Panacea Biotec

Innovation in support of life

Leveraging Alliances for Growth

Annual Report 2012-13

Contents

SAFE HARBOUR STATEMENT

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

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

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

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

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

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

Sales & Marketing Office

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

Statutory Auditors

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

Cost Auditors

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

Registrar & Transfer Agents

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

Banks

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

www.panaceabiotec.com

Leveraging Alliances for Growth

An Alliance is "a relation or union between two or more business entities where the complementary strengths create more value for the customer than derived independently. The differences between the companies are additive, and the objective could not be effectively achieved without the other party." *(Association of Strategic Alliance Professionals: Alliance Workbook)*

Indian pharmaceutical industry at this juncture is at cross roads, where it is facing enormous challenges not only from domestic issues like changing regulatory scenarios, increasing pricing pressures from governments, increasing conflicts related to patents with multinationals, demand for making products more affordable and yet develop new drugs through investment in R&D as post 2015 when WTO guidelines and TRIPS will be fully applicable, Indian pharmaceutical companies will have a difficult time in competing with the large pharmaceutical companies and multinationals in Indian and world markets.

In International markets, large multinational companies are resorting to a practice known as "Evergreening" by patenting drugs whose patents are about to expire with some incremental modifications in dosage forms etc. thereby restricting the entry of generic companies from India and other developing countries. In this scenario, forging alliances with the right partners with complementary skills and strength for capturing new markets is of paramount importance for achieving quick growth.

Panacea Biotec has always emphasized on the essential principle of forming alliances. As a globally focused health management company involved in research, manufacturing & marketing of pharmaceutical formulations, vaccines & natural products, we strongly believe collaborations and strategic alliances across the business lines and with our valued partners, is the most dynamic way forward.

Accordingly, we have made a strategic choice in affirming the future-readiness of our business and charted the roadmap to leverage the opportunities that would take us there. Keeping our eye on the huge market opportunity in the developed markets for some of the high barrier to entry drugs, Panacea Biotec entered into Strategic Alliances with leading companies from USA for research, development and marketing. These alliances are of significant value and it is in the interest of both the partners to leverage this opportunity and become a force to reckon within the US and European markets.

We were, of course, impacted by the challenging situation that prevailed in our business environment but we were not diverted from our future led growth path. We saw in these challenges, a new kind of opportunity to strengthen ourselves even more. We found an opportunity to further reiterate our commitments and goals.

Pharmaceutical Formulations Facility, Baddi, Himachal Pradesh

Mission
Innovation in Support of Life

Vision
Leading Health Management Company

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

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

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

Our Values

Innovation

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

Pioneer

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

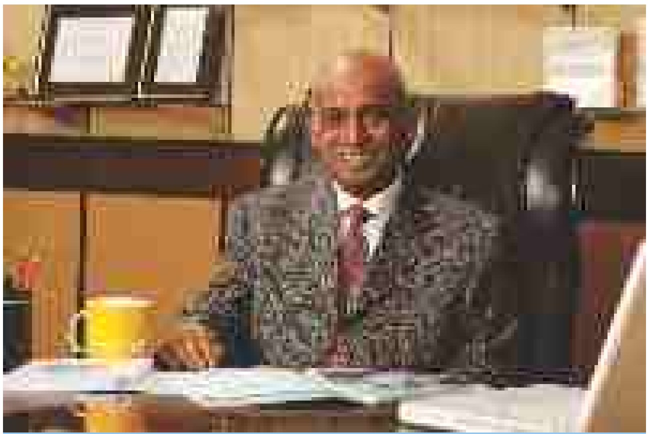
Integrity

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

Humane

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

Chairman's Message



"The focus is on expanding the Company's presence and customer base for its existing marketed products and brands and increasing market penetration in both established and emerging markets through collaborations"

Dear Shareholders,

As one of India's highly progressive and innovative health management companies, Panacea Biotec consistently focuses on merging the cutting-edge science & technology with its unwavering commitment to spread good health & healthy living. In the recent past, your Company's goal has been to augment India's image in the global markets as an able & reliable provider of medicines and healthcare. To achieve this, we have been working incessantly on developing & commercializing best-in-class medicines and expanding our business operations.

When we look back, it gives us a sense of satisfaction and pride that Panacea Biotec has played a key role in Global Polio Eradication Initiative by supplying around 10 billion doses of OPV to Govt. of India and UN Agencies leading to reduction in number of polio cases in India from over 25,000 in 1989 to zero since 2011 enabling India to become a Polio free nation.

We have not only made significant contribution in the development of innovative vaccines but also in improving the life of millions of children by providing innovative vaccines at affordable prices across the globe.

Panacea Biotec has a rich history of successful collaborations, ventures and business relationships with various bodies including several national/ international research institutes, academic universities and commercial corporations, which is a key competitive strength for the Company. In addition to the strategic alliances with multinational and leading regional companies across the globe, Panacea Biotec has created a global presence through its wholly owned subsidiaries in strategic markets including Germany and Switzerland. A successful business record of more than a decade

Vision 2020

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

with UNICEF in partnering the polio eradication initiative is another proud feat for the Company.

During the year, the Company entered into several alliances and collaborations of strategic importance.

The strategic alliance with Kremers Urban Inc. for several high barrier to entry generics with huge market size in US, has now started reaping results. During the year, Tacrolimus Capsules, the first product in this portfolio, got the approval from USFDA and was successfully launched in US markets.

We entered into strategic alliance with Osmotica Pharmaceuticals for research, development and commercialization of drug delivery based, high barrier to entry generic and branded pharmaceutical products in US and key strategic markets across the globe.

This alliance with Osmotica was entered into with the vision that it would meet the never-ending demand for high barrier to entry and high quality pharmaceuticals in United States. We strongly believe that this alliance will enable both the partners to complimentarily build upon each other's core competencies and capabilities to help meet the needs of more patients in the United States and other markets.

Your Company also entered into another strategic alliance with Binnopharm Inc., Russia for registration and marketing of the Company's Hib Vaccines in Russian Federation and also launched Panacea Vaccines for catering to the domestic vaccines market.

Although last few years have been full of challenges, this has helped us to strengthen our creative, emotional & intellectual muscles. While obstacles were high and mighty, it enabled us to hasten the transformation of our culture into one of excellence.

The future is full of challenges but yet brimming with opportunities. Beautiful morning follows every dark night. The birds chirping and blue glow behind the mountains are the signs that a beautiful sunrise is never too far away.

With these few words, I express my sincere thanks to our stockholders, bankers, our employees, partners and associates for their support and participation which we continue to count on as we forge ahead.

Thank You

Soshil Kumar Jain

Managing Director's Message

"In corporate management, innovation is one of the most important factors to augment sustained growth in all areas like developing new technologies, new products, new services or the development of new businesses and new markets"

Dear Stakeholders,

Panacea Biotec continues to identify, develop and market innovative branded formulations and vaccines that have made tremendous difference in the health and lives of millions. All of us at Panacea Biotec are proud of our accomplishments and would continue to further build on our legacy of achievement and scale new heights towards success.

We have in our corporate identity "Innovation in Support of Life" and we practice innovation at every stage to strengthen our activities. In corporate management, innovation is one of the most important factors to augment sustained growth in all areas like developing new technologies, new products, new services or development of new businesses and new markets. Innovation also becomes the key factor in organizational issues, such as personnel management and corporate governance so that company responds effectively to ongoing changes.

Operational Overview

The year 2012-13 was a year of growth and expansion for the pharmaceutical business. Strengthening the existing trade business in market place and venturing into new markets was the key.

The international pharmaceutical business generated revenue of Rs.128 Crore with a growth of 40% over previous year. We ventured into new markets of Latin America, CIS region, Asia and Africa with products in several therapeutic areas.

The vaccines segment registered a turnover of Rs.172 Crore as against Rs.358 Crore during previous financial year. The decline was mainly on account of de-listing of vaccines from WHO's list of pre-qualified

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vaccines for supply to UNICEF and other UN Agencies in previous financial year, which continued to impact the performance negatively.

Since then, your Company has taken several corrective and preventive measures to ensure compliance with the WHO pre-qualification guidelines. The auditors from WHO and UNICEF visited the vaccine facilities at Lalru & Baddi in Feb-Mar 2013 with the objective of re-evaluation of acceptability in principle of combination vaccine for purchase by UN Agencies.

Your Company is confident that with the post audit activities, it will be able to get re-listing of Pentavalent vaccine in the list of WHO pre-qualified vaccines in due course of time.

Although the Company passed through difficult times in the recent past, we are quite confident that we would be able to tide over this adversity. With the unstinting support, commitment and energy of our employees and other stake holders, Panacea Biotec will scale greater heights and continue to achieve newer milestones in our journey to make it a truly global health management organisation.

Future Forward

Looking at 2013 and beyond, the Company is scheduled to make entry in the potential markets like South Africa, Egypt and Saudi Arabia. The focus is on expanding the Company's presence and customer base for its existing marketed products and brands and increasing market penetration in both established and emerging markets through collaborations.

We are also continuing with our efforts to strengthen our vaccines portfolio by adding more and more vaccines in future.

We also continue to focus on cost optimization & efficient management of working capital. We are constantly striving to enhance our reputation as one of the India's leading research-based health management companies and are confident of overcoming the current adverse situation.

Before I conclude, I would like to express hearty appreciation to all and thank all my fellow directors and the Company's employees for their dedication and relentless efforts in furtherance of achieving the corporate objectives. I would also like to express my heartfelt appreciation to all our suppliers and bankers for their continued faith and support during the testing times.

We are confident that with the support of all our associates, we will continue to march ahead with extra determination and commitment to achieve our goals envisioned in Vision 2020 document. I am also thankful to all the customers, partners and stakeholders for their continued support in our efforts to make happier and healthier lives.

Thank You

Ravinder Jain

Financial Highlights

Particulars	2012-13		2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
	(Rs. mn)	USD mn	(Rs. mn)								
Net Turnover	5,304.2	97.7	6,883.8	11,304.6	8,843.7	7,734.2	8,304.4	8,315.5	5,363.5	3,255.4	2,616.2
Total Income	6,013.5	110.7	7,080.4	11,655.1	9,778.5	7,993.9	8,676.2	8,615.1	5,434.5	3,309.9	2,686.7
EBITDA	(840.9)	(15.5)	(939.1)	2,689.1	1,582.5	2,444.6	2,177.6	2,298.8	1,233.8	652.3	389.2
PBT	(2,506.3)	(46.2)	(2,629.5)	1,554.9	1,181.0	(923.7)	1,903.9	2,091.0	1,002.1	429.4	217.6
PAT	(2,301.3)	(42.4)	(2,077.9)	1,350.5	800.4	(690.5)	1,331.7	1,468.1	609.4	300.7	164.5
Cash Accurals	(1,251.7)	(23.1)	(1,165.5)	2,106.5	1,095.8	2,001.4	1,802.2	1,823.2	791.6	463.1	283.2
Balance Sheet Summary											
Equity Share Capital	61.3	1.1	61.3	61.3	66.8	66.8	66.8	65.8	57.2	57.2	57.2
Preference Share Capital	-	-	-	-	-	-	-	-	904.3	904.3	957.8
Reserves & Surplus	5,551.3	102.2	8,079.6	6,306.8	6,898.4	6,084.7	6,905.3	5,325.1	1,546.0	1,192.4	1,039.0
Net Worth	5,612.6	103.4	8,140.9	6,367.8	6,963.2	6,147.8	6,966.7	5,383.9	1,593.6	1,235.1	1,076.9
Total Liabilities	16,798.2	309.4	18,528.8	17,177.9	14,745.3	13,488.2	11,549.5	7,909.0	8,620.9	3,899.3	3,808.9
Net Fixed Assets	9,864.1	181.7	10,483.7	6,523.6	6,946.6	6,938.7	5,343.7	4,136.1	2,337.1	1,376.8	1,054.5
Total Assets	16,798.2	309.4	18,528.8	17,177.9	14,745.3	13,488.2	11,549.5	7,909.0	8,620.9	3,899.3	3,808.9
Shareholders Related Ratios											
Equity Dividend	-	-	-	75%	25%	-	100%	100%	100%	150%	100%
EPS (Basic)* (In Rs.)	(37.6)	-	(33.9)	21.4	12.0	(10.3)	20.1	23.7	9.9	4.4	2.7
Cash EPS (Basic)* (In Rs.)	(23.9)	-	(21.6)	30.4	19.3	30.0	27.3	29.5	13.1	7.2	4.8
Book Value* (In Rs.)	91.6	-	132.8	103.9	104.2	92.1	104.3	81.9	27.9	21.6	18.8
Return on Net Worth	(41%)	-	(26%)	21%	11%	(11%)	19%	27%	35%	19%	14%

* Per Equity Share of Rs. 1 each
Note: Figures in brackets are negative numbers

Know us Better

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

The company has collaborations and tie-ups with leading national and international research and commercial organizations and pharmaceutical companies to achieve the mutual aim of better-quality healthcare.

The Company's state of the art manufacturing facilities for vaccines and pharmaceutical formulations comply with the key International regulatory bodies like USFDA, BfArM Germany, ANVISA Brazil and WHO-cGMP standards. The Company has considerable presence in more than 35 countries.

The product portfolio includes highly innovative prescription products in important therapeutic areas such as pain management, diabetes & cardiovascular management, oncology, nephrology & transplant management, osteoporosis management, anti-tubercular, gastro-intestinal care products and vaccines.

Panacea Biotec Limited, Baddi

Core Strengths

Rising from when it started the journey in 1984, Panacea Biotec has established a respectable position in the Indian Pharmaceutical Industry. Today, Panacea Biotec is a leading Vaccine Producer in India and has been ranked amongst the top 25 Biotechnology Companies (*ABLE Survey 2013*) and amongst top 50 Pharmaceutical Companies in India (*AIOCD-AWACS-MAT-JUNE,2013*). This achievement is based on the company's epicenter of strengths, which include:

STATE-OF-THE-ART MANUFACTURING FACILITIES

With a proactive customer centric approach Panacea Biotec lays special emphasis and efforts on innovation & quality of medicines. Driven by a commitment to continuously deliver value-added solutions and services to enable millions of people across the globe to live happier and healthier lives, company's professionals work persistently and passionately across myriad functions. The Company has six manufacturing facilities for Pharmaceutical Formulations, Vaccines, Bulk Vaccines and Anti-Cancer products at Baddi (H.P.), New Delhi, Lalru (Punjab) and Navi Mumbai. The Company's pharmaceutical manufacturing facilities are approved by several International Regulatory Agencies including USFDA, BfArM Germany, ANVISA Brazil, etc. and its product portfolio has expanded internationally with its products reaching out to more than 30 countries.

STRONG BRAND PORTFOLIO

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 several 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 also enjoys leadership position in Nephrology immuno-suppressants portfolio.

ESTABLISHED PARTNERSHIPS & GROWING ALLIANCES

Panacea Biotec has a rich history of successful collaborations, ventures and business relationships with various bodies including several national/international research institutes, academic universities and commercial corporations, which is a key competitive strength for the Company. 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 including in Germany & Switzerland. A successful business record of more than a decade with UNICEF in partnering the polio eradication initiative is another proud feat for the Company.

Think Medicine Think India

ESTABLISHED RESEARCH & DEVELOPMENT CAPABILITIES

Panacea Biotec has four distinguished state-of-the-art multi-disciplinary research & development centers that specialise in the fields of new Vaccine Development, Biopharmaceuticals, Proteins, Peptides, Monoclonal Antibodies, Novel Drug Delivery Systems, Advanced Drug Delivery System and Drug Discovery (small molecules) complying with international regulatory standards where around 300 scientists work with enthusiasm, dedication and full devotion towards the Company's objective of taking ideas from grey cell to the market in a proactive manner. All our four R&D centers have been accorded registration by Department of Scientific and Industrial Research, Ministry of Science & Technology, New Delhi. Research & Development activities are the core focus of the Company with around 17% of net turnover invested in this activity during fiscal 2013.

SKILLED & MOTIVATED TEAM

Panacea Biotec realizes that though individual performances can lead to sharp spikes in their growth, it is teamwork and a healthy work environment that can sustain a progressive trajectory of growth. There are around 3,300 people relentlessly working together to achieve the goal of meeting every healthcare need with a Panacea Biotec brand and service, including around 300 scientists, around 1000 employees engaged in production & Quality Control/ Quality Assurance and over 1,400 professionally trained and highly motivated employees engaged in sales, marketing and logistic activities.

QUALITY ASSURANCE

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

Management Discussion & Analysis

Industry Structure & Developments

Global Vaccine Industry

In the last decade, vaccines have emerged as a strong part of the global healthcare markets. Vaccines, which are now preventing over 3 millions deaths annually, have also helped in improving the quality of life of millions across the globe. The pharmaceutical companies worldwide have increased their focus on vaccines which appears to be a key source of future growth. The growth of the vaccine industry can be largely attributed to increased awareness worldwide supported by increased availability of vaccines at affordable prices.

The global vaccine market was valued at US$ 27 billion in the year 2012 and is expected to grow to around US$ 32 billion by the end of year 2013. It is expected that it will continue to grow at a CAGR of 11% to reach US$ 84 billion by year 2022. Its future growth will be backed by vaccines developed through technical advancements for emerging infectious diseases, cancers and allergies etc. The market is also expected to see continuous improvement not only in vaccine design but also in the delivery methodologies. There are several critical vaccines which are currently under different stages of research and development across the globe including vaccines for HIV, malaria, tuberculosis, dengue etc. While the developed world is looking for these novel vaccines, the developing world still requires increased availability of currently available vaccines at affordable prices.

Indian Vaccine Market

India continues to be a major supplier of vaccines. Leveraging its low cost vaccines, India now caters for more than 40% of the global vaccine supply. Its own vaccine market is estimated at around US$900 million and is expected to grow at a CAGR of 23% from 2011 to 2013.

India is on the verge of being declared polio free country as it has not recorded any case of polio since January 2011. The country has now started focusing on increasing the immunization of pentavalent vaccine as it has already included the same in the immunization schedule of eight states by 2012. With its remarkable track record for producing low cost vaccines and increasingly available funds for R&D, India is well positioned to take the lead in the creation of innovative affordable high quality vaccines for the developing world and cater to an ever growing demand of domestic as well as international market.

Global Pharmaceutical Market

The global pharmaceutical industry is going through a challenging time driven by trends such as increasing regulatory compliance requirements, patents going off, lower R&D productivity, pricing pressures from generic players and governments, globalization and demographics. The global pharmaceuticals market reached US$962 billion, with a 2.4% growth in year 2012, its lowest growth in the last ten years. It is expected to grow at a CAGR of 5.3% to reach US$ 1.25 trillion by 2017. While the US, Japan and other developed markets, coping with patent expiries are expected to grow by 1-4%, the major growth will be driven by the pharmerging markets i.e. countries in Asia, Africa, Latin America and Australia. The major factor for this growth is due to the contribution made by 'pharmerging' markets, generics and the biologics space. Amongst all developed markets, the US still continues to be the largest, followed by Japan and Germany. However, what's noteworthy is that by growing at a significantly higher rate, the pharmerging markets are expected to account for over 30% of the global market in 2017, up from 25% in 2012. In doing so, the pharmerging markets will, in the aggregate, exceed the size of the US market in 2017. In the year 2011 and 2012, few biggest blockbuster drugs lost patent protection. The impact of patent expiration or the "patent cliff" will continue by 2016. It is estimated that medicines that currently generate US$133 billion in US alone will lose patent protection and face generic competition.

Total Unaudited and Audited Global Pharmaceutical Market By Region

	2012			2011	2007-2012	2013	2012-2017
	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 unaudited and audited global market	962.1	959.0	2.4%	5.3%	5.3%	3.3%	5.3%
Total unaudited and audited market by region							
North America	348.7	349.0	-1.0%	3.4%	3.0%	-2.7 - 0.3%	0.7 - 3.7%
Europe (EU + non EU)	221.8	224.3	-0.8%	0.9%	2.4%	-1.8 - 1.2%	-0.4 - 2.6%
Asia (including Indian Sub-continent)/Africa/Australia	168.3	168.1	12.8%	12.8%	15.0%	11.4 - 14.4%	11.4 - 14.4%
Japan	112.1	110.5	0.0%	5.6%	3.0%	2.8 - 5.8%	1.7 - 4.7%
Latin America	72.5	68.6	10.9%	12.4%	12.0%	9.0 - 12.0%	10.0 - 13.0%

Source: IMS Health Market Prognosis, June 2013 **US$ uses actual quarterly exchange rates* *** Constant $ uses Q4 12 average exchange rates*

Notes: All forecasts are from IMS Market Prognosis 2013-2017 which provides a view of the audited and unaudited market, using audited sales and adjusting for unaudited sales. The forecasts are based on the June 2013 Market Prognosis release and includes IMS Health Audited and Unaudited markets

Indian Pharmaceutical Market

India is one of the top five pharmaceutical emerging markets globally. It has positioned itself as a front runner in a wide range of specialties involving complex drugs' manufacture, development, and technology. The Indian pharmaceutical industry is a highly knowledge based industry which is growing steadily and plays a major role in the Indian economy. The number of pharmaceutical companies are increasing their operations in India.

The Indian Pharmaceutical Industry is now ranked globally the 3rd largest in terms of volume and 13th largest in terms of value. The total market size of around Rs.1,233 bn includes domestic consumption market of around Rs.600 bn (contributing around 49%) and the exports market being around Rs.633 bn (contributing around 51%). The industry grew at a CAGR of 13% during the past five years and is expected to grow at a robust CAGR of 15% during FY2012-17 given huge export potential coupled with steady growth in the domestic formulation market.

The future growth in the domestic pharma market will be driven mainly due to increase in the penetration of medical facilities, increase in the prevalence of chronic diseases, rising per capita income and increase in the health insurance coverage. Growth in the exports of pharmaceutical products from India will be driven by patent expiries of the major branded drugs across the world, particularly in the US market. The growth in the US market will be led by increasing generic penetration and healthy ANDA (Abbreviated New Drug Application) pipeline of Indian pharma players.

Business Segments

Pharmaceutical Formulations

Domestic Sales and Marketing

Panacea Biotec has pan India presence through a structure of domestic strategic business units (SBUs) operating through a network of distributors, depots and field force. The Company focuses on niche therapeutic segments with several established brands attaining the leadership position in the market.

Panacea Biotec has six SBUs in the domestic pharmaceutical market catering to different focused therapeutic segments providing quality patient care in most of the major therapeutic segments. The company has allocated the SBUs into two broad categories - Super Specialty and Acute & Chronic Care.

The Super Speciality business focuses on enhancing the quality of life of patients in need of critical care with a range of formulations through 3 SBUs viz. Transplant SBU focusing on organ transplantation, Nephrology SBU focusing on dialysis and OncoTrust SBU focusing on oncology (cancer care).

The Acute & Chronic Care business focuses on multi-specialty therapies through 3 SBUs viz. Diacar Alpha SBU focusing on diabetology, Procare SBU focusing on gastroenterology, orthopedics & pain management and Growcare SBU focusing on multiple specialties.

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 and scientific marketing approach. The SBUs promote a portfolio of brands with a special focus on Orthopaedicians, Cardiologists, Diabetologists, General Physicians, Nephrologists, Oncologists, Haematologists, Chest Physicians, Surgeons, Dentists, Consulting Physicians, Pediatricians and Gastroenterologists.

Transplant SBU

The Transplant SBU contributes in prolonging the life of organ transplant recipients and is responsible for marketing of the immuno-suppressive drugs in the therapy area of post multi-organ transplantation primarily kidney, liver, heart transplant etc. The SBU has carved a niche in superspecialty segment and created a scientific image and has achieved clear leadership in these segments.

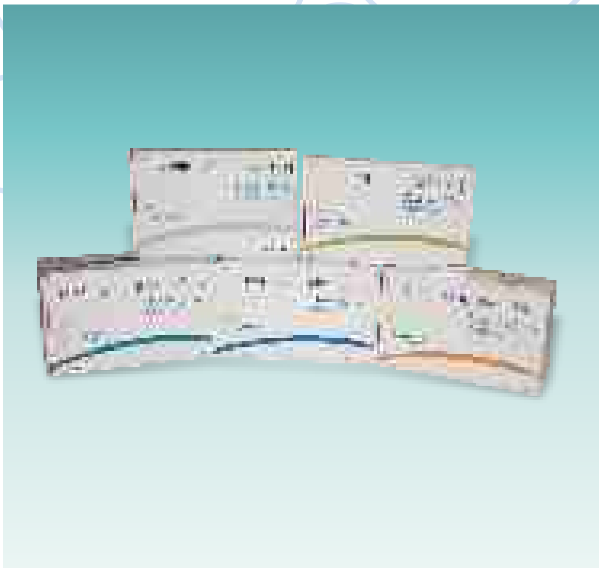
Transplant SBU's brand portfolio includes PanGraf (Tacrolimus), Panimun Bioral (Cyclosporine), Mycept (Mycophenolate Mofetil), Mycept-S (Mycophenolate Sodium), Siropan (Sirolimus), EverGraf (Everolimus), Imuza (Azathioprine), VagaCyte (Valganciclovir) and Amphoject (Liposomal Amphotericin B).

This SBU is planning to enter newer segments and introduce many new products. There are plans to enter segments like anti-rejection segment to provide an end-to-end solution for the organ transplant recipients.

It is also exploring the autoimmune segment in Hematology, Bone Marrow Transplant and Rheumatology where there is immense scope for the use of the entire immuno-suppressants and anti-infective range.

Nephrology SBU

Chronic kidney disease (CKD) is a worldwide health problem and incidence of kidney failure are rising significantly. People suffering from high blood pressure or diabetes are more prone to CKD. According to recent trends, population of people suffering from hypertension & diabetes is on a steep rise leading to rise in number of patients diagnosed with CKD. Dialysis is primarily used as an optimal therapy to compensate the lost kidney function in such patients.



The Nephrology SBU is focused on providing "End to End solution in CKD management" thereby catering to need of every CKD patient. The SBU is focused on renal anemia management, renal nutrition and CKD-MBD (Mineral Bone Disorders) therapy.

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

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

OncoTrust SBU

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

Oncotrust, the third Super Specialty SBU, 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 for better cancer management along with highest order of safety.

The state-of-the-art Cytotoxic (anti-cancer) products facility at Baddi is going to be fully operational in FY13-14 & demonstrates organizational commitment to serve more patients in fighting this dreadful disease.

The new product launch by this SBU during the year included Neupokine (Filgrastim PFS) & re-launch of PeggTrust (PegFilgrastim) with new formulation matching international standards.

The OncoTrust SBU has further consolidated its position as a profitable BU by continuing to grow year on year. This SBU has 15 products encompassing the major therapy area in cancer like lung, breast & colorectal cancer, gliomas, haematology and supportive care.

Diacar Alpha SBU

Today, India is the diabetes and hypertension capital of the world and Indians are further heading towards becoming the CAD (coronary artery disease) capital of the world. WHO estimates that diabetes related mortality may increase upto 35% by 2015. Today, India is poised at the ascending limb of epidemic diabetes. By the end of year 2025, 70 million will suffer from diabetes and associated complications. Similarly, cardiovascular segment is consistently showing high growth every year.

Diacar Alpha SBU is the highest revenue contributing SBU of the company with dedicated marketing and sales infrastructure for Diabetes and Cardiovascular therapy management.

Diacar Alpha focuses on Endocrinologists, Diabetologists, Cardiologists and Physicians in a fiercely competitive scenario and has achieved significant leadership position in oral anti-diabetic segment.

The flagship brand of Diacar Alpha is Glizid-M (Gliclazide & Metformin) which is the No. 1 brand within the Company across all SBUs.

The brand portfolio of Diacar Alpha includes:

Oral Hypoglycemic agents: Glizid, Glizid-MR & Glizid-MOD (Gliclazide Modified release), Betaglim (Glimepiride), Betaglim-M (Glimepiride & Metformin), Metlong & Metlong-DS (Metformin), Glizid Total and GlimTotal (Glimepiride, Metformin & Pioglitazone);

Cardiovascular agents: World's 1st Modified Release and patented Ramipril – RAMY (modified release Ramipril with double peaks) developed through in-house patented technology, Lower-A (Atorvastatin), Lower TG (Atorvastatin & Fenofibrate) and Tecbeta (Metoprolol Succinate); and

Co-prescriptives: Myelogen Forte (Methylcobalamin 1500 mcg, Alpha Lipoic Acid 100 mg, Enzogenol 50 mg, Vitamin B_6 3 mg & Folic Acid 1.5 mg) & Myelogen PG (Methylcobalamin 1500 mcg, Pregabalin 75 mg SR, Folic Acid 5 mg & Pyridoxine Hydrochloride 20 mg) which has gained wide spread usage and is growing fast. In co-morbid conditions like Diabetic Peripheral Neuropathy.

Procare SBU

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

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

- Gastrointestinal: Sitcom (Euphorbia Prostrata) Tablets and Cream, Sitcom Forte (Euphorbia Prostrata & Calcium Dobesilate) tablets, Sitcom LD (Euphorbia Prostrata & Lidocaine) cream, Livoluk (Lactulose), Livoluk Fibre (Lactulose & Ispaghula husk), Gush (Lactitol Monohydrate & Ispaghula Husk), ILAone (Ilaprazole) & ODpep (Pantoprazole & Domperidone);
- Chronic liver diseases: Uciro (Ursodeo Xycholic Acid);
- Anti-osteoporosis: Vacosteo (Zoledronic acid, 3rd generation injectable bisphosphonate), Alphadol-C, (Alfacalcidol), Calcom (Calcium Carbonate, Calcitriol & Zinc) & Monthiba (ibandronic Acid);
- Anti-arthritis: Willgo (Nimesulide), KondroOD (Glucosamine) & Kondro Acute (Glucosamine & Diacerein), Kondroflex (Collagen peptide, Glucosamine & Vitamin C) & Kondrogen (Collagen peptide);
- Pain Management: Nimulid-MR (Nimesulide & Tizanidine), Delupa-P (Aceclofenac & Paracetamol), Delupa-TH (Aceclofenac & Thiocolchicoside), Delupa-SP (Aceclofenac & Serratiopeptidase), Delupa-CR (Aceclofenac) & Dolzero; and
- Gout and Hyperuricemia: Febarto (Febuxostat) launched during the year.

Sitcom has evolved as the first choice among anti-hemorrhoidals within Gastroenterologists and Surgeons. This success has motivated the SBU to launch innovative formulations in the form of Sitcom Forte tablets and Sitcom LD cream for the first time in India.

Growcare SBU

Growcare SBU focuses on gastrointestinal (GI), anti hemorrhoidal, cough & cold, vitamins and minerals and pain management therapies.

Committed to reduce the burden of these diseases, Growcare marks the Company's presence in therapy areas like anorectal disorders (piles and hemorrhoids), gastrointestinal, respiratory (cough, cold and allergy), anti-infectives, pain relievers, vitamins and minerals. The different specialties serviced by Growcare SBU are General Physicians, Consulting Physicians, ENT Surgeons, Pediatricians and General Surgeons.

The brand portfolio of Growcare includes:

- Anti hemorrhoidal: Thank OD Tablet & Cream, Thank OD Forte & LD Cream;
- Anti-infective: Ocimix (Ornidazole), ValueCef (Cefixime), ValueCef-O (Cefixime and Ofloxacin);
- Cough, Cold and Fever: Cough syrups range Toff MD, Toff DC & Toff expectorant, Orangemol Suspension;
- Tecpara (technological advanced Paracetamol) an in house R&D patented product), Tecpara-AC and Tecpara-D;
- Pain Management: Nimulid & Nimulid-MD (Mouth dissolving), Nimulid SP & Nimulid-HF;
- Gastrointestinal: EnBa, EnBa-Rab, FiberFOS, HiFibre and Livoluk kid;
- Vitamins & Minerals: Wholesum; and
- Anti TB: Myser (Cycloserine) & Myobid (Ethionamide).

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 AIOCD AWACS (MAT JUN'13) Sales value, Panacea Biotec is among Top 50 companies in the Indian Pharmaceutical Market with Nephrologists, Dentists, Orthopaedicians and Diabetologists giving the best support. As per Stockist Secondary Audit of AIOCD AWACS (MAT JUN'13), Glizid-M stands at 206th rank among top brands in the Indian Pharmaceutical market and retain number one position within its category.

Glizid group grew by 18% during the year maintaining its leadership among Gliclazide sulphonyl urea market. Euphorbia prostrate (Sitcom and Thank OD) family also grew by 18% and is number one prescribed therapy in Hemorrhoids management. Mycept and PanGraf grew by 12% and 13% respectively in FY 12-13, are also leading brands in the Organ Transplantation segment where the Company enjoys market leadership position.

Brand Standing and Market share

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

Brands	Market Share %	Ranking
Diabetes and Cardiac Care:		
Glizid M	25.2	1
Glizid 40mg	36.1	1
Glizid 80mg	25.9	1
Glizid MR 30mg	17.5	2
Glizid MR 60mg	10.3	3
Glizid Total	13.4	3
Pain Management:		
Nimulid MD	5.7	3
Nimulid 100mg	7.4	3
Nimulid MR	11.4	2
Nimulid SP	8.9	4
Kondro OD	15.0	3
Kondro Acute	14.1	3
Vacosteo	10.2	2
Tuberculosis Management:		
Myser	6.0	3
Myobid	2.8	5
Gastrointestinal:		
Livoluk	5.2	4
Anti-haemorroidal:		
Sitcom Tabs	7.9	4
Thank OD Tabs	7.3	5
Penicillines:		
Cilamin	96.5	1

**Source: AIOCD AWACS JUN'13.*
**Market Share and rank is calculated within its immediate operating market i.e. the strength or the immediate market (wherever applicable).*

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

New Product Launches

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

- DeLupa-SP (aceclofenac & serratiopeptidase), Delupa-CR (aceclofenac CR), Delupa-P (aceclofenac & paracetamol), Tecpara-AC (aceclofenac & paracetamol), Tecpara-D (diclofenac & paracetamol) in Pain/Analgesics segment;
- Line extensions of flagship brands GLIZID and BETAGLIM family; including Semi Glizid-M, Glizid Total P 7.5, Glizid-M OD 30, Semi Glim Total 1, Semi Glim Total 2;
- KondroFlex (Collagen Peptide) in anti-arthritic management;

- Vagacyte 450 (Valganciclovir), Amphoject (Amphotericin), EPOtrust 5K (Erythropoietin), SEVBAIT & SEVBAIT-DT (Sevelamer), NEUPOKINE (Pegylated r-Human Granulocyte Colony Stimulating Factor) in Organ transplant and immuno-suppressants market; and
- Sitcom Forte, Thank OD Forte, Sitcom LD, Thank OD LD line extensions in Anti-hemorrhoids market.

International Pharmaceuticals Business

The year under review was a year of sustained growth and expansion for International Pharmaceuticals Business by strengthening the existing trade business in market place and venturing into new markets. During the year, the company's international pharmaceutical formulation business generated revenue of Rs.1,278 million with a spetacular growth of 40%.

