services rendered by him as a Director during his tenure of more than 14 years.

Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain were re-appointed by the Board as Chairman, Managing Director, Joint Managing Director and Joint Managing Director respectively for a period of five years from 01.04.2011, subject to the approval of Shareholders in the forthcoming general meeting.

In accordance with the provisions of the Act and Articles of Association of the Company, Dr. A.N. Saksena, Mr. Sumit Jain, Director Operations & Projects and Mr. R.L. Narasimhan, Directors of the Company, are liable to retire by rotation and being eligible, offer themselves for re-appointment.

The brief resumes of the Directors who are to be re-appointed, the nature of their expertise in specific functional areas, names of companies in which they have held directorships, committee memberships/chairmanships, their shareholding, etc. are furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

The Board recommends their re-appointment at the ensuing Annual General Meeting.

Auditors

M/s. S.R. Batliboi & Co., Chartered Accountants, Statutory Auditors of your Company, will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment as statutory auditors for the financial year 2011-12. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Act, and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Act.

Based on the recommendation of the Audit Committee, the Board of Directors of the Company proposes the re-appointment of M/s. S.R. Batliboi & Co., Chartered Accountants, as the Statutory Auditors of the Company.

Auditors' Report

With regard to the matters of emphasis and observations contained in the Auditors' Report, the Management's explanations are given below:

- Capitalization of expenditure on clinical trials amounting to Rs.67.2 million for the year ended March 31, 2011 for the purpose of registration of Company's products in US and/or Europe. The expenditure is not towards basic research and therefore no new chemical entity comes into being. Basic Research is conducted by the Company in its own R&D Centres but such developmental work is performed through external agencies (CROs). Safety profile of the basic molecule is well established in several countries in Europe and in India and the products are being marketed successfully in several countries. There is no experience to suggest that the studies conducted by CROs on behalf of the Company would lead to or make it difficult for the Company to obtain regulatory approvals in US and/or Europe. The management believes that these products would be commercially viable and there is no reason to believe that there is any uncertainty that may lead to not securing registration for the products from regulatory authorities in US and/or Europe.
- Payment of managerial remuneration of approx. Rs.38.2 million during financial year 2008-09, in excess of the limits prescribed under Section 198 and 309 read with Part II of Schedule XIII to the Act, without obtaining approval of Central Government: The Company had adequate profits for past many years and thus was paying remuneration to its managerial personnel within overall limits as specified under the Act. However, in view of the losses incurred during the financial year 2008-09, the managerial remuneration paid during that year exceeded the limits prescribed under the Act. The Company has sought approval of the Central Government for such remuneration. While the approvals in respect of remuneration to Dr. Rajesh Jain and

Mr. Sandeep Jain, Joint Managing Directors of the Company, were received in full during financial year 2009-10, the requisite approvals permitting waiver of recovery of excess remuneration paid to Mr. Soshil Kumar Jain, Chairman and Mr. Ravinder Jain, Managing Director have been received vide letters dated 20th May, 2011.

- Slight delay in deposition of Income Tax in few cases: Only three instances occurred during the financial year in which there was slight delay in deposition of Income Tax. Further, the amount involved was not significant and the said delays were due to normal operational difficulties. The total amount of such Income Tax was Rs.34,689/- only and the Company has already deposited the said amount.

Cost Auditors

Pursuant to the provisions of Section 233B of the Act, M/s J.P. Gupta & Associates, Cost Accountants, have been appointed as the Cost Auditors to conduct the audit of the Company's Cost Records in respect of formulations for the year ended 31st March, 2011, with the approval of the Central Government. The cost audit is under process and the Company will submit the Cost Auditors' Report to the Central Government in time. They have also been appointed by the Board as the Cost Auditors for the financial year 2011-12.

Disclosures Under Section 217 of the Act

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

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

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

Energy Conservation, Technology Absorption & Foreign Exchange

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

Particulars of Employees

Particulars of employees as required under Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975 as amended, are given in Annexure B, forming part of this Report.

Directors' Responsibility Statement

The Directors hereby confirm:

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

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

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

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

Acknowledgements

Your Directors acknowledge with gratitude the co-operation and assistance received from the UN Agencies, Central Government, State Governments and all other Government agencies and encouragement they have extended to the Company.

Your Directors also thank the shareholders, Financial Institutions, Banks/ other lenders, Customers, Vendors and other business associates for their confidence in the Company and its management and look forward for their continuous support.

The Board wishes to place on record its appreciation for the dedication and commitment of your Company's employees at all levels which has continued to be our major strength.

For and on behalf of the Board

New Delhi
27th July, 2011

Soshil Kumar Jain
Chairman

Annexure to the Directors' Report

Annexure A

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

I. Conservation of Energy

The Company strives to continuously conserve energy by adopting innovative measures to reduce wastage and optimize consumption. The Company has undertaken strong measures to keep its power consumption levels under strict control and ensure sustainable energy utilization.

1. Energy Conservation measures taken

   The Company is constantly making all possible efforts for conservation of energy and is committed to stringent energy conservation measures, including regular review of energy consumption and effective control on utilization of energy. 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:

   - Installed lighting energy saver at Baddi Unit II & Mohali to reduce the power consumption by lighting system in facilities.
   - Installed Electrical Steam Generator at Baddi Unit II to reduce the consumption of fuel by stopping FO based Boiler at night.
   - Conducted Steam Audit at Baddi & Lalru site to improve the Boiler efficiency from 78% to 83%.
   - Optimized operation of AHUs at Baddi site.
   - Modified the needles of Vial washing M/c OPV & Line III to enhance production capacity at Okhla.
   - 100% recovery of D.M waste water (waste of R.O & UF) used in cooling tower makeup water (Water Conservation).
   - Increased the condensate recovery from 50-70% at Baddi Unit II.
   - Optimization of operation of tube lights at Badarpur.
   - Electrical and instrumentation audit is also performed on regular basis.
   - A lighting energy saver is installed at premises in Mumbai to reduce the voltage by 15%.

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

   Various endeavours are being initiated continuously to improve on consumption of power and fuel at all the facilities from time to time.

   The following proposals are being considered for further reduction in Energy Consumption:

   - Alternate source of power generation system i.e. Steam turbine explored for Lalru. The concept will evolve around Green Power hence contribution to Environment.
   - Solar System for Street Lighting explored for Lalru & Baddi.
   - LED Lighting explored for Baddi & Lalru to reduce the power consumption.
   - Waste Heat recovery system from DX unit explored at Badarpur.

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

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

FORM A

The particulars of consumption of energy are given below:

	Current Year	Previous Year
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (Nos. in thousand)	20,972.1	16,854.2
Total Amount (Rs. million)	107.0	78.1
Rate/Unit (Rs.)	5.1	4.6
(b) Own generation		
(i) Through Diesel Generator		
Units (Nos.) (Nos. in thousand)	4,780.9	3,615.8
Unit per litre of Diesel/Oil	3.6	3.6
Cost/Unit (Rs.)	9.6	8.3
(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		
3. Furnace Oil		
Quantity (Kilolitres)	1,186.9	955.7
Total Cost (Rs. Million)	38.0	25.7
Rate/Unit (Rs.)	31.9	26.9
4. Others/Internal generation		
Quantity	Nil	Nil
Total Cost		
Rate/Unit		
B. Consumption per unit of production		
Tablets		
Production (Nos. in thousand)	625,567	1,233,584
Electricity Consumption (Units per thousand)	4.1	1.5
Capsules		
Production (Nos. in thousand)	95,048	152,705
Electricity Consumption (Units per thousand)	16.1	8.5
Syrups		
Production (in Kiloliters)	334.7	983.8
Electricity Consumption (Units per thousand)	0.6	0.3
Gels		
Production (in kilograms)	52,892	64,697
Electricity Consumption (Units per thousand)	4.5	3.1
Vaccines		
Production (No. of vials in thousand)	60,338	50,011
Electricity Consumption (Units per thousand)	71.3	70.3
Pre-filled Syringe (PFS)*		
Production (no. of PFS in thousand)	2,121	3,774
Electricity Consumption (Units per thousand)	248.4	226.7
Granules		
Production (Packs in thousands)	43,254	114,955
Electricity Consumption (Units per thousand)	5.3	4.5

*Higher due to under-utilization of Baddi Vaccine facility.

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

   Strong Research & Development capabilities have always been a key fundamental strength of the Company. The Company is a research-focused and IPR oriented company, with one of its end objectives as innovation and development of patentable products and technologies.

   The areas of research being pursued by the Company include:

   - Development of novel preventive & therapeutic vaccines, proteins, novel therapeutic peptides, therapeutic fully human monoclonal antibodies and biopharmaceuticals.
   - Development of advanced drug delivery technologies.
   - Discovery and synthesis of new chemical and biological entities.
   - Development of recombinant clones for biosimilars.

2. Benefits derived as a result of the above R&D

   - Development of new products
   - Fulfilling unmet therapeutic needs
   - Improved product quality and customer satisfaction
   - Novel Drug Delivery products
   - Competitively priced products
   - Minimisation of wastes
   - Import substitution, leading to lower cost of products
   - Grant of new product/process patents
   - Entry into newer markets and Export of quality products

3. Future Plan of Action

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

   - Development and discovery of new drugs to address disease areas with significant unmet medical needs.
   - Development and improvement in existing conjugation technology for better yield and quality.
   - Further development of recombinant, polysaccharide conjugate and cell culture based vaccines.
   - Development of IPV based pentavalent and hexavalent combination vaccines.
   - Drug Discovery Research.
   - Natural Products Research.
   - Advanced Drug Delivery Research.
   - Bio-pharmaceuticals Research for development of novel preventive & therapeutic vaccines, therapeutic fully human monoclonal antibodies and therapeutic peptides.
   - Chemical Research & Development.

4. Expenditure on R&D (Rs. in million)

	2010-11	2009-10
a) Revenue (excl. Depreciation on R&D assets)	594.6	577.2
b) Capital	255.1	231.4
c) Total	849.7	808.6
d) Total R&D expenditure as a percentage of net sales	7.5%	9.1%

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology adaptation and innovation: Research & Development plays a vital role in developing and adopting new technologies to enhance our operational efficiencies. The Company's R&D is continuously focusing on translating into the development of a strong R&D base to support its business segments, vaccines, pharmaceutical formulations and biopharmaceuticals. All the R&D Centers of the Company are placed with highly sophisticated ultra-modern instruments and around 300 qualified and experienced scientists are working relentlessly on various research projects.

   The Company has developed indigenous technologies in respect of various products being manufactured by it and is at present working on several novel products and technologies. Further, the Company has, during earlier financial years, in-licensed technologies for development of:

   - Hepatitis B Antigen and Bulk Vaccines,
   - Vero cell adapted Japanese encephalitis (JE) Vaccine,
   - Peptide based product for generation of hair follicles and hair growth,

- Recombinant Chimeric Dengue Vaccine, and
- Recombinant Anthrax Vaccine.

The technology for Hepatitis B Antigen and Bulk Vaccines has already been fully absorbed in earlier years. The technology in-licensed for JE Vaccine, is being further modified at our research center to yield a commercially viable and safer product. The process for the scale-up production of hair growth peptide, a technology for Alopecia (hair loss) management is also on progressive path.

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

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

	Technology imported	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons thereof and future plan(s) of action
	(a)	(b)	(c)	(d)
1.	Tetravalent Dengue Virus Vaccine	2006-07	No	The technologies are being worked upon at the Company's OneStream Research Centre. A suitable cell line for the assay and amplification technology has been prepared & appropriate Dengue viruses have been amplified. Immunogenicity of the tetravalent vaccine has been done. An efficacy study with certain modification in the tetravalent vaccine is done and the scale-up process has been established. The in-house technology transfer for production of clinical materials is in progress.
2.	Technology for manufacture of Hepatitis B Antigen and Bulk Vaccines	2007-08	Yes	NA

III. Foreign Exchange Earnings and Outgo

1. Activities relating to exports

The Company achieved 9.8% growth in exports turnover over the previous year. During financial year 2010-11, exports turnover (C.I.F. Value) was Rs.7,103.9 million (including deemed export of Rs.1,098.5 million) as compared to Rs.6,465.4 million (including deemed export of Rs.3,396.6 million) in the previous year. Exports contributed 62.8% of the net sales of the company during financial year 2010-11, as compared to 73.1% during previous year.

The Company is supplying Oral Polio and Combination Vaccines to various countries through UNICEF and PAHO against their global tenders and achieved an export turnover of Rs.6,478.0 million during fiscal 2011. The vaccines were supplied to various countries including Afghanistan, Angola, Anzerbijan, Azerbijan, Bangladesh, Bhutan, Central Africa, Kenya, Kyrgyzstan, Myanmar, Nigeria, Philippines, Sudan, Tanzania, Uganda, Uzbekistan, Yemen, Zambia and Zimbabwe.

The Company has also achieved an export turnover of Rs.23.2 million during fiscal 2011 by way of direct supply of vaccines.

The Company's pharmaceutical formulation business registered significant growth during the year. The export turnover of pharmaceutical formulations more than doubled at Rs.641.5 million from Rs.292.9 million in previous year. In pharmaceutical formulations segment, 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. Today, the Company's products are available to people in various countries across the globe. The exports to most of the regions where the Company has presence have shown a growth, the highlights being CIS Region, Latin America and Middle East, over the previous fiscal.

2. Initiatives taken to increase export

The Company has continuously striven to expand its global footprints and plans to boost its growth prospects significantly in the coming years by registering & commercialising a series of innovative products across all the potential markets.

The Company focuses on brand building, primarily leveraging its portfolio of novel patented products in key segments. The year under review was a year of consolidation for the export business, wherein a lot of new products / therapies were scheduled for commercialization across various regions.

The company has ventured into new markets of Latin

America, CIS region, Asia and Africa with the products in the various therapeutic areas like Organ transplantation, pain management, Nephrology, gastro-intestinal and anti-infectives. The company has also established new Non-trading office in Republic of Kazakhstan.

Few countries in Africa have been added to the existing list of countries to which vaccines have been exported in the year 2010-11. The Company has also entered into strategic and important markets like Brazil and Philippines for formulations business.

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

In order to create an international brand image, the company is actively exploring opportunities for launching as well as licensing out some of its patented products for manufacture/ marketing in key new markets including US, European Union, Switzerland, South Africa, Turkey, Brazil, Mexico, Columbia, Venezuela, Chile, Philippines & Malaysia.

During the year under review, the company has taken steps through one of its Wholly Owned Subsidiary Panacea Biotec Germany GmbH for sales, marketing and distribution of its Pharmaceutical and Biopharmaceutical products in Germany, Europe.

The company is also at advance stage of registration of its ANDAs in US and has entered into Collaboration Agreements for launch of the products in US during the current fiscal.

During the year under review, the company has also entered into strategic collaboration for marketing its products in Australia, New Zealand and Turkey and is at advanced stage of registration of products in those markets.

The Company is building a large portfolio of products consisting of New Chemical Entities, New Biological Entities, Novel Drug Delivery System, branded generics and biosimilars for launch in the ICH regions including Japan and also in key emerging markets.

The Company has identified 19 emerging/ ROW markets as 'top priority' markets. The Company also intends to diversify into specialty therapy areas like Oncology, Endocrinology, CNS and Urology.

4. Total foreign exchange earned and used

(Rs. in million)

Particulars	2010-11	2009-10
Foreign Exchange Earned		
F.O.B. value of Exports (including deemed export of Rs.1,098.5 million (Previous Year Rs.3,396.6 million))	7,103.9	6,465.4
R & D Services (Know-how) Income	0.0	0.9
Interest Income from subsidiary company	42.0	45.0
Total	7,145.9	6,511.3
Foreign Exchange Used		
Raw Materials & Packing Materials	2,839.9	3,137.2
Capital Goods	91.2	406.5
Know-how Fee	13.7	12.5
Royalty	2.8	2.7
Interest	251.0	218.1
Professional & Consultation Fees	36.7	19.6
Other Expenses		
- Patents, Trade Marks & Product Registration	26.0	20.2
- Advertising and Sales Promotion	28.7	14.6
- Commission on Sales	36.4	18.9
- Market Research	21.1	8.0
- Others	47.3	34.1
Total	3,394.8	3,892.4

For and on behalf of the Board

New Delhi
27th July, 2011

Soshil Kumar Jain
Chairman

Annexure B

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2011

S. No.	Name	Designation and Nature of Duties	Remuneration (Rs.)	Qualifications	Experience (Years)	Date of Commencement of Employment	Age (Yrs.)	Particulars of Last Employment Name of Employer, Designation, Period of Service (Years)
A.	**Persons employed throughout the Financial Year ended 31st March, 2011, who were in receipt of remuneration for the year in which the aggregate was not less than Rs.60,00,000.**							
1.	Mr. Soshil Kumar Jain	Chairman	43,263,336	Pharmacist	56	02.02.1984	78	None, NA, NA
2.	Mr. Ravinder Jain	Managing Director	51,784,409	Matriculate	31	15.11.1984	53	None, NA, NA
3.	Dr. Rajesh Jain	Joint Managing Director	40,633,098	B. Sc., PGDBM & Advanced Mgmt. Diploma in Market Research, Ph.D.	27	15.11.1984	47	None, NA, NA
4.	Mr. Sandeep Jain	Joint Managing Director	40,490,354	B.Com	26	15.11.1984	45	None, NA, NA
5.	Mr. Narayan B. Gad	Chief Executive Formulations (Marketing)	11,245,055	B.Sc, D. Pharma MBA	35	26.10.2005	60	Nicholas Piramal India Ltd., President Mktg. & Org. Dev., 4 years
6.	Mr. Partha Sarathi De	C.F.O. and Head IT & BPR	7,097,806	B.Sc (Econ), ACA, AICWA	23	02.06.2008	49	Primal Glass Ltd., President-Finance Glass Group, 2.5 years
7.	Dr. Sanjay Trehan	Sr. Vice President Drug Discovery Research*	9,183,176	Ph.D. - Doctor of Philosophy, M.Sc. (H)	23	01.07.2004	52	Dr. Reddy's Laboratories Ltd., Research Director, 3 years
B.	**Persons employed for a part of the Financial Year ended 31st March, 2011, who were in receipt of remuneration for any part of the year, at the rate which in the aggregate was not less than Rs.500,000 per month:**							
8.	Mr. Kallol Chakraborty	Vice President H.R.	4,069,985	PG Dip. in Pers. Mgmt., LL.B.	21	19.11.2007	47	Federal Mogul Goetze (India) Ltd., Director HR, 8 months
9.	Dr. M. Sitaram Kumar	Vice President (R&D)	6,181,279	Ph.D. - Doctor of Philosophy, M. Sc	34	17.06.2005	60	Dr. Reddy's Laboratories Ltd., Sr. Director, 4.5 years

* President Drug Discovery Research w.e.f. 01/07/2011

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 also includes 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.
3. The terms and conditions of employees at Sl. No. 1 to 4 are as approved by the Board of Directors and Shareholders. The employees at Sl. No. 5 to 9 are paid remuneration as per the policy/rules of the Company.
4. All the above said appointments are contractual.
5. None of the above employees is related to any of the Directors except that Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain are related to each other.
6. The nature of duties of Chairman, Managing Director and Joint Managing Directors is as under: Mr. Soshil Kumar Jain, Chairman - Strategic planning, vision and formulation of strategies. Mr. Ravinder Jain, Managing Director - Overall supervision of day-to-day operations with emphasis on strategic planning and business development. Dr. Rajesh Jain, Joint Managing Director - Overall supervision of day-to-day operations with emphasis on R&D, business development and marketing. Mr. Sandeep Jain, Joint Managing Director - Overall supervision of day-to-day operations with emphasis on finance, international marketing and regulatory affairs.

For and on behalf of the Board

New Delhi
27th July, 2011

Soshil Kumar Jain
Chairman

Report on Corporate Governance

1. Philosophy on Corporate Governance

Good Corporate Governance procedures in operation naturally imply commitment to values, ethical business conduct, objectivity, self-regulation and accountability. We, at Panacea Biotec, are dedicated to upholding the highest standards of corporate governance, compliance and administration as we continue holding our faith in the robust foundation. Our success is closely interwoven in the pillars of integrity, stability and our commitment to our value systems. The Company believes in responsible decision making and enjoys the continued trust and support of all the stakeholders.

Panacea Biotec is and continues to strive and adopt to the best practices involving independence, disclosure, uncompromising application of internal control procedures and complete corporate transparency to serve the interest of all the stakeholders including but not limited to shareholders, employees, consumers, lenders and the community at large.

2. Board of Directors

Composition & size of the Board

Panacea Biotec's Board consists of an optimal combination of Executive Directors and Independent Non-executive Directors, representing a judicious mix of professionalism, knowledge and experience.

The Directors bring in expertise in the fields of human resource development, strategy, management, finance and economics, among others. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

During the year under review, Mr. Gurmeet Singh ceased to be the director of the company w.e.f 25th September, 2010 since the number of Independent Directors on the Board were more than required as per Clause 49 of the Listing Agreement, therefore, it was decided by the shareholders that the vacancy caused by his retirement need not be filled. Thus, as the number of independent directors on the Board of Directors of the Company was in compliance with Clause 49(I) of the Listing Agreements and the requirement of replacement by a new independent director was not required to be complied with in terms of proviso to Clause 49(I)(C)(iv) of the Listing Agreement.

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

The size and composition of the Board is in conformance with the requirements of the Clause 49 of the Listing Agreement (Corporate Governance Guidelines) with the Stock Exchanges.

Board Functioning & Procedure

Panacea Biotec's Board is committed to ensuring good governance through a style of functioning that is self-governing.

The members of the Board enjoy complete liberty to express their opinion and decisions are taken on the basis of consensus arrived at after detailed discussions. They are also free to bring up any matter for discussion at the Board Meetings.

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

During the financial year 2010-11, five (5) Board Meetings were held on 7th May, 2010, 20th July, 2010, 9th November, 2010, 27th January, 2011 and 28th January, 2011.

Attendance of Directors at the Board Meeting & last Annual General Meeting and number of other Directorships & Committee membership as on 31st March, 2011:

S. No.	Name of Director	Category of Directorship	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships$ and Committee memberships/ chairmanships*		
						Other Directorship	Committee Membership	Committee Chairmanship
1.	Mr. Soshil Kumar Jain	Promoter - WTD Chairman	5	5	No	1	-	-
2.	Mr. Ravinder Jain	Promoter - MD	5	4	No	3	2	-
3.	Dr. Rajesh Jain	Promoter - JMD	5	2	No	-	-	-
4.	Mr. Sandeep Jain	Promoter - JMD	5	5	Yes	1	-	-
5.	Mr. Sumit Jain	Promoter Group - WTD	5	3	No	1	-	-

S. No.	Name of Director	Category of Directorship	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships$ and Committee memberships/ chairmanships*		
						Other Directorship	Committee Membership	Committee Chairmanship
6.	Mr. Sunil Kapoor	Non-Executive - ID	5	4	Yes	4	2	-
7.	Mr. R.L. Narasimhan	-do-	5	5	Yes	1	1	1
8.	Mr. N.N. Khamitkar	-do-	5	5	Yes	1	1	-
9.	Mr. K.M. Lal	-do-	5	4	No	6	4	-
10.	Dr. A.N. Saksena	-do-	5	4	Yes	-	1	1
11.	Mr. Gurmeet Singh**	-do-**	2**	0	No	N.A.**	N.A.**	N.A.**

Note: WTD =Whole-time Director, MD = Managing Director, JMD = Joint Managing Director, ID = Independent Director;

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

* Membership in Audit and Shareholders' Grievance Committees.

** ceased to be Director of the Company w.e.f 25th September, 2010.

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

Brief information on Directors proposed for re-appointment

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

Directors liable to retire by rotation seeking re-appointment and / or whose re-appointment as Managing / Joint Managing / Wholetime Directors is placed for approval:

a) Dr. A.N. Saksena

Age	:	73 Years
Qualification	:	Post Graduate in Mathematics, Doctrate in Economics, Master's Diploma in Public Administration & Master's Diploma in Total Quality Management.
Professional Expertise	:	He has been appointed as a Non-executive Director of the Company since December 2005. He retired in 1996 in the grade of additional secretary to Government of India as Financial Advisor to the Ministry of Petroleum. He has vast experience in the field of finance, accounts, audit, human resource development, corporate governance, legal and general management. Prior to his retirement, he held senior level position in various Central Government ministries including the Ministry of Shipping & Transport, Petroleum & Natural Gas, HRD, Information & Broadcasting, Law & Justice and Railways. He also held directorships in various public sector companies including ONGC Ltd., Indian Oil Corporation Ltd., Oil India Ltd., etc., during his tenure.
Directorships	:	He is director of Possibilities Consultants Pvt. Ltd.
Committee Membership/ Chairmanship	:	He is the Chairman of Share transfer cum Investors' Grievance Committee of Panacea Biotec Limited.
Shareholding in the Company	:	Nil

b) Mr. Sumit Jain

Age	:	30 Years
Qualification	:	Post Graduate Diploma in Business Management.
Professional Expertise	:	He joined Panacea Biotec Limited in May, 2003 as Manager (Vaccines) and was appointed as Whole-time Director in July 2005. He has about 11 years experience in the pharmaceutical industry. He is currently acting as Director (Operations & Projects) and oversees the upcoming projects and is also 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 Radicura & Co. Ltd. as Executive Director.

Directorships : He is a director of Radicura & Co. Ltd., Chiron Panacea Vaccines Pvt. Ltd., PanEra Biotec Pvt. Ltd. and White Pigeon Estate Pvt. Ltd.

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

Shareholding in the Company : He holds 358,500 Equity Shares of Re.1 each, comprising 0.59% shareholding of the Company.

c) Mr. R. L. Narasimhan

Age : 70 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, Mr. R.L. Narasimhan has also worked with Hoechst Pharmaceuticals Ltd., Chennai, a multinational pharmaceutical company. His expertise lies in the field of budgeting, data management, programme evaluation & research and marketing.

Directorships : He is a director of Best On Health Limited.

Committee Membership/ Chairmanship : He is the Chairman of Audit Committee, Remuneration Committee and Selection Committee of Panacea Biotec Limited.

Shareholding in the Company : Nil

d) Mr. Soshil Kumar Jain

Age : 78 Years

Qualification : Qualified Pharmacist

Professional Expertise : He has more than 55 years experience in the pharmaceutical industry. He is the founder promoter/ director of the company and has been the Chairman of the Company since October, 1984. He started his career in the Indian pharmaceutical industry by joining his family business in the form of a chemist shop set up by his father. Prior to promoting the company, he was associated with Radicura & Co., a partnership firm (formerly owned by the promoters of Panacea Biotec Ltd. and subsequently taken over by Radicura & Co. Ltd.).

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

Committee Membership/ Chairmanship : He is a member of Executive Committee of Panacea Biotec Limited.

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

e) Mr. Ravinder Jain

Age : 53 Years

Qualification : Matriculate

Professional Expertise : Mr. Ravinder Jain has around 30 years experience in business collaborations and tie-ups, international marketing, business development, finance and corporate administration. He is involved in the overall supervision of day-to-day operations with emphasis on strategic planning and business development for the Company. Under his motivated leadership the company has set new milestones with clear focus on driving productivity and performance across all business segments of the Company. 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.

Directorships	:	He is a director of Best On Health Foods Limited, Best General Insurance Company Limited, Lakshmi & Manager Holdings Limited and Panacea Biotec FZE.
Committee Membership/ Chairmanship	:	He is the member of Share transfer cum Investors' Grievance Committee and Executive Committees of Panacea Biotec Limited and Audit Committee of Lakshmi & Manager Holdings Limited.
Shareholding in the Company	:	He holds 4,646,200 Equity Shares of Re.1 each, comprising 7.59% shareholding of the Company.

f) Dr. Rajesh Jain

Age	:	47 Years
Qualification	:	Dr. Rajesh Jain is a holder of Ph.D. in Business Administration (Commerce), a Post Graduate degree in Business Management from Shivaji Institute of Management, Ghaziabad, India and is science graduate from University of Delhi
Professional Expertise	:	Dr. Rajesh Jain is involved in the overall supervision of day-to-day operations with emphasis on Research & Development, business development and marketing. Under his exceptional understanding of the business mantras, the Company has an impressive product pipeline and is targeting key therapeutic areas that will deliver new and innovative treatment therapies. As a result of his unlimited energy and enthusiasm, the company has been ranked the largest vaccine producer in India and has been ranked as the 3rd largest biotechnology Company (Able Survey 2011).
Directorships	:	He is a director of PanEra Biotec Pvt. Ltd., Chiron Panacea Vaccines Pvt. Ltd., Panacea Biotec FZE, NewRise Healthcare Pvt. Ltd., Panacea Biotec GmbH, White Pigeon Estate Pvt. Ltd. and Advaita Power Ventures Pvt. Ltd.
Committee Membership/ Chairmanship	:	He is a member of Executive Committee of Panacea Biotec Limited.
Shareholding in the Company	:	He holds 5,713,500 Equity Shares of Re.1 each, comprising 9.33% shareholding of the Company.

g) Mr. Sandeep Jain

Age	:	45 Years
Qualification	:	Mr. Sandeep Jain is a commerce graduate from University of Delhi
Professional Expertise	:	Mr. Sandeep Jain is involved in the overall supervision of day-to-day operations with emphasis on finance, international marketing and regulatory affairs. Under his exceptional understanding of the business principles, the Company is continuously expanding its global aspirations by improving its international marketing efforts into various markets across the globe and is currently exporting its branded formulations in CIS countries, Asia, Eastern Europe and African region. He has been intensively working on the international marketing efforts of the Company. His duty include 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.
Directorships	:	He is a director of PanEra Biotec Private Limited and Neophar Alipro Limited.
Committee Membership/ Chairmanship	:	He is the member of Executive Committee of Panacea Biotec Limited.
Shareholding in the Company	:	He holds 4,792,100 Equity Shares of Re.1 each, comprising 7.82% shareholding of the Company.

Panacea Biotec
Innovation in support of life

Information supplied to the Board

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

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

Statutory Compliance of Laws

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

Code of Conduct

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

Declaration from the Managing Director confirming that the Company has received affirmations from the Board Members and the Senior Management Personnel regarding compliance of Code of Conduct during the year under review, is attached as Annexure-I.

