Panacea Biotec

Innovation in support of life

Redefining Challenges Delivering Results

Annual Report 2015-16

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

Executive 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
- Mr. Ankesh Jain - Director Sales & Marketing

Non-Executive Independent Directors

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

Company Secretary

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

Chief Financial Officer

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

Registered Office

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

Corporate Offices

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

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

Manufacturing Facilities

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

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

Information as on August 12, 2016

www.panaceabiotec.com
CIN: L33117PB1984PLC022350

R&D Centers

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

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

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

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

Sales & Marketing Office

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

Statutory Auditors

M/s. Walker Chandiok & Co. LLP
Chartered Accountants, Gurgaon, India

Secretarial Auditors

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

Cost Auditors

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

Registrar & Transfer Agents

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

Banks

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

Mission

Innovation in
Support of Life

Vision

Leading Health
Management
Company

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 superior efforts

Integrity

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

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

Pioneer

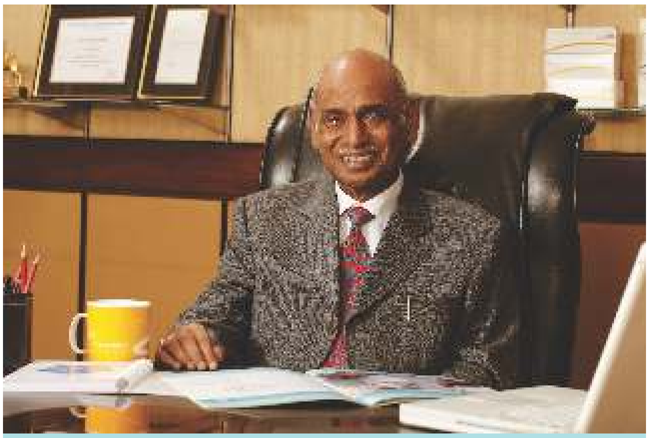
- Striving for leadership in every activity and to become the guiding star
- Having a vision of the future and succeed in reaching there before anyone else
- Persevere in owning innovation and be the first mover in the market
- Empowering people to speed up the organisation growth
- Always embracing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

Humane

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

Pharmaceutical Formulations Facility, Baddi, Himachal Pradesh

Chairman's Message



“Challenges are what make life interesting and overcoming them is what makes life meaningful”

Dr. APJ Abdul Kalam

Dear Stakeholders,

Your Company consistently focuses on integrating the ever-evolving science and technology with its steadfast commitment & resolution to spread good health and healthy living in masses by providing affordable & innovative products in India as well as global markets.

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

The global pharmaceutical market, after experiencing a slump in the last few years, is now witnessing a stable growth. It is estimated at around US$1 trillion in 2015 and is forecasted to grow at a CAGR of 4-7% to reach $1.3 trillion by 2018. The life style related therapies viz. oncology, anti-diabetics and pain management have continued to be the top 3 global therapeutic segments in 2015. India accounts for 20% of global exports in generic medicines with US$ 15 billion of exports during FY2014-15. The exports are expected to reach US$ 40 billion by 2020.

The global vaccines market is estimated at US$ 41 billion in 2015 and is expected to grow to US$ 100 billion by 2025 at a CAGR of 10%. The future demand and significant revenues for vaccines is expected to come from India, China and other emerging developing countries with sizeable birth cohort.

The challenges and hardships faced by us in the last few years have helped us to strengthen our creative, emotional and intellectual muscles. While the obstacles were high and mighty, they have enabled us to hasten the transformation of our culture into one of excellence. Together we have overcome challenges by redefining challenges, adopting innovative solutions and have delivered positive results. The focus was on expansion of your Company's product portfolio and customer base for its existing products & brands and increasing market penetration in both established and emerging markets at global level.

The financial year 2015-16 was a year of improved operational and financial performance of the Company. Strengthening the existing business in market place and venturing into new markets was the key. During the year, the Company achieved net revenue from operations of Rs.6,469 million as compared to Rs.6,792 million during

Vision 2020

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

previous financial year despite absence of sale of oral polio vaccines and decline in exports of formulations. Such deficit has largely been offset by increased revenues from sale of pentavalent vaccine Easyfive-TT to UNICEF.

You will be glad to know that there has been a significant improvement in the operational performance during the year. The Company has registered EBITDA of Rs.1,381 million, a growth of over 40%, from Rs.956 million during FY2014-15.

The top three selling brands of the Company feature among the top 500 brands in India, with Glizid at 123rd rank, PanGraf at 445th rank and Mycept at 471st rank. Glizid-M has been awarded with the prestigious SILVER BRAND in Chronic Care Therapy by AWACS AIOCD.

During the year, total external liabilities (current and non-current) have declined by Rs.721.2 million. The credit rating of the Company has improved to CARE B+ (Single B Plus) for Long Term Bank Facilities from CARE D (Single D) as at the end of previous financial year.

Your Company remains committed to its mission "Innovation in Support of Life" and continue to provide the latest and most affordable preventive & therapeutic care to patients across the globe. During the year, your Company has received prestigious Thomson Reuters Intellectual Property & Science Award for the year 2015 as "Top 50 Indian Innovators - 2015".

During the year, we have launched India's first indigenously developed brand CABAPAN (Cabazitaxel) at one fifth of the innovator's price, thereby bringing a paradigm change in the treatment of metastatic Castration Resistant Prostrate Cancer (mCRPC). Another indigenously developed anti-diabetic drug, TENEPAN (Teneligliptin) has recently been launched for treatment of Type 2 Diabetes Mellitus (T2DM). With these launches of CABAPAN and TENEPAN, the Company aims to improve accessibility of these treatments for the benefit of patients at an affordable cost as part of our commitment to Government of India's "MAKE IN INDIA" mission.

The Company has consolidated its international pharmaceutical business by eliminating loss making products, markets, etc. Your Company is also building a robust pipeline of around 25 product dossiers for filing in several other emerging markets which it will be filing in the next 1-2 years.

Further, as a part of the Company's strategy of expanding its exports business with focus on large regulated markets and emerging markets, the Company has already filed 6 ANDAs with the USFDA and is working on 2 more ANDAs to be filed in 2017. The Company plans to launch these products in the regulated markets through strategic collaborations with leading local partners. During the year, the Company's pharmaceutical formulation and oncology facilities were inspected by US FDA and the same was successfully passed without any major or critical observations.

Vaccines business also continues to be the significant area of operations for Panacea Biotec. The Company is targeting to enter emerging markets with sizeable birth cohort (3-5 mn) to expand vaccine business and has already registered its vaccines in 16 countries with further registrations expected in near future.

The Company has recently completed development of tetravalent vaccine (Easyfour-TT) and hexavalent vaccine (EasySix) and plans to launch the same in Indian markets during the current financial year followed by launch in several other countries over a period of time. As a part of the long-term growth strategy, the Company is also developing several other critical vaccines including the sabin-IPV, pneumococcal vaccine and Dengue vaccine.

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

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

Best wishes

Soshil Kumar Jain

Panacea Biotec
At a Glance

Panacea Biotec is one of India's leading and highly progressive research-based health management companies with established research, manufacturing and marketing capabilities. 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 units with ultra-modern facilities for vaccines and pharmaceutical formulations comply with the key International regulatory bodies like USFDA, BfArM Germany and WHO-cGMP standards and it has considerable presence in more than 20 countries. The product portfolio includes highly innovative prescription products in important therapeutic areas such as diabetes & cardiovascular management, oncology, nephrology & transplant management, osteoporosis management, anti-tubercular, gastro-intestinal care, pain management products and paediatric vaccines.

SAMPANN Drug Delivery Research and Development Center, Lalru

Financial Highlights

Particulars	2015-16		2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Financial Performance	(Rs. in mn)	US$ mn**	(Rs. in mn)								
Net Turnover	6,196.5	93.5	6,432.2	4,671.4	5,304.2	6,883.8	11,304.6	8,843.7	7,734.2	8,304.4	8,315.5
Total Income	6,724.6	101.5	7,072.5	5,146.7	6,013.5	7,080.4	11,655.1	9,778.5	7,993.9	8,676.2	8,615.1
EBITDA	1,380.7	20.8	955.7	(805.9)	(786.6)	(864.5)	2,843.5	1,582.5	2,444.6	2,177.6	2,298.8
PBT	14.0	0.2	(633.4)	(4.2)	(2,506.3)	(2,629.5)	1,554.9	1,181.0	(923.7)	1,903.9	2,091.0
PAT	8.7	0.1	(652.3)	(4.2)	(2,301.3)	(2,077.9)	1,350.5	800.4	(690.5)	1,331.7	1,468.1
Cash Accurals	744.2	11.2	(91.1)	(690.4)	(1,251.7)	(1,165.5)	2,106.5	1,095.8	2,001.4	1,802.2	1,823.2
Equity Share Capital	61.3	0.9	61.3	61.3	61.3	61.3	61.3	66.8	66.8	66.8	65.8
Preference Share Capital	163.0	2.5	163.0	-	-	-	-	-	-	-	-
Reserves & Surplus	5,176.0	78.1	5,172.8	5,561.6	5,551.3	8,079.6	6,306.8	6,898.4	6,084.7	6,905.3	5,325.1
Shareholders' Funds	5,400.3	81.5	5,397.1	5,622.9	5,612.6	8,140.9	6,367.8	6,963.2	6,147.8	6,966.7	5,383.9
Total Liabilities	18,074.3	272.8	18,792.3	18,864.6	16,798.2	18,528.8	17,177.9	14,745.3	13,488.2	11,549.5	7,909.0
Net Fixed Assets	10,065.9	151.9	10,766.6	11,120.3	9,864.1	10,483.7	6,523.6	6,946.6	6,938.7	5,343.7	4,136.1
Total Assets	18,074.3	272.8	18,792.3	18,864.6	16,798.2	18,528.8	17,177.9	14,745.3	13,488.2	11,549.5	7,909.0
Shareholders Related Ratios											
Equity Dividend	-		-	-	-	-	75%	25%	-	100%	100%
EPS (Basic)* (In Rs.)	0.1		(10.6)	(0.1)	(37.6)	(33.9)	21.4	12.0	(10.3)	20.1	23.7
Cash EPS (Basic)* (In Rs.)	11.8		0.1	11.2	(23.9)	(21.6)	30.4	19.3	30.0	27.3	29.5

* Per Equity Share of Re.1 each
** 1 US$ = Rs.66.26
Note: Figures in brackets are negative numbers

Pharmaceutical Formulations Facility, Baddi, Himachal Pradesh

Core Strengths

Rising from when it started the journey in 1984, Panacea Biotec has established a respectable and honorable position in the Indian Pharmaceutical Industry. Today, Panacea Biotec is one of the largest Vaccine producer in India and is one of the leading Biotechnology Companies. The Company has also been ranked amongst the top 60 pharmaceutical Companies in India (AIOCD-AWACD-MAT-MAR-2016). This achievement is based on the company's epicenter of strengths, which includes:-

STATE-OF-THE-ART MANUFACTURING FACILITIES

With a proactive customer centric approach, Panacea Biotec lays special emphasis and efforts on innovation & quality of medicines. The Company's pharmaceutical formulation facility is approved by several International Regulatory Agencies including USFDA, BfArM Germany, etc. and its product portfolio has expanded internationally with its products reaching out to more than 20 countries. The vaccines formulation facility has been approved by Indian NRA and is licensed to produce 8 vaccines in different presentations for Indian and export markets. The facility is WHO pre-qualified for the pentavalent vaccine Easyfive-TT.

STRONG BRAND PORTFOLIO

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

In India, Panacea Biotec's brand equity spans several branded pharmaceutical formulations and its leading brands, such as Glizid, PanGraf, Mycept, Panimun Bioral, PacliAll, Sitcom, ThankOD, Livoluk, Nimulid and Kondro are amongst the top 5 positions in their respective therapeutic areas. Glizid, PanGraf and Mycept also feature among the top 500 brands in India.

GROWING COLLABORATIONS & ALLIANCES

Panacea Biotec has had a rich history of successful collaborations, ventures and business relationships with various bodies including several national/international research institutes, academic universities and commercial corporations, 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, South East Asia, CIS and Africa. A successful business record of more than a decade with WHO & UNICEF in partnering the polio eradication initiative is another proud recognition for the Company.

Think Medicine
Think India

ESTABLISHED R&D CAPABILITIES

R&D activities are the core focus of the Company with around 7% of net turnover invested in this activity during fiscal 2016. The Company has four distinguished state-of-the-art multi-disciplinary centers that specialise in the fields of new vaccine development, biopharmaceuticals, proteins, peptides, monoclonal antibodies, novel drug delivery systems, advanced drug delivery system and drug discovery (small molecules) complying with international regulatory standards where around 120 scientists work with enthusiasm, dedication and full devotion towards the Company's objective of taking ideas from grey cell to the market in a proactive manner. All the 4 R&D centers have been accorded registration by DSIR, Ministry of Science & Technology, New Delhi.

HIGHLY SKILLED & MOTIVATED TEAM

The term "TEAM" is an acronym where T represents Together, E stands for Everyone, A signifies Achieves and M indicates More. Panacea Biotec realizes that though individual performances can lead to sharp spikes in their growth, it is teamwork and a healthy work environment that can sustain a progressive trajectory of growth. There are around 2,500 people relentlessly working together to achieve the goal of meeting every healthcare need with a Panacea Biotec brand and service. The company has around 120 scientists, over 470 employees engaged in production and Quality Control/Quality Assurance and over 1,150 professionally trained and motivated employees engaged in sales, marketing and logistic activities.

QUALITY ASSURANCE

Quality is the epicentre 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 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 research & development, production, packaging, storage, marketing, sales & distribution at the Company. This has led the Company to achieve major milestones in its journey towards excellence.

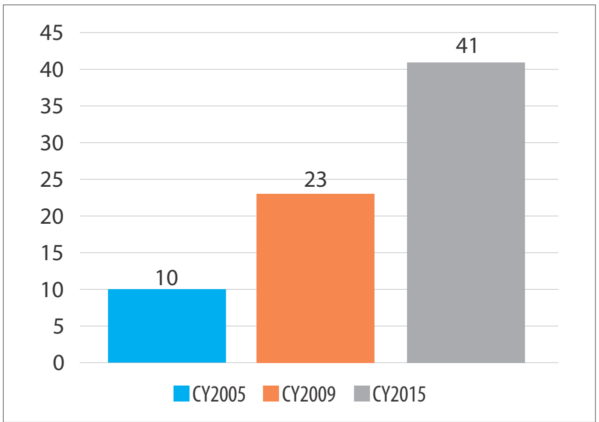
Management Discussion & Analysis

Management Discussion & Analysis

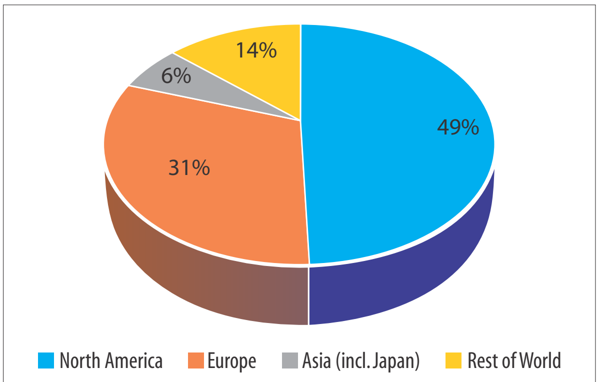
INDUSTRY STRUCTURE & DEVELOPMENTS

Global Vaccine Market

The global vaccine market has been one of the fastest growing segments of the global healthcare industry. The high growth in vaccine industry has been driven by several factors including inclusion of several pediatric vaccines in the national immunization schedule of various countries, growing public awareness, funding and other support from both government and non-government agencies and increasing availability of vaccines at affordable prices.



Global Vaccine Market (in USD billion)



Global Vaccine Market-Region wise market share %

The global vaccines market was estimated at US$ 41 billion in 2015 and is expected to grow to US$100 billion by 2025 growing at a CAGR of 10%. At present, North America, with about 49% market share, is the largest vaccine market followed by Europe, with 31% share. However, the future demand and significant revenues for vaccines is expected to come from India, China and other emerging developing countries with sizeable birth cohort.

Indian Vaccine Market

India is one of the largest producer & supplier of vaccines in the world. The vaccines produced by Indian companies are used for the national immunization and in around 150 countries globally, which makes India a major vaccine supplier, with one in three vaccines across the world being made by Indian companies.

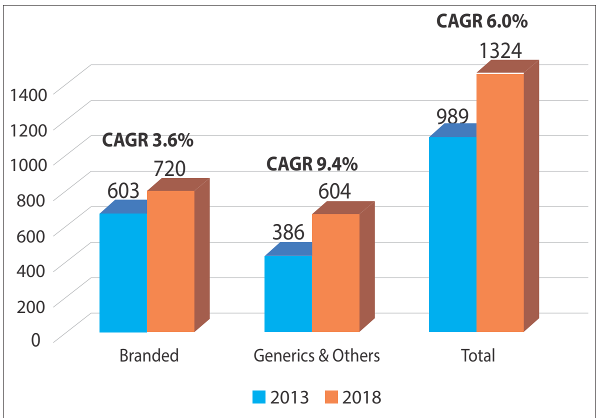
The domestic market for vaccines in India offers a huge opportunity with its birth cohort of ~27 million children every year. India is now self-sufficient in meeting its requirement for basic vaccines such as Hepatitis-B, DPT, Hib, Measles, Polio etc. and now it exports over 60% of the vaccines produced every year.

The Indian vaccine industry is estimated to be around US$1 billion. The market is expected to further expand as the Govt. of India has included Injectable Polio Vaccine (IPV) in its Universal Immunization Program and has introduced it in 6 states from November 30, 2015 in Phase-I. IPV is being introduced in the remaining states in 2016. Further, the pentavalent vaccine has been expanded to all 36 States/ Union Territories. India has an ambition to eliminate measles, introduce rubella (as part of Measles Rubella vaccine), rotavirus and pneumococcal vaccines in 2017 and potentially Human papilloma virus (HPV) vaccine at a later time. GAVI has allocated a funding support of upto US$ 500 million for immunization program in India for the period 2016-2021. As a result, the Indian vaccine industry is expected to grow at a CAGR of 15% over the next five years.

Global Pharmaceutical Market

After experiencing a slump in the last few years, the global pharmaceutical industry is now witnessing a stable growth. The global pharmaceutical market is estimated at around US$1 trillion in 2015 and is forecasted to grow at a CAGR of 4-7% to reach $1.3 trillion by 2018, according to estimates from various industry sources. The moderate growth in the global pharmaceutical industry over the next five years will be marked by resurging US pharmaceutical market and strong growth from other emerging markets.

Over the last few years, generic drugs and low-cost copies of branded drugs have been gaining in terms of volume as well as market share.



Global Pharmaceuticals Sales (In US$ billion)

Rank	Global Market Therapuetic Segments	2015 SALES (US$ Bn)	2015 GROWTH (LC$ %)	2014 SALES (US$ Bn)
1	Oncologics	78.94	14.00	75.41
2	Antidiabetics	71.47	19.00	63.77
3	Pains	56.19	2.50	60.18
4	Autoimmune Diseases	41.93	19.70	37.40
5	Antihypertensives, Plain & Com	41.39	(3.30)	47.61
6	Respiratory Agents	40.04	8.00	39.54
7	Antibacterials	38.36	1.00	40.93
8	Mental Health	34.87	(4.80)	39.18
9	Viral Hepatitis	32.03	84.00	18.16
10	Dermatologics	29.48	13.70	28.50
11	Anticoagulants	37.23	13.20	26.43
12	Lipid regulators	26.55	0.20	28.45
13	GI Products	25.57	12.40	25.31
14	HIV Antivirals	24.36	12.10	23.12
15	Nervous System Disorders	22.45	9.90	22.18
16	Other Cardiovasculars	22.44	8.30	22.61
17	Anti-ulcerants	22.36	(3.20)	24.82
18	Other CNS	19.60	7.40	19.79
19	Multiple Sclerosis	17.46	16.80	15.83
20	Vaccines (pure, Comb, Other)	16.33	14.00	15.29
	Total	954.12	9.50	943.93

Top 20 Global Therapy Areas 2015

The life style related therapies viz oncology, anti-diabetics and pain management have continued to be the top 3 global therapeutic segments in 2015 with US$78.9, 71.5 and 56.2 billion, respectively and have achieved y-o-y growth of 14%, 19% and 2.5%, respectively.

Indian Pharmaceutical Market

Indian pharmaceutical industry has achieved a prominent position in the global pharmaceutical industry. India has been playing a pivotal role in supply of affordable and quality pharmaceutical products to the world. The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value as per the UBM India (Indian arm of London based media). India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

Indian manufacturers are among the most important suppliers of generic drugs to USA and several other countries and key contributors to the WHO Prequalification Programme (PQP), which ensures the safety and efficacy of medicines by setting standards for generic drugs. Indian manufacturers supply more than 65-70% of medicines in the WHO Prequalified List of Medicinal Products in the segments of HIV-AIDS, Tuberculosis, Malaria, Reproductive Health and other categories.

Indian pharmaceutical industry has evolved significantly in the last ten years. India accounts for 20% of global exports in generic medicines with US$ 15 billion of exports during FY2014-15. The exports are expected to reach US$ 40 billion by 2020. The Country's pharmaceutical market is expected to grow at a CAGR of 12-13% during 2015-2020 to reach a size of US$ 55 billion. The future growth will be driven by changing lifestyle, increasing consumer spending, faster urbanisation and rising healthcare insurance among others.

However, in the domestic markets, Govt. of India is controlling the prices of essential medicines to keep these in affordable range. It has also started forcing the industry to introduce medicines with proper clinical trials or bio-equivalence studies. During FY2015-16, the Govt. of India banned over 350 medicines as irrational fixed dose combination (FDC) drugs thereby having an impact on the growth of domestic pharmaceutical industry.

PANACEA BIOTEC BUSINESS SEGMENTS

PHARMACEUTICAL FORMULATIONS

Panacea Biotec is one of the top 60 pharmaceutical companies of India as per the AIOCD AWACS (MAT March 2016) sales data. In the last 20 years, Panacea Biotec has attained leadership position in niche therapeutic segments including organ transplantation, nephrology, oncology and diabetes management and strong presence in pain & fever, gastroenterology and orthopedics therapies in the Indian pharmaceutical market.

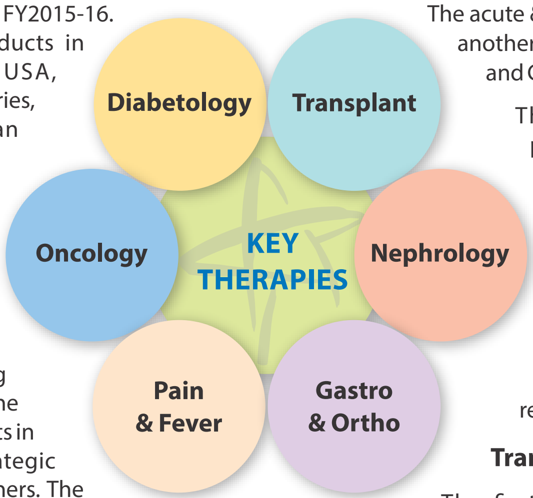
The Company's leading brands are well recognized and respected by the medical fraternity and command significant market share in their respective therapeutic segments. The top selling brands of the Company viz. Glizid (including its extensions), PanGraf, Mycept and Panimun Bioral are ranked number 1 in their respective therapy areas as per the AIOCD AWACS (MAT March 2016) sales data. The other leading brands of the Company viz., PacliALL, Sitcom, ThankOD, Livoluk, Nimulid and Kondro are also amongst the top 5 brands in their respective therapeutic areas as per the AIOCD AWACS (MAT March 2016) sales data. The top three selling brands of the Company feature among the top 500 brands in India, as per the AIOCD AWACS (MAT March 2016) sales data, with Glizid (including its extensions) at 123rd rank, PanGraf at 445th ranks and Mycept at 471st rank.

As per the AIOCD AWACS (MAT March 2016) sales data, the Company's key brands across therapeutic categories and their market ranking in India are as follows:

Brands	Therapy	AIOCD Rank MAR 16
Glizid (incl. extensions)	Anti Diabetic	1
PanGraf	Anti-Neoplastics	1
Mycept	Anti-Neoplastics	1
Panimun Bioral	Anti-Neoplastics	1
Nimulid	Pain / Analgesics	3
Kondro	Pain / Analgesics	3
Livoluk	Gastro Intestinal	4
Sitcom	Varicose Therapy	4
ThankOD	Varicose Therapy	5
Epotrust	Blood Related	7

Note: Rank is calculated within its therapeutic category or the immediate market (wherever applicable).

The net turnover of pharmaceutical formulations business has grown at a CAGR of around 7.6% from Rs.2,398.8 million in FY2009-10 to Rs.3,727.0 million in FY2015-16. Panacea Biotec is exporting its products in international markets including USA, Germany, CIS countries, LATAM countries, Africa, Middle East and other Asian countries.

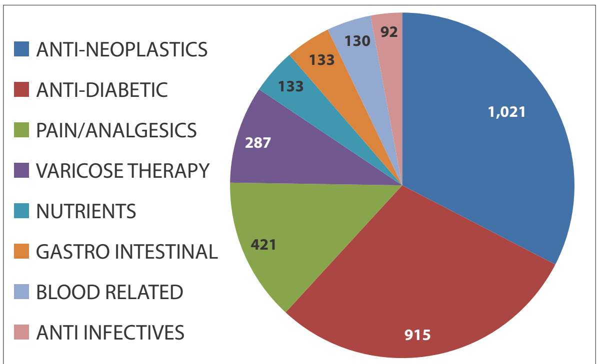


The Company is now in the process of expanding its exports business with focus on the large regulated markets and emerging markets. As a part of this, the Company has already filed 6 Abbreviated New Drug Applications (ANDAs) with the USFDA and is working on 2 more ANDAs to be filed in 2017. The Company plans to launch these products in the regulated markets through strategic collaborations with leading local partners. The Company is also building a robust pipeline of product dossiers for filing in several other emerging markets which it will be filing in the next 1-2 years and aims to improve the accessibility and affordability of medicines as the Company's contribution to Government of India's "MAKE IN INDIA" mission.

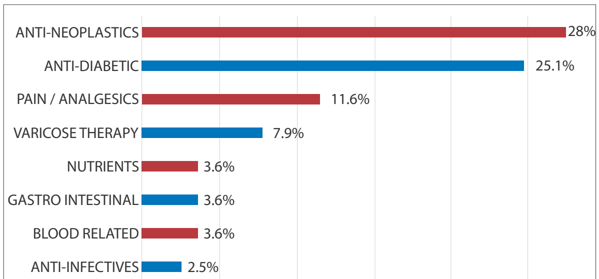
Domestic Sales and Marketing

Panacea Biotec focuses on niche therapeutic areas of Anti-neoplastics i.e. Transplantation & Immunology, Nephrology, Oncology, Diabetes and related complications, Orthopaedics, Gastroenterology and Pain Management in the Domestic pharmaceutical market.

The branded pharmaceutical formulations business in India is managed by six Strategic Business Units (SBUs). The super specialty business is taken care of by three SBUs viz. Transplantation & Immunology, Nephrology and OncoTrust.



Therapy-wise sales in Rs. million
As per AIOCD AWACS (MAT March, 2016)



Therapy wise market share %
As per the AIOCD AWACS (MAT March 2016)

Note: Market Share is calculated within its therapeutic category or the immediate market (wherever applicable).

The acute & chronic care business is handled by another three SBUs Viz. Diacar Alpha, Procare and Growcare.

The net turnover from domestic pharmaceutical formulation business has grown at a CAGR of around 6.7% from Rs.2,105.9 million in FY2009-10 to Rs.3,107.3 million in FY2015-16 with diabetes & cardiology and transplantation segments being the top two therapeutic segments contributing around 28% and 29% respectively during the year under review.

Transplant & Immunology SBU

The first organ transplant in India was conducted in 1970s in the form of a kidney transplant. Since then India has made very slow progress and a lot more needs to be done. At present around 6,000 transplants are done annually including around 5,000 kidneys, 1,000 livers and around 15 hearts transplants as against a need of roughly 200,000 kidneys, 50,000 hearts and 50,000 livers for transplantation each year.

Panacea Biotec, through its Transplant & Immunology SBU, has been aggressively promoting & supporting cadaveric organ donation through various initiatives with a goal to enhance awareness and contribute for organ donation in the country, thus laying a foundation of global health and well-being across the nation.

Transplant & Immunology SBU has always endeavored to more than just saving lives by providing high quality medicines at an affordable cost, for significant improvement in quality of life for transplant recipients. The SBU continues to be the leader of the market since 2008 with a significant market share of over 30% amongst scores of regional and national players.

Transplantation & Immunology SBU has carved an alcove amongst the transplant fraternity with its focused approach on scientific & academic activities. The SBU has been at the forefront in establishing the importance & concept of "Therapeutic Drug Monitoring" in managing Transplant recipients in India.

The main brands of this SBU viz. PanGraf, Mycept and Panimun Bioral continues to be at No.1 position in their respective therapeutic category, as per the AIOCD AWACS (MAT March 2016) data. PanGraf has established itself at the leadership position in Tacrolimus market in India since more than a decade with 52% market share.

The SBU launched EverGraf (Everolimus) in 2011 and now proudly celebrates 5 years of enduring success in the adjunct immuno-suppression segment with an in-house manufacturing. Furthermore, the SBU caters to the critical therapy areas of Anti-Infective (VagaCyte), Anti-Rejection (GrafMet), Adjunct Immuno-suppressants (Siropan) and Anti-metabolites (Imuza) with an aim to provide complete and holistic management of all aspects of Solid Organ Transplantation.

Nephrology SBU

Chronic Kidney Disease (CKD) is a major global threat as 10% of the population worldwide is affected, and millions die each year because they do not have access to affordable treatment. In India, approximately 8% of the population is suffering from CKD owing to high incidence of diabetes and hypertension. CKD is a progressive disease starting from Stage II to Stage 5D and End Stage Renal Disease (ESRD) where Renal Replacement Therapy (RRT) is the only option. These patients are managed for Renal Anemia, Mineral Bone Disorder (CKD-MBD), malnutrition and associated complications.

With a vision to be the 'Most Reliable Partner in Providing End to End Solution in CKD Management', the Nephrology SBU is catering to the needs of CKD patients at all stages. The SBU is committed to provide quality products in Renal Anemia, CKD-MBD, Renal Nutrition and Hyperkalemia.

The CKD-MBD (Alphadol, SevBait-DT, Fosbait and Mimcipar) & Renal Anemia (EPOTrust and Overcom) segments of the SBU have the highest saliency of 46% & 40%, respectively. EPOTrust remains the highest contributing brand with saliency of 37%. SevBait DT is the fastest growing brand with differentiation of being the only dispersible sevelamer carbonate ensuring high patient compliance.

The SBU is geared to be amongst top 6 companies by FY2016-17 in highly commoditized market with more than fifty players and is committed to continue its legacy in building up a strong equity amongst 1,450 Nephrologists & Physicians Pan India through its strong & committed field force with high scientific & academic orientation.

OncoTrust SBU

Cancer figures among the leading causes of morbidity and mortality worldwide. Globally nearly 14 million new cancer cases are detected every year with 8.2 million cancer related deaths. The number of new cases is expected to rise by about 70% over the next 2 decades. The rate is increasing as life expectancy has increased and also lifestyle changes occur in the developing world. Most common types of cancer in males are prostate, lung, colorectal and stomach, and in females are breast, colorectal, lung and cervical cancer.

Panacea Biotec through its OncoTrust SBU, has established itself as an organization aiming to deliver quality, contemporary and affordable medicines to improve the quality of life of cancer patients. With its portfolio of products, OncoTrust is well positioned to serve the increasing number of cancer survivors in the country. With a dedicated field force across the country, it is covering almost 1,800 Oncologist and all major Government and Corporate hospitals.

Panacea Biotec was the first Indian company to launch PacliALL a brand of nab Paclitaxel, for the management of breast cancer. PacliALL, which was awarded with Brand of the Year Award 2011 by Bio-Spectrum, is now one of the most admired brands for the treatment of Breast Cancer.

During the year, Panacea Biotec has launched India's first indigenously developed brand CABAPAN, (Cabazitaxel), at one fifth of the innovator's price, thereby bringing a paradigm change in the treatment of metastatic Castration Resistant Prostrate Cancer (mCRPC).

The other major brands of the SBU include Bemustin (Bendamustine Hydrochloride), DoceTrust (Docetaxel Trihydrate), GemTrust (Gemcitabine hydrochloride) and BorteTrust (Bortezomib) and CABAPAN (Cabazitaxel) injections. Going forward there is a strong lineup of products to achieve the vision laid out by OncoTrust SBU.

Diacar Alpha SBU

India is the diabetes capital of the world with almost 75 million diagnosed diabetics. Diabetes today has emerged

Dr. Rajesh Jain, Jt. MD and team at the launch of CABAPAN

as one of the most important risk factor for mortality and often affects other vital organs of the body like heart, eyes, kidneys, brain and nerves.

With a dedicated marketing and sales team of more than 350 people, Diacar Alpha focuses on specialties such as Endocrinologists, Diabetologists, Cardiologists and Physicians in a fiercely competitive anti-diabetic market.

The flagship brand of Diacar Alpha, Glizid (including Glizid-M & other extensions) is the No. 1 brand in its market segment and is ranked at No. 123 amongst the top 150 brands in the Indian Pharma industry. Glizid-M was awarded with the prestigious SILVER BRAND in Chronic Care Therapy by AWACS AIOCD.

Diacar Alpha SBU has 25% market share with sales of Rs.915 million as per the AIOCD AWACS (MAT March 2016) sales data.

To help in better management of Glucose Triad in Type 2 Diabetes Mellitus (T2DM), the Company introduced a unique combination of Gliclazide, Metformin and Voglibose under the brand name Glizid-MV in the previous financial year, which has now become a Rs.60 million brand.

The Company has recently launched its indigenously developed anti-diabetic drug, TENEPAN (Teneligliptin) for treatment of Type 2 Diabetes Mellitus (T2DM). With the launch of TENEPAN, the Company aims to improve accessibility of this treatment for the benefit of patients at an affordable cost as part of its commitment to Government of India's "MAKE IN INDIA" mission.

Procare SBU

Procare SBU continues to improve its brand equity in the chronic care segment having increasing incidence of chronic disorders such as osteoarthritis and osteoporosis alongside lifestyle disorders like piles, constipation and acid peptic disorders through its focus on Consulting physicians, Orthopedicians, Gastroenterologists and General Surgeons.

The chronic diseases management drugs market in India is valued at Rs.30 billion. The Gastro-intestinals is the 3rd largest therapy valued at Rs.11.28 billion contributing 11.7% to the Indian Pharmaceutical Market as per AIOCD AWACS (MAT December 2015) data and is growing at 16% on MAT basis.

The Procare SBU has established its flagship brands Sitcom, Livoluk and Kondro amongst the top 5 brands in their respective therapy areas as per the AIOCD AWACS (MAT March 2016) sales data. Sitcom has gained improvement in its market ranking and is now ranked at 1,382nd position as per AIOCD AWACS (MAT March 2016) sales data as against 1,505th position as per AIOCD AWACS (MAT March 2015) sales data.

During the year, the SBU launched new anti-inflamatory and muscle relaxant products including Willgo P (Aceclofenac 100mg, Paracetamol 325mg), Willgo TH4 & Willgo TH8 (Aceclofenac & Thiocolchicoside Tablets) and Willgo SP (Aceclofenac 100mg, Serratiopeptidase 15mg (As enteric coated granules) and Paracetamol 325mg).