During the year, the Company received its first USFDA approval for Tacrolimus Capsules and launched the same in December 2012 in US market through the Company's strategic alliance partner Kremers Urban Inc. (part of UCB Group). During the year, Panacea Biotec also entered in another strategic alliance with Osmotica Pharmaceuticals for research, development and commercialization of 18 drug delivery based, high barrier to entry generic pharmaceuticals products in US. The Company has recently filed its first ANDA with USFDA under this collaboration.

The other achievements for international pharmaceutical formulation business during the year includes:

- Panimun Bioral and Mycept got included in Russia MOH Federal list. Panimun Bioral is the No. 1 brand of Cyclosporine in terms of units supplied to MOH Russia;
- Successfully launched 2 new products, Alphadol and Livoluk solution in Russia;
- Continuous preferred supplier to MOH Sri Lanka for Nephrology products;
- Glizid-MR and Dolzero are the fastest growing brand in respective categories in Sri Lanka; and
- Entire Nephrology range of products is enlisted in MOH Kenya with regular supplies to MOH.

During the current year, the Company is scheduled to enter into other potential markets like South Africa, Egypt and Saudi Arabia. The Company has been successfully registered in UAE and commercialization of products is expected to start during the current year.

With this robust strategies and growth plans, the Company is aiming to achieve a projected CAGR of 43% in International Pharmaceutical business over next 5 years.

Vaccines Business

Panacea Biotec has always adopted a long-term strategy of development of newer vaccines and believes immunisation is one of the most important & cost effective ways of reducing morbidity and mortality.

The Company is one of the leading vaccine producers in the country and has significant presence in both institutional and private vaccines markets in India and international markets. It has created a strong portfolio of innovative vaccines against critical and life threatening diseases like Polio, Hepatitis B, Diphtheria, Tetanus, Pertussis, Haemophilus Influenza type B (Hib), pandemic flu (H1N1), etc. The Company has over the years developed advanced fully-liquid combination vaccines, opening a whole new dimension towards protecting multiple diseases with a single vaccine.

The Company has been playing a leadership role in the Vaccine R&D, manufacturing and supply to meet demands of National and International agencies for the developing world. Panacea Biotec has made vital contributions in the development of vaccine market and also improved the life of millions of children by providing innovative vaccines at affordable prices across the globe. The Company is continuing with its efforts to strengthen its vaccines portfolio by adding more vaccines in future.

Panacea Biotec has played a key role in polio eradication program by supplying around 10 billion doses of Oral Polio Vaccines to Government of India and UN Agencies which led to polio free India since 2011. Panacea Biotec continues to be committed to polio eradication programme and its objectives as laid down in GPEI.

Panacea Vaccines

During the year, the Company launched its SBU ‘Panacea Vaccines’, for marketing its innovative pediatric vaccines in

the domestic vaccines market. The major brands of this SBU includes Easyfive-TT (DTwP-HepB-Hib), Easyfour-TT (DTwP-Hib), Polprotec (enhanced Injectable Polio Vaccine), NovoHib (Haemophilus Influenza Type B vaccine) and Primopol (Trivalent Oral Polio Vaccine). The SBU is targeting to achieve a significant market share in the pediatric combination vaccines segment in India.

International Vaccines Business

In the international markets, the Company focuses on the emerging and ROW countries. Over the last couple of years strategic collaborations have been initiated in more than 35 countries with customized business models. Till date vaccines have been registered in 11 countries with further registrations in around 20 countries expected in the near future.

During the year, the Company's international vaccine business achieved a revenue of Rs.38.6 million, from the overseas markets. Bangladesh, Peru, Nigeria, Philippines, Botswana were added as the new markets in addition to the existing markets of Chile, Pakistan, Botswana, Uganda and Swaziland etc.

During the year, the Company also entered into a strategic alliance with JSC Binnopharm Inc. Russia for marketing of its Haemophilus influenzae type B (Hib) vaccines in the Russian Federation. The Company is currently in process of registering its Hib vaccines in Russia. The Company is also exploring further opportunities to expand the existing alliance.

Supply Chain Management & Logistics Network

Panacea Biotec has strong Supply Chain Management (SCM) systems designed for creating end-to end visibility and controls right from sourcing of materials till collection of receivables in both Pharmaceuticals and Vaccines segments. The objective has been 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.

Central Warehouse, Mandoli, New Delhi

The Company has Pan-India sales and marketing network covering 600 districts in India and targets more than 1.5 million customers through more than1400 trained marketing and sales professionals. Panacea Biotec Ltd. has strong logistics network comprising of one central warehouse and 31 Sales Depots/CFA (comprising of 22 Sales Depots/CFAs for pharma products & 9 CFAs for vaccines). Product availability across India is done through vast distributor network of more than 1,500 Pharma Distributors and 325 Vaccine Distributors.

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 and Refrigerated Vehicles and Tyvek Sheet for sending temperature controlled products overseas. This ensures that the Vaccines remain safe and effective against changes in the variant temperature conditions during transit.

Manufacturing Facilities

The Company's manufacturing facilities for vaccines and pharmaceutical formulations are situated in India in Delhi, at Lalru in Punjab, at Baddi in Himachal Pradesh and at 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 various solid, semi-solid & liquid oral dosage forms and vaccines such as:

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

Pharmaceutical Formulations Facility at Baddi

The Company has its state-of-the-art pharmaceuticals 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 approved by National Regulatory Authority of India (NRA) and has also been audited and certified as cGMP compliant by various regulatory agencies including the USFDA, BfArM Germany and ANVISA Brazil. The Company's soft gelatin manufacturing facility is also approved for markets in European Union.

The Company also has an Anti-Cancer Formulation facility with two lines dedicated for Liquid & Lyophilized vials as well as pilot scale up batches complying to USFDA, EU, ROW and cGMP norms with a capacity of 1.2 million vials per annum on three shift basis.

Vaccine Antigens & Biopharmaceuticals at Lalru

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 bio-therapeutics (e.g. biosimilar molecules on cell culture 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 and adapted following current Good Manufacturing Practices (cGMP).

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 (Hib) and Inactivated H1N1 split viron influenza vaccine bulk (by traditional egg based technology).

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 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 filling 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. The vial line facility has been modified to enhance the formulation capacity of pentavalent vaccine in order to meet the increased requirement of vaccine upon WHO pre-qualification.

The facility has been approved by NRA for manufacturing of vaccines as per WHO cGMP norms. The facility has been successfully inspected by WHO in the month of Feb-Mar'13 as part of assessment for WHO pre-qualification of Pentavalent vaccine Easyfive-TT. This successful assessment soon will lead to WHO pre-qualification of Easyfive-TT vaccine from Baddi and its supply to UN vaccines procurement agencies (UNICEF, PAHO) and other ROW countries.

Vaccines Formulation Facility in New Delhi

The Company's vaccines formulation facility in New Delhi is a c-GMP compliant facility for Oral Polio Vaccines (tOPV, mOPV1, mOPV3 & bOPV) and has also been approved by NRA. The facility has built up area of more than 50,000 sq. ft. and has one vial filling line dedicated to Oral Polio Vaccines. The total annual production capacity of the facility is 800 million doses of Oral Polio vaccines in two shift operation.

Pharmaceutical Formulations Facility in New Delhi

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

Bulk Antigen Vaccine Facility at Lalru, Punjab

LAKSH Drug Discovery R&D Center, Mohali

Manufacturing Facility for Anti-Cancer Products at Navi Mumbai

The Company has a manufacturing facility for manufacture of 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 is manufacturing its innovative product in Oncology segment, viz. PacliALL in this facility.

Research & Development

Research & Development is one of the core strengths of Panacea Biotec. With its four highly sophisticated ultra-modern R&D centers manned with around 300 qualified and experienced scientists, the Company has built a strong R&D base to support its business segments, vaccines, pharmaceutical formulations and biopharmaceuticals. The key areas 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.

The Company also has a state-of-the-art animal house and facilities for carrying out pre-clinical research and for undertaking in-vitro and in-vivo microbiology, pharmacology, safety, efficacy, proof of concept and toxicology studies.

As a result of its research efforts, the Company has been granted more than 400 patents in India and worldwide including in major countries like USA, Australia, Eurasia, South Africa and Singapore.

For the purpose of research and development of technology, the Company had received grants of Rs.112 million and Rs.20 million from Department of Science & Industrial Research and Department of Science & Technology respectively, in earlier years. The Company also receive subsidized loan of Rs.12.5 million out of a total sanctioned amount of Rs.50 million from Technology Development Board.

During the year under review, the Company has made a total expenditure of Rs.901.6 million on R&D as against Rs.1,026.5 million during previous fiscal. The revenue expenditure on R&D was Rs.842.8 million in fiscal 2013, as compared to Rs.872.2 million in fiscal 2012. The investment by way of capital expenditure on R&D has been Rs.58.8 million in current fiscal as compared to Rs.154.3 million in previous fiscal year.

LAKSH Drug Discovery R&D Center

The Company has its state-of-the-art research center Laksh which is dedicated for development of New Chemical Entities (NCEs, small molecules) and API research at Mohali, Punjab. LAKSH is spread over an area of 70,000 sq. ft. with sophisticated laboratories equipped with modern instruments to perform NCE research. This R&D Center employs about 80 dedicated scientists including 12 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 three Pre-Clinical Candidates (PCCs), two of which are currently under investigation for IND (Investigational New Drug) filing at different stages of phase I studies in India. Ten PCT applications and more than 50 patent applications in national phases have been filed from this Center. One of the patents has already been granted in the US.

SAMPANN Drug Delivery R&D Center

SAMPANN is an integrated research and development facility for drug product, biopharmaceutical and vaccine formulation development with a world class state-of-the-art infrastructure, adequate resources and skilled intellectual manpower. Innovative technologies like nano-crystal, solid-solid dispersion for highly variable drugs, hydro-gel based topical drug delivery system of peptides and herbal drugs, self-emulsifying drug delivery system (SEDDS) and controlled release drug delivery systems in different therapeutic areas have been successfully used and continuously developed to address unmet medical needs and patient convenience & compliance. Considering the need to adopt savvy development and marketing tactics to drive blockbuster product, various regulatory filings have been done in US, EU and Latin America for anti-platelet and various immuno-suppressant drugs. As a major milestone, the company has launched its first product Tacrolimus capsules 0.5mg, 1.0 mg & 2.0 mg in the US Market.

SAMPANN has prioritized R&D efforts in areas with the greatest scientific and commercial promise resulting in a rich and diverse product pipeline for generic development and intellectual property development.

Vaccine Formulation Research and Development at Sampann Drug Delivery has an outstanding portfolio of innovative pediatric vaccines which protect children against dreadful diseases. These include diseases such as Diphtheria, Tetanus, Pertussis, Hepatitis B, Haemophilus influenza type b and Polio. Further to provide preventive treatment for dreadful diseases, Sampann Vaccine R&D is developing new generation vaccines like Pneumococcal Vaccine-10-valent (Nucovac), Japanese encephalitis (JE) vaccine, Universal flu vaccine and Dengue vaccine. Easyfour pol vaccine and Easysix vaccine are novel combination vaccines against 5 and 6 diseases respectively which are targeted to undergo Phase-III clinical trials shortly. Other vaccines which are in the pipeline include H1N1 vaccine (Pandyflu), Sabin-Inactivated Polio vaccine (S-IPV), Neisseria meningitidis vaccine (Tetravalent) and Easyfour-TT vaccine.

OneStream Research Center, New Delhi

OneStream Research Center at New Delhi is spread over 26,000 Sq ft. area in three floors. The state-of-the-art R&D facility brings together rich experience of past so many years to develop novel, effective and affordable vaccines and biopharmaceuticals for prevention against various epidemic/endemic life threatening diseases for global markets.

OneStream R&D is backed by a team of 65 highly trained and skilled scientists including 8 PhDs with excellent credentials.

OneStream R&D is dedicated to carry out extensive research in vaccines and biological using genetic engineering, molecular biology, genomics tools, animal cell culture, fermentation, purification, formulation, immunology and analytical testing techniques. OneStream has the infrastructure and expertise to take an idea through different stages of product development towards a successful commercialization. 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 lifestyle related disorders. OneStream is also actively involved in developing different biosimilar therapeutic products.

OneStream has dedicated classified areas to work with pathogenic bacteria, viruses, cell culture, clone development, peptides & cell based assays. The center has well-established P3 facility to handle pathogenic viruses like H1N1, Seasonal flu & JE virus. The Centre has indigenously developed and licensed Pandy-flu against H1N1 virus (Swine flu).

OneStream Research Center, New Delhi

During the year under review, the focus of the center is development of Company's candidate vaccine for Pneumococcal disease which is in phase-I clinical trial, Vero cell based live attenuated tetravalent Dengue vaccine which is awaited for safety evaluation from DBT & Darbepoetin is moving ahead towards tech transfer and pre-clinical studies.

GRAND R&D Center at Navi Mumbai

Global Research and Development (GRAND) Center at Mahape, Navi Mumbai is involved in development of products for international as well as Indian market.

The primary objective of research & product development is to meet unmet therapeutic needs of the society, i.e. cancer, organ transplant rejection, etc. and provide therapeutic advantage to the patients. The main focus of research is to develop products using novel technologies like:

- Gastro-retentive Spatially Programmed Orally Retentive Technology (SPORT) for bioavailability enhancement;
- Pulsatile Drug Delivery for bioavailability enhancement and better patient compliance;
- Matrix controlled drug delivery for better patient compliance;
- Oral Fast Dissolving Films for better patient compliance;
- Microspheres for better patient compliance;
- Nanoparticles for improved safety and efficacy; and
- Liposomes for better safety and efficacy.

Over the years GRAND has emerged as a strong contributor to intellectual property of Panacea Biotec.

Briefly, innovative product development at GRAND is categorized in following sub-classes based on the route of drug administration:

- Oral Drug Delivery: Controlled and modified oral delivery of bioactives and Drug Delivery for Immunosuppressant drug.
- Parenteral Drug Delivery: Nanoparticles: First indigeneously developed nanotechnology based parenteral product for delivery of Paclitaxel (PacliALL) has been launched in Indian Market; Microparticles: Depot Injectable Formulations based on microparticles for delivery of peptide/drugs; and Liposomes: Products involving the concept of "Stealth" liposomes.

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 on continual basis with internal and external customers feedback and 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 and regulatory compliance for products which are enabled through a highly qualified, techno-innovative & dedicated team.

Clinical Research

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.

The year 2012-13 witnessed several milestone achievements from Clinical Research Operations, including: First-in-man Phase I study for anti-diabetic new chemical entity (NCE), Pre-IND meetings with USFDA for novel drug delivery products; and scientific advice meetings with WHO and NORCB, Egypt for 10-valent conjugate pneumococcal and pentavalent vaccine, respectively.

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 the year under review, the Company has filed around 1,510 patent applications worldwide including 225 Indian patent applications and 95 applications filed through the PCT (Patent Cooperation Treaty) route. Out of the total number of patent applications filed, around 415 patents had been granted / accepted for grant including in India. 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, 6 patents were granted in Australia, Eurasia, South Africa, Singapore, USA and India.

So far the Company has filed over 720 domestic applications for registration of Trade Marks of which 436 have been registered including 4 trade mark applications registered during the year under review. In addition to this, the Company has filed 519 International Trade Mark applications in various countries of which 276 have been granted.

Besides this, the Company had filed 221 applications for registration of Copyrights of which 115 had been registered. The Company has till date also got registered 4 Design Applications.

Human Resources

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

The Company has a total workforce of around 3,300 employees out of which 1,900 are skilled employees including corporate and managerial staff, sales staff and staff located at its manufacturing facilities. There are around 300 scientists engaged in R&D centers, around 1,000 employees engaged in production, Quality Control & Quality Assurance and over 1,400 engaged in sales, marketing and logistics.

Information Technology

In the past few years there have been huge changes in the world of information technology and as a result, there is increase in productivity. Information technology has changed the way we work and has allowed us to be more productive on the job.

Panacea Biotec has successfully re-implemented the Enterprise Application (SAP) and Business Process Re-engineering in the last financial year. As a result, Panacea Biotec has been able to optimize some of the business processes, it could improve the quality and reduce the costs. Also it has implemented the approval system for Purchase requisition, Purchase Orders, Leave sanction, Travel request through emails, which has helped reduce the time consumed in these activities.

A Glimpse of Team Panacea Biotec

Panacea Biotec always aims to fulfill the compliance for Software and License and accordingly the company has started implementation of the tools to monitor the installation of software and license.

By using new technologies like Virtualization and Cloud Computing, Information Technology has been able to reduce the operational cost while maintaining the high quality standard of services.

Internal Audit & Control System

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

The internal controls have been developed and implemented at each business process level across the Company. The user level responsibilities are constantly shared with key users for their implementation and compliance. The internal control systems are further tested on a sample basis by internal auditors every quarter and also by competent personnel of the Company and are reviewed by the Management to ensure that processes and controls are in place and working as intended in achieving efficiency of operations, customer focus, financial reporting and compliance of applicable contracts, laws, rules and regulations. The Company controls its revenue and capital expenditure budgets through an effective SAP fund management module.

Further, internal audits are conducted periodically by independent Chartered Accountant firms appointed by the Audit Committee of the Board of Directors. The Audit Committee comprising of independent directors actively reviews the adequacy and effectiveness of internal controls, internal audit systems and advises improvements as may be required. 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 continues to nurture and expand its relations with its collaboration partners. The Company has several collaborations & tie-ups including through its subsidiaries.

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 at New Delhi and land at Pataudi Road, Gurgaon has charted out a plan for diversification in construction and development of township as part of its future growth plans.

BOH has 6 wholly owned subsidiaries (WOS), viz. Radicura & Co. Ltd., Panacea Hospitality Services Pvt. Ltd., Sunanda Steel Company Ltd., Panacea Educational Institute Pvt. Ltd., Best on Health Foods Ltd. & Nirmala Organic Farms & Resorts Pvt. Ltd. Nirmala Organic Farms and Resorts Pvt. Ltd. owns land in Rajasthan as part of its plan to carry out the business of agriculture farming, cultivation setting up motels, tourist resorts, etc.

Lakshmi & Manager Holdings Ltd.: Lakshmi & Manager Holdings Ltd. (LMH), a WOS of the Company, involved into carrying the business of trading in securities of the companies. This company has a WOS Trinidhi Finance Pvt. Ltd., which possess NBFC license from RBI and is involved in carrying out the business of non-banking financing activity. LMH also holds majority stake in another subsidiary company namely Best General Insurance Company Limited.

NewRise Healthcare Pvt. Ltd.: The Company's subsidiary NewRise Healthcare Pvt. Ltd. is setting up a 224 bedded state-of-the-art multi super-specialty hospital at Gurgaon, Haryana with a mission of establishing leading healthcare institution providing comprehensive, committed and accessible care with an investment of around Rs.1,700 million. The construction work of Hospital is almost over and the Hospital is set to commence its operations during the current financial year.

Panacea Biotec (International) SA: The Company's WOS in Switzerland operates through in-licensing of certain pharmaceutical products and is currently marketing products in Australia and New Zealand through strategic collaborations. This WOS achieved a turnover of CHF 540,348 (Rs.30.7 million) during the financial year 2012-13.

Panacea Biotec Germany GmbH (PBGG): The Company's indirect WOS in Germany achieved a turnover of Euro 323,401 (Rs.22.2 million) during the financial year 2012-13, from the sale of TACPAN® (Tacrolimus) and MOWEL® (Meropenem) in the German Markets.

Joint Ventures & Associates

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 by the Company. PanEra achieved a net turnover of Rs.175.6 million during the financial year 2012-13.

Adveta Power Pvt. Ltd.: The Company's 50:50 joint venture Adveta Power Pvt. Ltd with its associate PanEra Biotec Pvt. Ltd, incorporated with a purpose to generate and distribute power or any other energy from conventional / non-conventional energy sources on a commercial basis. During the year, Adveta Power has been granted in-principle approval by Govt. of Arunachal Pradesh for allotment of two Power Projects in Arunachal Pradesh.

Chiron Panacea Vaccines Pvt. Ltd. (CPV): During the year under review, the Joint Venture partners have mutually decided to terminate the Joint Venture and the CPV has discontinued its operations. During the financial year, CPV achieved a turnover of Rs.325.7 million as compared to Rs.531.8 million during previous year. The process of voluntarily winding up has been initiated during the current year.

Collaborations and Tie-ups

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

The Institute for Translational Vaccinology (Intravacc), The Netherlands: Intravacc was originated in January 01, 2013 from the former Vaccinology Unit of the National Institute of Public Health (RIVM) and the Animal Research Center of the Netherlands Vaccine Institute (NVI). The Company is one of the two companies shortlisted by WHO globally for

Dr. Rajesh Jain, Jt.MD Panacea Biotec with delegates from Osmotica Pharmaceuticals and Panacea Biotec at agreement signing ceremony developing the sabin based injectable polio vaccine (sIPV) and has entered into an agreement with Intravacc (former RIVM) for in-licensing of proprietary know-how for production of sIPV vaccine and related quality control testing for commercialization in India and other international markets.

JSC Binnopharm Inc., Russia (Binnopharm): The Company has entered into a multi-phase supply and technology transfer agreement with Binnopharm for supply of Company's finished product, viz. Hib Conjugate Vaccine and for transfer of technology thereof, for commercialization thereof in Russian Federation. During the year, the Company has received a license fee of Rs.27.7 million from Binnopharm. The Company is currently in process of getting the product registered in Russian Federation.

National Institute of Immunology, India: The Company has an exclusive ten-year 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. The vaccine is currently under pre-clinical development stage.

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

Dr. Reddy's Laboratories Limited: The Company has a License and Supply Agreement with Dr. Reddy's for its patented product, Nimesulide Transdermal Gel, for marketing, distribution and sale in Russian Federation. During the year the Company has received a royalty income of Rs. 63.1 million as compared to Rs.31.4 million during previous year under this collaboration.

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, 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.

Kremers Urban Inc. (UCB Group): The Company has entered into a long term contract with Kremers Urban for the distribution of some of its products in US market. Panacea Biotec's ANDA for Tacrolimus has been approved by USFDA. Under the terms of the agreement Panacea Biotec would be responsible for development, registration and commercial supplies of the products while Kremers Urban would be responsible for marketing, sales and distribution.

Osmotica Kereskedelmiés Szolgáltató Korlátolt Felelősségű Társaság, Hungary (Osmotica): The Company has out-licensing agreement with Osmotica for research, development and manufacturing activities for commercialization of the Panacea Biotec ANDA products and Panacea Biotec NDA products in US market. During the year the Company has received a research fee of Rs.271 million from Osmotica. The Company has successfully filed first ANDA under this collaboration in July 2013 and will shortly be filing the second ANDA with USFDA.

Financial Performance

Summarised Balance Sheet

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31,2012
Sources of Funds:		
Shareholders' Funds	5,612.6	8,140.9
Non-current liabilities	6,120.8	5,079.7
Current liabilities	5,064.8	5,308.2
Total Liabilities	16,798.2	18,528.8
Application of Funds:		
Fixed assets	9,864.1	10,483.7
Non-current investments	2,653.5	2,584.7
Long-term loans and advances	1,026.8	1,063.1
Other non-current assets	-	1.2
Current assets	3,253.8	4,396.1
Total Assets	16,798.2	18,528.8

Net Worth: The net worth of the Company is Rs.5,612.6 million during the year under review as compared to Rs.8,140.9 million as at the end of previous year.

Non-Current Liabilities: Non-current liabilities include long term borrowings, deferred tax liabilities and long term provisions. The long term borrowings as at 31st March, 2013, have increased to Rs.6,072.0 million as against Rs.4,830.3 million as at 31st March, 2012, mainly on account of conversion of foreign currency term loan from SBI payable during the year into rupee term loan amounting to Rs.3,744.3 million upon reschedulement thereof. The deferred tax liability is Rs. Nil as at the end of fiscal 2013 as compared to Rs.205.0 million as at the end of the previous year.

Current Liabilities: Current liabilities include short term borrowings, trade payables, other current liabilities and short term provisions. The short term borrowings as at 31st March, 2013, have increased to Rs.2,991.4 million as against Rs.2,693.4 million. The trade payables have increased to Rs.1,539.9 million as compared to Rs.1,181.4 million as at the end of the previous year. The other current liabilities have decreased to Rs.434.7 million as at the end of fiscal 2013 as compared to Rs.1,339.8 million as at the end of the previous year mainly on account of conversion of foreign currency term loan from SBI into rupee term loan.

Fixed Assets: The net fixed assets decreased to Rs.9,864.1 million as against Rs.10,483.7 million as at the end of the previous year on account of depreciation for the year.

Non-current investments: The non-current investments increased to Rs.2,653.5 million from Rs.2,584.7 million as at the end of the previous year on account of investment in equity shares of Rs.34.4 million in its subsidiary Panacea Biotec (International) SA and investment of Rs.33.8 million in its subsidiary New Rise Healthcare Private Ltd.

Long-term loans and advances: The long term loans & advances decreased to Rs.1,026.8 million as against Rs.1,063.1 million as at the end of the previous year, mainly on account of provision made during the year in respect to loan given to the overseas WOS Rees Investments Ltd.

Current Assets: Current Assets include trade receivables, inventories, cash & bank balances, short term loans & advances and other current assets. The trade receivables have increased to Rs.687.5 million as at the end of fiscal 2013 as compared to Rs.664.5 million as at the end of the previous year. The inventories have decreased to Rs.2,247.4 million as at the end of fiscal 2013 as compared to Rs.3,397.3 million as at the end of the previous year.

Summarized Profit & Loss Account

(Rs. in million)

Particulars	For the year ended	
	31.03.2013	31.03.2012
Net Turnover	5,304.2	6,883.8
Other Operating Income	655.0	122.0
Revenue from operations (net)	5,959.2	7,005.8
Materials & Finished Goods Purchases	2,599.2	3,472.0
Employee benefits expense	1,372.3	1,504.5
Other expenses	2,828.6	2,968.4
Earnings Before Interest, Depreciation, Taxes & Amortization (EBITDA)	(840.9)	(939.1)
Other Income	54.3	74.6
Finance costs	1,057.4	1,011.1
Depreciation and amortization expense	835.4	753.9
Profit/ (Loss) Before Tax (PBT)	(2,506.3)	(2,629.5)
Provision for Taxes (including deferred tax)	(205.0)	(551.6)
Profit/(Loss) After Tax (PAT)	(2,301.3)	(2,077.9)

Segment-wise Net Turnover

(Rs. in million)

Fiscal	2013		2012	
	Rs. Million	%	Rs. Million	%
Vaccines	1,722.9	32.5	3,579.5	52.0
Pharmaceutical Formulations	3,581.3	67.5	3,304.3	48.0
Total	5,304.2	100.0	6,883.8	100.0

Vaccines: The Vaccines segment's turnover declined by 52.0% and contributed Rs.1,722.9 million or 32.5% of net turnover, as compared to Rs.3,579.5 or 52.0% of net turnover for fiscal 2012 due to decline in the institutional vaccine business which contributed Rs.1,572.9 million in fiscal 2013 as against Rs.3,275.1 million during fiscal 2012, registering a degrowth of 52.0%. The decline in institutional business was primarily on account of delisting of the Company's pentavalent and oral polio vaccines from WHO's list of pre-qualified vaccines.

Vaccine sales to Chiron Panacea Vaccines for domestic market also decreased to Rs.150.0 million during fiscal 2013 from Rs.304.4 million during fiscal 2012.

Pharmaceutical formulations: The pharmaceutical formulations segment's turnover grew by 8.4% and contributed Rs.3,581.3 million or 67.5% of net turnover during fiscal 2013, as compared to Rs.3,304.3 million or 48.0% of the net turnover for fiscal 2012. The increase was mainly on account of increase in exports.

Expenditures

Materials & Finished Goods purchases: The raw and packing materials and finished goods purchases during the year under review has decreased by 25.1% at Rs.2,599.2 million as against Rs.3,472.0 million during the previous financial year due to decline in the net turnover.

Employee benefits expense: The employee benefits expenses decreased by 8.8% to Rs.1,372.3 million for fiscal 2013 from Rs.1,504.5 million for fiscal 2012.

Other Expenses: The other expenses decreased by 4.7% to Rs.2,828.6 million for fiscal 2013 from Rs.2,968.4 million for fiscal 2012.

Finance costs: Finance cost increased by 4.6% i.e. Rs.1,057.4 million during fiscal 2013 as against Rs.1,011.1 million during fiscal 2012. The increase in interest charges is attributable to higher utilization of borrowed funds for meeting funds requirement for capital as well revenue expenditure and increased cost of funds.

Depreciation and amortization expenses: Depreciation has increased by 10.8% to Rs.835.4 million as compared to Rs.753.9 million during fiscal 2012.

Profitability

Earnings Before Interest, Tax, Depreciation & Amortizations (EBITDA): The Company registered negative EBITDA of Rs.840.9 million for fiscal 2013 as compared to negative EBITDA of Rs.939.1 million for fiscal 2012 due to reasons explained above.

Profit/(Loss) Before Tax (PBT): The Company incurred a loss before tax of Rs.2,506.3 million for fiscal 2013 as against loss before tax of Rs.2,629.5 million for fiscal 2012 due to reasons explained above.

Profit/(Loss) After Tax (PAT): The loss after tax was Rs.2,301.3 million for fiscal year 2013 as against negative PAT of Rs.2,077.9 million for fiscal 2012 due to reasons explained above.

Earnings per Share (EPS): The basic and diluted EPS stood negative at Rs.37.57 per share for fiscal 2013 as compared to negative EPS of Rs.33.92 per share for the fiscal 2012 due to reasons explained above.

Cash Flow Statement

(Rs. in million)

Cash Flows from:	Fiscal 2013	Fiscal 2012
Operating Activities	(251.1)	2,525.2
Investing Activities	(287.9)	(1,189.9)
Financing Activities	550.3	(1,613.7)
Net Cash Flows	11.3	(278.4)

Cash Flow from Operating Activities: The net cash outflows from operating activities during fiscal 2013 was Rs.251.1 million as compared to net cash inflows of Rs.2,525.2 million during fiscal 2012 primarily on account of decrease in inventories and other current liabilities and increase in trade payables and other receivables.

Cash Flow from Investing Activities: Net cash used in investing activities primarily towards addition of fixed assets for various ongoing expansion and long term investments decreased to Rs.287.9 million as against Rs.1,189.9 million during previous year.

Cash Flow from Financing Activities: Net cash flow from Financing Activities amounted to Rs.550.3 million primarily on account of receipt and repayment of long term loans and borrowings as against net cash outflow of Rs.1,613.7 million during previous year.

Consolidated Financial Statement

The consolidated net revenue from operations of the group has decreased to Rs.6,084.9 million during financial year 2012-13 as compared to Rs.7,100.9 million during financial year 2011-12, primarily on account of reasons explained above. Accordingly, the consolidated EBITDA was also negative at Rs.860.6 million for fiscal 2013 as compared to negative EBITDA of Rs.863.1 million for fiscal 2012. On consolidated basis, group has incurred loss before tax of Rs.2,530.6 million for fiscal 2013 as against loss before tax of Rs.2,553.2 million for fiscal 2012. The consolidated loss after tax was Rs.2,342.8 million for fiscal year 2013 against loss after tax of Rs.2,056.6 million for fiscal 2012.

Opportunities and Outlook

Indian pharmaceutical industry is one of the largest and most advanced pharma industries in the developing world. India has the highest number of USFDA approved plants outside the US. The expertise of Indian pharma companies in manufacturing low cost qualitative products and research & development offers a huge opportunity to the industry.

SWOT Analysis

Strengths

- Indigenous capabilities of developing first in class and best in class NCEs, NBEs and patented drug delivery systems;
- Strong manufacturing capabilities;
- Cost competitiveness with quality products;
- One of the largest English speaking scientific and technical manpower in the world; and
- Established marketing and distribution network and presence in major markets.

Weakness

- Low investments in R&D;
- Increasing Price Control Regulations: strict monitoring by government through price control of several products; and
- Patent regime still not as strong as in developed markets.

Opportunities

- Favourable outlook for pharmerging economies and increased genericization in key markets;

Dr. Rajesh Jain, Jt. MD with delegates from WHO & UNICEF and Panacea Biotec Team

- Emerging opportunities in Biotechnology and Biosimilars;
- Recent advances in the biologics;
- Increasing coverage of vaccines under National Immunization Plan;
- Large population base, increasing lifestyle related diseases and increasing healthcare expenditure offer significant future opportunities;
- General shift in mind-set from post facto to preventive treatment;
- Contract research & manufacturing services opportunities;
- Collaborative alliances with MNCs for production, sales and distribution of products in India and abroad; and
- Last mile connectivity for distant areas and overall macroeconomic development.

Threats, Risks and Concerns

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

- Increasing timelines in obtaining regulatory approvals in key markets;
- Declining innovation in pharmaceuticals;
- Increasing regulatory requirements for conducting large and complex clinical trials;
- Pricing pressure across the globe;
- High expenditure in developing new medicines;
- High volatility in currency exchange rates affects the industry adversely;
- Increasing competition from developing countries due to lower manufacturing cost;
- Increasing pressure from government to bring more and more products under price control;
- Rising costs of regulatory compliance in the form of audit burdens, inspections and fines;
- Strong lobbying by MNC players having increased business interests in India;
- Risk of Product failure - a risk of all R&D initiatives not leading to commercially viable and successful products; and
- Risk of IPR challenges.

Mr. Sunil Kapoor, Director sapling plantation at Lalru in presence of Mr. Sandeep Jain, Jt. MD & other Directors and executives of Panacea Biotec.

Dr. Rajesh Jain, Jt.MD with delegates from Osmotica Pharmaceuticals

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:

- Cost and time overrun issues with several projects in the past;
- High attrition in sales and marketing;
- Significant dependence over tender based institutional business;
- Revenue contribution highly skewed towards few products; and
- Adverse developments at JV/Collaboration partners may impact the future of such JVs/Collaborations.

Moreover, there is a policy paralysis on the drug regulatory approval process. If India is to retain its pharmaceutical growth story, it must quickly unshackle and revamp the drug approval process, and put in place a more fast track balanced system.

Future Growth Drivers

During the year under review, the Company has faced many business challenges and has also implemented several corrective and preventive measures to overcome these challenges. With these measures, the Company's existing capabilities will get further strengthen thereby ensuring that the Company is strategically positioned against its competitors. The Company has well laid strategy for its future growth with clearly identified growth drivers to ensure it derives sustainable revenues and profits in future.

The Company's key future growth drivers include:

- Launch of several difficult to develop generic and innovative products in ICH regions and other key pharmerging markets through partnership/out-licensing to strategic partners;
- Launch of DTwP and IPV based combination pediatric vaccines;
- Launch of new IPV & acellular pertussis based combination Vaccines currently under development for pediatric age group;
- Launch of critical vaccines like Pneumococcal conjugate vaccine, Japanese Encephalitis vaccine, Dengue Vaccine etc.;

- Global launch of Biosimilars;
- Strengthening product portfolio through internal development and/or in-licensing of product/ technologies; and
- Diversification in related healthcare segment.

In addition, the Company will continue to explore further opportunities to fasten its growth strategy.