3. Audit Committee

Composition & Terms of Reference

The Audit Committee of the Company has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. The Audit Committee of the Company comprises three non-executive directors, all of them being independent Directors viz. Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor. Mr. R.L. Narasimhan is the Chairman of the Committee. All the members are financially literate and one member is having requisite accounting and financial management expertise.

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.

The terms of reference and scope of the activities of the Audit Committee are as set out in Clause 49 of the Listing Agreements with the Stock Exchanges, as well as in Section 292A of the Companies Act, 1956, including the following:

- To review compliance with internal control systems.
- To review the findings of the Internal Auditor relating to various functions of the Company.
- To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors.
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board.
- To make recommendations to the Board on any matter

relating to the financial management of the Company, including Statutory & Internal Audit Reports.

- Recommending the appointment of statutory auditors and branch auditors and fixation of their remuneration.

Review of information by Audit Committee

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

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant transactions, submitted by the Management;
- Management letters/letters of internal control weakness issued by statutory auditors;
- Internal Audit Reports relating to internal control weakness;
- The appointment, removal and terms of remuneration of the Internal Auditors;
- Related party transactions.

Meetings of Audit Committee and attendance of members during the year:

During the year, 4 (four) Audit Committee meetings were held on 6th May, 2010, 19th July, 2010, 8th November, 2010 and 27th January, 2011.

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

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

The Statutory Auditors, Internal Auditors, Associate Director, DGM - Accounts & Finance, D.G.M. Accounts & Taxation, Chief Financial Officer and A.G.M. Audit & Compliance & Co-ordinator of Audit Committee are the permanent invitees to the meetings of Audit Committee. Apart from them, Joint Managing Director, Senior Manger – Costing and Cost Auditors, attended one or more of the Audit Committee Meetings.

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

The Chairman of the Audit Committee, Mr. R.L. Narasimhan, was present at the Annual General Meeting of the Company held on 25th September, 2010.

Subsidiary Companies

Best On Health Limited is a material non-listed Indian subsidiary of the Company as its networth (i.e. paid-up capital and free reserves) exceeded 20% of the consolidated networth of the Company. The Company's independent Directors, Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor are directors on the Board of Directors of Best On Health Limited.

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

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

4. Remuneration Committee

Brief description of terms of reference

The Company has constituted a Remuneration Committee. The terms of reference of the Committee include:

- to decide elements of remuneration package of all the directors;
- to decide the service contracts, notice period and severance fees of executive directors.

Composition

Remuneration Committee comprises three non-executive Independent Directors viz. Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor. Mr. R.L. Narasimhan is the Chairman of the Committee. The Company Secretary is acting as the Secretary to the Remuneration Committee.

Meetings of Remuneration Committee and attendance of members during the year.

During the year, 2 (two) Remuneration Committee meetings were held on 20th July, 2010 and 27th January, 2011.

The attendance of members of the Remuneration Committee at such meetings was as follows:

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

Remuneration Policy

The Directors' Remuneration Policy of the Company is in conformity with the provisions under the Companies Act, 1956. Subject to the approval of the Company's shareholders in general meeting and such other approvals as may be necessary, the Managing/Joint Managing Directors and the Whole-time Directors are paid remuneration as per the terms of remuneration decided by the Board/ Remuneration Committee and approved by the Shareholders. The remuneration payable to the Executive Directors is decided from time to time, keeping in view the overall performance of the Company, the performance of the concerned Director and the industry trends.

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

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

Directors' remuneration

The details of remuneration paid to Directors during the financial year ended 2010-11 are as under:

i) Executive Directors (Managing/Joint Managing/Whole-time Directors)

(Rs. in Lac)

S. No.	Name	Salary	Allowances	Perquisites	Total
1.	Mr. Soshil Kumar Jain	150.5	261.0	4.3	415.8
2.	Mr. Ravinder Jain	150.5	261.0	90.0	501.5
3.	Dr. Rajesh Jain	125.4	261.0	6.3	392.7
4.	Mr. Sandeep Jain	125.4	261.0	4.9	391.3
5.	Mr. Sumit Jain	30.9	-	4.3	35.2

Notes:

1. The tenure of office of Mr. Soshil Kumar Jain, Chairman, Mr. Ravinder Jain, Managing Director, Dr. Rajesh Jain and Mr. Sandeep Jain, Joint Managing Directors of the Company is for 5 years w.e.f. 1st April, 2011. The tenure of office of Mr. Sumit Jain, Director (Operations and Projects) is for 5 years w.e.f. 20th July, 2010.
2. Notice period for termination of appointment of Managing/Joint Managing/ Whole time Directors is three months by either party or a shorter period decided mutually. No severance fee is payable on termination of contract.
3. The Company does not have any Stock Option Scheme.
4. All elements of remuneration of the Managing / Joint Managing / Whole-time Directors, i.e., Salary, Perquisites and other benefits, etc. are given in Schedule XX-C annexed to and forming part of Balance Sheet and Profit & Loss Account of the Company.
5. Provision for Gratuity and Leave Encashment amounting to Rs.60.76 Lac and Rs.13.49 Lac respectively, made during the year, has not been included above.

ii) Non-Executive Directors

Payment Criteria:

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

The details of remuneration paid to the Non-executive directors during financial year ended 31st March, 2011 are as under:

(Rs. in Lac)

Sl. No.	Name	Allowances	Sitting Fees	Total
1	Mr. R.L. Narasimhan	1.9	1.0	2.9
2.	Mr. N.N. Khamitkar	1.9	1.0	2.9
3.	Mr. Sunil kapoor	1.9	0.9	2.8
4.	Mr. Gurmeet Singh*	-	0.2	0.2
5.	Mr. K.M. Lal	1.9	0.4	2.3
6.	Dr. A.N. Saksena	1.9	0.8	2.7

*ceased to be the Director of the Company w.e.f. 25th September, 2010.

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

5. Share Transfer cum Investors' Grievance Committee

The Investors Grievance Committee aims at redressal of shareholder complaints and oversees investor services.

The Board of Directors of the Company has, with a view to expediting the process of share transfers, delegated the power of share transfer to the Company Secretary, who attends to share transfer formalities on a weekly basis.

Terms of reference

The terms of reference of Share Transfer cum Investors' Grievance Committee include transfer or transmission of shares, issue of duplicate share certificates, review or redressal of investors' grievances and other areas of investors services.

Composition

During the year, Mr. Gurmeet Singh ceased to be the Director of the Company due to non-appointment by shareholders in the Annual General Meeting held on 25th September, 2010.

Thus, in view of the above, the Board of Directors in its meeting held on 9th November, 2010 reconstituted the Share Transfer-cum-Investors' Grievance Committee so as to comprise of the following Directors as the members of the Committee:

i. Dr. Aditya Narain Saksena, Chairman

ii. Mr. Ravinder Jain, Member

iii. Mr. Sunil Kapoor, Member

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

Details of meetings of Share Transfer-cum-Investors' Grievance Committee and attendance of members during the year.

During the financial year 2010-11, 7 (seven) meetings of Share Transfer-cum-Investors' Grievance Committee were held on 22nd April, 2010, 27th May, 2010, 26th July, 2010, 30th August, 2010, 23rd September, 2010, 27th December, 2010 and 21st March, 2011. The attendance of members at such meetings was as follows:

S. No.	Name of the Member	Designation	Category of Directorship	No. of Meetings held	No. of Meetings attended
1.	Dr. A.N. Saksena	Chairman	Independent Director	7	7
2.	Mr. Ravinder Jain	Member	Promoter Director	7	7
3.	Mr. Gurmeet Singh*	Member	Independent Director	5*	3
4.	Mr. Sunil Kapoor**	Member	Independent Director	2**	2

*ceased to be Director of the Company w.e.f 25th September, 2010.

**became member of the Committee w.e.f 9th November, 2010.

Details of Investors' complaints received during the year 2010-11:

S. No.	Nature of Complaints	Received	Resolved	Pending
1.	Non-receipt of Dividend	5	3	2
2.	Non-receipt of Annual Report for the year 2009-10	4	4	0
	Total	9	7	2

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

There were no share transfers lying pending as on 31st March, 2011.

Further, the complaints pending on 31st March, 2011 have been subsequently disposed off.

6. CEO/CFO Certification

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

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

7. General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue	Special Resolution passed
2009-10	25.09.10	11:00 AM	Regd. Office at Ambala Chandigarh Highway, Lalru – 140501, Punjab	• Approval for payment of remuneration to Mr. K.M. Lal for a period of five years w.e.f. 1st May, 2010.
				• Approval for payment of remuneration to Mr. R.L. Narasimhan, Mr. Sunil Kapoor, Mr. N.N. Khamitkar and Dr. A.N. Saksena for a period of five years w.e.f. 1st August, 2011 in case of Mr. R.L. Narasimhan, Mr. Sunil Kapoor, Mr. N.N. Khamitkar and w.e.f. 1st January, 2011 in respect of Dr. A.N. Saksena.
				• Approval for appointment of Mr. Ankesh Jain as Executive – Business Development w.e.f. 1st July, 2010.
2008-09	25.09.09	11:00 AM	-do-	• Approval for protection of Remuneration paid to Mr. Soshil Kumar Jain, Chairman, for the financial year 2008-09.
				• Approval for protection of Remuneration paid to Mr. Ravinder Jain, Managing Director, for the financial year 2008-09.
				• Approval for protection of Remuneration paid to Dr. Rajesh Jain, Joint Managing Director, for the financial year 2008-09.
				• Approval for protection of Remuneration paid to Mr. Sandeep Jain, Joint Managing Director, for the financial year 2008-09.
2007-08	27.09.08	11:00 AM	-do-	No Special Resolution was passed.

8. Postal Ballot

No Postal Ballot resolution was passed during the year 2010-11.

9. Disclosure

a) Related Party Transactions – During the year, there were no materially significant related party transactions with the promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large. The other related party transactions are given in Note No.9 of Schedule XXC annexed to and forming part of Balance Sheet and Profit & Loss Account of the Company.

b) Disclosure of Accounting Treatment - There has not been any change in accounting policies of the Company during the year except as stated in Note No.2 of Schedule XXB annexed to and forming part of Balance Sheet and Profit & Loss Account of the Company.

c) Risk Management - The Company has a dedicated department for Risk mitigation and has a procedure to inform the Board about the risk assessment and minimization procedures. The Board of Directors periodically reviews the risk management framework of the Company and comes out with strategic risk mitigation measures.

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

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

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

   ii) Remuneration Committee - The Board of Directors has constituted a Remuneration Committee, which is composed of Independent Directors. The details of the Remuneration Committee and its powers have already been discussed in this Report.

   iii) Shareholders rights - The quarterly/ half-yearly results, after they are approved by the Board of Directors, are sent forthwith to the Stock Exchanges where the Company's shares are listed, published in the newspapers as mentioned under the heading "Means of Communication" at Sl. No. 10 hereinbelow, and also displayed on the Company's website www.panaceabiotec.com. The results are not separately circulated to the shareholders.

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

   v) Mechanism for evaluating Non-executive Board members - The Company has not adopted any mechanism for evaluating individual performance of Non- Executive Directors.

   vi) Whistle Blower Policy - The Company has implemented a Whistle Blower Policy in the Company and no personnel is denied access to the Audit Committee of the Company.

   vii) Corporate Governance Voluntary Guidelines 2009 - The Company's policies and practices embrace most of the elements of Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs. The Company will be reviewing its Corporate Governance parameters in the context of other recommendations under said Guidelines for appropriate adoption in due course of time.

10. Prohibition of Insider Trading

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

11. Means of communication

i) The Quarterly and Half-Yearly results are published in one or more of the prominent daily newspapers, viz. Business Standard, All editions, New Delhi, Chandigarh, Lucknow, Kolkata, Pune, Kochi, Mumbai; Ahmedabad, Bangalore, Bhuwaneshwar, Hyderabad, Chennai and Financial Times, New Delhi and Economics Times, New Delhi, Mumbai, and in Punjabi Tribune, Chandigarh, the local newspaper published in the language of the region in which Registered Office is situated.

ii) Periodic teleconferences were held with the Financial Institutions, Foreign Institutional Investors and Analysts. They are also provided with a copy of the quarterly results after the same have been sent to the Stock Exchanges.

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

iv) The Annual Results (Annual Report containing Balance Sheet etc.) are posted to every shareholder of the Company.

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

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

12. General Shareholder Information

i) Date of AGM

The Annual General Meeting is proposed to be held on Saturday, the 24th day of September 2011, at 11:00 A.M. at the registered office of the Company at Ambala-Chandigarh Highway, Lalru - 140 501, Punjab.

Posting of Annual Report	On or before 30th August, 2011
Last date of receipt of Proxy Form	22nd September, 2011 before 11:00 A.M.

ii) Financial Calendar 2011-12 (tentative):

S. No.	Tentative Schedule	Tentative Date
1.	Financial reporting for the quarter ended 30th June, 2011	27th July, 2011(Actual)
2.	Financial reporting for the half year ending 30th September, 2011	Mid of November, 2011
3.	Financial reporting for the quarter ending 31st December, 2011	Mid of February, 2012
4.	Financial reporting for the quarter ending 31st March, 2012	Mid of May, 2012*
5.	Annual General Meeting for the year ending 31st March, 2012	End of September, 2012

*As provided in clause 41 of Listing Agreement, the Board may also consider publishing Audited Results for the year 2011-12 in lieu of Unaudited Results for fourth quarter, by 30th May, 2012 (or such other period as may be stipulated from time to time).

iii) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from 21st September 2011 to 24th September, 2011 (both days inclusive).

iv) Dividend Payment Date

The Company will pay dividend, if declared by the members in the forthcoming Annual General Meeting, on 10th day of October, 2011:

- to those members whose names appear in the Register of Members of the Company as on 24th September, 2011, after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 20th September, 2011 and registered before 24th September, 2011.
- in respect of Shares held in electronic form to those "deemed members" whose names appear on the statement of beneficial ownership furnished by NSDL and CDSL at the end of business hours on 20th September, 2011 (i.e. before the date of commencement of closure of Register of Members and Share Transfer Books, viz. 21st September, 2011).

v) Unclaimed Dividends

As provided in Section 205A and 205C of the Companies Act, 1956, dividend for the financial year ended 31st March, 2004 and thereafter, which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEP Fund) established by the Central Government, and no payments shall be made in respect of any such claims by the IEP Fund.

During the year, the Company had transferred Rs.163,401 lying unclaimed in Unpaid Dividend Account in respect of Dividend for the Year 2002-03 to the said Fund on 9th November, 2010.

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

Financial Year	Date of declaration of Dividend	Last date for claiming unclaimed Dividend	Due date for transfer of dividend
2003-04	18.09.2004	16.10.2011	14.11.2011
2004-05	20.08.2005	17.09.2012	16.10.2012
2005-06	30.09.2006	29.10.2013	28.11.2013
2006-07	29.09.2007	28.10.2014	27.11.2014
2007-08	27.09.2008	26.10.2015	25.11.2015
2009-10	25.09.2010	24.10.2017	23.11.2017

vi) Listing on Stock Exchange

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

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

The Foreign Currency Convertible Bonds (FCCBs) of the Company were listed on Singapore Stock Exchange Ltd. (SGX), 2 Shenton Way, #19-00 SGX Centre 1, Singapore 068804, under the BONDS Sector.

These Bonds have been redeemed in full on 14th February, 2011 and there are no bonds outstanding as on date.

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

vii) Stock Code of Equity Shares / FCCBs

Trade symbol at National Stock Exchange is PANACEABIO.

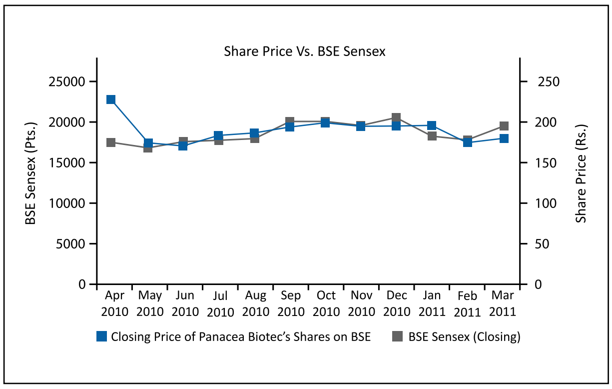
Stock Code at Bombay Stock Exchange is 531349.

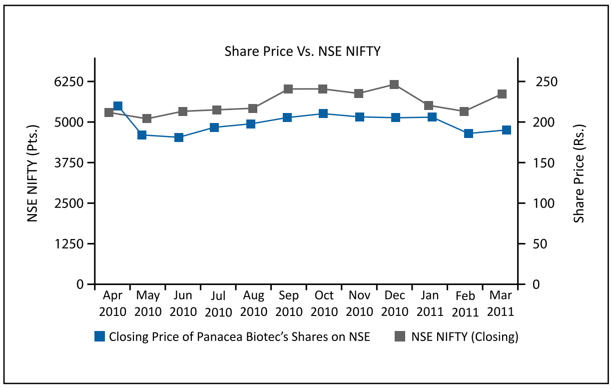
ISIN No. for Dematerialisation : INE922B01023

viii) Market Price data:

The High and Low prices of the shares of the Company at Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Ltd. (NSE) for the year ended 31st March, 2011 are as under:

Month	Share Prices (Rs.) at BSE		Share Prices (Rs.) at NSE	
	High	Low	High	Low
April, 2010	237.95	211.50	234.90	207.00
May, 2010	240.80	160.05	241.80	150.30
June, 2010	216.10	162.10	216.00	162.00
July, 2010	213.00	174.95	215.00	175.20
August, 2010	194.90	175.05	194.75	179.30
September, 2010	208.75	187.00	208.00	188.15
October, 2010	227.40	195.00	227.90	195.55
November, 2010	226.60	180.00	227.00	178.00
December, 2010	207.50	152.00	208.00	151.70
January, 2011	214.00	182.05	213.80	181.65
February, 2011	201.80	158.05	202.00	157.05
March, 2011	194.00	174.35	201.50	171.95





ix) Registrar and Transfer Agents

Skyline Financial Services Pvt. Ltd. are acting as Registrar & Transfer Agents (RTA) for handling the Shares-related matters, both in physical as well as dematerialized mode. All works relating to Equity Shares are being done by them. The Shareholders are, therefore, advised to send all their correspondence to the RTA.

However, for the convenience of shareholders, documents relating to Shares received by the Company are forwarded to the RTA for necessary action thereon.

x) Nomination Facility

The shareholders holding shares in physical form may, if they so want, send their nominations in prescribed Form 2B of the Companies (Central Government's) General Rules and Forms, 1956, (which can be obtained from the Company's RTA or downloaded from the Company's website www.panaceabiotec.com under the section 'Investor Zone') to the Company's RTA. Those holding shares in dematerialised form may contact their respective Depository Participant (DP) to avail the nomination facility.

xi) Share Certificates in respect of sub-divided Shares

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

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

xii) Elimination of Duplicate Mailing

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

xiii) Share Transfer System

The Company's Shares transfer authority has been delegated to the Company Secretary. The delegated authority generally attends the Share transfer formalities on weekly basis and as and when required to expedite all matters relating to transfer, transmission, transposition and dematerialisation of shares and redressal of Investors' grievance, etc., if any. The Shares received by the Company/ RTA for registration of transfers are processed by RTA (generally within a week of receipt) and transferred expeditiously and the Share Certificate(s) are returned to the shareholder(s) by registered post.

As per the requirement of clause 47 (c) of the Listing Agreement with the Stock Exchanges, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

The Securities and Exchange Board of India (SEBI), vide circular dated 20th May, 2009, directed that for securities market transactions and off-market/private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs for registration of such transfer of shares. Further, in continuation to above, based on representations/ clarifications sought by market participants, SEBI, vide circular dated January 07, 2010, clarified that it shall be mandatory to furnish a copy of PAN in the following cases:

a) Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.

b) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.

c) Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

Hence, all prospective shareholders acquiring Shares in physical form are requested to provide a copy of their PAN card, along with their request for registration of transfer/transmission/ transposition of shares sent by them.

xiv) Secretarial Audit

A Practicing Company Secretary carries out secretarial audit in each quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) and total issued and listed capital. The audit reports confirm that the total issued/paid up capital is in agreement with the total number of Shares in physical form and the total number of dematerialised Shares held with NSDL and CDSL. The Secretarial Audit Reports for each quarter of the Financial Year ended March 31, 2011 have been filed with Stock Exchanges within one month of the end of each quarter.

xv) Dematerialisation 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 dematerialised. As on 31st March, 2011, 99.08% of the Company's total Equity Share Capital representing 60,686,175 Equity Shares was held in dematerialised form and only 564,571 Equity Shares were in paper/physical form.

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

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

xvi) Share Dematerialisation System

The requests for dematerialisation of shares are processed by RTA expeditiously and the confirmation in respect of dematerialisation of shares is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialisation 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.

xvii) Distribution of Shareholding as on 31st March, 2011

No. of Shares	No. of Shareholders	No. of Shares
0 - 2500	10,463	2,429,222
2501 - 5000	131	473,429
5001 - 10000	40	289,703
10001 - 100000	47	1,239,637
100001 and above	38	56,818,755
Total	10,719	61,250,746

xviii) Pattern of Shareholding as on 31st March, 2011

S. No.	Category	No. of Shares	Percentage
1.	Promoters and Promoter Group	45,886,281	74.92
2.	Institutional Investors (FIIs, Banks & Mutual Funds)	3,164,241	5.17
3.	NRIs / OCBs / Foreign Corporate Bodies	1,275,945	2.08
4.	Domestic Companies	7,142,099	11.66
5.	Indian Public/ Others	3,782,180	6.17
	Total	61,250,746	100.00

xix) GDRs / ADRs /Warrants or other convertible instruments

No GDRs/ ADRs/Warrants/FCCBs were outstanding as on 31st March 2011.

The Foreign Currency Convertible Bonds (FCCBs) aggregating US $ 3,68,00,000 Zero coupon convertible Bonds due 2011 have been redeemed in full on their maturity date i.e. 14th February, 2011 with no bonds outstanding as on 31st March 2011.

xx) Plant Locations

1. Bulk Vaccines facilities at Village-Samalheri, Post Office – Lalru, Ambala-Chandigarh National Highway, Distt. Mohali, Punjab;
2. Vaccines Formulations facility at Village Malpur, Baddi, P.O. Bhud, Tehsil – Baddi (Nalagarh), District Solan, Himachal Pradesh-173 205;
3. Vaccine Formulations facility at A-239 -242, Okhla Indl. Area, Phase – I, New Delhi – 110 020;
4. Pharmaceuticals Formulations facility at Village Malpur, Baddi, P. O. Bhud, Tehsil-Baddi (Nalagarh), District Solan, Himachal Pradesh-173 205;
5. Pharmaceuticals Formulations facility at B-1/E-12, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi – 110 044;
6. Pharmaceutical Formulations facility at Plot No. 72/3, Gen Block, T.T.C. Indl. Area, Mahape, Navi Mumbai - 400 710, India.

xxi) Address for correspondence

For transfer/ dematerialisation of shares, payment of dividend and any other query relating to shares	Skyline Financial Services Pvt. Ltd. D-153 A, 1st Floor, Okhla Indl. Area, Phase-I, New Delhi – 110 020, India.		
	Phone	:	+91-11-26292682-83, Tele-fax : +91-11- 26292681
	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 (D) 41578024
	Fax	:	+91-11-41679075, 41679070
	E-mail	:	companysec@panaceabiotec.com investorgrievances@panaceabiotec.com
	Contact Person	:	Ms. Sangeeta Nagpal, Dy. Manager-Secretarial
For query relating to financial matters		:	Mr. Chandresh Ohri, Sr. Manager - Banking & Treasury
	Phone	:	+91-11-41679000, Fax : +91-11-41679066, 41679070
	E-mail	:	chandreshohri@panaceabiotec.com

For and on behalf of the Board

Place : New Delhi
Date : 27th July, 2011

Soshil Kumar Jain
Chairman

Annexure - I

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

To the Members of Panacea Biotec Ltd.

I hereby declare that all the Board Members and the Senior Management Personnel of the Company have affirmed the compliance with the provisions of the Code of Conduct for the period ended 31st March, 2011.

For Panacea Biotec Ltd.

Date : 27th July, 2011
Place : New Delhi

Ravinder Jain
Managing Director

Panacea Biotec
Innovation in support of life

Annexure - II

Certificate from Managing Director & Chief Financial Officer

To
The Board of Directors
Panacea Biotec Limited

We do hereby confirm and certify that:

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

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

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

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

For Panacea Biotec Ltd.

Date : 13th May, 2011 Place : New Delhi	Ravinder Jain Managing Director	Partha Sarathi De Chief Financial Officer & Head - Information Technology & BPR	I.K. Sharma DGM (Accounts & Finance)

AUDITORS' CERTIFICATE

To
The Members of Panacea Biotec Limited,

We have examined the compliance of conditions of Corporate Governance by Panacea Biotec Limited, for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that no investor's grievance is pending for a period exceeding one month against the Company, as per the records maintained by the Shareholders/ Investors' Grievance Committee.

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

Place : New Delhi
Date : 27th July, 2011

AUDITORS' REPORT

To the Members of Panacea Biotec Limited

1. We have audited the attached Balance Sheet of Panacea Biotec Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Without qualifying our opinion, we draw attention to:

    a) Note 17 of Schedule XX-C to the financial statements regarding capitalization of expenditure on clinical trials amounting to Rs. 67.2 million for year ended March 31, 2011 and Rs. 596.4 million as of March 31, 2011. The ultimate approval of such products, which has been considered as highly likely by the management, is not within direct control of the Company. Pending such final approval, no adjustments have been made to the accompanying financial statements.

    b) Note 5 (b) of Schedule XX-C to the financial statements regarding the managerial remuneration of Rs. 63 million for the financial year ending 31st March 2009, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs. 38.2 million. The Company had already obtained approval from Central Government vide its letters dated December 23, 2009, February 15, 2011 and February 18, 2011 in respect to excess remuneration paid amounting to Rs. 29.1 million and for the balance excess remuneration of Rs. 9.1 million, requisite approval is awaited. Pending such final approval, no adjustments have been made to the accompanying financial statements.

5. Further to our comments in the annexure referred to in para 3 above, we report that:

    i. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

    ii. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    iii. the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;

    iv. in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

    v. on the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

    vi. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

        a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;

        b) in the case of the profit and loss account, of the profit for the year ended on that date; and

        c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

per Rajiv Goyal
Partner
Membership No.: 94549

New Delhi
May 13, 2011

Annexure referred to in paragraph [3] of our report of even date, Re: Panacea Biotec Limited

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

   b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification, which in our opinion,

ANNEXURE TO THE AUDITORS' REPORT

is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed in respect of the fixed assets physically verified during the year.

c) There was no substantial disposal of fixed assets during the year.

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

b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.

iii. a) The Company has granted loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 771.1 million and the year- end balance of loans (including interest accrued) granted to the party was Rs. 490.4 million.

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

c) The loans granted are re-payable on demand. As informed, the company has not demanded repayment of any such loan during the year, thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest for loans has been regular.

d) There is no overdue amount of loans granted to company, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

e) The Company has taken loan from one partnership firm covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 362 million and the year-end balance of loans taken from such parties was Rs. 360 million.

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

g) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.

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

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

vi. In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

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

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

ix. a) Undisputed statutory dues including provident fund, employees' state insurance, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities *except for slight delay in few cases* in Income tax where amount involved is not significant.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a

ANNEXURE TO THE AUDITORS' REPORT

position to comment upon the regularity or otherwise of the company in depositing the same.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, investor education and protection fund, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount (Rs in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax Demand raised by Assessing Officer	27.5	Assessment Year 2003-04	Appeal pending with High Court
Income Tax Act, 1961	Demand raised by Assessing Officer	0.9	Assessment Year 2005-06	Appeal pending with ITAT
Income Tax Act, 1961	Demand raised by Assessing Officer	2.2	Assessment Year 2006-07	Appeal pending with ITAT
Income Tax Act, 1961	Demand raised by Assessing Officer	4.8	Assessment Year 2007-08	Appeal pending with ITAT
Income Tax Act, 1961	Demand raised by Assessing Officer	4.9	Assessment Year 2008-09	Appeal pending with CIT(Appeals)
The Finance Act, 1994	Service Tax Demand raised by Assessing Officer	50.0	Financial Year 2003-04 to 2007-09	Pending with CESTAT
The Finance Act, 1994	Service tax Demand raised by Assessing Officer	2.1	Financial Year 2009-10	Pending with Assessing Officer
Central Excise Act, 1944	Excise Duty Demand raised by Assessing Officer	1.7	Financial Year 2000-01 to 2001-02	Pending with Assessing Officer

x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank.

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

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

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

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

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

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

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

xix. The Company had unsecured 'Zero Coupon Convertible Bonds due 2011' outstanding which have been redeemed during the year.

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

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

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

per Rajiv Goyal
Partner
Membership No. 94549

New Delhi
May 13, 2011

Panacea Biotec
Innovation in support of life

BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in million)

	Schedule No.	As at March 31, 2011		As at March 31, 2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	I	61.3		66.8	
Reserves and Surplus	II	6,306.8	6,368.1	6,898.4	6,965.2
Loan Funds					
Secured Loans	III	8,250.7		5,081.4	
Unsecured Loans	IV	586.1	8,836.8	1,973.0	7,054.4
Deferred Tax Liability (Net)			756.6		708.9
(Refer note no.7 of Schedule XX-C)					
Foreign Currency Monetary item Translation Difference Account (net of amortisation)			-		16.8
(Refer note no.19 of Schedule XX-C)					
Total			15,961.5		14,745.3
APPLICATION OF FUNDS					
Fixed Assets	V				
Gross Block		8,957.1		8,090.3	
Less : Accumulated Depreciation/Amortisation		3,486.3		2,769.2	
Net Block		5,470.8		5,321.1	
Capital Work-in-Progress		1,237.4	6,708.2	1,625.5	6,946.6
Investments	VI		2,329.4		2,258.5
Current Assets, Loans & Advances	VII				
Inventories		3,680.2		4,555.1	
Sundry Debtors		2,788.4		1,094.1	
Cash and Bank Balances		394.7		363.3	
Other Current Assets		80.0		72.2	
Loans and Advances		1,196.7		1,319.1	
Sub-total (A)		8,140.0		7,403.8	
Less : Current Liabilities and Provisions	VIII				
Current Liabilities		1,061.7		1,382.1	
Provisions		154.7		483.5	
Sub-total (B)		1,216.4		1,865.6	
Net Current Assets (A)-(B)			6,923.6		5,538.2
Miscellaneous Expenditure	IX		0.3		2.0
(To the extent not written off or adjusted)					
Total			15,961.5		14,745.3
Significant Accounting Policies and Notes to Accounts	XX				

The Schedules referred to above and notes thereon form an integral part of the Balance Sheet.