Growcare SBU

Growcare SBU operates in the large therapy areas of anti-infectives, anti-haemorrhoidal and pain management.

As per the AIOCD AWACS (MAT March 2016) data, anti-Infectives is No. 1 therapy in the Indian Pharmaceutical Industry, valued at Rs.14.74 billion, it is growing at 9.9%. The pain/analgesic market in India is estimated at Rs.6.65 billion, growing at 12.6%.

Growcare SBU's leading brand ThankOD is the 5th largest brand in its therapy area as per the AIOCD AWACS (MAT MAR 2016) data. Growcare with its dedicated field force covers General physicians, Consulting Physicians, Paediatricians, General Surgeons and Dentists.

Growcare SBU is actively involved in increasing public awareness about causes and treatment of haemorrhoids (piles) through various patient education and awareness camps.

CUBE SBU

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

CUBE has out-licensed Company's research based products nab paclitaxel, bendamustin, cyclosporine, mycophenolate

and tacrolimus based formulations to other leading pharmaceutical companies for sale in the domestic market on non-exclusive basis. It is also in discussion for out-licensing some of these products for international markets as well. During the year, the product out-licensing business of CUBE SBU has grown by 54.8% to Rs.129.9 million from Rs.83.9 million during previous financial year.

During the year, the Company's income from contract manufacturing operations (CMO) has increased by 29.2% to Rs.71.3 million from Rs.55.1 million during previous year. The CUBE SBU has expanded the CMO business by entering into collaborations with existing as well as new partners. Currently, the process of product registration is in progress for some more products and the Company expects this business to grow in near future once all the product registrations are received.

International Pharmaceuticals Business

The Company exports its pharmaceutical formulations in over 20 countries including USA, Germany, Russia, Turkey, Syria, Serbia, Vietnam, Philippines and Sri Lanka etc. During the year, the Company has consolidated its international pharmaceutical business by eliminating loss making products, markets etc. As a result, during the year, the exports have seen temporary decline with the overall revenues at Rs.619.7 million as against Rs.834.1 million.

Simultaneously, the Company has taken necessary steps to strengthen and grow its exports in the coming years including strengthening marketing team, entering into newer markets, registering products in more and more countries and strengthening relationships with existing as well as new partners. The Company is also developing around 25 products for marketing in over twenty countries and plans to file the registration dossiers for the same in the next 18-24 months. The Company has also started participating in the tender business with products manufactured from its own manufacturing facility at Baddi.

These efforts have already started showing results and the Company has started gaining business during current financial year in existing markets such as Russia, USA, Turkey etc. and also in new markets like Ecuador, Ethiopia, Panama, etc.

During the previous financial year, your Company had entered into strategic alliances with Canada's largest pharma company, Apotex Inc., for research, development, license and supply of two drug delivery-based generic products in the US, Canada, Australia and New Zealand markets and also entered into another deal with US-based Rising Pharmaceuticals Inc. for an oral controlled release product in the CNS space. Similar collaboration was also entered into with a leading Indian pharma company with extensive global operations, for the development and supply of a modified release immunosuppressant generic product in the US market. The development of these products continues to be on track as per the development program agreed with the partners.

Vaccines Business

Vaccines business continues to be the significant area of operations for Panacea Biotec. The Company has developed some of the vaccines first time in the world including the fully liquid pentavalent vaccine Easyfive-TT (Diphtheria, Wholecell Pertusis, Tetanus, Hepatitis B and Hib), bivalent Oral Polio Vaccine (bOPV) and Monovalent Oral Polio Vaccine (mOPV) (Type I & Type III). The Company has played pivotal role in polio eradication from India & many other countries by having supplied over 10 billion doses of OPV in the last over ten years. Panacea Biotec has been one of the largest suppliers of vaccines to UNICEF/Govt. of India/PAHO etc and still continues to be a major supplier of pentavalent vaccine.

The Company has also developed tetravalent vaccine Easyfour-TT (Diphtheria, Wholecell Pertusis, Tetanus and Hib) and hexavalent vaccine EasySix (DTwP-Hib-HepB-IPV) and plans to launch the same in Indian markets during the current financial year followed by launch in several other countries over a period of time.

As part of the long term growth strategy, the Company is also developing several critical vaccines including the Pneumococcal vaccine and Dengue vaccine.

Panacea Vaccines SBU

Panacea Biotec, through Panacea Vaccines SBU is known for its quality and innovative vaccines in the Indian market and strives to create a niche in paediatric vaccine segment by providing affordable vaccine to Tier 1, 2 and 3 cities through coverage of almost 15,000 paediatricians. Currently, Panacea Vaccines SBU has a reach to 57 cities with the field force strength of 108 spread across the country.

The SBU currently has a brand portfolio of Easyfive-TT (DTwP-HepB-Hib) and NovoHib (Haemophilus Influenza Type B) vaccine. Easyfive-TT has been the flagship brand of

Panacea Vaccines from last 3 years and has attained number 3 position in the Pentavalent vaccine segment and celebrates the highest recall vaccine amongst all the vaccinators. There have been innovative marketing initiatives with not just focus on customer engagement platforms but also focus on parents' awareness and paramedic staff skills development.

With the expected launch of Easyfour-TT and EasySix during current financial year, the SBU is all set to achieve higher growth in near future.

International Vaccines Business

In the international markets, apart from supplies to UNICEF, PAHO and other governments of several countries, the Company focuses on the emerging and ROW countries. Over the last couple of years distribution tie-ups have been initiated in around 30 countries with customized business models. Till date vaccines have been registered in 16 countries with further registrations in around 9 countries expected in the near future. The Company is targeting to enter emerging markets with sizeable birth cohort (3-5 mn) to expand business.

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.

Panacea Biotec has strong logistics network comprising of one mother warehouse and 30 Sales Depots/Clearing & Forwarding Agents (CFA) (comprising of 23 Pharma Sales Depots/CFAs & 7 Vaccine CFAs). Product availability across India is done through vast distributor network of around 1,500 Pharma Distributors and 325 Vaccine Distributors.

During the year, the Company has shifted its Central Warehouse (CWH) from Delhi to its exiting facility at Baddi in order to optimise its operating cost and streamline distribution system.

The Company 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 and across India. This ensures that the Vaccines remain safe and effective against changes in variant temperature conditions during transit.

Manufacturing Facilities

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

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

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

Pharmaceutical Formulations Facility at Baddi

The Company's state-of-the-art pharmaceuticals formulations facility at Baddi, Himachal Pradesh became operational in year 2006. The facility is equipped for oral-solids, semi-solids and liquids. The facility has been approved by National Regulatory Authority (NRA) of India, USFDA and German Regulatory Authority, etc.

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

Pharmaceutical Formulations Facility, Baddi, Himachal Pradesh

During the year, the above facilities were inspected by USFDA from November 30 to December 11, 2015 and the same was successfully passed without any major or critical observations.

Vaccines Formulations Facility at Baddi

The Company's state-of-the-art vaccines formulations facility in Baddi, Himachal Pradesh sprawls over in a complex of 23 acres of land. The facility comprises of two blocks and had started its operations in year 2008. The three-story production block is spread over approx. 2800 M^2 construction area at each floor. The warehouse cum cold storage block measures approx. 3 x 2500 M^2.

The facility has two independent formulation suites and filling lines for manufacturing of bacterial, viral and recombinant Vaccines in pre-filled syringe (PFS) and vials. The facility has also large lyophilization capacity for lyophilized Vaccines in vials. The total filling capacity of this facility is approx. 600 million doses per annum in PFS, single and multi dose vial presentations.

Quality control laboratories of the facility are equipped with array of latest sophisticated analytical equipment for testing of vaccines and input materials to assure quality of the product at each stage of manufacturing. The facility has been approved by Indian NRA and is licensed to produce 8 vaccines in different presentations for Indian and export markets. The facility is WHO pre-qualified for the pentavalent vaccine Easyfive-TT.

During the year, the Company has shifted its vaccine formulation facility at Okhla, New Delhi to Baddi and is now in process of adding state-of-the-art additional vial filling line for manufacture of live, attenuated vaccines including oral polio, measles, dengue vaccines, etc.

Vaccine Antigens & Biopharmaceuticals at Lalru, Punjab

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

Recombinant Hepatitis B surface antigen, Haemophilus influenzae type B conjugate bulk (Hib-TT), Diphtheria, Tetanus Toxoids and wholecell Pertusis are manufactured at this facility. The facilities for the manufacture of Recombinant Hepatitis B surface antigen, Haemophilus influenzae type B conjugate bulk (Hib-TT) have been approved by Indian NRA and WHO.

Research & Development

Research & Development is integral part of the Panacea Biotec's core business strategy. The Company has four R&D centres manned with over 100 scientists working on several key projects in vaccines, pharmaceutical formulations and biopharmaceuticals. All the Centres are recognized by the Department of Scientific and Industrial Research (DSIR) of the Govt. of India.

During the year, your Company has received prestigious Thomson Reuters Intellectual Property & Science Award for the year 2015 as "Top 50 Indian Innovators - 2015". Thomson Reuters India Innovation Awards 2015 are based on research and analysis done using the Derwent World Patents Index, the world's most trusted and authoritative value-added patent database. Data from 2010-2014 was used for the analysis for the Indian companies.

Global Research and Development (GRAND) Center, Navi Mumbai

GRAND Centre develops products for global markets. It is spread over an area of 3,600 m^2 and has about 23 dedicated scientists. The central focus areas are in the fields of Oncology and Organ Transplantation, amongst others. Its capabilities

Dr. Rajesh Jain, Jt. MD receiving the Thomson Reuters Intellectual Property & Science Award 2015 from Mr. Arvind Pachhapur, South Asia Head - Intellectual Property & Science, Thomson Reuters in New Delhi.

include delivery conceptualization to pharmaco-kinetic (PK) proof of concept in areas of nano-particles, liposomes, micro-particles, gastro retention and oral films.

The R&D Centre has successfully completed development of 5 key projects enabling the Company to file the ANDAs with USFDA. The R&D centre has also developed a portfolio of oncological products enabling the Company to shift their production in-house at its oncology facility at Baddi. Key products already commercialized in India include PacliALL (Paclitaxel), Bemustine (Bendamustine Hydrochloride), DoceTrust (DocetaxelTrihydrate), GemTrust (Gemcitabine hydrochloride) and BorteTrust (Bortezomib) and CABAPAN (Cabazitaxel) injections. It is also working on several other critical projects (including ANDA and 505 b (2) products) for global markets.

SAMPANN Drug Delivery R&D Center, Lalru, Punjab

Sampann Centre focuses on research & development of generics and NDDS technologies such as depot injections, oral modified release, Self-microemulsifying Drug Delivery System (SMEDDS) in soft gels, mouth dissolving tablets, critical dose drugs and bio-therapeutics. It also supports vaccine formulation development for the Company and employs about 35 scientists.

SAMPANN Centre is spread over an area of 3,810 m^2 in which pharmaceutical research is conducted using various innovative technologies such as hydro gel based topical drug delivery system of peptides and herbal drugs, solid dispersion for highly variable drugs, self-emulsifying drug delivery system (SEDDS) and controlled release drug delivery systems in different therapeutic areas.

Key products developed by Sampann and launched over the years include PanGraf (for global markets), Glizid, Betaglim, Lower A10 & A20, Mycept-750, Mycept-S, Metlong, Metlong-DS, Panimun Bioral, Glizid-MR 30mg, Sitcom, ThankOD, ThankOD Forte, Livoluk fibre, SevBait-DT, TecPara and Delupa for domestic and ROW markets. This Centre is also working on several projects for global markets.

Vaccine Research and Development of Sampann Centre has an excellent portfolio of innovative pediatric vaccines which protect children against dreadful diseases. The Centre has completed development of Tetravalent Vaccine Easyfour-TT and Hexavalent Vaccine EasySix during the year under review. Further, to broaden the existing vaccine portfolio, the Sampann Vaccine R&D is supporting development of new generation vaccines like Pneumococcal Conjugate Vaccine, 10-valent (Nucovac) and Dengue vaccine. Other vaccines which are in the pipeline are Easyfour-Pol vaccine, Sabin Inactivated Polio vaccine (sIPV), Tetanus vaccine and Measles vaccine.

LAKSH Drug Discovery R&D Center, Mohali, Punjab

Laksh Centre is spread over 70,000 sq. ft. and employs around 54 scientists. It focusses on development of New Chemical Entities (NCEs, small molecules), API research and vaccine research.

This R&D centre has successfully delivered three Pre-Clinical Candidates (PCCs), two of which are currently under investigation for IND (Investigational New Drug) filing at different stages of phase I studies in India. In diabetes, phase I trials of one of the NCEs for IR (immediate release) have been completed and efforts are on to develop a formulation for once a week dosing. The other NCE is undergoing phase I directed safety evaluation.

10 International Patent applications through PCT route and more than 50 patent applications in national phases have been filed from this Centre. Many patents have already been granted in the US (5), Europe (3), Japan (3), India (1) and Russia (1). The R&D centre has recently started revenue generation activities by focusing on value added contract research activities and received repeat orders from domestic as well as US and European customers.

This centre is also focused on developing non-infringing API processes for NCEs and generic products for captive consumption. This year two new formulations products have been launched with APIs developed in-house. API centre has developed processes for impurities synthesis and provided


SAMPANN Drug Delivery Research and Development Center, Lalru

LAKSH Drug Discovery Research and Development Center, Mohali

these to Sampan R&D centre to support their formulation development activity.

Vaccine R&D activities have also been initiated to improve upon yields and optimization of vaccine processes.

During the year, the Company has entered into research collaboration with National Institute of Pharmaceutical Education and Research ('NIPER") to foster collaboration between NIPER and provide opportunity for carrying out advance research in the areas of drug discovery research & development of NCEs, process chemistry and formulation development, training on mutual basis & collaborative research projects.

OneStream Research Center, New Delhi

Onestream Research Centre is spread over 26,000 Sq. ft. area and is dedicated to carry out extensive research in Vaccines and Biologicals using genetic engineering, molecular biology, genomics tools, animal cell culture, fermentation, purification, formulation, serology and analytical testing techniques.

Onestream Research Centre is engaged in research of new generation vaccines. It has already developed 10-valent Pneumococcal Conjugate Vaccine (Nucovac). It is also working on 13/15-valent Pneumococcal Vaccine, Tetravalent Dengue Vaccine, Sabin-Inactivated Polio Vaccine (s-IPV) etc. The Centre has well-established P3 containment facility to handle pathogenic viruses like H1N1 and Seasonal flu virus. The centre has also indigenously developed and licensed Pandyflu against H1N1 virus.

The centre is also working on development of Recombinant Biosimilar therapeutics such as Darbepoetin to treat anemia, Biosimilar Herceptin (Trastuzumab) and Biosimilar MabThera

(Rituximab) against breast cancer & Rheumatoid Arthritis (RA) respectively with a mission to make them available at affordable prices to the nation.

Clinical Research

Clinical Research plays an integral role in Drug development process. During the year, Clinical trials with respect to world's first patented wP based hexavalent vaccine (EasySix) & Tetravalent vaccine (Easyfour-TT) have been successfully completed. In accordance with "Global Switch with respect to Polio, Comparative Monovalent OPV1 (or mOPV1)/bOPV/IPV Clinical Trial Protocol" was successfully submitted to Drug Controller General of India (DCGI), in collaboration with WHO.

Novel Dengue Vaccine Phase I/II Protocol & Pneumococcal Vaccine (10 Valent, Conjugate Vaccine) Phase III Clinical Protocols have been approved by DCGI. These studies are slated to begin in near future.

In the pharmaceutical segment, BIO-IND application w.r.t PacliALL (Albumin bound Paclitaxel) alongwith Pivotal Biostudy Protocol has successfully been submitted to USFDA.

Intellectual Property

The Company has filed more than 1,500 patent applications worldwide including 230 patent applications in India for different formulation products/new drug delivery technologies. The Company has filed around 100 International patent applications through PCT route. About 455 patent applications have been granted/accepted for grant including 3 patents granted in Europe, USA and China and 3 patents in India during the year under review. This includes patents on some of the key products of the Company under development viz. Hexavalent Vaccine and a cancer drug using novel drug delivery.

The Company has filed more than 740 applications for trademark registration out of which 462 have been registered including 10 applications registered during the year. In addition, the Company has also filed 516 International Trademark applications out of which 309 have been granted. The Company had filed 222 applications for registration of Copyrights of which 167 had been registered.

Human Resources

Panacea Biotec believes that employees are the mainstay for a progressive organization. Organization transformation from effectiveness to greatness starts with the recognition that the people are indeed our most important assets.

The Company has a total manpower strength of around 2,500 employees out of which over 466 are skilled employees including corporate and managerial staff, sales staff and staff located at its manufacturing facilities. There are around 120 scientists engaged in R&D centres, around 470 employees engaged in production, Quality Control & Quality Assurance and around 1,155 engaged in sales, marketing and logistics.

The HR function has intensively contributed towards building the Company's brand image among the aspiring & talented candidates. As part of talent identification exercise, the Company conducted various Campus Recruitment Drives for selecting candidates who could be future leaders for the Company's manufacturing units and R&D Centres.

Dr. G. N. Singh, Drugs Controller General (India) & Chairman, Drug Consultative Committee presenting Certificate of Participation to Dr. R. K. Mangalum, Site Head, Baddi at MEGA Pharma Job Fest 2016. Others seen (from Left) Mr. Atul Kumar Nasa, Asst. Drug Controller-CDSCO, Mr. S. L. Nasa, Registrar, Delhi Pharmacy Council, Mr. Nitin Malhotra, Corporate HR & Mr. Bharat B Rattan, Site HR, Baddi.

In order to gain competitive advantage over other market players by increasing productivity and sales through workforce development, the Company has been organising management development programs and other training development programs from time to time.

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 optimizing the resources and investing in the value added activities.

In order to bring in work life balance, the Company conducted several employee engagement initiatives such as Holistic Healing, Stress management & Naturopathy at several locations, which observed encouraging participation across all functions.

Information Technology

Information Technology has become an inherent part of the business landscape. Panacea Biotec has effectively leveraged the benefit of information technology by doing automation of the processes. The Company is already taking the benefit of the ERP system SAP (for accounting, production, materials management, HR & payroll etc.), SFA (sales force automation) and other different software in the different functions of the organisation. The Company has also automatized leave, purchase requisition and purchase order approval system through mails.

Panacea Biotec always puts its effort to fulfill the compliance requirements for Software and Licenses, and also closely monitor and control the installation of software and licenses.

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 & sales offices besides corporate office.

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

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

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

FINANCIAL PERFORMANCE

Summarized Balance Sheet

(Rs. in million)

Particulars	As at March 31, 2016	As at March 31, 2015
Sources of Funds:		
Shareholders' Funds	5,400.3	5,397.1
Non-current liabilities	7,934.0	6,408.2
Current liabilities	4,740.0	6,987.0
Total Liabilities	18,074.3	18,792.3
Application of Funds:		
Fixed assets	10,065.9	10,766.6
Non-current investments	3,946.6	3,946.6
Long-term loans and advances	668.2	926.8
Other non-current assets	5.5	0.6
Current assets	3,388.1	3,151.7
Total Assets	18,074.3	18,792.3

Shareholders' Funds: The Company's Shareholder's Funds were Rs.5,400.3 million as at March 31, 2016 as compared to Rs.5,397.1 million as at March 31, 2015.

Non-Current Liabilities: Non-current liabilities include long-term borrowings, deferred tax liabilities and long-term provisions. The Non-current liabilities as at March 31, 2016 have increased to Rs.7,934.0 million as against Rs.6,408.2 million as at March 31, 2015, mainly on account of reclassification of debts due to restructuring of the Company's Debts under the Corporate Debt Restructuring Scheme approved by the CDR-EG during previous financial year. During the year, Working Capital Term Loan (WCTL) of Rs.744.6 million and Funded Interest Term Loan (FITL) of Rs.1,091.7 million were created under the CDR Scheme, besides reschedulement of installments of the principal amounts.

Current Liabilities: Current liabilities include short-term borrowings, trade payables, other current liabilities including current maturities of long term borrowings and short-term provisions. The current liabilities as at March 31, 2016 have decreased to Rs.4,740.0 million as compared to Rs.6,987.0 million as at the end of the previous year, mainly due to decrease in trade payables, reduction in the current maturities of long-term borrowings post restructuring of the Company's debts as mentioned above and restructuring of the loan assigned by State Bank of Travancore ("SBT") to Edelweiss Asset Reconstruction Company Ltd. ("EARC").

During the year, total external liabilities (current and non-current) have thus declined by Rs.721.2 million.

Fixed Assets: The net fixed assets have marginally decreased to Rs.10,065.9 million as against Rs.10,766.6 million as at the end of the previous year mainly due to depreciation amounting to Rs.713.2 million charged during the financial year 2015-16.

Long-term Loans and Advances: The long-term loans & advances have decreased to Rs.668.2 million as against Rs.926.8 million as at the end of the previous year mainly on account of receipt of income tax refunds of Rs. 1,85.2 million pertaining to earlier years.

Current Assets: Current Assets include trade receivables, inventories, cash & cash equivalents, short-term loans & advances and other current assets. Total Current Assets have increased to Rs.3,388.1 million as at the end of fiscal 2016 as compared to Rs.3,151.7 million as at the end of previous year mainly due to increase in the trade receivables on account of higher sales in the last quarter of the current fiscal.

Summarized Statement of Profit & Loss

(Rs. in million)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Net Turnover	6,196.6	6,432.2
Other Operating Income	272.4	359.8
Net Revenue from operations	6,469.0	6,792.0
Other Income	255.6	280.5
Materials & Finished Goods Purchases	2,143.5	2,886.0
Employee benefits expense	1,398.0	1,332.3
Other expenses	1,802.4	1,898.5
Earnings before Interest, Depreciation, Taxes & Amortization (EBITDA)	1,380.7	955.7
Finance Costs	1,150.0	931.7
Depreciation and amortization expense	713.2	657.4
Profit/ (Loss) before tax and exceptional items	(482.5)	(633.4)
Exceptional items	496.5	-
Profit/ (Loss) Before Tax (PBT)	14.0	(633.4)
Provision for Taxes (including deferred tax)	5.3	18.9
Profit/(Loss) After Tax (PAT)	8.7	(652.3)
Basic EPS (Rs.)*	0.1	(10.6)
Cash EPS (Rs.)*	11.8	0.1

*Per Equity Share of Re.1

Net Revenue from Operations: During the year, the Company's Net Revenue from operations were Rs.6,469.0 million as compared to Rs.6,792.0 million during previous financial year. The net revenues from operations have marginally decreased by 4.8% mainly due to lower sales of oral polio vaccine and also due to decline in exports of formulations, which were partially offset by increased revenues from sale of pentavalent vaccine Easyfive-TT to UNICEF.

Expenditures

Materials & Finished Goods purchases: The raw & packing materials and finished goods purchases during the year under review have decreased by 25.7% at Rs.2,143.5 million as against Rs.2,886.0 million during the previous financial year, mainly on account of slightly lower turnover and higher sales of products with better margins.

Employee benefits expenses: The employee benefits expenses have increased by 4.9% to Rs.1,398.0 million during FY2015-16 from Rs.1,332.3 million during FY2014-15.

Other Expenses: The other expenses decreased by 5.1% to Rs.1,802.4 million during FY2015-16 from Rs.1,898.5 million during FY2014-15 mainly on account of better recoveries, improved performance and other cost cutting initiatives taken by the Company to improve its operational efficiency including reduction of expenditure on discretionary promotional expenses, profitability analysis of individual territory & products, merger of territories and SBUs to make them leaner & more profitable and combining of Jobs (multitasking).

Finance costs: Finance costs comprising of Interest and Bank charges were Rs.1,150.0 million during FY2015-16 as against Rs.931.7 million during FY2014-15. The finance costs have actually reduced by Rs.92.2 million as the finance costs during previous year also included the reversal of interest of Rs.310.5 million pertaining to FY2013-14 on account of implementation of the CDR package.

Depreciation and amortization expenses: Depreciation for the year under review was Rs.713.2 million as compared to Rs.657.4 million during previous financial year. The increase in depreciation was mainly on account of revision in the estimated useful life of different components of its fixed assets in compliance with the requirements of the Companies Act, 2013.

Profitability

Earnings before Interest, Tax, Depreciation & Amortizations (EBITDA): There has been a significant improvement in performance during the year. The Company registered an EBITDA of Rs.1,380.7 million as compared to EBITDA of Rs.955.7 million during FY2014-15 due to reasons explained above.

Profit/(Loss) Before tax and exceptional items: The Company's loss before tax and exceptional items has reduced significantly to Rs.482.5 million as against Rs.633.4 million during FY2014-15 on account of improved financial performance, restructuring of Company's debts and other reasons as explained above.

Profit/(Loss) Before Tax (PBT): The Company has earned profit before tax of Rs.14.0 million, after considering exceptional income of Rs.496.5 million, as against loss before tax of Rs.633.4 million for fiscal 2015. During the year under review, the Company has booked exceptional income of Rs.496.5 million upon restructuring of the loan assigned by SBT to EARC.

Profit/(Loss) After Tax (PAT): The profit after tax and exceptional items was Rs.8.7 million as against loss of Rs.652.3 million during fiscal 2015.

Earnings per Share (EPS): The basic and diluted EPS stood positive at Rs.0.14 per share for as compared to negative EPS of Rs.10.65 per share for fiscal 2015.

Cash Flow Statement

(Rs. in million)

Cash Flows from:	Fiscal 2016	Fiscal 2015
Operating Activities	978.5	447.5
Investing Activities	227.4	(292.4)
Financing Activities	(1286.9)	(108.8)
Net Cash Flows	(81.0)	46.3

Cash Flow from Operating Activities: The net cash inflows from operating activities during FY2015-16 was Rs.978.5 million as compared to net cash inflows of Rs.447.5 million during FY2014-15. The net cash inflows from operating activities have increased due to better operational performance as explained here in above.

Cash Flow from Investing Activities: During the year, the net cash used in investing activities decreased to Rs.227.4 million as against outflow of Rs.292.4 million during previous financial year primarily on account of decrease in the margin money provided to banks against the non-fund based working capital limits.

Cash Flow from Financing Activities: Net cash outflow from Financing Activities increased to Rs.1,286.9 million as against Rs.108.8 million during previous financial year, mainly on account of payment of interest on borrowings, repayment of principal instalments and restructuring of debts.

Consolidated Financial Performance

The consolidated net revenues from operations of the group has decreased to Rs.6,530.8 million during FY2015-16 as compared to Rs.6,871.9 million during previous financial year. The consolidated EBITDA was Rs.1,320.7 million during FY2015-16 as compared to Rs.723.6 million during FY2014-15.

On consolidated basis, the group has achieved significant improvement in performance and has incurred loss before tax of Rs.189.3 million during the year under review as against loss before tax of Rs.994.1 million during previous financial year. The consolidated loss after tax has also reduced to Rs.182.9 million during FY2015-16 as against loss after tax of Rs.1,065.0 million during FY2014-15.

Opportunities and Outlook

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. The Indian pharma industry, which is expected to grow over 15% per annum between 2015 and 2020, will outperform the global pharma industry. The market is expected to grow to US$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size. The Indian pharmaceutical market size is expected to grow to US$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others. India has also maintained its lead over China in pharmaceutical exports with a year-on-year growth of 7.55% to US$ 12.54 billion in 2015, according to data from the Ministry of Commerce & Industry, New Delhi.

Overall drug approvals given by the US Food and Drug Administration (USFDA) to Indian companies have nearly doubled to 201 in FY2015-16 from 109 in FY2014-15, an increase of 84% as per analysis by USFDA.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise, on which your Company is working and developing new drugs in the market.

The global vaccine market has been one of the fastest growing segments of the global healthcare industry. The high growth in vaccine industry has been driven by several factors including inclusion of several pediatric vaccines in the national immunization schedule of various countries, growing public awareness, funding and other support from both government and non-government agencies and increasing availability of vaccines at affordable prices.

Going forward, the domestic market for vaccines in India offers a huge opportunity with its birth cohort of ~27 million children every year. India is now self-sufficient in meeting its requirement for basic vaccines such as Hepatitis-B, DPT, Hib, Measles, Polio etc. and now it exports over 60% of the vaccines produced every year.

SWOT Analysis

Strengths: The strengths of the Indian pharmaceutical industry include:

- Higher GDP growth leading to increased disposable income in the hands of general public and their positive attitude towards spending on healthcare.
- Manufacturing Infrastructure: India Inc. has invested heavily in building one of the largest manufacturing infrastructures to produce high quality medicines at affordable prices for global markets.
- Strong Talent pool: India has one of the strongest talent pools in pharmaceutical industry. Indian companies are considered as a partner of choice by large global companies for collaborations in the field of R&D or manufacturing etc.
- Competitive product costs as compared to productioncosts in the developed markets.
- Government initiatives to boost Indian Pharmaceutical Industries to improve public health.

Weakness: The Indian pharmaceutical industry has, inter-alia, the following weaknesses:

- Stringent price control regulations affecting the profitability of pharma companies.
- Shortage of healthcare facilities and medicines: 70% of the Indian population still resides in rural areas where medical facilities and medicines are still not available at large.
- Difficulty in committing large scale investment on R&D: Indian companies still find it difficult to fund large scale investment on R&D of new molecules and other innovative vaccines, biosimilars etc. The overall investment in R&D by Indian companies is still a fraction of the investments made by large pharma companies in the developed markets.

Opportunities: The opportunities before the Indian pharmaceutical industry include:

- Untapped Rural Market: Almost 70% of India's population resides in the rural areas and this population accounts for 40% of the total pharma consumption.
- Consistently increasing health insurance coverage among Indian urban population.
- India is one of the few economies which are consistently growing.
- Strong Manufacturing infrastructure created by Indian companies can be further leveraged by large MNCs thereby reducing their costs of production.
- Contract Research is another area where Indian companies can play a significant role in the early/mid/late stage of development.

Threats, Risks and Concerns

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

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

Future Growth Drivers

During the year, your Company has continued to supply Easyfive-TT Vaccines against long-term supply order received from UNICEF during financial year 2013-14 for supply of vaccines for the calendar years 2014 to 2016 and has got orders for phase-I supplies during calendar years 2017 to 2019 and award for Phase-II supplies during this period is awaited.

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

- Scaling up revenues in vaccine segment by participating in emerging market tenders;
- Continue to focus on cost reduction in various areas of operations, sales and marketing, R&D etc.;
- Launch of Easyfour-TT and EasySix vaccines during current financial year;
- Launch of the pneumococcal vaccine which is currently under development, during the next financial year;
- Launch of the Dengue Vaccine which is currently under development, in next 2-3 years;
- Launch of several pharmaceutical products in India and ROW markets; and
- Commercializing the existing filed ANDAs in US and other markets in the next 1-3 years and continue to build the ANDA pipeline for long term future growth.

Corporate Social Responsibility

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

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

Safety, Health and Environment Protection

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

"Stress Management & Naturopathy" workshop

of outside consultant for independent evaluation of EOHS activities.

Social Responsibility

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

Health, education and patient awareness have been identified as the areas of priority. The Company's emphasis has been on providing assistance on a need basis, and that too, assistance at a local level.

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

In addition to its efforts in providing affordable and quality medicine to patients across the country, Diacar Alpha SBU conducts regular Patient Education and Awareness programmes under the "Suraksha" banner. The basic objective is to detect diabetes and to educate the patients on Diabetes Management. During the year, around 6000 such SURAKSHA programs were organized across the country where around 1.25 Lac patients were screened for diabetes and related complications.

The Company also organized awareness program in co-ordination with AIIMS Delhi on organ donation on the occasion of 'Organ Donation Day' i.e. 6th August, in which many employees of Panacea Biotec pledged to donate their organs and supported this noble cause whole heartedly.

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

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

Dr. Rajesh Jain, Jt. MD with Dr. G. N. Singh, Drug Controller General of India (DCGI) and other dignitaries at Foundation Stone Laying Ceremony of Advance Level Research Centre of Pharmacopoeia Commission at Ghaziabad.

Directors' Report

Dear Members,

Your Directors are pleased to present the 32nd Annual Report on the business and operations together with the Company's audited financial statements and the auditors' report thereon for the financial year ended March 31, 2016. The financial highlights for the year are given below:

Financial Results

(Rs. in million)

Particulars	March 31, 2016	March 31, 2015#
Revenue from operations (net)	6,469.0	6,792.0
Other Income	255.6	280.5
Total Income	6,724.6	7,072.5
Earnings Before Interest, Depreciation & Tax (EBITDA)	1,380.7	955.7
Profit/ (Loss) before tax and exceptional items	(482.5)	(633.4)
Exceptional items	496.5	-
Profit/(Loss) before Tax (PBT)	14.0	(633.4)
Provision for Taxation	5.3	18.9
Profit/(Loss) after Tax (PAT)	8.7	(652.3)
Basic EPS (Rs.)*	0.1	(10.6)
Cash EPS (Rs)*	11.8	0.1

** Face value Re.1 per share*
 # Previous year's figures have been re-grouped/re-classified wherever necessary

Performance Highlights

Your Directors are pleased to inform that during the year, your Company has registered a growth of almost 45% in EBITDA of Rs.1,380.7 million as against Rs.955.7 million in the previous year. The overall losses before tax & exceptional items have also reduced from Rs.633.4 million to Rs.482.5 million due to overall improvement in operational performance. The profit after tax and exceptional items turned positive at Rs.8.7 million as against net loss of Rs.652.3 million during previous year.

During the year, your Company has earned net revenue from operations of Rs.6,469.0 million as against Rs.6,792.0 million during the corresponding previous financial year.

The pharmaceutical formulations segment registered a turnover of Rs.3,806.5 million as against Rs.3,790.7 million during the previous financial year. The vaccines segment registered a turnover of Rs.2,531.8 million as against Rs.2,763.0 million during the previous financial year. The Research & Development segment earned revenue of Rs.130.7 million as against Rs.238.3 million during the previous year.

During the year under review, your Company has continued to supply Easyfive-TT vaccine against long-term supply order received from UNICEF during FY2013-14 for supply of vaccines for the calendar years 2014 to 2016.

During the year 2015-16, the Company's total export revenue was Rs.2,695.0 million (including R&D income of Rs.127.6 million) as compared to Rs.2,519.2 million (including R&D income of Rs.222.7 million) in the previous year.

Recently, the Company received Prestigious Intellectual Property & Science Award "Top 50 Indian Innovators 2015" from Thomson Reuters. Thomson Reuters India Innovation Awards honors the most innovative academic institutions and commercial enterprises headquartered in India for their spirit of innovation in R&D as it relates to Indian Patent Publications.

The Company's flagship brand Glizid-M has been awarded with the prestigious SILVER BRAND in Chronic Care Therapy by AWACS AIOCD. It is also ranked at No. 123 amongst the top 150 brands in the Indian Pharma Industry.

During the year under review, the Company has introduced India's first indigenously developed high quality Oncology product, CABAPAN (Cabazitaxel) Injection, for treatment of metastatic Castration Resistant Prostrate Cancer (mCRPC).

Further, recently, your Company introduced indigenously developed high quality anti-diabetic drug, TENEPAN (Teneligliptin), for treatment of Type 2 Diabetes Mellitus (T2DM).

A detailed discussion on operations for the year ended March 31, 2016 is given in the Management Discussion and Analysis Report forming part of the Annual Report.