Corporate Social Responsibility

Panacea Biotec recognizes Corporate Social Responsibility as one of its core values by putting continuous effort to assess and take responsibility for the company's effects on the environment and impact on social welfare that go beyond what may be required by environmental protection groups.

Safety, Health and Environment Protection

The Company is privileged to be working in the healthcare industry in which it has an inherent 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 the services of outside consultant for independent evaluation of EOHS activities. The main focus in EOHS is on three different objectives: (i) the maintenance and promotion of workers' health and working capacity; (ii) the improvement of working environment and work to become conducive to safety and health and (iii) development of work organizations and working cultures in a direction which supports health and safety at work and in doing so also promotes a positive social climate and smooth operation which enhances productivity.

The Company has made substantial investments in setting up effluent treatment plants, air pollution control devices 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 personnel working in vaccine plant are vaccinated as per the Vaccination Policy. Manufacturing and virus handling areas are provided with cascaded negative pressure differentials with respect to air locks and corridors respectively. The air exhaust (AHU) from all process areas pass through HEPA systems (HEPA filters) with attached viral burning unit before going to outer atmosphere. It has

Breast Cancer Awareness Program at New Delhi

Dr. Rajesh Jain addressing at US Pharmacopeia 12th Science & Standards Symposium

dedicated decontamination autoclave for removal of bio-hazardous waste material.

The Company has installed modern firefighting facility e.g. hydrant system, smoke / heat detection & sensing devices at its all major facilities, for an early detection and extinguishing of accidental fire. The fire suppression 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. Different mock drills / fire-fighting drills are conducted to create awareness amongst the employees during emergency situation. Regular safety training is also provided to the employees to update about the importance of safety in day-to-day life in general and work in particular.

The Company also celebrates "National Safety Week" by conducting various safety programs and prize distribution ceremony.

Social Responsibility

At Panacea Biotec, sustainability is a multi–dimensional aspiration, which has its roots in the very purpose of our existence –providing affordable medicines to people around the world and meeting unmet medical needs through innovation. The Company's business, by its very nature, serves a social good, so it has a far deeper reason than profits alone to drive its performance.

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

Dr. Rajesh Jain, Jt. MD is also involved in numerous initiatives for providing better business and regulated environment for nurturing pharmaceutical & biotechnology industry in India.

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.

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

Panacea Biotec
Innovation in support of life

- Organ Donation Day: The Company organized an awareness program on Organ Donation on 6th August on the occasion of 'Organ Donation Day' in which many employees of Panacea Biotec pledged to donate their organs and supported this noble cause whole heartedly.
- PRISM: One of the major challenges with cancer care in India has been late diagnosis and mis-diagnosis many times. Panacea Biotec Referral Interspeciality Meets have been initiated and conducted across the country. These meets are aimed at spreading awareness at the primary physician level (Chest TB Physicians, Pulmonologist, Orthopedics etc.) and hence early detection.
- Awareness for Life: A program designed to create cancer awareness for the employees of corporate India. Such camps were conducted at many places to increase awareness, early detection & prevention of the disease.
- JAGRUKTA Campaign: Radio campaigns conducted on various occasions to work towards prevention by building awareness and providing education for prevention and early detection of cancer.
- No Tobacco Campaign: Organized on 31st May across India, whereby awareness was created amongst masses towards the ill effects of tobacco via posters, education pamphlets, etc. Around 200 newspaper stories were also released on this occasion in leading newspapers spreading the same message.
- Winners of Life: "Breast Cancer Survivors Meets" are organised at various places across India as a part of International Breast Cancer Awareness Month in October to enhance the confidence & motivation of patients and medical fraternity to fight against Breast Cancer.
- Lung Cancer Awareness Month: Organised in the month of November wherein Grey Ribbon badges were distributed amongst the masses along with Lung CME updates depicting lung cancer awareness graphics displayed in various centres for showing concern in eradicating the dreaded disease.
- World Kidney Day: With the aim to raise awareness of the importance of our kidneys to our overall health and prevention of kidney disease events were organized to provide a platform for doctors and patients to interact on World Kidney Day. This was done at various centers across the country using awareness posters, patient education material etc.
- Workshop for Promotion of Deceased Organ donation: Supported initiative taken by Indian Society of Nephrology/ Indian Society of Organ Transplant/ The Transplant Society for training Transplant Co-ordinators for increasing the deceased organ donation in India which will immensely benefit patients waiting for Organs with ESRD due to shortage of Organs.
- Launch and maintenance of website www.ckdmbd.org by Nephrology SBU, as India's first online resource as an educational initiative. This website elucidates information extending from biochemical bone and vascular derangements associated with CKD MBD.
- SURAKSHA: Detection and Awareness Camps on Diabetes and Complications were organized for patients in different cities wherein blood sugar was screened along with neuropathy. Further, patient education on Diabetes and Diet specific to different Indian Zones in 9 regional languages was printed and distributed.
- PANDEPTH: 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.
- Contribution to several NGOs for supporting their efforts and contribution for social cause in the field of medicine, education and culture, etc.
- House of Flexibility Program: Needy patients given free therapy in treatment of osteoarthritis.

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

Directors' Report

Dear Members,

Your Directors present the 29th Annual Report on business and operations together with the audited financial statements and the auditors' report of your Company for the financial year ended March 31, 2013. The financial highlights for the year under review are given below:

Financial Results

(Rs. in million)

Particulars	March 31, 2013	March 31, 2012
Revenue from Operations	5,959.2	7,005.8
Other Income	54.3	74.6
Total Income	6,013.5	7,080.4
Earning Before Interest, Depreciation & Tax (EBITDA)	(840.9)	(939.1)
Profit/(Loss) before Tax (PBT)	(2,506.3)	(2,629.5)
Provision for Taxation	(205.0)	(551.6)
Profit/(Loss) after Tax (PAT)	(2,301.3)	(2,077.9)
Balance in Profit & Loss Account	(359.7)	1,941.6
Basic EPS (Rs.)*	(37.6)	(33.9)
Cash EPS (Rs.)*	(23.9)	(21.6)
Book Value per Share (Rs.)*	91.6	132.5

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

Operating Results and Profits

During the year ended March 31, 2013, your Company registered a net turnover of Rs.5,304.2 million as against Rs.6,883.8 million during the corresponding financial year.

The formulations segment registered a growth of 8.4% with a net turnover of Rs.3,581.3 million as against Rs.3,304.3 million during the previous financial year. The vaccines segment registered a net turnover of Rs.1,722.9 million as against Rs.3,579.5 million during the previous financial year, a decline of 52% mainly on account of delisting of its vaccines from the WHO's list of prequalified vaccines for supply to UNICEF and other UN Agencies in previous financial year, impacting the performance negatively in the current financial year.

Since then, your Company has taken several corrective and preventive measures to ensure compliance with the WHO pre-qualification guidelines. During the period under review, the auditors from WHO and UNICEF visited the vaccine facilities at Lalru (Punjab) and Baddi (H.P.) in Feb-Mar 2013 with the objective of re-evaluation of the acceptability in principle of combination vaccine (DTP-Hep B-Hib) produced by Panacea Biotec for purchase by United Nations Agencies. There were no critical observations and the Audit Team acknowledged the continuing improvements that have been made in this regard. Your Company is confident that with the post audit activities, it will be able to get re-listing of Pentavalent vaccine in the list of WHO pre-qualified vaccines in due course of time.

Your Company however, continues to focus on cost optimization and efficient management of working capital. Panacea Biotec is constantly striving to enhance its reputation as one of the India's leading research-based health management companies with established research, manufacturing and marketing capabilities and is confident of overcoming the current adverse situation.

A detailed discussion on operations for the year ended March 31, 2013 is given in the Management Discussion and Analysis section forming part of the Annual Report.

Dividend

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

Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 ("the Act"), dividend for the year 2004-05, which remained unpaid or unclaimed for a period of 7 years, amounting to Rs.0.2 million has been transferred by the Company to the Central Government's Investors Education and Protection Fund.

Transfer to Reserves

In view of the current year losses incurred by the Company, no amount has been transferred to the general reserves, pursuant to Companies (Transfer of Profits to Reserves) Rules, 1975.

Share Capital and Net Worth

The Issued, Subscribed and Paid up Equity Share Capital of the Company remains at Rs.61.3 million divided into 61,250,746 Equity Shares of Re.1 each on 31.03.2013. The net worth of the Company has reduced to Rs.5,612.6 million as compared to Rs.8,140.9 in previous year.

Since the Company's accumulated losses had resulted into erosion of more than fifty percent of its peak net worth during the immediately preceding four financial years, the Company proposes to make necessary reference to the Board for Industrial and Financial Reconstruction (BIFR) in due course of time pursuant to the provisions of Sick Industrial Companies (Special Provisions) Act, 1985

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.

Directors' Report

Your Directors support the broad principles of Corporate Governance and lays strong emphasis on its role to align and direct the actions of the Company in achieving its objectives.

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

Management Discussion & Analysis Report

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

Subsidiaries

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

The Company has 6 wholly owned subsidiaries (WOS), viz. Best On Health Ltd., Lakshmi & Manager Holdings Ltd., Panacea Biotec FZE, Panacea Biotec GmbH, Rees Investments Ltd and Panacea Biotec (International) S.A. (w.e.f. 1st April, 2012, previously step down WOS). NewRise Healthcare 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 Ltd. and Nirmala Organic Farms & Resorts Pvt. Ltd. all being WOS of Best On Health Ltd.
- Trinidhi Finance Pvt. Ltd and Best General Insurance Company Ltd being WOS and subsidiary respectively of Lakshmi & Manager Holdings Ltd.
- Kelisia Holdings Ltd., the WOS of Rees Investments Ltd.;
- Kelisia Investment Holding AG, being the step-down WOS of Rees Investments Ltd.
- Panacea Biotec Germany GmbH, the WOS of Panacea Biotec (International) S.A.

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, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011 respectively has granted a general exemption from compliance with section 212(8) of the Act, from attaching the Annual Accounts of subsidiaries in the annual published accounts of the Company subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.

In compliance of the above said circulars, the Annual Accounts will be made available upon request by any investor of the Company/ Subsidiary, interested in obtaining the same. The annual accounts of the Subsidiary companies will be kept for inspection by any investor at the Company's Corporate Office at B-1 Extn./G-3, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi – 110044, India and at the office of the respective subsidiary companies during business hours of the respective company. Further, the following information, for each subsidiary is also being disclosed at some other place herein and forms part of the Annual Report (a) 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 Company's interest in the subsidiary companies is attached herewith and forms part of the Annual Report.

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

Joint Ventures & Associates

PanEra Biotec Pvt. Ltd: 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 before tax of Rs.175.6 million and Rs.2.1 million respectively.

Chiron Panacea Vaccines Pvt. Ltd. (CPV): During the year under review, CPV achieved a turnover of Rs.325.7 million as compared to Rs.531.8 million during previous year During the year under review, the Joint Venture partners have executed a 'dissolution of Joint Venture Aggrement'. As per the dissolution Aggrement, Joint Venture has discontinued its operations and the process of voluntarily winding up has recently been initiated.

Adveta Power Pvt Ltd: The Company's 50:50 joint venture Adveta Power Pvt. Ltd with its associate PanEra Biotec Pvt. Ltd, incorporated with a purpose to generate and distribute power or any other energy from conventional / non-conventional energy sources on a commercial basis. During the financial year, Adveta Power has been granted in-principle approval by Govt. of Arunachal Pradesh for allotment of two Power Projects of 80 MW and 75 MW in Arunachal Pradesh.

Directors' Report

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

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

Public Deposits

During the year under review, your Company has not invited or accepted any deposits from the public pursuant to the provisions of Section 58A of the Act and no amount of principal or interest was outstanding in respect of deposits from the public as of 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

Your Company has established a robust system of internal controls to ensure that assets are safeguarded and transactions are appropriately authorized, recorded and reported.

The Company's internal control system comprises internal audit carried out by independent firms of Chartered Accountants and periodical review by management. The Audit Committee of the Board addresses significant issues raised by both, the Internal Auditors and the Statutory Auditors.

The Company believes that the overall internal control system is dynamic and reflects the current requirements at all times, hence ensuring that appropriate procedures and controls, in operating and monitoring practices are in place.

Your Company is proactively identifying the areas for further improvement which shall remain an ongoing process.

Directors

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. K.M. Lal, Dr. A.N. Saksena and Mr. Sumit Jain, 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 Corporate Governance report forming part of the Annual Report.

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

Auditors

M/s. S.R. Batliboi & Co. LLP, 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 2013-14. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limit 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. LLP, 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:

i. With regards to the managerial remuneration which has exceeded the limits as specified under section 198 and 309 read with Part II of Schedule XIII of the Act by Rs.13.2 million on account of losses incurred during the current year. The Company had adequate profits in the past and thus it was paying remuneration to its managerial personnel within the overall limits as specified under the Act. However, on account of the losses during the year under review, the managerial remuneration exceeded the limit even after voluntary reduction in their salary by managerial personnel in the range of 30%-53%. The Company has already initiated necessary steps to obtain

Directors' Report

necessary approval from Central Government in respect of protection/payment of such remuneration.

ii. With regards to the delisting of Company's DTP-based combination and monovalent hepatitis B vaccines by World Health Organization (WHO) from its list of pre-qualified vaccines: During the year, the Auditors from WHO and UNICEF visited the Company's vaccine facilities at Lalru (Punjab) and Baddi (H.P.) with the objective of re-evaluation of the acceptability in principle of Pentavalent Vaccine (DTP-Hep B-Hib) produced by Panacea Biotec for purchase by United Nations Agencies. The Company has completed implementation of Corrective and Preventive Action (CAPA) subsequent to the visit by WHO Auditors and also submitted additional data pertaining to product's stability studies to WHO. The Company has a stock of Rs.324.6 millions and Rs.394.2 milions of raw & packing material and finished goods, respectively as at March 31, 2013 pertaining to these vaccines. Fixed assets relating to above products cannot be quantified separately. The Company is confident that with the post audit activities, it will be able to get re-listing of Pentavalent vaccine in the list of WHO pre-qualified vaccines in due course and would do it's best to use/sell/liquidate these stocks in domestic and international markets.

iii. As regards to default in repayment of dues to banks amounting to Rs.994 million during the year. These loans have been subsequently rescheduled and the moratorium period of 1 year & 9 months have been granted by the banks. The Company did not have any outstanding dues towards any financial institution/banks or debentures as at the end of year under review.

iv. As regards slight delay in deposition of undisputed statutory dues in few cases: The auditors' observation is self-explanatory as the amount involved and the delay was not significant and delay was due to normal operational difficulties. The total amount of such dues (VAT) was Rs.206,327 only and there was a delay of one day due to postal delays. The Company had already deposited the said amount.

v. As regards cash loss incurred by the Company : The Company has incurred cash loss in the current and immediately preceding financial year due to the decline in turnover of vaccine segment by 51% in current year and 57% in previous year mainly on account of unexpected delisting of Company's DTP-based combination vaccines by World Health Organization (WHO) from its list of pre-qualified vaccines and foreign exchange loss due to depreciation of Indian Rupee. The Company has taken several corrective and preventive actions to address these issues effectively.

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

Cost Auditors

Pursuant to the provisions of Section 233B of the 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 for the year ended 31st March, 2013, with the approval of the Central Government. The cost audit for the said period is under process and the Company will submit the Cost Auditors' Report to the Central Government within the prescribed time. They have also been appointed as the Cost Auditors for the financial year 2013-14, with the approval of the Central Government.

The Cost Audit Report for the financial year 2011-12 was filed on December 11, 2012. The last date of filing of said report was February 28, 2013 in terms of General Circular No. 2/2013 of Ministry of Corporate Affairs, Cost Audit Branch.

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.

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;

Directors' Report

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.

Particulars of Employees

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

Acknowledgements

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

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

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

For and on behalf of the Board

Dated: 8th August, 2013 — Soshil Kumar Jain
Place: New Delhi — Chairman

Annexure to the Directors' Report

Annexure A

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

I. Conservation of Energy

Conservation of energy has always been a prime focus area of the Company. The Company regularly reviews energy consumption and maintains effective control on utilization of energy. Panacea Biotec strives to continuously conserve energy by adopting innovative measures to reduce wastage and optimize consumption. The Company has undertaken several measures to minimize energy losses and ensure sustainable energy utilization.

1. Energy Conservation measures taken

   The Company had devised its production lines and other facilities keeping in view the objective of minimum energy losses.

   The following are the major energy conservation measures implemented during the year under review and recent past:

   - Installation of variable frequency drives on Air handling unit at Lalru for energy saving.
   - Installation of motion sensor for lighting control at Lalru and Mohali.
   - Installation of PHE (Plate Heat Exchanger) for hot water generation in-place of conventional heat exchanger at Lalru.
   - Soft water booster pumps have been stopped and direct supply given to all plants with same parameters in utility area of Lalru.
   - ETP air root blower airline to interconnect the blowers to switch off the motor of 7.5HP at Lalru.
   - Recovery of steam condensate increased resulted into increase in feed water temperature by $5^{o}C$, ultimately saving in fuel of boiler at Lalru.
   - Cooling tower alternative pump of 22 kw introduced in-place of 30kw to meet the required pressure and throttling of valves eliminated in utility at Lalru.
   - VFD's for AHUs installed to ensure optimized operation at Mohali.
   - 100% use of treated ETP water for irrigation purpose.
   - Level controllers are installed in the OH water tanks for recovery of water for boiler & cooling tower at Okhla.
   - Auto timer for ETP blower at Okhla.
   - Turbo vent installed to exhaust hot air of condensing unit & reduce down the operation hours of condensing units, along with air circulation on shop floor at Mumbai.
   - Replaced capacitors of APFC panel, adjusted KVAR range & fine tuning done for the controller, resulting an incentive from MSEDCL & saving in energy at Mumbai.
   - Boiler pressure setting decreased from 9 kg/cm2 to 7.5 kg/cm2 at Baddi site.
   - Steam control valve fixed in HVAC hot water system to control the hot water temperature as well as reduce the plant steam consumption at Baddi site.
   - Connected process chilled water header with Rutten formulation vessel header line and Huber chiller operation eliminated.
   - Reduced the Lighting Load in Service Area, Production & Canteen, street lights by operating alternate lights at Baddi.
   - Reduced Compressed Air Pressure at Baddi.
   - Thermal Insulation on Chilled Water Valves, Stainers to Reduce the Heat loss at Baddi.
   - Modification of Upper Limit of temperatures in AC storage area & in Foil storage.

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

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

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

   - Purchase of power through open access from Punjab State Transmission Corporation Ltd. that would not only provide continuous supply of power but shall also help in reducing the use of diesel generator and landed cost of electricity during peak and off-peaks hours.
   - Alternate source of power generation system i.e. Steam turbine explored for Lalru location. The concept will evolve around Green Power hence contribution to Environment.
   - Solar System for Street Lighting explored for Lalru & Baddi location.
   - Bio fuel (Renewable source of energy) for boilers.

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

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

Annexure to the Directors' Report

Form A

Particulars of Consumption of Energy

	Current Year	Previous Year
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (Nos. in thousand)	26,979.0	24,170.0
Total Amount (Rs. million)	174.6	135.5
Rate/Unit (Rs.)	6.5	5.6
(b) Own generation		
(i) Through Diesel Generator		
Units (Nos.) (Nos. in thousand)	4,438.0	3,887.2
Unit per litre of Diesel/Oil	3.4	2.6
Cost/Unit (Rs.)	12.4	13.2
(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)	294.0	54.8
Total Cost (Rs. Million)	14.8	2.1
Rate/Unit (Rs.)	50.0	38.5
4. Others/Internal generation		
Quantity	Nil	Nil
Total Cost		
Rate/Unit		
B. Consumption per unit of production		
Tablets		
Production (Nos. in thousand)	632.3	638.1
Electricity Consumption (Units per thousand)	4.9	4.6
Capsules		
Production (Nos. in thousand)	106.0	75.1
Electricity Consumption (Units per thousand)	26.1	19.6
Syrups		
Production (in Kiloliters)	294.0	250.0
Electricity Consumption (Units per thousand)	0.6	0.6
Gels		
Production (in kilograms)	40.4	42.7
Electricity Consumption (Units per thousand)	5.3	4.7
Vaccines		
Production (no. of vials in thousand)	17.6	26.9
Electricity Consumption (Units per thousand)	94.4	84.2
Pre-filled Syringes (PFS)		
Production (no. of PFS in thousand)	1.1	1.3
Electricity Consumption (Units per thousand)	324.3	271.7
Granules		
Production (Packs in thousands)	11.5	6.4
Electricity Consumption (Units per thousand)	8.9	8.6
Injections		
Production (Packs in thousands)	0.01	-
Electricity Consumption (Units per thousand)	33,801	-

Annexure to the Directors' Report

II. Technology Absorption

Form B

Form for disclosure of particulars with respect to Technology Absorption

Research & Development (R&D)

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

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

   The areas of research being pursued by the Company include:

   - Platform Technology
     - SPORTS Technology
   - Development of Advanced Drug Delivery Technologies:
     - Self Emulsifying Drug Delivery System in Soft gels
     - Oral Controlled and Modified Release Systems
     - Long Acting Depot Injectable Preparations
     - Liposomal Drug Delivery System
     - Transdermal Gel
     - Gastroretentive System
     - Fast Orally Disintegrating System
     - Taste Masking
     - Metal oxide nanoparticles
   - Difficult to develop generics:
     - Solid-solid dispersion for highly variable drug
     - SEDDS technique
     - pH dependent solubility, high dose drug
     - Nano-suspension for adsorption on pellets
     - Liquid suspensions using high pressure technology
   - NDA formulation development
   - Vaccine Research and Development
     - Emulsion adjuvant based viral vaccines
     - Lyophilized vaccines (Live attenuated vaccines)
     - Fully liquid combination vaccines (Bacterial & viral antigen combinations)
   - Development of peptides and fully human monoclonal antibodies.
   - Development of biosimilar therapeutic products

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

3. Future Plan of Action

   The Company will continue to focus on Research & Development activities for growing its revenues and profitability, inter-alia, in the following areas:
   - Oral Immediate and Modified Release Formulation
   - Technology based Injectable dosage form
   - Nano-emulsion technology based dosage form
   - Polymeric Nano-particulate system
   - Nano-crystal Technology
   - Solid –Solid Dispersion of Critical Dose Drugs
   - Biodegradable Polymer Based Long Acting Injection
   - Liposomal drug delivery technology
   - IPV based pentavalent and hexavalent combination vaccines
   - Recombinant, polysaccharide conjugate and cell culture based vaccines.
   - Development of peptides and fully human monoclonal antibodies.
   - Development of biosimilar therapeutic products.

4. Expenditure on R&D

(Rs. in million)

	2012-13	2011-12
a) Revenue (excl. Depreciation on R&D assets)	842.8	872.2
b) Capital	58.8	154.3
c) Total	901.6	1026.5
d) Total R&D expenditure as a percentage of net sales	17%	14.9%

Technology absorption, adaptation and innovation

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

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

   The R&D centers of the company have developed several indigenous technologies in respect of various products being manufactured. The latest technological innovation is the development and successful commercialization of PacliAll Injection (Paclitaxel protein-bound particles for injectable suspension), Ramy 24 Capsules (Ramipril modified release capsules) and Fosbait Tablets (Lanthanum carbonate chewable tablets).

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

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

	Technology imported	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons thereof and future plan(s) of action
	(a)	(b)	(c)	(d)
1.	Tetravalent Dengue Virus Vaccine	2006-07	No	The technologies are being worked upon at the Company's OneStream Research Centre. Proof of Concept has been established and Formulation development is in advanced stage. The safety evaluation of the vaccine is planned to be performed during this year.
2.	Technology for manufacture of Hepatitis B Antigen and Bulk Vaccines	2007-08	Yes	NA
3.	Technology for development of sabin IPV Vaccine	2011-12	No	Training of personnel at the licensor's facility is completed. Technology transfer is in progress.

III. Foreign Exchange Earnings and Outgo

1. Activities relating to exports

   During financial year 2012-13, the Company's total export revenue was Rs.1,588.3 million (including R&D income of Rs.271.7 million) as compared to Rs.3,516.4 million (including deemed export of Rs.38.5 million) in the previous year. Exports contributed 26.7% of the net revenue from operations of the Company during financial year 2012-13, as compared to 50.2% during previous year. The major countries where the Company's products were exported during the year included US, Germany, Russia, Brazil, Sri Lanka, Serbia, Turkey, Phillipines, Kazakhstan, Vietman and Tanzania.

2. Initiatives taken to increase export

   During the year, your Company has received its first USFDA approval for Tacrolimus Capsules and launched the same in December 2012 in US market through the Company's strategic alliance partner Kremers Urban Inc. (part of UCB Group). The Company registered an export turnover of Rs.177.1 million from such export.

   The Company has also entered into another strategic alliance with Osmotica Pharmaceuticals for research, development and commercialization of 18 drug delivery based, high barrier to entry generic pharmaceuticals products in US. The Company has recently filed its first ANDA with USFDA under this collaboration.

   Further, in vaccine segment, the Company's focus is on the emerging and ROW countries. Over the last couple of years strategic collaborations have been initiated in more than 35 countries with customized business models. Till date company's vaccines have been registered in 11 countries with further registrations in around 20 countries expected in the near future.

   During the year, the Company has entered into a strategic alliance with JSC Binnopharm Inc. Russia for marketing of its Haemophilus infuenzae type B (Hib) vaccines in the Russian Federation. The Company is currently in process of

Annexure to the Directors' Report

registering its Hib vaccines in Russia. The Company is also exploring further opportunities to expand the existing alliance.

During the year, the Company has added new markets viz; Bangladesh, Peru, Nigeria, Philippines, Botswana in addition to the existing markets of Chile, Pakistan, Botswana, Uganda and Swaziland etc.

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

During the current year, the Company is planning to make entry in the potential markets like South Africa, Egypt and Saudi Arabia. Your Company has been successfully registered in UAE and commercialization of products is expected to start during the current year.

With this robust strategies and growth plans, the company is aiming to achieve short term growth of 40% and projected CAGR of 43% in International Pharmaceutical business over next 5 years.

4. Total foreign exchange earned and used

(Rs. in million)

Particulars	2012-13	2011-12
Foreign Exchange Earned		
F.O.B. value of Exports (including deemed export of Rs.Nil (Previous Year Rs.38.5 million))	905.2	3436.5
Income from distribution rights	2.1	0.5
Research & License Fees income	299.4	-
Interest Income from subsidiary company	-	36.2
Total	1,206.7	3,473.2
Foreign Exchange Used		
Raw Materials & Packing Materials	310.9	2,184.0
Capital Goods	74.3	226.9
Know-how Fee	16.4	15.0
Interest	266.4	298.0
Professional & Consultation Fees	128.1	64.0
Other Expenses		
- Patents, Trade Marks & Product Registration	17.3	16.6
- Advertising and Sales Promotion	26.7	30.1
- Commission on Sales	55.1	147.7
- Market Research	-	0.0
- Others	58.7	62.2
Total	953.9	3,044.5

For and on behalf of the Board

Dated: 8th August, 2013
Place: New Delhi

Soshil Kumar Jain
Chairman

Report on Corporate Governance

1. Philosophy on Corporate Governance

In Panacea, Corporate Governance philosophy stems from our belief that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence. We believe in system driven performance and performance oriented systems. We accord highest priority to these systems and protect the interests of all our shareholders, particularly the minority shareholders. As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success. The corporate governance philosophy is driven by the interest of stakeholders and business needs of the Company. The principles of corporate governance emerge as the cornerstone of the Company's governance philosophy.

2. Board of Directors

Composition & Size of the Board

Panacea Biotec's Board of Directors 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.

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 Clause 49 of the Listing Agreement (Corporate Governance Guidelines) with the Stock Exchanges.

Board functioning & procedure

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

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

During the financial year 2012-13, four (4) Board Meetings were held on 18th May, 2012, 7th August, 2012, 9th November, 2012 and 8th February, 2013.

Attendance of Directors at the Board Meeting & last Annual General Meeting and number of other Directorships & Committee membership as on 31st March, 2013:

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

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 of companies other than Panacea Biotec Limited.

Report on Corporate Governance

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

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:

a) Mr. K.M. Lal

Age : 73 Years

Qualification : M.Sc. (Chemistry)

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

Directorships : He is director of SREI Capital Markets Ltd., GEM Spinners India Ltd., Polylink Polymers (India) Ltd., Gem Sugars Ltd., Hindustan Wires Ltd., KMC Energy Pvt. Ltd. & Lexicon Public Relations and Corporate Consultants Pvt. Ltd.

Committee Membership/ Chairmanship : Nil

Shareholding in the Company : Nil

b) Mr. A. N. Saksena

Age : 75 Years

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

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

Directorships : Nil

Committee Membership/ Chairmanship : He is the Chairman of the Share Transfer-cum-Investors' Grievance Committee of the Company.

Shareholding in the Company : Nil

c) Mr. Sumit Jain

Age : 32 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 13 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 director of Radicura & Co. Ltd., PanEra Biotec Pvt. Ltd. and White Pigeon Estate Pvt. Ltd.

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

Information supplied to the Board

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

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the Board.
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of the Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature including any judgment or order which may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant regulatory matters concerning Indian or Foreign Regulatory Authorities.
- Contracts/Arrangements in which directors are deemed to be interested.
- Significant labour problems and their proposed solutions and any significant development in Human Resources/ Industrial Relations front.
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non - payment of dividend, delay in share transfer etc., if any.

Post Meeting Follow-Up Mechanism

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

Statutory Compliance of Laws

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

Code of Conduct

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

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

3. Audit Committee

Composition & Terms of Reference

The Audit Committee of the Company 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 supervise the financial reporting process;
- 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

Report on Corporate Governance

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;
- discuss with management the Company's major policies with respect to risk assessment and risk management;
- to review the independence of the auditors; and
- Recommend the appointment of Cost Auditors.

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; and
- 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 17th May, 2012, 6th August, 2012, 8th November, 2012 and 7th February, 2013.

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-finance, Chief Financial Officer, DGM Accounts & Taxation and A.G.M. Audit & Compliance & Co-ordinator of Audit Committee are the permanent invitees to the meetings of Audit Committee. Apart from them, Joint Managing Director, Senior Manager 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 29th September, 2012.

Subsidiary Companies:

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

Report on Corporate Governance

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.

No meeting of the Remuneration Committee was held during the year.

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

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

The details of remuneration paid to Directors during the financial year ended 2012-13 are as under:

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

S. No.	Name	Salary	Commission	Perquisites	Total
1	Mr. Soshil Kumar Jain	72.00	-	7.53	79.53
2	Mr. Ravinder Jain	72.00	-	48.98	120.98
3	Dr. Rajesh Jain	60.00	-	10.46	70.46
4	Mr. Sandeep Jain	56.40	-	7.35	63.75
5	Mr. Sumit Jain	25.20	-	9.46	34.66

Notes:

1. The tenure of office of Mr. Soshil Kumar Jain, Chairman, Mr. Ravinder Jain, Managing Director, Dr. Rajesh Jain and Mr. Sandeep Jain, Joint Managing Directors of the Company is for 5 years w.e.f. 1st April, 2011. The tenure of office of Mr. Sumit Jain, Director (Operations and Projects) is for 5 years w.e.f. 20th July, 2010.
2. Notice period for termination of appointment of Managing/Joint Managing/ Whole time Directors is three months by either party or a shorter period decided mutually. No severance fee is payable on termination of contract.
3. The Company does not have any Stock Option Scheme.
4. All elements of remuneration of the Managing / Joint Managing / Whole-time Directors, i.e., Salary, Perquisites and other benefits, etc. are given in Note 33 annexed to and forming part of Balance Sheet and Profit & Loss Account of the Company.
5. Provision for Gratuity and Leave Encashment amounting to Rs 55.47 lac & Rs 51.82 lac respectively have not been included above.

Report on Corporate Governance

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, 2013 are as under:

(Rs. in Lac)

S. No.	Name	Allowances	Sitting Fees	Total
1	Mr. R.L. Narasimhan	1.86	0.80	2.66
2	Mr. N.N. Khamitkar	1.86	0.80	2.66
3	Mr. Sunil Kapoor	1.86	0.85	2.71
4	Mr. K.M. Lal	1.86	0.30	2.16
5	Dr. A.N. Saksena	1.86	0.45	2.31

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's complaints and oversees investor services.

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

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 investor service.

Composition:

The Committee comprises of the following Directors as the members of the Committee:

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

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

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

During the financial year 2012-13, 3 (three) meetings of Share Transfer-cum-Investors' Grievance Committee were held on 21st May, 2012, 18th September, 2012 and 23rd January, 2013. 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	3	3
2	Mr. Ravinder Jain	Member	Promoter Director	3	3
3	Mr. Sunil Kapoor	Member	Independent Director	3	3

Report on Corporate Governance

Details of Investors' complaints received during the year 2012-13:

S. No.	Nature of Complaints	Received	Resolved	Pending
1.	Non-receipt of Dividend	1	1	0
	Total	1	1	0

The Company put utmost priority to the satisfaction of its shareholders, which is evident from the fact that only one complaint was 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, 2013.

6. CEO/CFO Certification

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

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

7. General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue	Special Resolution passed
2011-12	29.09.12	11:00 AM	Regd. Office at Ambala Chandigarh Highway, Lalru – 140501, Punjab	Approval for re-appointment of Mr. Soshil Kumar Jain, retiring by rotation, in the Annual General Meeting.
				Approval for protection of remuneration paid to Mr. Soshil Kumar Jain, Chairman of the Company, for the financial year 2011-2012.
				Approval for protection of remuneration paid to Mr. Ravinder Jain, Managing Director of the Company, for the financial year 2011-2012.
				Approval for protection of remuneration paid to Dr. Rajesh Jain, Joint Managing Director of the Company, for the financial year 2011-2012.
				Approval for protection of remuneration paid to Mr. Sandeep Jain, Joint Managing Director of the Company, for the financial year 2011-2012.
				Approval for protection of remuneration paid to Mr. Sumit Jain, Whole-time Director of the Company, for the financial year 2011-2012.
2010-11	24.09.11	11:00 AM	-do-	Approval for re-appointment of Mr. Soshil Kumar Jain as Whole – Time Director designated as Chairman of the Company for a period of 5 years w.e.f. 1st April, 2011.
				Appointment of Mr. Shagun Jain to the Office or Place of Profit as approved by shareholders and the Central Government from time to time.
				Appointment of Mrs. Radhika Jain to the Office or Place of Profit as approved by the Shareholders and the Central Government from time to time.
				Appointment of Mrs. Shilpy Jain to the Office or Place of Profit as approved by the Shareholders from time to time.
				Appointment of Mr. Ankesh Jain to the Office or Place of Profit as approved by the Shareholders from time to time.
2009-10	25.09.10	11:00 AM	-do-	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.

Report on Corporate Governance

8. Postal Ballot

No Postal Ballot resolution was passed during the year 2012-13.