As per our attached report of even date

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

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

Place : New Delhi
Dated : May 13, 2011

For and on behalf of the Board

Ravinder Jain
Managing Director

Dr. Rajesh Jain
Joint Managing Director

I.K. Sharma
D.G.M. (Accounts & Finance)

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

Vinod Goel
G.M. Legal & Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(Rs. in million)

	Schedule No.	For the year ended March 31, 2011		For the year ended March 31, 2010	
INCOME					
Turnover (Gross)	X	11,308.2		8,851.7	
Less: Excise Duty		3.6	11,304.6	8.0	8,843.7
Other Income	XI		350.5		934.8
Total			11,655.1		9,778.5
EXPENDITURE					
Purchases of Traded Goods			244.4		180.1
Raw and packing material consumed	XII		4,457.6		5,014.9
Operating and other expenses	XIII		1,118.4		863.5
(Increase)/ Decrease in inventories	XIV		588.7		(514.8)
Personnel Expenses	XV		1,293.9		990.1
Selling and Distribution Expenses	XVI		548.7		396.7
Research and Development Expenses	XVII		753.1		753.2
Financial Expenses	XVIII		521.1		423.5
Depreciation/ Amortisation	V		572.6		488.6
Miscellaneous Expenditure written off during the year	IX		1.7		1.7
Total			10,100.2		8,597.5
Profit before tax			1,554.9		1,181.0
Provision for Income Tax		324.6		182.5	
Less: MAT Credit Entitlement		174.8		177.7	
Net Current Tax Liability			149.8		4.8
Deferred Income Tax Charge (Refer note no.7 of Schedule XX-C)			47.7		375.1
Provision for Tax (Earlier years)			6.9		0.7
Profit after Tax			1,350.5		800.4
Add : Balance brought forward from previous year			2,856.1		2,155.2
Profit available for Appropriations			4,206.6		2,955.6
APPROPRIATIONS					
Dividend on Equity Shares - Proposed			45.9		16.7
Dividend Distribution Tax			7.5		2.8
Proposed Dividend written back (Refer note no.24 of Schedule XX-C)			(1.1)		-
Dividend Distribution Tax written back (Refer note no. 24 of Schedule XX-C)			(0.2)		-
Transfer to General Reserve			135.0		80.0
Surplus carried to Balance Sheet			4,019.5		2,856.1
Basic Earnings per Share (in Rs.)	XIX		21.35		11.98
Diluted Earnings per Share (in Rs.)	XIX		21.35		11.22
Face/ Nominal Value per Share (in Rs.)			1.00		1.00
Significant Accounting Policies and Notes to Accounts	XX				

The Schedules referred to above and notes thereon form an integral part of the Profit & Loss Account.

As per our attached report of even date

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

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

Place : New Delhi
Dated : May 13, 2011

For and on behalf of the Board

Ravinder Jain
Managing Director

Dr. Rajesh Jain
Joint Managing Director

I.K. Sharma
D.G.M. (Accounts & Finance)

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

Vinod Goel
G.M. Legal & Company Secretary

Panacea Biotec
Innovation in support of life

SCHEDULES TO BALANCE SHEET

(Rs. in million)

		As at March 31, 2011		As at March 31, 2010
Schedule I - Share Capital				
Authorised				
Comprising of				
i. 125,000,000 (Previous Year 125,000,000) Equity Shares of Re.1 each		125.0		125.0
ii. 110,000,000 (Previous year 110,000,000) Preference Shares of Rs.10 each		1,100.0		1,100.0
		1,225.0		1,225.0
Issued and Subscribed & Paid up				
61,250,746 (Previous year 66,842,746) Equity Shares of Re. 1 each fully paid-up		61.3		66.8
(Refer note no. 24 of Schedule XX-C)				
		61.3		66.8

Note:

1. Out of the above shares, 1,814,240 Equity Shares of Rs.10 each were issued as fully paid up bonus shares by capitalisation of General Reserves in earlier years, which were later on sub-divided into 18,142,400 Equity Shares of Re.1 each on February 12, 2003.
2. 1,49,000 Forfeited Shares which were allotted on 24th August, 2005 in the name of employees of the Company (in their capacity as Company's nominees/trustees) for sale thereof at the prevailing market prices through recognised Stock Exchanges on the terms & conditions as specified by Managing / Joint Managing Directors or Director of the Company, were sold and net proceeds aggregating Rs. 29.9 million were received by the Company during the financial year 2009-10.

Schedule II - Reserves and Surplus				
Capital Redemption Reserve				
Amount as per last Balance Sheet	1,016.8		1,016.8	
Add: Credited upon buy back of equity shares	5.5	1,022.3	-	1,016.8
(Refer note no. 24 of Schedule XX-C)				
Capital Reserve				
(Refer note no. 21 of Schedule XX-C)		3.1		3.1
Securities Premium				
Amount as per last Balance Sheet	2,792.5		2,762.7	
Add: Credited upon sale of forfeited equity shares*	-		29.8	
Less: Premium paid on redemption of FCCBs	(797.2)		-	
(Refer note no. 3 of Schedule XX-C)				
Less: Transferred to capital redemption reserve on buy back of equity shares	(5.5)		-	
(Refer note no. 24 of Schedule XX-C)				
Less: Premium paid on buy back of equity shares	(1,092.8)	897.0	-	2,792.5
(Refer note no. 24 of Schedule XX-C)				
General Reserve				
Amount as per last Balance Sheet	229.9		149.9	
Add: Transfer from Profit & Loss Account	135.0	364.9	80.0	229.9
Profit & Loss Account		4,019.5		2,856.1
		6,306.8		6,898.4

*149,000 Forfeited Equity Shares of the Company, which were earlier re-issued and held in the name of the Company's employees as nominees/ trustees, were sold during the financial year 2009-10 in the open market for Rs. 29.9 million. Out of the proceeds, Rs. 29.8 million were credited in the Securities Premium Account.

SCHEDULES TO BALANCE SHEET

(Rs. in million)

	As at March 31, 2011	As at March 31, 2010
Schedule III - Secured Loans		
1. Foreign Currency Term Loans (from Banks)		
i) State Bank of India	2,453.0	1,796.2
(Due within one year Rs. 460.5 million (Previous year Rs.Nil))		
Interest accrued & due on the same	13.1	8.6
ii) State Bank of Travancore	1,119.3	1,127.0
(Due within one year Rs. 223.9 million (Previous year Rs.Nil))		
Interest accrued & due on the same	6.0	5.6
2. Term Loan (from Government of India)	78.3	30.0
(Due within one year Rs. Nil (Previous year Rs.Nil))		
3. Term Loan (from Banks)		
i) State Bank of India	298.3	-
(Due within one year Rs. 46.3 million (Previous year Rs.Nil))		
Interest accrued & due on the same	3.2	-
ii) Indian Overseas Bank	1,000.0	-
(Due within one year Rs. Nil (Previous year Rs.Nil))		
Interest accrued & due on the same	-	-
4. Working Capital Loans from Scheduled Banks	2,079.2	793.6
Interest accrued & due on the same	6.4	4.7
5. Buyers' Credit	1,193.9	1,315.7
(Due within one year Rs.1,193.9 million (Previous year Rs.1,315.7 million))		
	8,250.7	5,081.4

Notes:

1. Foreign currency term loan taken from banks and term loan taken from State Bank of India are secured by way of first pari-passu charge by hypothecation of the company's entire movable fixed assets, both present and future and mortgage of immovable properties of the company being land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswasi situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh. Foreign Currency Term Loan from State Bank of India is also collaterally secured by personal guarantees of the promoter- directors of the Company, viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.
2. Term loan from Government of India is secured by way of hypothecation of the company's all equipments, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property present and future by way of first charge on pari-passu basis. (Refer note no. 23 of schedule XX-C)
3. Term loan from Indian Overseas Bank is secured by way of first pari-passu charge by hypothecation of the company's entire movable fixed assets, both present and future and mortgage of immovable properties of the company being land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswasi situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh. It is also collaterally secured by personal guarantees of the promoter- directors of the Company, viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain. The creation of charge on immovable properties is under process.
4. Working capital loan from Scheduled Banks & Buyers' Credit are secured by way of first pari passu charge by hypothecation of all current assets and also by way of 2nd pari-passu charge on all the movable fixed assets (including machinery and spares) of the Company and existing immovable properties of the Company being land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswasi situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh. These are also collaterally secured by personal guarantees of the promoter- directors of the Company, viz Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.

Schedule IV - Unsecured Loans		
Fixed Deposits*	366.3	320.5
(Due within one year Rs.362.8 million (Previous year Rs.181 million))		
Loan from Subsidiary Company	185.0	-
(Due within one year Rs. 185 million (Previous year Rs.Nil))		
Finance Lease Obligation	34.8	-
(Due within one year Rs.18.4 million (Previous year Rs.Nil))		
(Refer note no. 12 (ii) (e) of Schedule XX-C)		
Foreign Currency Convertible Bonds	-	1,652.5
US$ Nil (Previous year US$ 36.8 million) Zero Coupon Convertible Bonds due 2011		
(Due within one year Rs.Nil (Previous year Rs.1,652.5 million))		
(Refer note no. 3 of Schedule XX-C)		
	586.1	1,973.0

* It includes Rs.360 million (Previous year Rs.315 million) from partnership firm in which some directors and their relatives are partner.

Schedule V - Fixed Assets

(Rs. in million)

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 1, 2010	Additions during the Year	Adjustments*	Sale/ Adjustments during the Year	As at March 31, 2011	As at April 1, 2010	Provided during the Year	Deductions & Adjustments during the Year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
A. Tangible Assets											
Land - Freehold	293.5	12.6	-	-	306.1	-	-	-	-	306.1	293.5
Land - Leasehold	54.8	-	-	-	54.8	1.6	0.8	-	2.4	52.4	53.2
Buildings	1,797.7	167.2	7.6	-	1,957.3	418.1	108.6	-	526.7	1,430.6	1,379.6
Leasehold Improvement	83.4	-	-	-	83.4	77.1	3.0	-	80.1	3.3	6.3
Plant & Machinery	4,819.2	594.5	35.2	0.1	5,378.4	1,646.5	496.8	0.0	2,143.3	3,235.1	3,172.7
Furniture & Fittings	296.7	24.6	0.6	0.4	320.3	161.7	26.1	0.1	187.7	132.6	135.0
Vehicles	152.8	21.7	-	17.9	156.6	80.9	20.9	12.8	89.0	67.6	71.9
Office Equipments	195.9	5.1	1.0	0.1	199.9	92.1	14.9	0.1	106.9	93.0	103.8
Computer Equipments	161.5	7.4	0.2	0.6	168.1	127.3	15.9	0.5	142.7	25.4	34.2
TOTAL (A)	**7,855.5**	**833.1**	**44.6**	**19.1**	**8,624.9**	**2,605.3**	**687.0**	**13.5**	**3,278.8**	**5,346.1**	**5,250.2**
Capital Work in Progress (including Capital Advances of Rs. 182.7 million (Previous year Rs. 205.7 million)										411.4	883.3
PREVIOUS YEAR	7,197.8	1,203.7	461.5	84.5	7,855.5	2,038.5	632.0	65.2	2,605.3	5,250.2	5,159.3
B. Intangible Assets											
Patents, Trademarks & Copyrights	61.9	5.6	-	-	67.5	49.9	3.8	-	53.7	13.8	12.0
Software - acquired**	96.9	72.3	-	0.7	168.5	69.7	27.3	0.5	96.5	72.0	27.2
Website - acquired	9.2	-	-	-	9.2	9.2	-	-	9.2	-	-
Product Development	66.8	20.2	-	-	87.0	35.1	13.0	-	48.1	38.9	31.7
TOTAL (B)	**234.8**	**98.1**	**-**	**0.7**	**332.2**	**163.9**	**44.1**	**0.5**	**207.5**	**124.7**	**70.9**
Capital Work in Progress (including Capital Advances of Rs. 1.9 million (Previous year Rs . Nil))										826.0	742.2
PREVIOUS YEAR	213.4	22.1	-	0.7	234.8	131.5	32.5	0.1	163.9	70.9	81.9
TOTAL (A+B)	**8,090.3**	**931.2**	**44.6**	**19.8**	**8,957.1**	**2,769.2**	**731.1**	**14.0**	**3,486.3**	**5,470.8**	**5,321.1**
Capital Work in Progress (including Capital Advances of Rs. 184.6 million (Previous year Rs. 205.7 million))										1,237.4	1,625.5
PREVIOUS YEAR	7,411.2	1,225.8	461.5	85.2	8,090.3	2,170.0	664.5	65.3	2,769.2	5,321.1	5,241.2

Notes:

1. Freehold Land includes Land amounting to Rs. Nil (Previous year Rs. 16.4 million) pending registration in the name of the Company.
2. Building includes Office Premises amounting to Rs.Nil (Previous year Rs.155.9 million) pending registration in the name of the Company.
3. Plant & Machinery includes Plant & Machinery amounting to Rs.3.4 million (Previous year Rs.3.5 million) (Net Block) lying with third parties.
4. Depreciation for the year includes Depreciation on Research & Development Assets amounting to Rs. 158.5 million (Previous year Rs.175.9 million).
5. For pre-operative expenditure capitalized / Capital work in progress, refer Note No.4 of schedule XX-C.

* Exchange differences decapitalized during the year (Refer Note No.19 of Schedule XX-C)

** includes assets taken on finance lease : Gross block value Rs. 55.3 million (Previous year Rs. Nil); Net block value Rs. 41.5 million (Previous year Rs. Nil).

SCHEDULES TO BALANCE SHEET

(Rs. in million)

	As at March 31, 2011		As at March 31, 2010	
Schedule VI - Investments				
Long Term Investments (At cost)				
Trade (Unquoted)				
1) Subsidiary Companies :				
a) 1,902,160 (Previous year 1,902,160) Equity Shares of Re.1 each, fully paid in Best On Health Ltd.	22.9		22.9	
b) 6,636,666 (Previous year 6,636,666) 0.5% Optionally Convertible Non-Cumulative Redeemable Preference Shares of Re.1 each, fully paid in Best On Health Ltd.	1,991.0		1,991.0	
c) 5 (Previous year 5) Equity Shares of AED 100,000 each, fully paid in Panacea Biotec FZE.	5.5		5.5	
d) 3,765,701(Previous year 3,765,701) Equity Shares of Rs.10 each, Rs.8.50 (Previous year Rs. 5.90) paid in NewRise Healthcare Private Limited (Formerly known as Umkal Medical Institute Pvt. Ltd) (Refer note no.1 of Schedule XX-C)	239.7		166.4	
e) 25,000 (Previous year 25,000) Equity Shares of €1 each, fully paid in Panacea Biotec GmbH	1.6		1.6	
f) 1,000 (Previous year 1,000) Equity Shares of US $ 0.01 each, fully paid in Rees Investments Limited	0.0		0.0	
g) 501(Previous year 501) Equity Shares of US $ 100 each, fully paid up in Panacea Biotec Inc., USA	2.4		2.4	
Less : Provision for Permanent Diminution in the value of Investments (Refer note no. 25 of Schedule XX-C)	(2.4)	2,260.7	-	2,189.8
2) Joint Venture Companies :				
a) 2,295,910 (Previous year 2,295,910) Equity Shares of Rs.10 each, fully paid up in Chiron Panacea Vaccines Pvt. Ltd.	23.0		23.0	
b) 4,608,608 (Previous year 4,608,608) Ordinary Shares of GBP 0.01 each, fully paid up in Cambridge Biostability Limited, U.K.	168.1		168.1	
Less : Provision for Permanent Diminution in the value of Investments (Refer note no. 13(d) of Schedule XX-C)	(168.1)	23.0	(168.1)	23.0
3) 419,767 (Previous year 419,767) Equity Shares of Rs.10 each fully paid in PanEra Biotec Private Limited		4.2		4.2
4) 20,250 (Previous year 20,250) Equity Shares of Rs.10 each fully paid up in Shivalik Solid Waste Management Limited		0.2		0.2
Non-Trade (Unquoted)				
1) 41,257,126 (Previous year 41,257,126) Equity Shares of Re.1 each, fully paid up in Lakshmi & Manager Holdings Limited*		41.3		41.3
		2,329.4		2,258.5

*Company under the same management as defined under section 370 (1B) of the Companies Act, 1956

Notes:

1. The aggregate amount of unquoted investments is Rs. 2,329.4 million (Previous year Rs. 2,258.5 million), net of Provision for Permanent Diminution in the value of Investments of Rs. 170.5 million (Previous year Rs. 168.1 million).
2. The following investments were purchased and sold during the year:

-14,925,106 units (Previous year Rs. Nil) of face value of Rs. 10 each of SBI-Magnum Insta Cash Fund

	2011	2010
Purchase value	250.0	-
Sale value	250.0	-

SCHEDULES TO BALANCE SHEET

(Rs. in million)

		As at March 31, 2011		As at March 31, 2010
Schedule VII - Current Assets, Loans & Advances				
Inventories (at lower of cost or net realisable value):				
i) Raw Materials & Packing Materials (Including Goods lying with third parties Rs. 9.4 million (Previous year Rs. 6.9 million))	2,466.7		2,751.3	
ii) Finished Goods (Including Goods in transit of Rs. 17.9 million (Previous year Rs. 10.2 million) & Goods lying with third parties Rs. 0.2 million (Previous year Rs. 0.2 million))	998.6		1,557.0	
iii) Work in Progress (Including Goods lying with third parties Rs. 4.2 million (Previous year Rs. 4.1 million))	116.2		146.5	
iv) Stores & Spare Parts	98.7	3,680.2	100.3	4,555.1
Sundry Debtors				
Debts outstanding for a period exceeding six months				
Unsecured, Considered good	25.0		90.8	
Unsecured, Considered doubtful	3.5		3.1	
Other Debts				
Unsecured, considered good*	2,763.4		1,003.3	
	2,791.9		1,097.2	
Less: Provision for doubtful debts	(3.5)	2,788.4	(3.1)	1,094.1
*Includes amount recoverable from Joint venture Company of Rs. 66.7 million (Previous year Rs.38.2 million).				
Cash and Bank Balances				
i) Cash balance on hand	2.6		0.3	
ii) Balance with scheduled banks				
a) On Cash Credit Accounts	-		109.0	
b) On Current Accounts	76.3		46.9	
c) On Unpaid Dividend Accounts*	1.3		1.4	
d) On Fixed Deposits **	1.2		0.9	
e) On Exchange Earner Foreign Currency Current Accounts	313.3	394.7	204.8	363.3
* Not available for use by the company as they represent corresponding unpaid dividend liabilities.				
** These fixed deposits are pledged with Banks and various Government Authorities.				
Other Current Assets				
Export Benefits receivable	73.9		29.2	
Interest accrued but not due on loans & deposits	13.4		50.3	
Less : Provision for doubtful receivables	(7.3)	80.0	(7.3)	72.2
(Refer note no. 13(d) of Schedule XX-C)				
Loans and Advances				
Unsecured, Considered good				
Advances recoverable in cash or in kind or for value to be received	91.8		63.4	
Balance with Excise, Custom etc.	41.5		14.3	
Loans & advances to subsidiary company	484.4		688.5	
(Refer note no. 8 of Schedule XX-C)				
Staff loans & advances	17.5		14.3	
Security deposits	25.0		24.0	
Advance income tax (Net of provision of Rs.1,687.4 million (Previous year Rs.1,169.2 million))	184.0		336.9	
MAT credit entitlement	352.5		177.7	
Unsecured, Considered doubtful				
Advances recoverable in cash or in kind or for value to be received	5.3		5.3	
Staff Loans & Advances	4.2		4.2	
Loan to Joint Venture Company	108.8		108.8	
	1,315.0		1,437.4	
Less : Provision for doubtful loans	(108.8)		(108.8)	
(Refer note no. 13(d) of Schedule XX-C)				
Less : Provision for doubtful Advances	(9.5)	1,196.7	(9.5)	1,319.1
		8,140.0		7,403.8
Notes:				
Movement in MAT credit entitlement				
Opening balance	177.7		-	
Add: MAT credit availed	174.8		177.7	
Less: MAT credit utilised	-		-	
Closing balance	352.5		177.7	

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Rs. in million)

	As at March 31, 2011		As at March 31, 2010	
Schedule VIII - Current Liabilities & Provisions				
A. Current Liabilities				
i) Acceptances	157.1		693.3	
ii) Sundry Creditors				
a) Dues to Micro & Small Enterprises (Refer note no.6 of Schedule XX-C)	3.4		2.8	
b) Dues to other than Micro & Small Enterprises	666.2		631.8	
iii) Advances from Customers	115.7		5.2	
iv) Sundry Deposits	15.1		14.8	
v) Unpaid dividend on Equity Shares*	1.3		1.4	
vi) Other Liabilities	92.5		28.3	
vii) Payable to Subsidiary Company	0.2		0.2	
viii) Interest accrued but not due on Loans	10.2	1,061.7	4.3	1,382.1
*This amount does not include amount due/outstanding to be credited to Investor Education & Protection Fund.				
B. Provisions				
i) Provision for wealth tax	1.2		2.0	
ii) Provision for fringe benefit tax (Net of Advance Payment of Rs. Nil (Previous year Rs.101.8 million))	-		4.2	
iii) Proposed dividend on equity shares	45.9		16.7	
iv) Provision for dividend distribution tax	7.5		2.8	
v) Provision for gratuity	43.2		48.2	
vi) Provision for leave encashment	56.9		52.7	
vii) Provision for open derivative contracts	-	154.7	356.9	483.5
		1,216.4		1,865.6
Schedule IX - Miscellaneous Expenditure				
(To the extent not written off or adjusted)				
License fees				
As per last Balance Sheet	2.0		3.7	
Less: Written off during the year	(1.7)	0.3	(1.7)	2.0
		0.3		2.0

(Rs. in million)

	For the year ended March 31, 2011	For the year ended March 31, 2010
Schedule X - Turnover		
Sales	11,268.2	8,822.4
Income from contract manufacturing	40.0	28.3
Services (R&D Income)	-	1.0
	11,308.2	8,851.7

Panacea Biotec
Innovation in support of life

SCHEDULES TO PROFIT & LOSS ACCOUNT

(Rs. in million)

	For the year ended March 31, 2011		For the year ended March 31, 2010	
Schedule XI - Other Income				
Interest (gross) :				
- Banks deposits (TDS Rs. 4.4 million (Previous year Rs.0.1 million))		44.6		0.6
- Inter company loans / deposits (TDS Rs.Nil (Previous year Rs.Nil))		42.0		45.0
- Income tax refund		25.0		7.2
- Others (TDS Rs.0.1 million (Previous year Rs.0.1 million))		2.0		0.8
Export incentives		81.4		36.6
Sale of scrap		4.0		3.6
Lease rent (gross) (TDS Rs.1.2 million (Previous year Rs.4.8 million))		50.4		47.6
Royalty income		57.9		28.6
Exchange Fluctuation Gain (Net of loss Rs. Nil (Previous year Rs. 45 million))		-		627.2
Dividend Received from :				
- Long term trade investments in Subsidiary		11.5		0.0
- Investment in mutual fund		0.1		-
Provisions for doubtful advances written back		-		135.5
Liabilities/ provisions no longer required written back		25.6		-
Miscellaneous income		6.0		2.1
		350.5		934.8
Schedule XII - Raw & Packing Material Consumed				
Opening Stock	2,751.3		3,206.8	
Add : Materials purchased during the year	4,189.3		4,582.4	
	6,940.6		7,789.2	
Less : Closing Stock	(2,466.7)		(2,751.3)	
	4,473.9		5,037.9	
Less: Materials consumed for Research & Development	(16.3)		(23.0)	
		4,457.6		5,014.9
Schedule XIII - Operating and other Expenses				
Processing charges		15.7		14.5
Analytical testing & trial charges		11.0		7.7
Stores & spare parts consumed*		71.3		63.6
Power & fuel*		190.4		130.4
Repair & maintenance				
-Buildings	25.4		37.4	
-Plant & Machinery	25.9		16.9	
-Others*	38.6	89.9	29.8	84.1
Rent*		65.4		63.6
Royalty		17.1		17.4
Directors' sitting fees		0.4		0.5
Printing & stationery		97.6		59.3
Postage & communication		52.3		47.8
Insurance		40.8		34.0
Travelling & conveyance*		149.6		119.2
Books & periodicals		1.2		0.9
Legal & professional charges*		123.9		94.9
Vehicle running & maintenance		19.7		17.3
Payment made to Auditors (Refer note no.14 of Schedule XX-C)		6.6		7.8
Rates & taxes*		15.1		12.3
Donations		3.0		3.9
Subscription		14.8		12.2
Staff training & recruitment		30.1		23.7
Provision for doubtful debts & advances		0.4		4.5
Loss on sale of fixed assets (Net)		-		11.4
Foreign exchange fluctuation loss (Net)		39.1		-
Provision for permanent diminution in value of investment (Refer Note no. 25 of Schedule XX-C)		2.4		-
Miscellaneous expenses*		60.6		32.5
		1,118.4		863.5

*Refer note no. 4 of Schedule XX-C

SCHEDULES TO PROFIT & LOSS ACCOUNT

(Rs. in million)

	For the year ended March 31, 2011		For the year ended March 31, 2010	
Schedule XIV - (Increase)/ Decrease In Inventories				
Closing Stock:				
Finished Goods	998.6		1,557.0	
Work in Progress	116.2	1,114.8	146.5	1,703.5
Less: Opening Stock:				
Finished Goods	1,557.0		985.9	
Work in Progress	146.5	1,703.5	202.8	1,188.7
		588.7		(514.8)
Schedule XV - Personnel Expenses				
Salary, wages and bonus*#		1,194.2		907.5
Contribution to provident and other funds		35.6		27.5
Workmen & staff welfare		49.2		44.1
Gratuity		14.9		11.0
		1,293.9		990.1
* For Director's Remuneration refer note no.5(a) of Schedule XX-C				
# Refer note no.4 of Schedule XX-C				
Schedule XVI - Selling & Distribution Expenses				
Advertising & sales promotion		331.0		250.7
Meetings & conferences		119.6		53.2
Freight & cartage		48.0		64.9
Commission on sales (other than sole selling agents)		50.1		27.9
		548.7		396.7
Schedule XVII - Research & Development Expenses				
Raw material & packing material consumed		16.3		23.0
Stores & spare parts consumed		138.5		142.3
Processing charges		11.0		0.1
Salary, wages and bonus		234.1		223.0
Contribution to provident and other funds		5.1		4.7
Workmen & staff welfare		8.6		7.1
Gratuity		1.4		1.1
Analytical testing & trial charges		54.9		47.3
Rent		7.0		6.7
Printing & stationery		1.9		2.4
Postage & communication		3.2		3.0
Travelling & conveyance		14.1		9.5
Books & periodicals		1.0		1.8
Legal & professional charges		1.4		5.0
Vehicle running & maintenance		4.4		3.5
Donations		0.1		-
Repair & maintenance :				
-Buildings	2.8		3.4	
-Plant & Machinery	13.1		6.7	
-Others	3.8	19.7	4.3	14.4
Rates, fees & taxes		3.0		5.5
Subscription		14.0		12.9
Electricity & water charges		34.4		33.8
Meeting & conferences		1.7		1.5
Staff training & recruitment		1.8		2.1
Loss on sale of fixed assets (Net)		-		2.8
Product development expenses written off		11.4		19.4
Depreciation / Amortisation		158.5		175.9
Miscellaneous expenses		5.6		4.4
		753.1		753.2

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Rs. in million)

	For the year ended March 31, 2011		For the year ended March 31, 2010	
Schedule XVIII - Financial Expenses				
Interest on:				
- Term loans	277.1		195.3	
- Others (including interest on working capital loans)	200.9	478.0	187.4	382.7
Bank charges		43.1		40.8
		521.1		423.5
Schedule XIX - Earning Per Share				
Calculation of profit for basic & diluted EPS				
Net profit before Tax		1,554.9		1,181.0
Less: Adjustment for tax expenses		(204.4)		(380.6)
Net profit for calculation of basic & diluted EPS		1,350.5		800.4
Weighted average number of equity shares in calculating basic EPS		63,242,590		66,781,921
'US$ 50 Million Zero Coupon Convertible Bonds due 2011' (Outstanding US$36.80 Million) at conversion price Rs. 357.57		-		4,542,752
Weighted average number of Equity Shares in calculating diluted EPS		63,242,590		71,324,673
Basic earnings per share (in Rs.)		21.35		11.98
Diluted earnings per share (in Rs.)		21.35		11.22
Face / Nominal value per share (in Rs.)		1.00		1.00

Schedule XX - Significant Accounting Policies and Notes on Accounts

A. Nature of Operations

Panacea Biotec Limited is one of the India's leading research based health management companies engaged in the business of research, development, manufacture and marketing of branded Pharmaceutical Formulations and Vaccines. The Company has products for various segments, which include pain management, diabetes management, organ transplantation and pediatric vaccines.

B. Significant Accounting Policies

1. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. Use of Estimates

The presentation of financial statements in conformity with the Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods - Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and is stated net of trade discounts, returns and Sales Tax /VAT but includes Excise Duty. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

Research & Development - Income from Research & Development Services is recognized on an accrual basis in accordance with the terms of the relevant agreement.

Contract Manufacturing - Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreement.

Interest - Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend - Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the Balance Sheet date but pertains to the period on or before the date of Balance Sheet, as per the requirements of Schedule VI to the Companies Act, 1956.

Royalty - Revenue is recognized on an accrual basis in accordance with the term of the relevant agreement.