Credit Rating

The Credit Analysis & Research Ltd. (CARE) has recently upgraded credit rating with respect to the Company's Bank Facilities and the same has been improved from CARE B- (Single B Minus) to CARE B+ (Single B Plus) for Long Term Bank Facilities and for Short Term Bank Facilities, the rating has been reaffirmed as CARE A4 (A Four). Earlier, the Credit rating for Long Term Bank Facilities was improved from CARE D (Single D) to CARE B- (Single B-) and for Short Term Bank Facilities the same was improved from CARE D (Single D) to CARE A4 (A Four).

Corporate Debt Restructuring Scheme (CDR Scheme)

During the previous financial year, the Company was sanctioned a Corporate Debt Restructuring ("CDR") scheme under the CDR mechanism of the Reserve Bank of India after attaining super-majority from its lender banks and the Company executed the Master Restructuring Agreement ("MRA") with all lenders banks except State Bank of Travancore ("SBT") on December 27, 2014, with cut-off date of October 01, 2013.

The implementation of CDR scheme has provided your Company requisite support and reflects the faith these institutions have in the current performance and the long-term business model of the Company.

Yours directors are pleased to inform that the Company is regular in making payments to banks and other Government departments towards principal installments and interest as and when they fall due.

During the year, SBT assigned the entire outstanding dues owed by the Company together with all underlying securities and guaranties, comprising of its Rupee term loan and sustainable working capital along with all accrued interest thereon, in favour of Edelweiss Asset Reconstruction Company Limited ("EARC"). The EARC has restructured the entire outstanding of Rs.1,649.5 million for an aggregate principal amount of Rs.1,153 million.

Directors' Report

During the year, State Bank of Mysore has also absolutely assigned all the rights, title and interest in financial assistance granted to the Company, with all the underlying rights, benefits and obligations in favour of EARC. The company is finalising the repayment terms with EARC and their final sanction is awaited.

Dividend

The Board of Directors has decided to continue to invest the internal accruals in the business of the Company and hence it has not recommended any dividend on the Equity as well as Preference Shares of the Company.

Share Capital and Net Worth

The issued, subscribed and paid up Share Capital of the Company as on March 31, 2016, remains unchanged at Rs.224.3 million comprising of Rs.61.3 million equity share capital divided into 61,250,746 Equity Shares of Re.1 each and Rs.163.0 million preference share capital divided into 1,63,00,000, 0.5% Cumulative Non-Convertible Non Participating Redeemable Preference Shares of Rs.10 each.

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

As at the end of year under review, the net worth of the Company calculated as per section 2(57) of the Companies Act, 2013 ("the Act") has improved to Rs.1,507.1 million from Rs.1,296.2 million as at the end of the previous financial year.

Though the Company has registered a net profit of Rs.8.7 million during the year under review, the Company's accumulated losses as at March 31, 2016 continue to remain more than 50% of its peak net worth during the immediately preceding four financial years, computed as per the provisions of SICA.

The Company has undertaken several measures to mitigate cash flow challenges, which include supply to UNICEF/other customers of pentavalent vaccine, certain strategic alliances with foreign collaborators for supply of products. Based on above measures and continuous efforts to improve the business, which have already resulted into improvement in financial performance and cash flows during the year under review, the Company believes that it would be able to generate sustainable cash flow, recover and recoup the erosion in its net worth through profitable operations, discharge its obligations as they fall due and continue as a going concern.

Transfer to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the dividend for the year 2007-08, 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 Investor Education and Protection Fund on November 30, 2015.

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

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

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

Further, during the year, Serum Institute of India Ltd. (alongwith its 3 associates), collectively holding around 4.12% of total issued share capital of the Company, filed a petition u/s 397 and 398 of the Companies Act, 1956 before the Hon'ble Company Law Board, New Delhi. Your Directors are pleased to inform that the said petition has been dismissed by Hon'ble Company Law Board vide its order dated January 21, 2016. The petitioners have filed an appeal before Hon'ble Punjab and Haryana High Court, Chandigarh and the same is pending adjudication.

Report on Corporate Governance

Your company has always placed thrust on managing its affairs with diligence, transparency, responsibility and accountability. Your Directors support the broad principles of Corporate Governance and lays emphasis on its role to align and direct the actions of the Company in achieving its objectives. The report on Corporate Governance as stipulated under Regulation 34 read with Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations") together with a certificate from the Practicing Company Secretary confirming compliance thereof is attached and forms part of the Annual report.

Management Discussion & Analysis Report

As required pursuant to Regulation 34 read with Schedule V of SEBI (LODR) Regulations, a detailed Management Discussion and Analysis Report is attached and forms part of the Annual Report.

Information about the Subsidiaries/Associates/Joint Ventures

A. Subsidiaries

As on the date of this report, your Company has 3 wholly owned subsidiary ("WOS") companies, viz. Radhika Heights Limited, Panacea Biotec (International) S.A. and Rees Investments Limited; and one subsidiary, viz. NewRise Healthcare Private Limited.

Your Company also has 8 indirect WOS companies, as under:

- Cabana Construction Private Limited, Cabana Structures Limited, Nirmala Buildwell Private Limited, Nirmala Organic Farms Resorts Private Limited, Radicura Infra

Limited and Sunanda Infra Limited; all being WOS of Radhika Heights Limited;

- Panacea Biotec Germany GmbH, the WOS of Panacea Biotec (International) S.A.; and
- Kelisia Holdings Limited, the WOS of Rees Investments Limited, under liquidation.

The Company's another erstwhile WOS, viz. Panacea Biotec GmbH, which was under liquidation as at the end of previous year, has officially been liquidated during the year under review.

Radhika Heights Limited ("RHL") inter-alia, owns a prime immovable property which is being used by the Company as its Corporate Office at New Delhi and land at Pataudi Road, Gurgaon (along with its 4 WOSs). It has diversified its activities in construction and development of township as part of its growth plans. Accordingly, RHL along with its 4 WOS companies signed a term sheet with a developer for development of the integrated township on its land at Pataudi Road, Gurgaon during the earlier year, however, a dispute had emerged among the parties and the matter is under arbitration. The Company holds 47,76,319 equity shares of Re.1 each in RHL with an investment of Rs.3,385.6 million as on March 31, 2016.

Panacea Biotec (International) S.A., Switzerland ("PBS"), is engaged in the business of trading of pharmaceutical products. The Company holds 6,000 equity shares of CHF 100 each with an investment of Rs.34.4 million as on March 31, 2016. Panacea Biotec Germany GmbH, WOS of PBS is, inter-alia, engaged in marketing of the Company's products in Germany.

Rees investments Ltd., Islands of Guernsey ('Rees') had its objects of, inter-alia, making strategic investments in other entities. it had earlier established its WOS Kelisia Holdings Ltd. at Cyprus. Since no further activity is envisaged in Kelisia Investments Ltd., it has been decided during the year to liquidate this company.

NewRise Healthcare Private Limited ("NewRise") has set-up a 224 bedded state-of-the-art multi super-specialty hospital at Gurgaon, Haryana. Your Company holds 87.4% stake in NewRise with an investment of Rs.497.8 million therein, as on March 31, 2016. The hospital project could not be completed and commercialised due to non-availability of capital investment and is on hold. The company is now exploring various options including collaboration for operations of the hospital and/or disposal of the Company's stake in NewRise either in full or in part.

B. Joint Ventures and Associates

PanEra Biotec Private Limited ("PanEra"): PanEra, the Company's associate company, is continuing to meet requirement of bulk antigens for the manufacture of Hib and pentavalent vaccine by your Company. During the year under review, PanEra has registered a growth of more than 205% and achieved a net turnover of Rs.465.7 million as against Rs.152.3 million during previous year. As a result, PanEra has achieved a net profit of Rs.4.5 million as compared to a loss of Rs.116.3 million in previous financial year.

Chiron Panacea Vaccines Private Limited (Under Liquidation) ("CPV"): CPV had discontinued its operations during the financial year 2012-13 pursuant to dissolution of joint venture and is currently in the process of liquidation under voluntary winding up.

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

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiaries, joint ventures and associates, prepared in terms of Section 129 of the Act and Regulation 33 of SEBI (LODR) Regulations and in accordance with 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 and in accordance with the provisions of Schedule III of the Act, are attached herewith and the same, together with Auditors' Report thereon, forms part of the Annual Report.

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

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

Listing of Equity Shares

The Equity Shares of the Company continue to be listed on National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange ("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/members pursuant to the provisions of Section 73 and 76 of the Act.

Directors and Key Managerial Personnel

During the year under review, Dr. A.N. Saksena (DIN: 00016107), who was acting as an independent director, resigned from the Board of Directors w.e.f. the close of business hours on August 20, 2015 due to his ill health and that of his wife. Later, Dr. A.N. Saksena also left for heavenly abode on January 22, 2016. Your Directors place their sincere appreciation towards the valuable contribution and support from Dr. A.N. Saksena during his tenure as a Director of the Company and pray the almighty that the departed soul rest in peace.

Directors' Report

Further, pursuant to the provisions of Section 149 of the Act, Mrs. Manjula Upadhyay (DIN:07137968) was appointed as an Independent Director, not liable to retire by rotation, for a period of five years w.e.f. March 30, 2015. Her appointment was approved by shareholders in the 31st Annual General Meeting ("AGM") held on September 30, 2015.

Further, during the year under review, the Board of Directors appointed Mr. Ankesh Jain (DIN: 03556647) as an Additional Director and Whole-time Director designated as Director Sales & Marketing and Mr. Mukul Gupta (DIN: 00254597) as an Additional Director in the category of Non-Executive Independent Director of the Company, w.e.f. April 1, 2016. The said appointments as Whole-time Director and Independent Director were further confirmed by the shareholders in their Extra-ordinary General Meeting held on March 30, 2016. The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act.

Your Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence provided in Section 149(6) of the Act and Regulation 25 of the SEBI (LODR) Regulations and there has been no change in the circumstances which may affect their status as Independent Director during the year under review.

Further, in accordance with Section 152 of the Act and Article 112 of the Articles of Association of the Company, Mr. Ravinder Jain (DIN: 00010101) and Dr. Rajesh Jain (DIN: 00013053), directors of the Company are liable to retire by rotation. Being eligible, they have offered themselves for re-appointment as director at the ensuing AGM.

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

The Board recommends re-appointment of the above said directors in the ensuing AGM.

During the year under review, Mr. Devender Gupta was appointed as Chief Financial Officer and Head Information Technology of the Company w.e.f. May 29, 2015. Mr. Vinod Goel, Company Secretary of the Company was elevated as Group Chief Financial Officer and Head Legal & Company Secretary of the Company w.e.f. May 29, 2015.

Board Meetings

During the year under review, seven (7) Board Meetings were held on May 28, 2015 (Adjourned), May 30, 2015, July 17, 2015, August 13, 2015, November 06, 2015, February 12, 2016 and March 31, 2016. The intervening gap between two Board Meetings was within the maximum period prescribed under the Act.

Audit Committee

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

Policy on Directors' appointment & remuneration

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

Board Evaluation

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

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

Energy Conservation, Technology Absorption & Foreign Exchange

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

Extract of Annual Return

In accordance with the provisions of section 134 of the Act, an extract of Annual Return in Form MGT-9 as on financial year ended on March 31, 2016 is attached as **Annexure B** hereto and forms part of this Report.

Related Party Transactions

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

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

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

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure C** in the prescribed Form AOC-2 and the same forms part of this Report.

Particulars of Employees and Related disclosures

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

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules is provided in **Annexure E** forming part of this Report.

Auditors

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s Walker Chandiok & Co. LLP, Chartered Accountants (Regn. No. 001076N/N500013), were appointed as statutory auditors of the Company for a period of five years to hold office from the conclusion of the 30th AGM of the Company held on September 25, 2014 till the conclusion of the 35th AGM, subject to ratification of their appointment at every AGM. Accordingly, the appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if the appointment is ratified, it would be in accordance with the provisions of Section 141 of the Act.

Auditors' Report

The Auditors have not given any qualified opinion or made any reservation, adverse remark or disclaimer in their Audit Report.

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

i. Emphasis of Matter - Clause 9 of Auditors' Report: Payment of managerial remuneration exceeding the limits prescribed under Section 198 and 309 read with Part II of Schedule XIII to the Companies, Act, 1956 by Rs.13.5 million and Rs.13.2 million in previous financial years ended March 31, 2014 and 2013 respectively:

   The Company has incurred losses in the respective years mainly due to the delisting of company's vaccine from WHO's list of prequalified vaccines in the financial year 2011-12. The managerial personnel have already voluntarily reduced their salary by 30-53% in the referred years. The Company has taken various measures as explained elsewhere in this Report to regain its business. Further, the Company has already filed applications with Ministry of Corporate Affairs to obtain requisite approvals from Central Government in respect of such excess remuneration and the final outcome is pending.

ii. Emphasis of Matter - Clause 10 of Auditors' Report: The Company incurred a net loss (before exceptional items) of Rs.487.8 million during the year ended March 31, 2016 and as of that date, the Company's current liabilities exceeded its current assets by Rs.1,351.9 million. These conditions along with other matters as set forth in aforesaid note indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern:

   The Company has undertaken several measures to mitigate the risk, which include supply to UNICEF/other customers of pentavalent vaccine, certain strategic alliances with foreign collaborators for supply of vaccines and pharma products including three collaboration agreements signed during the financial year 2014-15. Additionally, as explained in note 47 in the Notes to the Financial Statements, the Company has successfully executed the MRA with the lenders of the Company. Based on the above measures and continuous efforts to improve the business, which have already resulted into improvement in financial performance and cash flows during the year under review, the management believes that it would be able to generate sustainable cash flow, recover and recoup the erosion in its net worth through profitable operations and discharge its obligations as they fall due and continue as a going concern.

   The Company is now regular in making payments to banks and other Government departments towards principal installments and interest as and when they fall due.

iii. Slight delay in deposition of tax with appropriate authority - Clause (vii)(a) of Annexure A to the Audiors' Report:

   There has been a slight delay in one case wherein Service tax amounting to Rs.53,893 with respect to royalty income could not be deposited in time due to delay in confirmation of exact amount receivable as royalty from the customer and hence this was deposited with a slight delay of 13 days alongwith interest of Rs.346 thereon.

Further, the Emphasis of Matters as contained in the Auditors' Report on the Standalone Financial Statements (Clause No. 9 and 10) as referred above are also mentioned as Emphasis of Matters in the Auditors' Report on the Consolidated Financial Statements (Clause Nos. 9 and 10) in similar manner. The management response thereto as given in point nos. i & ii above applies, mutatis mutandis, to the Emphasis of Matters contained in the Auditors' Report on Consolidated Financial Statements.

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.

Directors' Report

Cost Auditors

Pursuant to the provisions of Section 148 of the Act, M/s G.T. & Co., Cost Accountants (Firm's Registration Number: 000253), were appointed as the Cost Auditors to conduct the audit of the Company's Cost Records for the year ended March 31, 2016 and the remuneration has been ratified by the shareholders in the 31st AGM of the Company held on September 30, 2015.

The cost audit for the said period has been completed and the Cost Auditors Report will be submitted with the Central Government within the prescribed time. The Cost Audit Report for the financial year 2014-15 was filed on September 21, 2015, well before the last date of filing, viz. September 30, 2015.

Based on the recommendations of the Audit Committee, the Board of Directors has appointed M/s G.T. & Co., Cost Accountants, as cost auditors of the Company for the financial year 2016-17 pursuant to the provisions of Section 148 of the Act. As required, the item for ratification of remuneration of cost auditor has been included in the notice of the ensuing AGM for shareholders' approval.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, M/s R&D Company Secretaries, Practicing Company Secretaries conducted the Secretarial Audit of the Company for the financial year ended March 31, 2016. The Secretarial Audit Report for the said period is attached as **Annexure F** to this Report.

As regards observation in the Secretarial Audit Report in respect of non-filing of e-form MR-2 for obtaining approval of Central Government relating to re-appointment of Mr. Sumit Jain as Whole Time Director on 22nd July, 2015: The Company is regular in filing various e-froms under the Act and the applicable e-form MR-1 and MGT-14 in respect of such re-appointment were filed within stipulated time. However, this e–form MR-2 was inadvertently delayed and subsequently, the said form has been filed on July 18, 2016 along with e-form CG-1 in respect of condonation of delay.

Material changes and commitments affecting the financial position which have occurred between March 31, 2016 and date of the Report

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

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

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

Directors' Responsibility Statement

The Directors hereby confirm:

a) that in the preparation of the annual financial statements for the financial year ended March 31, 2016, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) that for the financial year ended March 31, 2016, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for the year ended March 31, 2016;

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

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

e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

Particulars of loans, guarantees or investments

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements forming part of the Annual Report.

Risk management

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

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

Internal Control System

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

Directors' Report

Vigil Mechanism

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

This policy is available on the website of the Company. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee.

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

Corporate Social Responsibility

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

Prevention of Sexual Harassment at Workplace

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC) for dealing with the complaint, if any, relating to sexual harassment of women at workplace. During the year, no complaint was received by the said Committee.

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: August 12, 2016 Soshil Kumar Jain
Place: New Delhi Chairman

Annexure to the Directors' Report

Annexure A

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

I. Conservation of Energy

The Company believes that energy conservation is the most economical solution to energy shortages that our country is facing. The Company strives to be energy efficient by being conservative in its approach of energy utilization and also utilizing energy efficient devices. The Company regularly reviews energy consumption and maintains effective control on utilization of energy by adopting measures to reduce wastage and optimize consumption. The Company has undertaken several measures to minimize energy losses and ensure sustainable energy utilization.

1. Energy Conservation measures taken

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

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

- Replacement of Fluorescent tube lights with LED tube lights;
- Installation of Eurovent certified energy efficient AHUs for HVAC system at OPV, Baddi;
- Replacement of multiple Refrigerants based window air conditioner with AHU using chilled water for centralized chillers for Exhibit Area in Unit-1, Baddi;
- Use of low capacity air compressor (air cooler) instead of air compressor having higher capacity at Lalru;
- Use of low capacity chilled water supply pump during winter season at Lalru;
- 100% use of treated ETP water for irrigation purposes;
- Use of RO rejected water for fire hydrant system;
- Installation of motion censors for lighting control; and
- Modification of upper limit of temperatures in AC storage areas.

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

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

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

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

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

Form A

Particulars of Consumption of Energy

	Current Year	Previous Year
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (Nos. in thousand)	20,602.1	24,705.1
Total Amount (Rs. in million)	137.1	175.2
Rate/Unit (Rs.)	6.6	7.1
(b) Own generation		
(i) Through Diesel Generator		
Units (Nos. in thousand)	825.3	723.4
Unit per litre of Diesel/Oil	3.4	3.4
Cost/Unit (Rs.)	14.5	15.5
(ii) Through Steam Turbine/Generator		
Units (Nos.)	Nil	Nil
Unit per litre of Diesel/Oil		
Cost/Unit (Rs.)		

	Current Year	Previous Year
2. Coal		
Quantity (tonnes)	Nil	Nil
Total Cost		
Average Rate		
3. Furnace Oil		
Quantity (Kilolitres)	590.7	343.9
Total Cost (Rs. in Million)	15.2	10.9
Rate/Unit (Rs.)	25.7	31.8
4. Others/Internal generation		
Quantity	Nil	Nil
Total Cost		
Rate/Unit		
B. Consumption per unit of production		
Tablets		
Production (no. in million)	759.3	647.1
Electricity Consumption (Units per thousand)	4.6	4.6
Capsules		
Production (no. in million)	140.1	126.5
Electricity Consumption (Units per thousand)	16.4	17.0
Syrups		
Production (in liters)	246,498	198,028
Electricity Consumption (Units per kiloliter)	0.3	0.3
Gels		
Production (in kilograms)	28,851	35,067
Electricity Consumption (Units per kilogram)	5.2	5.4
Vaccines		
Production (no. of vials in thousand)	15,920	20,304
Electricity Consumption (Units per thousand)	92	117.8
Pre-filled Syringes (PFS)		
Production (no. of PFS in thousand)	1,380	767
Electricity Consumption (Units per thousand)	216.8	269.4
Granules (in kilograms)		
Production (Packs in thousands)	10,930	11,622
Electricity Consumption (Units per kilogram)	1.0	0.7
Injections		
Production (no. of injection in thousand)	72	54
Electricity Consumption (Units per thousand)	784.4	913.8

II. Technology Absorption

Form B

Form for disclosure of particulars with respect to Technology Absorption

Research & Development (R&D)

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

   The Company has 4 R&D Centres manned with over 100 scientists working on several key projects in vaccines, pharmaceutical formulations and biopharmaceuticals.

   The areas of research being pursued by the Company include:

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

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;
   - Yield improvement;
   - Grant of new product/process patents;
   - Entry into newer markets and export of quality products; and

Annexure to the Directors' Report

- Solving public health problems with the availability of vaccines for immunization of public at large and affordable life saving drugs for critical diseases like cancer etc.

3. Future Plan of Action

The Company 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
- Recombinant, polysaccharide conjugate and cell culture based vaccines.
- Development of biosimilar therapeutic products and monoclonal antibodies.

4. Expenditure on R&D

(Rs. in million)

	2015-16	2014-15
a) Revenue (excluding Depreciation on R&D assets)	452.8	453.7
b) Capital	10.2	14.5
c) Total (a+b)	463.0	468.2
d) Total R&D expenditure as a percentage of net sales	7.1%	7.0%

Technology absorption, adaptation and innovation

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

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

The Company is working on several critical projects (including ANDA and 505 b(2) products) for global markets. It is also engaged in research of new generation vaccines. It is also working on 13/15-valent Pneumococcal Vaccine, Tetravalent Dengue Vaccine, Sabin-Inactivated Polio Vaccine (s-IPV) etc.

The Company is also working on development of Recombinant Biosimilar therapeutics such as Darbepoetin to treat anemia, Biosimilar Herceptin (Trastuzumab) and Biosimilar MabThera (Rituximab) against breast cancer & Rheumatoid Arthritis (RA) respectively with a mission to make them available at affordable prices to the nation.

2. Benefits derived as a result of the above

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

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

The Company has indigenously developed and licensed Pandyflu against H1N1 virus. The Company has also developed 10-valent Pneumococcal Conjugate Vaccine (Nucovac).

The Company has in-licensed technology for development of sabin IPV vaccine from Netherlands Vaccine Institute (NVI), the Netherlands (Now Intravaac). With the completion of research projects and in-licensing arrangements, the Company will be able to commercialize the products in the domestic and international markets.

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

	Technology imported	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons thereof and future plan(s) of action
	(a)	(b)	(c)	(d)
1.	Technology for development of sabin IPV Vaccine	2011-12	No	Technology transfer is in progress. Absorption of Technology at Lab scale and experimentation for yield optimisation at the Company's R&D centre is in progress. Optimisation and manufacture of batches for initiating clinical trials is planned for current financial year.

III. Foreign Exchange Earnings and Outgo

1. Activities relating to exports

Exports contributed around 41.6% of the net revenue from operations of the Company during financial year 2015-16, as compared to 37.1% during previous year. The major countries where the Company's products were exported during the year included US, Germany, Russia, Sri Lanka, Serbia, Turkey, Philippines, Kazakhstan, Vietnam, Tanzania, Paraguay and Thailand.

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

2. Initiatives taken to increase export

The Company has laid its future growth strategy with focus on the regulated markets of US and Europe. The Company launched its first product Tacpan (Tacrolimus) in 2011 in Germany. The Company's Indirect WOS is selling the products there in trade as well as in tender markets.

The Company had launched Tacrolimus in USA in December 2012 and is currently in the process of entering in the key pharmacy accounts through its local strategic partner. The Company has filed 6 more ANDAs with USFDA and is working on 2 more ANDAs to be filed in 2017. The Company plans to launch these products in the regulated markets through strategic collaborations with leading local partners.

During the previous year, the Company had entered into strategic alliances with Canada's largest pharma company, Apotex Inc., for research, development, license and supply of two drug delivery-based generic products in the US, Canada, Australia and New Zealand markets and also entered into another deal with US-based Rising Pharmaceuticals Inc. for an oral controlled release product in the CNS space. Similar collaboration was also entered into with a leading Indian pharma company with extensive global operations, for the development and supply of a modified release immuno-suppressant generic product in the US market. The development of these products continues to be on track as per the development program agreed with the partners.

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

The Company has taken necessary steps to strengthen and grow its exports in the coming years including strengthening marketing team, entering into newer markets, registering products in more and more countries and strengthening relationships with existing as well as new partners.

The Company is building a robust pipeline of product dossiers for filing in several emerging markets which it will be filing in the next 1-2 years. Over the last couple of years strategic collaborations have been initiated in more than 30 countries with customized business models. Till date vaccines have been registered in 16 countries with further registrations in around 9 countries expected in the near future. The Company is targeting to enter emerging markets with sizeable birth cohort (3-5 mn) to expand vaccine business.

4. Total foreign exchange earned and used

(Rs. in million)

Particulars	2015-16	2014-15
Foreign Exchange Earned		
F.O.B. value of Exports	2,348.1	2,125.1
Deemed exports	154.1	-
Income from distribution rights	2.3	2.3
Research & License Fees	137.2	222.8
Interest Income from subsidiary company	56.0	48.7
Total	2,697.7	2,398.9
Foreign Exchange Used		
Raw Materials & Packing Materials	590.7	1,351.6
Components & Spare Parts	28.0	40.5
Capital Goods	-	7.2
Know-how Fees	1.1	20.6
Interest	90.5	83.1
Legal & Professional Fees	44.1	55.2
Royalty	5.8	-
Other Expenses		
- Patents, Trade Marks & Product Registration	3.3	6.9
- Advertising and Sales Promotion	25.2	37.6
- Commission on Sales	23.2	5.8
- Rates & Taxes	15.4	7.5
- Testing charges	10.5	5.3
- General expenses	16.7	16.7
- Bank charges	7.4	2.7
- Travelling expenses	4.2	6.7
- Others	58.5	25.9
Total	924.6	1,673.3

For and on behalf of the Board

Dated: August 12, 2016
Place: New Delhi

Soshil Kumar Jain
Chairman

ANNEXURE B

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2016

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

I. REGISTRATION & OTHER DETAILS:		
1	CIN	L33117PB1984PLC022350
2	Registration Date	02-02-1984
3	Name of the Company	Panacea Biotec Limited
4	Category/Sub-category of the Company	Company Limited by Shares
5	Address of the Registered office & contact details	Ambala, Chandigarh Highway, Lalru-140501, Punjab Phone: +91-1762-505900 E-mail: companysec@panaceabiotec.com
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Indl. Area, Phase-I, New Delhi - 110020, India, Phone: 91-11-26812682-83, 64732681, E-mail: admin@skylinerta.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10% or more of the total turnover of the company shall be stated)			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of allopathic Pharmaceuticals preparations	21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Radhika Heights Limited	U74899DL1995PLC068967	Wholly Owned Subsidiary	100	2(87)
2	Cabana Construction Private Limited	U80904DL2007PTC166661	Step down Subsidiary	100	2(87)
3	Cabana Structures Limited	U15122DL2007PLC170999	Step down Subsidiary	100	2(87)
4	Nirmala Buildwell Private Limited	U55101DL2007PTC166763	Step down Subsidiary	100	2(87)
5	Nirmala Organic Farms Resorts Private Limited	U01403DL2010PTC198194	Step down Subsidiary	100	2(87)
6	Radicura Infra Limited	U74899DL1993PLC056682	Step down Subsidiary	100	2(87)
7	Sunanda Infra Limited	U13209DL2007PLC163082	Step down Subsidiary	100	2(87)
8	NewRise Healthcare Private Limited	U85110DL2002PTC114987	Subsidiary	87.4	2(87)
9	Rees Investments Limited	NA	Wholly Owned Subsidiary	100	2(87)
10	Kelisia Holdings Limited (Under Liquidation)	NA	Step down Subsidiary	100	2(87)
11	Panacea Biotec (International) SA	NA	Wholly Owned Subsidiary	100	2(87)
12	Panacea Biotec Germany GmbH	NA	Step down Subsidiary	100	2(87)
13	PanEra Biotec Private Limited	U24231DL1999PTC102557	Associate	50	2(6)
14	Adveta Power Limited	U40101HP2011PTC031700	Joint Venture	50	2(6)
15	Chiron Panacea Vaccines Private Limited (Under Liquidation)	U24230MH2004PTC147790	Joint Venture	50	2(6)

IV. SHARE HOLDING PATTERN									
(Equity share capital breakup as percentage of total equity)									
(i) Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters*									
(1) Indian									
a) Individual/ HUF	43,309,493	-	43,309,493	70.71%	43,409,113	-	43,409,113	70.87%	0.16%
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Partnership Firms	2,313,454	-	2,313,454	3.78%	2,313,454	-	2,313,454	3.78%	0.00%
Sub Total (A) (1)	45,622,947	-	45,622,947	74.49%	45,722,567	-	45,722,567	74.65%	0.16%

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign				-				-	-
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL (A)	45,622,947	-	45,622,947	74.49%	45,722,567	-	45,722,567	74.65%	0.16%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	353,299	-	353,299	0.58%	117,620	-	117,620	0.19%	-0.38%
b) Banks / FI	28,470	-	28,470	0.05%	26,886	-	26,886	0.04%	0.00%
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	798,568	-	798,568	1.30%	278,242		278,242	0.45%	-0.85%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	1,180,337	-	1,180,337	1.93%	422,748	-	422,748	0.69%	-1.24%
2. Non-Institutions									
a) Bodies Corporate	9,910,260	1,000	9,911,260	16.18%	9,679,077	1,000	9,680,077	15.80%	-0.38%
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	2,939,318	470,791	3,410,109	5.57%	2,851,757	435,761	3,287,518	5.36%	0.21%
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	179,572	-	179,572	0.29%	334,076	-	334,076	0.55%	-0.26%
Hindu Undivided Family	81,825	-	81,825	0.13%	71,491	-	71,491	0.12%	-0.02%
Non Resident Indians	127,598	-	127,598	0.21%	96,931	-	96,931	0.16%	-0.01%
Overseas Corporate Bodies	639,500	-	639,500	1.04%	639,350	-	639,350	1.04%	0.00%
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	95,143	-	95,143	0.16%	24,337	-	24,337	0.04%	-0.12%
Trusts	-	-	-	-	419	-	419	0.00%	-
Foreign portfolio investors		-	-	-	998,777	-	998,777	1.63%	1.63%
Foreign Corporate Bodies	2,455	-	2,455	0.001%	2,455	-	2,455	0.00%	-
Sub-total (B)(2):-	13,975,671	471,791	14,447,462	23.59%	14,668,670	436,761	15,105,431	24.66%	1.07%
Total Public (B)	15,156,008	471,791	15,627,799	25.51%	15,091,418	436,761	15,528,179	25.35%	-0.16%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	60,778,955	471,791	61,250,746	100.00%	60,813,985	436,761	61,250,746	100.00%	0.00%

Annexure to the Directors' Report

(ii) Shareholding of Promoters*

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Soshil Kumar Jain	5,000,000	8.16%	-	5,000,000	8.16%	100.00%	-
2	Mr. Ravinder Jain	5,712,300	9.33%	-	5,712,300	9.33%	-	-
3	Dr. Rajesh Jain	6,213,500	10.14%	-	6,213,500	10.14%	100.00%	-
4	Mr. Sandeep Jain	4,792,100	7.82%	-	4,792,100	7.82%	100.00%	-
5	Mrs. Nirmala Jain	2,511,000	4.10%	-	2,511,000	4.10%	-	-
6	Mrs. Sunanda Jain	635,000	1.04%	-	635,000	1.04%	-	-
7	Mrs. Meena Jain	897,000	1.46%	-	897,000	1.46%	-	-
8	Mrs. Pamilla Jain	816,500	1.33%	-	816,500	1.33%	-	-
9	Soshil Kumar Jain (HUF)	2,181,093	3.56%	-	2,251,713	3.68%	-	3.24%
10	Ravinder Jain (HUF)	4,135,000	6.75%	-	4,135,000	6.75%	-	-
11	Rajesh Jain (HUF)	4,368,500	7.13%	-	4,368,500	7.13%	-	-
12	Sandeep Jain (HUF)	4,105,000	6.70%	-	4,105,000	6.70%	-	-
13	Mr. Sumit Jain	358,500	0.59%	-	358,500	0.59%	-	-
14	Mrs. Radhika Jain	357,000	0.58%	-	357,000	0.58%	-	-
15	Mr. Nipun Jain	300,000	0.49%	-	300,000	0.49%	-	-
16	Mr. Ankesh Jain	307,000	0.50%	-	307,000	0.50%	-	-
17	Mr. Harshet Jain	299,500	0.49%	-	299,500	0.49%	-	-
18	Mrs. Priyanka Jain	318,000	0.52%	-	318,000	0.52%	-	-
19	Mr. Abhey Kumar Jain	1,000	0.00%	-	1,000	0.00%	-	-
20	Ms. Anu Jain	1,000	0.00%	-	-	0.00%	-	100.00%
21	Mrs Kanta Rani	-	0.00%	-	30,000	0.05%	-	100.00%
22	Mr. Ashish Jain	500	0.00%	-	500	0.00%	-	-
23	First Lucre Partnership Co.	2,255,815	3.68%	-	2,255,815	3.68%	-	-
24	Second Lucre Partnership Co.	57,639	0.09%	-	57,639	0.09%	-	-

* Promoters include members of promoter group (as defined under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009) at Sl. No. 5 to 24 above.

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

S. No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Soshil Kumar Jain (HUF)	2,181,093	3.56%	01.04.2015			2,181,093	3.56%
				15.04.2015	(9,694)	Transfer	2,171,399	3.55%
				25.02.2016	18,000	Transfer	2,189,399	3.57%
				25.02.2016	1,800	Transfer	2,191,199	3.58%
				26.02.2016	24,900	Transfer	2,216,099	3.62%
				26.02.2016	1,000	Transfer	2,217,099	3.62%
				26.02.2016	5,100	Transfer	2,222,199	3.63%
				26.02.2016	2,853	Transfer	2,225,052	3.63%
				29.02.2016	18,000	Transfer	2,243,052	3.66%
				29.02.2016	509	Transfer	2,243,561	3.66%
				01.03.2016	7,152	Transfer	2,250,713	3.67%
				01.03.2016	1,000	Transfer	2,251,713	3.68%
		2,251,713	3.68%	31.03.2016			2,251,713	3.68%
2	Ms. Anu Jain	1,000	0.00%	01.04.2015	-		1,000	0.00%
				04.08.2015	(1,000)	Transfer	-	-
				31.03.2016			-	-
3	Mrs. Kanta Rani	-	-	01.04.2015	-		-	-
				24.03.2016	30,000	Transfer	30,000	0.05%
		30,000	0.05%	31.03.2016			30,000	0.05%

* Promoters include members of promoter group at Sl. No. 2 to 3 above.