9. Disclosure

a) Related Party Transactions

During the year, there were no materially significant related party transactions with the promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large. The other related party transactions are given in Note No.33 of the Notes to Financial Statements for the year ended March 31, 2013 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 the Notes to Financial Statements for the year ended March, 2013 annexed to and forming part of Balance Sheet and Profit & Loss Account of the Company.

c) Risk Management

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

d) Compliances by the Company

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

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

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

i) Chairman of the Board

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

ii) 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. 11 herein below and also displayed on the Company's website www.panaceabiotec.com. They are also uploaded electronically in the website of NSE & BSE viz. NSE electronic application processing system (NEAPS) and BSE corporate compliance & listing center respectively. The results are not separately circulated to the shareholders.

iv) Training of Board Members

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

v) Mechanism for evaluating non-executive Board members

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.

f) 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 the 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. Financial Express/mint, New Delhi and Mumbai editions, and in Punjabi Tribune/Desh Sewak, Chandigarh, the local newspaper published in the language of the region in which Registered Office is situated.

ii) 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 Wednesday, the 25th day of September 2013, at 11:30 A.M. at the registered office of the Company at Ambala-Chandigarh Highway, Lalru - 140501, Punjab.

Posting of Annual Report	On or before 30th August, 2013
Last date of receipt of Proxy Form	23rd September, 2013 before 11:30 A.M.

ii) Financial Calendar 2013-14 (tentative):

S. No.	Tentative Schedule	Tentative Date
1	Financial reporting for the quarter ended 30th June, 2013	8th August, 2013 (Actual)
2	Financial reporting for the half year ending 30th September, 2013	Mid of November, 2013
3	Financial reporting for the quarter ending 31st December, 2013	Mid of February, 2014
4	Financial reporting for the quarter ending 31st March, 2014	End of May, 2014
5	Annual General Meeting for the year ending 31st March, 2014	End of September, 2014

iii) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from 19th September, 2013 to 25th September, 2013 (both days inclusive).

iv) Dividend Payment Date

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

v) Unclaimed Dividends

As provided in Section 205A and 205C of the Companies Act, 1956, dividend for the financial year ended 31st March, 2006 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.218,596 lying unclaimed in Unpaid Dividend Account in respect of Dividend for the Year 2004-05 to the said Fund on 11th October, 2012.

Report on Corporate Governance

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
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
2010-11	24.09.2011	23.10.2018	22.11.2018

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 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

Trade symbol at National Stock Exchange is PANACEABIO.

Stock Code at Bombay Stock Exchange is 531349.

ISIN No. for Dematerialization : 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, 2013 are as under:

Month	Share Prices (Rs.) at BSE		Share Prices (Rs.) at NSE	
	High	Low	High	Low
April, 2012	86.00	73.55	86.90	70.00
May, 2012	79.30	65.50	78.50	65.10
June, 2012	79.70	63.50	79.90	64.00
July, 2012	83.50	71.20	83.90	70.75
August, 2012	80.00	68.00	79.50	71.00
September, 2012	149.75	73.00	150.85	73.60
October, 2012	126.50	96.10	126.70	96.75
November, 2012	125.00	102.15	125.80	99.65
December, 2012	125.45	112.00	125.75	111.90
January, 2013	137.80	103.60	136.35	103.10
February, 2013	158.45	117.45	158.20	111.10
March, 2013	155.20	122.10	155.00	122.10

Report on Corporate Governance

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 dematerialized 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 holders' name in similar order, may send the Share certificate(s), along with request for consolidation of holding in one folio, to avoid mailing of multiple Annual Reports.

xiii) Share Transfer System

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

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

xiv) Reconciliation of Share Capital Audit

A Practicing Company Secretary carries out reconciliation of share capital 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 dematerialized Shares held with NSDL and CDSL. The reconciliation of share capital audit reports for each quarter of the Financial Year ended March 31, 2013 have been filed with Stock Exchanges within one month of the end of each quarter.

xv) Dematerialization of Shares and its liquidity

The Company has been among the few top-most companies in India in which maximum number of shares have been dematerialized. As on 31st March, 2013, 99.15% of the Company's total Equity Share Capital representing 60,731,175 Equity Shares was held in dematerialized form and only 519,571 Equity Shares were in paper/physical form.

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

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

xvi) Share Dematerialisation System

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

Report on Corporate Governance

xvii) Distribution of Shareholding as on 31st March, 2013:

No. of Shares	No. of Shareholders	No. of Shares
0-2500	9,621	2,234,005
2501-5000	118	442,681
5001-10000	42	305,915
10001-100000	41	10,24,481
100001 and above	27	57,243,664
Total	9,849	61,250,746

xviii) Pattern of Shareholding as on 31st March, 2013:

S. No.	Category	No. of Shares	Percentage
1.	Promoters and Promoter Group	4,58,23,554	74.81
2.	Institutional Investors (FIIs, Banks & Mutual Funds)	14,59,114	2.38
3.	NRIs / OCB / Foreign Corporate Bodies	11,02,193	1.80
4.	Domestic Companies	95,89,870	15.66
5.	Indian Public/ Others	32,76,015	5.35
	Total	61,250,746	100.00

xix) Plant Locations

1. Bulk Vaccines facilities at Samalheri, Ambala-Chandigarh Highway, Lalru-140501, Dist. Mohali, Punjab, India
2. Vaccines Formulations facility at Village Malpur, Baddi, Dist. Solan, H.P. -173 205, India
3. Vaccine Formulations facility at A-239-242, Okhla Indl. Area, Phase I, New Delhi – 110020, India
4. Pharmaceuticals Formulations facility at Village Malpur, Baddi, Dist. Solan, H.P. -173 205, India
5. Pharmaceuticals Formulations facility at B-1/E-12, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi - 110 044, India
6. Pharmaceutical Formulations facility at Plot No. 72/3, Gen Block, T.T.C. Indl. Area, Mahape, Navi Mumbai - 400 710, India.

xx) Address for correspondence

For transfer/ dematerialisation of shares, payment of dividend and any other query relating to shares

Skyline Financial Services Pvt. Ltd.
D-153 A, 1st Floor, Okhla Indl. Area, Phase-I, New Delhi – 110 020, India.
Phone : +91-11-26812682-83, 64732681-88
Fax : +91-11- 26812682
E-mail : admin@skylinerta.com, virenr@skylinerta.com

For investors assistance

The Company Secretary,
Panacea Biotec Limited
B-1 Extn./G-3, Mohan Co-operative Indl. Estate,
Mathura Road, New Delhi - 110 044, India.
Phone : +91-11-41679000 Extn. 2081, 41578024 (D)
Fax : +91-11-41679075, 41679070
E-mail : companysec@panaceabiotec.com
investorgrievances@panaceabiotec.com
Contact Person : Mr. Sanjay Kumar Babu, Manager Secretarial

For query relating to financial matters		:	Mr. Devender Gupta - Dy. General Manager Strategic Management (Finance)
	Phone	:	+91-11-41679000, +91-11-41578011 (D)
	Fax	:	+91-11-41679066, 41679070
	E-mail	:	devendergupta@panaceabiotec.com

For and on behalf of the Board

Dated : 8th August, 2013
Place : New Delhi

Soshil Kumar Jain
Chairman

Annexure - I

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

To

The Members of Panacea Biotec Ltd.

I hereby declare that all the Board Members and the Senior Management Personnel of the Company have affirmed the compliance with the provisions of the Code of Conduct for the period ended 31st March, 2013.

For Panacea Biotec Ltd.

Dated : 8th August , 2013
Place : New Delhi

Dr. Rajesh Jain
Joint Managing Director

Annexure to the Report on Corporate Governance

Annexure - II

Certificate from Joint Managing Director & Chief Financial Officer

To
The Board of Directors,
Panacea Biotec Limited

We do hereby confirm and certify that:

a) We have reviewed financial statements and the cash flow statement for the year and that, to the best of our knowledge and belief:

   i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

d) We have indicated to the auditors and the Audit committee:

   i) significant changes in internal control over financial reporting during the year;

   ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii) instances of significant fraud of which we become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Panacea Biotec Ltd.

Dated : 30th May, 2013	Naresh Chand Gupta	Partha Sarathi De	Dr. Rajesh Jain
Place : New Delhi	DGM - Accounts & Taxation	Chief Financial Officer & Head - Information Technology & BPR	Joint Managing Director

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AUDITORS' CERTIFICATE

To
The Members of Panacea Biotec Limited

We have examined the compliance of conditions of Corporate Governance by Panacea Biotec Limited, for the year ended on 31st March 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For R & D Company Secretaries
Debabrata Deb Nath

Dated : 8th August, 2013
Place : New Delhi

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

Independent Auditors' Report

To the Members of Panacea Biotec Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Panacea Biotec Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

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

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

Emphasis of Matter

We draw attention to:

a) Note 46 to the financial statements regarding the managerial remuneration of Rs.37.2 million for the financial year ending March 31, 2013, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs.13.2 million on account of losses incurred during the current year. The Company has initiated steps to obtain approval from Central Government in respect to excess remuneration paid. Pending outcome of the steps taken, no adjustments have been made to the accompanying financial statements. Our opinion is not qualified in respect of this matter.

b) Note 47 to the financial statements regarding delisting of Company's DTP-based combination and monovalent hepatitis B vaccines by World Health Organization (WHO) from its list of pre-qualified vaccines. Company has stock of raw & packing material and finished goods of Rs.324.6 million and Rs.394.2 million respectively as at March 31, 2013 of these vaccines which is considered saleable by the management. Further impact if any, of the delisting above products on fixed assets cannot be separately quantified. As mentioned in the said note, the Company has been taking steps in order to get these products re-listed in the list of prequalified vaccines of WHO. Pending outcome of the above measures, no adjustments have been made to the accompanying financial statements. Our opinion is not qualified in respect of this matter.

Report on other Legal and Regulatory Requirements

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

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

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) the Balance Sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   e) on the basis of the written representations received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

per Rajiv Goyal
Partner
Membership No.: 94549

Dated: May 30, 2013
Place : Gurgaon

Annexure To the Auditors' Report

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

Re: Panacea Biotec Limited (the Company)

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

b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c) There was no disposal of a substantial part of fixed assets during the year.

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

b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

iii. a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

e) The Company has taken 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.337.6 million and the year-end balance of loans taken from such parties was Rs.337.6 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, and having regard to the explanation that most of the fixed assets purchased are unique and specialized nature and alternate sources do not exist for obtaining comparative quotations thereof, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

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

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

vi. In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

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

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

ix. a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases*.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand raised by Assessing Officer	0.9	Assessment Year 2007-08 & 2008-09	Appeal pending with AO
Income Tax Act, 1961	Demand raised by Assessing Officer	166.1	Assessment Year 2005 - 06 & 2009-10	Appeal pending with CIT(Appeals)
The Finance Act, 1994	Service Tax Demand raised by Assessing Officer	9.9	Financial Year 2003-04 to 2011-12	Pending with CESTAT and Assessing officer

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

xi. Based on our audit procedures and as per the information and explanations given by the management, *the Company, while in the process of getting loans rescheduled, has defaulted in repayment of dues to banks amounting to Rs. 994 million during the year*. However, subsequently these loans have been rescheduled by the banks and the moratorium period of 1 year and 9 months has been granted by banks. The Company did not have any outstanding dues in respect of a financial institution or debentures during the year.

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

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

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

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

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

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that 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 did not have any outstanding debentures during the year.

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

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

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

per Rajiv Goyal
Partner
Membership No. 94549

Place : Gurgaon
Dated: May 30, 2013

Panacea Biotec
Innovation in support of life

Balance Sheet As at March 31, 2013

(Rs. in million)

	Notes	As at March 31, 2013		As at March 31, 2012	
Equity and Liabilities					
Shareholders' funds					
Share capital	3	61.3		61.3	
Reserves and surplus	4	5,551.3	5,612.6	8,079.6	8,140.9
Non-current liabilities					
Long term borrowings	5	6,072.0		4,830.3	
Deferred tax liabilities (net)	6	-		205.0	
Long term provisions	7	25.2		20.6	
Other long term liabilities	8	23.6	6,120.8	23.8	5,079.7
Current liabilities					
Short-term borrowings	9	2,991.4		2,693.4	
Trade payables	10	1,539.9		1,181.4	
Other current liabilities	10	434.7		1,339.8	
Short-term provisions	7	98.8	5,064.8	93.6	5,308.2
Total			16,798.2		18,528.8
Assets					
Non current assets					
Fixed assets	11				
Tangible assets		9,169.8		9,543.4	
Intangible assets		418.6		469.7	
Capital work-in-progress (Refer note 30)		169.4		120.7	
Intangible assets under development		106.3	9,864.1	349.9	10,483.7
Non-current investments	12		2,653.5		2,584.7
Loans and advances	13		1,026.8		1,063.1
Other non current assets	17		-		1.2
			13,544.4		14,132.7
Current assets					
Trade receivables	14		687.5		664.5
Inventories	15		2,247.4		3,397.3
Cash and bank balances	16		125.9		113.3
Loans and advances	13		163.5		170.3
Other current assets	17		29.5		50.7
			3,253.8		4,396.1
Total			16,798.2		18,528.8
Summary of significant accounting policies	2.1				

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

As per our report of even date

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

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

Place : New Delhi
Dated : May 30, 2013

For and on behalf of the Board

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
D.G.M. (Accounts & Taxation)

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

Vinod Goel
G.M. Legal & Company Secretary

Statement of Profit & Loss Account For the Year ended March 31, 2013

(Rs. in million)

	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
Income			
Revenue from operations (gross)	18	5,970.4	7,015.6
Less: excise duty		(11.2)	(9.8)
Revenue from operations (net)		5,959.2	7,005.8
Other income	19	54.3	74.6
Total (a)		6,013.5	7,080.4
Expenses			
Purchases of traded goods		232.6	245.2
Cost of raw and packing material consumed	20	2,363.7	3,021.2
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	21	2.9	205.6
Employee benefits expense	22	1,372.3	1,504.5
Other expenses (Including prior period expenses of Rs. 2.1 million (Previous year Rs. 47.5 million))	23	2,828.6	2,968.4
Finance costs	24	1,057.4	1,011.1
Depreciation and amortisation expense	25	835.4	753.9
Total (b)		8,692.9	9,709.9
(Loss) before exceptional items and tax	(a-b)	(2,679.4)	(2,629.5)
Exceptional item	26	173.1	-
Total (c)		173.1	-
(Loss) before tax	(a-b)+c	(2,506.3)	(2,629.5)
Tax expenses			
Current tax		-	-
Deferred income tax (credit)/charge		(205.0)	(551.6)
Total tax expenses		(205.0)	(551.6)
(Loss) for the year		(2,301.3)	(2,077.9)
Earnings per share [nominal value per share Re.1]			
Basic earnings per share (in Rs.)	27	(37.57)	(33.92)
Diluted earnings per share (in Rs.)	27	(37.57)	(33.92)
Summary of significant accounting policies	2.1		

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

As per our report of even date

S.R. Batliboi & Co. LLP
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Chief Financial Officer and
Head of IT & BPR

Vinod Goel
G.M. Legal & Company Secretary

Notes to Financial Statements For the Year ended March 31, 2013

1. Corporate information

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

2. Basis of Preparation

The financial statements have been prepared to comply in accordance with generally accepted accounting in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on a going concern basis under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out (also refer note 47).

The accounting policies adopted in the preparation of financial statement are consistent with those of previous year.

2.1 Summary of significant accounting policies

a) Use of estimates

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

b) Fixed assets

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

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

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

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

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

c) Depreciation on tangible fixed assets

i) Depreciation on fixed assets is calculated on written down value method using the rates based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used following rates:

Tangibles Assets	WDV %
Building – Factory	10.00
Building – Office Premises	5.00
Plant and machinery	13.91
Furniture and fittings	18.10
Vehicles	25.89
Office equipments	13.91
Computer equipments	40.00

ii) Leasehold land is amortized over the period of lease (i.e 63 years to 95 years).

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

d) Intangibles assets

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

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

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

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

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

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

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

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

f) Leases

Where the Company is the Lessee

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

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

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the Lessor

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

g) Impairment of tangible and intangible assets

Impairment loss, if any is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Assessment is done at each balance sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from short term foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

i) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that

(i) the company will comply with the conditions attached to them, and

(ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and

Notes to Financial Statements For the Year ended March 31, 2013

loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

j) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution, in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

k) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sales of products - Revenue from domestic sale of goods is recognized on dispatch which coincides with transfer of significant risks and rewards to customer. Revenue from export sales is recognized when the significant risks and rewards of ownership of products are transferred to the customer, which is based upon the terms of the applicable contract. Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services- Revenue from contract manufacturing is recognized as and when services are rendered.

Export benefits - Export benefits income is recognized in statement of profit and loss, when right to receive the benefits amount is established as per terms of relevant scheme.

Royalty income - Royalty income is recognized on an accrual basis based on actual sale of product by the licensee and in accordance with the term of the relevant agreement.

Lease rent - Lease rent is recognized on an accrual basis in accordance with the term of the relevant agreement.

Research and license fees income - Research and license fees income is recognized on an accrual basis based on actual completion of activities and in accordance with the terms of the relevant agreement.

Interest income - Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income - Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

m) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

The company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of 1 and 2 above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

n) Retirement and other employee benefits

i. Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii. The Company operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under the plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out by using the projected unit credit method. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

iii. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

o) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

Notes to Financial Statements For the Year ended March 31, 2013

p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

q) Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

r) Segment reporting policies

(i) Identification of segments:

Primary segment

Business segment: The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are Vaccines, Formulations and Research & development activities.

Secondary segment

Geographical segment: The analysis of geographical segment is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Revenue from domestic market includes sales to customers located within India.
- Revenue from overseas market includes sales to customers located outside India.

(ii) Allocation of common costs: Common allocable costs are allocated to each segment on a rational basis based on nature of each such common cost.

(iii) Unallocated items: Unallocated items include general corporate income and expense items which are not allocated to any business segment.

(iv) Segmental accounting policies: The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

s) Cash & cash equivalent

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

t) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Direct expenditure incurred during construction period is capitalized as part of the direct construction cost to the extent to which the expenditure is directly related to construction.

u) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to Financial Statements For the Year ended March 31, 2013

(Rs. in million)

		As at March 31, 2013		As at March 31, 2012
3. Share Capital				
Authorised				
i. 125,000,000 (Previous Year 125,000,000) Equity Shares of Re.1 each		125.0		125.0
ii. 110,000,000 (Previous Year 110,000,000) Preference Shares of Rs.10 each		1,100.0		1,100.0
		1,225.0		1,225.0
Issued, subscribed and fully paid up shares				
61,250,746 (Previous Year 61,250,746) Equity Shares of Re.1 each		61.3		61.3
		61.3		61.3
a) Terms/right attached to equity shares: The Company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting financial year:	No.	Amount	No.	Amount
At the beginning of the year	61,250,746	61.3	61,250,746	61.3
Movement during the year	-	-	-	-
Outstanding at the end of the year	61,250,746	61.3	61,250,746	61.3
c) Aggregate no. of equity shares bought back during the period of five years immediately preceding the reporting date:		No. of shares		No. of shares
Equity shares bought back by the Company during the financial year 2010-11		5,592,000		5,592,000
d) Detail of shareholders holding more than 5% shares in the Company:	No. of shares	% age of holding	No. of shares	% age of holding
Name of Persons				
Mr. Soshil Kumar Jain	5,000,000	8.16%	5,000,000	8.16%
Mr. Ravinder Jain	5,712,300	9.33%	4,646,200	7.59%
Dr. Rajesh jain	6,213,500	10.14%	6,213,500	10.14%
Mr. Sandeep Jain	4,792,100	7.82%	4,792,100	7.82%
Soshil Kumar Jain (HUF)	2,380,700	3.89%	3,446,800	5.63%
Ravinder Jain (HUF)	4,135,000	6.75%	4,135,000	6.75%
Rajesh Jain (HUF)	4,368,500	7.13%	4,368,500	7.13%
Sandeep Jain (HUF)	4,105,000	6.70%	4,105,000	6.70%
Serum Institute of India Ltd.	8,911,632	14.55%	8,002,387	13.06%
4. Reserves and Surplus				
Capital redemption reserve				
Balance as per the last financial statements		1,022.3		1,022.3
Capital reserve				
Balance as per the last financial statements	3.1		3.1	
Add: Capital subsidy received during the year (Refer note 51)	3.0	6.1	-	3.1
Securities premium reserve				
Balance as per the last financial statements		897.0		897.0
General reserve				
Balance as per the last financial statements		364.9		364.9
Revaluation reserve				
Balance as per the last financial statements	3,830.2		-	
Revaluation reserve credited during the year	-		3,946.5	
Less: amount transferred to the statement of profit and loss as reduction from depreciation	(107.1)	3,723.1	(116.3)	3,830.2
Foreign currency monetary item translation difference account (net of amortisation) (Refer note 48)		(102.4)		20.5
(Deficit)/ Surplus in the statement of profit and loss				
Balance as per the last financial statements	1,941.6		4,019.5	
(Loss) for the year	(2,301.3)	(359.7)	(2,077.9)	1,941.6
		5,551.3		8,079.6

Notes to Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	Non-current portion as at		Current maturities as at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
5. Long Term Borrowings				
Term loans				
Foreign currency term loans from banks (secured)				
State Bank of India [loan - I] (refer note a)	-	1,017.6	-	610.6
State Bank of India [loan - II] (refer note a)	-	763.2	-	-
State Bank of Travancore (refer note b)	-	638.5	-	383.1
Bank of India (refer note c)	1,357.8	1,272.0	-	-
Indian rupee term loan from banks (secured)				
State Bank of India [loan - I] (refer note a)	1,600.0	-	-	-
State Bank of India [loan - II] (refer note a)	812.5	-	-	131.0
State Bank of India [loan - III] (refer note a)	235.2	-	-	-
State Bank of Travancore (refer note b)	1,096.6	-	-	-
Indian Overseas Bank (refer note d)	875.0	1,000.0	125.0	-
Indian rupee term loans from Government of India				
Through Department of Biotechonology (secured) (refer note f)	72.0	112.0	20.0	-
Through Technology development board (secured) (refer note g)	6.9	-	5.6	-
Through Department of Science & Techonology (unsecured) (refer note i)	16.0	18.0	2.0	2.0
Other long term borrowings				
Deposits from public and related party (unsecured) (refer note j) (refer note 33)	-	9.0	-	-
Finance lease obligation (unsecured) (refer note k) (refer note 36 (ii) (d) and (e))	-	-	-	19.0
	6,072.0	4,830.3	152.6	1,145.7
The above amount includes:				
Secured borrowings	6,056.0	4,803.3	150.6	1,124.7
Unsecured borrowings	16.0	27.0	2.0	21.0
Amount disclosed under the head "Note 10. Other current liabilities"	-	-	(152.6)	(1,145.7)
Net amount	6,072.0	4,830.3	-	-

Notes :

a) Foreign currency term loans from State Bank of India [loan - I & II] carrying interest @ LIBOR plus 7.5% & 5.75% respectively, have been re-scheduled and converted into Indian rupee term loans (loan I, II & III) during the year. These Indian rupee term loans carry interest @ 5.9%, 5.2% and 5.5% above base rate respectively and are repayable in twelve quarterly installments commencing from June'14.

b) Foreign currency term loan from State Bank of Travancore carrying interest @ 6 months LIBOR plus 7.5% has been re-scheduled and converted into Indian rupee term loan during the year. The Indian rupee term loan carries interest @ 7.45% above base rate and is repayable in twelve quarterly installments commencing from June'14.

c) Foreign currency term loan from Bank of India carries interest @ 6 months LIBOR plus 4.75%. The loan is repayable in three equal yearly installments commencing at the end of sixth year from the date of first drawdown [i.e. in financial year 2017-18].

d) Indian rupee term loan from Indian Overseas Bank carries interest @ 1.75% above base rate. This loan is repayable in eight equal quarterly installments commencing from January'14.

e) Above Foreign currency term loans and Indian rupee term loans taken from banks are secured by way of first pari-passu charge by hypothecation of the Company's entire movable 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 biswas situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh and land admeasuring 9435.66 sq yards situated at Indl Plot No.E-4, PH-2, Indl Area, S.A.S Nagar, (Mohali), Punjab . These loans 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.

f) Indian rupee term loans from Government of India through Department of Biotechonology are project specific loans which carry interest @ 2.00% p.a. These loans are repayable in ten equal half-yearly installments. The repayment of these loans would commence from one year after the completion of the respective projects.

g) Indian rupee term loans from Government of India through Technology Development Board is a project specific loan which carry interest @ 5.00% p.a. The loan is repayable in ten equal half-yearly installments commencing from January'14.

h) Secured 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.

i) Indian rupee term loan from Government of India, through Department of Science & Techonology is a project specific loan which carries interest @ 3.00% p.a. The loan is repayable in ten equal annual installments which would commence from one year after the completion of the project.

j) Deposits from public and related party is carring interest @ 9% . These deposits are repayble in one to two years from the date of receipt of deposit.

k) Finance lease obligation is repayble into three equal annual installments. Last installment has been repaid during the current financial year.

Notes to Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	As at March 31, 2013	As at March 31, 2012
6. Deferred tax liabilities (Net)		
Deferred tax liabilities		
Differences in depreciation and amortization in block of fixed assets as per Income Tax Act and books of accounts	618.8	635.7
Capital expenditure on research and development	23.2	125.4
Effect of finance lease accounting	1.7	0.7
Gross deferred tax liabilities	643.7	761.8
Deferred tax assets		
Effect of expenditure debited to statement of profit and loss but allowed for tax purposes on payment basis	63.9	91.9
Effect of unabsorbed business loss and depreciation	579.8	464.9
Gross deferred tax assets	643.7	556.8
Net deferred tax liabilities	-	205.0

(Rs. in million)

	Long term as at		Short term as at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
7. Provisions				
Provision for employees benefits				
Provision for gratuity (Refer note no. 45)	25.2	20.6	2.2	15.5
Provision for leave encashment	-	-	81.6	66.7
Other provisions				
Provision for wealth tax	-	-	5.0	1.4
Provision for litigations*	-	-	10.0	10.0
	25.2	20.6	98.8	93.6
Movement in provision for litigations				
Opening balance			10.0	-
Addition during the year			-	10.0
Deletion during the year			-	-
Closing balance			10.0	10.0

* Maharashtra State Electricity Distribution Company Limited [MSEDCL] served a demand notice to the company on account of wrong tariff rates applied for the power consumption at its research and development center located at Navi Mumbai. Company contested the matter in Consumer Grievance Redrassal Forum [CGRF] of MSEDCLwhich has already given decision in favour of the Company. However, MSEDCL challenged the decision and has taken the matter in Mumbai High Court. Provision of Rs.10.0 million has been accounted for in the books of accounts pertaining to this notice on conservative basis.

(Rs. in million)

	As at March 31, 2013	As at March 31, 2012
8. Other long term liabilities		
Income received in advance	23.6	23.8
	23.6	23.8
9. Short term borrowings		
Cash credit from banks (secured) (refer note a)	1,878.0	1,159.1
Buyers' credit from banks (secured) (refer note b)	311.4	1,064.8
Working capital loan from bank (secured) (refer note c)	100.0	-
Deposits from public & related parties (unsecured) (refer note d) (Refer note 33)	339.6	271.5
Loan from related parties (unsecured) (Refer note33) (refer note d)	362.4	198.0
	2,991.4	2,693.4
The above amount includes		
Secured borrowings	2,289.4	2,223.9
Unsecured borrowings	702.0	469.5
	2,991.4	2,693.4

a) Cash credit from bank carries interest @ 12.5% to 14% p.a.
b) Buyers' credit from bank carries interest @ 1.6% to 5% p.a.

Notes to Financial Statements For the Year ended March 31, 2013

c) Working capital loan from bank carries interest @ 13.5% p.a.
d) Deposits & Loan from public & related parties carries interest @ 9% to 10% p.a.
e) Cash credit, Buyers' credits & Working capital loan from bank are secured by way of first pari passu charge by hypothecation of all current assets and also by way of second pari-passu charge on all the movable fixed assets (including machinery and spares) of the Company and existing immovable properties of the Company being land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswas situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh,and land admeasuring 9435.66 sq yards situated at Indl Plot No.E-4, PH-2, Indl Area, S.A.S. Nagar, (Mohali), Punjab. These 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.

(Rs. in million)

	As at March 31, 2013	As at March 31, 2012
10. Other current liabilities		
Trade payables (Refer note 31 for details of dues to micro & small enterprises)	1,539.9	1,181.4
Other liabilities		
Current maturities of long term borrowings (Note 5) (includes current maturities of finance lease obligation Rs. Nil (Previous year Rs.19.0 million))	152.6	1,145.7
Interest accrued but not due on borrowings	12.3	15.8
Interest accrued and due on borrowings	62.2	29.7
Advances from customers	102.7	109.3
Income received in advance	8.5	7.4
Sundry deposits	28.5	15.3
Investor education and protection fund will be credited by following amount (as & when due)		
Unpaid dividend on equity shares	1.0	1.2
Others :		
Statutory dues	66.9	15.4
	434.7	1,339.8

11. Fixed Assets

Tangible Assets (Rs. in million)

Description	Land - freehold	Land - leasehold	Buildings	Leasehold improvement	Plant and equipments	Furniture and fittings	Vehicles	Office equipments	Computer equipments	Total
Cost or Valuation										
At 1 April 2011	306.1	54.8	1,957.3	83.4	5,378.4	320.3	156.6	199.9	168.1	8,624.9
Additions	0.1	-	151.8	0.1	595.5	27.6	16.9	15.1	15.2	822.3
Revaluation	2,211.6	155.5	1,579.4	-	-	-	-	-	-	3,946.5
Sale/Adjustment	-	-	-	-	2.6	-	9.4	1.5	0.3	13.8
- Exchange Differences	-	-	41.7	0.1	189.9	3.5	-	9.2	0.9	245.3
At 31 March 2012	2,517.8	210.3	3,730.2	83.6	6,161.2	351.4	164.1	222.7	183.9	13,625.2
Additions	-	-	22.4	-	124.0	2.4	-	2.3	8.6	159.7
Revaluation	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	1.3	-	1.1	1.0	7.2	0.1	2.8	13.5
Other Adjustments										
- Exchange Differences*	-	-	53.2	0.1	252.8	4.3	-	1.2	1.2	312.8
At 31 March 2013	2,517.8	210.3	3,804.5	83.7	6,536.9	357.1	156.9	226.1	190.9	14,084.2
Depreciation										
At 1 April 2011	-	2.4	526.7	80.1	2,143.3	187.7	88.8	106.9	142.7	3,278.6
Charge for the year	-	2.7	222.4	2.0	473.5	30.5	19.8	14.9	15.1	780.9
Deduction & Adjustment during the year	-	-	-	-	2.0	-	7.7	0.9	0.2	10.8
Other Adjustments										
- Exchange Differences	-	-	5.0	-	26.5	0.5	-	1.0	0.1	33.1
At 31 March 2012	-	5.1	754.1	82.1	2,641.3	218.7	100.9	121.9	157.7	4,081.8
Charge for the year	-	2.7	218.4	0.7	474.9	24.0	15.9	13.3	13.5	763.4
Deduction & Adjustment during the year	-	-	0.1	-	0.7	0.7	4.7	0.1	2.7	9.0
Other Adjustments										
- Exchange Differences	-	-	10.8	-	64.2	1.4	-	1.2	0.6	78.2
At 31 March 2013	-	7.8	983.2	82.8	3,179.7	243.4	112.1	136.3	169.1	4,914.4
Net Block										
At 31 March 2012	2,517.8	205.2	2,976.1	1.5	3,519.9	132.7	63.2	100.8	26.2	9,543.4
At 31 March 2013	2,517.8	202.5	2,821.3	0.9	3,357.2	113.7	44.8	89.8	21.8	9,169.8
Capital work-in-progress										
At 31 March 2012										120.7
At 31 March 2013										169.4

Intangible Assets

(Rs. in million)

Description	Patent, Trademark & Copyrights	Softwares**	Websites	Product Development	Total
Cost or Valuation					
At 1 April 2011	67.5	168.8	9.2	87.0	332.5
Additions	-	23.7	-	377.7	401.4
Sale/ Adjustment	-	-	-	-	-
Other Adjustments					
- Exchange Differences	-	-	-	-	-
At 31 March 2012	67.5	192.5	9.2	464.7	733.9
Additions	-	26.8	-	23.0	49.8
Disposals	-	-	-	-	-
At 31 March 2013	67.5	219.3	9.2	487.7	783.7
Depreciation					
At 1 April 2011	53.7	97.0	9.2	48.1	208.0
Charge for the year	3.2	32.2	-	20.8	56.2
Deduction & Adjustment during the year	-	-	-	-	-
At 31 March 2012	56.9	129.2	9.2	68.9	264.2
Charge for the year	2.9	14.0	-	84.0	100.9
Deduction & Adjustment during the year	-	-	-	-	-
At 31 March 2013	59.8	143.2	9.2	152.9	365.1
Net Block					
At 31 March 2012	10.6	63.3	-	395.8	469.7
At 31 March 2013	7.7	76.1	-	334.8	418.6
Intangible Assets under development					
At 31 March 2012					349.9
At 31 March 2013					106.3

Notes :

1. The Company revalued freehold land, leasehold land and buildings on 1 April 2011, at the fair values determined by an independent external valuer. The valuer determined the fair value by reference to market-based evidence. This means that valuations performed by the valuer were based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The historical cost of freehold land, leasehold land and building fair valued by the Company was Rs.306.1 million, Rs.54.8 million and Rs.1,957.3 million respectively and their fair value were Rs.2,517.7 million, Rs.207.9 million and Rs.3,010.0 million respectively. Hence, the revaluation resulted in an increase in the book value of freehold land, leasehold land and building by Rs.2,211.6 million, Rs.155.5 million and Rs.1,579.4 million respectively which was credited to revaluation reserve [Refer note 4]. In accordance with the option given in the guidance note on accounting for depreciation in companies, the Company recoups depreciation on revaluation of these assets out of revaluation reserve.
2. Plant & Machinery includes Plant & Machinery amounting to Rs.2.5 million (Previous year Rs.2.9 million) (net block) lying with third parties.
3. For assets given on operating lease, refer note 36 i) a).