Export Benefits - Export entitlements under Duty Entitlement Pass

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Book Schemes are recongnised in the Profit & Loss Account when the right to receive credit as per terms of scheme is established in respect of export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

4. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

As a result of change in Accounting Policy during the financial year 2008-09 in respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

5. Impairment of Fixed Assets

The carrying amounts of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

6. Intangibles

Patents, Trademarks & Designs - Costs relating to patents, trademarks and designs, which are acquired, are capitalized.

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

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

Product Development - Product Development is capitalized on successful completion of development activities and commercial launch of developed products.

Technical Know how - Technical Know how is capitalized on successful transfer of technology when its future recoverability can reasonably be regarded as assured.

Software and Website - Software and website are stated at cost of acquisition and include all attributable costs of bringing them to their working condition for their intended use.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

7. Depreciation / Amortization

a) Depreciation on fixed assets is provided on written down value method as per the rates based on the useful life of the assets estimated by the management, or as per rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher. Depreciation is provided on the following rates:

Tangibles Assets	WDV %
Building – Factory	10.00
Building – Office Premises	5.00
Plant & Machinery	13.91
Furniture & Fittings	18.10
Vehicles	25.89
Office Equipments	13.91
Computer Equipments	40.00

b) Amortization of intangibles is provided on straight line basis of the estimated useful lives as follows:-

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

c) Land is amortized over the period of lease or useful life, whichever is shorter.

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

8. 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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

9. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

10. Leases

Where the Company is the Lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lesser effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where the Company is the Lessor

Assets given under a finance lease are recognized as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

11. Deferred Revenue Expenditure

Expenditure incurred prior to April 1, 2003 towards procuring license for new products is written off over the period of agreement or ten years whichever is shorter. Expenditure of the similar nature incurred during the year is charged off to revenue.

12. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution, in value is made to recognize a decline other than temporary in the value of the investments.

13. Inventories

Finished Goods, Work in Progress, Goods held for Resale, Raw Materials, Packing Materials and Stores & Spare parts are stated at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

'Cost' of Finished Goods, Work in progress, Raw Materials, Packing Materials and Stores & Spare parts is arrived at by using 'Weighted Average Price' method.

Cost of Work in Progress and Finished Goods is determined by considering direct material cost and appropriate portion of manufacturing overheads based on normal operating capacity. Cost of traded goods is arrived at by using 'Weighted Average Price' method. Cost of Finished Goods includes Excise Duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

14. Retirement and Other Employee Benefits

a) Retirement benefit in the form of Provident Fund is a defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

b) Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method.

d) Leave encashment payable /adjustable during the year is provided on the basis of last salary drawn by employees.

e) Actuarial gains/losses are immediately taken to Profit & Loss Account and are not deferred.

15. Foreign Currency Transactions

Initial Recognition : Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Conversion : Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences : Exchange differences arising on a monetary item that, in substance, form part of Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to, or deducted from, the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before 31st March, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes : The premium or discount arising at the inception of forward exchange contracts is amortized as an expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of Profit and Loss Account in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

16. Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred Income Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each Balance Sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax assets to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

17. Earnings Per Share

Basic Earnings per Share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) 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 of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares), if any.

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.

18. Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management's best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

19. Segment Reporting Policies

(a) Identification of Segments:

Primary Segment

Business Segment: The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are Vaccines, Formulations and Research & Development Activities.

Secondary Segment

Geographical Segment: The analysis of geographical segment is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Revenue from domestic market includes sales to customers located within India.
- Revenue from overseas market includes sales to customers located outside India.

(b) Allocation of Common Costs: Common allocable costs are allocated to each segment on a rational basis based on nature of each such common cost.

(c) Unallocated Items: Corporate income and expenses are considered as a part of unallocable income & expense, which are not identifiable to any business segment.

(d) Segmental Policies: The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

20. Derivative Instruments

As per announcement of Institute of Chartered Accountants of India, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Profit and Loss Account. Net gains are ignored.

21. Cash & Cash Equivalent

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

22. Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Direct expenditure incurred during construction period is capitalized as part of the direct construction cost to the extent to which the expenditure is directly related to construction.

C. Notes to Accounts

1. Contingent Liabilities (to the extent not provided for)

(Rs. in million)

S. No.	Particulars	As at March 31 , 2011	As at March 31 , 2010
I.	Disputed demands/ show-cause notices under:-		
	a) Income Tax cases	1.8	0.8
	b) Customs Duty cases	4.0	4.0
	c) Central Excise Duty cases	6.6	6.6
	d) Service Tax	8.3	2.7
	Total	20.7	14.1
II.	Uncalled liability on partly paid shares of NewRise Healthcare Private Limited (Formerly known as Umkal Medical Institute Pvt. Ltd.) (Refer Schedule VI – Investments)	42.3	115.6
III.	Demand from Maharashtra State Electricity Distribution Company Limited (Refer note (e) below)	8.1	8.1
IV.	Labour cases (in view of large number of cases, it is impracticable to disclose each of them)	1.2	2.0
V.	Premium on Redemption of 'US$ 50 Million Zero Coupon Convertible Bonds due 2011' (Refer note 3 below)	-	565.0

Notes:

a) In respect of Income Tax demand, the Assessing Officer disallowed certain expenses in respect of A.Y. 2007-08 and A.Y. 2008-09 which were computed in accordance with the provisions of Income Tax Act, 1961. The matter is pending with Hon'ble Income Tax Appellate Tribunal. The Company believes that it has merit in its 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 and the matter is pending before Hon'ble Customs, Excise and Service Tax Appellate Tribunal. The Company believes that it has merit in its case, hence no provision is required.

c) In respect of Central Excise Duty demand, the Assessing Officer levied Excise Duty on common inputs used in manufacture of exempted and taxable products. The Company has deposited the entire amount of demand under protest and the matter is pending before Hon'ble Customs, Excise and Service Tax Appellate Tribunal. The Company believes that it has merit in its case, hence no provision is required.

d) In respect of service tax demand, the Assessing Officer levied Service Tax on foreign services rendered & delivered outside India by the Company & certain other services on which there was no liability to pay Service Tax. The Company believes that it has merit in its case, hence no provision is required.

e) Maharashtra State Electricity Distribution Company Ltd. served a demand notice to the company on account of wrong tariff rates for the activities at R&D Center, Navi Mumbai. The Company has taken legal opinion which is in favour of the Company & hence no provision is considered necessary in this regard.

f) Liability on account of guarantees given to Government authorities for various purposes is considered remote. Hence, those have not been disclosed.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

2. 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)

S. No.	Particulars	As at March 31 , 2011	As at March 31 , 2010
1.	Tangibles Assets	76.1	280.0
2.	Intangible Assets	50.7	11.9
	Total	126.8	291.9

3. Foreign Currency Convertible Bonds

"US$ 50 Million Zero Coupon Convertible Bonds due 2011" amounting to US$ 36.8 million were pending for redemption or conversion (at the option of bondholders) as on March 31, 2010. Since these bonds were not converted, repurchased or cancelled during the current year, the Company has redeemed these bonds at a price equal to 142.80% of the outstanding principal amount on the maturity date i.e. February 14, 2011. The premium on redemption of these bonds amounting to Rs.713.0 million and withholding tax thereon amounting to Rs.84.2 million have been adjusted against the Securities Premium Account.

The conversion price of 'US$ 50 Million Zero Coupon Convertible Bonds due 2011' (FCCBs) was pre-determined at Rs.357.57 per Share. This rate was used to determine dilutive Equity Shares of the previous financial year.

4. Details of pre-operative expenses (included in Capital Work in Progress) relating to Fixed Assets are as follows:

(Rs. in million)

Particulars	Opening balance as at		Addition during the year ended		Capitalized during the year ended		Closing balance as at	
	April 1, 2010	April 1, 2009	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Legal & professional	5.2	-	1.7	5.2	6.9	-	-	5.2
Store & spares consumed	2.1	-	0.4	3.7	2.5	1.6	-	2.1
Power & fuel	0.1	0.1	6.6	1.2	6.7	1.2	-	0.1
Rates & taxes	0.3	0.3	0.4	0.0	0.7	-	-	0.3
Repair & maintenance - Others	0.1	0.1	0.0	0.0	0.1	0.0	-	0.1
Salary & wages	-	-	0.4	5.1	0.4	5.1	-	-
Travelling & conveyance	0.2	0.8	0.0	0.4	0.2	1.0	-	0.2
Rent	0.0	-	-	0.0	0.0	-	-	0.0
Miscellaneous expenses	0.0	-	1.9	0.1	1.9	0.1	-	0.0
Total	8.0	1.3	11.4	15.7	19.4	9.0	-	8.0

5. a) Directors' Remuneration

(Rs. in million)

Particulars	For the year ended March 31 , 2011	For the year ended March 31 , 2010
Managing/ Joint Managing Directors/ Whole-time Directors		
Salary and Allowances*	58.3	58.3
Commission on profit to Chairman/ Managing Director / Joint Managing Director	104.4	-
Perquisites (taxable value)	11.0	6.4
Contribution to Provident Fund	0.0	0.0
Total	173.7	64.7
Non Whole-time Directors		
Allowances	0.9	0.9
Sitting Fees	0.4	0.5
Total	1.3	1.4
Grand Total	175.0	66.1

*Provision for leave encashment and gratuity amounting to Rs.0.4 million (Previous year Rs.1.3 million) and Rs.6.1 million (Previous year Rs.3.8 million) respectively, made during the year, is not included above.

b) Computation of net profit in accordance with Section 198 read with section 349 of the Companies Act, 1956 ("the Act") and maximum amount permissible for managerial remuneration.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Rs. in million)

Particulars	For the year ended March 31 , 2011	For the year ended March 31 , 2010
Net profit before taxes as per Profit & Loss Account	1,554.9	1,180.8
Remuneration to Whole-time Directors	173.7	64.7
Remuneration to Non Whole-time Directors	1.3	1.4
Depreciation / Amortization as per books	731.1	664.5
Loss on sale of fixed assets	-	14.1
Provision / (Write back) for Doubtful Debts and Advances	0.4	(131.0)
Product development expenses written off	11.4	19.4
Provision for permanent diminution in value of investment	2.4	-
Depreciation / Amortization under section 350 of the Companies Act, 1956	(731.1)	(664.5)
Net profit for the year under section 349 of the Companies Act, 1956	1,744.1	1,149.4
Maximum amount permissible under Section 309 read with Section II of Part II of Schedule XIII of the Act for payment to Managing/Joint Managing Directors and Whole-time Directors	174.4	114.9
Maximum amount permissible under Section 309 of the Act for payment to Non Whole-time Directors	17.4	11.5
Total remuneration allowable to Managing/ Joint Managing/ Whole-time and Non Whole-time Directors	191.8	126.4

Note:

With regard to payment of managerial remuneration of Rs. 38.2 million during Financial Year 2008-09, in excess of limits prescribed under Section 198 and 309 read with part II of Schedule XIII of the Companies Act, 1956, without obtaining Central Government approval, the Company has sought approval of the Central Government for such remuneration. While the approvals in respect of remuneration to Dr. Rajesh Jain and Mr. Sandeep Jain, Joint Managing Directors of the Company, have been received in full, the requisite approvals in respect of Mr. Soshil Kumar Jain, Chairman and Mr. Ravinder Jain, Managing Director were received for Rs. 14.4 million. The Company has represented the matter again to seek approval for entire amount.

6. Disclosure of Micro & Small Enterprises

(Rs. in million)

Details of dues to Micro & Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act)	As at March 31, 2011		As at March 31, 2010	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	3.4	Nil	2.8	Nil
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	4.2	0.1	2.1	0.0
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 Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil	Nil	Nil

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

7. Deferred Tax Liabilities (Net)

(Rs. in million)

The break-up of deferred tax liability	As at March 31 , 2011	As at March 31 , 2010
Deferred Tax Liabilities		
Differences in depreciation and amortization in block of fixed assets as per Income Tax Act and books of accounts	552.6	535.1
Deferred revenue expenditure	0.1	0.7
Capital expenditure on research & development	280.5	306.9
Forex Loss (revenue) deferred as per notification on AS-11 (Revised)	-	4.2
Effect of finance lease accounting	1.1	-
Gross Deferred Tax Liabilities	834.3	846.9
Deferred Tax Assets		
Effect of expenditure debited to Profit and Loss Account in the current year but allowed for tax purposes in following years	77.7	43.7
Loss as per Income Tax Act carried forward	-	24.0
Unabsorbed Depreciation as per Income Tax Act carried forward	-	70.3
Gross Deferred Tax Assets	77.7	138.0
Net Deferred Tax Liability	756.6	708.9

8. Details of Loans and advances to subsidiaries, associates and parties in which directors are interested (as required by clause 32 of listing agreement):

(Rs. in million)

Particulars	As at March 31 , 2011	As at March 31 , 2010
a) Loans to wholly owned subsidiaries		
- Rees Investments Limited	484.3	688.4
Maximum amount due at any time during the year	771.1	739.6
Accrued interest receivable on loan	6.1	45.0
There is no repayment schedule in respect of this loan		
b) Loan to Joint Venture Company		
- Cambridge Biostability Ltd.	108.8	108.8
Maximum amount due at any time during the year	116.1	116.1
Accrued interest receivable on loan	7.3	7.3
There is no repayment schedule in respect of this loan		

Note:

During the financial year 2009-10, Company's erstwhile Joint Venture Cambridge Biostability Limited (CBL) had initiated steps to place it into creditors' voluntary liquidation. Due to the financial position of erstwhile Joint Venture company, Company has considered its investment and loan given to it doubtful for recovery. Accordingly provision created in earlier years for the said amount is continued in the current year. No interest has been accrued during the year on outstanding loan amount.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

9. Related Party Disclosures

A. Names of Related Parties

Names of related parties where control exists irrespective of whether transactions have occurred or not

(a) Joint Ventures
- Chiron Panacea Vaccines Private Limited
- Cambridge Biostability Limited

(b) Subsidiaries
- Best On Health Limited (BOH) (Wholly-owned subsidiary (WOS))
- Radicura & Co. Limited (Indirect WOS through BOH),
- Panacea Hospitality Services Pvt. Ltd. (Indirect WOS through BOH)
- Panacea Educational Institute Pvt. Ltd. (Indirect WOS through BOH)
- Sunanda Steel Company Ltd. (Indirect WOS through BOH)
- Nirmala Organic Farms & Resorts Pvt. Ltd (Indirect WOS through BOH) w.e.f. February 23, 2011
- Best On Health Foods Limited (Indirect WOS through BOH) w.e.f. December 6, 2010
- Rees Investments Ltd. (Rees) (Guernsey): WOS
- Kelisia Holdings Ltd. (Cyprus): Indirect WOS through Rees
- Kelisia Investment Holding AG (KIH) (Switzerland): Indirect WOS through Kelisia Holdings Ltd.
- Panacea Biotec (International) SA (PBS) (Switzerland) (Indirect WOS through KIH)
- Panacea Biotec GmbH (Germany) (Indirect WOS through PBS)
- Panacea Biotec (Europe) AG, (Switzerland): Indirect WOS through PBS
- Panacea Biotec FZE, (UAE): WOS
- Panacea Biotec Germany GmbH (Germany) (Indirect WOS through PBS) w.e.f. August 12, 2010
- Panacea Biotec Inc. (USA): WOS
- NewRise Healthcare Private Limited (Formerly known as Umkal Medical Institute Pvt. Ltd.): Subsidiary

(c) Associates
- PanEra Biotec Private Limited
- Lakshmi & Manager Holdings Ltd. (LMH)
- Best General Insurance Company Ltd. (Indirect Associate (subsidiary of LMH))

(d) Key Management Personnel
- Mr. Soshil Kumar Jain - Chairman and Whole-time Director
- Mr. Ravinder Jain - Managing Director
- Dr. Rajesh Jain - Joint Managing Director
- Mr. Sandeep Jain - Joint Managing Director
- Mr. Sumit Jain - Whole-time Director

(e) List of Persons having controlling interest together with their relatives*:

Key Management Personnel	Father	Mother	Wife	Brother	Sister	Son	Daughter
Soshil Kumar Jain	-	-	Nirmala Jain	-	-	Ravinder Jain, Rajesh Jain, Sandeep Jain	- -
Ravinder Jain	Soshil Kumar Jain	Nirmala Jain	Sunanda Jain	Rajesh Jain, Sandeep Jain	-	Sumit Jain, Nipun Jain	Radhika Jain
Rajesh Jain	Soshil Kumar Jain	Nirmala Jain	Meena Jain	Ravinder Jain, Sandeep Jain	-	Ankesh Jain, Harshet Jain	-
Sandeep Jain	Soshil Kumar Jain	Nirmala Jain	Pamilla Jain	Ravinder Jain, Rajesh Jain	-	-	Priyanka Jain
Sumit Jain	Ravinder Jain	Sunanda Jain	-	Nipun Jain	Radhika Jain	-	-

*Names of relatives holding Equity Shares in the Company have only been disclosed

(f) Relatives of Key Management personnel having transactions with the Company:
Mr. Ashwani Jain, Son-in-law of Mr. Soshil Kumar Jain
Mr. Shagun Jain, Son-in-law of Mr. Ravinder Jain
Mrs. Radhika Jain, Daughter of Mr. Ravinder Jain
Mrs. Shilpy Jain, Wife of Mr. Sumit Jain
Mr. Ankesh Jain, Son of Dr. Rajesh Jain

(g) 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:
i) Neophar Alipro Ltd.; ii) All India S. L. Jain Charitable Foundation; iii) First Lucre Partnership Co.*; iv) Second Lucre Partnership Co.*; v) Radhika Associates; vi) Sumit Nipun & Co.; vii) Rattan Sons; viii) Tahir & Co.; ix) Best On Health Foods Ltd. ; x) Soshil Kumar Jain (HUF)*; xi) Ravinder Jain (HUF)*; xii) Rajesh Jain (HUF)*; xiii) Sandeep Jain (HUF)*.

*These enterprises are also holding Shares in the Company.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

B. Detail of transactions with subsidiaries, associates and joint ventures companies (Rs. in million)

S. No.	Particulars	Subsidiary		Associate		Joint Ventures	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
I)	**Transaction made during the year**						
1	Purchase of raw materials - PanEra Biotec Pvt. Ltd.	-	-	771.9	624.7	-	-
2	Sale - Chiron Panacea Vaccines Private Limited	-	-	-	-	296.2	243.5
	PanEra Biotec Pvt. Ltd.	-	-	0.2	96.9	-	-
3	Processing/ Development Charges paid - PanEra Biotec Pvt. Ltd.	-	-	13.1	1.6	-	-
4	Recovery of expenses - Best On Health Ltd.	0.0	0.3	-	-	-	-
	PanEra Biotec Pvt. Ltd.	-	-	49.5	50.8	-	-
5	Reimbursement of expenses - Best On Health Ltd.	0.1	-	-	-	-	-
6	Rent paid - Best On Health Ltd.	6.3	5.3	-	-	-	-
7	Rent received - PanEra Biotec Pvt. Ltd.	-	-	49.8	47.3	-	-
	NewRise Healthcare Private Limited	0.1	-	-	-	-	-
8	Loan / advance given - Rees Investment Ltd.	59.3	59.2	-	-	-	-
9	Receipt of loan / advance given - Rees Investment Ltd.	304.2	-	-	-	-	-
10	Loan/advance received - Best On Health Ltd.	205.0	-	-	-	-	-
	Lakshmi & Manager Holdings Ltd.	-	-	26.5	-	-	-
11	Repayment of loan/advance received - Best On Health Ltd.	20.0	-	-	-	-	-
	Lakshmi & Manager Holdings Ltd.	-	-	26.5	-	-	-
12	Interest Income - Rees Investment	42.0	45.0	-	-	-	-
13	Interest expenses on Deposits / loans - Best On Health Ltd.	5.1	-	-	-	-	-
	Lakshmi & Manager Holdings Ltd.	-	-	1.8	-	-	-
14	Dividend received - Chiron Panacea Vaccines Private Limited	-	-	-	-	11.5	-
	Best On Health Ltd.	-	0.0				
15	Investments made - Panacea Biotec Inc.	-	2.4	-	-	-	-
	NewRise Healthcare Private Limited	73.3	90.2	-	-	-	-
16	Gratuity & Leave Encashment Transfer - PanEra Biotec Pvt. Ltd.	-	-	-	5.8	-	-
II)	**Year end balances**						
1	Investments - Best On Health Ltd.	2,013.9	2,013.9	-	-	-	-
	Rees Investment Ltd.	0.0	0.0	-	-	-	-
	Panacea Biotec Inc	2.4	2.4	-	-	-	-
	Panacea Biotec GmbH	1.6	1.6	-	-	-	-
	New Rise Healthcare Pvt. Ltd.	239.7	166.4	-	-	-	-
	Panacea Biotec FZE	5.5	5.5	-	-	-	-
	Chiron Panacea Vaccines Private Limited	-	-	-	-	23.0	23.0
	Cambridge Biostability Ltd.	-	-	-	-	168.1	168.1
	PanEra Biotec Pvt. Ltd.	-	-	4.2	4.2	-	-
	Lakshmi & Manager Holdings Ltd.	-	-	41.3	41.3	-	-
2	Outstanding Loan receivable - Rees Investment Ltd.	484.3	688.5	-	-	-	-
	Cambridge Biostability Ltd.	-	-	-	-	108.8	108.8
3	Outstanding Loan payable - Best On Health Ltd.	185.0	-	-	-	-	-
4	Interest accrued - Rees Investment Ltd.	6.1	43.1	-	-	-	-
	Cambridge Biostability Ltd.	-	-	-	-	7.3	7.3
5	Provision for doubtful loans - Cambridge Biostability Ltd.	-	-	-	-	116.1	116.1
6	Provision for Impairment Loss - Cambridge Biostability Ltd.	-	-	-	-	168.1	168.1
	Panacea Biotec, Inc.	2.4	-	-	-	-	-
7	Outstanding receivable - Panacea Biotec, Inc	0.1	0.1	-	-	-	-
	Chiron Panacea Vaccines Private Limited	-	-	-	-	66.7	38.2
	PanEra Biotec Pvt. Ltd.	-	-	-	66.2	-	-
8	Outstanding payable - PanEra Biotec Pvt. Ltd.	-	-	110.8	-	-	-
	Panacea Biotec, Inc.	0.0	0.0	-	-	-	-
	Panacea Biotec GmbH	0.2	0.2	-	-	-	-

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

C. Detail of transactions with Key Management Personnel, their relatives and enterprises over which Person(s) having control or significant influence over the Company / Key management personnel(s) along with their relatives:

(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	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
I)	**Transaction made during the year**						
1	Remuneration	173.7	64.7	9.0	5.1	-	-
2	Fixed Deposit received						
	First Lucre Partnership Co.	-	-	-	-	232.0	255.0
3	Fixed Deposit repaid	-	-	-	-		
	First Lucre Partnership Co.					187.0	240.0
4	Interest paid on Deposit						
	First Lucre Partnership Co.	-	-	-	-	31.3	26.8
5	Dividend paid - Equity Shares	5.1	-	6.3	-	-	-
6	Rent received						
	Neophar Alipro Limited					0.1	0.1
II)	**Year end balances**						
	Outstanding Fixed deposits						
	First Lucre Partnership Co.	-	-	-	-	360.0	315.0

Note: Material related party transactions (More than 10% of aggregate) with individual parties are as follows:

(Rs. in million)

Particulars	Remuneration		Equity Dividend	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Transaction made during the year				
Key Management personnel				
Mr. Soshil Kumar Jain	41.5	15.4	1.2	-
Mr. Ravinder Jain	50.1	19.9	1.2	-
Dr. Rajesh Jain	39.3	13.1	1.4	-
Mr. Sandeep Jain	39.1	13.0	1.2	-

Note: In respect of personal guarantee given by Promoters-Directors refer Notes to Schedule - III.

10. Derivative Instruments and Hedged/Unhedged Foreign Currency Exposure

(i) Forward contract outstanding as at Balance Sheet date

Sell Nil

Buy Nil

(ii) Particulars of Hedged Future Export Receivables at applicable exchange rates in respect of Options Contracts outstanding as at Balance Sheet date

Currency	Exchange rates	Amount in Foreign Currency	Rs. in million	Amount in Foreign Currency	Rs. in million	Purpose
		As at March 31, 2011	As at March 31, 2011	As at March 31, 2010	As at March 31, 2010	
USD	39.00	-	-	28,000,000	1,092.0	To hedge future Export Receivables
USD	39.60	-	-	30,000,000	1,188.0	
				58,000,000	2,280.0	

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Accordingly, exchange fluctuation loss on marking them to market as of year end amounting to Rs. Nil (Previous Year Rs. 356.9 million) has been accounted for and included in "Exchange Fluctuation Gain" under Schedule XI – Other Income.

(iii) Particulars of Hedged Foreign Currency Exposure as at Balance Sheet date

Particulars	Currency	As at March 31, 2011 Foreign Currency	Closing Exchange Rate*	As at March 31, 2011 Rs. in million	As at March 31, 2010 Foreign Currency	Closing Exchange Rate*	As at March 31, 2010 Rs. in million	Purpose
Export Debtors	USD	-	-	-	8,120,848	44.90	364.6	To hedge future export Receivables
Buyers' Credit	USD	7,152,588	45.22	323.4	-	-	-	To hedge future import payments
Interest Accrued but not due	USD	45,072	45.18	2.0	-	-	-	

(iv) Particulars of Unhedged Foreign Currency Exposure as at Balance Sheet date

Particulars	Currency	As at March 31, 2011 Foreign Currency	Closing Exchange Rate*	As at March 31, 2011 Rs.in million	As at March 31, 2010 Foreign Currency	Closing Exchange Rate*	As at March 31, 2010 Rs.in million
Import Creditors (net of advances to suppliers)	USD	3,796,749	44.60	169.3	9,753,991	44.91	438.1
	Euro	80,491	63.43	5.1	4,768,149	60.55	288.7
	CHF	(1,404)	48.79	(0.1)	42,000	42.43	1.8
	GBP	4,231	71.71	0.3	5,941	68.08	0.4
	JPY/100	35,800	53.85	0.0	-	-	-
	SEK	16,820	7.15	0.1	16,820	6.26	0.1
	CAD	11,451	46.05	0.5	2,178	44.32	0.1
	AUD	(6,140)	46.18	(0.3)	(6,140)	41.23	(0.3)
	AED	(10,000)	12.18	(0.1)	(10,000)	12.26	(0.1)
	SGD	(4,000)	35.43	(0.1)	80	32.13	0.0
Export Debtors	Euro	2,166,248	63.39	137.3	2,616,978	60.51	158.4
	USD	16,996,336	44.59	757.9	-	-	-
Foreign Currency Loans	USD	98,314,250	44.60	4,384.8	88,383,254	44.91	3,968.9
	Euro	4,576,500	63.43	290.3	-	-	-
Balance with Banks	USD	6,296,738	44.59	280.8	3,253,949	44.90	146.1
	Euro	513,655	63.39	32.6	970,843	60.51	58.7
FCCBs	USD	-	44.60	-	36,800,000	44.91	1,652.5
Investment in Subsidiaries	USD	10	47.62	0.0	10	47.62	0.0
	USD	137,000	39.96	5.5	137,000	39.96	5.5
	Euro	25,000	63.29	1.6	25,000	63.29	1.6
	USD	50,000	47.48	2.4	50,000	47.48	2.4
	USD	100	50.30	0.0	100	50.30	0.0
Investment in Joint Venture	GBP	1,935,615	86.83	168.1	1,935,615	86.83	168.1
Loan to Joint Venture	GBP	1,500,000	72.56	108.8	1,500,000	72.56	108.8
Loan to subsidiaries	USD	10,861,599	44.59	484.3	15,335,006	44.90	688.5
Payable to Subsidiary	USD	100	50.30	0.0	100	50.30	0.0
Advance to Subsidiaries	USD	1,837	44.59	0.1	1,837	44.90	0.1
Interest receivable	USD	136,770	44.59	6.1	959,076	44.90	43.1
	GBP	100,274	72.56	7.3	100,274	72.56	7.3
Interest Accrued & Due on Term Loan	USD	428,528	44.60	19.1	316,125	44.91	14.2
Interest Accrued but not due on Buyer's Credit	USD	47,359	44.60	2.1	92,059	44.91	4.1
	Euro	14,584	63.43	0.9	-	-	-

* Closing Exchange rate has been rounded off to two decimal places

11. Segment Information

Business Segments :

Panacea Biotec Limited is one of the India's leading research based companies engaged in the business of research, development, manufacture and marketing of Vaccines and Branded Pharmaceutical Formulations. The Company has products for various segments, which include pediatric vaccines, pain management, diabetes management and organ transplantation.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

A. Information about Primary Segments

(Rs. in million)

Particulars	Vaccines		Formulations		Research & Development		Total	
	For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
REVENUE								
Segment Revenue	8,332.3	6,443.9	2,972.3	2,398.8	-	1.0	11,304.6	8,843.7
Other Income	46.4	85.7	35.0	18.5	-	-	81.4	104.2
Total	8,378.7	6,529.6	3,007.3	2,417.3	-	1.0	11,386.0	8,947.9
Segment Result	2,951.2	1,776.7	571.1	417.3	(753.1)	(752.1)	2,769.2	1,441.9
Unallocated Corporate Expenses							1,005.4	708.9
Operating Profit							1,763.8	733.0
Less: Interest & Finance charges							478.0	382.7
Add: Other Income							269.1	830.7
Less: Income Taxes							204.4	380.6
Net Profit							1,350.5	800.4
OTHER INFORMATION	As at		As at		As at		As at	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Segment Asset	8,355.3	7,926.3	2,044.0	1,849.3	2,169.9	1,952.9	12,569.2	11,728.5
Unallocated Corporate Assets							4,608.7	4,882.3
Total Assets	8,355.3	7,926.3	2,044.0	1,849.3	2,169.9	1,952.9	17,177.9	16,610.8
Segment Liabilities	411.0	723.4	279.9	185.8	45.1	52.1	736.0	961.3
Unallocated Corporate Liabilities							10,073.8	8,684.4
Total Liabilities	411.0	723.4	279.9	185.8	45.1	52.1	10,809.8	9,645.7
	For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Capital Expenditure – Additions	382.6	262.0	206.0	99.1	255.1	231.4	843.7	592.5
Depreciation/Amortization	400.7	319.0	100.8	111.1	158.5	176.0	660.0	606.0

B Information about Secondary Segments

a) Revenue as per Geographical Markets

(Rs. in million)

Segment	Domestic*		Overseas	
	For the year ended		For the year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Vaccines	2,929.5	3,640.1	5,402.8	2,803.8
Formulations	2,270.7	2,056.5	701.6	342.3
R & D	-	-	-	1.0
Total	5,200.2	5,696.6	6,104.4	3,147.1

* Domestic revenue includes revenue from deemed exports of Rs. 1,098.5 million (Previous Year Rs. 3,396.6 million).

b) Sundry debtors as per Geographical Markets

(Rs. in million)

Segment	Domestic		Overseas	
	As at		As at	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Vaccines	1,763.2	426.6	239.0	345.0
Formulations	154.0	129.4	635.7	196.2
Total	1,917.2	556.0	874.7	541.2

c) The Company has common fixed assets for producing goods for Domestic Market and Overseas Markets. Hence, separate figures for segment assets / additions to segment assets cannot be furnished.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

12. Leases

i. For assets given under Operating Lease agreements:

a) The Company has leased out the assets situated at Lalru, Punjab on operating lease to its Associate, PanEra Biotec Private Limited.