(iv) Shareholding Pattern of top 10 shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):								
S. No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Serum Institue of India Limited							
		8,932,632	14.58%	01.04.2015	Nil movement during the year		8,932,632	14.58%
		8,932,632	14.58%	31.03.2016			8,932,632	14.58%
2	Gain Premium Limited							
		639,500	1.04%	01.04.2015			639,500	1.04%
				05.06.2015	(1,000)	Transfer	638,500	1.04%
				30.06.2015	950	Transfer	639,450	1.04%
				11.12.2015	(100)	Transfer	639,350	1.04%
		639,350	1.04%	31.03.2016			639,350	1.04%
3	India Opportunities Growth Fund Ltd. Pinewood Strategy							
		-	-	01.04.2015			-	-
				23.10.2015	145,649	Transfer	145,649	0.24%
				30.10.2015	273,351	Transfer	419,000	0.68%
				20.11.2015	40,206	Transfer	459,206	0.75%
				27.11.2015	26,441	Transfer	485,647	0.79%
				04.12.2015	19,353	Transfer	505,000	0.82%
		505,000	0.82%	31.03.2016			505,000	0.82%
4	BNP Paribas Arbitrage							
		493,777	0.81%	01.04.2015	Nil movement during the year		493,777	0.81%
		493,777	0.81%	31.03.2016			493,777	0.81%
5	Cobra India (Mauritius) Ltd.							
		-	-	01.04.2015			-	-
				28.08.2015	90,000	Transfer	90,000	0.15%
				04.09.2015	170,960	Transfer	260,960	0.43%
				05.02.2016	(12,641)	Transfer	248,319	0.41%
				12.02.2016	(2,203)	Transfer	246,116	0.40%
				19.02.2016	(1,786)	Transfer	244,330	0.40%
				26.02.2016	(8,188)	Transfer	236,142	0.39%
		236,142	0.39%	31.03.2016			236,142	0.39%
6	Chakan Investment Pvt. Ltd.							
		222,149	0.36%	01.04.2015	Nil movement during the year		222,149	0.36%
		222,149	0.36%	31.03.2016			222,149	0.36%
7	Mr. Ashwani Jain							
		179,572	0.29%	01.04.2015	Nil movement during the year		179,572	0.29%
		179,572	0.29%	31.03.2016			179,572	0.29%
8	ICICI Prudential Growth Fund- Series 2							
		203,180	0.33%	01.04.2015		-	203,180	0.33%
				11.12.2015	(1,582)	Transfer	201,598	0.33%
				11.03.2016	(15,273)	Transfer	186,325	0.30%
				18.03.2016	(398)	Transfer	185,927	0.30%
				25.03.2016	(2,539)	Transfer	183,388	0.30%
				31.03.2016	(65,768)	Transfer	117,620	0.19%
		117,620	0.19%	31.03.2016			117,620	0.19%
9	Ms. Neeta Jatin Jhaveri							
		-	-	01.04.2015	-		-	-
				28.08.2015	3,207	Transfer	3,207	0.01%
				22.01.2016	(3,207)	Transfer	-	0.00%
				18.03.2016	68,208	Transfer	68,208	0.11%
				25.03.2016	86,285	Transfer	154,493	0.25%
				31.03.2016	11	Transfer	154,504	0.25%
		154,504	0.25%	31.03.2016			154,504	0.25%

Annexure to the Directors' Report

S. No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
10	Monarch Project & Finmarkets Ltd.* @							
		57,420	0.09%	01.04.2015			57,420	0.09%
				10.04.2015	11,200	Transfer	68,620	0.11%
				24.04.2015	(45)	Transfer	68,575	0.11%
				08.05.2015	142	Transfer	68,717	0.11%
				15.05.2015	(5)	Transfer	68,712	0.11%
				24.05.2015	(67)	Transfer	68,645	0.11%
				29.05.2015	(100)	Transfer	68,545	0.11%
				19.06.2015	50	Transfer	68,595	0.11%
				26.06.2015	75	Transfer	68,670	0.11%
				03.07.2015	(16,703)	Transfer	51,967	0.08%
				17.07.2015	225	Transfer	52,192	0.09%
				24.07.2015	(300)	Transfer	51,892	0.08%
				31.07.2015	(70)	Transfer	51,822	0.08%
				07.08.2015	16,703	Transfer	68,525	0.11%
				28.08.2015	(29,739)	Transfer	38,786	0.06%
				30.09.2015	16,115	Transfer	54,901	0.08%
				09.10.2015	13,624	Transfer	68,525	0.11%
				16.10.2015	(1,333)	Transfer	67,192	0.10%
				23.10.2015	(10,000)	Transfer	57,192	0.09%
				30.10.2015	(5,512)	Transfer	51,680	0.08%
				06.11.2015	(177)	Transfer	51,503	0.08%
				04.12.2015	(51,503)	Transfer	-	-
		-	-	31.03.2016			-	-
11	Monarch Networth Capital Ltd. (earlier Netwoth Stock Broking Ltd.)*#							
	At the beginning of the year	-	-	01.04.2015			-	-
	Changes during the year			24.04.2015	50,000	Transfer	50,000	0.08%
				12.06.2015	100	Transfer	50,100	0.08%
				26.06.2015	(100)	Transfer	50,000	0.08%
				10.07.2015	525	Transfer	50,525	0.08%
				17.07.2015	(525)	Transfer	50,000	0.08%
				28.08.2015	15,900	Transfer	65,900	0.11%
				04.09.2015	25	Transfer	65,925	0.11%
				11.09.2015	25	Transfer	65,950	0.11%
				18.09.2015	(25)	Transfer	65,925	0.11%
				25.09.2015	38,786	Transfer	104,711	0.17%
				30.09.2015	(16,115)	Transfer	88,596	0.14%
				09.10.2015	29,739	Transfer	118,335	0.19%
				16.10.2015	(1,358)	Transfer	116,977	0.19%
				23.10.2015	(9,750)	Transfer	107,227	0.18%
				30.10.2015	(5,262)	Transfer	101,965	0.17%
				06.11.2015	(327)	Transfer	101,638	0.17%
				13.11.2015	(25)	Transfer	101,613	0.17%
				20.11.2015	(125)	Transfer	101,488	0.17%
				27.11.2015	(100)	Transfer	101,388	0.17%
				04.12.2015	(100)	Transfer	101,288	0.17%
				11.12.2015	(14,387)	Transfer	86,901	0.14%
				25.12.2015	(15)	Transfer	86,886	0.14%
				31.12.2015	75	Transfer	86,961	0.14%
				15.01.2016	30	Transfer	86,991	0.14%
				22.01.2016	50	Transfer	87,041	0.14%

S. No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
				05.02.2016	85	Transfer	87,086	0.14%
				12.02.2016	(56)	Transfer	87,030	0.14%
				25.03.2016	(15)	Transfer	87,015	0.14%
				31.03.2016	(9)	Transfer	87,006	0.14%
		87,006	0.14%	31.03.2016			87,006	0.14%
12	Poonawalla Investment & Industries Pvt. Ltd.@							
		79,610	0.13%	01.04.2015	Nil movement during the year		79,610	0.13%
		79,610	0.13%	31.03.2016			79,610	0.13%
13	HS Gowrishankara @							
		53,000	0.09%	01.04.2015			53,000	0.09%
				13.11.2015	6,000	Transfer	59,000	0.10%
				15.01.2016	569	Transfer	59,569	0.10%
				22.01.2016	2,431	Transfer	62,000	0.10%
				05.02.2016	1,000	Transfer	63,000	0.10%
				12.02.2016	1,000	Transfer	64,000	0.10%
				18.03.2016	100	Transfer	64,100	0.10%
				31.03.2016	9,000	Transfer	73,100	0.12%
		73,100	0.12%	31.03.2016			73,100	0.12%
14	Privatabank Ihag Zurich AG @							
		262,691	0.43%	01.04.2015			262,691	0.43%
				24.04.2015	(1,721)	Transfer	260,970	0.43%
				21.08.2015	(90,000)	Transfer	170,970	0.28%
				28.08.2015	(90,970)	Transfer	80,000	0.13%
				04.09.2015	(80,000)	Transfer	-	-
		-	-	31.03.2016			-	-
15	ICICI Prudential Exports and Other services Fund @							
		150,119	0.25%	01.04.2015			150,119	0.25%
				21.08.2015	(23,046)	Transfer	127,073	0.21%
				11.12.2015	(989)	Transfer	126,084	0.21%
				15.01.2016	(5,759)	Transfer	120,325	0.20%
				22.01.2016	(33,980)	Transfer	86,345	0.14%
				12.02.2016	(719)	Transfer	85,626	0.14%
				26.02.2016	(39,284)	Transfer	46,342	0.08%
				04.03.2016	(31,245)	Transfer	15,097	0.02%
				11.03.2016	(15,097)	Transfer	-	-
		-	-	31.03.2016			-	-

* Monarch Projects & Finmarkets Ltd. merged with Networth Stock Broking Ltd.

Name changed from Networth Stock broking Ltd. to Monarch Networth Capital Ltd. w.e.f. 18.03.2016 as per beneficiary position data as on 18.03.2016 received from depositories.

@ Ceased to be in the list of Top 10 shareholders as on March 31, 2016 but was on the top 10 shareholders as on April 1, 2015.

Annexure to the Directors' Report

(v) Shareholding of Directors and Key Managerial Personnel								
S. No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
A. Executive Directors:								
1	Mr. Soshil Kumar Jain							
		5,000,000	8.16%	01.04.2015	Nil movement during the year		5,000,000	8.16%
		5,000,000	8.16%	31.03.2016			5,000,000	8.16%
2	Mr.Ravinder Jain							
		5,712,300	9.33%	01.04.2015	Nil movement during the year		5,712,300	9.33%
		5,712,300	9.33%	31.03.2016			5,712,300	9.33%
3	Dr. Rajesh Jain							
		6,213,500	10.14%	01.04.2015	Nil movement during the year		6,213,500	10.14%
		6,213,500	10.14%	31.03.2016			6,213,500	10.14%
4	Mr. Sandeep Jain							
		4,792,100	7.82%	01.04.2015	Nil movement during the year		4,792,100	7.82%
		4,792,100	7.82%	31.03.2016			4,792,100	7.82%
5	Mr. Sumit Jain							
		358,500	0.59%	01.04.2015	Nil movement during the year		358,500	0.59%
		358,500	0.59%	31.03.2016			358,500	0.59%
B. Non Executive Directors:								
6	Dr. Aditya Narain Saksena*							
		-	-	01.04.2015	Nil movement during the period		-	-
		-	-	20.08.2015			-	-
7	Mr. Krishna Murari Lal							
		-	-	01.04.2015	Nil movement during the year		-	-
		-	-	31.03.2016			-	-
8	Mr. Namdeo Narayan Khamitkar							
		-	-	01.04.2015	Nil movement during the year		-	-
		-	-	31.03.2016			-	-
9	Mr. Raghava Lakshmi Narasimhan							
		-	-	01.04.2015	Nil movement during the year		-	-
		-	-	31.03.2016			-	-
10	Mr. Om Prakash Kelkar							
		-	-	01.04.2015	Nil movement during the year		-	-
		-	-	31.03.2016			-	-
11	Mrs. Manjula Upadhyay							
		-	-	01.04.2015	Nil movement during the year		-	-
		-	-	31.03.2016			-	-
*Resigned w.e.f. 20.08.2015								
C. Key Managerial Personnel (KMPs):								
12	Mr. Vinod Goel (Company Secretary)							
		250	0.00%	01.04.2015	Nil movement during the year		250	0.00%
		250	0.00%	31.03.2016			250	0.00%
13	Mr. Devender Gupta (Chief Financial Officer)							
		-	-	01.04.2015	Nil movement during the year		-	-
		-	-	31.03.2016			-	-

V. INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment.				
				(Rs. in million)
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9,559.7	588.1	-	10,147.7
ii) Interest due but not paid	931.9	43.8	-	975.7
iii) Interest accrued but not due	2.0	3.3	-	5.2
Total (i+ii+iii)	10,493.5	635.1	-	11,128.6
Change in Indebtedness during the financial year				
* Addition	-	20.5	-	20.5
* Reduction	626.6	-	-	626.6
Net Change	(626.6)	20.5	-	(606.1)
Indebtedness at the end of the financial year				
i) Principal Amount	9,623.8	567.1	-	10,190.8
ii) Interest due but not paid	242.2	84.8	-	327.0
iii) Interest accrued but not due	1.0	3.8	-	4.7
Total (i+ii+iii)	9,867.0	655.6	-	10,522.6

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL							
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:							(Rs. in million)
S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total
	Name	Mr. Soshil Kumar Jain	Mr. Ravinder Jain	Mr. Rajesh Jain	Mr. Sandeep Jain	Mr. Sumit Jain	
	Designation	Chairman	Managing Director	Joint Managing Director	Joint Managing Director	Director Operations & Projects	
1	Gross salary						
	(a) Salary as per provisions of section 17(1) of the Income-tax Act, 1961	7.2	7.2	6.0	5.6	2.5	28.5
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1.2	4.2	1.5	1.1	1.3	9.3
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	- as % of profit	-	-	-	-	-	-
	- others, specify	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	Total	8.4	11.4	7.5	6.7	3.8	37.8

B. Remuneration to other Directors								(Rs. in million)
S. No.	Particulars of Remuneration	Name of Directors						Total
	Independent Directors	Mr. R.L. Narasimhan	Mr. N.N. Khamitkar	Mr. K.M. Lal	Dr. A.N. Saksena*	Mr. O.P. Kelkar	Mrs. Manjula Upadhyay	
1	Fee for attending board committee meetings	0.4	0.2	0.2	0.1	0.3	0.3	1.5
2	Commission	-	-	-	-	-	-	-
3	Others- monthly allowances	-	-	-	-	-	-	-
	Total	0.4	0.2	0.2	0.1	0.3	0.3	1.5

*Resigned w.e.f. 20.08.2015

Panacea Biotec
Innovation in support of life

Annexure to the Directors' Report

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD				(Rs. in million
S. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total
	Name	Mr. Vinod Goel	Mr. Devender Gupta#	
	Designation	Group CFO and Head Legal & CS*	CFO & Head IT*	
1	Gross salary			
	(a) Salary as per provisions of section 17(1) of the Income-tax Act, 1961	3.7	2.5	6.2
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.0	-	0.0
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	3.7	2.5	6.2

* Designation changed w.e.f. May 29, 2015
# Appointed as KMP w.e.f. May 29, 2015

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:
During the year 2015-16, there were no penalties/punishment/ compounding of offences under the Companies Act, 2013

Note : 0.0 under "Rs. in million" represents amount less than Rs.50,000, 0.0 under units represents units less than 50,000 and 0.00% under percentage represents percentage less than 0.01%.

For and on behalf of the Board

Dated : August 12, 2016
Place : New Delhi

Soshil Kumar Jain
Chairman

ANNEXURE C

FORM NO. AOC - 2

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

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

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

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

2. Details of contracts or arrangements or transactions at arm's length basis : (Rs. in million)

S. No.	Name of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of contracts/ arrangements/ transactions	Salient features of contracts/ arrangements/transactions, including value, if any	Date(s) of approval by the Board	Amount	Date on which special resolution was passed in General Meeting u/s 188 (1)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Chiron Panacea Vaccines Private Limited (Joint Venture)	Facility Agreement	Ongoing, subject to renewal as per contractual terms	For providing space in Offices Premises at Mumbai	13.02.2015 12.02.2016	0.4	N.A
2	PanEra Biotec Private Limited (Associate Company)	Facility Agreement	2015-16, subject to renewal as per contractual terms.	For providing Manufacturing facility, Utilities and Transfer of Raw Materials	13.02.2015 12.02.2016	181.3	N.A
3	PanEra Biotec Private Limited (Associate Company)	Agreement for supply of bulk vaccines & Antigens	2015-16, subject to renewal as per contractual terms.	For purchase of Bulk Vaccines & Antigens	13.02.2015 12.02.2016	478.4	N.A
4	Neophar Alipro Limited	Lease and facility Agreement	Ongoing, subject to renewal as per contractual terms	For providing office space at New Delhi	28.05.2015	0.2	N.A
5	Radhika Heights Limited (Formerly known as Best on Health Limited) (Wholly owned subsidiary)	Lease Deed	Ongoing, subject to renewal as per contractual terms	For taking property on rent at New Delhi	13.02.2015	1.2	N.A
6	Mr. Ankesh Jain (Relative of Director)	Increment Letter	w.e.f. 01.08.2015	Increase in remuneration	13.08.2015	1.5	N.A
7	Mr. Harshet Jain (Relative of Director)	Increment Letter	w.e.f. 01.09.2015	Increase in remuneration	13.08.2015	0.5	N.A
8	NewRise Healthcare Private Limited (Subsidiary)	Lease Deed	Ongoing, subject to renewal as per contractual terms	For renting out office space at Mumbai	13.08.2015	0.1	N.A
9	PanEra Biotec Private Limited (Associate Company)	Lease Deed	Ongoing, subject to renewal as per contractual terms	For renting out portion of office premises at New Delhi	13.08.2015	0.1	N.A
10	Radhika Heights Limited (Wholly owned subsidiary)	Lease Deed	Ongoing, subject to renewal as per contractual terms	For taking on rent office premises at New Delhi	13.08.2015	7.9	N.A
11	Radhika Heights Limited (Wholly owned subsidiary)	Lease Deed	Ongoing, subject to renewal as per contractual terms	For renting out premises at Lalru, Punjab	06.11.2015	0.5	N.A
12	Trinidhi Finance Private Limited (Company in which Directors are interested)	Lease Deed	Ongoing, subject to renewal as per contractual terms	For renting out office premises at New Delhi	06.11.2015	0.2	N.A

Note:
1. Advance(s) paid, if any, have been adjusted against the billings.
2. All related party transactions are approved by the Audit Committee & Board of Directors.

For and on behalf of the Board

Dated : August 12, 2016
Place : New Delhi

Soshil Kumar Jain
Chairman

Annexure to the Directors' Report

ANNEXURE D

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of Directors' Report for the year ended March 31, 2016

a. The ratio of the remuneration of each Director to the median remuneration of the employees and the performance of the Company for the year 2015-16:

(Rs. in million)

Name of the Director	Title	Financial Year 2015 -16	Financial Year 2014-15	No. of Stock options granted in Financial Year 2014-15	% increase of remuneration as compared to Previous Year*	Ratio of remuneration to Ratio of remuneration to MRE**	Ratio of remuneration to revenue (FY 2015)
Mr. Soshil Kumar Jain	Chairman	8.38	8.05	Nil	No	38.09	0.001295
Mr. Ravinder Jain	Managing Director	11.40	13.23	Nil	No	51.81	0.001762
Dr. Rajesh Jain	Joint Managing Director	7.55	7.40	Nil	No	34.31	0.001144
Mr. Sandeep Jain	Joint Managing Director	6.70	6.51	Nil	No	30.45	0.001036
Mr. Sumit Jain	Director Operations & Projects	3.77	3.57	Nil	No	17.14	0.000582

*Increase/ decrease in remuneration during financial year 2015-16 is on account of change in perquisite value. ** MRE – Median Remuneration of Employees.

b. The ratio of the remuneration of each Key Managerial Personnel (KMP) to the median remuneration of the employees and the performance of the Company for the year 2015-16:

(Rs. in million)

Name of the KMP	Title	Financial Year 2015-16	Financial Year 2014-15	No. of Stock options granted in Financial Year 2014-15	% increase of remuneration as compared to Previous Year	Ratio of remuneration to Ratio of remuneration to MRE	Ratio of remuneration to revenue (FY 2015)
Mr. Devender Gupta#	C.F.O and Head Information Technology*	2.45	1.80	Nil	36.11%	11.14	0.000379
Mr. Vinod Goel	Group C.F.O and Head Legal & Company Secretary*	3.72	3.22	Nil	15.52%	16.91	0.000575

*Designation changed w.e.f. May 29, 2015
Appointed as KMP w.e.f. May 29, 2015

c. The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was Rs.0.22 million p.a. and Rs.0.28 million p.a. in financial year 2015-16 and financial year 2014-15, respectively. The increase/(decrease) in MRE (including WTDs) in financial year 2015-16, as compared to financial year 2014-15 was (22.71)%. The aggregate remuneration of employees excluding WTD grew by 7.60% over the previous financial year.

d. During the year, there is no change/increase in salary of WTDs other than on account of change in perquisite value and aggregate increase in salary for KMPs was 22.91% in financial year 2015-16 over financial year 2014-15.

e. The number of permanent employees on the rolls of the Company as on March 31, 2016 and March 31, 2015 was 2,499 and 2,708, respectively. The Company's revenue declined during the financial year 2015-16 by 4.8% over financial year 2014-15. The Company earned a net profit after tax and exceptional items of Rs.8.7 million as compared to the loss of Rs.652.3 million in last financial year.

f. Price Earnings ratio as at March 31, 2016 was 657.14 and as the Company incurred net loss during previous financial year, the price earning ratio as at March 31, 2015 was not applicable.

g. During the year under review, no variable component of remuneration was availed by the directors.

h. None of the employees (who are not directors) received remuneration in excess of the highest paid director.

i. The remuneration and perquisites provided to the employees including that of the management are on par with industry levels. The nomination and remuneration committee continuously reviews the compensation of Executive Directors & Key Managerial Personnel to align both the short-term and long-term business objectives of the Company and to link compensation with the achievement of measurable performance goals.

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

For and on behalf of the Board

Dated : August 12, 2016
Place : New Delhi

Soshil Kumar Jain
Chairman

ANNEXURE E

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of Directors' Report for the year ended March 31, 2016

S. No.	Name	Designation and Nature of Duties	Remune-ration (Rs. in million)	Nature of employment	Qualifications	Experience (Years)	Date of Commencement of Employment	Age (Yrs.)	Particulars of Last Employment Name of Employer, Designation, Period of Service (Years)
A.	Top 10 employees as on March 31, 2016 in terms of remuneration drawn during the year:								
1.	Mr. Soshil Kumar Jain	Chairman	8.38	Contractual	Pharmacist	32	02.02.1984	83	Nil
2.	Mr. Ravinder Jain	Managing Director	11.40	Contractual	Matriculate	32	15.11.1984	59	Nil
3.	Dr. Rajesh Jain	Joint Managing Director	7.55	Contractual	Ph.D	32	15.11.1984	52	Nil
4.	Mr. Sandeep Jain	Joint Managing Director	6.70	Contractual	B.Com (P)	32	15.11.1984	50	Nil
5.	Dr. Sanjay Trehan	Head Global Drug Discovery & Development	9.23	Permanent employee	Ph.D	27	01.07.2004	57	Dr. Reddy Laboratories Ltd., Research Director, 3.9 years
6.	Mr. Rajinder Kumar Suri	Chief Executive Biologicals	7.33	Permanent employee	M.Sc	38	12.11.2007	62	Pasteur India Pvt. Ltd., Member of Board of Directors, 4.5 years.
7.	Mr. Kulvinder Sarao	Sr. V.P. Audit & Compliances (HR)	6.08	Permanent employee	PGD in Personnel Management	30	14.01.2005	55	Hero Honda Motors Limited, Head HRM, 3 months
8.	Dr. Sukhjeet Singh	Sr. V.P. Pharmaceutical Research	5.79	Permanent employee	Ph.D	24	17.08.2006	47	Strides Arcolab Limited, V.P. Formulation & Development, 1 years.
9.	Dr. Sudhir Kumar Sharma	Vice President Drug Development & Research (Biologicals)	4.71	Permanent employee	Ph.D	17	17.08.2005	47	Dr. Reddy Laboratories Ltd., Principle Scientist, 2 years.
10.	Mr. Gurinder Pal Singh	Sr. Vice President Diacar Alpha, Procare & Growcare	4.67	Permanent employee	B.Sc	22	09.03.2010	49	Cadila Pharma V.P. Sales & Marketing, 2 years.

Notes:

1. Remuneration includes salary, commission on profits, house rent allowance, bonus, Company's contribution to Provident Fund, Leave Travel Allowance, Medical Assistance and all allowances paid in cash and monetary value of taxable perquisites wherever applicable and does not include provision for Gratuity / Retirement Benefit.
2. There was no employee who was employed either throughout the financial year or part thereof, who was holding either by himself or along with the spouse and dependent children 2% or more of the Shares of the Company and drawing remuneration in excess of the remuneration drawn by Managing Director / Joint Managing Director / Whole-time Director of the Company.
3. Mr. Ravinder Jain was the only person who was employed throughout the Financial Year ended March 31, 2016 and was in receipt of remuneration for the year which is more than Rs.10.2 million. The relevant details are given at Sr. No. 2 above.
4. There was no employee who was employed for a part of the Financial Year ended March 31, 2016 and was in receipt of remuneration for any part of the year, at the rate which in the aggregate was not less than Rs.0.85 million per month.
5. The terms and conditions of employees at Sl. No. 1 to 4 are as approved by the Board of Directors and Shareholders on the recommendation of Nomination & Remuneration Committee. The employees at Sl. No. 5 to 10 are paid remuneration as per the policy/rules of the Company.
6. None of the above employees is related to any of the Directors except that Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain are related to each other.
7. The nature of duties of Chairman, Managing Director and Joint Managing Directors is as under: Mr. Soshil Kumar Jain, Chairman - Strategic planning, vision and formulation of strategies. Mr. Ravinder Jain, Managing Director - Overall supervision of day-to-day operations with emphasis on strategic planning and business development. Dr. Rajesh Jain, Joint Managing Director - Overall supervision of day-to-day operations with emphasis on R&D, business development and marketing. Mr. Sandeep Jain, Joint Managing Director - Overall supervision of day-to-day operations with emphasis on finance, international marketing and regulatory affairs.

For and on behalf of the Board

Dated : August 12, 2016
Place : New Delhi

Soshil Kumar Jain
Chairman

Annexure to the Directors' Report

Secretarial Audit Report for the financial year ended March 31, 2016

Annexure F

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder:
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder:
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May 2015);
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not applicable as the Company has not issued/ proposed to issue any Employee Stock Option Scheme and Employee Stock Purchase Scheme during the financial year under review.
   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable as the Company has not issued any debt securities during the financial year under review.
   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   g. The Securities and Exchange Board of India (De-listing of Equity Shares) Regulations, 2009; Not applicable as the Company has not delisted/proposed to delist its equity shares from any stock exchange during the financial year under review.
   h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998; Not applicable as the Company has not bought back/ propose to buy back any of its securities during the financial year under review.
vi. The management has identified the following laws as specifically applicable to the Company:
   - Drugs & Cosmetics Act, 1940;
   - Drugs Act, 1940;
   - Drug (Control) Act, 1950;
   - Narcotic Drugs and Psychotropic Substances Act, 1955;
   - Dangerous Drugs Act, 1930;
   - Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954;
   - Epidemic Diseases Act, 1897;
   - Essential Commodities Act, 1955;
   - The Poisons Act, 1919; and
   - The Pharmacy Act, 1948.

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

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

Annexure to the Directors' Report

Secretarial Audit Report for the financial year ended March 31, 2016

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

1. Mr Sumit Jain was appointed as Whole Time Director on 22nd July, 2015 which requires approval of Central Government by filling application in MR-2 within 90 days. The same was not filled within the due date and even till the end of financial year.

We further report that:

- During the period under review, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

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

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

For R&D Company Secretaries
Debabrata Deb Nath
Partner
FCS No.:7775; CP No.: 8612

Place : Delhi
Date : August 12, 2016

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

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

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

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

For R&D Company Secretaries
Debabrata Deb Nath
Partner
FCS No.:7775; CP No.: 8612

Place : Delhi
Date : August 12, 2016

Report on Corporate Governance

1. Philosophy on Corporate Governance

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

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

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

2. Board of Directors

Composition, Category & Size of the Board:

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

As on March 31, 2016, the Board of Directors of your Company comprises of 10 members including 5 Executive Directors (1 Executive Chairman, 1 Managing Director, 2 Joint Managing Directors and 1 Whole-time Director) and 5 Non-Executive Independent Directors (Including one Woman Director). The composition of the Board is in conformity with Regulation 17(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 ("SEBI (LODR) Regulations") enjoining specified combination of Executive and Non-Executive Directors, with not less than 50 percent of the Board comprising of Non-Executive Directors and at least one-half comprising of Independent Directors.

With the recent appointment of Mr. Ankesh Jain and Mr. Mukul Gupta as Whole-time Director and Non-Executive Independent Director, respectively, w.e.f. April 1, 2016, the Board of Director now comprises of 12 members including 6 Executive Directors and 6 Non-Executive Independent Directors.

Board functioning & procedure:

The 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 majority arrived at after detailed discussions. They are also free to bring up any matter for discussion at the Board Meetings.

The Board meets at least four times a year, with a maximum time gap of 120 days between any two meetings, to discuss and review the quarterly results and other items of agenda, including the minimum information required to be placed before the Board, as per Part A of Schedule II of SEBI (LODR) Regulations. The Board also meets and conducts additional meetings as and when required and thought fit. The dates for the Board Meetings are decided in advance and timely communicated to the Directors. The Chairman/ 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 2015-16, seven (7) Board Meetings were held on May 28, 2015 (Adjourned), May 30, 2015, July 17, 2015, August 13, 2015, November 06, 2015, February 12, 2016 and March 31, 2016.

The attendance of Directors at Board Meetings and last Annual General Meeting ("AGM") and number of Directorships & Committee membership as on March 31, 2016, is as under:

S. No.	Name of Director	Category of Directorship	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships[$] and Committee memberships/chairmanships*		
						Other Directorship	Committee Membership	Committee Chairmanship
1	Mr. Soshil Kumar Jain	Promoter- Chairman	7	3	No	1	0	0
2	Mr. Ravinder Jain	Promoter- MD	7	1	No	2	0	0
3	Dr. Rajesh Jain	Promoter- JMD	7	7	No	1	0	0
4	Mr. Sandeep Jain	Promoter-JMD	7	6	Yes	1	0	0
5	Mr. Sumit Jain	Promoter Group- WTD	7	1	No	0	0	0

Report on Corporate Governance

S. No.	Name of Director	Category of Directorship	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships$ and Committee memberships/chairmanships*		
						Other Directorship	Committee Membership	Committee Chairmanship
6	Mr. R.L. Narasimhan	NID	7	7	Yes	3	2	1
7	Mr. N.N. Khamitkar	NID	7	5	No	3	0	0
8	Mr. K.M. Lal	NID	7	5	No	6	5	4
9	Dr. A.N. Seksena*	NID	4	1	N.A.	0	0	0
10	Mr. O.P. Kelkar	NID	7	5	Yes	0	0	0
11	Mrs. Manjula Upadhyay	NID	7	7	Yes	2	1	0

* Resigned w.e.f. August 20, 2015

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

$ Excludes directorship in private limited companies, foreign companies, membership of managing committees of various chambers/bodies/section 8 companies, but includes directorship in NewRise Healthcare Private Limited (being subsidiary of Panacea Biotec Limited).

* Chairmanship/Membership in Audit and Stakeholders Relationship Committee of other public limited companies and deemed public limited companies as per proviso of Section 2(71) of Companies Act, 2013 is only taken into account as per the Regulation 27(2) of SEBI (LODR) Regulations.

None of the Directors on the Board is a member in more than 10 committees and/or acts as Chairman of more than 5 committees across all the companies in which he/she is a Director.

None of the Independent Director is serving as an Independent Director in more than 7 listed companies including Panacea Biotec Ltd.

Board procedure:

a) Background

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

b) Scheduling and Selection of the Agenda items

The agenda of the meeting along with relevant supporting documents is circulated in advance to all the directors entitled to receive the same, to facilitate meaningful and quality discussions during the meeting.

c) Minimum Information placed before the Board Members

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

- Annual operating plans and budgets and any updates;
- Capital budgets and any updates;
- Quarterly results for the company and its operating divisions or business segments;
- Minutes of meetings of audit committee and other committees of the Board;
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of 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 labour problems and their proposed solutions;
- Any significant development in human resource/ industrial relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc;
- Sale of investments, subsidiaries, assets, which are material in nature and not in the normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

d) Recording Minutes of the Proceedings

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

e) Post Meeting Follow-Up Mechanism

In adherence to good corporate governance, the important and significant decisions taken at the Board/Committee

Report on Corporate Governance

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.

f) 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.

g) Code of Conduct

The Board has laid down a Code of Conduct for all the Board members and senior management personnel of the Company. The said Code has been communicated to the directors and senior management personnel and is also 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.

Disclosure of relationships between directors inter-se:

Mr. Soshil Kumar Jain, Chairman, is the father of Mr. Ravinder Jain, Dr. Rajesh Jain & Mr. Sandeep Jain and grandfather of Mr. Sumit Jain (son of Mr. Ravinder Jain) and Mr. Ankesh Jain (son of Dr. Rajesh Jain).

None of the other Directors are related to each other.

Number of shares and convertible instruments held by Non-executive Directors: Nil

Familiarization programme for the Independent Directors:

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

The familiarization programme may be accessed on the Company's website at the link: http://www.panaceabiotec.com.

Independent Directors meeting:

During the year under review, one meeting of Independent Directors was held on August 13, 2015 without the attendance of Non-Independent Directors and members of management to review the performance of the senior management, Independent and non-Independent Directors including Chairman and the Board as a whole. All Independent Directors except Mr. N. N. Khamitkar, attended such meeting.

They also assess the quality and adequacy of the information between the Company's management and the Board.

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

Brief profile of Directors seeking confirmation/ appointment:

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

a) Mr. Ravinder Jain

Age: 59 Years

Qualification: Matriculate

Professional Expertise: Mr. Ravinder Jain has around 35 years' experience in business collaborations and tie-ups, international marketing, business development, finance and corporate administration. He is involved in the overall supervision of day-to-day operations with emphasis on strategic planning and business development for the Company. Under his leadership, the company has set new milestones with clear focus on driving productivity and performance across all business segments of the Company. His zeal, enthusiasm and vision has enabled the company to achieve new standards of financial and operational performance.

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

Directorships: He is a director of Cabana Structures Ltd., Best General Insurance Company Ltd. and OKI Estates Pvt. Ltd.

Committee Membership / Chairmanship: He is a Member of Executive Committee and Stakeholders' Relationship Committee of the Company.

Shareholding in the Company: He holds 57,12,300 Equity Shares of Re.1 each, comprising 9.33% of total Equity Share Capital of the Company.

b) Dr. Rajesh Jain

Age: 52 years

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

Professional Expertise: Dr. Rajesh Jain has around 30 years' experience in the pharmaceutical industry and oversees Panacea Biotec's marketing, R&D and business development sectors. He is involved in the overall supervision of day-to-day operations with emphasis on research & development, business development and marketing. Under his exceptional understanding of the business mantras, the Company has an impressive product pipeline and is targeting key therapeutic areas that will deliver new and innovative treatment therapies. As a result of his unlimited energy and enthusiasm, the Company has been ranked as the largest vaccine producer in India and has been ranked as the 3rd largest biotechnology Company (Able Survey 2011). With his able leadership skills, the Company has been able to successfully withstand and surmount challenges at the best and the worst of times including those faced during last few years, and has emerged as a more resilient organization.

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

Directorships: He is a Managing Director of PanEra Biotec Pvt. Ltd., Non–Executive Chairman of NewRise Healthcare Pvt. Ltd. and Director of Adveta Power Pvt. Ltd. and White Pigeon Estate Pvt. Ltd.

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

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

3. Audit Committee

Composition & Terms of Reference:

The Audit Committee of the Board of Directors of the Company had been constituted as per Section 177 of the Act and Regulation 18 of SEBI (LODR) Regulations.

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

During the year under review, the Audit Committee was reconstituted due to resignation of Dr. A.N. Saksena on August 20, 2015 and Mr. K.M. Lal was inducted as member of the Audit Committee in his place w.e.f. October 26, 2015.