* Exchange differences capitalized during the year (Refer Note 48)

** Include the asset taken on finance lease: Gross book value Rs. Nil (Previous year Rs.55.3 million), Net book value Rs.Nil (Previous year Rs.23.0 million)

Notes to Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	As at March 31, 2013		As at March 31, 2012	
12. Non Current Investments				
Trade - Unquoted (valued at cost unless stated otherwise)				
Investment in subsidiaries				
a) 1,902,160 (Previous year 1,902,160) equity shares of Re.1 each, fully paid up in Best On Health Ltd.	22.9		22.9	
b) 7,211,666 (Previous year 7,211,666) 0.5% Optionally convertible non-cumulative redeemable preference shares of Re.1 each, fully paid up in Best On Health Ltd.	2,163.5		2,163.5	
c) 103,142,818 (Previous year 103,142,818) equity shares of Re.1 each, fully paid up in Lakshmi & Manager Holdings Ltd.*	115.5		115.5	
d) 5 (Previous year 5) Equity shares of AED 100,000 each, fully paid in Panacea Biotec FZE	5.5		5.5	
e) 3,765,701 (Previous year 3,765,701) equity shares of Rs.10 each, fully paid up (Previous year Rs.7.75) in NewRise Healthcare Pvt. Ltd. (Formerly known as Umkal Medical Institute Pvt. Ltd.) (Refer note 29)	282.0		248.2	
f) 2 (Previous year 2) equity shares of € 12,500 each, fully paid up in Panacea Biotec GmbH	1.6		1.6	
g) 1,000 (Previous year 1,000) equity shares of US $ 0.01 each, fully paid up in Rees Investments Limited	0.0		0.0	
h) 6000 (Previous year Nil) equity shares of CHF 100 each, fully paid up in Panacea Biotec (International) S.A. Switzerland**	34.4	2,625.4	-	2,557.2
Investment in Joint Ventures				
a) 2,295,910 (Previous year 2,295,910) equity shares of Rs.10 each, fully paid up in Chiron Panacea Vaccines Pvt. Ltd. (refer note 37 e)	23.0		23.0	
b) 65,000 (Previous year 5000) equity shares of Rs.10 each, fully paid up in Adveta Power Private Limited	0.7		0.1	
		23.7		23.1
Investment in Associates				
a) 419,767 (Previous year 419,767) equity shares of Rs.10 each fully paid in PanEra Biotec Pvt. Ltd.	4.2		4.2	
Non Trade - Unquoted (valued at cost unless stated otherwise)				
a) 20,250 (Previous year 20,250) equity shares of Rs.10 each fully paid up in Shivalik Solid Waste Management Ltd.	0.2		0.2	
		4.4		4.4
		2,653.5		2,584.7
Aggregate amount of unquoted Investments		2,653.5		2,584.7

* Became a subsidiary company during the previous year w.e.f. November 24, 2011. Prior to this it was an associate company.

** Panacea Biotec (International) S.A. Switzerland was an indirect subsidiary of the Company through Rees Investments Limited till previous year. In the current year, Company purchased its shares and resultingly it has become wholly onwed subsidiary of the Company w.e.f April 1, 2012.

Notes to Financial Statements For the Year ended March 31, 2013

(Rs. in million)

		Non-current as at		Current as at	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
13. Loans and Advances					
Capital advances (Unsecured, considered good)	(a)	185.9	211.7	-	-
Security deposits (Unsecured, considered good)	(b)	24.7	24.6	-	-
Loans and advances to related parties (Refer note 33)					
Unsecured, considered good					
Loans and advances		158.5	232.9	-	-
Share application money pending allotment paid to a subsidiary company (NewRise Healthcare Pvt. Ltd.)*		65.0	-	-	-
Doubtful					
Loans and advances		536.2	385.2	-	-
		759.7	618.1	-	-
Less : Provision for doubtful loans and advances (Refer note 50)		(536.2)	(385.2)	-	-
	(c)	223.5	232.9	-	-
Advances recoverable in cash or in kind					
Unsecured, considered good		-	-	32.5	46.3
Doubtful		-	-	35.3	35.3
		-	-	67.8	81.6
Less : Provision for doubtful advances		-	-	(35.3)	(35.3)
	(d)	-	-	32.5	46.3
Other loan and advances					
Unsecured, considered good					
Balance with excise, custom etc.		-	-	86.6	67.4
Prepaid expenses		16.8	20.6	23.3	36.4
Staff loans and advances		-	-	21.1	20.2
Advance income tax (Net of provision of Rs.1,687.4 million (Previous year Rs.1,687.4 million))		223.4	220.8	-	-
MAT credit entitlement (refer note 52)		352.5	352.5	-	-
Doubtful					
Staff loans and advances		-	-	4.2	4.2
		592.7	593.9	135.2	128.2
Less : Provision for doubtful advances		-	-	(4.2)	(4.2)
	(e)	592.7	593.9	131.0	124.0
Total (a)+(b)+(c)+(d)+(e)		1,026.8	1,063.1	163.5	170.3

* The amount was initially given as a loan to the subsidiary company, which has been converted into share application money on March 29, 2013. The same is pending for allottment as on March 31, 2013 (Refer note 33).

14. Trade Receivables			
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, Considered good		25.7	63.2
Doubtful		81.3	51.2
		107.0	114.4
Less : Provision for doubtful receivables		(81.3)	(51.2)
	(a)	25.7	63.2
Other receivables			
Unsecured, Considered good		661.8	601.3
	(b)	661.8	601.3
Total (a)+(b)		687.5	664.5
15. Inventories (valued at lower of cost and net realizable value)			
Raw materials (including packing materials)		1,190.7	2,386.4
Finished goods (Including stock in transit of Rs.1.9 million (Previous year Rs.2.7 million))		723.4	638.4
Traded goods		51.1	80.8
Work in progress		131.8	190.0
Stores and spares		150.4	101.7
		2,247.4	3,397.3

Notes to Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	Non-current as at		Current as at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
16. Cash and Bank Balances				
Cash and cash equivalents				
Cash on hand	-	-	1.3	1.4
Balances with banks				
Current accounts	-	-	61.9	9.6
Unpaid dividend accounts*	-	-	1.0	1.2
Exchange earner foreign currency accounts	-	-	59.7	99.3
(a)	-	-	123.9	111.5
Other bank balances**				
Deposits with original maturity for more than 12 months	-	1.2	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	2.0	1.8
(b)	-	1.2	2.0	1.8
Amount disclosed under the head "Note 17 : Other assets"	-	(1.2)	-	-
Total (a)+(b)	-	-	125.9	113.3
*Not available for use by the Company as they represent corresponding unpaid dividend liabilities.				
**Fixed deposits amounting to Rs.0.5 million (Previous year Rs.1.3 million) are pledged with banks and various Government authorities.				
17. Other Assets				
Unsecured, considered good unless stated otherwise				
Export benefits receivable	-	-	23.2	50.7
Contractually reimbursable expenses	-	-	5.7	-
Interest accrued on deposits/loans (considered good)	-	-	0.6	-
Interest accrued on loans (doubtful) (Refer note 33)	-	-	-	36.2
Non current bank balances (Refer note 16)	-	1.2	-	-
	-	1.2	29.5	86.9
Less : Provision for doubtful receivables (Refer note 50)	-	-	-	(36.2)
	-	1.2	29.5	50.7

(Rs. in million)

	For the year ended March 31, 2013	For the year ended March 31, 2012
18. Revenue From Operations		
Sale of products		
Finished goods	4,611.6	6,303.2
Traded goods	661.5	544.5
Sale of services		
Contract manufacturing	42.3	45.9
Other operating revenue		
Export benefits	267.7	42.2
Scrap sales	5.8	6.4
Royalty income	63.1	31.4
Lease rent	16.9	42.0
Research and license fees income	301.5	-
	5,970.4	7,015.6
Details of product sold		
Finished goods		
Formulations	2,885.9	2,725.0
Vaccines	1,725.7	3,578.7
Traded goods		
Formulations	661.5	544.5
	5,273.1	6,848.2

Notes to Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	For the year ended March 31, 2013		For the year ended March 31, 2012	
19. Other Income				
Interest income on				
Banks deposits		0.2		2.0
Loans given to subsidiaries		0.7		36.2
Income tax refund		-		7.6
Others		1.0		1.6
Dividend income on:				
Investments in subsidiary		-		-
Investments in joint venture		34.4		-
Net gratuity income (Refer note 45)		3.9		-
Miscellaneous income		14.1		27.2
		54.3		74.6
20. Cost of Raw and Packing Material Consumed				
Inventory at the beginning of the year	2,386.4		2,466.7	
Add : Purchases	1,168.0		2,940.9	
	3,554.4		5,407.6	
Less : Inventory at the end of the year	1,190.7		2,386.4	
	2,363.7	2,363.7	3,021.2	3,021.2
Details of raw and packing materials consumed				
Formulations				
Active pharmaceutical ingredients		606.5		423.6
Excipients		103.6		69.6
Packing materials		126.4		95.4
		836.5		588.6
Vaccines				
Bulk and Antigens		1,343.1		2,189.4
Excipients		14.1		5.3
Packing materials		170.0		237.9
		1,527.2		2,432.6
		2,363.7		3,021.2
Details of inventory				
Formulations				
Active pharmaceutical ingredients		154.6		188.1
Excipients		51.3		28.6
Packing materials		54.5		45.7
		260.4		262.4
Vaccines				
Bulk and Antigens		793.5		1,967.0
Excipients		56.6		5.2
Packing materials		80.2		151.9
		930.3		2,124.1
		1,190.7		2,386.5

Notes to Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	As at March 31, 2013	As at March 31, 2012	(Increase)/Decrease
21. (Increase)/Decrease in Inventories			
Inventories at the end of the year			
Finished goods	723.4	638.4	(85.0)
Traded goods	51.1	80.8	29.7
Work in progress	131.8	190.0	58.2
	906.3	909.2	2.9
Inventories at beginning of the year			
Finished goods	638.4	918.5	280.1
Traded goods	80.8	80.1	(0.7)
Work in progress	190.0	116.2	(73.8)
	909.2	1,114.8	205.6
	2.9	205.6	
Detail of purchase of traded goods			
Formulations	232.6		245.2
Detail of inventory			
Finished goods			
Formulations	187.3		154.2
Vaccines	536.1		484.2
	723.4		638.4
Traded goods			
Formulations	51.1		80.8
	51.1		80.8
Work in progress			
Formulations	40.6		24.0
Vaccines	91.2		166.0
	131.8		190.0

(Rs. in million)

	For the year ended March 31, 2013		For the year ended March 31, 2012	
22. Employee Benefits Expense				
Salary, wages and bonus		1,275.0		1,391.2
Contribution to provident and other funds		37.8		40.5
Staff welfare expenses		59.5		59.7
Gratuity expense (Refer note 45)		-		13.1
		1,372.3		1,504.5
23. Other Expenses*				
Contract manufacturing charges		235.9		34.4
Analytical testing and trial charges		44.7		51.0
Consumption of stores and spares		215.1		211.1
Power and fuel		377.2		292.2
Repair and maintenance :				
Buildings	27.6		38.5	
Plant and Machinery	42.9		54.8	
Others	43.4	113.9	62.7	156.0
Rent		67.2		73.0
Royalty		15.0		18.1
Directors' sitting fees		0.3		0.4
Printing and stationery		27.0		34.1
Postage and communication		47.7		50.3
Insurance		41.9		46.3
Travelling and conveyance expenses		162.5		168.4
Payment to auditors**		6.4		6.5
Legal and professional charges***		218.9		168.1
Vehicle running and maintenance		33.2		30.9
Rates and taxes		32.6		19.9

Notes to Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Donation	6.0	2.9
Subscription	13.9	30.8
Staff training and recruitment	18.1	39.0
Bad debts and advances written off	0.5	2.5
Loss on sale/discard of fixed assets (net)	273.8	233.5
Wealth tax	8.7	1.4
Provision for doubtful debts and advances	144.9	499.2
Exchange difference (net)	80.5	104.1
Advertising and sales promotion	292.6	306.4
Meetings and conferences	74.3	105.5
Freight and forwarding	96.7	73.6
Commission on sales (other than sole selling agents)	80.4	166.6
Miscellaneous expenses	98.7	42.2
	2,828.6	2,968.4
*For pre-operative expenses refer to note 30		
**Payment to auditors		
As auditor		
- Audit fee	3.6	3.6
- Limited reviews fee	2.0	2.0
In other capacity		
- Management services	0.1	0.2
- Certification services	0.3	0.4
Reimbursement of expenses	0.4	0.3
Total	6.4	6.5
*** includes following :		
Tax audit fee	0.2	0.2
Cost audit fee	0.1	0.1
24. Finance Costs		
Interest expenses	955.7	642.3
Bank charges	43.1	54.3
Exchange differences to the extent considered as an adjustment to borrowing cost	58.6	314.5
	1,057.4	1,011.1
25. Depreciation and amortisation expense		
Depreciation of tangible assets	841.6	814.0
Amortisation of intangible assets	100.9	56.2
	942.5	870.2
Less : recoupment from revaluation reserve	107.1	116.3
	835.4	753.9
26. Exceptional items		
Exchange differences*	173.1	-
	173.1	-

* In terms of the Accounting Standard -16 "Borrowing Costs", the foreign exchange differences arising from foreign currency borrowings to the extent regarded as an adjustment to interest cost were treated as borrowing cost. In pursuance of the clarification issued by Ministry of Corporate Affairs vide its circular no. 25/2012 dated August 9, 2012, the Company accounted for the aforesaid foreign exchange differences arising from foreign currency borrowings as per AS-11 - "The Effects of Changes in Foreign Exchange Rates" in the current year. Consequent to the above, exchange difference of Rs.173.1 million which was earlier recognized as borrowing cost pertaining to the financial year 2011-12 has been reversed and shown as an exceptional item.

27. Earning Per Share		
(Loss) for the year	(2,301.3)	(2,077.9)
Weighted average number of equity shares in calculating basic and diluted earning per share	61,250,746	61,250,746
Basic earnings per share (in Rs.)	(37.57)	(33.92)
Diluted earnings per share (in Rs.)	(37.57)	(33.92)
Nominal value per share (in Rs.)	1.00	1.00

Notes to Financial Statements For the Year ended March 31, 2013

28 i) Contingent Liabilities (to the extent not provided for)

(Rs. in million)

Particulars	**As at March 31 , 2013**	As at March 31 , 2012
Disputed demands/ show-cause notices under:-		
a) Income tax cases (refer note (a) below)	167.0	4.8
b) Customs duty cases (refer note (b) below)	4.0	4.0
c) Central excise duty cases (refer note (c) below)	6.6	6.6
d) Service tax (refer note (d) below)	9.9	9.7
Total	187.5	25.1
Bank Guarantee	98.9	159.9
Labour cases (in view of large number of cases, it is impracticable to disclose each of them)	1.5	1.2

Notes:

a) Includes income tax demand of Rs.162.2 million in respect to AY 2005-06. Income tax department raised demand based on certain grounds related with purchases made by the Company from an overseas party. The matters related to income tax demand are pending with tax/judicial authorities. Company believes that it has merit in these cases, hence no provision is required.

b) In respect of custom duty demand, the Assessing Officer levied custom duty on certain exempted items imported by the Company. Company has deposited the entire amount of demand under protest and the matter is pending before Hon'ble Customs, Excise and Service Tax Appellate Tribunal. Company believes that it has merit in its case, hence no provision is required.

c) In respect of central excise duty demand, the Assessing Officer levied excise duty on common inputs used in manufacture of exempted and taxable products. Company has deposited the entire amount of demand under protest and the matter is pending before the Hon'ble Customs, Excise and Service Tax Appellate Tribunal. Company believes that it has merit in its case, hence no provision is required.

d) In respect of service tax demand, the Assessing Officer levied service tax on foreign services rendered & delivered outside India by the Company & certain others services on which there was no liability to pay service tax. Company believes that it has merit in its case, hence no provision is required.

ii) During the previous year, a search operation was conducted by Income tax department under section 132 of the Income Tax Act, 1961. During the search operation, certain explanations were demanded and few documents were seized by the tax authorities. Further, the Company provided details as and when required by the tax authorities and the Company has not received any demand order related to search operation. In connection with the search operation, subsequent to the year end, the Company received notices under section 153A which require Company to file income tax return for six assessments years i.e. from AY 2006-07 to 2011-12. Liability if any, cannot be quantified at this stage of the proceedings. The management believes that the transactions of the Company are fully compliant with relevant provisions of the Income Tax Act, 1961.

iii) The Company had manufactured and offered supply of certain vaccines manufactured against confirmed order. Some quantities of vaccines were supplied during December 2011, the balance could not be supplied in view of disputes with respect to delivery dates and in the meantime the stock of such vaccines has expired. Further, the Company has also received advance market commitment (AMC) amount against these vaccines. In view of above disputes, the Company has obtained a stay order from the Hon'ble Delhi High Court against recovery of said amount, till the disputes are finally resolved through arbitration. While the arbitral proceedings are on, the Company believes that the entire amount in respect of above supplies (after adjusting the AMC amount) and applicable interest thereon is recoverable and no interest is payable on the said AMC amount. Based on legal opinion, no adjustment in respect of the expired stock and the interest amount has been made in the financials. Liability if any, cannot be quantified at this point of time.

29. Capital & other commitments

a) Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided in the books are as follows:

(Rs. in million)

Particulars	**As at March 31 , 2013**	As at March 31 , 2012
Fixed Assets	123.6	160.6

b) Other commitments :

i) Uncalled liability of Rs.Nil (Previous year Rs.33.8 million) on partly paid shares of a subsidiary company, NewRise Healthcare Pvt. Ltd. (Formerly known as Umkal Medical Institute Pvt. Ltd.) (Refer Note : 12 Non current investments).

ii) Export commitments of Rs.2,778.7 million (Previous year Rs.2,617.9 million) under advance licenses Schemes.

iii) The Company has received financial assistance in the form of soft loan under various projects from Government authorities. As per the terms of related agreements, Company is also required to incur expenditure in form of Company's contribution to the relevant project. Further, the Company has to repay these loans as per terms of respective agreement. The amount of commitment is not quantifiable.

iv) For commitments relating to lease arrangements, refer note 36.

30. Details of pre-operative expenses (included in capital work in progress) relating to fixed assets are as follows:

(Rs. in million)

Particulars	Opening balance		Addition during the year ended		Capitalized during the year ended		Closing balance	
	April 1, 2012	April 1, 2011	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Legal and professional	-	-	-	0.7	-	0.7	-	-
Store and spares consumed	-	-	0.2	0.3	-	0.3	0.2	-
Power and fuel	-	-	-	-	-	-	-	-
Rates and taxes	0.1	-	-	0.3	-	0.2	0.1	0.1
Repair and maintenance	-	-	-	-	-	-	-	-
Salary and wages	-	-	-	-	-	-	-	-
Travelling and conveyance	-	-	-	1.8	-	1.8	-	-
Rent	-	-	-	-	-	-	-	-
Sundry expenses	0.5	-	-	0.5	-	-	0.5	0.5
Total	0.6	-	0.2	3.6	-	3.0	0.8	0.6

31. Details of dues to micro & small enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006 [MSMED Act]

(Rs. in million)

Particulars	**As at March 31, 2013**		As at March 31, 2012	
	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	26.2	Nil	4.2	Nil
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	27.3	1.7	6.7	0.1
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	Nil	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	Nil	Nil	Nil	Nil

32. Details of loans and advances to subsidiaries, associates and companies in which directors are interested (as required by clause 32 of listing agreement):

(Rs. in million)

Particulars	**As at March 31 , 2013**	As at March 31 , 2012
a) Loans to wholly owned subsidiaries		
i) Rees Investments Limited	694.7	618.1
Maximum amount due at any time during the year	727.0	654.3
Accrued interest receivable on loan	-	36.2
As per terms of agreement, the loan is repayable after 4 years.		
ii) NewRise Healthcare Pvt. Ltd.	-	-
Maximum amount due at any time during the year	65.0	-
Accrued interest receivable on loan	0.7	-
b) Loan to Joint Venture Company		
Cambridge Biostability Ltd.	-	-
Maximum amount due at any time during the year	-	116.1
Accrued interest receivable on loan	-	-
Provision for doubtful advances on above loan and interest receivable	536.2	421.4

Notes to Financial Statements For the Year ended March 31, 2013

33. Related Party Disclosures

A. Names of related parties and related party relationships

i) Related parties where control exists

Subsidiaries
- Best On Health Ltd. ("BOH") (Wholly-owned subsidiary (WOS))
- Radicura & Co. Ltd. (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)
- Best On Health Foods Ltd. (Indirect WOS through BOH)
- Rees Investments Ltd. ("Rees") (Guernsey): (WOS)
- Kelisia Holdings Ltd. ("KHL") (Cyprus) (Indirect WOS through Rees)
- Kelisia Investment Holding AG ("KIH") (Switzerland) (Indirect WOS through KHL)
- Panacea Biotec (International) SA ("PBS") (Switzerland) (WOS w.e.f. April 1, 2012) (indirect WOS through KIH prior to becoming WOS)
- Panacea Biotec Germany GmbH (Germany) (Indirect WOS through PBS)
- Panacea Biotec (Europe) AG, (Switzerland) (Indirect WOS through PBS) (liquidated on December 15, 2011)
- Panacea Biotec GmbH (Germany) (WOS)
- Panacea Biotec FZE, (UAE) (WOS)
- Panacea Biotec, Inc. (USA) (WOS) (liquidated on March 30, 2011)
- NewRise Healthcare Pvt. Ltd. (Formerly known as Umkal Medical Institute Pvt. Ltd.: (Subsidiary)
- Lakshmi & Manager Holdings Ltd. ("LMH") WOS w.e.f. November 24, 2011*
  *Associate Company prior to becoming WOS.
- Trinidhi Finance Pvt. Ltd. (Indirect WOS through LMH) w.e.f. November 24, 2011**
  ** Subsidiary of LMH w.e.f. 6th August, 2011 and became WOS of LMH on October 7, 2011
- Best General Insurance Company Ltd (indirect subsidiary through LMH) w.e.f. November 24, 2011

ii) Related parties with whom transactions has taken place during the year

a) Joint Ventures
- Chiron Panacea Vaccines Pvt. Ltd. (Refer note 37 e)
- Adveta Power Pvt. Ltd., w.e.f. July 4, 2011

b) Associates
- PanEra Biotec Pvt. Ltd.

c) Key Management Personnel
- Mr. Soshil Kumar Jain - Chairman and Whole-time Director
- Mr. Ravinder Jain - Managing Director
- Dr. Rajesh Jain - Joint Managing Director
- Mr. Sandeep Jain - Joint Managing Director
- Mr. Sumit Jain - Whole-time Director

(d) Relatives of Key Management personnel having transactions with the Company:
Mr. Ashwani Jain, Son-in-law of Mr. Soshil Kumar Jain
Mr. Shagun Jain, Son-in-law of Mr. Ravinder Jain
Mrs. Radhika Jain, Daughter of Mr. Ravinder Jain
Mrs. Shilpy Jain, Wife of Mr. Sumit Jain
Mr. Ankesh Jain, Son of Dr. Rajesh Jain

(e) Enterprises over which person(s) having control or significant influence over the Company / Key management personnel(s), along with their relatives, are able to exercise significant influence:
• Neophar Alipro Ltd.
• First Lucre Partnership Co.*
*Holding Shares in the Company.

B. Detail of transactions with subsidiaries, associates and joint ventures companies (Rs. in million)

S. No.	Particulars	Subsidiary		Associate		Joint Ventures	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
I)	Transaction made during the year						
1	Purchase of raw materials						
	PanEra Biotec Pvt. Ltd.	-	-	141.0	280.1	-	-
2	Sale						
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	-	-	150.0	304.4
	PanEra Biotec Pvt. Ltd.	-	-	0.5	0.3	-	-
	Panacea Biotec Germany GmbH	10.6	47.8		-		-
3	Contract manufacturing charges paid						
	PanEra Biotec Pvt. Ltd.	-	-	218.3	10.7	-	-
4	Recovery of expenses						
	PanEra Biotec Pvt. Ltd.	-	-	23.2	35.9	-	-
	NewRise Healthcare Pvt. Ltd.	1.6	-	-	-	-	-

(Rs. in million)

S. No.	Particulars	Subsidiary		Associate		Joint Ventures	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
5	Reimbursement of expenses						
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	-	-	2.9	-
	Panacea Biotec Germany GmbH	27.7	-	-	-	-	-
6	Rent paid						
	Best On Health Ltd.	7.3	7.1	-	-	-	-
7	Rent received						
	PanEra Biotec Pvt. Ltd.	-	-	14.8	45.2	-	-
	NewRise Healthcare Pvt. Ltd.	0.1	0.1	-	-	-	-
	Trinidhi Finance Pvt. Ltd.	0.2	-	-	-	-	-
	Best On Health Ltd.	0.4	-	-	-	-	-
8	Loan / advance given						
	Rees Investments Ltd.	72.6	113.2	-	-	-	-
	Best On Health Ltd.	-	700.0	-	-	-	-
	NewRise Healthcare Pvt. Ltd.	65.0	-	-	-	-	-
9	Receipt back of loan / advance given						
	Rees Investments Ltd.	34.3	-	-	-	-	-
	Best On Health Ltd.	-	700.0	-	-	-	-
	NewRise Healthcare Pvt. Ltd.	65.0	-	-	-	-	-
10	Loan/advance received						
	Best On Health Ltd.	103.4	390.0	-	-	-	-
	Trinidhi Finance Pvt. Ltd.	0.1	3.0	-	-	-	-
11	Repayment of loan/advance received						
	Best On Health Ltd.	50.0	380.0	-	-	-	-
12	Interest Income						
	Rees Investments Ltd.	-	36.2	-	-	-	-
	NewRise Healthcare Pvt. Ltd.	0.7	-	-	-	-	
13	Interest expenses on loans						
	Best On Health Ltd.	20.6	4.2	-	-	-	-
	Trinidhi Finance Pvt. Ltd.	0.3	0.1	-	-	-	-
14	Dividend received						
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	-	-	34.4	-
	Best On Health Ltd.	0.0	0.0	-	-	-	
15	Investments made						
	NewRise Healthcare Pvt. Ltd.	33.8	8.5	-	-	-	-
	Best On Health Ltd.	-	172.5	-	-	-	-
	Lakshmi & Manager Holdings Ltd.	-	74.3	-	-	-	-
	Adveta Power Pvt. Ltd.	-	-	-	-	0.6	0.1
	Panacea Biotec (International) S.A. Switzerland	34.4	-	-	-	-	-
16	Advance share application money given						
	NewRise Healthcare Pvt. Ltd.	65.0	-	-	-	-	-
II)	Year end balances						
1	Investments [Refer note 12]						
	Best On Health Ltd.	2,186.4	2,186.4	-	-	-	-
	Rees Investments Ltd.	0.0	0.0	-	-	-	-
	Panacea Biotec GmbH	1.6	1.6	-	-	-	-
	NewRise Healthcare Pvt. Ltd.	282.0	248.2	-	-	-	-
	Panacea Biotec FZE	5.5	5.5	-	-	-	-
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	-	-	23.0	23.0
	PanEra Biotec Pvt. Ltd.	-	-	4.2	4.2	-	-
	Lakshmi & Manager Holdings Ltd.	115.5	115.5	-	-	-	-
	Adveta Power Pvt. Ltd.	-	-	-	-	0.7	0.1
	Panacea Biotec (International) S.A. Switzerland	34.4	-	-	-	-	-

Notes to Financial Statements For the Year ended March 31, 2013

(Rs. in million)

S. No.	Particulars	Subsidiary		Associate		Joint Ventures	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
2	Outstanding loan receivable						
	Rees Investments Ltd.	694.7	618.1	-	-	-	-
3	Outstanding loan payable						
	Best On Health Ltd.	248.4	195.0	-	-	-	-
	Trinidhi Finance Pvt. Ltd.	3.1	3.0	-	-	-	-
4	Interest accrued receivable						
	Rees Investments Ltd.	-	36.2	-	-	-	-
	NewRise Healthcare Pvt. Ltd.	0.7	-	-	-	-	-
5	Interest accrued payable						
	Best On Health Ltd.	0.1	0.8	-	-	-	-
	Trinidhi Finance Pvt. Ltd.	0.0	0.0	-	-	-	-
6	Provision for doubtful loans						
	Rees Investment Ltd.	536.2	421.4	-	-	-	-
	Panacea Biotec Germany GmbH	25.7	-	-	-	-	-
7	Outstanding receivable						
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	-	-	-	61.4
	Panacea Biotec Germany GmbH	35.7	25.1		-	-	-
8	Outstanding payable						
	PanEra Biotec Pvt. Ltd.	-	-	90.7	6.5	-	-
	Panacea Biotec Germany GmbH	2.1	0.2	-	-	-	-
9	Share application money pending allotment						
	NewRise Healthcare PvtLtd.	65.0	-	-	-	-	-

C. Detail of transactions with Key Management Personnel, their relatives and enterprises over which Person(s) having control or significant influence over the Company / Key management personnel(s) along with their relatives, are able to exercise significant influence:

(Rs. in million)

S. No.	Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Person(s) having control or significant influence over the Company/ Key management personnel(s) along with their relatives, are able to exercise significant influence	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
I)	Transaction made during the year						
1	Remuneration	37.2	66.0	8.4	7.8	-	-
2	Fixed Deposit received						
	First Lucre Partnership Co.	-	-	-	-	65.6	122.0
3	Fixed Deposit repaid						
	First Lucre Partnership Co.	-	-	-	-	5.0	205.0
4	Interest on Deposit						
	First Lucre Partnership Co.	-	-	-	-	27.6	35.1
5	Rent received						
	Neophar Alipro Ltd.	-	-	-	-	0.2	0.1
6	Loan received	111.0	-	-	-	-	-
7	Interest paid	7.8	-	-	-	-	-
II)	Year end balances						
1	Outstanding fixed deposits						
	First Lucre Partnership Co.	-	-	-	-	337.6	277.0
2	Interest Accrued						
	First Lucre Partnership Co.	-	-	-	-	-	5.6
3	Commission payable	-	110.6	-	-	-	-
4	Loan payable	111.0	-	-	-	-	-
5	Interest payable	5.4	-	-	-	-	-

Note: Material related party transactions (More than 10% of aggregate) with individual parties are as follows:

(Rs. in million)

Particulars	Transactions during the year				Year end balances	
	Remuneration		Equity Dividend		Commission payable	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Transaction made during the year						
Key Management personnel						
Mr. Soshil Kumar Jain	8.0	15.1	-	3.8	-	38.4
Mr. Ravinder Jain	12.1	20.1	-	3.5	-	36.4
Dr. Rajesh Jain	7.0	13.0	-	4.7	-	17.9
Mr. Sandeep Jain	6.4	12.7	-	3.6	-	17.9
Mr. Sumit Jain	3.7	-	-	-	-	-

Note: In respect of personal guarantee given by Promoters-Directors refer Note 5 Long term borrowings and 9 Short term borrowings.

34. Particulars of Un-hedged Foreign Currency Exposure as at Balance Sheet date

Particulars	Currency	As at March 31, 2013 Foreign Currency	Closing Exchange Rate*	As at March 31, 2013 Rs.in million	As at March 31, 2012 Foreign Currency	Closing Exchange Rate*	As at March 31, 2012 Rs.in million
Import Creditors	USD	1,643,866	54.31	89.3	631,686	50.88	32.1
	Euro	628,014	69.61	43.7	5,258,143	67.92	357.1
	CHF	53,050	57.17	3.0	26,971	56.37	1.5
	GBP	38,285	82.47	3.2	9,543	81.55	0.8
	JPY/100	29,825	57.60	1.7	5,756.8	62.08	0.4
	SEK	16,820	8.33	0.1	16,820	7.73	0.1
	CAD	3,036	53.42	0.2	3,410	51.05	0.2
	KZT	1,500,000	0.36	0.5	-	-	-
	THB	5,547	1.85	0.0	-	-	-
Export Debtors	Euro	4,578,414	69.57	318.5	4,398,250	67.89	298.6
	USD	3,323,464	54.30	180.5	1,737,041	50.87	88.4
Foreign Currency Loans	USD	28,385,413	54.31	1,541.6	110,594,390	50.88	5,627.0
	Euro	1,814,574	69.61	126.3	1,806,122	67.92	122.7
	CHF	22,097	57.17	1.3	-	-	-
Balance with Banks	USD	191,856	54.30	10.4	1,151,813	50.87	58.6
	Euro	725,033	69.57	50.4	599,376	67.89	40.7
	KZT	24,274	0.36	0.0	-	-	-
	RUB	112,239	1.75	0.2	-	-	-
Investment in Subsidiaries	USD	10	47.62	0.0	10	47.62	0.0
	AED	137,000	39.96	5.5	137,000	39.96	5.5
	Euro	25,000	63.29	1.6	25,000	63.29	1.6
	USD	632,911	54.29	34.4	-	-	-
Loan to subsidiaries	USD	14,618,606	47.53	694.8	13,173,369	46.9	618.1
Interest receivable	USD	-	-	-	731,214	49.6	36.2
Interest accrued & due on term loan	USD	-	-	-	416,937	50.88	21.2
Interest accrued but not due	USD	28,823	54.31	1.6	181,421	50.88	9.2
	Euro	19,283	69.61	1.3	12,993	67.92	0.9
	CHF	169	57.17	0.0	-	-	-

* Closing exchange rate has been rounded off to two decimal places

35. Segment Information

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products and services produced and sold. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business Segments :

The Company is engaged in the business of research, development, manufacture and marketing of Vaccines and Branded Pharmaceutical Formulations. The Company has products for various segments, which include pediatric vaccines, pain management, diabetes management and organ transplantation.

Notes to Financial Statements For the Year ended March 31, 2013

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, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Revenue								
Segment revenue	1,769.3	3,632.8	3,918.2	3,373.0	271.7	-	5,959.2	7,005.8
Other income	0.5	-	5.4	-	5.7	-	11.6	-
Total	1,769.8	3,632.7	3,923.6	3,366.7	277.4	-	5,970.8	7,005.8
Segment results	(944.6)	136.4	901.1	676.9	(771.2)	(1041.4)	(814.7)	(228.1)
Unallocated corporate expenses							850.1	1,464.9
Operating (loss)/profit							(1,664.8)	(1,693.0)
Less: Interest & finance charges							1,057.4	1,011.1
Add: Exceptional items gain/(loss)							173.1	-
Add: Other income							42.8	74.6
Less: Income taxes							(205.0)	(551.6)
Net (loss)/profit							(2,301.3)	(2,077.9)
Other Information	As at		As at		As at		As at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Segment assets	5,950.9	7,505.0	3,610.8	3,373.2	2,109.1	2,407.7	11,670.8	13,285.9
Unallocated corporate assets							5,127.4	5,242.9
Total assets	5,950.9	7,505.0	3,610.8	3,373.2	2,109.1	2,407.7	16798.2	18,528.8
Segment liabilities	391.4	50.9	985.8	534.8	154.3	38.1	1,531.5	623.8
Unallocated corporate liabilities							9,654.1	9,784.6
Total liabilities	391.4	50.9	985.8	534.8	154.3	38.1	11,185.6	10,408.4
	For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Capital expenditure on:								
Tangible assets	379.2	1,962	124.2	1,516.3	9.1	617.7	512.5	4,096.0
Intangible assets	-	0.6	1.7	0.1	49.7	114.0	51.4	114.7
Depreciation expense	434.9	389.1	213.9	192.3	141.6	169.8	790.4	751.2
Amortization expense	-	0.0	-	1.8	90.1	26.9	90.1	28.7

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, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Vaccines	1,730.7	1029.7	38.6	2,603.0
Formulations	2,640.2	2,459.7	1,278.0	913.4
R&D	-	-	271.7	-
Total	4,370.9	3,489.4	1,588.3	3,516.4

* Domestic revenue includes revenue from deemed exports of Nil (Previous year Rs.38.5 million).

b) Trade receivables as per Geographical Markets

(Rs. in million)

Segment	Domestic		Overseas	
	As at		As at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Vaccines	17.9	119.8	1.1	16.4
Formulations	232.0	132.3	436.5	395.9
Total	249.9	252.2	437.6	412.3

c) The Company has common assets for producing goods for domestic market and overseas markets and these assets are located in India. Hence, separate figures for other segment assets cannot be furnished.