(Rs. in million)

Particulars	Gross Block		Accumulated Depreciation		Depreciation charged to P&L Account	
	As at		As at		For the year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Building	228.9	91.0	57.2	38.1	17.9	4.8
Furniture and Fixture	21.9	10.9	9.7	6.6	2.7	0.9
Office Equipment	3.1	1.9	1.4	0.9	0.4	0.2
Plant & Machinery	1,734.8	717.6	519.3	312.0	193.4	64.0
Computer Equipment	4.8	2.6	3.2	2.0	1.1	0.4
Total	1,993.5	824.0	590.8	359.6	215.5	70.3

The total of Minimum Future Lease Payments under non-cancelable operating lease for various periods for assets stated above is as follows:

(Rs. in million)

Particulars	As at March 31, 2011*	As at March 31, 2010*
a) Receivable within 1 year	264.6	67.6
b) Later than 1 year but not later than 5 years	135.2	-
c) Later than 5 years	-	-

*The Lease term for the assets given on lease vide Agreement for providing Manufacturing Facility, Utilities and Services of Employees with PanEra Biotec Pvt. Ltd. as per the said Agreement, during the period of usage, if any facility is used for manufacture of the Company's Vaccines other than those mentioned therein or the facility remains idle due to insufficiency of orders from the Company, no lease rental shall be payable by PanEra Biotec Pvt. Ltd. for that relevant period.

ii. For assets taken on Lease

a) The Company has taken various residential, office and godown premises under operating lease agreements. These are generally not non-cancelable and are renewable by mutual consent on mutually agreed terms. There is no sublease payments expected to be received under non-cancellable subleases at the balance sheet date and no restrictions is imposed by lease arrangements.

b) Lease payments for the year are Rs. 72.4 million (Previous year Rs. 70.3 million).

c) Total of future minimum lease payments under non-cancelable operating leases :

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
a) Payable within 1 year	5.8	6.7
b) Later than 1 year but not later than 5 years	21.8	19.4
c) Later than 5 years	-	-

d) The Company has purchased software licenses on finance lease. The lease term is for 3 years after which the legal title is passed on to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

e) Total of future minimum lease payments under non-cancelable finance leases:

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Total minimum lease payments at the year end	41.0	-
Less : amount representing finance charges	6.2	-
Present value of minimum lease payments (Rate of interest: 11.75% per annum)	34.8	-
Lease payments for the year	20.5	-
Contingent rent recognised in Profit and Loss Account	-	-
Minimum Lease Payments:		
Not later than one year (Present value Rs.18.4 million as on March 31, 2011)	20.5	-
Later than one year but not later than five years (Present value Rs.16.4 million as on March 31, 2011)	20.5	-
Later than five years (Present value Rs.Nil as on March 31, 2011)	-	-

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

13. a) The Company's interest in Joint Venture Companies is as follows:

S. No.	Name of the Company	Nature of relationship	Country of Incorporation	(%) Holding as on March 31, 2011
1.	Chiron Panacea Vaccines Private Limited	Joint venture	India	50
2.	Cambridge Biostability Limited*	Joint venture	UK	10

*Cambridge Biostability Limited, UK has not been considered while giving the disclosures relating to joint ventures as the investee company is in the process of liquidation.

b) Aggregate interest of the Company in Assets, Liabilities, Revenue & Expenses in the jointly controlled entities are as follows:

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Reserve & Surplus	60.5	63.3
Fixed Assets	2.1	3.1
Current Assets	129.0	117.9
Current Liabilities	50.0	37.1

(Rs. in million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Revenue	284.6	288.2
Expenses	268.5	260.5
Profit before tax	16.1	27.7

c) The Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided in the books of companies' with which the Company has a Joint venture, are as follows:

Name of the Company	March 31, 2011	March 31, 2010
Chiron Panacea Vaccines Private Limited (50% interest)	-	-
Total	-	-

d) During the financial year 2009-10, Company's erstwhile Joint Venture Cambridge Biostability Limited (CBL) had initiated steps to place it into creditors' voluntary liquidation. Due to the financial position of erstwhile Joint Venture company, the Company has considered its investment and loan given to it doubtful for recovery. Accordingly provision created in earlier years for the said amount is continued in the current year. No interest has been accrued during the year on outstanding loan amount.

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Investment made	168.1	168.1
Loan Given	108.8	108.8
Interest accrued on above loan	7.3	7.3
Total	284.2	284.2

e) Contingent Liabilities (to the extent not provided for):

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Income Tax cases	-	1.2

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

14. Auditors` Remuneration:

(Rs. in million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Statutory Auditors		
- Statutory Audit	3.6	3.0
- Quarterly Limited Reviews	2.0	1.6
- Management Services	0.3	2.5
- Certification	0.4	0.4
- Out of Pocket Expenses	0.3	0.3
Total	6.6	7.8
Tax Auditors*	0.2	0.1
Cost Auditors*	0.0	0.0

* included in Legal & Professional charges given in Schedule XIII.

15. Additional information as required under Para 3 & 4 of Part II of Schedule VI of the Companies Act, 1956.

A. Particulars of Licensed Capacity, Installed Capacity & Production

a) Licensed Capacity per annum

Recombinant Bulk Vaccines – 18 million doses

Others – Not Applicable

b) Installed Capacity per annum*

(All figures are in Rs. million)

Products	Units of Measure	As at March 31, 2011	As at March 31, 2010
Tablets	Nos./Million	1,684.0	1,684.0
Capsules	Nos./Million	370.0	370.0
Syrups/Liquids	Bottles/Million	15.8	15.8
Gels	Tubes/Million	21.2	21.2
Vaccines (Finished Doses)	Doses/Million	878.0	861.5
Pre-filled Syringes	Doses/Million	17.0	17.0
Injectable	Doses/Million	0.0	-
Recombinant Bulk Vaccine**	Doses/Million	18.0	12.5
Tetanus Bulk Vaccine	Doses/Million	75.0	75.0
Bacterial Bulk Vaccine***	Doses/Million	68.8	68.8
Block – IV**** :			
- Cell Culture Block	Doses/Million	8.0	-
- Recombinant Bulk Vaccine	Doses/Million	18.0	18.0
- Flu Bulk Vaccine Block	Doses/Million	63.5	-

*As Certified by the management.

**This facility is capable of manufacturing various Bulk Vaccines & Antigens including Hepatitis B (Hep B), Haemophilus Influenza Type B (HIB-TT) and other vaccines.

***Bacterial Bulk Vaccine facility is capable of manufacturing various bulk vaccines including Diptheria (D), Whole Cell Pertussis (wP), Acellular Pertussis (aP). Installed Capacity reduces by 5 million doses to 63.8 million doses in case of production of Acellular Pertussis (aP).

****Cell Culture facility is capable of manufacturing various bulk vaccines and biopharmaceuticals. Recombinant Bulk Vaccine facility is capable of manufacturing of Hepatitis B (Hep-B), Haemophilus Influenza Type B (HIB-TT) and other vaccines. Flu Bulk Vaccine facility is capable of manufacturing of H1N1 and other flu bulk vaccines.

c) Actual Production during the year ended

(All figures are in Rs. million)

Products	Units of Measure	As at March 31, 2011*	As at March 31, 2010*
Tablets**	Nos.	625.6	581.2
Capsules	Nos.	95.0	85.0
Syrups / Liquids	Ml	334.7	351.3
Gels	Gms	52.9	41.3
Vaccines	Vials	60.3	49.8
Pre Fill Syringe	PFS	2.1	1.2
Injection	Nos.	0.5	0.5
Other Products	Gms.	43.3	41.2

*Actual Production includes production at loan licensee locations meant for sale by the Company.

**Actual Production includes 258.7 million (Previous Year 185.6 million) Tablets manufactured for others under Loan License basis.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

B. Particulars of Stocks & Sales

(Rs. in million)

Units		Opening Stock As at		Closing Stock As at		Samples/Destroyed/ Expired/Shortages/ Captive Consumption for the year ended		Sales for the year ended	
		April 1, 2010	April 1, 2009	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
a) Own Manufacturing									
Tablets	No.	102.5	59.0	108.7	102.5	22.2	16.3	597.2	521.3
	Amount	95.9	46.9	106.6	95.9	-	-	1,315.3	1,171.9
Capsules	No.	16.3	9.9	39.1	16.3	3.9	2.4	68.4	76.2
	Amount	56.7	40.7	84.3	56.7	-	-	890.2	590.6
Syrups/Liquids	Ml	95.1	66.7	120.5	95.1	22.8	17.4	286.5	305.6
	Amount	23.1	17.8	25.8	23.1	-	-	140.4	136.8
Gels	Gms	23.4	8.5	30.8	23.4	2.0	1.3	43.6	24.9
	Amount	15.8	3.9	22.1	15.8	-	-	55.0	30.9
Vaccines	Vials	17.2	14.9	11.7	17.2	3.5	0.4	62.4	47.1
	Amount	1,227.6	734.0	574.3	1,227.6	-	-	8,041.7	6,226.9
Pre Fill Syringe	PFS	0.4	0.7	0.6	0.4	0.1	0.1	1.9	1.4
	Amount	71.9	93.0	92.5	71.9	-	-	290.6	216.9
Injection	Vials	0.1	0.1	0.1	0.1	-	-	0.5	0.5
	Amount	0.2	-	0.5	0.2	-	-	3.6	3.5
Granules	No.	8.8	4.2	13.9	8.8	5.3	4.6	32.9	32.0
	Amount	9.2	4.9	13.9	9.2	-	-	45.1	43.9
Total	Amount	1,500.4	941.2	920.1	1,500.4	-	-	10,781.9	8,421.4
b) Trading Activities									
Tablets	No.	15.0	14.7	13.6	15.0	10.1	6.0	36.6	49.2
	Amount	28.8	23.8	28.4	28.8	-	-	236.1	257.8
Capsules	No.	1.9	2.5	6.5	1.9	2.8	0.8	9.3	5.9
	Amount	5.1	6.9	15.8	5.1	-	-	62.4	34.6
Syrups/Liquids	Ml	7.4	11.1	34.5	7.4	19.3	11.7	61.0	26.5
	Amount	1.4	1.6	6.7	1.4	-	-	21.5	8.0
Injection	Vials	0.1	0.1	0.1	0.1	-	-	0.2	0.2
	Amount	21.1	11.7	19.4	21.1	-	-	150.5	97.1
Granules	Nos	0.5	1.3	13.2	0.5	5.1	0.5	11.6	1.9
	Amount	0.2	0.7	8.2	0.2	-	-	15.8	3.5
Total	Amount	56.6	44.7	78.5	56.6	-	-	486.2	401.0
Grand Total	Amount	1,557.0	985.9	998.6	1,557.0	-	-	11,268.2	8,822.4

C. Purchase of Finished Goods

(Rs. in million)

Products	Units	For the year ended March 31, 2011	For the year ended March 31, 2010
Tablets	Nos.	45.2	55.5
	Amount	94.7	102.6
Capsules	Nos.	16.7	6.2
	Amount	41.9	16.7
Syrups/Liquids	Ml.	107.4	34.4
	Amount	20.6	6.3
Injections	Vials	0.3	0.2
	Amount	69.2	53.4
Others	Gms	29.3	1.5
	Amount	17.9	0.1
Total	Amount	244.4	180.1

D. Consumption of Raw Materials & Packing Materials

(Rs. in million)

Products	For the year ended March 31, 2011		For the year ended March 31, 2010	
	Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Polio Virus	633.3	2,035.8	753.0	3,456.3
Hepatitis B	27.5	448.8	-	-
Others*	-	1,989.3	-	1,581.6
Total	-	4,473.9	-	5,037.9

*Items comprised in others are individually less than 10% of total value.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

E. Value of Imports on CIF basis (on accrual basis) (Rs. in million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Raw Materials & Packing Materials	2,839.9	3,137.2
Capital Goods	91.2	406.6

F. Expenditure in Foreign Currency (on accrual basis) (Rs. in million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Know-how Fee	13.7	12.5
Royalty	2.8	2.7
Interest	251.0	218.1
Legal & Professional Fees	36.7	19.6
Other Expenses		
- Patents, Trade Marks & Product Registration	26.0	20.2
- Advertising and Sales Promotion	28.7	14.6
- Commission on Sales	36.4	18.9
- Market Research	21.1	8.0
- Others	47.3	34.1

G. Earnings in Foreign Exchange (on accrual basis) (Rs. in million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
F.O.B. value of Exports (including deemed export of Rs. 1,098.5 million (Previous year Rs.3,396.6 million))	7,103.9	6,465.4
R & D Services (Know-how) Income	0.0	0.9
Interest income from subsidiary company	42.0	45.0

H. Value of Imported/Indigenous Raw Materials & Packing Materials consumed (Rs. in million)

Particulars	For the year ended March 31, 2011		For the year ended March 31, 2010	
	Amount	% age	Amount	% age
Indigenous	1,440.0	32.19	868.9	17.25
Imported	3,033.9	67.81	4,169.1	82.75
Total	4,473.9	100.00	5,037.9	100.00

I. Value of Imported/Indigenous Stores & Spare parts consumed (Rs. in million)

Particulars	For the year ended March 31, 2011		For the year ended March 31, 2010	
	Amount	% age	Amount	% age
Indigenous	185.4	88.36	168.8	81.97
Imported	24.4	11.64	37.1	18.03
Total	209.8	100.00	205.9	100.00

J. Remittance in foreign currency on account of dividend (Rs. in million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Amount of Dividend on Equity Shares	0.3	-
Number of Non-resident Equity Shareholders	1	1
No. of Equity Shares held by them	1,045,000	1,045,000

16. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to maximum of Rs.1 million (except in case of Managing/ Joint Managing/ Whole time Directors). The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the Profit & Loss Account and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Profit and Loss Account

Net employee benefit expense for Gratuity (recognized in Employee Cost) (Rs. in million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Current service cost	15.1	13.8
Past Service Cost	9.4	-
Interest cost on benefit obligation	8.8	7.5
Expected return on plan assets	(5.7)	(4.0)
Net actuarial (gain)/loss recognized in the year on account of return on plan assets	(11.3)	(8.5)
Net benefit expense*	16.3	12.1
Actual return on plan assets	(6.7)	(4.8)

* Includes Gratuity expense of Rs.1.4 million (Previous year Rs. 1.1 million) accounted under Research & Development Expenses.

Panacea Biotec
Innovation in support of life

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Balance Sheet

Details of Provision for Gratuity

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Defined benefit obligation	126.9	109.5
Fair value of plan assets	83.7	61.3
Net obligation	43.2	48.2
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	(43.2)	(48.2)

Changes in the present value of the defined benefit obligation for Gratuity are as follows: (Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Opening defined benefit obligation	109.5	99.5
Interest cost	8.8	7.5
Past Service Cost	9.4	-
Current service cost	15.1	13.8
Benefits paid	(5.6)	(3.6)
Actuarial (Gain)/losses on obligation	(10.3)	(7.7)
Closing defined benefit obligation	126.9	109.5

Changes in the fair value of plan assets for Gratuity are as follows: (Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Opening fair value of plan assets	61.3	42.8
Expected return	5.7	4.0
Contributions by employer	21.3	17.3
Benefits paid	(5.6)	(3.6)
Actuarial Gain /(losses)	1.0	0.8
Closing fair value of plan assets	83.7	61.3

The major categories of plan assets as a percentage of the fair value of total plan assets for Gratuity are as follows:

Particulars	As at March 31, 2011	As at March 31, 2010
	%	%
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to the improved debt market scenario.

The principal assumptions used in determining Gratuity for the Company's plans are shown below:

Particulars	As at March 31, 2011	As at March 31, 2010
	%	%
Discount rate	8	7.5
Expected rate of return on plan assets	9.25	9.25
Increase in compensation cost	5	5
Employee turnover:		
upto 30 years	10	10
above 30 years but upto 44 years	5	5
above 44 years	1	1

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Gratuity amount for the current and previous four periods are as follows*:

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Defined benefit obligation	126.9	109.4	99.5	86.9	53.6
Plan assets	83.7	61.2	42.7	29.2	21.3
Deficit	43.2	48.2	56.8	57.7	32.3
Experience adjustments on plan liabilities-(Gain)/Loss	(10.3)	(7.7)	(3.3)	-	-
Experience adjustments on plan assets-(Gain)/Loss	(1.0)	(0.8)	(0.8)	-	-

(Rs. in million)

Defined Contribution Plan:	As at March 31, 2011	As at March 31, 2010
Contribution to Provident Fund & other funds charged to Profit and Loss Account	40.7	32.2

The Company expects to contribute Rs.19.6 million to gratuity fund in the next financial year.

Note: During the financial year 2009-10, some employees of the Company were transferred to its Associate Company PanEra Biotec Pvt. Ltd. As per the agreed terms, the tenure of the service for computation for post-employment benefits was to be taken in computation of period served with the Company. Accordingly, the liability of Rs.3.4 million for Gratuity and Rs.2.4 million for Leave Encashment in respect of those employees as at the date of transfer was transferred to PanEra Biotec Pvt. Ltd.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

17. The Company has incurred expenditure on Pre-Clinical Development studies amounting to Rs. 67.2 million during the year (Previous year Rs. 32.1 million). This expenditure relates to studies carried out by Clinical Research Organization (CRO) towards obtaining registration of Company's products outside India primarily in US or Europe. The expenditure incurred has been capitalized and carried in Capital Work in Progress. Management believes that it is in the nature of development expenditure and meets the capitalization criteria set out in Accounting Standard 26 on Intangible Assets notified by the Companies Accounting Standard Rules, 2006 due to the following reasons:

- The expenditure is not towards basic research and therefore no new chemical entity comes into being. This expenditure relates to the developmental work performed through external agencies (CROs). Safety profile of the basic molecule is well established in several countries in Europe and in India and the products are being marketed successfully in several countries under different brand names.
- There is no experience to suggest that the studies conducted by CROs on behalf of the Company would lead to or make it difficult for the Company to obtain regulatory approvals in US and / or Europe.

The management believes that these products would be commercially viable and there is no reason to believe that there is any uncertainty that may lead to not securing registration for the products from regulatory authorities outside India primarily in US or Europe.

18. In accordance with Accounting Standard 9 on 'Revenue Recognition' notified by the Companies Accounting Standard Rules, 2006, Excise Duty on turnover amounting to Rs.3.6 million (Previous year Rs.8.0 million) has been reduced from turnover in Profit & Loss Account.

19. The Company had exercised the option as per the Companies (Accounting Standard) Amendment Rules, 2009 in the financial year 2008-09. As per the option, exchange differences related to long term foreign currency monetary items so far as they relate to the acquisition of depreciable capital assets are capitalized and depreciated the same over the useful life of the assets. In other cases, have transferred to Foreign Currency Monetary Item Translation Difference Account and amortized over the balance period of such long term assets/liabilities but not beyond accounting period ending on or before 31st March 2011. The unamortized balance in this account is Nil (Previous year Rs. 16.8 million (liability)).

20. The Company has appointed independent consultants for conducting a Transfer Pricing study to determine whether the transactions with associated enterprises were undertaken at "Arm's length basis". The management confirms that all international transactions with associated enterprises are undertaken at negotiated contracted prices on usual commercial terms. Further there has been no change in the terms of such international transactions till March 31, 2011.

21. In the financial year 2009-10, the Company had received a capital subsidy of Rs.3.0 million under the Central Investment Subsidy Scheme, 2003 based on investment in plant & machinery as its manufacturing unit at Baddi, in the state of Himachal Pradesh which is in the nature of promoters' contribution. As per the scheme, the Company has to maintain such investment for a minimum period of five years. This has been treated as capital reserve in books of account.

22. Owing to recoveries, during the financial year 2009-10, the Company had written back the provision for bad and doubtful advances of Rs. 135.5 million created during earlier years on account of old recoverable from PanEra Biotec Pvt. Ltd., an associate company. The same had been shown as other income during the year 2009-10.

23. The President of India acting through Department of Biotechnology, Ministry of Science & Technology, and Government of India under Biotechnology Industrial Partnership Programme (BIPP) granted a loan for conducting the research & development activities amounting to Rs.100 million for H1N1 project. The first loan disbursement of Rs.30 million was received in the financial year 2009-10 and second disbursement of Rs.48.3 million has been received in the current financial year. Repayment of the loan shall be in 10 equal half-yearly installments and repayment would commence one year after the completion of the said project.

24. During the current financial year, the Company has carried out buy back of 5,592,000 equity shares of face value of Re. 1 each at an average price of Rs. 196.39 per share, from the open markets through Stock Exchanges. The Company has accordingly transferred Rs. 5.5 million to Capital Redemption Reserve from Securities Premium Account and also utilized an amount of Rs. 1,092.8 million from Securities Premium Account towards the premium paid on the buyback of equity shares. Consequent to the buy back the proposed dividend and Dividend Distribution Tax thereon pertaining to the financial year 2009-10 amounting to Rs. 1.1 million and Rs. 0.2 million respectively have been written back during the current financial year.

The shares so bought back have been considered to determine weighted average number of equity shares for the purpose of computing basic & diluted EPS.

25. During the year, the Company has initiated the process of Liquidation of one of its wholly owned subsidiary viz. Panacea Biotec Inc. (incorporated in the United States of America) as it is not currently operational. Accordingly, provision of Rs.2.4 million for permanent diminution in the value of Investments in Panacea Biotec Inc. has been made during the year.

26. 0.0 under "Rs. in million" represents amount less than Rs. 50,000 and 0.0 under units represents units less than 50,000.

27. Previous year's figures have been rearranged and reclassified wherever necessary to make them comparable with the current year's figures.

As per our attached report of even date

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

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

Place : New Delhi
Dated : May 13, 2011

For and on behalf of the Board

Ravinder Jain
Managing Director

Dr. Rajesh Jain
Joint Managing Director

I.K. Sharma
D.G.M. (Accounts & Finance)

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

Vinod Goel
G.M. Legal & Company Secretary

Panacea Biotec
Innovation in support of life

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

1.	Registration Details			
	Registration No.	22350	State Code	16
	Balance Sheet Date	31/03/2011		
2.	Capital raised during the year (Amount in Rs. Thousand)			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
3.	Position of mobilization and deployment of Funds (Amount in Rs. Thousand)			
	Total Liabilities	15,961,496	Total Assets	15,961,496
	Source of Funds			
	Paid up Capital	61,250	Reserves & Surplus	6,306,796
	Secured Loans	8,250,700	Unsecured Loans	586,097
	Deferred Tax Liability	756,631	Foreign Currency Monetary Item Translation Difference Account	Nil
	Application of Funds			
	Net Fixed Assets	6,708,200	Investments	2,329,400
	Net Current Assets	6,923,600	Misc. Expenditure (to the extent not W/off)	300
	Accumulated Losses	Nil		
4.	Performance of Company (Amount in Rs. Thousand)			
	Turnover (Including Other Income)	11,655,100	Total Expenditure	10,100,200
	Profit/(Loss) Before Tax	1,554,900	Profit/Loss after Tax	1,350,500
	Earnings per share (Rs.)	21.35	Dividend @	75%
5.	Generic Name of Three Principal Products/ Services of Company			
	Item Code No. (ITC Code)	3002 20 14		
	Product Description	Vaccine-Polio		
	Item Code No. (ITC Code)	3004 20 99		
	Product Description	Gliclazide Tab		
	Item Code No. (ITC Code)	3002 20 29		
	Product Description	Vaccine-Mixed		

For and on behalf of the Board

Ravinder Jain
Managing Director

Dr. Rajesh Jain
Joint Managing Director

I.K. Sharma
D.G.M. (Accounts & Finance)

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

Place : New Delhi
Dated : May 13, 2011

Vinod Goel
G.M. Legal & Company Secretary

CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET

FOR THE YEAR ENDED MARCH 31, 2011

(Rs. in million)

		For the year ended March 31, 2011		For the year ended March 31, 2010
A. Cash Flow from Operating Activities:				
Net Operating Profit / (Loss) before Tax & Extraordinary Items		1,554.9		1,180.8
Adjustments for:				
Depreciation	731.1		664.5	
Interest Expenses	478.0		382.7	
Wealth Tax	0.5		-	
Provision for Doubtful Debts & Advances	0.4		(131.0)	
Provision for Permanent Diminution in the value of Investment	2.4		-	
Interest Income	(113.6)		(53.6)	
Dividend Income	(11.6)		(0.0)	
Loss/ (Profit) on sale of Fixed Assets (Net)	0.0		14.1	
Unrealized foreign exchange loss/(gain) (net)	(349.8)		(1,322.9)	
Amortised exchange differences Charge/(Credit)	27.8		(16.8)	
Deferred Revenue Expenditure written off during the year	1.7		1.7	
Provisions/ liabilities no longer required written back	(25.6)		-	
Product Development Expenses written off	11.4		19.4	
		752.7		(441.9)
Operating Profit before Working Capital changes		2,307.6		738.9
Decrease/(Increase) in sundry debtors	(1,697.5)		144.7	
Decrease/(Increase) in Inventories	874.9		(77.1)	
Decrease/(Increase) in other current assets	(44.7)		(3.7)	
Decrease/(Increase) loans and advances	(61.1)		174.6	
Increase/(Decrease) in current liabilities	(292.6)		(103.7)	
Increase/(Decrease) in provisions	(0.8)		(7.6)	
		(1,221.8)		127.2
Cash generated from Operations		1,085.8		866.1
Net Income Taxes Paid		184.1		108.6
Net cash from Operating Activities		901.7		757.5
B. Cash flow from Investing Activities:				
Purchase of Fixed Assets	(499.2)		(1,172.8)	
Proceeds of deposits matured (with maturity more than three months)	-		69.5	
Deposits (with maturity more than three months)	(0.3)		-	
Trade Investment in Shares of Joint Venture/ Subsidiary Companies	(73.3)		(92.6)	
Loan to Joint Venture & Subsidiary Companies	206.6		(65.9)	
Sale of Fixed Assets	5.8		5.3	
Interest Received	150.5		39.5	
Dividends received	11.6		0.0	
Net cash used in investing activities		(198.3)		(1,216.9)
Net cash from Operating and Investing Activities		703.4		(459.4)
C. Cash flow from Financing Activities:				
Issue of Equity Share Capital (including premium)	-		29.9	
Capital Subsidy received	-		3.0	
Buy Back of Shares	(1,098.3)		-	
Net increase / (Decrease) in Working Capital Borrowings	1,161.7		602.2	
Long Term Borrowings raised	1,995.7		30.0	
Redemption of FCCB's	(2,449.7)		-	
Finance lease rental	(20.5)		-	
Fixed Deposits received	234.6		320.5	
Fixed Deposits repaid	(188.8)		(300.5)	
Loan taken from subsidiary	205.0		-	
Loan repaid during the year to subsidiary	(20.0)		-	
Interest paid	(472.1)		(379.9)	
Dividend paid	(15.6)		-	
Tax paid on Dividend Distribution	(2.6)		-	
Net Cash from Financing activities		(670.6)		305.2
Net Cash from Operating, Investing & Financing Activities		32.8		(154.2)
Net increase/ (decrease) in Cash & Cash equivalent		32.8		(154.2)
Opening balance of Cash & Cash equivalent		362.4		524.3
Add/Less: Effect of Exchange Differences on Cash and Cash Equivalents held in foreign currency		(1.7)		(7.7)
Closing balance of Cash & Cash equivalent		393.5		362.4
Components of Cash and Cash equivalents				
Cash Balance on Hand		2.6		0.3
Balances with scheduled banks :				
a) In Cash Credit Accounts		-		109.0
b) In Current Accounts		76.3		46.9
c) In Unpaid Dividend Accounts*		1.3		1.4
d) On Fixed Deposits		1.2		0.9
e) In Exchange Earner Foreign Currency Current Accounts		313.3		204.8
Cash & Bank Balances as per Schedule VII		394.7		363.3
Less: Fixed deposits not considered as cash equivalents		(1.2)		(0.9)
Cash & Cash Equivalents in Cash Flow Statement		393.5		362.4

*These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our attached report of even date

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

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

Place : New Delhi
Dated : May 13, 2011

For and on behalf of the Board

Ravinder Jain
Managing Director

Dr. Rajesh Jain
Joint Managing Director

I.K. Sharma
D.G.M. (Accounts & Finance)

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

Vinod Goel
G.M. Legal & Company Secretary

Panacea Biotec
Innovation in support of life

STATEMENT U/S 212

OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

S. No.	Name of the Company	Date from which they became subsidiary Company	Financial Year of the subsidiary ended on	Shares of the subsidiary held by Panacea Biotec Ltd. on the above dates			Net aggregate Profit or (Loss) for the current year (in Rs.)	Net aggregate amounts of the profits or losses of the subsidiary so far as it concerns the members of the holding company and is dealt with in the accounts of holding company		Net aggregate amounts of the profits or losses of the subsidiary so far as it concerns the members of the holding company and is not dealt with in the accounts of holding company	
				i) Number & face value		ii) Extent of holding		a) for the financial year of the subsidiary	b) for the previous financial years of the subsidiary since it became its subsidiary	a) for the financial year of the subsidiary	b) for the previous financial years of the subsidiary since it became its subsidiary
1	Best On Health Ltd.^	15.03.2000	31.03.2011	8,538,826	Re.1	100%	10,144,112	-	-	10,144,112	51,663,562
2	Radicura & Co. Ltd.*	16.07.1999	31.03.2011	1,98,250	Rs.10	100%	(284,115)	-	-	(284,115)	(282,377)
3	Panacea Hospitality Services Pvt. Ltd.*	23.08.2007	31.03.2011	100,000	Re.1	100%	(769,954)	-	-	(769,954)	(84,655)
4	Panacea Educational Institute Pvt. Ltd.*	23.08.2007	31.03.2011	100,000	Re.1	100%	(430,320)	-	-	(430,320)	(84,852)
5	Sunanda Steel Co. Ltd.*	05.09.2007	31.03.2011	500,000	Re.1	100%	(33,608)	-	-	(33,608)	(204,272)
6	Best on Health Foods Ltd*	06.12.2010	31.03.2011	500,000	Re.1	100%	(14,263)	-	-	(14,263)	-
7	Nirmala Organic Farms & Resorts Private Limited*	23.02.2011	31.03.2011	100,000	Re.1	100%	(35,940)	-	-	(35,940)	-
8	NewRise Heathcare Pvt Ltd. (Formerly known as Umkal Medical Institute Pvt. Ltd)	30.06.2008	31.03.2011	3,765,701	Rs.10	75.2%	(232,610)	-	-	(232,610)	729,876
9	Panacea Biotec GmbH	11.06.2008	31.03.2011	25,000	Euro 1	100%	(360,132)	-	-	(360,132)	(431,354)
10	Panacea Biotec, Inc	15.07.2008	31.03.2011	501	US $ 100	100%	(421,277)	-	-	(421,277)	(981,377)
11	Panacea Biotec, FZE	16.03.2008	31.03.2011	5	AED 100000	100%	(641,536)	-	-	(641,536)	(775,554)
12	Rees Investments Ltd.	16.09.2008	31.03.2011	1,000	US $ 0.01	100%	348,245	-	-	348,245	(3,011,976)
13	Kelisia Holdings Ltd.**	18.09.2008	31.03.2011	1000	Euro 1	100%	26,163,233	-	-	26,163,233	(81,163,233)
14	Kelisia Investment Holdings Ltd.***	22.10.2008	31.03.2011	5000	CHF 100	100%	4,628,540	-	-	4,628,540	(4,625,660)
15	Panacea Biotec International SA****	19.02.2009	31.03.2011	6000	CHF 100	100%	(29,028,865)	-	-	(29,028,865)	(58,365,781)
16	Panacea Biotec (Europe) AG*****	10.06.2009	31.03.2011	1000	CHF 100	100%	(983,033)	-	-	(983,033)	(1,234,417)
17	Panacea Biotec (Germany) GmbH*****	12.08.2010	31.03.2011	1	Euro 25000	100%	(23,955,427)	-	-	(23,955,427)	-

^ Share includes Preference Shares.
* Indirect subsidiary through Best on Health Ltd
** Indirect Subsidiary through Rees Investment Ltd.
*** Indirect Subsidiary through Kelisia Holdings Ltd.
**** Indirect Subsidiary through Kelisia Investment Holdings Ltd.
***** Indirect Subsidiary through Panacea Biotec International SA.