The composition of the Committee as on March 31, 2016, was as under:

Name	Position	Category
Mr. R.L. Narasimhan	Chairman	Independent
Mr. N.N. Khamitkar	Member	Independent
Mr. K.M. Lal	Member	Independent

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 Audit Committee include the following:

- To oversight the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending to the Board, the appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with management the annual financial statements and auditor's report thereon before submissions to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of section 134(3)(c) of the Act;
  - Any changes in accounting policies and practices and reasons for the same;
  - Major accounting entries based on exercise of judgment by management;
  - Qualifications in draft audit report;
  - Significant adjustments made in the financial statements arising out of audit;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosures of any related party transactions; and
  - Modified opinion(s) in the draft audit reports;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), if any, the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter, if applicable;
- Review and monitoring the auditors' independence and performance, and effectiveness of audit process;
- Approval of or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussions with internal auditors any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as

well as have post-audit discussion to ascertain any area of concern;

- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle blower Mechanism;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- To carry out any other function as is mentioned in the terms of reference of the Audit Committee; and
- Any other duties/terms of reference which are incidental/necessary for the fulfillment of the above mentioned terms of reference.

Review of information by Audit Committee:

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

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

The Audit Committee is also vested with the following powers:

- To investigate into any matter in relation to the items specified in Section 177 of the Act or referred to it by the Board and for this purpose, the Audit Committee has full access to the information contained in the records of the Company and external professional advice, if necessary;
- To seek information from any employee;
- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Meetings of Audit Committee and attendance of members:

During the year, 5 (five) meetings of Audit Committee were held on May 27, 2015 (Adjourned), May 30, 2015, August 12, 2015, November 05, 2015 and February 11, 2016.

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

S. No.	Name of the Member	Position	Category of Directorship	No. of Meetings held	No. of Meetings attended
1	Mr. R.L. Narasimhan	Chairman	Independent	5	5
2	Mr. N.N. Khamitkar	Member	Independent	5	4
3	Dr. A.N. Saksena*	Member	Independent	3	1
4	Mr. K.M. Lal#	Member	Independent	2	1

*Resigned w.e.f. August 20, 2015. # Appointed w.e.f. October 26, 2015.

The Statutory Auditors, Internal Auditors, Associate Director Finance, Chief Financial Officer, GM Accounts & Taxation and A.G.M. Audit & Compliance & Co-ordinator of Audit Committee were the permanent invitees to the meetings of Audit Committee. Apart from them, Joint Managing Director, AGM Costing, Cost Auditors and other officials of the Company 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 last AGM of the Company held on September 30, 2015.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors of the Company had been constituted as per Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations.

During the period under review, the Nomination and Remuneration Committee was reconstituted due to resignation of Dr. A.N. Saksena on August 20, 2015 and Mr. K.M. Lal was inducted s member of the Nomination & Remuneration Committee in his place w.e.f. October 26, 2015.

The composition of the Committee as on March 31, 2016, was as under:

Name	Position	Category
Mr. R.L. Narasimhan	Chairman	Independent
Mr. N.N. Khamitkar	Member	Independent
Mr. K.M. Lal	Member	Independent

Role & Terms of Reference of Committee:

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

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

ii. Formulation of criteria for evaluation of performance of independent directors and the board of directors;

iii. Devising a policy on diversity of the Board of Directors;

iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal; and

v. Recommending to the Board whether to extend or continue the term of appointment of the independent director, on the basis of report of performance evaluation of independent directors.

The Company Secretary is acting as the Secretary to the Nomination and Remuneration Committee. The Chairman of the Committee, Mr. R.L. Narasimhan was present at the last AGM of the Company held on September 30, 2015.

Remuneration Policy:

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

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

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

The details of this policy are available on the Company's website viz. www.panaceabiotec.com

Performance Evaluation Criteria for Independent Directors:

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

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

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

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

The Nomination and Remuneration Committee has also carried out evaluation of every Director`s performance.

The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated. On the basis of performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, whenever the respective term expires.

During the year under review, 5 meetings of the Nomination and Remuneration Committee were held on May 27, 2015, July 17, 2015, August 13, 2015, February 12, 2016 and March 31, 2016.

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

S. No.	Name of the Member	Position	Category of Directorship	No. of Meetings held	No. of Meetings attended
1	Mr. R.L. Narasimhan	Chairman	Independent	5	5
2	Mr. N.N. Khamitkar	Member	Independent	5	3
3	Dr. A.N. Saksena*	Member	Independent	3	2
4	Mr. K.M. Lal#	Member	Independent	2	1

*Resigned w.e.f. August 20, 2015. #Appointed w.e.f. October 26, 2015.

Report on Corporate Governance

5. Remuneration of Directors

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

a) Remuneration to Executive Directors

The details of remuneration paid to Chairman/Managing/Joint Managing/Whole-time Directors during the financial year 2015-16 are as under:

(Rs. in million)

S. No.	Name	Designation	Salary	Perquisites	Total
1	Mr. Soshil Kumar Jain	Chairman	7.2	1.2	8.4
2	Mr. Ravinder Jain	Managing Director	7.2	4.2	11.4
3	Dr. Rajesh Jain	Joint Managing Director	6.0	1.5	7.5
4	Mr. Sandeep Jain	Joint Managing Director	5.6	1.1	6.7
5	Mr. Sumit Jain	Whole-time Director	2.5	1.3	3.8

Notes:

1. 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 expired on March 31, 2016 and they have been re-appointed by the Board of Directors in their meeting held on February 12, 2016 for a period of 3 years w.e.f. April 1, 2016 and subsequently their re-appointment has been approved by the shareholders in their Extra-ordinary General Meeting held on March 30, 2016.
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 Chairman/Managing / Joint Managing / Whole-time Directors, i.e., Salary, Perquisites and other benefits, etc. are given in Notes 32 (C) to the Financial Statements of the Company.
5. The above excludes the provision for gratuity and leave encashment, as the same is calculated on overall company basis.
6. During the year, the amount of excess remuneration of Rs. 0.82 Lac paid to Mr. Ravinder Jain, Managing Director, for the FY 2014-15, exceeded on account of perquisites over and above the approved limit has been adjusted against remuneration payable.

b) Remuneration to Non-Executive Directors:

The Non-Executive Directors are paid sitting fees for each meeting of the Board or Committees of the Board attended by him/her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The details of remuneration paid to the non-executive directors during financial year ended March 31, 2016 are as under:

(Rs. in million)

S. No.	Name	Sitting Fees
1	Mr. R.L. Narasimhan	0.4
2	Mr. N.N. Khamitkar	0.2
3	Mr. K.M. Lal	0.2
4	Dr. A.N. Saksena*	0.1
5	Mr. O.P. Kelkar	0.3
6	Mrs. Manjula Upadhyay	0.3

*Resigned w.e.f. August 20, 2015

Non-Executive Director is also reimbursed the expenses incurred by him/her for attending the meeting of the Board and/or Committee thereof.

There are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on March 31, 2016.

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

6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of the Board of Directors had been constituted as per Section 178 Act and Regulation 20 of SEBI (LODR) Regulations.

During the year under review, the Stakeholders' Relationship Committee was reconstituted due to resignation of Dr. A.N. Saksena on August 20, 2015 and Mr. K.M. Lal was inducted as member of the Stakeholders' Relationship Committee in his place w.e.f. October 26, 2015.

The composition of the Stakeholders' Relationship Committee of the Board of Directors as on March 31, 2016, was as under:

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

Role & Terms of Reference of the Committee:

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

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

The role of the Stakeholder's Relationship Committee, inter-alia, includes the following:

- Transfer of Securities;
- Transmission/Transposition of Securities;
- Splitting up, sub-divide and consolidation of shares;
- Dematerialize or rematerialize the issued shares;
- Authorize affixation of common seal of the Company;
- Any other matter relating to securities of the Company;
- Review and redressal of the grievances of all security holders including deposit holders:
- Any other areas of investors' service; and
- To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Other Terms:

- The Committee may invite other Directors / Officers of the Company to attend the meetings of the Committee as 'Invitees' from time to time as and when required.

Minutes of the Stakeholders Relationship Committee are placed before the Board in its subsequent meeting.

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

During the financial year 2015-16, 4 (four) meetings of Stakeholders' Relationship Committee were held on May 04, 2015, August 12, 2015, November 05, 2015 and February 11, 2016. The attendance of members at these meeting was as follows:

S. No.	Name of the Member	Position	Category of Directorship	No. of Meetings held	No. of Meetings attended
1	Dr. A.N. Saksena*	Chairman	Independent Director	2	2
2	Mr. K.M. Lal#	Chairman	Independent Director	2	0
3	Mr. R.L. Narasimhan	Member	Independent Director	4	3
4	Mr. Ravinder Jain	Member	Promoter & Managing Director	4	1
5	Mr. Sandeep Jain	Member	Promoter and Joint Managing Director	4	3

*Resigned w.e.f. August 20, 2015.
#Appointed w.e.f. October 26, 2015.

Details of Investors' complaints received during the financial year 2015-16:

S. No.	Nature of Complaints	Received	Resolved	Pending
1	Non-receipt of physical copy of Annual Report	3	3	0
2	Non-receipt of dividend	0	0	0
3	Others	1	1	0
	Total	4	4	0

Report on Corporate Governance

The Company Secretary is acting as the Secretary to the Stakeholders Relationship Committee. The Chairman of the Committee, Mr. K.M. Lal was not present at the AGM of the Company held on September 30, 2015 and in his absence other member of the Committee viz. Mr. R. L. Narasimhan, authorized by him, attended the AGM.

The Company put utmost priority to the satisfaction of its shareholders, which is evident from the fact that only 3 complaints were received by the Company. The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent/issues have been resolved expeditiously, except in case of dispute over facts or other legal constraints.

There were no share transfers lying pending as on March 31, 2016.

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

7. General Body Meetings

The details of the last three Annual General Meetings and the special resulations passed thereat are as under:

Financial Year	Date	Time	Venue	Special Resolutions passed
2014-15	30.09.15	11:30 A.M	Regd. Office at Ambala Chandigarh Highway, Lalru – 140501, Punjab.	• Approval for appointment and remuneration of Mr. Sumit Jain (DIN: 00014236), Whole-time-Director of the Company. • Approval for protection and ratification of excess remuneration paid to Mr. Ravinder Jain (DIN: 00010101), Managing Director, for financial years 2014-15.
2013-14	25.09.14	11:30 A.M	Regd. Office at Ambala Chandigarh Highway, Lalru – 140501, Punjab	• Approval for re-appointment of Mr. Soshil Kumar Jain (DIN: 00012812), retiring by rotation, in the Annual General Meeting. • Approval for amendment of Articles of Association of the Company, thereby existing Article No. 2, 116(a) & (b) have been replaced as per the relevant provisions of the Act.. • Approval for remuneration of Mr. Soshil Kumar Jain (DIN: 00012812), Whole Time Director, designated as Chairman of the Company, for financial years 2014-15 & 2015-16. • Approval for remuneration of Mr. Ravinder Jain (DIN: 00010101), Managing Director, for financial years 2014-15 & 2015-16. • Approval for remuneration of Dr. Rajesh Jain (DIN: 00013053), Joint Managing Director, for financial years 2014-15 & 2015-16. • Approval for remuneration of Mr. Sandeep Jain (DIN: 00012973), Joint Managing Director, for financial years 2014-15 & 2015-16. • Approval for remuneration of Mr. Sumit Jain (DIN: 00014236), Whole-time Director designated as Director Operations & Projects, for financial years 2014-15 & 2015-16. • Approval of facility agreement entered with M/s Chiron Panacea Vaccines Pvt. Ltd. (under liquidation) Joint Venture of the company, w.e.f. June 16, 2013 for 11 months and with an option for a further renewal for a period upto March 31, 2015.
2012-13	25.09.13	11:00 A.M	Regd. Office at Ambala Chandigarh Highway, Lalru – 140501, Punjab.	• Approval for protection of remuneration of Mr. Soshil Kumar Jain, Chairman, for financial years 2012-13 & 2013-14. • Approval for protection of remuneration of Mr. Ravinder Jain, Managing Director, for financial years 2012-13 & 2013-14. • Approval for protection of remuneration of Dr. Rajesh Jain, Joint Managing Director, for financial years 2012-13 & 2013-14. • Approval for protection of remuneration of Mr. Sandeep Jain, Joint Managing Director, for financial year 2012-13 and 2013-14. • Approval for protection of remuneration of Mr. Sumit Jain, Whole-time Director designated as Director Operations & Projects, for financial years 2012-13 & 2013-14. • Approval for renewal of arrangement entered into with M/s Residency Resorts Pvt. Ltd. for availing accommodation and hospitality services.

Postal Ballot

During the financial year 2015-16, the Company did not pass any resolution by postal ballot.

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

8. Means of communication

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

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

iii) The Annual Results (Annual Report containing Financial Statements etc.) are posted/emailed to every shareholder of the Company.

iv) The Company's website, viz. www.panaceabiotec.com, is regularly updated with the financial results, annual report, official news releases and other important events.

v) No presentations were made to Institutional Investors or to the analysts.

Your Company also regularly provides information to the stock exchanges as per the requirements of the SEBI (LODR) Regulations.

9. General Shareholder Information

i) Company Registration Details:

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

ii) Date of AGM:

The 32nd AGM is to be held on Wednesday, the 28th day of September 2016, 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 September 03, 2016
Last date of receipt of Proxy Form	September 26, 2016 before 11.30 A.M.
Remote e-voting Period	From September 25, 2016 (9.00 A.M.) to September 27, 2016 (5.00 P.M)

iii) Financial Year: The financial year of the Company covers the financial period from April 01 to March 31.

iv) Financial Calendar 2016-17 (tentative):

S. No.	Tentative Schedule	Tentative Date
1	Financial reporting for the quarter ended June 30, 2016	Mid of August, 2016
2	Financial reporting for the half year ending September 30, 2016	Mid of November, 2016
3	Financial reporting for the quarter ending December 31, 2016	Mid of February, 2017
4	Financial reporting for the quarter ending March 31, 2017	By end of May, 2017
5	Annual General Meeting for the year ending March 31, 2017	By end of September, 2017

v) Date of Book Closure: The Share Transfer Books and Register of Members of the Company will remain closed from Monday, September 24, 2016 to Wednesday, September 28, 2016 (both days inclusive).

vi) Dividend Payment Date

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

vii) Unclaimed Dividends

Under the Companies Act, 1956, dividend for the financial year ended March 31, 2010 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. Members are requested to encash their unclaimed dividend, if any.

During the year, the Company had transferred Rs.0.2 million lying unclaimed in Unpaid Dividend Account in respect of dividend for the Year 2007-08 to the said Fund on November 30, 2015.

Report on Corporate Governance

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

Financial Year	Date of declaration of Dividend	Last date for claiming unclaimed Dividend	Due date for transfer of dividend
2009-10	25.09.2010	24.10.2017	23.11.2017
2010-11	24.09.2011	23.10.2018	22.11.2018

viii) Listing on Stock Exchange

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

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

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

ix) Stock Code of Equity Shares

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

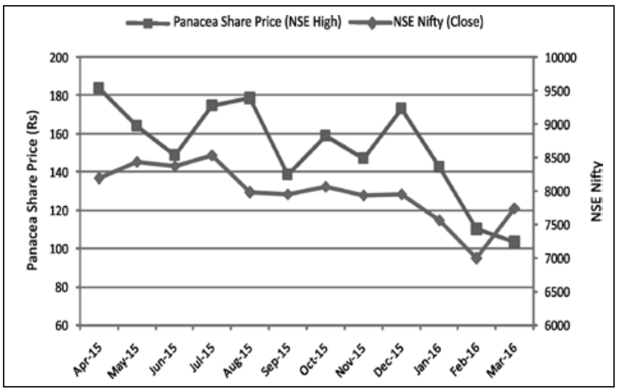
The Company has paid listing fees for the period 2016-17 to both the above stock exchanges and there is no outstanding payment as on date.

x) Market Price data:

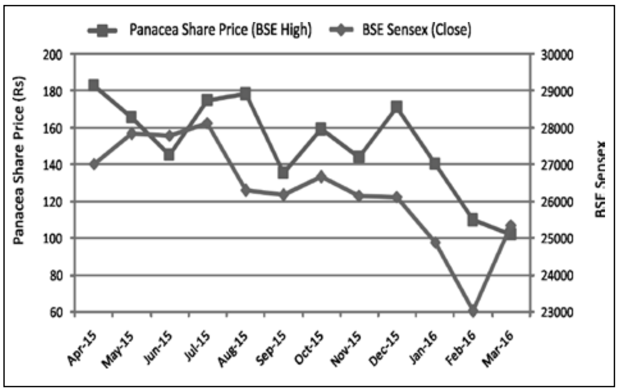
The Monthly High and Low prices of the shares of the Company at BSE and NSE during the year ended March 31, 2016 are as under:

Month	Share Prices (Rs.) at BSE		Share Prices (Rs.) at NSE	
	High	Low	High	Low
April, 2015	182.90	128.00	183.70	127.50
May, 2015	165.40	128.00	163.80	126.30
June, 2015	145.00	120.00	148.70	121.20
July, 2015	174.90	126.00	174.50	124.90
August, 2015	178.10	121.60	178.30	120.55
September, 2015	135.30	127.00	138.50	125.35
October, 2015	159.10	131.00	158.85	131.20
November, 2015	144.00	128.00	147.00	127.10
December, 2015	171.20	133.40	172.80	133.10
January, 2016	140.00	104.30	142.40	103.00
February, 2016	109.60	83.90	109.80	83.70
March, 2016	102.00	91.20	103.00	90.20

- **Share Performance of the Company in comparison to NSE Nifty**



- **Share Performance of the Company in comparison to BSE Sensex**



xi. Share Price Performance in comparison to broad based indices – BSE Sensex & NSE Nifty as on March 31, 2016:

	April 1, 2015	March 31, 2016	Changes in %
Panacea Biotec's Share Price (closing) at BSE	138.50	92.80	-32.99
Sensex Closing Price	27,011.31	25,341.86	-6.18
Panacea Biotec's Share Price (closing) at NSE	134.00	92.00	-33.83
NIFTY Closing Price	8,483.70	7,738.40	-8.78

xii) Registrar and Transfer Agents:

Skyline Financial Services Pvt. Ltd. is 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.

xiii) Nomination Facility:

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

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

xiv) 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 several letters to all the 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.

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

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.

xv) 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.

xvi) Share Transfer System

The authority for transfer, transmission, transposition and dematerialisation of the Company's shares has been delegated to the Company Secretary. The delegated authority generally attends the Share transfer formalities on weekly basis and as and when required to expedite all such matters and redressal of Investors' grievance, etc., if any. The Shares received by the Company/ RTA for registration of transfers, transmission, transposition and dematerialisation is processed by RTA (generally within a week of receipt) and transferred expeditiously and the Share Certificate(s) are returned to the shareholder(s) by registered post. As per the requirement of Regulation 40(9) of SEBI (LODR) Regulations, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

The shares are sent/ received for physical transfer at RTA office and all valid transfer requests are processed and returned within a period of 15 days from the date of receipt.

xvii) Reconciliation Audit of Share Capital

A Practicing Company Secretary carries out reconciliation audit of share capital in each quarter to reconcile the total admitted capital with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Ltd. ("CDSL") and total issued and listed capital. The audit reports confirm that the total issued/paid up capital is in agreement with the total number of Shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

xviii) Dematerialisation of Shares and its liquidity

The Company has been among the few top most companies in India in which maximum number of shares have been dematerialized. As on March 31, 2016, 99.29% of the Company's total Equity Share Capital representing 60,813,985 Equity Shares was held in dematerialized form and only 4,36,761 Equity Shares were in paper/physical form.

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

Report on Corporate Governance

The Shares of the Company are regularly traded at the NSE and the BSE.

xix) 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.

xx) Distribution of Shareholding as on March 31, 2016:

Equity Shares:

No. of Shares	No. of Shareholders	No. of Shares	% of total no. of shareholders	% of shareholding
Upto 2500	9,780	2,484,002	97.63	4.06
2501-5000	132	479,719	1.32	0.78
5001-10000	41	292,079	0.41	0.48
10001-100000	34	880,772	0.34	1.44
100001 and above	30	57,114,174	0.30	93.25
Total	10,017	61,250,746	100.00	100.00

Preference Shares:

No. of Shares	No. of Shareholders	No. of Shares	% of total no. of shareholders	% of shareholding
100001 and above	3	1,63,00,000	100.00	100.00
Total	3	1,63,00,000	100.00	100.00

xxi) Pattern of Shareholding as on March 31, 2016:

Equity Shares:

S.No.	Category	No. of Shareholders	No. of Shares	Percentage
1	Promoters and Promoter Group	23	45,722,567	74.65
2	Institutional Investors (FIIs, Banks & Mutual Funds)	5	422,748	0.69
3	NRIs / OCB / Foreign Corporate Bodies/ Foreign Portfolio Investors	185	1,737,513	2.84
4	Domestic Companies	304	9,680,077	15.80
5	Indian Public/ Trust PMS/ Others	9,500	3,687,841	6.02
	Total	10,017	61,250,746	100.00

Preference Shares:

S. No.	Category	No. of Shareholders	No. of Shares	Percentage
1	Promoters and Promoter Group	3	1,63,00,000	100.00
	Total	3	1,63,00,000	100.00

xxii) Disclosure of commodity price risks and commodity hedging activities:

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

xxiii) Plant Locations

1. Bulk Vaccines facilities at Samalheri, Ambala-Chandigarh Highway, Lalru-140501, Dist. Mohali (S.A.S. Nagar), Punjab, India
2. Vaccines Formulations facility at Village Malpur, Baddi, Dist. Solan, H.P. -173 205, India
3. Pharmaceuticals Formulations facility at Village Malpur, Baddi, Dist. Solan, H.P. -173 205, India

Report on Corporate Governance

xxiv) Address for correspondence

For transfer/ dematerialisation of shares, payment of dividend and any other query relating to shares	Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Indl. Area, Phase-I, New Delhi – 110 020, India. Phone : +91-11-26812682-83, 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 : +91-11-41679070 E-mail : companysec@panaceabiotec.com, Investorgrievances@panaceabiotec.com Contact Person : Mr. Shashi Ranjan Kumar, Manager – Secretarial & Compliances.
For query relating to financial matters	Mr. Devender Gupta - Chief Financial Officer & Head Information Technology Panacea Biotec Limited B-1 Extn./G-3, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi - 110 044, India. Phone : +91-11-41679000, +91-11-41578011 (D) Fax : +91-11-41679066, 41679070 E-mail : devendergupta@panaceabiotec.com

10. Other 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. 32 of the Notes to Financial Statements for the year ended March 31, 2016 annexed to and forming part of the Annual Report.

Policy on Related Party Transactions is displayed on the website of the Company at: http://www.panaceabiotec.com/investorzone/statutorypolicies&reports.

b) Subsidiary Companies

All subsidiary companies are Board managed with their Board of Directors having the rights and obligations to manage such companies in the best interest of their stakeholders. The Company has two material non-listed subsidiary and in terms of Regulation 16(1)(c) of SEBI (LODR) Regulations, the Board of Directors has adopted a policy with regard to determination of material subsidiaries. The policy is displayed on the website of the Company at: http://www.panaceabiotec.com/investorzone/statutorypolicies&reports.

Radhika Heights Limited and NewRise Healthcare Private Limited are material non-listed Indian subsidiary of the Company as their 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 and Mr. N.N. Khamitkar acted as directors on the Board of Radhika Heights Limited during the entire financial year. The Company's independent Directors, Mr. K.M. Lal and Mrs. Manjula Upadhyay acted as directors on the Board of NewRise Healthcare Private Limited during the entire financial year.

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

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

c) Disclosure of Accounting Treatment

There has not been any change in accounting treatment of the Company during the year.

d) Risk Management

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

e) Vigil Mechanism

The Company has implemented a Whistle Blower Policy in the Company in pursuance of Regulation 22 of SEBI (LODR) Regulations and no personnel is denied access to the Audit Committee of the Company. Further, the Board of Directors had adopted and implemented the vigil mechanism in the Company as per the requirements of the Act and also in line with Regulation 22 of SEBI (LODR) Regulations. A copy of Vigil Mechanism/Whistle Blower Policy is displayed on the website of the Company at: http://www.panaceabiotec.com/statutorypolicies.

f) Compliances by the Company

During the last three years, there were no strictures or

Report on Corporate Governance

penalties imposed by either SEBI or Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital markets.

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

a) Mandatory requirements:

The Company has complied with all mandatory requirements of the SEBI (LODR) Regulations with regard to Corporate Governance.

b) Non-mandatory requirements:

The status on the compliance with the non-mandatory recommendation/discretionary requirement as specified in Part E of Schedule II, in SEBI (LODR) Regulations is as under:

i) Chairman: The Chairman of the Company is an Executive Director.

ii) Shareholders' rights: The quarterly/ half-yearly financial 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. 8 above and also displayed on the Company's website www.panaceabiotec.com. They are also uploaded electronically on the website of NSE & BSE viz. NSE electronic application processing system (NEAPS) and BSE Corporate Announcement, Compliance & Listing Center, respectively. The results are not separately circulated to the shareholders.

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

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

v) Prohibition of Insider Trading: The Company has instituted a comprehensive Code of Conduct for its management, staff and relevant business associates, in compliance with the SEBI (Prevention of Insider Trading) Regulations, 2015 which is available on the website of the Company viz. www.panaceabiotec.com. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made while dealing with the Shares of the Company.

12. Disclosure of the compliance with corporate governance requirements as specified in Regulations 17 to 27 and clauses (b) to 9(i) of Regulation 46(2) of SEBI (LODR) Regulations:

Regulation No.	Particulars	Compliance Status (Yes or No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders relationship Committee	Yes
21	Risk Management Committee	N.A.
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiaries of the Company	Yes
25	Obligations with respect to independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

13. CEO/CFO Certification

The Joint Managing Director and Chief Financial Officer & Head Information Technology have certified, in terms of Part B of Schedule II of SEBI (LODR) Regulations, to the Board that the Financial Statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards. The said certification of the Financial Statements and the Cash Flow Statement for the financial year 2015-16 is enclosed as Annexure – II to this Report.

For Panacea Biotec Ltd.

Place : New Delhi
Date : August 12, 2016

Soshil Kumar Jain
Chairman

Annexure to the Report on Corporate Governance

Annexure - I

Declaration on Code of Conduct

To
The Members of Panacea Biotec Ltd.

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 March 31, 2016.

For Panacea Biotec Ltd.

Dated : August 12, 2016
Place : New Delhi

Dr. Rajesh Jain
Joint Managing Director

Annexure - II

Certificate from Joint Managing Director & Chief Financial Officer
[Regulation 17(8) of the SEBI Listing Obligation and Disclosure Requirements) Regulations, 2015]

To
The Board of Directors,
Panacea Biotec Limited

We do hereby confirm and certify that:

a) We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2016 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 Limited

Dated : August 12, 2016
Place : New Delhi

Devender Gupta
Chief Financial Officer &
Head Information Technology

Dr. Rajesh Jain
Joint Managing Director

Annexure to the Report on Corporate Governance

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Panacea Biotec Limited

We have examined the compliance of conditions of Corporate Governance by Panacea Biotec Limited, for the year ended on 31st March 2016, as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

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 SEBI Listing Regulations, 2015.

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

For R & D Company Secretaries

Debabrata Deb Nath
Partner
Membership No. FCS 7775
C.O.P. No. - 8612

Dated : August 12, 2016
Place : New Delhi

Independent Auditors' Report

To the Members of Panacea Biotec Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Panacea Biotec Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

9. We draw attention to Note 44 to the standalone financial statements regarding payment of managerial remuneration of Rs.37.5 million and Rs.37.2 million for the financial year ended March 31, 2014 and 2013, respectively, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs.13.5 million and Rs.13.2 million respectively. The Company has filed necessary application to the Central Government which is pending approval as on date. Pending the ultimate outcome of the aforesaid matter which is presently unascertainable, no adjustments have been recorded in the statement. Our report is not qualified in respect of this matter.

10. We draw attention to Note 45 to the accompanying statement which indicates that the Company incurred a net loss (before exceptional items) of Rs.487.8 million during the year ended March 31, 2016 and as of that date, the Company's current liabilities exceeded its current assets by Rs.1,351.9 million. These conditions along with other matters as set forth in aforesaid note indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our report is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

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

Independent Auditors' Report

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

c. the standalone financial statements dealt with by this report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. the matter described in paragraph 10 above, in our opinion, may have an adverse effect on the functioning of the Company;

f. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act;

g. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated May 27, 2016 as per Annexure B expressed an unqualified opinion; and

h. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. as detailed in Note 28 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

per Anupam Kumar
Partner
Membership No.: 501531

Place : New Delhi
Date : May 27, 2016

Annexure To the Auditors' Report

Annexure A

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

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

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

(c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.

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

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

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

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount (Rs. in million)	Amount Paid Under Protest (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance in respect of certain purchases and expense items	162.2	-	Assessment Year 2005-06	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Disallowance in respect of certain purchases and expense items	3,294.9	-	Assessment Year 2006-07 to 2012-13	Income Tax Appellate Tribunal (ITAT)
The Finance Act, 1994	Demand raised for service tax by Assessing Officer	72.6	9.8	Financial Year 2003-04 to 2011-12	Custom Excise & Service Tax Appellate Tribunal
Customs Act, 1962	Duty levied on exempted goods	4.0	4.0	Financial Year 2001-02	Custom Excise & Service Tax Appellate Tribunal

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

Loan particulars	Amount (Rs. in million)	Period of Default (Days)
State Bank of India - Working Capital Term Loan ("WCTL")	4.3	30
State Bank of India - Funded Interest Term Loan ("FITL")	5.7	30
State Bank of India - Term Loan - I	12.0	30
State Bank of India - Term Loan – II	6.1	30
State Bank of India - Term Loan - III	117.6	3
Canara Bank - WCTL	0.3	1

Annexure To the Auditors' Report

Loan particulars	Amount (Rs. in million)	Period of Default (Days)
Canara Bank - FITL	0.2	1
Union Bank - WCTL	0.3	121
Union Bank - FITL	0.2	120
Indian Overseas Bank - WCTL	0.3	36
Indian Overseas Bank - FITL	1.9	36
Indian Overseas Bank - Term Loan	7.5	5
Axis Bank Limited - WCTL	0.0*	1
Axis Bank Limited - FITL	0.0*	1
Loan from Technology Development Board	1.4	228
Loan from Technology Development Board	1.4	47
Loan from Department of Science & Technology	2.0	907
Loan from Department of Science & Technology	2.0	542
Loan from Department of Science & Technology	2.0	177

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

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

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

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act for the year ended March 31, 2016.

However, as mentioned in Note 44 to the standalone financial statements, the Company has paid managerial remuneration, which is not in accordance with the requisite threshold mandated by the provisions of the Companies Act 1956, for the years ended March 31, 2014 and 2013. The details are as follows:

S. No.	Payment made to	Amount Paid/ provided in excess of limits prescribed (Rs in million)	Amount due for Recovery as at March 31, 2016 (Rs in million)	Steps taken to secure the recovery of the amount	Remarks (if any)
1	Managing/Joint Managing and Whole - time Director	13.5	13.5	Application has been made to Central Government for requisite approvals	Two directors (remuneration pertains to year ended March 31, 2014)
2	Managing/Joint Managing and Whole - time Director	13.2	13.2	Application has been made to Central Government for requisite approvals	Two directors (remuneration pertains to year ended March 31, 2013)

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

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

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

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

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

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

per Anupam Kumar
Partner
Membership No.: 501531

Place : New Delhi
Date : May 27, 2016

Annexure To the Auditors' Report

Annexure B

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

1. In conjunction with our audit of the standalone financial statements of Panacea Biotec Limited ("the Company") as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting ("IFCoFR") of the Company as on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

per Anupam Kumar
Partner
Membership No.: 501531

Place : New Delhi
Date : May 27, 2016

Panacea Biotec
Innovation in support of life

Balance Sheet As at March 31, 2016

(Rs. in million)

	Note No.	As at March 31, 2016		As at March 31, 2015	
Equity and Liabilities					
Shareholders' funds					
Share capital	3	224.3		224.3	
Reserves and surplus	4	5,176.0	5,400.3	5,172.8	5,397.1
Non-current liabilities					
Long-term borrowings	5	7,788.8		6,284.4	
Deferred tax liabilities (Net)	6	-		-	
Other long-term liabilities	8	3.4		7.0	
Long-term provisions	7	141.8	7,934.0	116.8	6,408.2
Current liabilities					
Short-term borrowings	9	2,182.5		3,198.3	
Trade payables	10				
Micro, small and medium enterprises		20.0		44.7	
Other payables		1,718.3		1,825.0	
Other current liabilities	10	805.5		1,867.5	
Short-term provisions	7	13.7	4,740.0	51.5	6,987.0
Total			18,074.3		18,792.3
Assets					
Non-current assets					
Fixed assets	11				
Tangible assets		9,761.9		10,397.9	
Intangible assets		113.9		198.9	
Capital work-in-progress		86.5		46.9	
Intangible assets under development		103.6	10,065.9	122.9	10,766.6
Non-current investments	12		3,946.6		3,946.6
Long-term loans and advances	13		668.2		926.8
Other non-current assets	17		5.5		0.6
			14,686.2		15,640.6
Current assets					
Inventories	14		1,365.7		1,409.0
Trade receivables	15		1,422.1		1,004.3
Cash and cash equivalents	16		93.2		423.7
Short-term loans and advances	13		453.6		264.2
Other current assets	17		53.5		50.5
			3,388.1		3,151.7
Total			18,074.3		18,792.3
Summary of significant accounting policies	2.1				

The accompanying notes (1 to 54) are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

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

For Walker Chandiok & Co LLP
Chartered Accountants

Per **Anupam Kumar**
Partner

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Joint Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Dated : May 27, 2016

Statement of Profit & Loss For the Year ended March 31, 2016

(Rs. in million)

		Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
Revenue				
Revenue from operations (net)		18	6,469.0	6,792.0
Other income		19	255.6	280.5
	Total (a)		6,724.6	7,072.5
Expenses				
Cost of raw and packing material consumed		20	1,688.2	2,414.2
Purchases of traded goods		21	240.2	207.9
Changes in inventories of:		21		
finished goods			(89.2)	50.4
work-in- progress			319.9	212.5
stock in trade			(15.6)	1.0
Employee benefits expenses		22	1,398.0	1,332.3
Finance costs		24	1,150.0	931.7
Depreciation and amortisation expenses		25	713.2	657.4
Other expenses		23	1,802.4	1,898.5
	Total (b)		7,207.1	7,705.9
Profit/(Loss) before exceptional items and tax	(a-b)		(482.5)	(633.4)
Exceptional items		26	496.5	-
	Total (c)		496.5	-
Profit/(Loss) before tax	(a-b) + (c)		14.0	(633.4)
Tax expenses				
Current tax				
Current year			-	18.9
Earlier year			15.1	-
Less: MAT credit entitlement			(9.8)	-
Total tax expenses			5.3	18.9
Profit/(Loss) for the year			8.7	(652.3)
Earning per equity share of Re.1 each:				
Basic earning per equity share (in Rs.)		27	0.14	(10.65)
Diluted earning per equity share (in Rs.)		27	0.14	(10.65)
Summary of significant accounting policies		2.1		

The accompanying notes (1 to 54) are an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

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

For Walker Chandiok & Co LLP
Chartered Accountants

Per **Anupam Kumar**
Partner

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Joint Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Dated : May 27, 2016

Cash Flow Statement Annexed to Balance Sheet for the Year ended March 31, 2016

(Rs. in million)

	For the year ended March 31, 2016		For the year ended March 31, 2015	
Cash flow from operating activities				
Profit / (Loss) before tax		14.0		(633.4)
Adjustment to reconcile profit before tax to net cash flows				
Depreciation and amortisation expense	713.2		657.4	
Provision for doubtful debts and advances	56.0		48.7	
Intangible assets under development provided/ written off	27.3		2.7	
Bad debts written off	0.7		0.0	
(Profit)/ Loss on sale/discard of fixed assets (net)	(1.7)		1.3	
Lease hold improvement written off	7.9		-	
Loss on sale of export incentives	3.5		1.7	
Unrealised foreign exchange loss/(gain) (net)	82.2		89.2	
Liabilities/ provisions no longer required written back	(47.7)		(165.1)	
Wealth Tax	-		5.0	
Gain on restructuring of SBT loan by EARC (refer note 5(A)(5))	(496.5)		-	
Interest expense	1,087.5		856.4	
Interest income	(98.3)		(81.6)	
Dividend income	(0.0)		(0.0)	
		1,334.1		1,415.7
Operating profit before working capital changes		1,348.1		782.3
Movements in working capital				
Decrease/(Increase) in trade receivables	(393.4)		(96.2)	
Decrease/(Increase) in inventories	43.3		358.6	
Decrease/(Increase) in other current assets	(7.7)		(10.0)	
Decrease/(Increase) in short-term loans and advances	(189.3)		(71.2)	
Decrease/(Increase) in long-term loans and advances	77.8		(114.9)	
Increase/(Decrease) in trade-payables	(128.8)		(266.9)	
Increase/(Decrease) in other current liabilities	22.3		(127.9)	
Increase/(Decrease) in other long term liabilities	(3.6)		(10.3)	
Increase/(Decrease) in short-term provisions	(22.8)		36.5	
Increase/(Decrease) in long-term provisions	25.0		0.5	
		(577.2)		(301.8)
Cash generated from/ (used in) operations		770.9		480.5
Direct taxes paid (net of refunds)		(207.6)		33.0
Net cash generated from/ (used in) operating activities (A)		978.5		447.5
Cash flow from investing activities				
Purchase of fixed assets, including CWIP, capital advances and creditors for capital goods	(82.0)		(40.6)	
Investments in bank deposits having original maturity of more than three months	244.7		(279.3)	
Purchase of non-current investments	-		(4.6)	
Proceeds from sale of fixed assets	57.1		2.5	
Proceeds from interest received	7.6		29.6	
Proceeds from dividends received	0.0		0.0	
Net cash generated from/ (used in) investing activities (B)		227.4		(292.4)
Cash flow from financing activities				
Proceeds from short-term borrowings	465.7		863.8	
Repayment of short-term borrowings	(757.0)		(731.2)	
Repayment of long-term borrowings	(386.2)		-	
Repayment of deposits	-		(130.2)	
Interest paid	(609.4)		(111.2)	
Net cash generated from/ (used in) financing activities (C)		(1,286.9)		(108.8)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(81.0)		46.3
Effect of exchange differences on cash and cash equivalents held in foreign currency		0.1		(0.0)
Cash and cash equivalents at the beginning of the year		141.3		95.0
Cash and cash equivalents at the end of the year (refer note 16)		60.4		141.3

This is the Cash Flow Statement referred to in our report of even date.