36. Leases

i. For assets given under operating lease agreements:

a) The Company has leased out certain assets situated at Lalru, Punjab on operating lease to its Associate, PanEra Biotec Pvt. Ltd., the summary of which is as under:

(Rs. in million)

Particulars	Gross Block		Accumulated Depreciation		Depreciation charged to statement of profit and loss	
	As at		As at		For the year ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Building	336.0	249.4	126.3	77.1	20.4	17.9
Furniture and fixture	30.1	22.6	18.5	12.2	2.6	2.5
Office equipment	14.6	5.2	9.1	1.8	0.9	0.4
Plant & machinery	2,005.7	1,759.6	934.7	687.1	167.2	170.6
Computer equipment	10.1	5.8	8.5	4.1	1.1	1.0
Total	2,396.5	2,042.6	1,097.1	782.3	192.2	192.4

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, 2013*	As at March 31, 2012*
a) Receivable within 1 year	264.6	264.6
b) Later than 1 year but not later than 5 years	-	264.6
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 restriction is imposed by lease arrangements.

b) Lease payments for the year are Rs. 67.2 million (Previous year Rs.73.0 million)

c) Total of future minimum lease payments under non-cancelable operating leases:

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31, 2012
a) Payable within 1 year	7.0	6.4
b) Later than 1 year but not later than 5 years	8.4	15.4
c) Later than 5 years	-	-

d) The Company 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, 2013	As at March 31, 2012
Total minimum lease payments at the year end	-	21.5
Less : amount representing finance charges	-	2.5
Present value of minimum lease payments (Rate of interest: 11.75% per annum)	-	19.0
Lease payments for the year	-	19.9
Contingent rent recognized in statement of profit and loss statement	-	-
Minimum Lease Payments :		
Not later than one year (Present value Rs. Nil (previous year Rs.19.0 million))	-	21.5
Later than one year but not later than five years (Present value Rs. Nil (previous year Rs. Nil))	-	-
Later than five years (Present value Rs. Nil (previous year Rs. Nil))	-	-

37. a) The Company's interest in Joint Venture Companies is as follows:

S. No.	Name of the Company	Nature of relationship	Country of Incorporation	(%) Holding as on March 31, 2013	(%) Holding as on March 31, 2012
1.	Adveta Power Pvt. Ltd.	Joint venture	India	50	50
2.	Chiron Panacea Vaccines Pvt. Ltd.	Joint venture	India	50	50

Notes to Financial Statements For the Year ended March 31, 2013

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, 2013	As at March 31, 2012
Current assets		
Inventories	-	27.4
Trade receivables	-	3.6
Cash and cash equivalents	39.1	48.5
Short term loans and advances	9.4	18.1
Other current assets	3.2	1.2
Non-current assets		
Tangible assets	-	1.7
Intangible assets	-	0.1
Capital work-in-progress	12.2	0.3
Intangible assets under development	0.0	0.0
Deferred tax assets (net)	-	2.0
Loans and advances	-	2.2
Other Non-current assets	-	26.2
Current liabilities		
Short- term borrowings	-	-
Trade payables	1.8	41.3
Other current liabilities	2.4	3.2
Short- term provisions	4.4	0.7
Non-current liabilities		
Long- term borrowings	-	1.6

(Rs. in million)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue	171.1	272.9
Cost of goods sold	104.1	166.9
Depreciation and amortization expense	1.0	0.6
Employee benefits expense	26.2	43.9
Other expenses	38.0	59.0

c) The estimated amount of contracts remaining to be executed on capital account, net of advances and not provided in the books of companies' with which the Company has a Joint venture, are as follows:

Name of the Company	March 31, 2013	March 31, 2012
Chiron Panacea Vaccines Pvt. Ltd.	-	-
Total	-	-

Estimated amount of contracts remaining to be executed, net of advances and not provided in the books of companies' with which the Company has a Joint venture, are as follows:

Particulars	March 31, 2013	March 31, 2012
Commitments to purchase goods	-	335.1
Total	-	335.1

d) Contingent liabilities (to the extent not provided for) - Nil (Previous year Nil).

e) The Company has entered into "Dissolution of Joint Venture Agreement" dated November 30, 2012 w.r.t. its Joint Venture Chiron Panacea Vaccines Pvt. Ltd., whereby the Joint Venture partners have desired and mutually agreed to an early termination of the Joint Venture Agreement. As per the dissolution agreement, the joint venture between both the partners has been terminated w.e.f. January 31, 2013.

However, as per the agreement both Joint Venture partners will exercise equal control over the management till the final liquidation of Joint Venture. Therefore as per the provisions of Accounting Standard – 27 the Joint Venture Company has been considered as jointly controlled entity for the purpose of preparation of financial statements.

Notes to Financial Statements For the Year ended March 31, 2013

38. Research and development expenditures incurred by the Company during the financial year are mentioned below: (Rs. in million)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue expenditures		
Material consumption	8.8	21.7
Employee benefits expense	254.3	257.7
Other expenses	579.7	592.8
Depreciation and amortization expense	205.9	169.2
Capital expenditure	58.8	154.3
Total	1,107.5	1,195.7

Note: The above expenditure excludes Rs. Nil (Previous year Rs. 577.4 million) on account of capital expenditure and Rs. 26.6 million (Previous year Rs. 28.8 million) on account of depreciation and amortization expense which is attributable to revaluation of Fixed Assets.

39. Value of Imports on CIF basis (on accrual basis) (Rs. in million)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Raw materials & packing materials	310.9	2,184.0
Capital goods	74.3	226.9

40. Expenditure in Foreign Currency (on accrual basis)

Know-how fee	16.4	15.0
Interest	266.4	298.0
Legal & professional fees	128.1	64.0
Other Expenses		
- Patents, trademarks & product registration	17.3	16.6
- Advertising and sales promotion	26.7	30.1
- Commission on sales	55.1	147.7
- Market research	-	0.0
- Others	58.7	62.2

41. Earnings in Foreign Currency (on accrual basis) (Rs. in million)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
F.O.B. value of exports (including deemed export of Nil (Previous year Rs.38.5 million)	905.2	3,436.5
Income from distribution rights	2.1	0.5
Research and license fees income	299.4	-
Interest income from subsidiary company	-	36.2

42. Value of imported/indigenous raw materials & packing materials consumed (Rs. in million)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Amount	% age	Amount	% age
Indigenous	842.6	35.6	850.7	28.2
Imported	1,521.1	64.4	2,170.5	71.8
Total	2,363.7	100.0	3,021.2	100.0

43. Value of imported/indigenous stores & spares consumed (Rs. in million)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Amount	% age	Amount	% age
Indigenous	181.7	84.5	184.2	87.3
Imported	33.3	15.5	26.9	12.7
Total	215.0	100.0	211.1	100.0

44. Remittance in foreign currency on account of dividend (Rs. in million)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Amount of dividend on equity shares pertains to financial year 2010-11	-	0.7
Number of non-resident equity shareholders	-	1
No. of equity shares held by them	-	1,045,000

45. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of Rs.1.0 million (except in case of Managing/ Joint Managing/ Whole time Directors). The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Notes to Financial Statements For the Year ended March 31, 2013

Statement of profit and loss

Net employee benefit expense for gratuity (recognized in Employee Cost)

(Rs. in million)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Current service cost	15.3	15.0
Past service cost	-	-
Interest cost on benefit obligation	10.9	11.0
Expected return on plan assets	(9.4)	(7.8)
Net actuarial (gain)/loss recognized in the year on account of return on plan assets	(20.7)	(5.2)
Net benefit expense/(income)	(3.9)	13.1
Actual return on plan assets	(9.0)	(3.7)

Balance Sheet

Details of Provision for Gratuity

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	128.2	136.2
Fair value of plan assets	100.8	100.1
Net obligation	27.4	36.1
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	(27.4)	(36.1)

Changes in the present value of the defined benefit obligation for gratuity are as follows:

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening defined benefit obligation	136.2	126.8
Interest cost	10.9	11.0
Past service cost	-	-
Current service cost	15.3	15.0
Benefits paid	(13.1)	(7.4)
Actuarial (Gain)/losses on obligation	(21.2)	(9.3)
Closing defined benefit obligation	128.2	136.2

Changes in the fair value of plan assets for gratuity are as follows:

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening fair value of plan assets	100.1	83.6
Expected return	9.4	7.8
Contributions by employer	4.8	20.2
Benefits paid	(13.1)	(7.4)
Actuarial Gain /(losses)	(0.4)	(4.1)
Closing fair value of plan assets	100.8	100.1

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, 2013	As at March 31, 2012
	%	%
Investments with Insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	As at March 31, 2013	As at March 31, 2012
	%	%
Discount rate	8.0	8.7
Expected rate of return on plan assets	9.4	9.3
Increase in compensation cost	5.0	5.0
Employee turnover:		
upto 30 years	10	10
above 30 years but upto 44 years	5	5
above 44 years	1	1

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Gratuity amount for the current and previous four periods are as follows:

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Defined benefit obligation	128.2	136.2	126.9	109.4	99.5
Plan assets	100.8	100.1	83.7	61.2	42.7
Deficit	27.4	36.1	43.2	48.2	56.8
Experience adjustments on plan liabilities-(Gain)/Loss	(21.2)	(9.3)	(10.3)	(7.7)	(3.3)
Experience adjustments on plan assets-(Gain)/Loss	0.4	4.1	(1.0)	(0.8)	(0.8)

(Rs. in million)

Defined Contribution Plan	As at March 31, 2013	As at March 31, 2012
Contribution to provident fund & other funds charged to statement of profit and loss	37.8	40.5

The Company expects to contribute Rs.21.4 million (Previous year Rs.15.5 million) to gratuity fund in the next financial year.

46. The Company has paid managerial remuneration of Rs.37.2 million during the year. The amount paid as managerial remuneration has exceeded the limits prescribed under Section 198 and 309 read with Part II of Schedule XIII to the Companies, Act, 1956 by Rs.13.2 million due to unexpected losses during the current year. The Company has initiated steps to obtain approval from Central Government for the excess remuneration paid.

47. During the year 2011-12, following a routine site audit, World Health Origination (WHO) delisted the Company's DTP-based combination and monovalent hepatitis B vaccines from its list of pre-qualified vaccines on account of deficiencies in quality management system. However, the issue was not about the quality, safety or efficacy of the products. Since then, the Company has taken several corrective and preventive measures to ensure compliance with the WHO pre-qualification guidelines.

During the year, the auditors from WHO and UNICEF visited the vaccine facilities at Lalru (Punjab) and Baddi (H.P.) in Feb-Mar 2013 with the objective of re-evaluation of the acceptability in principle of combination vaccine (DTP-Hep B-Hib) produced by Panacea Biotec for purchase by United Nations Agencies. There were no critical observations and the Audit Team acknowledged the continuing improvements that have been made in this regard. No critical factors were observed during the course of the audit that would indicate that the combination vaccine produced by the Company would have an unacceptable level of potency, purity, safety and efficacy. In general, the production, quality control, quality assurance and QMS functions relevant to combination vaccine were observed to be in conformity to applicable WHO recommendations.

For the above vaccine, the Company has a stock of Rs.324.6 million and Rs.394.2 million of raw & packing material and finished goods, respectively as at March 31, 2013. Fixed assets relating to above products cannot be quantified separately. The Company is confident that with the post audit activities, it will be able to get re-listing of combination vaccine in the list of WHO pre-qualified vaccines in due course and believes that these stocks would be liquidated in alternate domestic and overseas markets. Pending outcome of above measures, no adjustment has been made to the financial statements.

During the year, the Company has incurred net losses of Rs.2,301.3 million mainly because of delisting of its vaccine products from list of pre-qualified vaccines. However, the Company's cash flow projections show that credit facilities from banks and internal accruals would be sufficient to meet the working capital and other liquidity requirements associated with the existing operations.

48. During the previous year, the Company exercised the option as per the Companies (Accounting Standards) (Second Amendment) Rules, 2011. As per the option exchange differences related to long term foreign currency monetary items so far as they relate to the acquisition of depreciable capital assets are capitalized or de-capitalized from cost of assets and depreciated over the useful life of the assets. In other cases, such exchange differences are accumulated in a "Foreign currency monetary item translation difference account" and amortized over the balance period of such long term assets/liabilities. Accordingly, exchange differences of Rs.312.8 million (previous year Rs.245.3 million) have been capitalized during the year and unamortized balance of "Foreign currency monetary item translation difference account" of Rs.(102.4) million (previous year Rs.20.5 million) as on March 31, 2013 is included under the head "Reserve & surplus".

49. Information in respect of Section 293A (4) of the Companies Act, 1956 pertaining to donations paid of political parties:

Particulars	As at March 31, 2013	As at March 31, 2012
Bhartiya Janta Party	2.0	-

50. As at March 31, 2013, an amount of Rs.694.7 million (previous year Rs.654.3 million) including interest of Nil (previous year Rs.36.2 million) is receivable from its wholly owned subsidiary viz. Rees Investment Ltd. Pursuant to the diminution in the value of investment in US based listed company 'PharmAthene Inc.' by Rees through its subsidiary and losses in Rees & its other subsidiaries, Company assessed that the loan repayment capability of Rees Investment Ltd. has been adversely affected. Accordingly, amount of Rs.536.2 million (Previous year Rs.421.4 million) has been provided for as 'Provision for bad and doubtful advances'.

51. In the current year, the Company received a capital subsidy of Rs.3.0 million under the Central Investment Subsidy Scheme, 2003 based on investment in plant and machinery as it manufacturing unit at Baddi, in the state of Himanchal Pradesh which is in nature of promoters' contribution. This has been treated as capital reserve in book of accounts.

52. The assets of Rs.352.5 million (Previous year Rs.352.5 million) recognized by the Company as 'MAT Credit Entitlement Account' under ' Loans and advances' represents that portion of MAT liability, which can be recovered and set off in subsequent years based on provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT credit assets. The management is confident that no losses are expected in this regard.

53. 0.0 under "Rs. in million" represents amount less than Rs.50,000 and 0.0 under units represents units less than 50,000.

54. Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our attached report of even date

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

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

Place : New Delhi
Dated : May 30, 2013

For and on behalf of the Board

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
D.G.M. (Accounts & Taxation)

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 Balance Sheet for the Year ended March 31, 2013

(Rs. in million)

	For the year ended March 31, 2013		For the year ended March 31, 2012	
Cash Flow from Operating Activities:				
Loss before tax		(2,506.3)		(2,629.5)
Adjustments to reconcile profit before tax to net cash flows				
Depreciation and amortisation expense	835.4		753.9	
Provision for doubtful debts and advances	144.9		499.2	
Bad debts written off	0.5		2.5	
Loss on sale/ discard of fixed assets (net)	273.8		233.6	
Unrealized foreign exchange loss/(gain) (net)	(35.3)		393.6	
Exchange differences capitalised	(312.8)		(245.2)	
Loss against expired stock	25.3		-	
Liabilities/ provisions no longer required written back	-		(25.5)	
Net gratuity income	(3.9)		-	
Exceptional items	(173.1)		-	
Interest expense	955.7		642.3	
Interest income	(1.9)		(47.5)	
Dividend income	(34.5)		-	
		1,674.1		2,206.9
Operating profit before working capital changes		(832.2)		(422.6)
Movements in working capital				
Decrease/(Increase) in trade receivables	(55.4)		2,080.7	
Decrease/(Increase) in inventories	1,149.9		282.8	
Decrease/(Increase) in other current assets	21.8		23.2	
Decrease/(Increase) in short-term loans and advances	6.8		(70.1)	
Decrease/(Increase) in long-term loans and advances	3.8		(54.0)	
Increase/(Decrease) in trade-payables	359.0		374.8	
Increase/(Decrease) in other current liabilities	(915.7)		344.2	
Increase/(Decrease) in other long term liabilities	(0.2)		-	
Increase/(Decrease) in short-term provisions	5.2		6.0	
Increase/(Decrease) in long-term provisions	8.6		(3.1)	
		583.8		2,984.5
Cash generated from/ (used in) operations		(248.4)		2,561.9
Direct taxes paid (net of refunds)		2.7		36.7
Net cash flow from/ (used in) operating activities (A)		(251.1)		2,525.2
Cash flow from investing activities				
Purchase of fixed assets, including CWIP and capital advances	(154.3)		(847.1)	
Investments in bank deposits having original maturity of more than three months)	0.9		(1.7)	
Purchase of non-current investments	(68.8)		(255.3)	
Loans and advances to subsidiary companies	(141.7)		(113.1)	
Proceeds from sale of fixed assets	4.0		2.6	
Interest received	37.5		24.7	
Dividends received	34.5		-	
Net cash flow from/ (used in) investing activities (B)		(287.9)		(1,189.9)
Cash flow from financing activities				
Proceeds from short-term borrowings	100.0		-	
Repayment of short-term borrowings	(32.2)		(1,197.4)	
Proceeds from long-term borrowings	3,751.3		1,323.7	
Repayment of long term borrowings	(2,549.6)		(962.2)	
Repayment of finance lease rental	(19.0)		(15.8)	
Proceeds from deposits from public	67.6		474.8	
Repayment of deposits from public	(8.5)		(560.6)	
Proceeds from loan from related party	164.4		393.0	
Repayment of loan to subsidiary	-		(380.0)	
Proceeds from capital subsidy	3.0		-	
Interest paid	(926.7)		(635.8)	
Dividend paid on equity shares	-		(45.9)	
Tax on equity dividend paid	-		(7.5)	
Net cash flow from/ (used in) financing activities (C)		550.3		(1,613.7)
Net increase/ (decrease) in cash & cash equivalents (A+B+C)		11.3		(278.4)
Effect of exchange differences on cash and cash equivalents held in foreign currency		1.1		(3.6)
Cash and cash equivalents at the beginning of the year		111.5		393.5
Cash and cash equivalents at the end of the year		123.9		111.5
Components of cash and cash equivalents				
Cash on hand		1.3		1.4
Balances with banks				
a) Current accounts		61.9		9.6
b) Unpaid dividend accounts*		1.0		1.2
c) Fixed deposits		2.0		1.8
d) Exchange earner foreign currency current accounts		59.7		99.3
Total cash & cash equivalents (note 16)		125.9		113.3
Less: Fixed deposits not considered as cash equivalents		(2.0)		(1.8)
Cash & cash equivalents in cash flow statement		123.9		111.5

*The Company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

As per our report of even date
S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

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

Place : New Delhi
Dated : May 30, 2013

For and on behalf of the Board

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
D.G.M. (Accounts & Taxation)

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

Vinod Goel
G.M. Legal & Company Secretary

Statement u/s 212 of the Companies Act, 1956 Relating to Subsidiary Companies

(Amount in Rs. million)

S. No.	Name of the Company	Date from which they became subsidiary Company	Financial Year of the subsidiary ended on	Shares of the subsidiary held by Panacea Biotec Ltd. on the above dates			Net aggregate Profit or (Loss) for the current year (in Rs.)	Net aggregate amounts of the profits or losses of the subsidiary so far as it concerns the members of the holding company and is dealt with in the accounts of holding company		Net aggregate amounts of the profits or losses of the subsidiary so far as it concerns the members of the holding company and is not dealt with in the accounts of holding company	
				i) Number & face value		ii) Extent of holding		a) for the financial year of the subsidiary	b) for the previous financial years of the subsidiary since it became its subsidiary	a) for the financial year of the subsidiary	b) for the previous financial years of the subsidiary since it became its subsidiary
1	Best On Health Ltd.$	15.03.2000	31.03.2013	9,113,826	Re.1	100%	16.61	-	0.03	16.61	79.51
2	Radicura & Co. Ltd.*	16.07.1999	31.03.2013	1,982,500	Re.1	100%	(0.86)	-	-	(0.86)	(0.99)
3	Panacea Hospitality Services Pvt. Ltd.*	23.08.2007	31.03.2013	100,000	Re.1	100%	(0.46)	-	-	(0.46)	(1.33)
4	Panacea Educational Institute Pvt. Ltd.*	23.08.2007	31.03.2013	100,000	Re.1	100%	(0.22)	-	-	(0.22)	(0.75)
5	Sunanda Steel Co. Ltd.*	05.09.2007	31.03.2013	500,000	Re.1	100%	(0.02)	-	-	(0.02)	(48.94)
6	Best on Health Foods Ltd*	06.12.2010	31.03.2013	500,000	Re.1	100%	(0.00)	-	-	(0.00)	(0.04)
7	Nirmala Organic Farms & Resorts Pvt. Ltd.*	23.02.2011	31.03.2013	100,000	Re.1	100%	(0.02)	-	-	(0.02)	(0.08)
8	NewRise Heathcare Pvt Ltd.(Formerly known as Umkal Medical Institute Pvt. Ltd)	30.06.2008	31.03.2013	3,765,701	Rs.10	75.2%	0.45	-	-	0.34	0.96
9	Lakshmi & Manager Holdings Ltd.	24.11.2011	31.03.2013	103,142,818	Re.1	100%	(0.46)	-	-	(0.46)	1.18
10	Best General Insurance Company Ltd.**	24.11.2011	31.03.2013	2,000,000	Re.1	80.0%	(1.68)	-	-	(1.34)	0.01
11	Trinidhi Finance Pvt. Ltd.**	24.11.2011	31.03.2013	101,754,000	Re.1	100%	11.13	-	-	11.13	5.34
12	Panacea Biotec GmbH	11.06.2008	31.03.2013	2	Euro 12,500	100%	(0.51)	-	-	(0.51)	(0.97)
13	Panacea Biotec, FZE	16.03.2008	31.03.2013	5	AED 100000	100%	(0.39)	-	-	(0.39)	(2.13)
14	Rees Investments Ltd.	16.09.2008	31.03.2013	1,000	US $ 0.01	100%	(13.46)	-	-	(13.46)	(188.99)
15	Kelisia Holdings Ltd.***	18.09.2008	31.03.2013	1,000	Euro 1	100%	(226.58)	-	-	(226.58)	(223.26)
16	Kelisia Investment Holdings AG****	22.10.2008	31.03.2013	5,000	CHF 100	100%	(2.73)	-	-	(2.73)	0.26
17	Panacea Biotec (International) SA	01.04.2012	31.03.2013	6,000	CHF 100	100%	(2.42)	-	-	(2.42)	(83.66)
18	Panacea Biotec Germany GmbH*****	12.08.2010	31.03.2013	1	Euro 25000	100%	(95.40)	-	-	(95.40)	(102.89)

$ Share capital includes preference share capital.
** Indirect subsidiary through Lakshmi & Manager Holding Ltd.
**** Indirect subsidiary through Kelisia Holdings SA.
* Indirect subsidiary through Best on Health Ltd.
*** Indirect subsidiary through Rees Investment Ltd.
***** Indirect subsidiary through Panacea Biotec (International) SA.

For and on behalf of the Board

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
D.G.M. (Accounts & Taxation)

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

Place : New Delhi
Dated : May 30, 2013

Vinod Goel
G.M. Legal & Company Secretary

Financial Details of Subsidiary Companies

(Amount in Rs. million)

S. No.	Name of the Company	As on 31st March, 2013					For the year/ period ended 31st March, 2013				
		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.$	9.11	2,535.52	2580.12	2580.12	51.21	30.94	25.29	8.68	16.61	-
2	Radicura & Co. Ltd.*	1.98	90.13	548.82	548.82	0.10	0.05	(0.70)	0.15	(0.86)	-
3	Panacea Hospitality Services Pvt. Ltd.*	0.10	47.79	348.31	348.31	-	0.05	(0.45)	0.02	(0.46)	-
4	Panacea Educational Institute Pvt. Ltd.*	0.10	37.98	358.52	358.52	-	0.05	(0.20)	0.02	(0.22)	-
5	Sunanda Steel Co. Ltd.*	0.50	(48.96)	164.08	164.08	-	0.01	(0.02)	0.00	(0.02)	-
6	Best on Health Foods Ltd.*	0.50	(0.18)	0.35	0.35	-	0.03	(0.00)	0.00	(0.00)	-
7	Nirmala Organic Farms & Resorts Pvt. Ltd.*	0.10	(0.13)	140.90	140.90	-	-	(0.02)	-	(0.02)	-
8	New Rise Heathcare Pvt. Ltd.(Formerly known as Umkal Medical Institute Pvt. Ltd.)	50.08	246.23	1225.40	1225.40	-	0.27	0.26	(0.19)	0.45	-
9	Lakshmi & Manager Holdings Ltd.	103.14	19.74	123.02	123.02	-	0.28	(0.48)	(0.02)	(0.46)	-
10	Best General Insurance Company Ltd.**	2.50	(8.37)	0.81	0.81	-	0.06	(1.65)	0.03	(1.68)	-
11	Trinidhi Finance Pvt. Ltd.**	101.75	21.52	123.50	123.50	5.45	20.01	16.37	5.25	11.13	-
12	Panacea Biotec GmbH	1.74	(1.53)	0.28	0.28	-	-	(0.51)	(0.00)	(0.51)	-
13	Panacea Biotec, FZE	7.44	(2.88)	4.64	4.64	-	-	(0.39)	-	(0.39)	-
14	Rees Investments Ltd.	0.00	(588.68)	255.42	255.42	-	37.63	(13.46)	-	(13.46)	-
15	Kelisia Holdings Ltd.***	0.07	(347.67)	232.01	232.01	22.81	21.99	(226.58)	-	(226.58)	-
16	Kelisia Investment Holdings AG****	28.58	(2.89)	25.96	25.96	-	2.62	(2.70)	0.02	(2.73)	-
17	Panacea Biotec (International) SA	34.30	(111.30)	22.75	22.75	-	17.32	(2.42)	0.00	(2.42)	-
18	Panacea Biotec Germany GmbH*****	10.16	(206.84)	44.03	44.03	-	25.39	(95.40)	-	(95.40)	-

$ Share capital includes preference share capital.
** Indirect subsidiary through Lakshmi & Manager Holding Ltd.
**** Indirect subsidiary through Kelisia Holdings SA.
* Indirect subsidiary through Best on Health Ltd.
*** Indirect subsidiary through Rees Investment Ltd.
***** Indirect subsidiary through Panacea Biotec (International) SA.

For and on behalf of the Board

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
D.G.M. (Accounts & Taxation)

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

Vinod Goel
G.M. Legal & Company Secretary

Place : New Delhi
Dated : May 30, 2013

Auditors' Report on the Consolidated Financial Statements

To the Board of Directors of Panacea Biotec Limited

We have audited the accompanying consolidated financial statements of Panacea Biotec Limited ("the Company"), its subsidiaries, associates and joint ventures (together referred to as "PBL Group") which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

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

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

Emphasis of Matter

We draw attention to:

a) Note 42 to the financial statements regarding the managerial remuneration of Rs.37.2 million for the financial year ending March 31, 2013, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs.13.2 million on account of losses incurred during the current year. The Company has initiated steps to obtain approval from Central Government in respect to excess remuneration paid. Pending outcome of the steps taken, no adjustments have been made to the accompanying financial statements. Our opinion is not qualified in respect of this matter.

b) Note 43 to the financial statements regarding delisting of Company's DTP-based combination and monovalent hepatitis B vaccines by World Health Organization (WHO) from its list of pre-qualified vaccines. Company has stock of raw & packing material and finished goods of Rs.324.6 million and Rs.394.2 million respectively as at March 31, 2013 of these vaccines which is considered saleable by the management. Further impact if any, of the delisting above products on fixed assets cannot be separately quantified. As mentioned in the said note, the Company has been taking steps in order to get these products re-listed in the list of prequalified vaccines of WHO. Pending outcome of the above measures, no adjustments have been made to the accompanying financial statements. Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit total assets of Rs.4,197.7 million as at March 31, 2013, total revenues of Rs.82.3 million and net cash inflows amounting to Rs.193.4 million for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries, associates and joint ventures, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries, associates and joint ventures is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

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

per **Rajiv Goyal**
Partner
Membership No.: 94549

Place : Gurgaon
Date : May 30, 2013

Consolidated Balance Sheet As at March 31, 2013

(Rs. in million)

	Notes	As at March 31, 2013		As at March 31, 2012	
Equity and Liabilities					
Shareholders' Funds					
Share Capital	3	61.3		61.3	
Reserves and Surplus	4	6,195.6	6,256.9	8,689.9	8,751.2
Minority Interest	5		73.5		66.0
Non-current liabilities					
Long term borrowings	6	6,899.1		5,125.2	
Deferred tax liabilities (net)	7	4.8		207.3	
Trade payables	11	-		138.4	
Long term provisions	8	25.3		20.7	
Other long term liabilities	9	35.4	6,964.6	23.8	5,515.4
Current liabilities					
Short term borrowings	10	2,740.0		2,495.4	
Trade payables	12	1,756.9		1,222.1	
Other current liabilities	12	498.2		1,347.2	
Short term provisions	8	104.5	5,099.6	100.5	5,165.2
Total			18,394.6		19,497.8
Assets					
Non current assets					
Fixed assets	13				
Tangible assets		11,051.8		11,427.4	
Intangible assets		493.1		523.6	
Capital work-in-progress		1,246.2		558.5	
Intangible assets under development		106.4	12,897.5	349.8	12,859.3
Non-current investments	14		165.1		309.1
Loans and advances	15		992.8		1,249.1
Other non current assets	20		1.7		65.4
			14,057.1		14,482.9
Current assets					
Current investments	19		59.9		16.0
Trade receivables	16		698.6		683.8
Inventories	17		2,679.4		3,852.6
Cash and bank balances	18		392.3		155.1
Loans and advances	15		469.4		253.3
Other current assets	20		37.9		54.1
			4,337.5		5,014.9
Total			18,394.6		19,497.8
Summary of significant accounting policies	2.1				

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

As per our report of even date

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

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

Place : New Delhi
Dated : May 30, 2013

For and on behalf of the Board

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
D.G.M. (Accounts & Taxation)

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

Vinod Goel
G.M. Legal & Company Secretary

Consolidated Statement of Profit & Loss Account

For the Year ended March 31, 2013

(Rs. in million)

		Notes	**For the year ended March 31, 2013**	For the year ended March 31, 2012
Income				
Revenue from operations (gross)		21	6,096.1	7,110.7
Less: excise duty			(11.2)	(9.8)
Revenue from operations (net)			6,084.9	7,100.9
Other income		22	54.4	88.3
	Total (a)		6,139.3	7,189.2
Expenses				
Purchases of traded goods			234.1	258.8
Cost of raw and packing material consumed		23	2,373.5	3,021.9
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods		24	26.5	195.0
Employee benefits expense		25	1,469.4	1,607.2
Other expenses (Including prior period expenses of Rs.2.1 million (Previous year Rs.47.5 million))		26	2,842.0	2,881.1
Finance costs		27	1,037.6	1,007.1
Depreciation and amortisation expense		28	859.9	771.3
	Total (b)		8,843.0	9,742.4
(Loss) before exceptional item and tax	(a-b)		(2,703.7)	(2,553.2)
Exceptional item		29	173.1	-
	Total (c)		173.1	-
	(a-b) + c		(2,530.6)	(2,553.2)
(Loss) before tax				
Tax expenses				
Current tax			15.0	8.9
Deferred income tax (credit)/charge			(202.6)	(550.8)
Total tax expenses			(187.6)	(541.9)
(Loss) for the year			(2,343.0)	(2,011.3)
Add: share of profit in associates			0.2	45.3
(Loss) for the year			(2,342.8)	(2,056.6)
Earnings per share [nominal value per share Re.1]				
Basic earnings per share (in Rs.)		30	(38.25)	32.84
Diluted earnings per share (in Rs.)		30	(38.25)	32.84
Summary of significant accounting policies		2.1		

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

As per our report of even date

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

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

Place : New Delhi
Dated : May 30, 2013

For and on behalf of the Board

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
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Naresh Chand Gupta
D.G.M. (Accounts & Taxation)

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

Vinod Goel
G.M. Legal & Company Secretary

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

1. Basis of preparation

The Consolidated financial statements relate to Panacea Biotec Limited (Parent Company), its Subsidiary Companies, Joint Venture and Associates (hereinafter collectively referred as the "Group").

The Consolidated financial statements (CFS) have been prepared to comply in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on a going concern basis under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out (also refer note 43).The accounting policies adopted in the preparation of financial statement are consistent with those of previous year.

2. Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis:

i. The financial statements of the Parent Company and its Subsidiary Companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses, if any, as per Accounting Standard –21, Consolidated Financial Statements.

ii. Interest in assets, liabilities, income and expenses of the Joint Venture have been consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profits/losses have been eliminated to the extent of Company's proportionate shares as per Accounting Standard –27, Financial reporting of interests in Joint Venture.

iii. In case of Associates, where the Company 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.

iv. The financial statements of the Subsidiary Companies, Joint Venture and Associates used in the consolidation are drawn for the same period as that of the Parent Company i.e. year ended March 31, 2013.

v. Minorities' interest in net profit/(loss) of consolidated Subsidiary Companies for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Parent Company. Minorities' share of net assets has been identified and presented in Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the Parent Company.

vi. List of Subsidiaries, Joint Venture and Associates considered for consolidation is as follows:

S.No.	Name of the Company	Nature of relationship	Country of Incorporation	Extent of Holding/ Voting Power (%)	
				As at March 31, 2013	As at March 31, 2012
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	100.0
7	Best On Health Foods Limited	Indirect Subsidiary*	India	100.0	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 FZE	Subsidiary	UAE	100.0	100.0
11	Rees Investments Ltd.	Subsidiary	Guernsey	100.0	100.0
12	Kelisia Holdings Ltd.	Indirect Subsidiary†	Cyprus	100.0	100.0
13	Kelisia Investment Holdings SA	Indirect Subsidiary††	Switzerland	100.0	100.0
14	Panacea Biotec (International) SA	Subsidiary	Switzerland	100.0	100.0
15	Panacea Biotec Germany GmbH	Indirect Subsidiary†††	Germany	100.0	100.0
16	Lakshmi & Manager Holdings Ltd. (w.e.f. November 24, 2011)	Subsidiary	India	100.0	100.0
17	Best General Insurance Company Ltd. (w.e.f November 24, 2011)	Indirect Subsidiary**	India	80.0	80.0
18	Trinidhi Finance Private Limited (w.e.f. November 24, 2011)	Indirect Subsidiary**	India	100.0	100.0
19	Chiron Panacea Vaccines Pvt. Ltd.	Joint Venture***	India	50.0	50.0
20	Adveta Power Private Limited (w.e.f. July 4, 2011)	Joint Venture***	India	50.0	50.0
21	PanEra Biotec Pvt. Ltd.	Associate	India	50.0	50.0

* Wholly Owned Subsidiary Best On Health Ltd.
†† Wholly Owned Subsidiary of Kelisia Holdings Ltd.
** Subsidiary of Lakshmi & Manager Holdings Ltd.
† Wholly Owned Subsidiary of Rees Investments Ltd.
††† Wholly Owned Subsidiary of Panacea Biotec (International) SA
*** Jointly controlled entity

vii. Goodwill represents the difference between the Parent Company's shares in the net worth of the Subsidiary / Joint Venture Company and the cost of acquisition at the time of making the investment in the Subsidiary / Joint Venture Companies. For this purpose, the Parent Company's share of net worth of the Subsidiary/ Joint Venture Company is determined on the basis of the latest financial statements of the Subsidiary/Joint Venture Company prior to acquisition, after making the necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

viii. The Consolidated Financial Statements have been prepared using uniform accounting policies unless otherwise stated for like transactions and other events in similar circumstances and are presented in the same manner as the Parent Company's separate financial statements. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. Summary of significant accounting policies is listed below.

a) Uses of estimates

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

b) Tangible assets

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

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

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

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

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

c) Depreciation on tangible assets

i) Depreciation on fixed assets is calculated on written down value method using the rates based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Group has used 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

ii) Leasehold land is amortized over the period of lease (i.e 63 years to 95 years).