For and on behalf of the Board

Ravinder Jain
Managing Director

Dr. Rajesh Jain
Joint Managing Director

I.K. Sharma
D.G.M. (Accounts & Finance)

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

Place : New Delhi
Dated : May 13, 2011

Vinod Goel
G.M. Legal & Company Secretary

FINANCIAL DETAILS OF SUBSIDIARY COMPANIES

(All figures are in Rs.)

S. No.	Name of the Company	As on 31st March, 2011					For the year/ period ended 31st March, 2011				
		Capital	Reserves & Surplus	Total Assets	Total Liabilities	Details of investment (except in case of investment in subsidiary)	Turnover (including other income)	Profit/ (Loss) before Tax	Provision for Tax	Profit after Tax	Proposed Dividend #
1	Best On Health Ltd.^	8,538,826	2,056,542,817	2,085,774,355	2,085,774,355	644,574	28,313,282	22,424,188	12,280,076	10,144,112	33,184
2	Radicura & Co. Ltd.*	1,982,500	8,066,879	417,160,805	417,160,805	100,000	50,126	(264,358)	19,757	(284,114)	-
3	Panacea Hospitality Services Pvt. Ltd.*	100,000	(854,609)	298,690,738	298,690,738	-	54,167	(444,045)	325,909	(769,954)	-
4	Panacea Educational Institute Pvt. Ltd.*	100,000	(515,172)	319,585,466	319,585,466	-	52,212	(206,837)	223,483	(430,320)	-
5	Sunanda Steel Co. Ltd.*	500,000	(237,880)	212,754,438	212,754,438	-	14,792	(29,753)	3,855	(33,608)	-
6	Best on Health Foods Ltd*	500,000	(155,939)	10,373,832	10,373,832	-	17,192	(13,640)	623	(14,263)	-
7	Nirmala Organic Farms & Resorts Private Limited*	100,000	(64,206)	62,565	62,565	-	-	(35,940)	-	(35,940)	-
8	NewRise Heathcare Pvt Ltd. (Formerly known as Umkal Medical Institute Pvt. Ltd)	44,427,260	208,145,646	252,731,143	252,731,143	-	-	(94,042)	138,568	(232,610)	-
9	Panacea Biotec GmbH	1,585,250	(753,041)	941,450	941,450	-	399	(360,132)	-	(360,132)	-
10	Panacea Biotec, Inc	2,234,210	(1,359,077)	1,189,393	1,189,393	-	-	(421,277)	-	(421,277)	-
11	Panacea Biotec, FZE	6,108,891	(1,366,748)	4,803,238	4,803,238	-	-	(641,536)	-	(641,536)	-
12	Rees Investments Ltd.	446	(224,161,805)	267,402,234	267,402,234	-	44,405,380	348,245	-	348,245	-
13	Kelisia Holdings Ltd.**	63,410	(91,151,038)	331,842,031	331,842,031		82,238,283	26,163,233	-	26,163,233	-
14	Kelisia Investment Holdings Ltd.***	24,385,000	(232,425)	66,010,436	66,010,436	299,964,366	5,902,853	4,645,510	16,970	4,628,540	-
15	Panacea Biotec International SA****	29,262,000	(96,452,124)	13,048,701	13,048,701	-	3,702,835	(26,921,754)	2,107,111	(29,028,865)	-
16	Panacea Biotec (Europe) AG*****	4,877,000	(2,435,516)	2,705,321	2,705,321	-	91	(969,349)	13,683	(983,033)	-
17	Panacea Biotec (Germany) GmbH*****	1,585,250	(24,588,848)	7,113,995	7,113,995	-	37,229	(23,955,427)	-	(23,955,427)	-

^ Share Capital includes Preference Shares.
* Indirect subsidiary through Best on Health Ltd
** Indirect Subsidiary through Rees Investment Ltd.
*** Indirect Subsidiary through Kelisia Holdings Ltd.
**** Indirect Subsidiary through Kelisia Investment Holdings Ltd.
***** Indirect Subsidiary through Panacea Biotec International SA.
# Proposed Dividend does not include Dividend distribution Tax

For and on behalf of the Board

Ravinder Jain
Managing Director

Dr. Rajesh Jain
Joint Managing Director

I.K. Sharma
D.G.M. (Accounts & Finance)

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

Place : New Delhi
Dated : May 13, 2011

Vinod Goel
G.M. Legal & Company Secretary

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors of Panacea Biotec Limited on Consolidated Financial Statements of Panacea Biotec Limited.

1. We have audited the attached consolidated balance sheet of Panacea Biotec Limited ("the Company"), its Subsidiaries, Associates and Joint Venture (together referred to as "PBL Group"), as at March 31, 2011 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Panacea Biotec Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We have not audited the financial statements of the Subsidiaries and Associates whose financial statements reflect Group's share of total assets of Rs.2,589.5 million as at 31st March 2011 the total revenue of Rs.111.4 million and net cash out flows of Rs.21.2 million for the year then ended as considered in the consolidated financial statements. These financial statements and other financial information of the Subsidiaries and Associates have been audited by other auditors whose report have been furnished to us, and our opinion, in so far as it relates to the amount included in respect of these Subsidiaries and Associates, is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated financial statements, Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Venture, notified pursuant to the Companies (Accounting Standards) Rules 2006.

5. (a) Without qualifying our opinion, we draw attention to Note 14 of Schedule XXI-B to the financial statements regarding capitalization of expenditure on clinical trials amounting to Rs. 67.2 million for year ended March 31, 2011 and Rs. 596.4 million as of March 31, 2011. The ultimate approval of such products, which has been considered as highly likely by the management, is not within direct control of the Company. Pending such final approval, no adjustments have been made to the accompanying financial statements.

   (b) Without qualifying our opinion, we draw attention that the Company had incurred managerial remuneration of Rs. 63 million for the financial year ending 31st March 2009, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs. 38.2 million. The Company had already obtained approval from Central Government vide its letters dated December 23, 2009, February 15, 2011 and February 18, 2011 in respect to excess remuneration paid amounting to Rs. 29.1 million and for the balance excess remuneration of Rs. 9.1 million, requisite approval is awaited. Pending such final approval, no adjustments have been made to the accompanying financial statements.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

   a) in the case of the consolidated balance sheet, of the state of the affairs of the PBL Group as at March 31, 2011;

   b) in the case of the consolidated profit and loss account, of the profit of PBL Group for the year ended on that date; and

   c) in the case of the consolidated cash flow statement, of the cash flows of PBL Group for the year ended on that date.

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

per **Rajiv Goyal**
Partner
Membership No.: 94549

Place : New Delhi
Date : May 13, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in million)

	Schedule No.	As at March 31, 2011		As at March 31, 2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	I	61.3		66.8	
Reserves and Surplus	II	6,427.4	6,488.7	6,940.5	7,007.3
Minority Interest	III				
Equity		12.4		12.4	
Non Equity		51.6	64.0	36.0	48.4
Loan Funds					
Secured Loans	IV	8,250.7		5,081.4	
Unsecured Loans	V	401.1	8,651.8	1,973.0	7,054.4
Deferred Tax Liability (Net)			758.2		710.1
(Refer note no. 7 of Schedule XXI-B)					
Foreign Currency Monetary item Translation Difference Account			-		16.8
(net of amortisation) (Refer note no.16 of Schedule XXI-B)					
Total			15,962.7		14,837.0
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	VI	10,399.9		9,737.1	
Less : Accumulated Depreciation/Amortisation		3,552.5		2,822.9	
Net Block		6,847.4		6,914.2	
Capital Work-in-Progress		1,373.5	8,220.9	1,719.6	8,633.8
Investments	VII		566.7		726.9
Current Assets, Loans & Advances	VIII				
Inventories		4,106.3		4,576.8	
Sundry Debtors		2,755.7		1,075.9	
Cash and Bank Balances		522.4		470.4	
Other Current Assets		74.9		31.2	
Loans and Advances		1,091.3		1,340.7	
		8,550.6		7,495.0	
Less : Current Liabilities and Provisions	IX				
Current Liabilities		1,214.7		1,532.3	
Provisions		161.1		488.4	
		1,375.8		2,020.7	
Net Current Assets (A)-(B)			7,174.8		5,474.3
Miscellaneous Expenditure	X		0.3		2.0
(To the extent not written off or adjusted)					
Total			15,962.7		14,837.0
Significant Accounting Policies and Notes to Accounts	XXI				

The Schedules referred to above and notes thereon form an integral part of the Balance Sheet.

As per our attached report of even date

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

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

Place : New Delhi
Dated : May 13, 2011

For and on behalf of the Board

Ravinder Jain
Managing Director

Dr. Rajesh Jain
Joint Managing Director

I.K. Sharma
D.G.M. (Accounts & Finance)

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

Vinod Goel
G.M. Legal & Company Secretary

Panacea Biotec
Innovation in support of life

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

(Rs. in million)

	Schedule No.	For the year ended March 31, 2011		For the year ended March 31, 2010	
INCOME					
Turnover (Gross)	XI	11,437.8		9,009.5	
Less: Excise Duty		3.6	11,434.2	8.0	9,001.5
Other Income	XII		371.5		936.3
Total			11,805.7		9,937.8
EXPENDITURE					
Purchases of traded goods			273.5		205.8
Raw and packing material consumed	XIII		4,458.0		5,015.6
Operating and other expenses	XIV		1,114.4		898.1
(Increase)/Decrease in inventories	XV		588.0		(501.5)
Personnel expenses	XVI		1,358.9		1,036.1
Selling and distribution expenses	XVII		611.2		474.7
Research and development expenses	XVIII		753.1		753.2
Financial expenses	XIX		516.4		426.2
Depreciation/Amortisation	VI		586.8		499.6
Miscellaneous expenditure written off during the year	X		1.7		2.2
Total			10,262.0		8,810.0
Profit before tax			1,543.7		1,127.8
Provision for Income Tax		339.0		204.5	
Less: MAT Credit Entitlement		174.8		177.7	
Net Current Tax Liability			164.2		26.8
Deferred Income Tax Charge			48.1		375.3
(Refer note no.7 of Schedule XXI-B)					
Provision for Tax (Earlier years)			6.6		1.5
Profit After Tax			1,324.8		724.2
Add :Share of Profit in Associates			121.8		93.0
Add :Share of Minority Interests in Losses			0.1		-
Net Profit for the Year			1,446.7		817.2
Add : Balance brought forward from previous year			2,863.4		2,145.7
Profit available for appropriation			4,310.1		2,962.9
APPROPRIATIONS					
Dividend on Equity Shares - Proposed			45.9		16.7
Interim dividend on Preference Shares			0.0		
Dividend Distribution Tax			9.4		2.8
Proposed Dividend written back (Refer note no.21 of Schedule XXI-B)			(1.1)		-
Dividend Distribution Tax written back (Refer note no. 21 of Schedule XXI-B)			(0.2)		-
Transfer to General Reserve			136.1		80.0
Surplus carried to Balance Sheet			4,120.1		2,863.4
Basic Earnings per Share (in Rs.)	XX		22.98		12.24
Diluted Earnings per Share (in Rs.)	XX		22.98		11.46
Face / Nominal Value per Share (in Rs.)			1.0		1.0
Significant Accounting Policies and Notes to Accounts	XXI				

The Schedules referred to above and notes thereon form an integral part of the Balance Sheet.

As per our attached report of even date

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

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

Place : New Delhi
Dated : May 13, 2011

For and on behalf of the Board

Ravinder Jain
Managing Director

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

Vinod Goel
G.M. Legal & Company Secretary

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rs. in million)

	As at March 31, 2011		As at March 31, 2010	
SCHEDULE I - SHARE CAPITAL				
Authorised				
Comprising of				
i. 125,000,000 (Previous Year 125,000,000) Equity Shares of Re.1 each		125.0		125.0
ii.110,000,000 (Previous Year 110,000,000) Preference Shares of Rs.10 each		1,100.0		1,100.0
		1,225.0		1,225.0
Issued, Subscribed and Paid up				
61,250,746 (Previous Year 66,842,746) Equity Shares of Re.1 each fully paid-up				
(Refer note no. 21 of Schedule XXI-B)		61.3		66.8
		61.3		66.8

Notes:

1. Out of the above shares, 1,814,240 Equity Shares of Rs.10 each were issued as fully paid up bonus shares by capitalisation of General Reserves in earlier years, which were later on sub-divided into 18,142,400 Equity Shares of Re.1 each on February 12, 2003.
2. 1,49,000 Forfeited Shares which were allotted on 24th August, 2005 in the name of employees of the Company (in their capacity as Company's nominees/trustees) for sale thereof at the prevailing market prices through recognised Stock Exchanges on the terms & conditions as specified by Managing / Joint Managing Directors or Director of the Company, were sold and net proceeds aggregating Rs. 29.9 million were received by the Company during the financial year 2009-10.

	As at March 31, 2011		As at March 31, 2010	
SCHEDULE II - RESERVES AND SURPLUS				
Capital Redemption Reserve				
Amount as per last Balance Sheet	1,016.8		1,016.8	
Add: Credited upon buy back of equity shares	5.5	1,022.3	-	1,016.8
(Refer note no. 21 of Schedule XXI-B)				-
Capital Reserve		3.1		3.1
(Refer note no. 19 of Schedule XXI-B)				
Securities Premium				
Amount as per last Balance Sheet	2,814.9		2,785.1	
Add: Credited upon sale of forfeited equity shares*	-		29.8	
Less: Premium paid on redemption of FCCBs	(797.2)		-	
(Refer note no. 3 of Schedule XXI-B)				
Less: Transferred to capital redemption reserve on buy back of equity shares	(5.5)		-	
(Refer note no. 21 of Schedule XXI-B)				
Less: Premium paid on buy back of equity shares	(1,092.8)	919.4	-	2,814.9
(Refer note no. 21 of Schedule XXI-B)				
General Reserve				
Amount as per last Balance Sheet	231.6		151.6	
Add: Transfer from Profit & Loss Account	136.1	367.7	80.0	231.6
Foreign Curreny Translation Reserve				
Amount as per last Balance Sheet	10.7		1.5	
Additions/(deletion) during the year	(15.9)	(5.2)	9.2	10.7
Profit & Loss Account		4,120.1		2,863.4
		6,427.4		6,940.5

Note:

*149,000 Forfeited Equity Shares of the Company, which were earlier re-issued and held in the name of the Company's employees as nominees/ trustees, were sold during the financial year 2009-10 in the open market for Rs. 29.9 million. Out of the proceeds, Rs.29.8 million were credited in the Securities Premium Account.

	As at March 31, 2011		As at March 31, 2010	
SCHEDULE - III MINORITY INTEREST				
i) Minority Interest in Equity of NewRise Healthcare Private Limited				
(Formerly known as Umkal Medical Institute Pvt. Ltd)				
1,241,880 Equity Shares of Rs.10 each, fully paid up		12.4		12.4
ii) Minority Interest in Non-Equity of NewRise Healthcare Private Limited				
(Formerly known as Umkal Medical Institute Pvt. Ltd)				
a) Securities Premium		51.5		35.8
b) Balance in Profit & Loss Account				
Share of Profit/(Loss) brought forward	0.2		0.2	
Share of Profit/(Loss) of the year	(0.1)	0.1	-	0.2
		64.0		48.4

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rs. in million)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE IV- SECURED LOANS		
Foreign Currency Term Loans (from Banks)		
i) State Bank of India	2,453.0	1,796.2
(Due within one year Rs. 460.5 million (Previous year Rs.Nil))		
Interest accrued & due on the same	13.1	8.6
ii) State Bank of Travancore	1,119.3	1,127.0
(Due within one year Rs. 223.9 million (Previous year Rs.Nil))		
Interest accrued & due on the same	6.0	5.6
Term Loan (from Government of India)	78.3	30.0
(Due within one year Rs. Nil (Previous year Rs.Nil))		
Term Loan (from Banks)		
i) State Bank of India	298.3	-
(Due within one year Rs. 46.3 million (Previous year Rs.Nil))		
Interest accrued & due on the same	3.2	-
ii) Indian Overseas Bank	1,000.0	-
(Due within one year Rs. Nil (Previous year Rs. Nil))		
Interest accrued & due on the same	-	-
Working Capital Loans from Scheduled Banks	2,079.2	793.6
Interest accrued & due on the same	6.4	4.7
Buyers' Credit	1,193.9	1,315.7
(Due within one year Rs. 1,193.9 million (Previous year Rs. 1,315.7 million))		
	8,250.7	5,081.4

Notes :

1. Foreign currency term loan taken from banks and term loan taken from State Bank of India are secured by way of first pari-passu charge by hypothecation of the company's entire movable fixed assets, both present and future and mortgage of immovable properties of the company being land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswasi situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh. Foreign Currency Term Loan from State Bank of India is also collaterally secured by personal guarantees of the promoter- directors of the Company, viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.
2. Term loan from Government of India is secured by way of hypothecation of the company's all equipments, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property present and future by way of first charge on pari-passu basis. (Refer note no. 20 of schedule XXI-B)
3. Term loan from Indian Overseas Bank is secured by way of first pari-passu charge by hypothecation of the company's entire movable fixed assets, both present and future and mortgage of immovable properties of the company being land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswasi situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh. It is also collaterally secured by personal guarantees of the promoter- directors of the Company, viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain. The creation of charge on immovable properties is under process.
4. Working capital loan from Scheduled Banks & Buyers' Credit are secured by way of first pari passu charge by hypothecation of all current assets and also by way of 2nd pari-passu charge on all the movable fixed assets (including machinery and spares) of the Company and existing immovable properties of the Company being land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswasi situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh. These are also collaterally secured by personal guarantees of the promoter- directors of the Company, viz Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.

SCHEDULE V - UNSECURED LOANS

Fixed Deposits*	366.3	320.5
(Due within one year Rs. 362.8 million (Previous year Rs. 181 million))		
Finance Lease Obligation	34.8	-
(Due within one year Rs. 18.4 million (Previous year Rs. Nil))		
(Refer note no. 11(ii)(e) of Schedule XXI-B		
Foreign Currency Convertible Bonds		
US$ Nil (Previous year US$ 36.8 million) Zero Coupon Convertible Bonds due 2011	-	1,652.5
(Due within one year Rs. Nil (Previous year Rs. 1,652.5 million))		
(Refer note no. 3 of Schedule XXI-B)		
	401.1	1,973.0

Note:
*It includes Rs. 360 million (Previous year Rs. 315 million) from partnership firm in which some directors and their relatives are partner.

Schedule VI - Fixed Assets

(Rs. in million)

DESCRIPTION	GROSS BLOCK					DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 1, 2010	Additions during the Year	Adjustments*	Sale/ Adjustments during the Year	As at March 31, 2011	As at April 1, 2010	Provided during the Year	Deductions & Adjustments during the Year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
A. Tangible Assets											
Land - Freehold	1,792.1	193.5	-	403.8	1,581.8	-	-	-	-	1,581.8	1,792.1
Land - Leasehold	54.8	-	-	-	54.8	1.6	0.8	-	2.4	52.4	53.2
Buildings	1,867.7	167.2	(7.6)	-	2,027.3	430.7	111.4	-	542.1	1,485.2	1,437.0
Leasehold Improvement	86.0	-	-	-	86.0	83.3	2.7	-	86.0	-	2.7
Plant & Machinery	4,819.5	594.5	(35.2)	0.1	5,378.7	1,646.1	496.8	-	2,142.9	3,235.8	3,173.4
Furniture & Fittings	298.2	24.7	(0.6)	0.4	321.9	159.0	26.2	0.1	185.1	136.8	139.2
Vehicles	161.5	23.6	-	19.7	165.4	84.1	22.5	14.0	92.6	72.8	77.4
Office Equipments	200.3	5.4	(1.0)	0.1	204.6	94.0	15.3	0.1	109.2	95.4	106.3
Computer Equipments	165.0	7.8	(0.2)	1.0	171.6	130.1	16.3	0.9	145.5	26.1	34.9
TOTAL (A)	**9,445.1**	**1,016.7**	**(44.6)**	**425.1**	**9,992.1**	**2,628.9**	**692.0**	**15.1**	**3,305.8**	**6,686.3**	**6,816.2**
Capital Work in Progress (including Capital Advances of Rs. 182.7 million (Previous year Rs. 205.7 million)										547.4	974.2
Previous Year	8,774.7	1,216.7	461.5	84.9	9,445.0	2,057.1	637.3	65.6	2,628.8	6,816.2	6,717.6
B. Intangible Assets											
Goodwill	55.6	16.1	-	-	71.7	28.2	8.8	-	37.0	34.7	27.4
Patents, Trademarks & Copyrights	61.8	7.9	-	-	69.7	50.3	3.9	-	54.2	15.5	11.5
Software - acquired**	98.5	72.3	-	0.7	170.1	71.2	27.5	0.6	98.1	72.0	27.3
Website - acquired	9.3	-	-	-	9.3	9.2	0.1	-	9.3	-	0.1
Product Development	66.8	20.2	-	-	87.0	35.1	13.0	-	48.1	38.9	31.7
TOTAL (B)	**292.0**	**116.5**	**-**	**0.7**	**407.8**	**194.0**	**53.3**	**0.6**	**246.7**	**161.1**	**98.0**
Capital Work in Progress (including Capital Advances of Rs. 1.9 million (Previous year Rs . Nil))										826.1	745.4
Previous Year	250.8	42.0	-	0.7	292.1	156.0	38.2	0.1	194.1	98.0	94.8
TOTAL (A + B)	**9,737.1**	**1,133.2**	**(44.6)**	**425.8**	**10,399.9**	**2,822.9**	**745.3**	**15.7**	**3,552.5**	**6,847.4**	**6,914.2**
Capital Work in Progress (including Capital Advances of Rs. 184.6 million (Previous year Rs. 205.7 million)										1,373.5	1,719.6
Previous Year	9,025.5	1,258.7	461.5	85.6	9,737.1	2,213.1	675.5	65.7	2,822.9	6,914.2	6,812.4

Notes:

1. Freehold Land includes Land amounting to Rs. Nil (Previous year Rs. 16.4 million) pending registration in the name of the Company.
2. Building includes Office Premises amounting to Rs.Nil (Previous year Rs.155.9 million) pending registration in the name of the Company.
3. Plant & Machinery includes Plant & Machinery amounting to Rs.3.4 million (Previous year Rs.3.5 million) (Net Block) lying with third parties.
4. Depreciation for the year includes Depreciation on Research & Development Assets amounting to Rs. 158.5 million (Previous year Rs.175.9 million).
5. For pre-operative expenditure capitalized / Capital work in progress, refer Note No.4 of schedule XXI-C.

* Exchange differences decapitalized during the year (Refer Note No.19 of Schedule XXI-C)

** includes assets taken on finance lease : Gross block value Rs. 55.3 million (Previous year Rs. Nil); Net block value Rs. 41.5 million (Previous year Rs. Nil).