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

For Walker Chandiok & Co LLP
Chartered Accountants

Per **Anupam Kumar**
Partner

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Joint Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Dated : May 27, 2016

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

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 exchanges 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, oncology and pediatric vaccines.

2. Basis of Preparation

The financial statements have been prepared on going concern basis under the historical cost basis, in accordance with the generally accepted accounting principles in India and in compliance with the applicable accounting standards ("AS") as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). All assets and liabilities have been classified as current or non-current as per the company's operating cycle and other criteria set out in the Companies Act, 2013.

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 capitalisation 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.

Revalued assets (land and buildings) are measured at fair value on the revaluation date less accumulated depreciation and impairment losses, if any, recognised 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 recognised in the statement of profit and loss, in which case the increase is recognised in the statement of profit and loss. A revaluation deficit is recognised in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the 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 it over the remaining life of the asset. In accordance with the Ministry of Corporate Affairs (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 recognised in the statement of profit and loss when the asset is derecognised.

c) Depreciation on tangible fixed assets

i) Depreciation has been provided on the useful life of its fixed assets as per the useful life prescribed in Schedule II to the Companies Act, 2013. The following useful life of assets has been taken by the Company:

Tangibles Assets	Useful Life
Building – Factory	30 Years
Building – Non Factory	60 Years
Plant and machinery	15 Years and 20 Years
Furniture and fittings	10 Years
Vehicles	8 Years
Office equipments	5 Years
Computer equipments	3 Years and 6 Years

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

iii) Leasehold improvements are amortised 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 amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding product development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

The amortisation period and the amortisation 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 amortisation period is changed accordingly. If there is a significant change in the expected pattern of economic benefits from the asset, the amortisation 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 recognised in the statement of profit and loss when the asset is derecognised.

Research and development costs - Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised 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;

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended March 31, 2016

- 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 amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related asset. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

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

Patents, trademarks and designs	- Amortised over a period of 7 years
Product development	- Amortised over a period of 5 years
Technical know-how	- Amortised over a period of 5 years
Software	- Amortised over a period of 5 years
Websites	- Amortised over a period of 2 years

e) 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 capitalised 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 recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, 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 capitalised 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 II to the Companies Act, 2013.

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 recognised 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 recognised 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 recognised in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised 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 recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

f) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised 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 recognised in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

g) Borrowing costs

Borrowing cost includes interest, amortisation 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 capitalised 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 recognised 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 recognised 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 recognised 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 recognised 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 realisable 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 recognise 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 realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

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

Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase.

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

k) Revenue Recognition

Revenue is recognised 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 recognised:

Sales of products - Revenue from domestic sale of goods are recognised on dispatch which coincides with transfer of significant risks and rewards to customer. Revenue from export sales is recognised 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 recognised as and when services are rendered.

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

Research and license fees income - Research and license fees income is recognised 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 recognised 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 recognised when the Company'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 restated 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:

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

(i) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset.

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

(iii) All other exchange differences are recognised as income or as expenses in the period in which they arise.

For the purpose of (i) and (ii) 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.

m) 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 recognises 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 recognised 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 recognised as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

(ii) The Company operates a defined benefit plan for its employees, i.e., 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 recognised in full in the period in which they occur in the statement of profit and loss. Gratuity fund is administered through Life Insurance Corporation of India.

(iii) Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(iv) The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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. 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 recognised for all taxable timing differences. Deferred tax assets are recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income Tax Act, 1961, no deferred tax (asset or liability) is recognised 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 recognised 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 realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised 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 realised.

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 realised. 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 recognises 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 recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for

Credit Available in respect of Minimum Alternate 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.

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 recognised 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 recognised 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 Company's operating businesses are organised 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.

r) 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.

s) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Direct expenditure incurred during construction period is capitalised 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 Company or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

(Rs. in million)

	As at March 31, 2016	As at March 31, 2015
3. Share Capital		
a) 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
b) 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
16,300,000 (Previous year 16,300,000) 0.5% cumulative non convertible and non participating redeemable preference share of Rs. 10 each	163.0	163.0
	224.3	224.3

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

c) Terms/right attached to equity shares:

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has not declared any dividend for current year and previous year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts including preference shares. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Terms/right attached to 0.5% cumulative non convertible and non participating redeemable preference shares:

During the previous year, the Company had issued 0.5% cumulative non convertible and non participating redeemable preference shares by converting unsecured loan/fixed deposits payable to promoters.

The Company has only one class of preference shares having a par value of Rs.10 per share. The Company declares and pays dividends in Indian Rupees. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has not declared any dividend for current year and previous year.

The preference shares have been issued for a period of 10 years with an option with the Company as well as preference shareholders for early redemption of preference shares, provided CDR debts are fully serviced and the Company comes out from purview of CDR system. In the event of liquidation of the Company, the holders of preference shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in preference to the equity holders. The distribution will be in proportion to the number of preference shares held by the shareholders.

e) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting financial year:

(Rs. in million)

	As at March 31, 2016		As at March 31, 2015	
	No.	Amount	No.	Amount
At the beginning of the year	61,250,746	61.3	61,250,746	61.3
Change during the year	-	-	-	-
Outstanding at the end of the year	61,250,746	61.3	61,250,746	61.3

f) Reconciliation of 0.5% cumulative non convertible and non participating redeemable preference shares outstanding at the beginning and at the end of the reporting financial year:

(Rs. in million)

	As at March 31, 2016		As at March 31, 2015	
	No.	Amount	No.	Amount
At the beginning of the year	16,300,000	163.0	-	-
Change during the year	-	-	16,300,000	163.0
Outstanding at the end of the year	16,300,000	163.0	16,300,000	163.0

g) Aggregate number of equity/preference shares bought back, bonus share and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	2015-16	2014-15	2013-14	2012-13	2011-12
Bonus share	-	-	-	-	-
Preference shares issued for consideration other than cash by conversion of loan	-	16,300,000	-	-	-
Equity shares bought back by the Company	-	-	-	-	-
Total	-	16,300,000	-	-	-

h) Detail of equity shareholders holding more than 5% of equity share capital in the Company:

Name of persons	**As at March 31, 2016**		As at March 31, 2015	
	No. of shares	% age of holding	No. of shares	% age of holding
Mr. Soshil Kumar Jain	5,000,000	8.16%	5,000,000	8.16%
Mr. Ravinder Jain	5,712,300	9.33%	5,712,300	9.33%
Dr. Rajesh Jain	6,213,500	10.14%	6,213,500	10.14%
Mr. Sandeep Jain	4,792,100	7.82%	4,792,100	7.82%
Ravinder Jain (HUF)	4,135,000	6.75%	4,135,000	6.75%
Rajesh Jain (HUF)	4,368,500	7.13%	4,368,500	7.13%
Sandeep Jain (HUF)	4,105,000	6.70%	4,105,000	6.70%
Serum Institute of India Limited	8,932,632	14.58%	8,932,632	14.58%

i) Detail of preference shareholders holding more than 5% of 0.5% cumulative non-convertible and non-participating redeemable preference share capital in the Company :

Name of persons	**As at March 31, 2016**		As at March 31, 2015	
	No. of shares	% age of holding	No. of shares	% age of holding
Mr. Soshil Kumar Jain	6,570,000	40.31%	6,570,000	40.31%
Dr. Rajesh jain	6,570,000	40.31%	6,570,000	40.31%
Mr. Sandeep Jain	3,160,000	19.38%	3,160,000	19.38%

The above information has been furnished as per the shareholders detail available with the Company at the year end.

(Rs. in million)

	As at March 31, 2016		As at March 31, 2015	
4. Reserves and Surplus				
Capital reserve				
Balance as per the last financial statements		6.1		6.1
Capital redemption reserve				
Balance as per the last financial statements		1,022.3		1,022.3
Securities premium reserve				
Balance as per the last financial statements		897.0		897.0
Revaluation reserve				
Balance as per the last financial statements (refer note 2.1 (b)	4,100.9		3,832.0	
Add: surplus on account of revaluation of tangible assets	-	4,100.9	268.9	4,100.9
Foreign currency monetary item translation difference account				
Balance as per the last financial statements (refer note 48)	(202.2)		(196.8)	
Add: Exchange differences accumulated during the year	(94.0)		(65.0)	
Less: Exchange differences amortised during the year	88.5	(207.7)	59.6	(202.2)
General reserve				
Balance as per the last financial statements		364.9		364.9
(Deficit)/ Surplus in the statement of profit and loss				
Balance as per the last financial statements	(1,016.2)		(363.9)	
Profit/ (Loss) for the year	8.7	(1,007.5)	(652.3)	(1,016.2)
		5,176.0		5,172.8

(Rs. in million)

	Non-current portion as at		Current maturities as at	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
5. Long Term Borrowings				
Term Loans				
Foreign currency term-loans from banks (secured)				
Bank of India (refer sub note A and B)	1,656.5	1,562.5	-	-
Indian rupee term-loans from banks (secured) (refer sub note A and B)				
State Bank of India [loan - I]	1,464.1	1,576.0	48.0	24.0
State Bank of India [loan - II]	737.1	800.3	24.4	12.2
State Bank of India [loan - III]	-	231.7	-	3.5
State Bank of Travancore	-	548.3	-	548.3
Indian Overseas Bank	950.4	985.0	37.5	15.0
Indian rupee working capital term-loans from banks (secured)(refer sub note A and B)				
Axis Bank Ltd	4.6	4.7	0.2	0.1
Bank of India	55.9	59.7	1.8	0.9
Canara bank	34.9	36.1	1.4	0.6
IDBI Bank Ltd	16.5	17.0	0.5	0.3
Indian Overseas Bank	44.2	45.8	1.4	0.7
Union Bank of India	42.5	43.8	1.7	0.7
State Bank of India	546.1	-	17.1	-
Indian rupee funded interest term-loans from banks (secured)(refer sub note A and B)				
Axis Bank Limited	3.1	3.3	0.1	0.0
Bank of India	139.9	66.3	5.7	1.0
Canara bank	21.2	22.0	0.8	0.3
IDBI Bank Limited	11.4	10.6	0.4	0.2
Indian Overseas Bank	237.9	180.1	9.3	2.7
Union Bank of India	25.3	26.7	1.2	0.4
State Bank of India	652.9	-	22.6	-
Indian rupee other term-loans				
Edelweiss Assets Reconstruction Company Limited (refer sub note A (5))	1,050.7	-	33.7	-
Biotechnology Industrial Research Assistance Council ("BIRAC") (secured) (refer sub note C (1), (2) and (3))	78.0	46.2	7.0	41.8
Technology Development Board (secured) (refer sub note C (4))	5.6	6.3	2.8	6.2
Department of Science & Technology (unsecured) (refer sub note C (5))	10.0	12.0	2.0	6.0
	7,788.8	6,284.4	219.6	664.9
The above amount includes				
Secured borrowings	7,778.8	6,272.4	217.6	658.9
Unsecured borrowings	10.0	12.0	2.0	6.0
Amount disclosed under the head "Note 10. Other current liabilities"	-	-	(219.6)	(664.9)
Net amount	7,788.8	6,284.4	-	-

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

Notes :

A. Loans under Corporate Debt Restructuring (CDR)

1. All the long-term loans and sustainable working capital borrowings from banks have been restructured under the CDR package approved by the Corporate Debt Restructuring Empowered Group (CDR- EG) on September 24, 2014, except foreign currency term loan from Bank of India.
2. The Company had executed Master Restructuring Agreement (MRA)/other definitive documents with all lender banks, except State Bank of Travancore, on December 27, 2014 with Cut Off Date of October 01, 2013. Under the CDR package, the Company is entitled to reliefs and concessions granted by the banks, effective from the Cut Off Date.
3. Key terms of restructuring of the long-term loans are as under:
   i. Tenure: Door to Door 10 Years.
   ii. Additional Moratorium of 2 years and 2 months from Cut Off Date.
   iii. Repayment of Loans: 32 structured quarterly installments starting from quarter ending December 2015 till September 2023. However, first installment was payable on November 30, 2015 instead of December 31, 2015.
   iv. Interest Rate: 11% p.a. (floating), linked to base rates of respective Lenders from October 1, 2013 to September 30, 2018, thereafter rate of interest will increase to 13% w.e.f October 1, 2018.
   v. Interest obligations aggregating Rs.1,156.4 million on (i) restructured long-term loans and the foreign currency term loan from Bank of India for a period of 24 months from Cut Off Date; and (ii) on sustainable working capital borrowings for a period of 12 months from Cut Off Date, have been converted into Funded Interest Term Loan (FITL).
   vi. The dues aggregating to Rs.842.8 million in the working capital borrowings as on the Cut Off Date have been converted into Working Capital Term Loan (WCTL).
4. The foreign currency term loan (ECB) from Bank of India of US$ 25.0 million is repayable in three equal yearly installments commencing from financial year 2017-18 onwards.
5. The State Bank of Travancore ('SBT') has assigned all the rights, title and interest in the entire outstanding dues owed by the Company together with all the underlying securities and guarantees, comprising its Rupee term loan and sustainable working capital along with all accrued interest thereon, in favour of Edelweiss Asset Reconstruction Company Limited ("EARC") (refer note 47). These loan are part of CDR. The EARC has restructured the entire outstanding of Rs.1,649.5 million for an aggregate principal amount of Rs.1,153.0 million. As result of restructuring of repayment of interest and principal, total liability of Rs.1,900.0 million shall be repaid as per the following terms:
   i. Cut off date January 01, 2016
   ii. Principal payment of Rs.30.5 million to be paid on or before January 31, 2016
   iii. Balance principal amount of Rs.1,122.5 million shall be repaid in 29 structured quarterly installments commencing from the quarter ending March 31, 2016 till the quarter ending March 31, 2023
   iv. Interest rate shall be 11% p.a. up to September 30, 2018 and 13% thereafter up to March 31, 2023, payable on quarterly rests along with principal installments.
6. In the current financial year, State Bank of Mysore has absolutely assigned all the rights, title and interests in financial assistances granted to the Company, with all the underlying rights, benefits and obligations in favour of EARC vide assignment agreement dated February 26, 2016. The Company is in process of negotiating the repayment terms with EARC.

B. Securities for the long-term loans and sustainable working capital borrowings:

1. The long-term borrowings, except Rupee term loans from BIRAC, Technology Development Board, and Department of Science & Technology, have been secured by way of (i) first pari-passu charge over entire fixed assets (both present and future) of the Company, by way of mortgage of the immovable properties and hypothecation of all movable fixed assets; (ii) second pari-passu charge over entire current assets (both present and future) of the Company, by way of hypothecation and/or pledge of all current assets including all receivable, finished goods, raw materials, work in progress, consumable stores and spares, book debts and bills receivable; and (iii) personal guarantees by the promoter directors of the Company viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.
2. The sustainable working capital facilities (fund based, non-fund based, buyer credits etc.) have been secured by way of (i) first pari-passu charge over entire current assets (both present and future) of the Company, by way of hypothecation and/or pledge of all current assets including all receivable, finished goods, raw materials, work in progress, consumable stores and spares, book debts, bills receivable; (ii) second pari-passu charge over entire fixed assets (both present and future) of the Company, by way of mortgage of the immovable properties and hypothecation of all movable fixed assets; and (iii) personal guarantees by the promoter directors of the Company viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.
3. The long-term borrowings and sustainable working capital facilities restructured under the CDR package have been additionally secured by personal guarantees and pledge of shares held by the promoter directors of the Company viz. Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Jain. The personal guarantee and pledge of shares held by Mr. Ravinder Jain and Mr.Sumit Jain, in the Company, are currently pending.
4. The long-term loans and working capital facilities from SBI are additionally secured by way of mortgage of personal property of promoter directors, viz. Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Jain, situated at House No.18 (Middle and Rear Portions), Block No.56, East Park Road, Karol Bagh, New Delhi.
5. The details of immovable properties of the Company mortgaged in favour of the CDR Lenders to secure the long term borrowings and sustainable working capital borrowings as mentioned above, are as under:
   i. All parcels of lands admeasuring 96 Bighas 19 Biswas situated at Village Samelheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali) in the State of Punjab;
   ii. All parcels of land admeasuring 93 Bighas, 12 Biswas and 10 Biswasi situated at Village Samelheri, Sub Registrar Derabassi, District Patiala in the State of Punjab;
   iii. All parcels of land admeasuring 26 Bighas 3 biswas comprised in various Khewat/Khatoni Numbers, situated Village Manpura, Tehsil Nalagarh, District Solan in the State of Himachal Pradesh;
   iv. All parcels of land admeasuring 91 Bighas 1 Biswa, comprised in various Khewat/Khatoni Numbers situated Village Malpura, Tehsil Nalagarh, District Solan in the State of Himachal Pradesh;
   v. All parcels of Land bearing Plot No. E-4, Phase-2, Area Measuring 9435.66 Sq.Yds., situated at Industrial Area S.A.S. Nagar (Mohali), District S.A.S. Nagar (Mohali), Punjab;
   vi. Flat number 3, 4, 203 and 303 situated at Elite Heights Apartment, at municipal n. 6-3-1238/15/1 & 6-3-1238/16 survey no: 32/1, at Somajiguda, Hyderabad;
   vii. Industrial plot no. A-24, A-25 and A-27 having land measuring 718.92 sq yds each at Block B-1 Extension and Industrial plot no: E-12 having land measuring 1,372.52 sq yds at Block B-1, situated at Mohan Co-operative Industrial Estate, Mathura Road, New Delhi;
   viii. Plot no.35 & 36 measuring 900 sq. yds. each at Silver City Main Village Bishanpura, MC Zirakpur, Tehsil Dera Bassi, District SAS Nagar (Mohali) Punjab;
   ix. 80 flats, i.e., 20 flats comprising in block: A-2 bearing no: 101 to 104, 201 to 204, 301 to 304, 401 to 404 & 501 to 504 having super area 1495 sqft and 60 flats in block B-10, B-11, B-12 bearing no: 101 to 104, 201 to 204, 301 to 304, 401 to 404 & 501 to 504 having super area 1161 sqft (30 flats) and super area 1186 sq ft (30 flats) in building built on land measuring 28 bigha 11 biswa in khewat khatoni no: 89/91 comprised in khasra no: 1747(4-12), khewat khatoni no: 168/194 khasra no: 1970/1746 (1-15), 1971/1746(3-0), 1748(9-0) khewat khatoni no: 339/333 khasra no: 1749(4-11),1750(5-13), kitat 6, village Bhatoli Kalan, Hadbat no: 214, Paryna Dharampura, Tehsil Baddi, District Solan, H.P.

x. Flat no. 201 at Samarpan Complex, village Chakala, Taluka Andheri, (East) Mumbai;

xi. Flat no. 401, 601 in A-wing and Flat no. 214 in C-wing situated at Progressive's Signature Tower, plot no: 53/54 sector-6, Ghansoli, Navi Mumbai;

xii. Residential premises no. 703, 704, 903, 904 and 1001 to 1004 in wing "B" of Sagar Heights Building F; and Commercial premises no. 707 to 712, 714 to 718, 808 to 812 and 814 to 818 in Sagar Tech Plaza- Building A, all situated at CTS no . 721/A, 721B, & 721/1 survey no: 14,15,20 52,at Mohili village Andheri Kurla, Road Greater Mumbai; and

xiii. Industrial plot no, Gen-72/3, land measuring 5518sqmts in the Trans Thane Creek Industrial Area, Navi Mumbai.

C. Repayment terms and security of the loans outside the CDR Scheme: (refer note 46)

1. Rupee term loan from BIRAC (formerly known as Department of Biotechnology) for H1N1 project, with amount outstanding of Rs.70.0 million (previous year Rs.70.0 million), has been rescheduled during the year. It is now repayable in ten equal half-yearly installments commencing from March 31, 2017. This loan is secured by way of hypothecation all equipments, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property (both present and future) of the Company by way of first charge on pari-passu basis.
2. Rupee term loan from BIRAC for Streptococcus project, with amount outstanding of Rs.15.0 million (previous year Rs.15.0 million), is repayable in ten equal half-yearly installments commencing from one year after the completion of the project and is secured by way of hypothecation all equipments, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property (both present and future) of the Company by way of first charge on pari-passu basis.
3. Rupee term loan from BIRAC for Alopecia project, with previous year outstanding amount of Rs.3.0 million, has been repaid along with interest during the year.
4. Rupee term loan from Technology Development Board (TDB), with amount outstanding Rs.8.34 million (previous year Rs.12.5 million), is for specific project and is repayable in nine equal half-yearly installments commencing from January 2015 and is secured by way of first pari-passu charge (i) on the whole of the moveable properties of the Company including its movable plant and machinery, machinery spares, tools and accessories and other movables both present and future except book debts; and (ii) mortgage of immovable properties of the Company being land admeasuring 1011.11 sq. yards, situated at Plot no. 37, Sector 21-A, Urban Estate Faridabad, Haryana. The loan is also collaterally secured by personal guarantees of the two promoter directors of the Company, viz. Dr. Rajesh Jain and Mr. Sandeep Jain.
5. The unsecured Rupee term loan from Department of Science and Technology, with amount outstanding Rs.12 million (previous year Rs.18 million), is for specific project and is repayable in ten equal annual installments commencing from September 2012.

(Rs. in million)

	As at March 31, 2016	As at March 31, 2015
6. Deferred tax liabilities (Net)		
Deferred tax liabilities relating to		
Differences in depreciation and amortisation in block of fixed assets as per Income Tax Act and books of accounts	819.9	864.4
Capital expenditure on research and development	20.4	25.8
Effect of finance lease accounting	-	0.9
	840.3	891.1
Deferred tax assets relating to		
Effect of expenditure debited to statement of profit and loss but allowed for tax purposes on payment basis	539.1	560.6
Effect of unabsorbed business loss and depreciation*	301.2	330.5
	840.3	891.1
Net deferred tax liabilities	-	-

* The deferred tax assets on unabsorbed business loss and depreciation have been recognised only to the extent of deferred tax liabilities on account of lack of virtual certainty as required by the Accounting Standard-22 "Accounting for Taxes on Income".

(Rs. in million)

	Long term as at		Short term as at	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
7. Provisions				
Provision for employees benefits				
Provision for gratuity (refer note 43)	50.9	35.4	-	-
Provision for compensated absences	90.9	81.4	13.7	36.5
Other provisions				
Provision for wealth tax	-	-	-	5.0
Provision for litigations*	-	-	-	10.0
	141.8	116.8	13.7	51.5
Change in provision for litigations				
Opening balance			10.0	10.0
Addition during the year			-	-
Reversed during the year			10.0	-
Closing balance			-	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. The Company contested the matter in Consumer Grievance Redressal Forum [CGRF] of MSEDCL which had already given decision in favor of the Company. However, MSEDCL challenged the decision and filed a case with the Mumbai High Court. During the Financial Year 2014-15, the High Court has passed an order in favor of the Company. Further, MSEDCL has challenged the decision of the High Court and moved the matter to the Honorable Supreme Court. During the year, the Honorable Supreme Court has passed an order in favor of the Company. Accordingly, the provision of Rs. 10.0 million has been written back.

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

(Rs. in million)

	As at March 31, 2016	As at March 31, 2015
8. Other long term liabilities		
Income received in advance	3.4	7.0
	3.4	7.0
9. Short term borrowings		
Cash credits from banks (secured) (refer note 5(A)(6) & 5(B)(2))	1,383.8	2,084.8
Buyers' credit from banks (secured) (refer note 5(B)(2))	243.6	543.4
Loan from related parties (unsecured) (refer note 32)	450.1	450.1
Loan from bodies corporate (unsecured)	105.0	120.0
	2,182.5	3,198.3
The above amount includes		
Secured borrowings	1,627.4	2,628.2
Unsecured borrowings	555.1	570.1
	2,182.5	3,198.3

(Rs. in million)

	As at March 31, 2016	As at March 31, 2015
10. Other current liabilities		
Trade payables		
Micro, small and medium enterprises (Refer note 30 for details)	20.0	44.7
Other payables	1,718.3	1,825.0
	1,738.3	1,869.7
Other liabilities		
Current maturities of long term borrowings (refer note 5)	219.6	664.9
Interest accrued but not due on borrowings	4.7	5.3
Interest accrued and due on borrowings	327.0	975.7
Advances from customers	124.1	102.7
Income received in advance	3.6	10.3
Sundry deposits	68.8	55.3
Statutory dues	47.1	52.9
Investor education and protection fund will be credited (as and when due) from Unpaid dividend on equity shares	0.2	0.4
Creditors for capital goods	10.4	-
	805.5	1,867.5

11. Fixed Assets

Tangible Assets

(Rs. in million)

Description	Land - freehold	Land - leasehold	Buildings	Leasehold improvement	Plant and equipment	Furniture and fittings	Vehicles	Office equipments	Computer equipments	Total
Cost or Valuation										
At April 1, 2014	2,517.8	210.3	3,814.1	83.7	6,605.6	357.0	143.6	225.9	190.3	14,148.3
Additions	-	-	8.1	8.6	110.9	0.1	0.2	0.9	0.1	128.9
Revaluation	(147.1)	81.5	334.5	-	-	-	-	-	-	268.9
Disposals/Transfer	-	-	-	-	-	-	11.9	0.0	0.8	12.7
Other Adjustments										
- Exchange Differences	-	-	-	-	-	-	-	-	-	-
At March 31, 2015	2,370.7	291.8	4,156.7	92.3	6,716.5	357.1	131.9	226.8	189.6	14,533.4
Additions	-	-	0.6	-	23.3	-	5.2	1.6	7.7	38.4
Disposals/Transfer	-	-	31.5	92.3	38.9	11.6	16.1	2.3	2.4	195.1
Other Adjustments										
- Exchange Differences	-	-	-	-	-	-	-	-	-	-
At March 31, 2016	2,370.7	291.8	4,125.8	-	6,700.9	345.5	121.0	226.1	194.9	14,376.7
Depreciation										
At April 1, 2014	-	10.5	456.7	83.2	2,335.5	240.1	94.7	201.6	175.1	3,597.4
Charge for the year	-	2.7	87.0	1.2	363.9	24.3	12.4	4.9	4.8	501.2

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

(Rs. in million)

Description	Land - freehold	Land - leasehold	Buildings	Leasehold improvement	Plant and equipment	Furniture and fittings	Vehicles	Office equipments	Computer equipments	Total
Deduction & Adjustment during the year	-	-	-	-	-	-	8.1	0.0	0.7	8.8
Other Adjustments										
- Exchange Differences	-	-	4.1	-	39.0	1.0	-	1.6	-	45.7
At March 31, 2015	-	13.2	547.8	84.4	2,738.4	265.4	99.0	208.1	179.2	4,135.5
Charge for the year	-	4.0	97.5	-	426.6	21.8	8.9	3.9	2.1	564.8
Deduction & Adjustment during the year	-	-	2.5	84.4	16.9	10.8	12.7	2.1	2.4	131.8
Other Adjustments										
- Exchange Differences	-	-	4.1	-	39.3	1.0	-	1.9	-	46.3
At March 31, 2016	-	17.2	646.9	-	3,187.4	277.4	95.2	211.8	178.9	4,614.8
Net Block										
At March 31, 2015	2,370.7	278.6	3,608.9	7.9	3,978.1	91.7	32.9	18.7	10.4	10,397.9
At March 31, 2016	2,370.7	274.6	3,478.9	-	3,513.5	68.1	25.8	14.3	16.0	9,761.9
Capital work-in-progress				`						
At March 31, 2015	-	-	-	-	-	-	-	-	-	46.9
At March 31, 2016	-	-	-	-	-	-	-	-	-	86.5

Notes: Plant and machinery includes plant and machinery amounting to Rs.2.0 million (previous year Rs.2.7 million) (net block) lying with third parties.

Intangible Assets

(Rs. in million)

Description	Patent, Trademark & Copyrights	Softwares	Websites	Product Development	Total
Cost or Valuation					
At April 1, 2014	67.5	222.7	9.2	487.7	787.1
Additions	-	0.7	-	-	0.7
Sale/ Adjustment	-	-	-	-	-
Other Adjustments					
- Exchange Differences	-	-	-	-	-
At March 31, 2015	67.5	223.4	9.2	487.7	787.8
Additions	6.6	10.5	-	-	17.1
Disposals	-	-	-	-	-
At March 31, 2016	74.1	233.9	9.2	487.7	804.9
Depreciation					
At April 1, 2014	62.4	167.8	9.2	239.1	478.5
Charge for the year	2.0	25.2	-	83.2	110.4
Deduction & Adjustment during the year	-	-	-	-	-
At March 31, 2015	64.4	193.0	9.2	322.3	588.9
Charge for the year	2.5	16.5	-	83.1	102.1
Deduction & Adjustment during the year	-	-	-	-	-
At March 31, 2016	66.9	209.5	9.2	405.4	691.0
Net Block					
At March 31, 2015	3.1	30.4	-	165.4	198.9
At March 31, 2016	7.2	24.4	-	82.3	113.9
Capital work-in-progress					
At March 31, 2015					122.9
At March 31, 2016					103.6

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

(Rs. in million)

		As at March 31, 2016		As at March 31, 2015
12. Non Current Investments				
Trade - Unquoted (valued as cost unless stated otherwise), equity instruments				
Investment in subsidiaries:				
a) 4,776,319 (Previous year 4,776,319) equity shares of Re.1 each, fully paid up in Radhika Heights Limited (formerly Best On Health Limited)	3,385.6		3,385.6	
b) 7,343,516 (Previous year 7,343,516) equity shares of Rs. 10 each, fully paid up in NewRise Healthcare Private Limited (Formerly Umkal Medical Institute Private Limited)	497.8		497.8	
c) Nil (Previous year 2) equity shares of € 12,500 each, fully paid up in Panacea Biotec GmbH (Liquidated on March 7, 2016)	-		1.6	
Less: provision for other than temporary diminution in the value of investments	-		(1.6)	
d) 1,000 (Previous year 1,000) equity shares of US $ 0.01 each, fully paid up in Rees Investments Limited	0.0		0.0	
e) 6,000 (Previous year 6,000) equity shares of CHF 100 each, fully paid up in Panacea Biotec (International) S.A. Switzerland	34.4	3,917.8	34.4	3,917.8
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 Private Limited (Under liquidation process)	23.0		23.0	
b) 90,000 (Previous year 90,000) equity shares of Rs. 10 each, fully paid up in Adveta Power Private Limited	0.9	23.9	0.9	23.9
Investment in Associates :				
a) 419,767 (Previous year 419,767) equity shares of Rs. 10 each fully paid in PanEra Biotec Private Limited		4.2		4.2
Non Trade - Unquoted (valued at cost unless stated otherwise), equity instruments				
a) 20,250 (Previous year 20,250) equity shares of Rs. 10 each fully paid up in Shivalik Solid Waste Management Limited	0.2		0.2	
b) 50,000 (Previous year 50,000) equity shares of Rs. 10 each fully paid up in Mohali Green Environment Private Limited	0.5	0.7	0.5	0.7
		3,946.6		3,946.6
Aggregate amount of unquoted investments		3,946.6		3,946.6

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

(Rs. in million)

		Non-current as at		Current as at	
		March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
13. Loans and Advances					
Capital advances (Unsecured, considered good) (refer note 50)	(a)	185.6	188.9	-	-
Security deposits (Unsecured, considered good)	(b)	26.7	34.6	-	-
Loans and advances to related parties (refer note 32)					
Unsecured, considered doubtful					
Loans		734.8	678.8	-	-
		734.8	678.8	-	-
Less: Provision for doubtful loans and advances (refer note 49)		(734.8)	(678.8)	-	-
	(c)	-	-	-	-
Advances recoverable in cash or in kind					
Unsecured, considered good		-	-	324.8	221.8
Unsecured, considered doubtful		-	-	36.5	30.3
		-	-	361.3	252.1
Less : Provision for doubtful advances		-	-	(36.5)	(30.3)
	(d)	-	-	324.8	221.8
Other loan and advances					
Unsecured, considered good					
Balance with excise and custom etc. (refer note 51)		32.4	99.5	81.2	-
Prepaid expenses		7.0	9.9	32.7	26.9
Staff loans and advances		-	-	14.9	15.5
Advance income tax (Net of provision of Rs. 1,701.9 million (Previous year Rs. 1,687.4 million))		73.1	260.3	-	-
MAT credit entitlement (refer note 52)		343.4	333.6	-	-
	(e)	455.9	703.3	128.8	42.4
Total (a)+(b)+(c)+(d)+(e)		668.2	926.8	453.6	264.2

		As at March 31, 2016	As at March 31, 2015
14. Inventories (valued at lower of cost and net realizable value)			
Raw materials (including packing materials)		689.8	525.5
Work in progress		113.7	433.6
Finished goods		369.8	280.6
Traded goods		52.7	37.1
Stores and spares		139.7	132.2
		1,365.7	1,409.0
15. Trade Receivables			
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good		329.5	251.1
Unsecured, considered doubtful		109.7	210.0
		439.2	461.1
Less : Provision for doubtful receivables		(109.7)	(210.0)
	(a)	329.5	251.1
Other receivables			
Unsecured, considered good		1,092.6	753.2
Unsecured, considered doubtful		-	-
	(b)	1,092.6	753.2
Total (a)+(b)		1,422.1	1,004.3

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

(Rs. in million)

	Non-current as at		Current as at	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
16. Cash and Bank Balances				
Cash & Cash equivalents				
Balances with banks in:				
Current accounts	-	-	51.2	122.0
Exchange earner foreign currency accounts	-	-	6.1	18.1
Cash on hand	-	-	2.9	0.8
Unpaid dividend accounts*	-	-	0.2	0.4
(a)	-	-	60.4	141.3
Other Bank Balances**				
Deposits with original maturity for more than 12 months	5.5	0.6	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	32.8	282.4
(b)	5.5	0.6	32.8	282.4
Amount disclosed under "Note 17. Other assets"	(5.5)	(0.6)	-	-
Total (a)+(b)	-	-	93.2	423.7

* Not available for use by the Company as these represent corresponding unpaid/unclaimed dividend liabilities.