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

d) Intangibles assets

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

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

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

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

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

be demonstrated:

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

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

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

Patents, Trademarks & Designs	- Amortized over a period of 7 years
Product Development	- Amortized over a period of 5 years
Technical Know-how	- Amortized over a period of 5 years
Software	- Amortized over a period of 5 years
Websites	- Amortized over a period of 2 years
Goodwill	- Amortized over a period of 10 years

e) Leases

Where the Group is the Lessee:

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

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

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Group is the Lessor:

Leases in which the Group transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Group apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

f) Impairment of tangible and intangible assets

Impairment loss, if any is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Assessment is done at each balance sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from short term foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that

i) the Group will comply with the conditions attached to them, and

ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

i) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution, in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sales of products- Revenue from domestic sale of goods is recognized on dispatch which coincides with transfer of significant risks and rewards to customer. Revenue from export sales is recognized when the significant risks and rewards of ownership of products are transferred to the customer, which is based upon the terms of the applicable contract. Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services- Revenue from contract manufacturing is recognized as and when services are rendered.

Export benefits – Export benefits income is recognized in statement of profit and loss, when right to receive the benefits amount is established as per terms of relevant scheme.

Royalty income - Royalty income is recognized on an accrual basis based on actual sale of product by the licensee and in accordance with the term of the relevant agreement.

Lease rent - Lease rent is recognized on an accrual basis in accordance with the term of the relevant agreement.

Research and license fees income - Research and license fees income is recognized on an accrual basis based on actual completion of activities and in accordance with the terms of the relevant agreement.

Interest income - Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income - Dividend income is recognized when the Group's right to receive dividend is established by the reporting date.

l) Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

The Group accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of 1 and 2 above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

m) Retirement and other employee benefits

i. Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii. The Group operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under the plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out by using the projected unit credit method. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

iii. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

n) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

p) Provisions

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

q) Segment reporting policies

i) Identification of Segments:

Primary Segment

Business segment: The Group's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are vaccines, formulations, research & development, healthcare and real estate activities.

Secondary Segment

Geographical segment: The analysis of geographical segment is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Revenue from domestic market includes sales to customers located within India.
- Revenue from overseas market includes sales to customers located outside India.

ii) Allocation of common costs: Common allocable costs are allocated to each segment on a rational basis based on nature of each such common cost.

iii) Unallocated items: Unallocated items include general corporate income and expense items which are not allocated to any business segment.

iv) Segmental accounting policies: The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

r) Cash & cash equivalent

Cash and cash equivalents in the cash flow statement comprise cash at bank and on hand and short-term investments with an original maturity of three months or less.

s) 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.

t) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

(Rs. in million)

		As at March 31, 2013		As at March 31, 2012
3. Share Capital				
Authorised Shares				
i. 125,000,000 (Previous Year 125,000,000) Equity Shares of Re.1 each		125.0		125.0
ii. 110,000,000 (Previous Year 110,000,000) Preference Shares of Rs.10 each		1,100.0		1,100.0
		1,225.0		1,225.0
Issued, Subscribed and fully paid up Shares				
61,250,746 (Previous Year 61,250,746) Equity Shares of Re.1 each		61.3		61.3
		61.3		61.3
a) Terms/right attached to equity shares : The Company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
b)Reconcilition of the shares outstanding at the beginning and at the end of the reporting financial year :				
	No.	Amount	No.	Amount
At the beginning of the year	61,250,746	61.3	61,250,746	61.3
Movement during the year	-	-	-	-
Outstanding at the end of the year	61,250,746	61.3	61,250,746	61.3
c) Aggregate number of equity shares bought back during the period of five years immediately preceding the reporting date :		No. of shares		No. of shares
Equtiy shares bought back by the Company during the financial year 2010-11		5,592,000		5,592,000
d) Detail of shareholders holding more than 5% shares in the Company :	No. of shares	% age of holding	No. of shares	% age of holding
Name of Persons				
Mr. Soshil Kumar Jain	5,000,000	8.16%	5,000,000	8.16%
Mr. Ravinder Jain	5,712,300	9.33%	4,646,200	7.59%
Dr. Rajesh jain	6,213,500	10.14%	6,213,500	10.14%
Mr. Sandeep Jain	4,792,100	7.82%	4,792,100	7.82%
Soshil Kumar Jain (HUF)	2,380,700	3.89%	3,446,800	5.63%
Ravinder Jain (HUF)	4,135,000	6.75%	4,135,000	6.75%
Rajesh Jain (HUF)	4,368,500	7.13%	4,368,500	7.13%
Sandeep Jain (HUF)	4,105,000	6.70%	4,105,000	6.70%
Serum Institute of India Ltd	8,911,632	14.55%	8,002,387	13.06%
4. Reserves and Surplus				
Capital redemption reserve		1,022.3		1,022.3
Balance as per last financial statements				
Capital reserve				
Balance as per last financial statements	3.1		3.1	
Add: Capital subsidy received during the year (Refer note 45)	3.0	6.1	-	3.1
Securities premium reserve				
Balance as per the last financial statements	919.4		919.4	
Add: Created during the year	-	919.4	-	919.4
General reserve				
Balance as per the last financial statements	367.7		367.7	
Add: Transferred from surplus in statement of profit & loss	2.2	369.9	-	367.7
Revaluation reserve				
Balance as per the last financial statements	4,280.4		-	
Revaluation reserve credited during the year	-		4,402.6	
Less: amount transferred to the statement of profit and loss as reduction from depreciation	(112.7)	4,167.7	(122.2)	4,280.4
Foreign currency monetary item translation difference account (net of amortisation) (Refer note 44)		(102.4)		20.5

(Rs. in million)

	As at March 31, 2013		As at March 31, 2012	
Foreign currency translation reserve	13.0		(5.2)	
Add: Movement during the year	86.8	99.8	18.2	13.0
(Deficit)/ Surplus in the statement of profit and loss				
Balance as per the last financial statements	2,063.5		4,120.1	
(Loss) for the year	(2,342.8)		(2,056.6)	
Less : Appropriations				
Tax on Interim dividend on equity shares	(5.7)		-	
Transfer to General Reserve	(2.2)	(287.2)	-	2,063.5
		6,195.6		8,689.9
5. Minority Interest				
Minority Interest of NewRise Healthcare Private Limited (Formerly known as Umkal Medical Institute Pvt. Ltd.)				
i) Minority Interest in equity		12.4		12.4
1,241,880 Equity Shares of Rs.10 each, fully paid up				
ii) Minority Interest in Non-Equity				
a) Securities Premium		60.6		53.3
b) Balance in statement of profit and loss				
Share of (loss) brought forward	0.3		0.1	
Share of (loss) of the year	0.2	0.5	0.2	0.3
(a)		73.5		66.0
Minority Interest of Best General Insurance Company Limited, Subsidiary of Lakshmi & Manager Holding Ltd.				
i) Minority Interest in equity				
5,00,000 Equity Shares of Rs.10 each, fully paid up		0.5		0.5
ii) Minority Interest in Non-Equity				
a) Security premium		-		-
b) Balance in Statement of Profit & Loss				
Share of (loss) brought forward	-		-	
Share of (loss) of the year	0.5	(0.5)	0.5	(0.5)
(b)		-		-
Total Minority Interest (a+b)		73.5		66.0

(Rs. in million)

	Non-current portion as at		Current maturities as at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
6. Long Term Borrowings				
Term loans				
Foreign currency term loans from banks (secured)				
State Bank of India [loan - I] (refer note a)	-	1,017.6	-	610.6
State Bank of India [loan - II] (refer note a)	-	763.2	-	-
State Bank of Travancore (refer note b)	-	638.5	-	383.1
Bank of India (refer note c)	1,357.8	1,272.0	-	-
Indian rupee term loan from banks (secured)				
State Bank of India [loan - I] (refer note a)	1,600.0	-	-	-
State Bank of India [loan - II] (refer note a)	812.5	-	-	131.0
State Bank of India [loan - III] (refer note a)	235.2	-	-	-
State Bank of Travancore (refer note b)	1,096.6	-	-	-
Indian Overseas Bank (refer note d)	875.0	1,000.0	125.0	-
Bank of Baroda (refer note e)	827.1	294.9	-	-

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	Non-current portion as at		Current maturities as at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Indian rupee term loan from Government of India				
Through Department of Biotechonology (secured) (refer note g)	72.0	112.0	20.0	-
Through Technology development board (secured) (refer note h)	6.9	-	5.6	-
Through Department of Science & Techonology (unsecured) (refer note j)	16.0	18.0	2.0	2.0
Other long term borrowings				
Deposits from public and related party (unsecured) (refer note k) (refer note 35)	-	9.0	-	-
Finance lease obligation (unsecured) (refer note l) (refer note 38 (ii) (d) and (e))	-	-	-	19.0
	6,899.1	5,125.2	152.6	1,145.7
The above amount includes				
Secured borrowings	6,883.1	5,098.2	150.6	1,124.7
Unsecured borrowings	16.0	27.0	2.0	21.0
Amount disclosed under the head "Note 12. Other current liabilities"	-	-	(152.6)	(1,145.7)
Net Amount	6,899.1	5,125.2	-	-

Notes :

a) Foreign currency term loans from State Bank of India [loan - I & II] carrying interest @ LIBOR plus 7.5% & 5.75% respectively, have been re-scheduled and converted into Indian rupee term loans (loan I, II & III) during the year. These Indian rupee term loans carry interest @ 5.9%, 5.2% and 5.5% above base rate respectively and are repayable in twelve quarterly installments commencing from June'14.

b) Foreign currency term loan from State Bank of Travancore carrying interest @ 6 months LIBOR plus 7.5% has been re-scheduled and converted into Indian rupee term loan during the year. The Indian rupee term loan carries interest @ 7.45% above base rate and is repayable in twelve quarterly installments commencing from June'14.

c) Foreign currency term loan from Bank of India carries interest @ 6 months LIBOR plus 4.75%. The loan is repayable in three equal yearly installments commencing at the end of sixth year from the date of first drawdown [i.e. in financial year 2017-18] .

d) Indian rupee term loan from Indian Overseas Bank carries interest @ 1.75% above base rate. This loan is repayable in eight equal quarterly installments commencing from January'14.

e) Indian rupee loan from Bank of Baroda carries interest @ base rate plus 3% p.a i.e. 13.25% at present on monthly resets with reset every year. The loan is repayable in 32 quarterly installments, starting from March, 2015 and ending on Dec, 2022.The said term Loan is secured by way of first charge on entire movable and immovable (land admeasuring 2.53 Acres at Plot no 3201, Sector 24, DLF Phase III, Gurgaon in the state of Haryana) fixed assets of the company & by way of 1st charge on current assets (present & future) of the company.

f) Above foreign currency term loans and Indian rupee term loans taken from banks are secured by way of first pari-passu charge by hypothecation of the Company's entire movable 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 biswas situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh and land admeasuring 9435.66 sq yards situated at Indl Plot No.E-4, PH-2, Indl Area, S.A.S Nagar, (Mohali), Punjab. These loans are also collaterally secured by personal guarantees of the promoter-directors of the Company, viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.

g) Indian rupee term loans from Government of India through Department of Biotechonology are project specific loans which carry interest @ 2.00% p.a. These loans are repayable in ten equal half-yearly installments. The repayment of these loans would commence from one year after the completion of the respective projects.

h) Indian rupee term loans from Government of India through Technology development board is a project specific loan which carry interest @ 5.00% p.a. The loan is repayable in ten equal half-yearly installments commencing from January'14.

i) Secured 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.

j) Indian rupee term loan from Government of India, through Department of Science & Techonology is a project specific loan which carries interest @ 3.00% p.a. The loan is repayable in ten equal annual installments which would commence from one year after the completion of the project.

k) Deposits from public and related party is carring interest @ 9%. These deposits are repayble into one to two years from the date of receipt of deposit.

l) Finance lease obligation is repayble into three equal annual installments. Last installment has been repaid during the current financial year.

(Rs. in million)

	As at March 31, 2013	As at March 31, 2012
7. Deferred tax liabilities (Net)		
Deferred tax liabilities		
Differences in depreciation and amortization in block of fixed assets as per Income Tax Act and books of accounts	623.7	640.1
Capital expenditure on research and development	23.2	125.4
Effect of finance lease accounting	1.7	0.7
Gross deferred tax liabilities	648.6	766.2
Deferred tax assets		
Effect of expenditure debited to statement of profit and loss but allowed for tax purposes on payment basis	64.0	94.0
Effect of unabsorbed business loss and depreciation	579.8	464.9
Gross deferred tax assets	643.8	558.9
Net deferred tax liabilities	4.8	207.3

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	Long term as at		Short term as at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
8. Provisions				
Provision for employees benefits				
Provision for gratuity (Refer note 40)	25.3	20.7	2.6	16.0
Provision for leave encashment	-	-	82.6	68.4
Other provisions				
Provision for wealth tax	-	-	5.8	2.1
Provision for inocme tax	-	-	0.1	4.0
Provision for litigations*	-	-	10.0	10.0
Provision for liquidation expenses	-	-	3.4	-
	25.3	20.7	104.5	100.5
Movement in provision for litigations				
Opening balance			10.0	-
Addition during the year			-	10.0
Deletion during the year			-	-
Closing balance			10.0	10.0

* Maharashtra State Electricity Distribution Company Limited [MSEDCL] served a demand notice to the company on account of wrong tariff rates applied for the power consumption at its research and development center located at Navi Mumbai. Company contested the matter in Consumer Grievance Redressal Forum [CGRF] of MSEDCL which has already given decision in favour of the Company. However, MSEDCL challenged the decision and has taken the matter in Mumbai High Court. Provision of Rs.10.0 million has been accounted for in the books of accounts pertaining to this notice on conservative basis.

(Rs. in million)

	As at March 31, 2013	As at March 31, 2012
9. Other long term liabilities		
Income received in advance	23.6	23.8
Group's liability towards preference share capital of Adveta Power Pvt. Ltd., joint venture company	11.8	-
	35.4	23.8
10. Short term borrowings		
Cash credits from banks (secured) (refer note a)	1,878.0	1,159.1
Buyers' credit from banks (secured) (refer note b)	311.4	1,064.8
Working capital loan from bank (secured) (refer note c)	100.0	-
Deposits from public & related parties (unsecured) (Refer note 35) (refer note d)	339.6	271.5
Loan from related parties (unsecured) (Refer note 35) (refer note d)	111.0	-
	2,740.0	2,495.4
The above amount includes		
Secured borrowings	2,289.4	2,223.9
Unsecured borrowings	450.6	271.5
	2,740.0	2,495.4

a) Cash credit from bank carries interest @ 12.5% to 14% p.a.
b) Buyers' credit from bank carries interest @ 1.6% to 5% p.a.
c) Working capital loan from bank carries interest @ 13.5% p.a.
d) Deposits & Loan from public & related parties carries interest @ 9% to 10%
e) Cash credits, Buyers' credits & Working capital loan from bank are secured by way of first pari passu charge by hypothecation of all current assets and also by way of second pari-passu charge on all the movable fixed assets (including machinery and spares) of the Company and existing immovable properties of the Company being land admeasuring 96 bighas, 19 biswas & 93 bighas 12 biswas & 10 biswas situated at village Samalheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali), Punjab and land admeasuring 26 bighas, 3 biswas situated at Village Manpura, Tehsil Nalagarh, District Solan and land admeasuring 91 bighas, 1 biswas situated at Village Malpura, Tehsil Nalagarh, District Solan in the state of Himachal Pradesh,and land admeasuring 9435.66 sq yards situated at Indl Plot No.E-4, PH-2, Indl Area, S.A.S. Nagar, (Mohali), Punjab. These 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.

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	As at March 31, 2013	As at March 31, 2012
11. Other Non-Current Liabilities		
Trade payables	-	138.4
(Refer note 34 for details of dues to micro & small enterprises)		
	-	138.4
12. Other Current Liabilities		
Trade payables (Refer note 34 for details of dues to micro & small enterprises)	1,756.9	1,222.1
Other liabilities		
Current maturities of long term borrowings (Note 6) (includes current maturities of finance lease obligation Rs. Nil (Previous year Rs.19.0 million))	152.6	1,145.7
Book Overdraft	2.1	-
Interest accrued but not due on borrowings	17.9	15.8
Interest accrued and due on borrowings	62.2	29.7
Advances from customers	153.7	109.6
Income received in advance	8.4	14.6
Sundry deposits	28.4	15.3
Investor education and protection fund will be credited by following amount (as & when due)		
Unpaid dividend on equity shares	1.0	1.2
Others :		
Statutory dues	71.9	15.3
	498.2	1,347.2

13. Fixed Assets

Tangible Assets

(Rs. in million)

Description	Land - freehold	Land - leasehold	Buildings	Leasehold improvement	Plant and equipments	Furniture and fittings	Vehicles	Office equipments	Computer equipments	Total
Cost or Valuation										
At 1 April 2011	1,581.8	54.8	2,027.3	86.0	5,378.7	321.9	165.4	204.6	171.6	9,992.1
Additions	135.2	-	162.0	0.1	595.5	28.2	17.9	15.3	15.9	970.1
Revaluation	2,299.0	357.4	1,697.6	-	-	-	-	-	-	4,354.0
Disposals	-	-	-	-	2.6	0.0	9.4	1.5	0.5	14.0
Other Adjustments										-
Exchange Differences*	-	-	41.7	0.1	189.9	3.5	-	9.2	0.9	245.3
At 31 March 2012	4,016.0	412.2	3,928.6	86.2	6,161.5	353.6	173.9	227.6	187.9	15,547.5
Additions	10.1	-	22.4	-	124.0	2.4	0.1	2.4	8.6	170.0
Revaluation	-	-	-	-	-	-	-	-	-	-
Devaluation	-	-	-	-	-	-	-	-	-	-
Disposals			1.3		1.2	1.0	8.6	0.3	3.9	16.32
Other Adjustments										
Exchange Differences*	-	-	53.2	0.1	252.8	4.3	-	1.2	1.2	312.8
At 31 March 2013	4,026.1	412.2	4,002.9	86.3	6,537.1	359.3	165.4	230.9	193.8	16,013.9
Depreciation										
At 1 April 2011	-	2.4	542.1	86.0	2,142.9	185.1	92.6	109.2	145.5	3,305.8
Charge for the year	-	2.7	232.8	0.2	473.5	30.8	21.4	15.3	15.6	792.3
Deduction & Adjustment during the year	-	-	-	-	2.0	0.0	7.7	1.0	0.4	11.1
Other Adjustments										
Exchange Differences	-	-	5.0	-	26.5	0.5	-	1.0	0.1	33.1
At 31 March 2012	-	5.1	779.9	86.2	2,640.9	216.4	106.3	124.5	160.8	4,120.1
Charge for the year	-	3.3	227.0	0.1	475.1	24.3	17.1	13.9	14.0	774.9
Deduction & Adjustment during the year	-	-	0.1	-	0.8	0.7	5.6	0.2	3.8	11.2
Other Adjustments										
Exchange Differences	-	-	10.8	-	64.2	1.4	-	1.2	0.6	78.2
At 31 March 2013	-	8.4	1,017.6	86.3	3,179.4	241.4	117.8	139.4	171.6	4,962.0
Net Block										
At 31 March 2012	4,016.0	407.0	3,148.7	0.0	3,520.6	137.2	67.6	103.1	27.1	11,427.3
At 31 March 2013	4,026.1	403.8	2,985.3	0.1	3,357.7	117.9	47.7	91.5	22.2	11,051.8
Capital work-in-progress										
At 31 March 2012										558.5
At 31 March 2013										1,246.2

Intangible Assets

(Rs. in million)

Description	Goodwill	Patent, Trademark & Copyrights	Softwares**	Websites	Product Development	Total
Cost or Valuation						
At 1 April 2011	71.7	69.7	170.1	9.3	87.0	407.8
Additions	13.2	16.2	23.7	-	377.7	430.8
Sale/ Adjustment	-	-	0.0	-	-	0.0
Other Adjustments	-	-	-	-	-	-
- Exchange Differences*	-	-	-	-	-	-
At 31 March 2012	84.9	85.9	193.8	9.3	464.7	838.6
Additions	39.3	-	26.8	-	23.0	89.1
Disposals	-	-	0.1	-	-	0.1
At 31 March 2013	124.2	85.9	220.5	9.3	487.7	927.6
Depreciation						
At 1 April 2011	37.0	54.2	98.1	9.3	48.1	246.7
Charge for the year	11.8	3.5	32.2	0.0	20.8	68.3
Deduction & Adjustment during the year	-	-	0.0	-	-	0.0
At 31 March 2013	48.8	57.7	130.3	9.3	68.9	315.0
Charge for the year	16.0	5.5	14.0	-	84.0	119.5
Deduction & Adjustment during the year	-	-	0.1	-	-	0.1
Other Adjustments						
- Exchange Differences	-	-	-	-	-	-
At 31 March 2013	64.8	63.2	144.2	9.3	153.0	434.5
Net Block						
At 31 March 2012	36.1	28.2	63.5	-	395.7	523.6
At 31 March 2013	59.4	22.7	76.3	-	334.7	493.1
Capital work-in-progress						
At 31 March 2012						349.8
At 31 March 2013						106.4

Notes :

1. The company revalued freehold land, leasehold land and buildings on 1 April 2011, at the fair values determined by an independent external valuer. The valuer determined the fair value by reference to market-based evidence. This means that valuations performed by the valuer were based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.The historical cost of freehold land, leasehold land and building fair valued by the Group was Rs.1,400.7 million, Rs.55.0 million and Rs.2,026.7 million respectively and their fair value were Rs.3,699.8 million, Rs.409.9 million and Rs.3,182.2 million respectively. Hence, the revaluation resulted in an increase in the book value of freehold land, leasehold land and building by Rs.2,347.7 million, Rs.357.3 million and Rs.1,697.6 million respectively which was credited to revaluation reserve (refer note 4) and decrease in a book vaule of freehold land by Rs.48.6 million which was charged in the statement of profit and loss. In accordance with the option given in the guidance note on accounting for depreciation in companies, the Group recoups depreciation on revaluation of these assets out of revaluation reserve.
2. Plant & Machinery includes Plant & Machinery amounting to Rs.2.5 million (Previous year Rs.2.9 million) (net block) lying with third parties.
3. For assets given on operating lease, refer note 38 i) a).

* Exchange differences capitalized during the year (Refer Note 44).

** Include the asset taken on finance lease: Gross book value Rs. Nil (Previous year Rs.55.3 million), Net book value Rs. Nil (Previous year Rs.23.0 million)

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	As at March 31, 2013		As at March 31, 2012	
14. Non Current Investments				
(valued at cost unless stated otherwise)				
Trade				
- Unquoted				
a) Investment in associates 419,767 (Previous year 419,767) equity shares of Rs.10 each fully paid in PanEra Biotec Pvt. Ltd.	164.6		218.6	
Add: Profit/(Loss) for the year	0.2	164.8	(54.0)	164.6
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
- Quoted				
a) 10,000 Equity Shares (Previous Year 10,000 of Rs.10/- each) of Rs. 10/- each fully paid in Medicamen Biotec Limited		0.1		0.1
b) Nil (Previous year 1,835,319) equity shares of US $ 0.00001 each fully paid up in PharmAthene Inc.	-		300.0	
Less : Provision for other than temporary dimunation in value	-	-	(156.1)	143.9
Quoted Mutual Funds				
a) Nil unit (Previous year 3,222,971 units) of Rs. 103.2734 NAV in BSL Ultra Short-term fund retail fortnightly dividend		-		0.3
		165.1		309.1
Aggregate amount of unquoted investment		165.0		164.8
Aggregate amount of quoted investment		0.1		300.4
Aggregate market value of quoted investment		0.1		165.7
Aggregate provision for other than temporary dimiunation in value		-		156.1

(Rs. in million)

		Non-current as at		Current as at	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
15. Loans and Advances					
Capital advances (Unsecured, considered good)	(a)	219.6	246.3	-	-
Security deposits (Unsecured, considered good)	(b)	25.4	26.9	6.1	3.9
		245.0	273.2	6.1	3.9
Loans and advances to other parties					
Unsecured, considered good		5.5	104.0	109.8	14.4
		5.5	104.0	109.8	14.4
Less : Provision for doubtful loans		-	-	-	-
	(c)	5.5	104.0	109.8	14.4
Advances recoverable in cash or in kind					
Unsecured considered good		142.5	288.7	220.8	87.3
Doubtful		-	-	35.3	35.3
		142.5	288.7	256.1	122.6
Less : Provision for doubtful advances		-	-	(35.3)	(35.3)
	(d)	142.5	288.7	220.8	87.3
Other loan and advances					
Unsecured, considered good					
Balance with excise, custom etc.		-	-	86.6	67.4
Prepaid expenses		16.8	-	25.0	59.8
Staff loans and advances		-	-	21.1	20.3
Advance income tax (Net of provision of Rs.1,687.4 million (Previous year Rs.1,687.4 million))		230.5	230.7	-	-
MAT credit entitlement (refer note 46)		352.5	352.5	-	-
Other statutory receivables		-	-	-	0.2
Doubtful					
Staff loans and advances		-	-	4.2	4.2
		599.8	583.2	136.9	151.9
Less : Provision for doubtful advances		-	-	(4.2)	(4.2)
	(e)	599.8	583.2	132.7	147.7
Total (a)+(b)+(c)+(d)+(e)		992.8	1,249.1	469.4	253.3

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

(Rs. in million)

		Current as at March 31, 2013		Current as at March 31, 2012
16. Trade Receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, Considered good		26.6		41.4
Doubtful		81.3		51.2
		107.9		92.6
Less : Provision for doubtful receivables		(81.3)		(51.2)
(a)		26.6		41.4
Other receivables				
Unsecured, Considered good		672.0		642.4
Doubtful		-		-
(b)		672.0		642.4
Total (a)+(b)		698.6		683.8

(Rs. in million)

		As at March 31, 2013		As at March 31, 2012
17. Inventories				
(valued at lower of cost and net realizable value)				
Raw materials (including packing materials)		1,190.7		2,386.4
Finished goods		732.6		658.4
(Including stock in transit of Rs. 1.9 million (Previous year Rs. 2.7 million)				
Traded goods		51.1		93.6
Work in progress		131.8		190.0
Stores and spares		150.4		101.7
Land under development		422.8		422.5
		2,679.4		3,852.6

(Rs. in million)

	Non-current as at		Current as at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
18. Cash and Bank Balances				
Cash and cash equivalents				
Cash on hand	-	-	6.5	24.9
Balances with banks				
Current accounts	-	-	282.3	26.2
Unpaid dividend accounts*	-	-	1.0	1.2
Exchange earner foreign currency accounts	-	-	59.7	99.3
(a)	-	-	349.5	151.6
Other Bank Balances**				
Deposits with original maturity for more than 12 months	1.7	65.2	-	0.7
Deposits with original maturity for more than 3 months but less than 12 months	-	-	42.8	2.8
(b)	1.7	65.2	42.8	3.5
Amount disclosed under the head "Note 20 : other current assets"	(1.7)	(65.2)	-	-
Total (a)+(b)	-	-	392.3	155.1

* Not available for use by the company as they represent corresponding unpaid dividend liabilities.

** Fixed deposits amounting to Rs. 0.5 million (Previous year Rs. 1.3 million) are pledged with banks and various Government authorities.

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	As at March 31, 2013	As at March 31, 2012
19. Current Investments		
Quoted investments		
a) 4,459,832.813 Units (Previous Year Nil Units) of Rs.10.0111 NAV in Templeton India Ultra - Short Bond Fund - Institutional DD Retail - Daily Dividend - Option Reinvestment	44.6	-
b) 353,715.683 Units (Previous Year Nil Units) of Rs.10.0172 NAV in Templeton India Ultra - Short Bond Fund - Super Institutional DD Retail - Daily Dividend - Option Reinvestment	3.5	-
c) 264, 907.057 Units (Previous Year Nil Units) of Rs. 11.4113 NAV in BSL Dynamic Bond Fund - Retail - Quarterly Dividend - Regular Pan - Reinvestment	3.0	-
d) 2,6391.427 Units (Previous Year Nil Units) of Rs.11.4113 NAV in BSL Dynamic Bond Fund- Retail - Quarterly Dividend - Regular Plan - Reinvestment	0.3	-
e) 244,366.981 Units (Previous Year Nil Units) of Rs.10.0172 NAV in Templeton India Ultra - Short Bond Fund - Super Institutional Plan - Daily Dividend - Option Reinvestment	2.4	-
f) 29,993.763 Units (Previous Year Nil Units) of Rs.100.1158 NAV	3.0	-
g) Nil Units (Previous year 58,347.020 Units) of Rs. 10.0315 NAV in HDFC Cash Management Fund - Treasury Advantage Plan Retail - Daily Dividend - Option Reinvestment	-	0.6
h) Nil Units (Previous year 9,244.592 Units) of Rs. 1000.2141 NAV in UTI - Treasury Advantage Fund - Institutional - DD	-	9.2
i) Nil Units (Previous year 1,446.723 Units) of Rs. 1045.8742 NAV in UTI - Treasury Advantage Fund - DD	-	1.5
j) Nil Units (Previous year 1,49,359.472 Units) of Rs. 10.0699 NAV in IDFC - Money manager - Treasury plan - Plan A	-	1.5
k) Investment in Equity Shares	3.1	3.2
	59.9	16.0
Aggregate amount of quoted investment	59.9	16.0
Aggregate market value of quoted investment	59.9	16.1

(Rs. in million)

	Non-current as at		Current as at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
20. Other assets				
Unsecured, considered good unless stated otherwise				
Export benefits receivable	-	-	23.2	50.7
Contractually reimbursable expenses	-	-	5.7	-
Interest accrued on deposits/loans (considered good)	-	-	0.6	2.9
Interest accrued on loans	-	0.2	7.5	-
Other current assets	-	-	0.9	0.5
Non current bank balances (Refer note 18)	1.7	65.2	-	-
	1.7	65.4	37.9	54.1

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	For the year ended March 31, 2013		For the year ended March 31, 2012	
21. Revenue From Operations				
Sales of products:				
Finished goods		4,737.9		6,127.1
Traded goods		661.5		814.8
Sales of services:				
Contract manufacturing		42.3		45.9
Other operating revenue:				
Export benefits		267.7		42.2
Scrap sale		5.8		7.9
Royalty income		63.1		31.4
Lease rent		16.3		41.4
Research and license fees income		301.5		-
		6,096.1		7,110.7
22. Other Income				
Interest income on				
Banks deposits		9.0		8.9
Income tax refund		0.9		7.6
Others		21.1		17.9
Insurance claim received		-		0.2
Dividend income on :				
Investments in mutual fund		3.4		11.9
Income from sale of current investment		-		1.2
Net gratuity income (Refer note 40)		3.9		-
Miscellaneous income		16.1		40.6
		54.4		88.3
23. Cost of Raw and Packing Material Consumed				
Inventory at the beginning of the year	2,386.4		2,466.8	
Add : Purchases	1,177.8		2,941.5	
	3,564.2		5,408.3	
Less : Inventory at the end of the year	1,190.7		2,386.4	
	2,373.5	2,373.5	3,021.9	3,021.9

(Rs. in million)

	For the year ended March 31, 2013	For the year ended March 31, 2012	(Increase)/ decrease
24. (Increase) / Decrease in Inventories			
Inventories at the end of the year			
Finished goods	732.6	658.4	(74.2)
Traded goods	51.1	93.6	42.5
Work in progress	131.8	190.0	58.2
	915.5	942.0	26.5
Inventories at the beginning of the year			
Finished goods	658.4	911.2	252.8
Traded goods	93.6	109.6	16.0
Work in progress	190.0	116.2	(73.8)
	942.0	1,137.0	195.0
	26.5	195.0	

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

(Rs. in million)

	For the year ended March 31, 2013		For the year ended March 31, 2012	
25. Employee Benefits Expense				
Salary, wages and bonus		1,362.6		1,492.1
Contribution to provident and other funds		38.3		41.2
Staff welfare expenses		68.5		60.3
Gratuity expense (Refer note 40)		-		13.6
		1,469.4		1,607.2
26. Other Expenses*				
Contract manufacturing charges		235.9		34.4
Cost of sale of shares		-		1.8
Analytical testing and trial charges		44.7		51.0
Consumption of stores and spares		215.1		211.1
Power and fuel		377.6		292.6
Repair and maintenance :				
Buildings	28.2		38.5	
Plant and Machinery	42.9		54.8	
Others	43.7	114.8	63.8	157.1
Rent		67.9		72.5
Royalty		15.0		18.1
Directors' sitting fees		0.9		0.4
Printing and stationery		27.0		34.1
Postage and communication		49.2		52.2
Insurance		45.0		49.4
Travelling and conveyance expenses		170.8		183.1
Payment to auditors (Refer note 41)		8.0		8.7
Legal and professional charges		229.2		183.9
Vehicle running and maintenance		46.0		36.5
Rates and taxes		34.8		21.2
Donation		6.0		2.9
Subscription		13.9		30.8
Staff training and recruitment		18.2		40.2
Bad debts and advances written off		0.5		2.5
Loss on sale/discard of fixed assets (net)		273.9		233.6
Wealth tax		9.4		2.1
Provision for doubtful debts and advances		30.1		77.7
Provision for devaluation of tangible assets		-		48.6
Provision for other than temporary diminuation in value of investment		-		156.1
Exchange difference (net)		94.3		134.9
Advertising and sales promotion		302.7		323.4
Meetings and conferences		74.3		107.1
Freight and forwarding		100.3		79.1
Commission on sales (other than sole selling agents)		85.7		174.0
Loss on sale of non current investment		26.5		-
Provision for liquidation expenses on joint venture company		3.4		-
Miscellaneous expenses		120.9		60.0
		2,842.0		2,881.1
*For pre-operative expenses refer to note 33				

(Rs. in million)

	For the year ended March 31, 2013	For the year ended March 31, 2012
27. Finance Cost		
Interest expenses	935.6	638.1
Bank charges	43.4	54.5
Exchange differences to the extent considered as an adjustment to borrowing cost	58.6	314.5
	1,037.6	1,007.1
28. Depreciation and amortisation expense		
Depreciation of tangible assets	853.1	825.2
Amortisation of intangible assets	119.5	68.3
	972.6	893.5
Less : recoupment from revaluation reserve	112.7	122.2
	859.9	771.3
29. Exceptional items		
Exchange differences*	173.1	-
	173.1	-

* In terms of the Accounting Standard -16 "Borrowing Costs", the foreign exchange differences arising from foreign currency borrowings to the extent regarded as an adjustment to interest cost were treated as borrowing cost. In pursuance of the clarification issued by Ministry of Corporate Affairs vide its circular no. 25/2012 dated August 9, 2012, the Company accounted for the aforesaid foreign exchange differences arising from foreign currency borrowings as per AS-11 - "The Effects of Changes in Foreign Exchange Rates" in the current year. Consequent to the above, exchange difference of Rs.173.1 million which was earlier recognized as borrowing cost pertaining to the financial year 2011-12 has been reversed and shown as an exceptional item.