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rs. in million)

	As at March 31, 2011		As at March 31, 2010	
SCHEDULE VII- INVESTMENTS				
Long Term Investments (At cost)				
Trade (Unquoted)				
a) 419,767 (Previous Year 419,767) Equity Shares of Rs.10/- each fully paid up in PanEra Biotec Pvt. Ltd.	100.5		10.7	
Add: Profit / (Loss) for the year	118.1	218.6	89.8	100.5
b) 20,250 (Previous Year 20,250) Equity Shares of Rs.10/- each fully paid up in Shivalik Solid Waste Management Ltd.		0.2		0.2
c) 4,608,608 (Previous Year 4,608,608) Ordinary Shares of GBP 0.01 each, fully paid up in Cambridge Biostability Limited, U.K.	168.1		168.1	
Less : Provision for Permanent Diminution in the value of Investments (Refer note no. 12(b) of Schedule XXI B)	(168.1)	-	(168.1)	-
d) 501(Previous Year Nil) Equity Shares of US $ 100 each, fully paid up in Panacea Biotec Inc., USA	2.4			
Less : Provision for Permanent Diminution in the value of Investments (Refer Note no. 22 of Schedule XXI-B)	(2.4)	-		-
Trade (Quoted)				
1,835,319 (Previous Year 3,733,334) Equity Shares of US $ 0.0001 each fully paid up in PharmAthene Inc.		300.0		582.7
Non Trade (Unquoted)				
41,257,126 (Previous Year 41,257,126) Equity Shares of Re.1 each fully paid up in Lakshmi & Manager Holdings Limited	43.2		39.9	
Add: Profit / (Loss) for the year	3.7	46.9	3.3	43.2
Non Trade (Quoted)				
10,000 (Previous Year 10,000) Equity Shares of Rs.10 each fully paid up of Medicamen Biotec Ltd.		0.1		0.1
Current Investments (at lower of cost or market value)				
a) 64,255.024 Units (Previous Year Nil Units) of Rs. 10.0315 NAV in HDFC Cash Management Fund - Treasury Advantage Plan - Retail-Daily Dividend - Option Reinvestment		0.6		
b) 30,212.261 Units (Previous Year Nil Units) of Rs. 10.3244 NAV in BSL Ultra Short Term Fund - Retail - Fortnightly Dividend		0.3		
c) NIL Units (Previous Year 164.201) of Rs. 1,001.1364 NAV in Reliance Liquid Plus Fund - Inst - Daily Dividend		-		0.2
		566.7		726.9

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rs. in million)

	As at March 31, 2011		As at March 31, 2010	
SCHEDULE VIII - CURRENT ASSETS, LOANS & ADVANCES				
Inventories (at lower of cost or net realisable value):				
Raw Materials and Packing Materials	2,466.8		2,751.5	
(Including Goods lying with third parties Rs. 9.4 million (Previous year Rs. 6.9 million))				
Finished Goods	1,020.8		1,578.5	
(Including Goods in transit of Rs. 17.92 million (Previous year Rs. 10.2 million) & Goods lying with third parties Rs. 0.2 million (Previous year Rs. 0.2 million))				
Work in Progress	116.2		146.5	
(Including Goods lying with third parties Rs. 4.2 million (Previous year Rs. 4.1 million))				
Stores & Spare Parts	98.7		100.3	
Land under development (Refer note no. 23 of Schedule XXI-B)	403.8	4,106.3		4,576.8
Note : Finished goods includes inventory valued on FIFO basis by Joint Venture Company amounting to Rs. 29.5 million (Previous year Rs. 23.7 million).				
Sundry Debtors				
Debts outstanding for a period exceeding six months				
Unsecured, Considered good	25.0		90.8	
Unsecured, Considered doubtful	3.5		3.1	
Other Debts				
Unsecured, considered good*	2,730.7		985.1	
	2,759.2		1,079.0	
Less: Provision for doubtful debts	(3.5)	2,755.7	(3.1)	1,075.9
*Includes amount recoverable from Joint venture Company of Rs. 33.3 million (Previous year Rs. 19.1 million).				
Cash and Bank Balances				
Cash balance on hand	7.5		0.4	
Balances with banks				
a) On Cash Credit Accounts	-		109.0	
b) On Current Accounts	120.5		80.2	
c) On Unpaid Dividend Accounts*	1.3		1.4	
d) On Fixed Deposits **	79.8		74.6	
e) On Exchange Earner Foreign Currency Current Accounts	313.3	522.4	204.8	470.4
*Not available for use by the Company as they represent corresponding unpaid dividend liabilities.				
**These fixed deposits are pledged with Banks and various Government Authorities.				
Other Current Assets				
Export Benefits receivable	73.9		29.2	
Interest accrued but not due on loans & deposits	8.3		9.3	
Less : Provision for doubtful receivables				
(Refer note no. 12(b) of Schedule XXI-B)	(7.3)	74.9	(7.3)	31.2
Loans and Advances				
Unsecured, Considered good				
Advances recoverable in cash or in kind or for value to be received	318.7		771.1	
Balance with Excise, Custom etc.	41.5		14.3	
Staff Loans & Advances	17.5		14.3	
Security Deposits	29.7		26.7	
Advance Income Tax (Net of Provision of Rs.1,728.5 million (Previous Year Rs.1,192.5 million))	187.9		336.6	
MAT credit entitlement	352.5		177.7	
Other receivables	143.5		-	
Unsecured, Considered doubtful				
Advances recoverable in cash or in kind or for value to be received	5.3		5.3	
Staff Loans & Advances	4.2		4.2	
Loan to Joint Venture Company	108.8		108.8	
	1,209.6		1,459.0	
Less : Provision for doubtful loans	(108.8)		(108.8)	
(Refer note no. 12(b) of Schedule XXI-B)				
Less : Provision for doubtful Advances	(9.5)	1,091.3	(9.5)	1,340.7
		8,550.6		7,495.0
Note: Movement in MAT credit entitlement				
Opening balance	177.7		-	
Add: MAT credit availed	174.8		177.7	
Less: MAT credit utilised	-		-	
Closing balance	352.5		177.7	

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Rs. in million)

		As at March 31, 2011		As at March 31, 2010
SCHEDULE IX - CURRENT LIABILITIES & PROVISIONS				
Liabilities				
Acceptances	157.1		693.3	
Sundry Creditors				
a) Dues to Micro & Small Enterprises (Refer note no.6 of Schedule XXI-B)	3.4		2.8	
b) Dues to other than Micro & Small Enterprises	813.3		778.8	
Advances from Customers	117.1		7.3	
Sundry Deposits	15.1		14.8	
Unpaid dividend on Equity Shares *	1.3		1.4	
Other Liabilities	97.2		29.6	
Interest accrued but not due on loans	10.2	1,214.7	4.3	1,532.3
*This amount does not include amount due/outstanding to be credited to Investor Education & Protection Fund.				
Provisions				
Provision for wealth tax	2.0		2.9	
Provision for fringe benefit tax (Net of Advance Payment of Rs. Nil (Previous year Rs. 101.8 million))	-		4.2	
Proposed dividend on equity shares	45.9		16.7	
Provision for dividend distribution tax	7.5		2.8	
Provision for gratuity	43.6		48.8	
Provision for leave encashment	62.1		56.1	
Provision for open derivative contracts	-	161.1	356.9	488.4
		1,375.8		2,020.7
SCHEDULE X - MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
i) License fees				
As per last Balance Sheet	2.0		3.7	
Less: Written off during the year	(1.7)	0.3	(1.7)	2.0
ii) Preliminary Expenses				
As per last Balance Sheet	-		0.5	
Less: Written off during the year	-	-	(0.5)	-
		0.3		2.0

(Rs. in million)

	For the year ended March 31, 2011	For the year ended March 31, 2010
SCHEDULE XI - TURNOVER		
Sales	11,397.8	8,980.2
Income from contract manufacturing	40.0	28.3
Services (R&D Income)	-	1.0
	11,437.8	9,009.5

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Rs. in million)

	For the year ended March 31, 2011		For the year ended March 31, 2010	
SCHEDULE XII - OTHER INCOME				
Interest (gross) :				
- Banks deposits		50.3		6.8
- Income tax refund		25.0		7.2
- Others		18.4		32.6
Export incentives		81.4		36.6
Sale of scrap		4.0		3.6
Lease rent (gross)		49.7		47.6
Royalty income		57.9		28.6
Exchange Fluctuation Gain (Net of loss Rs. Nil (Previous Year Rs. 45 million))		-		635.3
Dividend Received from :				
- Investment in mutual fund		1.1		-
Provisions for doubtful advances written back		-		135.6
Profit on Sale of Investment		51.6		-
Liabilities/ provisions no longer required written back		25.6		-
Miscellaneous Income		6.5		2.4
		371.5		936.3
SCHEDULE XIII - RAW & PACKING MATERIALS CONSUMED				
Opening Stock	2,751.3		3,206.9	
Add: Materials purchased during the year	4,189.8		4,583.0	
	6,941.1		7,789.9	
Less: Closing Stock	(2,466.8)		(2,751.3)	
	4,474.3		5,038.6	
Less: Materials consumed for Research & Development	(16.3)		(23.0)	
		4,458.0		5,015.6
SCHEDULE XIV - OPERATING AND OTHER EXPENSES				
Processing Charges		15.7		14.5
Analytical Testing & Trial Charges		11.0		7.7
Stores & spare parts consumed *		71.3		63.6
Power & fuel *		190.9		130.9
Repair & maintenance				
- Buildings	25.3		37.4	
- Plant & Machinery	25.9		16.9	
- Others *	39.1	90.3	30.2	84.5
Rent *		65.0		63.7
Royalty		17.1		17.4
Directors' Sitting Fees		0.4		0.5
Printing & Stationery		97.6		59.3
Postage & communication		54.1		49.9
Insurance		43.0		35.9
Travelling & conveyance *		151.7		131.1
Books & periodicals		1.2		0.9
Legal & professional charges *		133.6		105.6
Vehicle Running & Maintenance		20.6		17.3
Payment made to Auditors		8.0		9.2
(Refer note no.5 of Schedule XXI-B)				
Rates & taxes *		20.1		14.1
Donations		3.0		3.9
Subscription		14.8		12.2
Staff training & recruitment		30.1		23.7
Bad Debts & Advances written off		-		0.0
Provision for doubtful debts & advances		0.4		4.5
Loss on sale of fixed assets (Net)		0.2		11.4
Foreign exchange fluctuation loss (Net)		5.6		-
Provision for Permanent Diminution in the value of Investments		2.4		-
(Refer Note no. 22 of Schedule XXI-B)				
Miscellaneous expenses *		66.3		36.3
		1,114.4		898.1

*Refer note no. 4 of Schedule XXI-B

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Rs. in million)

	For the year ended March 31, 2011		For the year ended March 31, 2010	
SCHEDULE XV - (INCREASE) / DECREASE IN INVENTORIES				
Closing Stock:				
Finished Goods	1,020.8		1,578.5	
Work in Progress	116.2	1,137.0	146.5	1,725.0
Less: Opening Stock:				
Finished Goods	1,578.5		1,020.7	
Work in Progress	146.5	1,725.0	202.8	1,223.5
		588.0		(501.5)
SCHEDULE XVI - PERSONNEL EXPENSES				
Salary, wages and bonus #		1,253.3		949.2
Contribution to Provident and other Funds		38.3		28.7
Workmen & staff welfare		51.9		46.9
Gratuity		15.4		11.3
		1,358.9		1,036.1
# Refer note no.4 of Schedule XXI-B				
SCHEDULE XVII - SELLING & DISTRIBUTION EXPENSES				
Advertising & sales promotion		372.0		318.4
Meetings & conferences		129.7		53.2
Freight & cartage		53.6		70.0
Commission on sales (other than sole selling agents)		55.9		33.1
		611.2		474.7
SCHEDULE XVIII - RESEARCH AND DEVELOPMENT EXPENSES				
Raw material & packing material consumed		16.3		23.0
Stores & spare parts consumed		138.5		142.3
Processing charges		11.0		0.1
Salary, wages and bonus		234.1		223.0
Contribution to provident and other funds		5.1		4.7
Workmen & staff welfare		8.6		7.1
Gratuity		1.4		1.1
Analytical testing & trial charges		54.9		47.3
Rent		7.0		6.7
Printing & stationery		1.9		2.4
Postage & communication		3.2		3.0
Travelling & conveyance		14.1		9.5
Books & periodicals		1.0		1.8
Legal & professional charges		1.4		5.0
Vehicle running & maintenance		4.4		3.5
Donations		0.1		-
Repair & maintenance :				
- Buildings	2.8		3.4	
- Plant & Machinery	13.1		6.7	
- Others	3.8	19.7	4.3	14.4
Rates, fees & taxes		3.0		5.5
Subscription		14.0		12.9
Electricity & water charges		34.4		33.8
Meeting & conferences		1.7		1.5
Staff training & recruitment		1.8		2.1
Loss on sale of fixed assets (Net)		-		2.8
Product development expenses written off		11.4		19.4
Depreciation / Amortisation		158.5		175.9
Miscellaneous expenses		5.6		4.4
		753.1		753.2

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Rs. in million)

	For the year ended March 31, 2011		For the year ended March 31, 2010	
SCHEDULE XIX -FINANCIAL EXPENSES				
Interest on:				
- Term loans	277.1		195.3	
- Others (including interest on working capital loans)	195.8	472.9	189.4	384.7
Bank charges		43.5		41.5
		516.4		426.2
SCHEDULE XX - EARNING PER SHARE				
Calculation of profit for basic & diluted EPS				
Net profit before Tax		1,543.7		1,127.8
Less: Adjustment for tax expenses		(212.3)		(403.6)
Add: Net Profit share of Associates and Minority Interest		121.9		93.0
Net profit for calculation of basic & diluted EPS		1,453.3		817.2
Weighted average number of Equity Shares in calculating basic EPS		63,242,590		66,781,921
Add: Weighted average number of equity share which would be issued on the conversion of 'US$ 50 Million Zero Coupon Convertible Bonds due 2011' (Outstanding US$36.80 Million) at conversion price Rs. 357.57		-		4,542,752
Weighted average number of Equity Shares in calculating diluted EPS		63,242,590		71,324,673
Basic earnings per share (in Rs.)		22.98		12.24
Diluted earnings per share (in Rs.)		22.98		11.46
Face/Nominal value per share (in Rs.)		1.00		1.00

Schedule XXI - Significant Accounting Policies and Notes on Accounts (Consolidated Financial Statements)

A. Significant Accounting Policies

1. i) **Basis of Preparation**

The Consolidated Financial Statements relate to Panacea Biotec Limited (Parent Company), its Subsidiary Companies, Joint Venture and Associates (hereinafter collectively referred as the "Group").

The Consolidated Financial Statements (CFS) have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Group and except for the changes in accounting policies discussed more fully below, are consistent with those used in the previous year.

ii) **Principles of Consolidation**

The Consolidated Financial Statements have been prepared on the following basis:

a) The financial statements of the Parent Company and its Subsidiary Companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses, if any, as per Accounting Standard –21, Consolidated Financial Statements.

b) Interest in assets, liabilities, income and expenses of the Joint Venture have been consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profits/losses have been eliminated to the extent of Company's proportionate shares as per Accounting Standard –27, Financial reporting of interests in Joint Venture.

c) In case of Associates, where the Company directly or indirectly through subsidiaries holds more than 20% of equity, investment in Associate is accounted for by Equity Method in accordance with Accounting Standards -23, Accounting for Investment in Associates.

d) The financial statements of the Subsidiary Companies, Joint Venture and Associates used in the consolidation are drawn for the same period as that of the Parent Company i.e. year ended March 31, 2011.

e) Minorities' interest in net profit/(loss) of consolidated Subsidiary Companies for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Parent Company. Minorities' share of net assets has been identified and presented in Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the Parent Company.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

f) List of Subsidiaries, Joint Venture and Associates considered for consolidation:

S.No.	Name of the Company	Nature of relationship	Country of Incorporation	Extent of Holding/ Voting Power (%)	
				As at March 31, 2011	As at March 31, 2010
1	Best On Health Ltd.	Subsidiary	India	100.0	100.0
2	Panacea Educational Institute Pvt. Ltd	Indirect Subsidiary*	India	100.0	100.0
3	Radicura & Co. Ltd.	Indirect Subsidiary*	India	100.0	100.0
4	Panacea Hospitality Services Pvt. Ltd	Indirect Subsidiary*	India	100.0	100.0
5	Sunanda Steel Company Ltd.	Indirect Subsidiary*	India	100.0	100.0
6	Nirmala Organic Farms & Resorts Pvt. Ltd (w.e.f. February 23, 2011)	Indirect Subsidiary*	India	100.0	-
7	Best On Health Foods Limited (w.e.f. December 6, 2010)	Indirect Subsidiary*	India	100.0	-
8	NewRise Healthcare Private Limited (Formerly known as Umkal Medical Institute Pvt. Ltd)	Subsidiary	India	75.2	75.2
9	Panacea Biotec GmbH	Subsidiary	Germany	100.0	100.0
10	Panacea Biotec, Inc. (Refer note no. 22 of Schedule XXI-B)	Subsidiary	USA	100.0	100.0
11	Panacea Biotec FZE	Subsidiary	UAE	100.0	100.0
12	Rees Investments Ltd.	Subsidiary	Guernsey	100.0	100.0
13	Kelisia Holdings Ltd.	Indirect Subsidiary†	Cyprus	100.0	100.0
14	Kelisia Investment Holdings AG	Indirect Subsidiary††	Switzerland	100.0	100.0
15	Panacea Biotec(International) SA	Indirect Subsidiary†††	Switzerland	100.0	100.0
16	Panacea Biotec(Europe) AG	Indirect Subsidiary††††	Switzerland	100.0	100.0
17	Panacea Biotec Germany GmbH (w.e.f August 12, 2010)	Indirect Subsidiary††††	Germany	100.0	-
18	Chiron Panacea Vaccines Pvt. Ltd.	Joint Venture#	India	50.0	50.0
19	PanEra Biotec Pvt Ltd.	Associate	India	50.0	50.0
20	Lakshmi & Manager Holdings Ltd.	Associate	India	40.0	40.0
21	Best General Insurance Company Ltd	Indirect Associate**	India	32.0	32.0

* Wholly Owned Subsidiary of Best On Health Ltd.
† Wholly Owned Subsidiary of Rees Investments Ltd.
††† Wholly Owned Subsidiary of Kelisia Investment Holdings AG.
# Jointly controlled entity
** Subsidiary of Lakshmi & Manager Holdings Ltd.
†† Wholly Owned Subsidiary of Kelisia Holdings Ltd.
†††† Wholly Owned Subsidiary of Panacea Biotec (International) SA

g) Goodwill represents the difference between the Parent Company's shares in the net worth of the Subsidiary / Joint Venture Company and the cost of acquisition at the time of making the investment in the Subsidiary / Joint Venture Companies. For this purpose, the Parent Company's share of net worth of the Subsidiary/ Joint Venture Company is determined on the basis of the latest financial statements of the Subsidiary/ Joint Venture Company prior to acquisition, after making the necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

h) The Consolidated Financial Statements have been prepared using uniform accounting policies unless otherwise stated for like transactions and other events in similar circumstances and are presented in the same manner as the Parent Company's separate financial statements.

2. Uses of Estimates

The presentation of financial statements in conformity with the Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods - Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and is stated net of trade discounts, returns and Sales Tax /VAT but includes Excise Duty. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

Research & Development - Income from Research & Development Services is recognized on an accrual basis in accordance with the terms of the relevant agreement.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Contract Manufacturing- Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreement.

Interest - Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend - Revenue is recognized when the shareholders' right to receive payment is established by the Balance sheet date.

Royalty - Revenue is recognized on an accrual basis in accordance with the term of the relevant agreement.

Export Benefits - Export entitlements under Duty Entitlement Pass Book Schemes are recognized in the Profit & Loss Account when the right to receive credit as per terms of scheme is established in respect of export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

4. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

As a result of change in Accounting Policy during the financial year 2008-09 in respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

5. Impairment of Fixed Assets

The carrying amounts of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal/ external factors.An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

6. Intangibles

Patents, Trademarks & Designs - Costs relating to patents, trademarks and designs, which are acquired, are capitalized.

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

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

Product Development – Product Development is capitalized on successful completion of development activities and commercial launch of developed products.

Technical Know-how - Technical Know-how is capitalized on successful transfer of technology when its future recoverability can reasonably be regarded as assured.

Software and Website - Software and website are stated at cost of acquisition and include all attributable costs of bringing them to their working condition for their intended use.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

7. Depreciation/ Amortization

a) Depreciation on fixed assets is provided on written down value method as per the rates based on the useful life of the assets estimated by the management, or as per rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher. Depreciation is provided on the following rates:

Tangibles Assets	WDV%
Building – Factory	10.00
Building – Office Premises	5.00
Plant & Machinery	13.91
Furniture & Fittings	18.10
Vehicles	25.89
Office Equipments	13.91
Computer Equipments	40.00

b) Amortization of intangibles is provided on straight line basis of the estimated useful lives as follows:-

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

c) Leasehold Land is amortized over the period of lease or useful life, whichever is shorter.

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

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

8. 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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

9. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

10. Leases

Where the Company is the Lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where the Company is the Lessor

Assets given under a finance lease are recognized as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

11. Deferred Revenue Expenditure

Expenditure incurred prior to April 1, 2003 towards procuring license for new products is written off over the period of agreement or ten years whichever is shorter. Expenditure of the similar nature incurred during the year is charged off to revenue.

12. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution, in value is made to recognize a decline other than temporary in the value of the investments.

13. Inventories

Finished Goods, Work in Progress, Goods held for Resale, Raw Materials, Packing Materials and Stores & Spare parts are stated at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

'Cost' of Finished Goods, Work in progress, Raw Materials, Packing Materials and Stores & Spare parts is arrived at by using 'Weighted Average Price' method.

Cost of Work in Progress and Finished Goods is determined by considering direct material cost and appropriate portion of manufacturing overheads based on normal operating capacity. Cost of traded goods is arrived at by using 'Weighted Average Price' method and in Joint Venture as First in first out basis. Cost of finished goods includes Excise Duty.

Land under development is valued at lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

14. Retirement and Other Employee Benefits

a) Retirement benefit in the form of Provident Fund is a defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

b) Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method.

d) Leave encashment payable /adjustable during the year is provided on the basis of last salary drawn by employees.

e) Actuarial gains/losses are immediately taken to Profit & Loss Account and are not deferred.

15. Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on a monetary item that, in substance, form part of Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to, or deducted from, the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before 31st March, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as an expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of Profit and Loss Account in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

16. Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred Income Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each Balance Sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax assets to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

17. Earnings Per Share

Basic Earnings per Share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) 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 of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares), if any.

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.

18. Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management's best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

19. Segment Reporting Policies

(a) Identification of Segments:

Primary Segment

Business Segment: The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are Vaccines, Formulations, Research & Development and Healthcare Activities.

Secondary Segment

Geographical Segment: The analysis of geographical segment is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Revenue from domestic market includes sales to customers located within India.
- Revenue from overseas market includes sales to customers located outside India.

(b) Allocation of Common Costs: Common allocable costs are allocated to each segment on a rational basis based on nature of each such common cost.

(c) Unallocated Items: Corporate income and expenses are considered as a part of unallocable income & expense, which are not identifiable to any business segment.

d) Segmental Policies: The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

20. Derivative Instruments

As per announcement of Institute of Chartered Accountants of India, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Profit and Loss Account. Net gains are ignored.

21. Cash & Cash Equivalent

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

22. Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Direct expenditure incurred during construction period is capitalized as part of the direct construction cost to the extent to which the expenditure is directly related to construction.

B. Notes To Accounts

1. Contingent Liabilities (to the extent not provided for)

(Rs. in million)

S. No.	Particulars	As at March 31 , 2011	As at March 31 , 2010
I.	Disputed demands/ show-cause notices under:-		
	a) Income Tax cases	1.8	2.0
	b) Customs Duty cases	4.0	4.0
	c) Central Excise Duty cases	6.6	6.6
	d) Service Tax	8.3	2.7
	Total	20.7	15.3
II.	Demand from Maharashtra State Electricity Distribution Company Limited (Refer note (e) below)	8.1	8.1
III.	Labour cases (in view of large number of cases, it is impracticable to disclose each of them)	1.2	2.0
IV.	Premium on Redemption of 'US$ 50 Million Zero Coupon Convertible Bonds due 2011' (Refer note 3 below)	-	565.0

Notes:

a) In respect of Income Tax demand, the Assessing Officer disallowed certain expenses in respect of A.Y. 2007-08 and A.Y. 2008-09 which were computed in accordance with the provisions of Income Tax Act, 1961. The matter is pending with Hon'ble Income Tax Appellate Tribunal. The Company believes that it has merit in its 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 and the matter is pending before Hon'ble Customs, Excise and Service Tax Appellate Tribunal. The Company believes that it has merit in its case, hence no provision is required.

c) In respect of Central Excise Duty demand, the Assessing Officer levied Excise Duty on common inputs used in manufacture of exempted and taxable products. The Company has deposited the entire amount of demand under protest and the matter is pending before Hon'ble Customs, Excise and Service Tax Appellate Tribunal. The Company believes that it has merit in its case, hence no provision is required.

d) In respect of service tax demand, the Assessing Officer levied Service Tax on foreign services rendered & delivered outside India by the Company & certain other services on which there was no liability to pay Service Tax. The Company believes that it has merit in its case, hence no provision is required.

e) Maharashtra State Electricity Distribution Company Ltd. served a demand notice to the company on account of wrong tariff rates for the activities at R&D Center, Navi Mumbai. The Company has taken legal opinion which is in favour of the Company and hence no provision is considered necessary in this regard.

f) Liability on account of guarantees given to Government authorities for various purposes is considered remote. Hence, those have not been disclosed

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

2. 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)

S. No.	Particulars	As at March 31 , 2011	As at March 31 , 2010
1.	Tangibles Assets	109.2	302.8
2.	Intangible Assets	50.7	11.9
	Total	159.9	314.7

3. Foreign Currency Convertible Bonds

"US$ 50 Million Zero Coupon Convertible Bonds due 2011" amounting to US$ 36.8 million were pending for redemption or conversion (at the option of bondholders) as on March 31, 2010. Since these bonds were not converted, repurchased or cancelled during the current year, the Company has redeemed these bonds at a price equal to 142.80% of the outstanding principal amount on the maturity date i.e. February 14, 2011. The premium on redemption of these bonds amounting to Rs.713.0 million and withholding tax thereon amounting to Rs.84.2 million have been adjusted against the Securities Premium Account.

The conversion price of 'US$ 50 Million Zero Coupon Convertible Bonds due 2011' (FCCBs) was pre-determined at Rs. 357.57 per Share. This rate was used to determine dilutive Equity Shares of the previous financial year.

4. Details of pre-operative expenses (included in Capital Work in Progress) relating to Fixed Assets are as follows:

(Rs. in million)

Particulars	Opening balance as at		Addition during the year ended		Capitalized during the year ended		Closing balance as at	
	April 1, 2010	April 1, 2009	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Legal & professional	69.0	61.1	14.0	7.9	6.9	-	76.1	69.0
Store & Spares Consumed	2.1	0.0	0.4	3.7	2.5	1.6	-	2.1
Power & Fuel	0.1	0.1	6.6	1.2	6.7	1.2	0.0	0.1
Rates & Taxes	0.8	0.3	0.4	0.5	0.7	-	0.5	0.8
Repairs & Maintenance- Other	0.5	0.5	-	0.0	0.1	0.0	0.4	0.5
Salary & Wages	12.0	5.8	14.8	11.3	0.4	5.1	26.4	12.0
Travelling & conveyance	1.6	2.0	0.2	0.6	0.2	1.0	1.6	1.6
Rent	7.4	4.1	0.7	3.3	-	-	8.1	7.4
Miscellaneous Expenses	4.5	3.0	8.7	1.5	1.9	0.0	11.3	4.5
Total	98.0	76.9	45.8	30.0	19.4	8.9	124.4	98.0

5. Auditors' Remuneration

(Rs. in million)

Particulars	For the year ended March 31, 2011			For the year ended March 31, 2010		
	Parent Company	Subsidiaries	Joint Ventures	Parent Company	Subsidiaries	Joint Venture
Statutory Auditors						
- Statutory Audit#	3.6	1.0	0.5	3.0	1.2	0.4
- Quarterly Limited Reviews	2.0	-	-	1.6	-	-
- Management Services	0.3	0.0	-	2.5	-	-
- Certification	0.4	0.0	-	0.4	0.0	-
- Out of Pocket Expenses	0.3	0.0	0.0	0.3	0.0	0.0
Total	6.6	1.0	0.5	7.8	1.2	0.4
Tax Auditor*	0.2	0.0	0.1	0.1	0.0	0.1
Cost Auditor*	0.0	0.0	-	0.0	-	-

* included in the Legal & Professional charges given in Schedule XIV

\# Auditors' remuneration includes Rs.0.1 million (Previous year Rs.Nil) transferred to pre-operative expenses.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

6. Disclosure of Micro & Small Enterprises

(Rs. in million)

Details of dues to Micro & Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act)	As at March 31, 2011		As at March 31, 2010	
	Principal	Interest	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	3.4	Nil	2.8	Nil
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	4.2	0.1	2.1	0.0
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 Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil	Nil	Nil

7. Deferred Tax Liabilities (Net)

(Rs. in million)

The break-up of deferred tax liability	As at March 31 , 2011	As at March 31 , 2010
Deferred Tax Liabilities		
Differences in depreciation and amortization in block of fixed assets as per Income Tax Act and books of accounts	556.0	538.2
Deferred revenue expenditure	0.1	0.7
Capital expenditure on research & development	280.5	306.9
Forex Loss (revenue) deferred as per notification on AS-11 (Revised)	-	4.2
Effect of finance lease accounting	1.1	-
Gross Deferred Tax Liabilities	837.7	850.0
Deferred Tax Assets		
Effect of expenditure debited to Profit and Loss Account in the current year but allowed for tax purposes in following years	79.5	45.7
Loss as per Income Tax Act carried forward	-	24.0
Unabsorbed Depreciation as per Income Tax Act carried forward	-	70.2
Gross Deferred Tax Assets	79.5	139.9
Net Deferred Tax Liability	758.2	710.1

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

8. Related Party Disclosures

A. Names of Related Parties

(a) Joint Ventures
- Chiron Panacea Vaccines Private Limited
- Cambridge Biostability Limited

(b) Associates
- PanEra Biotec Private Limited
- Lakshmi & Manager Holdings Ltd. (LMH)
- Best General Insurance Company Ltd. (Indirect Associate (subsidiary of LMH))

(c) Key Management Personnel
- Mr. Soshil Kumar Jain - Chairman and Whole-time Director
- Mr. Ravinder Jain - Managing Director
- Dr. Rajesh Jain - Joint Managing Director
- Mr. Sandeep Jain - Joint Managing Director
- Mr. Sumit Jain - Whole-time Director

(d) List of Persons having controlling interest together with their relatives*:

Key Management Personnel	Father	Mother	Wife	Brother	Sister	Son	Daughter
Soshil Kumar Jain	-	-	Nirmala Jain	-	-	Ravinder Jain, Rajesh Jain, Sandeep Jain	-
Ravinder Jain	Soshil Kumar Jain	Nirmala Jain	Sunanda Jain	Rajesh Jain, Sandeep Jain	-	Sumit Jain, Nipun Jain	Radhika Jain
Rajesh Jain	Soshil Kumar Jain	Nirmala Jain	Meena Jain	Ravinder Jain, Sandeep Jain	-	Ankesh Jain, Harshet Jain	-
Sandeep Jain	Soshil Kumar Jain	Nirmala Jain	Pamilla Jain	Ravinder Jain, Rajesh Jain	-	-	Priyanka Jain
Sumit Jain	Ravinder Jain	Sunanda Jain	-	Nipun Jain	Radhika Jain	-	-

*Names of relatives holding Equity shares in the Company have only been disclosed

(e) Relatives of Key Management personnel having transactions with the Company:
Mr. Ashwani Jain, Son-in-law of Mr. Soshil Kumar Jain
Mr. Shagun Jain, Son-in-law of Mr. Ravinder Jain
Mrs. Radhika Jain, Daughter of Mr. Ravinder Jain
Mrs. Shilpy Jain, Wife of Mr. Sumit Jain
Mr. Ankesh Jain, Son of Dr. Rajesh Jain

(f) 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:
i) Neophar Alipro Ltd.; ii) All India S. L. Jain Charitable Foundation; iii) First Lucre Partnership Co.*; iv) Second Lucre Partnership Co.*; v) Radhika Associates; vi) Sumit Nipun & Co.; vii) Rattan Sons; viii) Tahir & Co.; ix) Best On Health Foods Ltd. ; x) Soshil Kumar Jain (HUF)*; xi) Ravinder Jain (HUF)*; xii) Rajesh Jain (HUF)*; xiii) Sandeep Jain (HUF)*.