**Fixed deposits amounting to Rs.38.3 million (Previous year Rs.3.6 million) are pledged with banks and various government authorities for tender, bank guarantee, margin money etc.

	Non-current as at		Current as at	
17. Other Assets				
Unsecured, considered good unless stated otherwise				
Export benefits receivable	-	-	52.7	47.2
Interest accrued on deposits	-	-	0.8	3.3
Bank balances (refer note 16)	5.5	0.6	-	-
	5.5	0.6	53.5	50.5

(Rs. in million)

	For the year ended March 31, 2016	For the year ended March 31, 2015
18. Revenue From Operations		
Sales of products		
Finished goods	5,585.7	5,887.2
Traded goods	543.2	494.0
Sale of services		
Contract manufacturing	71.3	55.1
Other operating revenue		
Export benefits	90.3	67.8
Research and license fees	140.3	240.0
Royalty	34.7	49.2
Scrap sale	7.1	2.8
	6,472.6	6,796.1
Less: Excise duty paid on sales	3.6	4.1
Revenue from operations (Net)	6,469.0	6,792.0
Details of product sold		
Finished goods		
Formulations	3,116.1	3,304.8
Vaccines	2,469.6	2,581.8
Research and development	-	0.6
	5,585.7	5,887.2
Traded goods		
Formulations	543.2	494.0
	543.2	494.0

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended March 31, 2016

(Rs. in million)

	For the year ended March 31, 2016		For the year ended March 31, 2015	
19. Other Income				
Interest income on				
Banks deposits		3.4		18.7
Loans given to subsidiaries		56.0		48.7
Income tax refund		37.1		12.8
Others		1.8		1.4
Dividend income on:				
Investments		0.0		0.0
Excess provision written back		47.6		165.1
Lease rent		85.8		25.7
Miscellaneous		23.9		8.1
		255.6		280.5
20. Cost of Raw and Packing Material Consumed				
Inventory at the beginning of the year	525.5		623.3	
Add : Purchases during the year	1,852.5		2,316.4	
	2,378.0		2,939.7	
Less : Inventory at the end of the year	689.8		525.5	
Raw and packing material consumed		1,688.2		2,414.2
Details of raw and packing material consumed				
Formulations				
Active pharmaceutical ingredients		641.2		538.5
Excipients		98.2		130.1
Packing materials		131.2		120.0
		870.6		788.6
Vaccines				
Bulk vaccine/Antigens		707.1		1,367.6
Excipients		20.7		44.4
Packing materials		89.8		213.6
		817.6		1,625.6
		1,688.2		2,414.2
Details of Inventory of raw and packing material				
	As at March 31, 2016		As at March 31, 2015	
Formulations				
Active pharmaceutical ingredients		164.4		124.0
Excipients		69.7		71.9
Packing materials		50.4		55.6
		284.5		251.5
Vaccines				
Bulk vaccine/Antigens		364.6		221.6
Excipients		2.1		1.3
Packing materials		38.6		51.1
		405.3		274.0
		689.8		525.5

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

(Rs. in million)

	For the year ended March 31, 2016	For the year ended March 31, 2015	(Increase)/ Decrease
21. (Increase)/Decrease in Inventories			
Inventories at the end of the year			
Finished goods	369.8	280.6	(89.2)
Traded goods	52.7	37.1	(15.6)
Work in progress	113.7	433.6	319.9
	536.2	751.3	215.1
Inventories at the beginning of the year			
Finished goods	280.6	331.0	50.4
Traded goods	37.1	38.1	1.0
Work in progress	433.6	646.1	212.5
	751.3	1,015.2	263.9
(Increase)/Decrease in inventories	215.1	263.9	
Detail of purchase of traded goods			
Formulations	240.2	207.9	
Detail of inventory			
Finished goods			
Formulations	150.4	78.8	
Vaccines	219.4	201.8	
	369.8	280.6	
Traded goods			
Formulations			
	52.7	37.1	
Work in progress	52.7	37.1	
Formulations	67.7	68.1	
Vaccines	46.0	365.5	
	113.7	433.6	

(Rs. in million)

	For the year ended March 31, 2016		For the year ended March 31, 2015	
22. Employee Benefits Expense				
Salary, wages and bonus		1,229.8		1,169.2
Contractual wages		58.0		46.6
Contribution to provident and other funds (Refer note 43)		44.8		42.0
Staff welfare expenses		49.1		53.3
Gratuity expense (Refer note 43)		16.3		21.2
		1,398.0		1,332.3
23. Other Expenses				
Contract manufacturing		29.3		89.2
Analytical testing and trial		42.1		42.1
Consumption of stores and spares		164.4		166.4
Power and fuel		243.8		298.9
Repair and maintenance :				
Buildings	47.7		19.0	
Plant and machinery	36.2		29.2	
Others	32.8	116.7	39.0	87.2
Rent		33.1		56.6
Royalty		12.4		22.5
Directors' sitting fees		1.5		0.8
Printing and stationery		12.6		12.3
Postage and communication		38.6		44.2
Insurance		39.2		37.6
Travelling and conveyance		120.1		123.0
Payment to auditors*		6.7		5.1
Legal and professional**		138.4		139.4
Vehicle running and maintenance		26.1		30.5
Rates and taxes		37.2		28.5

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

(Rs. in million)

	For the year ended March 31, 2016	For the year ended March 31, 2015
Subscription	10.5	13.1
Staff training and recruitment	15.2	19.3
Bad debts and advances written off	0.7	0.0
Loss on sale/discard of fixed assets (net)	-	1.3
Wealth tax	-	5.0
Provision for doubtful debts and advances	56.0	48.7
Lease hold improvement written off	7.9	-
Exchange difference (net)	81.4	82.1
Advertising and sales promotion	258.9	255.4
Meetings and conferences	25.8	26.1
Freight and forwarding	87.7	111.1
Commission on sales	91.3	74.9
Intangibles assets under development provided for	27.3	2.7
Security charges	29.3	28.0
Miscellaneous expenses	48.2	46.5
	1,802.4	1,898.5
*Payment to auditors		
As auditor		
- Audit fee	2.6	2.1
- Limited reviews fee	2.4	2.2
In other capacity		
- Management services	-	-
- Certification and other matters	1.3	0.3
- Reimbursement of expenses	0.4	0.5
Total	6.7	5.1
** includes following:		
Tax audit fee	0.2	0.2
Cost audit fee	0.1	0.1
Secretarial audit fee	0.2	0.2
24. Finance Costs		
Interest on borrowings	1,087.5	856.4
Bank charges (including prior period expenses of Rs.3.3 million (Previous years Nil))	50.2	63.2
Exchange differences to the extent considered as an adjustment to borrowing cost	12.3	12.1
	1,150.0	931.7
25. Depreciation and amortisation expense		
Depreciation of tangible assets	611.1	547.0
Amortisation of intangible assets	102.1	110.4
	713.2	657.4
26. Exceptional items		
Gain on restructuring of debt (refer note 5(A)(5))	496.5	-
	496.5	-
27. Earning Per Share		
Profit /(Loss) for the year (Rs. in million)	8.7	(652.3)
Weighted average number of equity shares used in calculating basic and diluted earning per share (numbers)	61,250,746	61,250,746
Basic earning per share (in Rs.)	0.14	(10.65)
Diluted earning per share (in Rs.)	0.14	(10.65)
Nominal value per share (in Re.)	1.00	1.00

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

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

(Rs. in million)

Particulars	As at March 31 , 2016	As at March 31 , 2015
Disputed demands/show-cause notices under:-		
a) Income tax cases (refer note (a) below)	3,457.1	3,457.1
b) Customs duty cases (refer note (b) below)	4.0	4.0
c) Service tax (refer note (c) below)	72.6	72.6
Total	3,533.7	3,533.7
Labour cases (in view of large number of cases, it is impracticable to disclose each case)	1.7	1.3

Notes:

a) i) Includes income tax demand of Rs.162.2 million in respect to AY 2005-06. Income Tax Department issued demand based on certain grounds related to purchases made by the Company from an overseas vendor. The matter was decided in favour of the Company and the demand was cancelled by CIT (Appeals). However, the Income Tax Department has filed appeal before Income Tax Appellate Tribunal ("ITAT") against the order of CIT (Appeals) which is pending at present. The Company believes that it has merit in these cases, hence no provision is required.

ii) A search operation was conducted by Income Tax Department in the premises of the Company in January 2012 and hence the Company has re-filed the income tax return for the Assessment Year 2006-07 to Assessment year 2012-13. During the year March 31, 2015, the Income Tax Department completed the assessment of the said years, disallowed certain expenses and issued demand of Rs.3,294.9 million (including interest) on various grounds. The Company had preferred appeals before the CIT (Appeals) against the order of Income Tax Department. The appeals were decided in favour of the Company and the demand was cancelled, however, CIT (Appeals) has made certain disallowances with respect to AY 2010-11 & AY 2011-12 against which the Company has filed appeals before the ITAT. The Income Tax Department has also filed appeals before ITAT against the orders of CIT (Appeals). The appeals before ITAT are pending at present. Based on legal advice, the Company believes that it has 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. The Company has deposited the entire amount of demand under protest amounting to Rs.4.0 million and the matter is pending before Hon'ble Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"). The Company believes that it has merit in its case, hence no provision is required.

c) In respect of service tax demands for the FY 2003-04 to FY 2011-12, the Assessing Officer levied service tax on foreign services rendered and delivered outside India by the Company and certain other services on which there was no liability to pay service tax. The cases are currently pending with CESTAT. The Company believes that it has merit in its case, hence no provision is required.

ii) The Company had manufactured and offered supply of certain vaccines which were manufactured against the confirmed order received from the Ministry of Health and Family Welfare (MOH&FW). Some quantities of vaccines were supplied during December 2011, the balance could not be supplied in view of disputes with respect to delivery dates and in the meantime the stock of such vaccines amounting to Rs.74.1 million expired. Further, the Company had also received advance market commitment (AMC) amounting to Rs.100 million against these vaccines. The refund of the advance so received (after adjusting the amount receivable against the vaccines already supplied) has been demanded back by MOH&FW along with interest on account of non-supply of balance quantities of vaccines. In view of above disputes, the Company obtained a stay order from the Hon'ble Delhi High Court against recovery of said amount, till the disputes are finally resolved through arbitration. While the arbitral proceedings are on, the Company believes that the entire amount in respect of above supplies (after adjusting the AMC amount) including the amount of expired stock and applicable interest thereon is recoverable and no interest is payable on the said AMC amount. Based on legal opinion, no adjustment in respect of the expired stock and the interest amount has been made in the financial statements.

29. Capital and other commitments

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

(Rs. in million)

Particulars	As at March 31 , 2016	As at March 31 , 2015
Fixed Assets	80.8	115.4

b) Other commitments :

i) Export commitments of Rs.983.59 million (Previous year Rs.717.85 million) under advance licenses schemes.

ii) The Company has received financial assistance in the form of soft loan under various projects from Department of Biotechnology and Department of Science & Technology respectively. As per the terms of related agreements, the Company is also required to incur expenditure in form of monetary contribution to the relevant project. Further, the Company has to repay these loans as per terms of respective agreement. The amount of commitment is not quantifiable.

iii) The Company has executed an agreement dated January 01, 2014, with other shareholders of its subsidiary company, namely NewRise Healthcare Private Limited (formerly Umkal Medical Institute Private Limited) to acquire the remaining stake in the subsidiary company. During the previous year, Company had purchased part of these shares at an aggregate value of Rs.4.06 million. As per the terms of the agreement, the Company is required to pay further amount of Rs.89.54 million towards purchase of balance shares and post such purchase of shares, the said subsidiary will become a wholly owned subsidiary company.

iv) For commitments relating to lease arrangements, refer note 35.

30. 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, 2016		As at March 31, 2015	
	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	20.0	6.3*	44.7	5.8*
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	57.5	5.2	62.3	5.4
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	-	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	16.7*	-	11.0*
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	10.4	-	5.2

*Included in Note 10 under Other Payables

31. Details of loans and advances to subsidiaries, associates and companies in which directors are interested (as required by regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015):

(Rs. in million)

Particulars	As at March 31 , 2016	As at March 31 , 2015
a) Loans to wholly owned subsidiaries		
i) Rees Investments Limited	734.8	678.8
Maximum amount due at any time during the year	734.8	678.8
Accrued interest receivable on loan*	-	-
b) Advance against purchase of materials to associate		
i) PanEra Biotec Limited	248.7	114.4
c) Provision for doubtful advances on above loan and interest receivable	734.8	678.8

*Interest accrued as at year end has been transferred to loan balance.

32. Related Party Disclosures

A. Names of related parties and related party relationships

i) Parties where control exists

Subsidiaries
- Radhika Heights Limited ("RHL") (formerly Best On Health Limited) (Wholly-owned subsidiary ("WOS"))
- Radicura Infra Limited (formerly Radicura & Co. Limited) (Indirect WOS ("IWOS") through RHL),
- Nirmala Buildwell Private Limited (formerly Panacea Hospitality Services Private Limited) (IWOS through RHL)
- Cabana Construction Private Limited (formerly Panacea Educational Institute Private Limited) (IWOS through RHL)
- Sunanda Infra Limited (formerly Sunanda Steel Company Limited) (IWOS through RHL)
- Nirmala Organic Farms & Resorts Private Limited (IWOS through RHL)
- Cabana Structures Limited (formerly Best On Health Foods Limited) (IWOS through RHL)
- Rees Investments Limited ("Rees") (Guernsey) (WOS)
- Kelisia Holdings Limited ("KHL") (Cyprus) (IWOS through Rees)
- Kelisia Investment Holding AG ("KIH") (Switzerland) (IWOS through KHL) (liquidated on October 7, 2014)
- Panacea Biotec (International) SA ("PBS") (Switzerland) (WOS)
- Panacea Biotec Germany GmbH (Germany) (IWOS through PBS)
- Panacea Biotec GmbH (Germany) (WOS) (liquidated on March 7, 2016)
- NewRise Healthcare Private Limited (Formerly Umkal Medical Institute Private Limited) (Subsidiary)

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

a) Joint Ventures
- Chiron Panacea Vaccines Private Limited (Under liquidation)
- Adveta Power Private Limited,

b) Associates
- PanEra Biotec Private Limited

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

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

- Mr. Ankesh Jain - Whole-time Director (from April 01, 2016)
- Mr. Vinod Goel - Group Chief Financial Officer and Head Legal & Company Secretary
- Mr. Partha Sarthe De - Chief Financial Officer & Head of IT & BPR (Upto November 30, 2014)
- Mr. Devender Gupta - Chief Financial Officer & Head IT (From May 29, 2015)

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. Meena Jain, Wife of Dr. Rajesh Jain
- Mrs. Nirmala Jain, Wife of Mr. Soshil Kumar Jain
- Mrs. Shilpy Jain, Wife of Mr. Sumit Jain
- Mr. Ankesh Jain, Son of Dr. Rajesh Jain (KMP w.e.f. April 01, 2016)
- Mr. Harshet 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 Limited
- Lakshmi & Manager Holdings Limited ("LMH") and its subsidiaries, Trinidhi Finance Private Limited and Best General Insurance Company Limited
- First Lucre Partnership Co. (holding shares in the Company)
- White Pigeon Estate Private Limited
- OKI Estate Private Limited

B. Detail of transactions with subsidiaries, associates and joint ventures companies:

(Rs. in million)

S. No.	Particulars	Subsidiary		Associate		Joint Ventures	
		March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
I)	Transaction made during the year						
1	Purchase of raw materials						
	PanEra Biotec Private Limited	-	-	478.4	157.6	-	-
2	Sale of goods/ materials						
	PanEra Biotec Private Limited	-	-	6.1	0.1	-	-
	Panacea Biotec Germany GmbH	1.9	20.3	-	-	-	-
3	Sale Return						
	Panacea Biotec Germany GmbH	11.2	-	-	-	-	-
4	Recovery of expenses						
	PanEra Biotec Private Limited	-	-	80.2	41.1	-	-
	New Rise Healthcare Private Limited	0.4	-	-	-	-	-
5	Reimbursement of expenses						
	Panacea Biotec Germany GmbH	8.0	19.4	-	-	-	-
6	Rent paid/ provided						
	Radhika Heights Limited	9.1	9.0	-	-	-	-
7	Rent received						
	PanEra Biotec Private Limited	-	-	95.1	26.2	-	-
	Chiron Panacea Vaccines Private Limited	-	-	-	-	0.4	0.4
	NewRise Healthcare Private Limited	0.1	0.1	-	-	-	-
	Radhika Heights Limited	0.5	0.5	-	-	-	-
8	Loan/advance received						
	Radhika Heights Limited	-	2.0	-	-	-	-
9	Repayment of loan/advance received						
	Radhika Heights Limited	-	50.0	-	-	-	-
10	Interest income						
	Rees Investments Limited (refer note 49)	56.0	48.7	-	-	-	-
11	Interest expenses on loans						
	Radhika Heights Limited	27.6	28.9	-	-	-	-
12	Dividend received						
	Radhika Heights Limited	-	0.0	-	-	-	-
13	Subscription of Shares						
	NewRise Healthcare Private Limited	-	200.3	-	-	-	-
14	Liquidation of investment						
	Panacea Biotec GmbH	1.6	-	-	-	-	-

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

(Rs. in million)

S. No.	Particulars	Subsidiary		Associate		Joint Ventures	
		March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
II)	Year end balances						
1	Investments [Refer note 12]						
	Radhika Heights Limited	3,385.6	3,385.6	-	-	-	-
	Rees Investments Limited	0.0	0.0	-	-	-	-
	Panacea Biotec GmbH	-	1.6	-	-	-	-
	NewRise Healthcare Private Limited	497.8	497.8	-	-	-	-
	Chiron Panacea Vaccines Private Limited	-	-	-	-	23.0	23.0
	PanEra Biotec Private Limited	-	-	4.2	4.2	-	-
	Adveta Power Private Limited	-	-	-	-	0.9	0.9
	Panacea Biotec (International) S.A.	34.4	34.4	-	-	-	-
2	Outstanding loan receivable						
	Rees Investments Limited	678.8	630.1	-	-	-	-
3	Outstanding loan payable						
	Radhika Heights Limited	289.4	289.4	-	-	-	-
4	Interest accrued receivable						
	Rees Investments Limited	56.0	48.7	-	-	-	-
5	Interest accrued payable						
	Radhika Heights Limited	57.8	33.0	-	-	-	-
6	Provision for doubtful loans						
	Rees Investments Limited	734.8	678.8	-	-	-	-
7	Outstanding receivable						
	Chiron Panacea Vaccines Private Limited	-	-	-	-	0.1	-
	Panacea Biotec Germany GmbH	68.7	77.9	-	-	-	-
	NewRise Healthcare Private Limited	0.7	0.2	-	-	-	-
	PanEra Biotec Private Limited	-	-	178.8	-	-	-
8	Outstanding loan and advances, net						
	PanEra Biotec Private Limited	-	-	248.7	114.4	-	-
9	Provision for doubtful receivable						
	Panacea Biotec Germany GmbH	42.8	48.8	-	-	-	-
10	Outstanding payable						
	Panacea Biotec Germany GmbH	31.5	28.5	-	-	-	-
	Radhika Heights Limited	15.7	15.9	-	-	-	-

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended March 31, 2016

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, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
I)	Transactions made during the year						
1	Remuneration						
	Mr. Soshil Kumar Jain	8.4	8.1	-	-	-	-
	Mr. Ravinder Jain	11.4	13.2	-	-	-	-
	Dr. Rajesh Jain	7.6	7.4	-	-	-	-
	Mr. Sandeep Jain	6.7	6.5	-	-	-	-
	Mr. Sumit Jain	3.8	3.6	-	-	-	-
	Mr. Vinod Goel	3.7	3.2	-	-	-	-
	Mr. Partha Sarathi De	-	6.4	-	-	-	-
	Mr. Devender Gupta	2.4	-	-	-	-	-
	Mr. Shagun Jain	-	-	2.8	2.7	-	-
	Mr. Ashwani Jain	-	-	3.1	3.0	-	-
	Mrs. Shilpy Jain	-	-	0.6	0.6	-	-
	Mrs. Radhika Jain	-	-	1.4	1.4	-	-
	Mr. Ankesh Jain	-	-	1.5	0.8	-	-
	Mr. Harshet Jain	-	-	0.5	0.2	-	-
2	Fixed deposit repaid/adjusted						
	Dr. Rajesh Jain	-	20.0	-	-	-	-
	Mr. Sandeep Jain	-	20.0	-	-	-	-
	Mrs. Meena Jain	-	-	-	60.0	-	-
	Mrs. Nirmala Jain	-	-	-	33.2	-	-
3	Interest on deposit						
	Dr. Rajesh Jain	-	1.2	-	-	-	-
	Mr. Sandeep Jain	-	0.9	-	-	-	-
	Mrs. Meena Jain	-	-	-	5.4	-	-
	Mrs. Nirmala Jain	-	-	-	3.0	-	-
4	Rent received						
	Neophar Alipro Limited	-	-	-	-	0.2	0.2
	Trinidhi Finance Private Limited	-	-	-	-	0.2	0.2
5	Interest expenses						
	Mr. Soshil Kumar Jain	8.6	12.6	-	-	-	-
	Mr. Ravinder Jain	1.1	1.1	-	-	-	-
	Dr. Rajesh Jain	4.5	8.5	-	-	-	-
	Mr. Sandeep Jain	-	1.4	-	-	-	-
	Trinidhi Finance Private Limited	-	-	-	-	0.3	0.2
6	Loan repaid/ adjusted						
	Mr. Soshil Kumar Jain	-	53.3	-	-	-	-
	Dr. Rajesh Jain	-	58.3	-	-	-	-
	Mr. Sandeep Jain	-	18.0	-	-	-	-

(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, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
II)	Year end balances						
1	Loan payable						
	Mr. Soshil Kumar Jain	95.2	95.2	-	-	-	-
	Mr. Ravinder Jain	12.7	12.7	-	-	-	-
	Dr. Rajesh Jain	49.7	49.7	-	-	-	-
	Trinidhi Finance Private Limited	-	-	-	-	3.1	3.1
2	Interest payable						
	Mr. Soshil Kumar Jain	9.5	1.8	-	-	-	-
	Mr. Ravinder Jain	5.7	4.7	-	-	-	-
	Dr. Rajesh Jain	5.0	0.9	-	-	-	-
	Trinidhi Finance Private Limited	-	-	-	-	0.7	0.3
3	Outstanding receivable						
	Trinidhi Finance Private Limited	-	-	-	-	0.4	0.2

Note: In respect of personal guarantees given by promoter directors, refer note 5 (Long-term borrowings). The above transactions are in ordinary course of business.

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

Particulars	Currency	**As at March 31, 2016** Foreign Currency	Closing Exchange Rate*	**As at March 31, 2016** Rs. in million	As at March 31, 2015 Foreign Currency	Closing Exchange Rate*	As at March 31, 2015 Rs. in million
Foreign trade payable	USD	2,882,801	66.26	191.0	3,749,656	62.50	234.4
	Euro	1,456,513	75.39	109.8	2,341,721	67.19	157.3
	CHF	8,329	63.68	0.5	16,870	64.29	1.1
	GBP	11,664	95.17	1.1	9,063	92.43	0.8
	JPY/100	27,228	59.88	1.6	27,228	53.13	1.4
	SEK	16,820	8.17	0.1	16,820	7.25	0.1
	CAD	6,828	51.01	0.3	6,828	49.08	0.3
	KZT	6,886,660	0.20	1.4	6,886,660	0.35	2.4
	THB	5,547	1.90	0.0	5,547	1.93	0.0
	RUB	6,020	1.01	0.0	-	-	-
Foreign trade receivable	Euro	3,829,499	75.38	288.7	5,708,435	67.18	383.5
	USD	9,417,780	66.25	623.9	5,993,315	62.49	374.5
Foreign currency loans	USD	28,676,061	66.26	1,900.1	33,455,572	62.50	2,091.0
	Euro	-	-	-	222,070	67.19	14.9
Balance with banks	USD	80,644	66.25	5.3	142,288	62.49	8.9
	Euro	6,182	75.38	0.5	130,629	67.18	8.8
	KZT	793,347	0.19	0.2	220,147	0.34	0.1
	RUB	113,786	1.00	0.1	401,296	1.07	0.4
Investment in Subsidiaries	USD	10	47.62	0.0	10	47.62	0.0
	Euro	-	-	-	25,000	63.29	1.6
	USD	632,911	54.29	34.4	632,911	54.29	34.4
Loan to subsidiaries	USD	14,132,196	48.03	678.8	13,352,771	47.19	630.1
Interest receivable	USD	855,852	65.42	56.0	779,425	62.49	48.7
Interest accrued but not due	USD	14,705	66.26	1.0	673,530	62.50	42.0
	Euro	-	-	-	2,117	67.19	0.1

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

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

34. Segment Information

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

Business segments:

The 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 transplant.

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, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
Revenue								
Segment revenue	2,531.8	2,763.0	3,806.5	3,790.7	130.7	238.3	6,469.0	6,792.0
Other income	94.0	15.3	18.4	101.7	14.4	3.5	126.8	120.5
Total	2,625.8	2,778.3	3,824.9	3,892.4	145.1	241.8	6,595.8	6,912.5
Segment result	666.9	36.4	1,092.9	1,166.2	(517.7)	(399.7)	1,242.1	802.9
Unallocated corporate expenses							703.4	664.6
Operating (loss)/profit							538.7	138.3
Less: Interest and finance charges							1,150.0	931.7
Add: Unallocated exceptional items gain/(loss)							496.5	-
Add: Other income							128.8	160.0
Less: Income taxes							5.3	18.9
Net (loss)/profit							8.7	(652.3)

(Rs. in million)

Other Information	As at		As at		As at		As at	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
Segment assets	6,154.0	6,335.9	3,954.9	3,853.4	2,170.7	2,281.3	12,279.6	12,470.6
Unallocated corporate assets							5,794.7	6,321.7
Total assets	6,154.0	6,335.9	3,954.9	3,853.4	2,170.7	2,281.3	18,074.3	18,792.3
Segment liabilities	382.6	496.1	1,270.7	1,289.2	223.1	254.6	1,876.4	2,039.9
Unallocated corporate liabilities							10,797.6	11,355.3
Total liabilities	382.6	496.1	1,270.7	1,289.2	223.1	254.6	12,674.0	13,395.2
	For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
Capital expenditure on:								
Tangible assets	48.0	21.4	16.5	8.9	0.1	13.4	76.2	43.6
Intangible assets	-	-	1.7	0.0	10.1	1.1	17.8	1.1
Depreciation expense*	299.3	278.6	165.0	140.2	122.4	100.0	586.7	518.8
Amortisation expense*	0.0	-	0.1	0.1	87.6	87.9	87.7	88.0

* Note: Excluding unallocated depreciation and amortisation.

B. Information about Secondary Segments

a) Revenue as per Geographical Markets

(Rs. in million)

Segment	Domestic		Overseas	
	For the year ended		For the year ended	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
Vaccines	593.2	1,384.5	1,938.6	1,378.5
Formulations	3,177.7	2,872.7	628.8	918.0
Research and Development	3.1	15.6	127.6	222.7
Total	3,774.0	4,272.8	2,695.0	2,519.2

b) Trade receivables as per Geographical Markets

(Rs. in million)

Segment	Domestic		Overseas	
	As at		As at	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
Vaccines	194.7	101.7	372.3	129.7
Formulations	367.3	290.7	368.9	472.8
Research and Development	2.2	-	115.3	-
Unallocated	1.4	4.2	-	5.2
Total	565.6	396.6	856.5	607.7

c) All other assets are located in India therefore separate disclosure for other assets is not required.

35. 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 Private Limited, 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, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
Building	337.8	336.5	77.3	68.2	10.4	9.2
Furniture and fixture	40.9	30.3	32.2	20.3	2.4	2.2
Office equipment	21.8	14.8	20.5	13.5	0.4	0.5
Plant and machinery	2,216.0	2,008.8	1042.7	775.3	148.0	115.3
Computer equipment	13.4	10.1	12.7	9.6	0.0	0.1
Total	2,629.9	2,400.5	1185.4	886.9	161.2	127.3

The total of Minimum Future Lease Payments under non-cancellable operating lease for various periods for assets stated above is as follows:

(Rs. in million)

Particulars	**As at March 31, 2016***	As at March 31, 2015*
a) Receivable within 1 year	264.6	264.6
b) Later than 1 year but not later than 5 years	-	-
c) Later than 5 years	-	-

* The Lease term for the assets given on lease vide Agreement for providing Manufacturing Facility, Utilities and Services of Employees with PanEra Biotec Private Limited. 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 Private Limited for that relevant period.

ii. For assets taken on operating lease agreements:

a) The Company has taken various residential, office and godown premises under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. There is no sublease payments expected to be received under non-cancellable subleases at the balance sheet date and no restriction is imposed by lease arrangements.

b) Lease payments for the year are Rs.33.1 million (Previous year Rs.56.6 million).

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

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

(Rs. in million)

Particulars	**As at March 31, 2016**	As at March 31, 2015
a) Payable within 1 year	-	0.6
b) Later than 1 year but not later than 5 years	-	-
c) Later than 5 years	-	-

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

(Rs. in million)

S. No.	Name of the Company	Nature of relationship	Country of Incorporation	(%) Holding as on **March 31, 2016**	(%) Holding as on March 31, 2015
1.	Adveta Power Private Limited	Joint venture	India	50	50
2.	Chiron Panacea Vaccines Private Limited (under liquidation)	Joint venture	India	50	50

b) Aggregate interest of the Company in assets, liabilities, revenue and expenses in the jointly controlled entities are as follows: (Rs. in million)

Particulars	**As at March 31, 2016**	As at March 31, 2015
Current assets		
Cash and cash equivalents	49.1	40.9
Short-term loans and advances	0.2	5.8
Other current assets	1.2	1.6
Non-current assets		
Capital work-in-progress	13.6	12.3
Intangible assets under development	0.0	0.0
Current liabilities		
Trade payables	0.7	-
Other current liabilities	0.0	0.1
Short- term provisions	1.1	1.1

(Rs. in million)

Particulars	**For the year ended March 31, 2016**	For the year ended March 31, 2015
Revenue	5.0	3.9
Employee benefits expense	0.1	0.5
Other expenses	1.5	0.7

c) The Company had entered into "Dissolution of Joint Venture Agreement" dated November 30, 2012 with respect to its Joint Venture Chiron Panacea Vaccines Private Limited (under liquidation), whereby the Joint Venture partners have desired and mutually agreed to an early termination of the Joint Venture Agreement. As per the dissolution agreement, the joint venture between both the partners has been terminated w.e.f. January 31, 2013. The liquidation proceedings of the Joint Venture Company have already commenced and are in progress as on March 31, 2016. 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.

37. 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, 2016**	For the year ended March 31, 2015
Revenue expenditures		
Material consumption	11.4	9.7
Employee benefits expenses	181.8	186.7
Other expenses	259.6	257.3
Depreciation and amortisation expenses	210.0	187.9
Capital expenditure	10.2	14.5

38. Value of Imports on CIF basis (on accrual basis)

(Rs. in million)

Particulars	**For the year ended March 31, 2016**	For the year ended March 31, 2015
Raw materials and packing materials	590.7	1,351.6
Components and spare parts	28.0	40.5
Capital goods	-	7.2

39. Expenditure in Foreign Currency (on accrual basis)

(Rs. in million)

Particulars	**For the year ended March 31, 2016**	For the year ended March 31, 2015
Know-how fees	1.1	20.6
Interest	90.5	83.1
Legal and professional fees	44.1	55.2
Royalty	5.8	-
Other Expenses		
- Patents, trademarks and product registration	3.3	6.9
- Advertising and sales promotion	25.2	37.6
- Commission on sales	23.2	5.8
- Rates & Taxes	15.4	7.5
- Testing charges	10.5	5.3
- General expenses	16.7	16.7
- Bank charges	7.4	2.7
- Travelling expenses	4.2	6.7
- Others	58.5	25.9

40. Earnings in Foreign Currency (on accrual basis)

(Rs. in million)

Particulars	**For the year ended March 31, 2016**	For the year ended March 31, 2015
F.O.B. value of exports	2,348.1	2,125.1
Deemed exports	154.1	-
Income from distribution rights	2.3	2.3
Research and license fees	137.2	222.8
Interest income from subsidiary company	56.0	48.7

41. Value of imported/indigenous raw materials and packing materials consumed

(Rs. in million)

Particulars	**For the year ended March 31, 2016**		For the year ended March 31, 2015	
	Amount	% age	Amount	% age
Indigenous	1,056.7	62.6	1,048.4	43.4
Imported	631.5	37.4	1,365.8	56.6
Total	1,688.2	100.0	2,414.2	100.0

42. Value of imported/indigenous stores and spares consumed

(Rs. in million)

Particulars	**For the year ended March 31, 2016**		For the year ended March 31, 2015	
	Amount	% age	Amount	% age
Indigenous	147.7	89.9	152.8	91.8
Imported	16.7	10.1	13.6	8.2
Total	164.4	100.0	166.4	100.0

43. Employee benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on separation from employment 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 summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

Statement of profit and loss

(Rs. in million)

Particulars	**For the year ended March 31, 2016**	For the year ended March 31, 2015
Current service cost	13.5	13.4
Interest cost on benefit obligation	10.2	9.8
Expected return on plan assets	(8.2)	(8.6)
Net actuarial (gain)/loss recognised in the year on account of return on plan assets	0.8	5.1
Net benefit expense/(income)	16.3	19.7
Actual return on plan assets	(6.7)	(8.0)

Details of Provision for Gratuity

(Rs. in million)

Particulars	**As at March 31, 2016**	As at March 31, 2015
Defined benefit obligation	130.0	127.7
Fair value of plan assets	79.1	92.3
Net obligation – unfunded	50.9	35.4

Changes in the present value of the defined benefit obligation for gratuity are as follows: (Rs. in million)

Particulars	**As at March 31, 2016**	As at March 31, 2015
Opening defined benefit obligation	127.7	115.3
Interest cost	10.2	9.8
Current service cost	13.5	13.3
Benefits paid	(20.8)	(15.3)
Actuarial (Gain)/losses on obligation	(0.6)	4.6
Closing defined benefit obligation	130.0	127.7

Changes in the fair value of plan assets for gratuity are as follows: (Rs. in million)

Particulars	As at March 31, 2016	As at March 31, 2015
Opening fair value of plan assets	92.3	95.0
Expected return	8.2	8.6
Contributions by employer	0.7	4.6
Benefits paid	(20.5)	(15.3)
Actuarial gain /(losses)	(1.6)	(0.5)
Closing fair value of plan assets	79.1	92.3

The key 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, 2016**	As at March 31, 2015
	%	%
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 obligations for gratuity/ compensated absences are shown below:

Particulars	**As at March 31, 2016**	As at March 31, 2015
	%	%
Discount rate	8.0	8.0
Expected rate of return on plan assets	8.9	9.0
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, 2016**	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	129.9	127.7	115.3	128.2	136.2
Plan assets	79.1	92.3	95.0	100.8	100.1
Deficit	50.8	35.4	20.3	27.4	36.1
Experience adjustments on plan liabilities-(Gain)/Loss	0.7	4.6	(28.5)	(21.2)	(9.3)
Experience adjustments on plan assets-(Gain)/Loss	(1.6)	(0.5)	(0.5)	0.4	4.1

(Rs. in million)

Defined Contribution Plan	**As at March 31, 2016**	As at March 31, 2015
Contribution to provident fund and other funds charged to statement of profit and loss	44.8	42.0

The Company expects to contribute Rs.22.9 million (Previous year Rs.21.6 million) to gratuity fund in the next financial year.