	For the year ended March 31, 2013	For the year ended March 31, 2012
30. Earning per share		
(Loss) for the year	(2,342.8)	(2,056.6)
Weighted average number of equity shares in calculating basic and diluted earning per share	61,250,746	61,250,746
Basic earnings per share (in Rs.)	(38.25)	(32.84)
Diluted earnings per share (in Rs.)	(38.25)	(32.84)
Nominal value per share (in Rs.)	1.00	1.00

31. i) Contingent Liabilities (to the extent not provided for)

(Rs. in million)

Particulars	**As at March 31 , 2013**	As at March 31 , 2012
Disputed demands/ show-cause notices under:-		
a) Income Tax cases (refer note (a) below)	167.0	4.8
b) Customs Duty cases (refer note (b) below)	4.0	4.0
c) Central Excise Duty cases (refer note (c) below)	6.6	6.6
d) Service Tax (refer note (d) below)	9.9	9.7
Total	187.5	25.1
Bank Guarantee	98.9	159.9
Labour cases (in view of large number of cases, it is impracticable to disclose each of them)	1.5	1.2

Notes:

a) Includes income tax demand of Rs.162.2 million in respect to AY 2005-06. Income tax department raised demand based on certain grounds related with purchases made by the Company from an overseas party. The matters related to income tax demand are pending with tax/judicial authorities. Company believes that it has merit in these cases, hence no provision is required.

b) In respect of custom duty demand, the Assessing Officer levied custom duty on certain exempted items imported by the Company. Company has deposited the entire amount of demand under protest and the matter is pending before Hon'ble Customs, Excise and Service Tax Appellate Tribunal. Company believes that it has merit in its case, hence no provision is required.

c) In respect of central excise duty demand, the Assessing Officer levied excise duty on common inputs used in manufacture of exempted and taxable products. Company has deposited the entire amount of demand under protest and the matter is pending before the Hon'ble Customs, Excise and Service Tax Appellate Tribunal. Company believes that it has merit in its case, hence no provision is required.

d) In respect of service tax demand, the Assessing Officer levied service tax on foreign services rendered & delivered outside India by the Company & certain others services on which there was no liability to pay service tax. Company believes that it has merit in its case, hence no provision is required.

ii) During the previous year, a search operation was conducted by Income tax department under section 132 of the Income Tax Act, 1961. During the search operation, certain explanations were demanded and few documents were seized by the tax authorities. Further, the Company provided details as and when required by the tax authorities and the Company has not received any demand order related to search operation. In connection with the search operation, subsequent to the year end, the Company received notices under section 153A which require Company to file income tax return for six assessments years i.e. from AY 2006-07 to 2011-12. Liability if any, cannot be quantified

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

at this stage of the proceedings. The management believes that the transactions of the Company are fully compliant with relevant provisions of the Income Tax Act, 1961.

iii) The Company had manufactured and offered supply of certain vaccines manufactured against confirmed order. Some quantities of vaccines were supplied during December 2011, the balance could not be supplied in view of disputes with respect to delivery dates and in the meantime the stock of such vaccines has expired. Further, the Company has also received advance market commitment (AMC) amount against these vaccines. In view of above disputes, the Company has obtained a stay order from the Hon'ble Delhi High Court against recovery of said amount, till the disputes are finally resolved through arbitration. While the arbitral proceedings are on, the Company believes that the entire amount in respect of above supplies (after adjusting the AMC amount) and applicable interest thereon is recoverable and no interest is payable on the said AMC amount. Based on legal opinion, no adjustment in respect of the expired stock and the interest amount has been made in the financials. Liability if any, cannot be quantified at this point of time.

32. Capital & other commitments

a) Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided in the books are as follows:

(Rs. in million)

Particulars	As at March 31 , 2013	As at March 31 , 2012
Fixed Assets	406.4	323.1

b) Other commitments :

i) Export commitments of Rs. 2,778.7 million (Previous year Rs.2,617.9 million) under advance licenses Schemes.

ii) The Company has received financial assistance in the form of soft loan under various projects from Government authorities. As per the terms of related agreements, Company is also required to incur expenditure in form of Company's contribution to the relevant project. Further, the Company has to repay these loans as per terms of respective agreement. The amount of commitment is not quantifiable.

iii) For commitments relating to lease arrangements, refer note 38.

33. Details of pre-operative expenses (included in Capital Work in Progress) relating to Fixed Assets are as follows:

(Rs. in million)

Particulars	Opening balance		Addition during the year ended		Capitalized during the year ended		Closing balance	
	April 1, 2012	April 1, 2011	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Legal & professional	90.4	76.1	20.9	15.0	1.7	0.7	109.6	90.4
Store & Spares Consumed	0.0	-	0.2	0.3	-	0.3	0.2	0.0
Power & Fuel	1.1	0.0	2.4	1.1	-	-	3.5	1.1
Rates & Taxes	1.0	0.5	0.1	0.7	-	0.2	1.1	1.0
Repair & Maintenance	0.4	0.4	-	-	-	-	0.4	0.4
Salary & Wages	39.3	26.4	19.0	12.9	-	-	58.3	39.3
Travelling & conveyance	1.8	1.6	0.3	2.0	-	1.8	2.1	1.8
Rent	9.5	8.1	1.9	1.5	-	0.0	11.4	9.5
Sundry Expenses	37.8	11.3	92.6	26.5	-	0.0	130.4	37.8
Total	181.3	124.4	137.4	60.0	1.7	3.0	317.0	181.4

34. Details of dues to micro & small enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006 [MSMED Act]

(Rs. in million)

Particulars	As at March 31, 2013		As at March 31, 2012	
	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	26.2	Nil	4.2	Nil
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	27.3	1.7	6.7	0.1
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	Nil	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	Nil	Nil	Nil	Nil

35. Related Party Disclosures

A. Names of Related Parties

Related parties with whom transactions has taken place during the year

(a) Joint Ventures
- Chiron Panacea Vaccines Private Limited, (Refer 39(e))
- Adveta Power Private Limited (w.e.f. July 4, 2011)

(b) Associates
- PanEra Biotec Private Limited

(c) Key Management Personnel
- Mr. Soshil Kumar Jain - Chairman and Whole-time Director
- Mr. Ravinder Jain - Managing Director
- Dr. Rajesh Jain - Joint Managing Director
- Mr. Sandeep Jain - Joint Managing Director
- Mr. Sumit Jain - Whole-time Director

(d) Relatives of Key Management personnel having transactions with the Company:
Mr. Ashwani Jain, Son-in-law of Mr. Soshil Kumar Jain
Mr. Shagun Jain, Son-in-law of Mr. Ravinder Jain
Mrs. Radhika Jain, Daughter of Mr. Ravinder Jain
Mrs. Shilpy Jain, Wife of Mr. Sumit Jain
Mr. Ankesh Jain, Son of Dr. Rajesh Jain

(e) Enterprises over which Person(s) having control or significant influence over the Company / Key management personnel(s), along with their relatives, are able to exercise significant influence:
- Neophar Alipro Ltd.
- First Lucre Partnership Co.*

*Holding Shares in the Company.

B. Detail of transactions with Associates and Joint Ventures companies: (Rs. in million)

S. No.	Particulars	Associate		Joint Ventures	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
I)	Transaction made during the year				
1	Purchase of raw materials				
	PanEra Biotec Pvt. Ltd.	141.0	280.1	-	-
2	Sale				
	Chiron Panacea Vaccines Private Limited	-	-	75.0	152.2
	PanEra Biotec Pvt. Ltd.	0.5	0.3	-	-
3	Processing /development charges paid				
	PanEra Biotec Pvt. Ltd.	218.3	10.7	-	-
4	Recovery of expenses				
	PanEra Biotec Pvt. Ltd.	23.2	35.9	-	-
5	Reimbursement of expenses				
	Chiron Panacea Vaccines Pvt. Ltd.	-	-	1.5	-
6	Rent received				
	PanEra Biotec Pvt. Ltd.	14.8	45.2	-	-
7	Dividend received				
	Chiron Panacea Vaccines Private Limited	-	-	17.2	-
8	Investments made				
	Adveta Power Private Limited	-	-	0.3	0.0
II)	Year end balances				
1	Investments				
	Chiron Panacea Vaccines Private Limited	-	-	-	-
	PanEra Biotec Pvt. Ltd.	4.2	4.2	-	-
	Adveta Power Private Limited	-	-	-	-
2	Outstanding receivable				
	Chiron Panacea Vaccines Private Limited	-	-	-	30.7
3	Outstanding payable				
	PanEra Biotec Pvt. Ltd.	90.7	6.5	-	-

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

C. Detail of transactions with Key Management Personnel, their relatives and enterprises over which Person(s) having control or significant influence over the Company / Key management personnel(s) along with their relatives, are able to exercise significant influence:

(Rs. in million)

S. No.	Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Person(s) having control or significant influence over the Company/ Key management personnel(s) along with their relatives, are able to exercise significant influence	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
I	Transaction made during the year						
1	Remuneration	37.2	66.0	8.4	7.8	-	-
2	Fixed Deposit received						
	First Lucre Partnership Co.	-	-	-	-	65.6	122.0
3	Fixed Deposit repaid						
	First Lucre Partnership Co.	-	-	-	-	5.0	205.0
4	Interest on Deposit						
	First Lucre Partnership Co.	-	-	-	-	27.6	35.1
5	Dividend paid - Equity Shares	-	-	-	-	-	-
6	Rent received						
	Neophar Alipro Ltd.	-	-	-	-	0.2	0.1
7	Loan received	111.0	-	-	-	-	-
8	Interest paid	7.8	-	-	-	-	-
II	Year end balances						
1	Outstanding fixed deposits						
	First Lucre Partnership Co.	-	-	-	-	337.6	277.0
2	Interest Accrued						
	First Lucre Partnership Co.	-	-	-	-	-	5.6
3	Commission payable	-	110.6	-	-	-	-
4	Loan payable	111.0	-	-	-	-	-
5	Interest payable	5.4	-	-	-	-	-

Note: Material related party transactions (More than 10% of aggregate) with individual parties are as follows:

(Rs. in million)

Particulars	Transactions during the year				Year end balances	
	Remuneration		Equity Dividend		Commission payable	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Transaction made during the year						
Key Management personnel						
Mr. Soshil Kumar Jain	8.0	15.1	-	3.8	-	38.4
Mr. Ravinder Jain	12.1	20.1	-	3.5	-	36.4
Dr. Rajesh Jain	7.0	13.0	-	4.7	-	17.9
Mr. Sandeep Jain	6.4	12.7	-	3.6	-	17.9
Mr. Sumit Jain	3.7	-	-	-	-	-

Note: : In respect of personal guarantee given by Promoters-Directors refer Note 6 - Long term borrowings and 10 - Short term borrowings.

36. Particulars of Un-hedged Foreign Currency Exposure as at Balance Sheet date

Particulars	Currency	As at March 31, 2013 Foreign Currency	Closing Exchange Rate*	As at March 31, 2013 Rs. in million	As at March 31, 2012 Foreign Currency	Closing Exchange Rate*	As at March 31, 2012 Rs. in million
Import Creditors	USD	1,643,866	54.31	89.3	631,686	50.88	32.1
	Euro	628,014	69.61	43.7	5,258,143	67.92	357.1
	CHF	53,050	57.17	3.0	26,971	56.37	1.5
	GBP	38,285	82.47	3.2	9,543	81.55	0.8
	JPY/100	29,825	57.60	1.7	5,756.8	62.08	0.4
	SEK	16,820	8.33	0.1	16,820	7.73	0.1
	CAD	3,036	53.42	0.2	3,410	51.05	0.2
	KZT	1,500,000	0.36	0.5	-	-	-
	THB	5,547	1.85	0.0	-	-	-
Export Debtors	Euro	4,578,414	69.57	318.5	4,398,250	67.89	298.6
	USD	3,323,464	54.30	180.5	1,737,041	50.87	88.4

Particulars	Currency	As at March 31, 2013 Foreign Currency	Closing Exchange Rate*	As at March 31, 2013 Rs. in million	As at March 31, 2012 Foreign Currency	Closing Exchange Rate*	As at March 31, 2012 Rs. in million
Foreign Currency Loans	USD	28,385,413	54.31	1,541.6	110,594,390	50.88	5,627.0
	Euro	1,814,574	69.61	126.3	1,806,122	67.92	122.7
	CHF	22,097	57.17	1.3	-	-	-
Balance with banks	USD	191,856	54.30	10.4	1,151,813	50.87	58.6
	Euro	725,033	69.57	50.4	599,376	67.89	40.7
	KZT	24,274	0.36	0.0	-	-	-
	RUB	112,239	1.75	0.2	-	-	-
Interest accrued & due on Term Loan	USD	-	-	-	416,937	50.88	21.2
Interest accrued but not due on Buyer's Credit	USD	28,823	54.31	1.6	181,421	50.88	9.2
	Euro	19,283	69.61	1.3	12,993	67.92	0.9
	CHF	169	57.17	0.0	-	-	-

*Closing exchange rate has been rounded off to two decimal places.

37. Segment 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, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Revenue												
Segment revenue	1,857.2	3,745.8	3,956.0	3,355.1	271.7	-	-	-	-	-	6,084.9	7,100.9
Other income	9.2	-	9.9	-	5.7	-	0.3	-	3.2	-	28.3	-
Total	1,866.4	3,745.8	3,965.9	3,355.1	277.4	-	0.3	-	3.2	-	6,113.2	7,100.9
Segment results	(905.6)	135.9	901.9	654.5	(771.2)	(1,041.4)	0.3	(0.2)	23.9	(54.6)	(750.8)	(305.8)
Unallocated corporate expenses											941.4	1,328.6
Operating profit											(1,692.2)	(1,634.4)
Less: Interest and finance charges											1,037.6	1,007.1
Add: Exceptional items gain/(loss)											173.1	-
Add: Other income											26.1	88.3
Less: Income taxes											(187.6)	(541.9)
Net profit											(2,343.0)	(2,011.3)
Particulars	As at		As at		As at		As at		As at		As at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Other information												
Segment assets	6,002.6	7,705.3	3,610.8	3,373.2	2,109.1	2,407.7	1,225.4	322.9	2,852.8	2,562.6	15,800.8	16,371.7
Unallocated corporate assets											2,593.8	3,126.1
Total assets	6,002.6	7,705.3	3,610.8	3,373.2	2,109.1	2,407.7	1,225.4	322.9	2,852.8	2,562.6	18,394.6	19,497.8
Segmental liabilities	399.9	64.9	985.8	534.8	154.3	38.1	864.1	111.3	199.0	139.0	2,603.1	888.1
Unallocated corporate liabilities											9,461.2	9,813.0
Total liabilities	399.9	64.9	985.8	534.8	154.3	38.1	864.1	111.3	199.0	139.0	12,064.3	10,701.1
Particulars	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Capital expenditure on:												
Tangible assets	379.2	1,962.2	124.2	1,516.3	9.1	617.7	0.0	0.5	10.1	552.7	522.7	4,649.4
Intangible assets	-	0.6	1.7	0.1	49.7	114.0	-	-	-	-	51.4	114.7
Depreciation expense	435.8	389.7	213.9	192.3	141.6	169.8	0.4	0.5	9.7	9.9	801.4	762.2
Amortization expense	-	0.1	-	1.8	90.1	26.9	-	0.0	-	0.0	90.1	28.8

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

B. Information about Secondary Segments

a) Revenue as per geographical markets

(Rs. in million)

Segment	Domestic* For the year ended March 31, 2013	Domestic* For the year ended March 31, 2012	Overseas For the year ended March 31, 2013	Overseas For the year ended March 31, 2012
Vaccines	1,818.6	1,131.6	38.6	2,614.2
Formulations	2,639.6	2,430.1	1,316.4	925.0
R&D	-	-	271.7	-
Real Estate	-	-	-	-
Health Care	-	-	-	-
Total	4,458.1	3,561.7	1,626.7	3,539.2

*Domestic revenue includes revenue from deemed exports of Rs. Nil million (Previous year Rs. 38.5 million).

b) Sundry debtors as per geographical markets

(Rs. in million)

Segment	Domestic As at March 31, 2013	Domestic As at March 31, 2012	Overseas As at March 31, 2013	Overseas As at March 31, 2012
Vaccines	17.9	92.8	1.1	16.4
Formulations	232.7	132.3	446.9	404.8
Real Estate	-	37.5	-	-
Health Care	-	-	-	-
Total	250.6	262.6	448.0	421.2

c) The Company has common assets for producing goods for domestic market and overseas markets and these assets are located in India. Hence, separate figures for other assets cannot be furnished.

38. 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 As at March 31, 2013	Gross Block As at March 31, 2012	Accumulated Depreciation As at March 31, 2013	Accumulated Depreciation As at March 31, 2012	Depreciation charged to P&L Account For the year ended March 31, 2013	Depreciation charged to P&L Account For the year ended March 31, 2012
Building	336.0	249.4	126.3	77.1	20.4	17.9
Furniture and fixture	30.1	22.6	18.5	12.2	2.6	2.5
Office equipment	14.6	5.2	9.1	1.8	0.9	0.4
Plant & machinery	2,005.7	1,759.6	934.7	687.1	167.2	170.6
Computer equipment	10.1	5.8	8.5	4.1	1.1	1.0
Total	2,396.5	2,042.6	1,097.1	782.3	192.2	192.4

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, 2013*	As at March 31, 2012*
a) Receivable within 1 year	264.6	264.6
b) Later than 1 year but not later than 5 years	-	264.6
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 restriction is imposed by lease arrangements.

b) Lease payments for the year are Rs.67.9 million (Previous year Rs.72.0 million).

c) Total of future minimum lease payments under non-cancelable operating leases.

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31, 2012
a) Payable within 1 year	10.1	12.7
b) Later than 1 year but not later than 5 years	11.6	20.3
c) Later than 5 years	47.2	47.7

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, 2013	As at March 31, 2012
Total minimum lease payments at the year end	-	21.5
Less : amount representing finance charges	-	2.5
Present value of minimum lease payments (Rate of interest: 11.75%.per annum)	-	19.0
Lease payments for the year	-	19.9
Contingent rent recognized in statement of profit and loss	-	-
Minimum Lease Payments :		
Not later than one year (Present value Rs.Nil (previous year Rs.19.0 million))	-	21.5
Later than one year but not later than five years (Present value Rs.Nil (previous year Rs.Nil))	-	-
Later than five years (Present value Rs.Nil (previous year Rs.Nil))	-	-

39. a) Details of Company's share in Joint Venture included in the Consolidated Financial Statements are as follows:

S. No.	Name of the Company	Nature of relationship	Country of Incorporation	(%) Holding as on March 31, 2013	(%) Holding as on March 31, 2012
1.	Chiron Panacea Vaccines Private Limited	Joint venture	India	50	50
2.	Adveta Power Private Limited	Joint venture	India	50	50

b) Aggregate interest of the Company in Assets, Liabilities, Revenue & Expenses in the jointly controlled entities are as follows:

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31, 2012
Current assets		
Inventories	-	27.4
Trade receivables	-	3.6
Cash and cash equivalents	39.1	48.5
Short term loans and advances	9.4	18.1
Other current assets	3.2	1.9
Non-current assets		
Tangible assets	-	1.7
Intangible assets	-	0.1
Capital work-in-progress	12.2	0.3
Intangible assets under development	0.0	0.0
Deferred tax assets (net)	-	2.0
Loans and advances	-	2.2
Other Non-current assets	-	26.2
Current liabilities		
Short- term borrowings	-	-
Trade payables	1.8	41.3
Other current liabilities	2.4	3.2
Short- term provisions	4.4	0.7
Non-current liabilities		
Long- term borrowings	-	1.6

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue	171.1	272.9
Cost of goods sold	104.1	166.9
Depreciation and amortization expense	1.0	0.6
Employee benefits expense	26.2	43.9
Other expenses	38.0	59.0

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

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 Company	March 31, 2013	March 31, 2012
Chiron Panacea Vaccines Private Limited	-	-
Total	-	-

Estimated amount of contracts remaining to be executed, net of advances and not provided in the books of companies' with which the Company has a Joint venture, are as follows:

Particulars	March 31 , 2013	March 31 , 2012
Commitments to purchase goods	-	167.6
Total	-	167.6

d) Contingent liabilities (to the extent not provided for) - Nil (Previous year Nil).

e) The Company has entered into "Dissolution of Joint Venture Agreement" dated November 30, 2012 w.r.t. its Joint Venture Chiron Panacea Vaccines Pvt. Ltd., whereby the Joint Venture partners have desired and mutually agreed to an early termination of the Joint Venture Agreement. As per the dissolution agreement, the joint venture between both the partners has been terminated w.e.f. January 31, 2013.

However, as per the agreement both Joint Venture partners will exercise equal control over the management till the final liquidation of Joint Venture. Therefore as per the provisions of Accounting Standard – 27 the Joint Venture Company has been considered as jointly controlled entity for the purpose of preparation of financial statements.

40. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to maximum of Rs.1.0 million (except in case of Managing/ Joint Managing/ Whole time Directors). The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense for gratuity (recognized in Employee Cost)

(Rs. in million)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Current service cost	15.3	15.6
Past service cost	-	-
Interest cost on benefit obligation	10.9	11.2
Expected return on plan assets	(9.4)	(7.9)
Net actuarial (gain)/loss recognized in the year on account of return on plan assets	(20.7)	(5.3)
Net benefit expense*	(3.9)	13.6
Actual return on plan assets	(9.0)	(3.6)

Balance sheet

Details of provision for gratuity

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation*	128.2	138.8
Fair value of plan assets	100.8	102.1
Net obligation	27.4	36.7
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	(27.4)	(36.7)

*Actuarial valuation of the gratuity is not required in case of a subsidiary company namely, New Rise Health Care Pvt. Ltd. However, a provision of Rs.0.5 million has been considered in the books of accounts of the subsidiary company based on a calculation, which is not included above.

Changes in the present value of the defined benefit obligation for gratuity are as follows:

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening defined benefit obligation	136.2	128.8
Interest cost	10.9	11.2
Past service cost	-	-
Current service cost	15.3	15.6
Benefits paid	(13.1)	(7.5)
Actuarial (Gain)/losses on obligation	(21.2)	(9.3)
Closing defined benefit obligation	128.2	138.8

Changes in the fair value of plan assets for gratuity are as follows:

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening fair value of plan assets	100.1	85.5
Expected return	9.4	7.9
Contributions by employer	4.8	20.2
Benefits paid	(13.1)	(7.5)
Actuarial Gain /(losses)	(0.4)	(4.1)
Closing fair value of plan assets	100.8	102.1

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, 2013	As at March 31, 2012
	%	%
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, 2013 (%)	As at March 31, 2012 (%)
Discount rate	8.00 to 8.40	8.40 to 8.70
Expected rate of return on plan assets	7.50 to 9.30	7.5 to 9.30
Increase in compensation cost	5.00 to 11.00	5.00 to 11.00
Employee turnover:		
upto 30 years	10 to 27	10 to 27
above 30 years but upto 44 years	5	5
above 44 years	1	1

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Gratuity amount for the current and previous four periods are as follows*:

(Rs. in million)

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Defined benefit obligation	128.2	138.8	129.2	111.1	100.7
Plan assets	100.8	102.1	85.6	62.3	43.6
Deficit	27.4	36.7	43.6	48.8	57.1
Experience adjustments on plan liabilities-(Gain)/Loss	(21.2)	(9.3)	(10.2)	(7.7)	(3.3)
Experience adjustments on plan assets-(Gain)/Loss	0.4	4.1	(1.0)	(0.9)	(0.7)

(Rs. in million)

Defined Contribution Plan:	As at March 31, 2013	As at March 31, 2012
Contribution to provident fund & other funds charged to statement of profit and loss	38.3	41.2

The Company expects to contribute Rs. 21.4 million (Previous year Rs. 16.0 million) to gratuity fund in the next financial year.

41. Auditors' remuneration:

(Rs. in million)

Particulars	For the year ended March 31, 2013			For the year ended March 31, 2012		
	Parent Company	Subsidiaries	Joint Ventures	Parent Company	Subsidiaries	Joint Venture
As auditor						
- Audit fee	3.7	0.9	0.6	3.6	1.5	0.6
- Limited reviews fee	2.1	-	-	2.0	-	-
In other capacity						
- Management services	0.0	0.1	-	0.2	0.1	-
- Certification services	0.3	-	-	0.4	-	-
Reimbursement of expenses	0.3	-	0.0	0.3	-	0.0
Total	6.4	1.0	0.6	6.5	1.6	0.6
Tax Auditor*	0.2	-	0.1	0.2	-	0.1
Cost Auditor*	0.1	-	-	0.1	-	-

* Included in legal and professional charges

Notes to Consolidated Financial Statements For the Year ended March 31, 2013

42. The Company has paid managerial remuneration of Rs.37.2 million during the year. The amount paid as managerial remuneration has exceeded the limits prescribed under Section 198 and 309 read with Part II of Schedule XIII to the Companies, Act, 1956 by Rs.13.2 million due to losses incurred during the current year. The Company has initiated steps to obtain approval from Central Government for the excess remuneration paid.

43. During the year 2011-12, following a routine site audit, World Health Origination (WHO) delisted the Company's DTP-based combination and monovalent hepatitis B vaccines from its list of pre-qualified vaccines on account of deficiencies in quality management system. However, the issue was not about the quality, safety or efficacy of the products. Since then, the Company has taken several corrective and preventive measures to ensure compliance with the WHO pre-qualification guidelines.

During the year, the auditors from WHO and UNICEF visited the vaccine facilities at Lalru (Punjab) and Baddi (H.P.) in Feb-Mar 2013 with the objective of re-evaluation of the acceptability in principle of combination vaccine (DTP-Hep B-Hib) produced by Panacea Biotec for purchase by United Nations Agencies. There were no critical observations and the Audit Team acknowledged the continuing improvements that have been made in this regard. No critical factors were observed during the course of the audit that would indicate that the combination vaccine produced by the Company would have an unacceptable level of potency, purity, safety and efficacy. In general, the production, quality control, quality assurance and QMS functions relevant to combination vaccine were observed to be in conformity to applicable WHO recommendations.

For the above vaccine, the Company has a stock of Rs.324.6 million and Rs.394.2 million of raw & packing material and finished goods, respectively as at March 31, 2013. Fixed assets relating to above products cannot be quantified separately. The Company is confident that with the post audit activities, it will be able to get re-listing of combination vaccine in the list of WHO pre-qualified vaccines in due course and believes that these stocks would be liquidated in alternate domestic and overseas markets. Pending outcome of above measures, no adjustment has been made to the financial statements.

During the year, the Company has incurred net losses of Rs.2,342.6 million mainly because of delisting of its vaccine products from list of pre-qualified vaccines. However, the Company's cash flow projections show that credit facilities from banks and internal accruals would be sufficient to meet the working capital and other liquidity requirements associated with the existing operations:

44. During the previous year, the Company exercised the option as per the Companies (Accounting Standards) (Second Amendment) Rules, 2011. As per the option exchange differences related to long term foreign currency monetary items so far as they relate to the acquisition of depreciable capital assets are capitalized or de-capitalized from cost of assets and depreciated over the useful life of the assets. In other cases, such exchange differences are accumulated in a "Foreign currency monetary item translation difference account" and amortized over the balance period of such long term assets/liabilities. Accordingly, exchange differences of Rs.312.8 million (previous year Rs.245.3 million) have been capitalized during the year and unamortized balance of "Foreign currency monetary item translation difference account" of Rs.(102.4) million (previous year Rs.20.5 million) as on March 31, 2013 is included under the head "Reserve & surplus".

45. In the current year, the Company received a capital subsidy of Rs.3.0 million under the Central Investment Subsidy Scheme, 2003 based on investment in plant and machinery as it manufacturing unit at Baddi, in the state of Himanchal Pradesh which is in nature of promoters' contribution. This has been treated as capital reserve in book of accounts.

46. The assets of Rs.352.5 millions (Previous year Rs.352.5 millions) recognized by the Company as 'MAT Credit Entitlement Account' under ' Loans and advances' represents that portion of MAT liability, which can be recovered and set off in subsequent years based on provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT credit assets. The management is confident that no losses are expected in this regard.

47. 0.0 under "Rs. in million" represents amount less than Rs.50,000 and 0.0 under units represents units less than 50,000.

48. Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date
S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

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

Place : New Delhi
Dated : May 30, 2013

For and on behalf of the Board

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
D.G.M. (Accounts & Taxation)

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

Vinod Goel
G.M. Legal & Company Secretary

Consolidated Cash Flow Statement

Annexed to the Balance Sheet for the Year ended March 31, 2013

(Rs. in million)

	For the year ended March 31, 2013		For the year ended March 31, 2012	
Cash Flow from Operating Activities:				
Loss before tax		(2,530.6)		(2,553.2)
Adjustments to reconcile profit before tax to net cash flows				
Depreciation and amortisation expense	860.0		771.3	
Provision for doubtful debts and advances	30.1		77.7	
Bad debts written off	0.5		2.5	
Provision for other than temporary dimunition in value of investment	-		156.1	
Loss on sale/ discard of fixed assets (net)	273.9		233.6	
Unrealized foreign exchange loss/(gain) (net)	(14.7)		393.6	
Exchange differences capitalised	(312.8)		(245.2)	
Loss against expired stock	25.3		-	
Provision for devaluation of tangible assets	-		48.7	
Liabilities/ provisions no longer required written back	-		(25.4)	
Provision for liquidation expenses on joint venture company	3.4		-	
Loss on sale of non current investment	26.5		-	
Net gratuity income	(4.4)		-	
Exceptional items	(173.1)		-	
Interest expense	935.6		638.1	
Interest income	(31.1)		(34.4)	
Dividend income	(3.4)		(11.9)	
Income form sale of current investments	-		(1.2)	
		1,615.8		2,003.5
Operating profit before working capital changes		(914.8)		(549.7)
Movements in working capital				
Decrease/(Increase) in trade receivables	(47.1)		2,028.8	
Decrease/(Increase) in inventories	1,173.2		253.7	
Decrease/(Increase) in other current assets	21.4		23.0	
Decrease/(Increase) in current investments	(43.9)		(15.1)	
Decrease/(Increase) in short-term loans and advances	(216.1)		238.0	
Decrease/(Increase) in long-term loans and advances	229.4		(451.7)	
Increase/(Decrease) in trade-payables	535.7		268.0	
Increase/(Decrease) in other current liabilities	(863.1)		385.8	
Increase/(Decrease) in other non term liabilities	(128.0)		138.4	
Increase/(Decrease) in long-term provisions	4.6		(9.2)	
Increase/(Decrease) in short-term provisions	12.3		18.7	
		678.4		2,878.4
Cash generated from/ (used in) operations		(236.4)		2,328.7
Direct taxes paid (net of refunds)		3.7		47.8
Net cash flow from/ (used in) operating activities (A)		(240.1)		2,280.9
Cash flow from investing activities				
Purchase of fixed assets, including CWIP and capital advances	(797.9)		(1,344.8)	
Proceeds from bank deposits having original maturity of more than three months	24.2		11.1	
Proceeds from sale of fixed assets	4.5		2.6	
Interest received	36.1		32.3	
Dividends received	3.4		11.9	
Proceeds from sale of non-current investments	117.7		47.8	
Net cash flow from/ (used in) investing activities (B)		(612.0)		(1,239.1)
Cash flow from financing activities				
Proceeds of short-term borrowings	100.0		-	
Repayment of short-term borrowings	(32.2)		(1,197.3)	
Proceeds from long-term borrowings	4,283.5		1,618.6	
Repayment of long term borrowings	(2,549.7)		(971.0)	
Proceeds from deposits from public	67.6		474.8	
Repayment of deposits from public	(8.5)		(560.6)	
Proceeds from loan from related party	111.0		-	
Repayment of finance lease rental	(19.0)		(15.8)	
Proceeds from capital subsidy	3.0		-	
Interest paid	(901.0)		(631.6)	
Dividend paid on equity shares	-		(45.9)	
Tax on equity dividend paid	(5.7)		(7.5)	
Net cash flow from/ (used in) financing activities (C)		1,049.0		(1,336.3)
Net increase/ (decrease) in cash & cash equivalents (A+B+C)		196.8		(294.5)
Effect of exchange differences on cash and cash equivalents held in foreign currency		1.1		3.6
Cash & cash equivalents at the beginning of the year		151.6		442.6
Cash & cash equivalents at the end of the year		349.5		151.6
Components of cash and cash equivalents				
Cash Balance on Hand		6.5		24.9
Balances with scheduled banks :				
a) on Current accounts		282.3		26.2
b) on Unpaid dividend accounts*		1.0		1.2
c) on Fixed deposits		42.8		3.5
d) on Exchange earner foreign currency current accounts		59.7		99.3
Total cash & cash equivalents (note 11)		392.3		155.1
Less: Fixed deposits not considered as cash equivalents		(42.8)		(3.5)
Cash & cash equivalents in cash flow statement		349.5		151.6

* The company can utilize these balances only toward settlement of the respective unpaid dividend liabilities.

As per our report of even date

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

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

Place : New Delhi
Dated : May 30, 2013

For and on behalf of the Board

Soshil Kumar Jain
Chairman
(DIN 00012812)

Dr. Rajesh Jain
Joint Managing Director
(DIN 00013053)

Naresh Chand Gupta
D.G.M. (Accounts & Taxation)

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

Vinod Goel
G.M. Legal & Company Secretary

Notes

BioSpectrum

boosted the efforts of Panacea Biotec to

पैनेशिया को वैक्सीन का कॉन्ट्रैक्ट

Panacea Biotec in JV with US drug maker Osmotica

INTERVIEW: RAJESH JAIN

JOINT MANAGING DIRECTOR, PANACEA BIOTEC

We target complex drugs with limited competition

Panacea hopes WHO nod to resume suppli

Panacea Biotec inks drug deal with Kremers Urban

पैनेशिया को सरकार से बड़ा ऑर्डर

BioSpectrum

Panacea gets ₹188-cr govt order

पैनेशिया ने किया करार

BioSpectrum

पैनेशिया को सरकार से बड़ा ऑर्डर

Panacea inks drug development, marketing pact with US firm

Panacea Biotec

Innovation in support of life

Panacea Biotec Ltd.
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Mathura Road, New Delhi - 110 044, India