*These enterprises are also holding Shares in the Company.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

B. Detail of transactions with Associates and Joint Ventures (Rs. in million)

S. No.	Particulars	Associate		Joint Ventures	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
I)	**Transaction made during the year**				
1	Purchase of raw materials				
	PanEra Biotec Pvt. Ltd.	771.9	624.7	-	-
2	Sale				
	Chiron Panacea Vaccines Private Limited	-	-	148.1	121.8
	PanEra Biotec Pvt. Ltd.	0.2	96.9		
3	Processing /Development charges paid				
	PanEra Biotec Pvt. Ltd.	13.1	1.6	-	-
4	Recovery of expenses				
	PanEra Biotec Pvt. Ltd.	49.5	50.8	-	-
5	Rent received				
	PanEra Biotec Pvt. Ltd.	49.8	47.3	-	-
6	Loan/advance received				
	Lakshmi & Manager Holdings Ltd.	26.5	-	-	-
7	Repayment of loan/advance received				
	Lakshmi & Manager Holdings Ltd.	26.5	-	-	-
8	Interest expenses on Deposits / loans				
	Lakshmi & Manager Holdings Ltd.	1.8	-	-	-
9	Dividend received				
	Chiron Panacea Vaccines Private Limited	-	-	5.7	-
10	Gratuity & Leave encashment transfer				
	PanEra Biotec Pvt. Ltd.	-	5.8	-	-
II)	**Year end balances**				
1	Investments				
	Chiron Panacea Vaccines Private Limited	-	-	11.5	11.5
	Cambridge Biostability Ltd.	-	-	151.3	151.3
	PanEra Biotec Pvt. Ltd.	4.2	4.2	-	-
	Lakshmi & Manager Holdings Ltd.	41.3	41.3	-	-
2	Outstanding Loan receivable				
	Cambridge Biostability Ltd.	-	-	98.0	98.0
3	Interest accrued				
	Cambridge Biostability Ltd.	-	-	6.5	6.5
4	Provision for bad and doubtful advances				
	Cambridge Biostability Ltd.	-	-	104.5	104.5
5	Provision for Impairment Loss				
	Cambridge Biostability Ltd.	-	-	151.3	151.3
6	Outstanding receivable				
	Chiron Panacea Vaccines Private Limited	-	-	33.3	19.1
	PanEra Biotec Pvt. Ltd.	-	66.2	-	-
7	Outstanding payable				
	PanEra Biotec Pvt. Ltd.	110.8	-	-	-

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

C. Detail of transactions with Key Management Personnel, their relatives and enterprises over which Person(s) having control or significant influence over the Company / Key management personnel(s) along with their relatives:

(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	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	Transaction made during the year						
1	Remuneration	173.7	64.7	9.0	5.1	-	-
2	Fixed Deposit received						
	First Lucre Partnership Co.	-	-	-	-	232.0	255.0
3	Fixed Deposit repaid						
	First Lucre Partnership Co.	-	-	-	-	187.0	240.0
4	Interest paid on Deposit						
	First Lucre Partnership Co.	-	-	-	-	31.3	26.8
5	Dividend paid - Equity Shares	5.1	-	6.3	-	-	-
6	Outstanding Fixed deposits						
	First Lucre Partnership Co.	-	-	-	-	360.0	315.0

Note: Material related party transactions (More than 10% of aggregate) with individual parties are as follows:

(Rs. in million)

Particulars	Remuneration		Equity Dividend	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Transaction made during the year				
Key Management personnel				
Mr. Soshil Kumar Jain	41.5	15.4	1.3	-
Mr. Ravinder Jain	50.1	19.9	1.2	-
Dr. Rajesh Jain	39.3	13.1	1.4	-
Mr. Sandeep Jain	39.1	13.0	1.2	-

Note: In respect of personal guarantee given by Promoters-Directors refer Notes to Schedule –IV.

9. Derivative Instruments and Hedged/Unhedged Foreign Currency Exposure

(i) Forward contract outstanding as at Balance Sheet date

Sell Nil

Buy Nil

(ii) Particulars of Hedged Future Export Receivables at applicable exchange rates in respect of Options Contracts outstanding as at Balance Sheet date

Currency	Exchange rates	Amount in Foreign Currency	Rs. in million	Amount in Foreign Currency	Rs. in million	Purpose
		As at March 31, 2011	As at March 31, 2011	As at March 31, 2010	As at March 31, 2010	
USD	39.0	-	-	28,000,000	1,092.0	To hedge future Export Receivables
USD	39.6	-	-	30,000,000	1,188.0	
				58,000,000	2,280.0	

Accordingly, exchange fluctuation loss on marking them to market as of year end amounting to Rs. Nil (Previous Year Rs. 356.9 million) has been accounted for and included in "Exchange Fluctuation Gain" under Schedule XII – Other Income.

(iii) Particulars of Hedged Foreign Currency Exposure as at Balance Sheet date

Particulars	Currency	As at March 31, 2011 Foreign Currency	Closing Exchange Rate*	As at March 31, 2011 (Rs. in million)	As at March 31, 2010 Foreign Currency	Closing Exchange Rate*	As at March 31, 2010 (Rs. in million)	Purpose
Export Debtors	USD	-	-	-	8,120,848	44.90	364.6	To hedge future export Receivables
Buyers' Credit	USD	7,152,588	45.22	323.4	-	-	-	To hedge future import payments
Interest Accrued but not due	USD	45,072	45.18	2.0	-	-	-	

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(iv) Particulars of Unhedged Foreign Currency Exposure as at Balance Sheet date

Particulars	Currency	As at March 31, 2011 Foreign Currency	Closing Exchange Rate*	As at March 31, 2011 Rs.in million	As at March 31, 2010 Foreign Currency	Closing Exchange Rate*	As at March 31, 2010 Rs.in million
Import Creditors (net of advances to suppliers)	USD	3,796,749	44.60	169.3	9,753,991	44.91	438.1
	Euro	80,491	63.43	5.1	4,768,149	60.55	288.7
	CHF	(1,404)	48.79	(0.1)	42,000	42.43	1.8
	GBP	4,231	71.71	0.3	5,941	68.08	0.4
	JPY/100	35,800	53.85	0.0	-	-	-
	SEK	16,820	7.15	0.1	16,820	6.26	0.1
	CAD	11,451	46.05	0.5	2,178	44.32	0.1
	AUD	(6,140)	46.18	(0.3)	(6,140)	41.23	(0.3)
	AED	(10,000)	12.18	(0.1)	(10,000)	12.26	(0.1)
	SGD	(4,000)	35.43	(0.1)	80	32.13	0.0
Export Debtors	Euro	2,166,248	63.39	137.3	2,616,978	60.51	158.4
	USD	16,996,336	44.59	757.9	-	-	-
Foreign Currency Loans	USD	98,314,250	44.60	4,384.8	88,383,254	44.91	3968.9
	Euro	4,576,500	63.43	290.3	-	-	-
Balance with Banks	USD	6,296,738	44.59	280.8	3,253,949	44.90	146.1
	Euro	513,655	63.39	32.6	970,843	60.51	58.7
FCCBs	USD	-	44.60	-	36,800,000	44.91	1,652.5
Interest Accrued & Due on Term Loan	USD	428,528	44.60	19.1	316,125	44.91	14.2
Interest Accrued but not due on Buyer's Credit	USD	47,359	44.60	2.1	92,059	44.91	4.1
	Euro	14,584	63.43	0.9	-	-	-

* Closing Exchange rate has been rounded off to two decimal places

10. Segmental Information

A. Information about Primary Segments

(Rs. in million)

Particulars	Vaccines		Formulations		Research & Development		Healthcare		Real Estate		Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
REVENUE												
Segment Revenue	8,461.9	6,601.7	2,972.3	2,398.8	-	0.9	-	-			11,434.2	9,001.5
Other Income	46.4	85.7	35.0	18.5	-	-	-	-			81.4	104.2
Total	8,508.3	6687.4	3,007.3	2417.3	-	0.9	-	-			11,515.6	9,105.7
Segment Result	2,960.5	1,797.5	571.1	417.3	(753.1)	(752.1)	(0.1)	(0.1)	(11.1)	(4.9)	2,767.3	1,457.8
Unallocated Corporate Expenses											1,040.8	777.5
Operating Profit											1,726.5	680.3
Less: Interest & Finance charges											472.9	384.7
Add: Other Income											290.1	832.2
Less: Income Taxes											218.9	403.6
Net Profit											1,324.8	724.2
OTHER INFORMATION	As at		As at		As at		As at		As at		As at	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Segment Asset	6,162.2	7,940.0	2,044.0	1,849.3	2,169.9	1,952.9	286.7	176.5	2,007.0	939.1	12,669.8	12,857.8
Unallocated Corporate Assets											4,668.4	3,999.8
Total Assets	6,162.2	7,940.0	2,044.0	1,849.3	2,169.9	1,952.9	286.7	176.5	2,007.0	939.1	17,338.2	16,857.6
Segment Liabilities	427.8	736.5	279.9	185.8	45.1	52.1	0.2	0.1	137.9	8.8	890.9	983.3
Unallocated Corporate Liabilities											9,958.9	8,867.2
Total Liabilities	427.8	736.5	279.9	185.8	45.1	52.1	0.2	0.1	137.9	8.8	10,849.8	9,850.5
	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, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Capital Expenditure – Additions	381.9	263.2	206.0	99.1	255.1	231.4	197.9	3.9	1.4	23.0	1,042.3	620.6
Depreciation/ Amortization	401.2	320.2	100.8	111.1	158.5	175.9	9.0	0.1	4.6	4.3	674.1	611.6

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

B Information about Secondary Segments

a) Revenue as per Geographical Segment

(Rs. in million)

Segment	Domestic* For the year ended		Overseas For the year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Vaccines	3,059.1	3,797.9	5,402.8	2,803.8
Formulations	2,270.7	2,056.5	701.6	342.3
R & D	0.0	0.0	-	0.9
Total	5,329.8	5854.4	6,104.4	3147.0

* Domestic revenue includes revenue from deemed exports of Rs.1,098.5 million (Previous Year Rs.3,396.6 million).

b) Sundry debtors as per Geographical Segment

(Rs. in million)

Segment	Domestic As at		Overseas As at	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Vaccines	1,730.5	408.4	239.0	345.0
Formulations	154.0	129.4	635.7	196.2
Total	1,884.5	537.8	874.7	541.2

c) The Company has common fixed assets for producing goods for Domestic Market and Overseas Markets. Hence, separate figures for segment assets / additions to segment assets cannot be furnished.

11. Leases

i. For assets given under Operating Lease agreements:

The Company has leased out the assets situated at Lalru, Punjab on operating lease to its Associate, PanEra Biotec Private Limited.

(Rs. in million)

Particulars	Gross Block As at		Accumulated Depreciation As at		Depreciation charged to P&L Account For the year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Building	228.9	91.0	57.2	38.1	17.9	4.8
Furniture and Fixture	21.9	10.9	9.7	6.6	2.7	0.9
Office Equipment	3.1	1.9	1.4	0.9	0.4	0.2
Plant & Machinery	1,734.8	717.6	519.3	312.0	193.4	64.0
Computer Equipment	4.8	2.6	3.2	2.0	1.1	0.4
Total	1,993.5	824.0	590.8	359.6	215.5	70.3

The total of Minimum Future Lease Payments under non-cancelable operating lease for various periods for assets stated above is as follows:

(Rs. in million)

Particulars	As at March 31, 2011*	As at March 31, 2010*
a) Receivable within 1 year	264.6	67.6
b) Later than 1 year but not later than 5 years	135.2	-
c) Later than 5 years	-	-

* The Lease term for the assets given on lease vide Agreement for providing Manufacturing Facility, Utilities and Services of Employees with PanEra Biotec Pvt. Ltd. As per the said Agreement, during the period of usage, if any facility is used for manufacture of the Company's Vaccines other than those mentioned therein or the facility remains idle due to insufficiency of orders from the Company, no lease rental shall be payable by PanEra Biotec Pvt. Ltd. for that relevant period.

ii. For assets taken on Lease

a) The Company has taken various residential, office and godown premises under operating lease agreements. These are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There is no sublease payments expected to be received under non-cancellable sub-leases at the balance sheet date and no restrictions are imposed by lease arrangements.

b) Lease payments for the year are Rs.72.0 million (Previous Year Rs.70.4 million).

c) Total of future minimum lease payments under non-cancelable operating lease:

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
a) Payable within 1 year	11.3	12.8
b) Later than 1 year but not later than 5 years	39.8	27.6
c) Later than 5 years	3.7	3.8

d) The Company has purchased software licenses on finance lease. The lease term is for 3 years after which the legal title is passed on to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

e) Total of future minimum lease payments under non-cancelable finance leases:

Particulars	As at March 31, 2011	As at March 31, 2010
Total minimum lease payments at the year end	41.0	-
Less : amount representing finance charges	6.2	-
Present value of minimum lease payments (Rate of interest: 11.75%.per annum)	34.8	-
Lease payments for the year	20.5	-
Contingent rent recognised in Profit and Loss Account	-	-
Minimum Lease Payments :		
Not later than one year (Present value Rs.18.4 million as on March 31, 2011)	20.5	-
Later than one year but not later than five years (Present value Rs.16.4 million as on March 31, 2011)	20.5	-
Later than five years (Present value Rs.Nil as on March 31, 2011)	-	-

12. a) Details of Company's share in Joint Venture included in the Consolidated Financial Statements are as follows:

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS		
1. Shareholders' Funds		
a) Share Capital	-	-
b) Reserves & Surplus	60.5	63.3
APPLICATION OF FUNDS		
1. Fixed Assets		
Gross Block	10.3	11.8
Less : Depreciation	8.2	8.7
Net Block	2.1	3.1
2. Deferred Tax Assets	2.4	2.4
3. Current Assets, Loans & Advances	129.0	117.9
4. Current Liabilities & Provisions	50.0	37.1
Net Current Assets (3)-(4)	79.0	80.8

(Rs. in million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME		
Turnover	277.7	279.6
Other Income	6.9	8.7
Total Income	284.6	288.3
EXPENDITURE		
Manufacturing & Administrative Expenses	188.9	179.9
Personnel Expenses	44.9	45.9
Interest & Finance Expenses	0.1	0.7
Selling & Distribution Expenses	33.7	32.7
Depreciation & Amortization	0.9	1.2
Total Expenditure	268.5	260.4

b) During the financial year 2009-10, Company's erstwhile Joint Venture Cambridge Biostability Limited (CBL) had initiated steps to place it into creditors' voluntary liquidation. Due to the financial position of erstwhile Joint Venture company, the Company has considered its investment and loan given to it doubtful for recovery. Accordingly provision created in earlier years for the said amount is continued in the current year. No interest has been accrued during the year on outstanding loan amount.

(Rs. in million)

Particulars	March 31, 2011	March 31, 2010
Investment made	168.1	168.1
Loan given	108.8	108.8
Interest accrued on above loan	7.3	7.3
Total	284.2	284.2

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

13. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to maximum of Rs.1 million. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the Profit & Loss Account and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Profit and Loss Account

Net employee benefit expense for Gratuity (recognized in Employee Cost)

(Rs. in million)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Current service cost#	15.7	14.6
Past Service Cost	9.4	-
Interest cost on benefit obligation	8.9	7.6
Expected return on plan assets	(5.8)	(4.1)
Net actuarial (gain)/loss recognized in the year on account of return on plan assets	(11.3)	(9.0)
Net benefit expense*	16.9	12.6
Actual return on plan assets	(6.6)	(4.7)

*Includes Gratuity expense of Rs. 1.4 million (Previous Year Rs. 1.1 million) accounted under Research & Development Expenses.

Gratuity expenses include Rs.0.1 million (Previous year Rs. 0.1 million transferred to pre-operative expenses.

Balance Sheet

Details of Provision for Gratuity:

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Defined benefit obligation	129.2	111.1
Fair value of plan assets	85.6	62.3
Net obligation	43.6	48.8
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	(43.6)	(48.8)

Changes in the present value of the defined benefit obligation for Gratuity are as follows:

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Opening defined benefit obligation	111.2	100.6
Interest cost	8.9	7.6
Past service cost	9.5	-
Current service cost	15.6	14.6
Benefits paid	(5.8)	(3.6)
Actuarial (Gain) / losses on obligation	(10.3)	(8.1)
Closing defined benefit obligation	129.2	111.1

Changes in the fair value of plan assets for Gratuity are as follows:

(Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Opening fair value of plan assets	62.8	43.6
Expected return	5.8	4.1
Contributions by employer	21.8	17.8
Benefits paid	(5.8)	(3.6)
Actuarial Gain /(losses)	1.0	0.4
Closing fair value of plan assets	85.6	62.8

The major categories of plan assets as a percentage of the fair value of total plan assets for Gratuity are as follows:

Particulars	As at March 31, 2011	As at March 31, 2010
	%	%
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to the improved debt market scenario.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

The principal assumptions used in determining Gratuity for the Company's plans are shown below:

Particulars	As at March 31, 2011	As at March 31, 2010
Discount rate	8.00%	7.25 % to 8.50%
Expected rate of return on plan assets	7.50% to 9.25%	8.00% to 9.25%
Increase in compensation cost	5.00% to 12.00%	5.00% to 10.00%
Employee turnover :		
upto 30 years	10% to 30%	10% to 25%
above 30 years but upto 44 years	5%	5%
above 44 years	1%	1%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Gratuity amounts for the current and previous four periods are as follows: (Rs. in million)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Defined benefit obligation	129.2	111.1	100.7	87.9	54.2
Plan assets	85.6	62.3	43.6	30.0	22.0
Deficit	43.6	48.8	57.1	57.9	32.2
Experience adjustments on plan liabilities-(Gain)/Loss	(10.2)	(7.7)	(3.3)	(0.2)	(0.0)
Experience adjustments on plan assets-(Gain)/Loss	(1.0)	(0.9)	(0.7)	(0.2)	(0.0)

(Rs. in million)

Defined Contribution Plan:	As at March 31, 2011	As at March 31, 2010
Contribution to Provident Fund & other funds charged to Profit and Loss Account	41.3	33.3

The Company expects to contribute Rs.19.6 million to gratuity fund in the next financial year.

Note: During the financial year 2009-10, some employees of the Group were transferred to its Associate Company PanEra Biotec Pvt. Ltd. As per the agreed terms, the tenure of the service for computation for post-employment benefits was to be taken in computation of period served with the Group. Accordingly, the liability of Rs.3.4 million for Gratuity and Rs.2.4 million for Leave Encashment in respect of those employees as at the date of transfer was transferred to PanEra Biotec Pvt. Ltd.

14. The Company has incurred expenditure on Pre-Clinical Development studies amounting to Rs.67.2 million during the year (Previous year Rs.32.1 million). This expenditure relates to studies carried out by Clinical Research Organization (CRO) towards obtaining registration of Company's products outside India primarily in US or Europe. The expenditure incurred has been capitalized and carried in Capital Work in Progress. Management believes that it is in the nature of development expenditure and meets the capitalization criteria set out in Accounting Standard 26 on Intangible Assets notified by the Companies Accounting Standard Rules, 2006 due to the following reasons:

    - The expenditure is not towards basic research and therefore no new chemical entity comes into being. This expenditure relates to the developmental work performed through external agencies (CROs). Safety profile of the basic molecule is well established in several countries in Europe and in India and the products are being marketed successfully in several countries under different brand names.
    - There is no experience to suggest that the studies conducted by CROs on behalf of the Company would lead to or make it difficult for the Company to obtain regulatory approvals in US and / or Europe.

    The management believes that these products would be commercially viable and there is no reason to believe that there is any uncertainty that may lead to not securing registration for the products from regulatory authorities outside India primarily in US or Europe.

15. In accordance with Accounting Standard 9 on 'Revenue Recognition' notified by the Companies Accounting Standard Rules, 2006, Excise Duty on turnover amounting to Rs.3.6 million (Previous year Rs.8.0 million) has been reduced from turnover in Profit & Loss Account.

16. The Company had exercised the option as per the Companies (Accounting Standard) Amendment Rules, 2009 in the financial year 2008-09. As per the option, exchange differences related to long term foreign currency monetary items so far as they relate to the acquisition of depreciable capital assets are capitalized and depreciated the same over the useful life of the assets. In other cases, have transferred to Foreign Currency Monetary Item Translation Difference Account and amortized over the balance period of such long term assets/liabilities but not beyond accounting period ending on or before 31st March 2011. The unamortized balance in this account is Rs. Nil (Previous year Rs.16.8 million (liability)).

17. Owing to recoveries, during the financial year 2009-10, the Company had written back the provision for bad and doubtful advances of Rs.135.5 million created during earlier years on account of old recoverable from PanEra Biotec Pvt. Ltd., an associate company. The same had been shown as other income during the year 2009-10.

18. The Company has appointed independent consultants for conducting a Transfer Pricing study to determine whether the transactions with associated enterprises were undertaken at "arm's length basis". The management confirms that all international transactions with associated enterprises are undertaken at negotiated contracted prices on usual commercial terms. Further there has been no change in the terms of such international transactions till March 31, 2011.

19. In the financial year 2009-10, the Company had received a capital subsidy of Rs.3 million under the Central Investment Subsidy Scheme, 2003 based on investment in plant & machinery as its manufacturing unit at Baddi, in the state of Himachal Pradesh which is in the nature of promoters' contribution. As per the scheme, the Company has to

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

maintain such investment for a minimum period of five years. This has been treated as capital reserve in books of accounts.

20. The President of India acting through Department of Biotechnology, Ministry of Science & Technology, and Government of India under Biotechnology Industrial Partnership Programme (BIPP) granted a loan for conducting the research & development activities amounting to Rs.100 million for H1N1 project. The first loan disbursement of Rs.30 million was received in the financial year 2009-10 and second disbursement of Rs.48.3 million has been received in the current financial year. Repayment of the loan shall be in 10 equal half-yearly installments and repayment would commence one year after the completion of the said project.

21. During the current financial year, the Company has carried out buy back of 5,592,000 equity shares of face value of Re. 1 each at an average price of Rs.196.39 per share, from the open markets through Stock Exchanges. The Company has accordingly transferred Rs.5.6 million to Capital Redemption Reserve from Securities Premium Account and also utilized an amount of Rs.1,092.8 million from Securities Premium Account towards the premium paid on the buyback of equity shares. Consequent to the buy back the proposed dividend and Dividend Distribution Tax thereon pertaining to the financial year 2009-10 amounting to Rs.1.1 million and Rs.0.2 million respectively have been written back during the current financial year.

    The shares so bought back have been considered to determine weighted average number of equity shares for the purpose of computing basic & diluted EPS.

22. During the year, the Company has initiated the process of Liquidation of one of its wholly owned subsidiary viz. Panacea Biotec Inc. (incorporated in the United States of America) as it is not currently operational. Accordingly, provision of Rs. 2.4 million on account of impairment on investment made by the Company has been made during the current financial year.

    We have consolidated profit & loss account of Panacea Biotec Inc. till the date of liquidation (i.e. March 30, 2011).

23. The subsidiary company Best On Health Limited had purchased land at village Harsaru & Hayatpur, Distict, Gurgaon, Haryana. The said land has been purchased by the subsidiary company to carry on the business of Special Economic Zone development or such other business activities being in the nature of land development as stated in the Main Object clause of the Memorandum of Association of the subsidiary company.

    Considering the present activities and future business plans of the subsidiary company, the said land is being converted as inventory, in the earlier years such land had been considered as fixed asset.

    As per Accounting Standard-2 "Valuation of inventories" notified by Companies (Accounting Standards) Rules, 2006 (as amended), such land is valued at lower of cost and net realizable value.

24. 0.0 under "Rs. in million" represents amount less than Rs. 50,000 and 0.0 under units represents units less than 50,000.

25. Previous year's figures have been rearranged and reclassified wherever necessary to make them comparable with the current year's figures.

As per our attached report of even date

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

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

Place : New Delhi
Dated : May 13, 2011

For and on behalf of the Board

Ravinder Jain
Managing Director

Dr. Rajesh Jain
Joint Managing Director

I.K. Sharma
D.G.M. (Accounts & Finance)

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

Vinod Goel
G.M. Legal & Company Secretary

Panacea Biotec
Innovation in support of life

CASH FLOW STATEMENT ANNEXED TO CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in million)

		For the year ended March 31, 2011		For the year ended March 31, 2010
A. Cash Flow from Operating Activities:				
Net operating Profit/(Loss) before Tax & Extraordinary Items		1,543.7		1,127.7
Adjustments for:				
Depreciation	745.3		675.6	
Interest Expenses	472.9		384.7	
Wealth Tax	5.4		-	
Provison for Doubtful Debts & Advances	0.4		(131.1)	
Provision for Permanent Diminution in the value of Investment	2.4		-	
Profit on Sale of Investment	(51.6)		-	
Realized Gain on Available for Sale Investment	(8.9)		-	
Interest Income	(93.7)		(46.6)	
Dividend Income	(1.1)		(0.0)	
Loss/(Profit) on sale of Fixed Assets (Net)	0.2		14.2	
Unrealized foreign exchange loss/(gain) (net)	(369.6)		(1,322.9)	
Amortised exchange differences Charge/(Credit)	27.8		(16.8)	
Deferred Revenue Expenditure written off during the year	1.7		2.2	
Provisions/ liabilities no longer required written back	(25.6)		-	
Product Development Expenses written off	11.4		19.4	
		717.0		(421.4)
Operating Profit before Working Capital changes		2,260.7		706.3
Decrease/(Increase) in Sundry Debtors	(1,683.0)		103.7	
Decrease/(Increase) in Inventories	470.5		(63.7)	
Decrease/(Increase) in Other Current Assets	(44.7)		(3.7)	
Decrease/(Increase) Loans and Advances	269.9		101.6	
Increase/(Decrease) in Current Liabilities	(286.6)		(89.1)	
Increase/(Decrease) in Provisions	0.8		(6.5)	
		(1,273.0)		42.3
Cash generated from Operations		987.7		748.7
Net Income Taxes Paid		207.4		127.0
Net cash from Operating Activities		780.3		621.7
B. Cash flow from Investing Activities:				
Purchase of Fixed Assets	(743.2)		(1,220.4)	
Proceeds of deposits matured (with maturity more than three months)	74.6		(4.3)	
Deposits (with maturity more than three months)	(79.8)		-	
Sale of Fixed Assets	409.9		5.4	
Interest Received	94.7		47.6	
Dividend Received	1.1		0.0	
Invetsment made	(0.9)		(0.2)	
Invetsments sold	363.9		-	
Net cash used in Investing Activities		120.3		(1,171.8)
Net cash from Operating and Investing Activities		900.6		(550.1)
C. Cash flow from Financing Activities:				
Issue of Equity Share Capital (including premium)	-		29.9	
Capital Subsidy received	-		3.0	
Buy Back of Shares	(1,098.3)		-	
Net Increase /(Decrease) in Working Capital Borrowings	1,162.0		602.2	
Long Term Borrowings raised	1,995.7		30.0	
Redemption of FCCB's	(2,449.7)		-	
Finance lease rental	(20.5)			
Fixed Deposits received	234.6		320.5	
Fixed Deposits repaid	(188.8)		(300.5)	
Inter-Company loans repaid	-		(27.0)	
Long Term Borrowings repaid	-		(0.2)	
Interest paid	(467.0)		(382.3)	
Dividend paid	(15.6)		(0.0)	
Tax paid on Dividend Distribution	(4.5)		-	
Net Cash from Financing activities		(852.2)		275.6
Net cash from Operating, Investing & Financing Activities		48.4		(274.5)
Net Increase/ (Decrease) in Cash & Cash equivalent		48.4		(274.5)
Opening balance of Cash & Cash equivalent		395.8		678.0
Add/Less: Effect of Exchange Differences on Cash and Cash Equivalents held in foreign currency		(1.7)		(7.7)
Closing balance of Cash & Cash equivalent		442.6		395.8
Components of Cash and Cash equivalents				
Cash Balance on Hand		7.5		0.4
Balance with Banks :				
a) In Cash Credit Accounts		-		109.0
b) In Current Accounts		120.5		80.2
c) In Unpaid Dividend Accounts*		1.3		1.4
d) In Fixed Deposits		79.8		74.6
e) In Exchange Earner Foreign Currency Current Accouns		313.3		204.8
Cash & Bank Balances as per Schedule VIII		522.4		470.4
Less: Fixed deposits not considered as cash equivalents		79.8		74.6
Cash & Cash Equivalents in Cash Flow Statement		442.6		395.8

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our attached report of even date

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

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

Place : New Delhi
Dated : May 13, 2011

For and on behalf of the Board

Ravinder Jain
Managing Director

Dr. Rajesh Jain
Joint Managing Director

I.K. Sharma
D.G.M. (Accounts & Finance)

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

Vinod Goel
G.M. Legal & Company Secretary

Laboratorios to Market Panacea Drug in Europe

Panacea lines up Rs 145 cr to set up hospital in Gurgaon

Panacea Biotec to invest Rs 50 cr on anti-cancer facility

Panacea to set up 175-bed hospital

PANACEA Biotec Ltd foraying into health care with the settin up of a multi-specia lty hospital at Gur- ... be opera- ...er 2012, an ...ing set up

Panacea Biotec to launch breast cancer drug

Panacea redeems FCCBs

Panacea Biotec Lt... redeemed all its o... coupon foreign cu... convertible bonds ... nominal value of ... company said in a ... Bombay Stock Exc... FCCBs were due to ... February 14.

Rajesh Jain
JMD
Panacea Biotech

The hospital in Gurgaon is being set up under the name New Rise, and this is (through) an independent private limited company, where Panacea Biotech holds 76% equity and 24% is held by another firm

Panacea Biotec to set up 175-bed hospital in Delhi

MUMBAI, JUNE 2

"This is being set up under the name 'New Rise', and this is (through) an independent private limited company, where in Panacea Biotech holds 76 pc"

Panacea to invest Rs 50 cr in anti-cancer unit

PRESS TRUST OF INDIA

Panacea human trials

Panacea Biotec expects to receive the drug quality regulator's nod soon to start human efficacy trials in India for its two drugs used in

Panacea Biotec to foray into helathcare infra...

...TO BUILD HOSPITAL IN GURGAON

Kaustubh Kulkarni and Rajesh Kurup

VACCINE-MAKER Panacea Biotec Ltd is foraying into the healthcare infrastructure sector by setting up a multi-speciality hospital at Gurgaon, near New Delhi, expected to be operational by September 2012, a official of the company said Thursday.

Earlier in 2008, Panacea had planned a hospital project, which got delayed for want of regulatory and other approvals.

"The whole design, specialities, the state approvals, pollution and environment (clearance), civil construction approvals took a lot of time," he added.

On reasons for the healthcare foray, he said, "Healthcare is a major investment area for individuals, families and government."

Valued about $2 billion, the largely unorganised healthcare sector is growing between 12-15 per cent every year. The organised portion of the sector is dominated by three firms, Apollo Hospitals Enterprise, Fortis Healthcare and a unit of Max India. —Reuters

HEALTHY PLANS

- New rise is the name of the multi-speciality hospital that is expected to be operational by Sept 2012
- Panacea Biotec holds 76 per cent stake in a company that would set up the 175-bed hospital at the cost of Rs 145 crore in Gurgaon

Panacea to reduce pentavalent vaccine price by up to 15 pc

PRO BUREAU/PTI
NEW DELHI, JUNE 6

"We plan to reduce the prices of EasyFive by 10-15 pc in the coming years. Currently the drug is priced at $2.96 per dosage"

Panacea eyes 50% of sales from export

Panacea expects growth from markets like Africa, West Asia and Latin America

लागत घटाएगी पनेशिया

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Panacea Biotec

Innovation in support of life

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