44. During the year 2013-14, the Company had paid managerial remuneration of Rs.37.5 million. The amount paid as managerial remuneration has exceeded the limits prescribed under Section 198 and 309 read with Part II of Schedule XIII to the Companies Act, 1956 by Rs.13.5 million due to unexpected losses during the year 2013-14. Also, during the FY 2012-13, the Company paid managerial remuneration of Rs.37.2 million which exceeded the limits prescribed in aforesaid provisions of the Act by Rs.13.2 million. During the FY 2013-14, the Company had filed applications to obtain approvals from Central Government in respect to excess remuneration paid for FY 13-14 and FY 12-13. Pending final outcome of the applications filed with the Central Government, no adjustments have been made in the financial statements.

45. During the year ended March 31, 2016, the Company has earned a profit of Rs.8.7 million (Previous year: loss of Rs.652.3 million) after adjusting an exceptional income of Rs.496.5 million (Previous year Rs. Nil). Further, the Company's accumulated losses have resulted in erosion of more than fifty percent of its peak net worth calculated as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). During the earlier years, the continuous losses before exceptional items have also adversely affected the cash flows of the Company. These conditions, read with note 47 below, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company has undertaken several measures to mitigate the risk, which include supply to UNICEF/other customers of pentavalent vaccine; certain strategic alliances with foreign collaborators for supply of vaccines and pharma products including three collaboration agreements signed during the financial year 2014-15. Additionally, as explained in note 47 below, the management has successfully executed the Master Restructuring Agreement (MRA) with the lenders of the Company. The Management is confident that it will be able to comply with all key conditions and successfully implement the MRA. Based on the above measures and continuous efforts to improve the business, the Management believes that it would be able to generate sustainable cash flow, recover and recoup the erosion in its net worth through profitable operations and discharge its obligations as they fall due and continue as a going concern.

46. On account of continuous losses of the Company, certain delays and defaults in repayment of loan installments (including interest thereon) have occurred during the year, which are described below.

Loan particulars	Amount of total installment along with interest	Due Date	Paid on
A. Term Loans from banks/ Government			
State Bank of India- Working Capital Term Loan (WCTL)	4.3	November 30, 2015	December 30, 2015
State Bank of India- Funded Interest Term Loan (FITL)	5.7	November 30, 2015	December 30, 2015
State Bank of India- Term Loan - I	12.0	November 30, 2015	December 30, 2015
State Bank of India- Term Loan - II	6.1	November 30, 2015	December 30, 2015
State Bank of India - Term Loan - III	117.6	September 30, 2015	October 3, 2015
Canara Bank- WCTL	0.3	November 30, 2015	December 1, 2015
Canara Bank- FITL	0.2	November 30, 2015	December 1, 2015
Union Bank- WCTL	0.3	November 30, 2015	March 30, 2016
Union Bank- FITL	0.2	November 30, 2015	March 29, 2016
Indian Overseas Bank- WCTL	0.3	November 30, 2015	January 5, 2016
Indian Overseas Bank- FITL	1.9	November 30, 2015	January 5, 2016
Indian Overseas Bank- Term Loan	7.5	November 30, 2015	December 5, 2015
Axis Bank Limited- WCTL	0.0	November 30, 2015	December 1, 2015
Axis Bank Limited- FITL	0.0	November 30, 2015	December 1, 2015
Loan from Technology Development Board	3.1	January 2015- July 2015	August 17, 2015
Loan from Department of Science & Technology	7.8	September 2013- September 2015	March 16, 2016
B. Other borrowings			
Loan from Directors – Mr. Ravinder Jain	18.5	June 2014- June 2015	Not yet paid
Loan from Directors – Dr. Rajesh Jain	54.6	June 2014- June 2015	Not yet paid
Loan from Directors – Mr. Soshil Kumar Jain	104.8	June 2014- June 2015	Not yet paid
Loan from Radhika Heights Limited	347.2	January 2014-March 2016	Not yet paid
Loan from Trinidhi Finance Private Limited	3.7	December 2013-March 2016	Not yet paid
Loan from Radicura Pharmaceuticals Private Limited	76.1	January 2015-March 2015	Principal Paid on December 28, 2015; Interest not paid*

Summary of significant accounting policies and other explanatory information
to the financial statements for the year ended March 31, 2016

47. During the financial year 2014-15, the Company was sanctioned a Corporate Debt Restructuring ("CDR") scheme under the CDR mechanism of the Reserve Bank of India ("RBI") after attaining super-majority from its lender banks, the Company had executed a Master Restructuring Agreement ("MRA") with all lenders banks except SBT on December 27, 2014, with cutoff date of October 01, 2013. During the year, SBT has assigned all the rights, tittle and interest in the entire outstanding dues owed by the Company together with all underlying securities and guaranties, comprising of its Rupee term loan and sustainable working capital along with all accrued interest thereon, in favour of Edelweiss Asset Reconstruction Company Limited ("EARC") (refer note 5(A)(5)). The MRA, inter-alia, provides for waiver of certain existing obligations of the Company, restructuring of repayment terms for principal and interest, reduction/ adjustment in interest rates, conversion of outstanding interest amounts to loan, pledge of entire promoter shareholding as additional security to lenders, promoter undertaking for additional infusion of funds, monitoring oversight and certain restrictive covenants, as defined. The debt obligations, including interest thereon, have been measured, classified and disclosed in these financial statements in accordance with the MRA, to the extent agreed with the banks. Reconciliations with certain banks and completion of other terms and conditions are in process.

During the year, State Bank of Mysore has absolutely assigned all the rights, title and interests in financial assistances granted to the Company, with all the underlying rights, benefits and obligations in favour of EARC vide assignment agreement dated February 26, 2016. The Company is in process of negotiating the repayment terms with EARC.

48. During the year ended March 31, 2016, no exchange difference has been capitalised as there were no long term foreign currency monetary items related to acquisition of capital assets. During the financial year 2012-13, the Company exercised the option as per the Companies (Accounting Standards) (Second Amendment) Rules, 2011 whereby, exchange differences related to long term foreign currency monetary items so far as they relate to the acquisition of depreciable capital assets are capitalised or de-capitalised 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 amortised over the balance period of such long term assets/ liabilities. Unamortised balance of "Foreign currency monetary item translation difference account" of Rs.207.7 million (Previous year Rs.202.0 million) as on March 31, 2016 is included under the head "Reserve and surplus".

49. As at March 31, 2016, an amount of Rs.734.8 million (previous year Rs.678.8 million) including interest of Rs.56.0 million (previous year Rs.48.7 million) is receivable from its wholly owned subsidiary viz. Rees Investment Limited ("Rees"). Pursuant to the accumulated losses in Rees and its other subsidiaries, the Company assessed that the loan repayment capability of Rees Investments Limited has been adversely affected. Accordingly, the amount of Rs.734.8 million (Previous year Rs.678.8 million) has been provided for as 'Provision for bad and doubtful advances'. The above transactions are in the ordinary course of business.

50. The Company had given an advance of Rs.176.8 million (USD3.4 million) in financial year 2007-08 pursuant to the agreements for acquiring certain properties from Ilyas & Mustafa Galadari Management Investment & Development L.L.C., U.A.E. ("Ilyas"). As per the said agreements, the properties were expected to be handed over in financial year 2008-09. However, due to inordinate delays in completion of project, properties could not be delivered to the Company in time. After extensive discussions and negotiations, the Company has executed new agreements with them, as per which the Company will get 1 commercial unit and 8 residential units in Wadi Walk Project (having combined area more than that of properties agreed earlier) for a consideration equivalent to the advance given earlier. The said project is also likely to be delayed and may be cancelled. As such the said Builder has offered two villas situated in the City of Dubai, which is under construction and is likely to get completed by June, 2017 and the Company is also open to accept this offer. The possession of these new properties is expected in financial year 2017-18. The Company believes that the market value of the properties is more than the advance given under the earlier agreements; therefore, no adjustment is required to be provided for in respect of the advance so given.

51. The Company avails CENVAT credit on input and input services used as per the provision of the relevant applicable laws. Balance with excise and custom, etc. amounting to Rs.113.6 million (previous year Rs.99.5 million) under the head 'Loans and Advances', includes an amount of Rs.71.6 (previous year Rs.58.6 million) million which relates to accumulated amount of CENVAT Credit availed by the Company on input services utilised by it. The Central Excise exemption applicable to Company's manufacturing facilities at Baddi has expired on March 31, 2016. Therefore the accumulated amount of CENVAT credit will be utilised against the excise duty payable during the financial year 2016-17 onwards.

52. The assets of Rs.343.4 million (Previous year Rs.333.6 million) recognised by the Company as 'MAT Credit Entitlement' under the head 'Loans and advances' represents that portion of MAT liability, which can be recovered and set off in subsequent years based on provisions of Section 115JAA of the Income-tax Act, 1961. The management, based on the future profitability projections and other factors disclosed under note 45, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilise MAT credit assets as per the relevant provisions of the Income-tax Act, 1961. The management is confident that no losses are expected in this regard and accordingly no adjustment is required in the financial statements.

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 amount have been regrouped / reclassified, where necessary, to confirm to this year's classification.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

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

For Walker Chandiok & Co LLP
Chartered Accountants

Per **Anupam Kumar**
Partner

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Joint Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Dated : May 27, 2016

FORM NO. AOC-1

Statement containing salient features of the Financial Statements of Subsidiaries/Associate companies/Joint Ventures

[Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014]

Part "A": Subsidiaries

Financial Details of Subsidiary Companies

(Rs. in million)

S. No.	Name of the Company	Reporting period of the subsidiary, if different from parent	Reporting currency	Exchange rate as on Balance sheet date	As on March 31, 2016					For the year/ period ended March 31, 2016					% of Share Holding as on March 31, 2016
					Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Details of investment (except in case of investment in subsidiary)	Turnover (including other income)	Profit/ (Loss) before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	
1	2	3	4		5	6	7	8	9	10	11	12	13	14	15
1	Radhika Heights Ltd. (formerly known as Best On Health Ltd.)	31.03.2016	Indian Rupee	1.00	4.8	2,722.4	2,764.8	2,764.8	35.2	42.0	13.4	12.5	0.9	-	100%
2	Cabana Construction Pvt. Ltd. (formerly known as Panacea Educational Institute Pvt. Ltd.)*	31.03.2016	Indian Rupee	1.00	0.1	(2.1)	319.6	319.6	-	-	(0.1)	-	(0.1)	-	100%
3	Cabana Structures Ltd. (formerly known as Best on Health Foods Ltd.)*	31.03.2016	Indian Rupee	1.00	0.5	(0.3)	0.3	0.3	-	0.0	(0.0)	0.0	(0.0)	-	100%
4	Nirmala Buildwell Pvt. Ltd. (formerly known as Panacea Hospitality Services Pvt. Ltd.)*	31.03.2016	Indian Rupee	1.00	0.1	(3.2)	298.8	298.8	-	-	(0.0)	-	(0.0)	-	100%
5	Nirmala Organic Farms & Resorts Pvt. Ltd.*	31.03.2016	Indian Rupee	1.00	0.1	9.5	103.3	103.3	-	-	(0.3)	-	(0.3)	-	100%
6	Radicura Infra Ltd. (formerly known as Radicura & Co. Ltd.)*	31.03.2016	Indian Rupee	1.00	2.0	46.0	505.6	505.6	0.1	-	(3.0)	(0.0)	(3.0)	-	100%
7	Sunanda Infra Ltd. (formerly known as Sunanda Steel Co. Ltd.)*	31.03.2016	Indian Rupee	1.00	0.5	(1.5)	222.5	222.5	-	-	(0.1)	0.8	(0.9)	-	100%
8	NewRise Heathcare Pvt Ltd. (Formerly known as Umkal Medical Institute Pvt. Ltd.)	31.03.2016	Indian Rupee	1.00	548.8	2.1	1,593.4	1,593.4	-	0.4	(185.2)	0.1	(185.3)	-	87.4%
9	Panacea Biotec (International) S.A.	31.03.2016	CHF	63.67	38.2	(106.6)	28.1	28.1	-	20.0	6.0	0.0	6.0	-	100%
10	Panacea Biotec GmbH $	07.03.2016	Euro	75.38	1.9	(1.8)	0.1	0.1	-	-	-	-	-	-	100%
11	Rees Investments Ltd.	31.03.2016	US $	66.25	0.0	(992.1)	3.0	3.0	-	65.6	(74.7)	-	(74.7)	-	100%
12	Kelisia Holdings Ltd.**	31.03.2016	Euro	75.38	0.1	(531.7)	50.2	50.2	-	28.4	(9.1)	-	(9.1)	-	100%
13	Panacea Biotec (Germany) GmbH***	31.03.2016	Euro	75.38	18.5	(305.9)	47.4	47.4	-	32.8	(35.6)	0.0	(35.6)	-	100%

* Indirect subsidiary through Radhika Heights Ltd.

*** Indirect subsidiary through Panacea Biotec (International) S.A.

** Indirect subsidiary through Rees Investments Ltd.

$ Panacea Biotec GmbH has been liquidated on March 7, 2016.

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventrues

(Rs. in million)

S. No.	Name of Associates/ Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate/Joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit/Loss for the year	
			No. of Shares	Amount of Investment in Associates/Joint Venture	Extent of Holding %				Considered in Consolidation	Not Considered in consolidation
1	2	3	4			5	6	7	8	
Joint Venture										
1	Adveta Power Pvt. Ltd.	31.03.2016	90,000	0.9	50%	See Note	NA	27.1	-	-
2	Chiron Panacea Vaccines Pvt. Ltd. (Under liquidation process)	31.03.2016	2,295,910	23.0	50%	See Note	NA	97.5	2.8	2.8
Associate										
1	PanEra Biotec Pvt. Ltd.	31.03.2016	419,767	4.2	50%	See Note	Consolidated by Equity method	102.2	2.2	2.2

Note : There is significant influence as the Company holds more than 20% of total share capital of Associate/Joint Venture.

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

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Joint Managing Director
(DIN 00013053)

Place : New Delhi
Dated: May 27, 2016

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Independent Auditors' Report on the Consolidated Financial Statements

To the Members of Panacea Biotec Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Panacea Biotec Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and jointly controlled entities, which comprises the Consolidated Balance Sheet as at March 31, 2016 the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associate and jointly controlled entities, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/management of the subsidiaries included in the Group, and of its associate and jointly controlled entities are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiaries, associate and jointly controlled companies, which are incorporated in India are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 11 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our unqualified audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associate and jointly controlled entities as noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and jointly controlled entities as at March 31, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note 41 to the consolidated financial statements regarding payment of managerial remuneration of Rs.37.5 million and Rs.37.2 million for the financial year ended March 31, 2014 and 2013 respectively, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs.13.5 million and Rs.13.2 million respectively. The Holding Company has filed necessary application to the Central Government which is pending approval as on date.

   Pending the ultimate outcome of the aforesaid matter which is presently unascertainable, no adjustments have been recorded in the consolidated financial statements. Our report is not qualified in respect of this matter.
10. We draw attention to Note 42 to the accompanying consolidated financial statements which indicates that the Group (including associate and jointly controlled entities) incurred a net loss (before exceptional items) of Rs.679.4 million during the year ended March 31, 2016 and as of that date, its accumulated losses amounted to Rs.2,480 million. These conditions along with other factors as set forth in aforesaid note indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our report is not qualified in respect of this matter.

Other Matter

11. We did not audit the financial statements of twelve subsidiaries and two jointly controlled entities, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs.4,337.5 million as at March 31, 2016, total revenues (after eliminating intra-group transactions) of Rs.63.4 million and net cash outflows amounting to Rs.20.6 million for the year ended on that date. The consolidated financial statements also include the Group's share of net profit of Rs.2.2 million for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial

statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associate, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

12. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries, associate and jointly controlled entities, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) the consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e) the matter described in paragraph 10 above, in our opinion, may have an adverse effect on the functioning of the Group;

    f) on the basis of the written representations received from the directors and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, associate and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate and jointly controlled companies, incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

    g) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company, its subsidiary companies, associate and jointly controlled companies, which are companies incorporated in India, as of March 31, 2016, in conjunction with our audit of the consolidated financial statements of the Group, its associate and jointly controlled entities for the year ended on that date and our report dated May 27, 2016 as per annexure expressed unqualified opinion.

    h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        (i) as detailed in Note 30, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and jointly controlled entities;

        (ii) the Group, its associate and jointly controlled entities did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        (iii) there has been no delay in transferring amounts, required to be transferred, to investor education and protection fund by the Holding Company. There were no amounts which were required to be transferred to investor education and protection fund by the subsidiary companies, associate and jointly controlled companies incorporated in India.

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

per Anupam Kumar
Partner
Membership No.:501531

Place : New Delhi
Date : May 27, 2016

Annexure to the Independent Auditors' Report on the Consolidated Financial Statements

Annexure A

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

1. In conjunction with our audit of the consolidated financial statements of the Panacea Biotec Limited ("the Holding Company"), its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and jointly controlled companies as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its subsidiary companies, its associate company and jointly controlled companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary companies, its associate and jointly controlled companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, its associate and jointly controlled companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Group considering

the essential components of internal control stated in the Guidance Note.

Other Matter

9. We did not audit the IFCoFR insofar as it relates to eight subsidiary companies and two jointly controlled companies, which are companies incorporated in India, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs.4,260.62 million as at March 31, 2016, total revenues (after eliminating intra-group transactions) of Rs.10.75 million and net cash flows amounting to Rs.0.86 million for the year ended on that date; and one associate company, which are companies incorporated in India, in respect of which, the Group's share of net profit of Rs.2.2 million for the year ended March 31, 2016 has been considered in the consolidated financial statements. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its subsidiary companies, its associate and jointly controlled companies, which are companies incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiaries, associate and jointly controlled companies, which are companies incorporated in India, is solely based on the corresponding reports of the auditors of such companies. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per Anupam Kumar

Partner

Membership No.: 501531

Place : New Delhi

Date : May 27, 2016

Consolidated Balance Sheet As at March 31, 2016

(Rs. in million)

	Note No.	As at March 31, 2016		As at March 31, 2015	
Equity and liabilities					
Shareholders' funds					
Share capital	3	224.3		224.3	
Reserves and surplus	4	4,261.8	4,486.1	4,487.6	4,711.9
Share application money (pending allotment)	3		-		1.0
Minority Interest	5		10.8		34.2
Non-current liabilities					
Long-term borrowings	6	8,670.8		7,229.7	
Deferred tax liabilities (net)	7	5.0		4.8	
Other long-term liabilities	9	481.1		145.9	
Long-term provisions	8	142.3	9,299.2	116.9	7,497.3
Current liabilities					
Short-term borrowings	10	1,918.2		2,958.4	
Trade payables	11				
Micro, small and medium enterprises		20.0		44.7	
Others		1,858.7		2,046.6	
Other current liabilities	11	936.0		1,948.5	
Short-term provisions	8	15.1	4,748.0	62.1	7,060.3
Total			18,544.1		19,304.7
Assets					
Non-current assets					
Fixed assets	12				
Tangible assets		10,520.8		11,165.2	
Intangible assets		190.3		277.8	
Capital work-in-progress (Refer Note 32)		1,505.9		1,432.0	
Intangible assets under development		103.6	12,320.6	122.8	12,997.8
Non-current investments	13		51.9		102.0
Long-term loans and advances	14		680.1		946.9
Other non-current assets	19		5.6		0.8
			13,058.2		14,047.5
Current assets					
Current investments	18		35.2		49.8
Inventories	16		3,052.4		3,102.2
Trade receivables	15		1,416.7		985.7
Cash and cash equivalents	17		229.3		524.0
Short-term loans and advances	14		696.3		531.9
Other current assets	19		56.0		63.6
			5,485.9		5,257.2
Total			18,544.1		19,304.7
Summary of significant accounting policies	2.1				

The accompanying notes (1 to 52) are an integral part of the financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

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

For Walker Chandiok & Co LLP
Chartered Accountants

Per **Anupam Kumar**
Partner

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Joint Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Dated : May 27, 2016

Consolidated Statement of Profit & Loss
For the Year ended March 31, 2016

(Rs. in million)

		Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
Revenue				
Revenue from operations		20	6,530.8	6,871.9
Other income		21	203.5	284.8
	Total (a)		6,734.3	7,156.7
Expenses				
Cost of raw and packing material consumed		22	1,696.1	2,445.7
Purchases of traded goods			240.2	207.8
Changes in inventories of		23		
finished goods			(82.7)	44.4
work-in- progress			320.0	103.3
and stock in trade			(15.5)	0.9
Employee benefits expenses		24	1,420.2	1,359.8
Finance costs		26	1,273.3	1,045.3
Depreciation and amortisation expenses		27	733.2	672.4
Other expenses (including prior period expense of Rs.52.1 million (Previous year Nil))		25	1,835.3	2,271.2
	Total (b)		7,420.1	8,150.8
Profit/(Loss) before exceptional items and tax	(a-b)		(685.8)	(994.1)
Exceptional items		28	496.5	-
	Total (c)		496.5	-
Profit/(Loss) before tax	(a-b) + (c)		(189.3)	(994.1)
Tax expenses				
Current tax				
Current year			13.8	40.8
Earlier year			5.1	0.0
MAT credit entitlement			0.1	(9.6)
Deferred income tax (credit)/charge			0.2	(0.4)
Total tax expenses			19.2	30.8
Profit/(Loss) for the year before share of profit/(loss) from associate and share of minority interest			(208.5)	(1,024.8)
Add: Share of profit/(loss) in associates			2.2	(58.1)
Less: Share of Minority Interest in loss			23.4	17.9
Profit/(Loss) for the year			(182.9)	(1,065.0)
Profit/(Loss) attributable to owners of the Company			(182.9)	(1,065.0)
Minority Interest			23.4	17.9
Earnings per equity share of Re.1 each :				
Basic earnings per share (in Rs.)		29	(2.97)	(17.39)
Diluted earnings per share (in Rs.)		29	(2.97)	(17.39)
Summary of significant accounting policies		2.1		

The accompanying notes (1 to 52) are an integral part of the financial statements.

This is the Consolidated Statement of Profit & Loss referred to in our report of even date.

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

For Walker Chandiok & Co LLP
Chartered Accountants

Per **Anupam Kumar**
Partner

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Joint Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Dated : May 27, 2016

Consolidated Cash Flow Statement

Annexed to the Balance Sheet for the Year ended March 31, 2016

(Rs. in million)

	For the year ended March 31, 2016		For the year ended March 31, 2015	
Cash flow from operating activities				
Profit /(Loss) before tax		(189.3)		(994.1)
Adjustment to reconcile profit before tax to net cash flows				
Depreciation and amortisation expense	733.2		672.4	
Provision for doubtful debts and advances	0.2		2.7	
Prior period adjustment related to investment in associate	52.1		-	
Intangible assets under development provided/ written off	28.5		-	
Bad debts written off	0.7		0.0	
Lease hold improvement written off	7.9		-	
(Profit)/Loss on sale/ discard of fixed assets, net	(1.8)		1.3	
Loss on sale of export incentives	3.5		1.7	
Unrealized foreign exchange loss/(gain), net	44.8		259.0	
Liabilities/ provisions no longer required written back	(41.5)		(150.9)	
Wealth Tax	-		5.0	
Income on reversal of revaluation on land	-		(48.7)	
Gain on restructuring of SBT loan by EARC (refer note 6(A)(5))	(496.5)		-	
Interest expense	1,210.0		969.7	
Gain /(loss) on sale of non-current investment	0.1		-	
Interest income	(51.3)		(36.6)	
Dividend income	(2.4)		(1.1)	
		1,487.5		1,674.5
Operating profit before working capital changes		1,298.2		680.4
Movements in working capital				
Decrease/(Increase) in trade receivables	(412.8)		(48.3)	
Decrease/(Increase) in inventories	49.9		352.4	
Decrease/(Increase) in other current assets	2.5		(20.7)	
Decrease/(Increase) in short-term loans and advances	(178.0)		(211.5)	
Decrease/(Increase) in long-term loans and advances	80.2		107.0	
Increase/(Decrease) in trade payables	(210.0)		(303.7)	
Increase/(Decrease) in other current liabilities	86.1		(162.0)	
Increase/(Decrease) in other long-term liabilities	(3.6)		(10.3)	
Increase/(Decrease) in long-term provisions	25.4		(0.5)	
Increase/(Decrease) in short-term provisions	(22.3)		46.0	
		(582.6)		(251.6)
Cash generated from/ (used in) operations		715.6		428.8
Direct tax (paid)/refund		191.3		(56.5)
Net cash generated from/ (used in) operating activities (A)		906.9		372.3
Cash flow from investing activities				
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(113.2)		(78.3)	
Investments in bank deposits having original maturity of more than three months	187.5		(282.0)	
Purchase of non-current investments	-		(0.5)	
Proceed from sale of non-current investment	0.2		-	
Purchase of current investments	(20.7)		(49.7)	
Proceed from sale of current investment	35.1		-	
Proceeds from sale of fixed assets	57.3		2.5	
Interest received	15.8		33.1	
Dividends received	2.4		1.1	
Net cash generated from/ (used in) investing activities (B)		164.4		(373.8)
Cash flow from financing activities				
Proceeds from short-term borrowings	465.7		913.2	
Repayment of short-term borrowings	(781.4)		(683.2)	
Proceeds from long-term borrowings	-		10.7	
Repayment of long-term borrowings	(436.9)		-	
Repayment of deposits	-		(130.2)	
Interest paid	(759.0)		(242.9)	
Group's liability towards preference share capital	337.8		127.1	
Change in minority interest	-		(2.7)	
Share application money pending for allotment	-		1.0	
Net cash generated from/ (used in) financing activities (C)		(1,173.8)		(7.0)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(102.5)		(8.5)
Effect of exchange differences on cash and cash equivalents held in foreign currency		0.1		(0.0)
Cash & cash equivalents at the beginning of the year		199.9		208.4
Cash & cash equivalents at the end of the year (refer note 17)		97.5		199.9

This is the Consolidated Cash Flow Statement referred to in our report of even date

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

For Walker Chandiok & Co LLP
Chartered Accountants

Per **Anupam Kumar**
Partner

Place : New Delhi
Dated : May 27, 2016

Soshil Kumar Jain
Chairman
(DIN 00012812)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Rajesh Jain
Joint Managing Director
(DIN 00013053)

Devender Gupta
Chief Financial Officer &
Head Information Technology

Summary of significant accounting policies and other explanatory information
to the consolidated financial statements for the year ended March 31, 2016

1) Basis of preparation

The Consolidated Financial Statements relate to Panacea Biotec Limited ('Parent Company' or 'Company'), its Subsidiary Companies, Joint Ventures and Associates (hereinafter collectively referred as the "Group").

The Consolidated Financial Statements (CFS) of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and comply in all material respects with the Accounting Standards ("AS") notified under section 133 of the Companies Act, 2013 ("2013 Act"), read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of certain tangible assets which are being carried at their revalued amounts.

The accounting policies adopted in the preparation of consolidated financial statements have been consistently applied by the Group and 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 unrealised profits or losses, if any, as per Accounting Standard –21, Consolidated Financial Statements.

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

iii) In case of Associates, where the Company is having a significant influence in decision for operation of business of associates, investment in such associates is accounted for by Equity Method in accordance with Accounting Standard-23, Accounting for Investment in Associates.

iv) The financial statements of the Subsidiary Companies, Joint Ventures and Associates used in the consolidation are drawn for the same period as that of the Parent Company i.e. year ended March 31, 2016.

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, 2016	As at March 31, 2015
1	Radhika Heights Limited (formerly Best On Health Limited)	Subsidiary	India	100.0	100.0
2	Cabana Construction Private Limited (formerly Panacea Educational Institute Private Limited)	Indirect Subsidiary*	India	100.0	100.0
3	Cabana Structures Limited (formerly Best On Health Foods Limited)	Indirect Subsidiary*	India	100.0	100.0
4	Nirmala Buildwell Private Limited (formerly Panacea Hospitality Services Private Limited)	Indirect Subsidiary*	India	100.0	100.0
5	Nirmala Organic Farms & Resorts Private Limited	Indirect Subsidiary*	India	100.0	100.0
6	Radicura Infra Limited (formerly Radicura & Co. Limited)	Indirect Subsidiary*	India	100.0	100.0
7	Sunanda Infra Limited (formerly Sunanda Steel Company Limited)	Indirect Subsidiary*	India	100.0	100.0
8	NewRise Healthcare Private Limited (formerly Umkal Medical Institute Private Limited)	Subsidiary	India	87.4	77.9
9	Panacea Biotec GmbH ##	Subsidiary	Germany	100.0	100.0
10	Rees Investments Limited	Subsidiary	Guernsey	100.0	100.0
11	Kelisia Holdings Limited	Indirect Subsidiary†	Cyprus	100.0	100.0
12	Kelisia Investment Holdings SA#	Indirect Subsidiary††	Switzerland	100.0	100.0
13	Panacea Biotec (International) SA	Subsidiary	Switzerland	100.0	100.0
14	Panacea Biotec Germany GmbH	Indirect Subsidiary$	Germany	100.0	100.0
15	Chiron Panacea Vaccines Private Limited (Under liquidation process)	Joint Venture**	India	50.0	50.0
16	Adveta Power Private Limited	Joint Venture**	India	50.0	50.0
17	PanEra Biotec Private Limited	Associate	India	50.0	50.0

* Wholly Owned Subsidiary of Radhika Heights Limited
** Jointly controlled entity
† Wholly Owned Subsidiary of Rees Investments Limited
†† Wholly Owned Subsidiary of Kelisia Holdings Limited
$ Wholly Owned Subsidiary of Panacea Biotec(International) SA
# Liquidated w.e.f. October 7, 2014
Liquidated w.e.f. March 7, 2016

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended March 31, 2016

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 Company. For this purpose, the Parent Company's share of net worth of the Subsidiary/ Joint Venture Company is determined on the basis of the latest financial statements of the Subsidiary/Joint Venture Company prior to acquisition, after making the necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

viii) The Consolidated Financial Statements have been prepared using uniform accounting policies unless otherwise stated for like transactions and other events in similar circumstances and are presented in the same manner as the Parent Company's separate financial statements.

2.1 Summary of significant accounting policies

a) 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) 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 capitalisation 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.

Revalued assets (land and buildings) are measured at fair value on the revaluation date less accumulated depreciation and impairment losses, if any, recognised 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 recognised in the statement of profit and loss, in which case the increase is recognised in the statement of profit and loss. A revaluation deficit is recognised in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the 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 the Ministry of Company Affairs (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 de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

c) Depreciation on tangible assets

Depreciation has been provided by the Group on the useful life of its fixed assets as per the useful life prescribed in Schedule II to the Companies Act, 2013. Parent company depreciates tangible assets using straight line method. Other companies in the Group use written down value method.

i) Leasehold land is amortised over the period of lease.

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

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 amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding product development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

The amortisation period and the amortisation 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 amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation 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 de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

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

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

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

A summary of amortisation policies applied to the Group's intangible assets is as below:

Patents, trademarks and designs	- Amortised over a period of 7 years
Product development	- Amortised over a period of 5 years
Technical know-how	- Amortised over a period of 5 years
Software	- Amortised over a period of 5 years
Websites	- Amortised over a period of 2 years
Goodwill	- Amortised 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 capitalised 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 recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, 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 capitalised 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 II to the Companies Act, 2013.

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 recognised 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 recognised 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 recognised in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised 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 recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

f) Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised 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 recognised in the revaluation reserve up to the amount of any previous revaluation.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

g) Borrowing costs

Borrowing cost includes interest, amortisation 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 capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Summary of significant accounting policies and other explanatory information
to the consolidated financial statements for the year ended March 31, 2016

h) Government grants and subsidies

Grants and subsidies from the government are recognised 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 recognised 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 recognised 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 recognised 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 realisable 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 recognise 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 ("WIP") and finished goods are valued at lower of cost and net realisable 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 cost of finished goods and WIP is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase. Cost 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 recognised 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 recognised:

Sales of products- Revenue from domestic sale of goods is recognised on dispatch which coincides with transfer of significant risks and rewards to customer. Revenue from export sales is recognised 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 Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. 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 recognised as and when services are rendered.

Export benefits – Export benefits income is recognised 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 recognised on an accrual basis based on actual sale of product by the licensee and in accordance with the term of the relevant agreement.

Research and license fees income - Research and license fees income is recognised 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 recognised 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 recognised when the Group's right to receive dividend is established by the reporting date.

l) Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are restated 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 restated 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:

i. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset.

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

iii. All other exchange differences are recognised as income or as expenses in the period in which they arise.

For the purpose of (i) and (ii) above, the Group 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 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.

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 recognises 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 recognised 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 recognised as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii. The Group operates a defined benefit plan for its employees, i.e., 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 recognised in full in the period in which they occur in the statement of profit and loss. Gratuity fund is administered through Life Insurance Corporation of India.

iii. Accumulated leave, which is expected to be utilised 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.

iv. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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 recognised for all taxable timing differences. Deferred tax assets are recognised 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 realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised 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 recognised 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 recognised 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 realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised 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 realised.

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 realised. 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 recognises 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 recognises 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

Summary of significant accounting policies and other explanatory information
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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 recognised 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 recognised 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 organised 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 and 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 equivalent for the purpose of 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 capitalised. Direct expenditure incurred during construction period is capitalised 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 recognised 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 recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

(Rs. in million)

	As at March 31, 2016	As at March 31, 2015
3. Share Capital		
a) 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
b) 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
16,300,000 (Previous year 16,300,000) 0.5% cumulative non convertible and non participating redeemable preference shares of Rs.10 each	163.0	163.0
	224.3	224.3

c) Terms/right attached to equity shares :

The Company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has not declared any dividend for current year and previous year. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts including preference shares. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Terms/right attached to 0.5% cumulative non convertible and non participating redeemable preference shares :

During the previous year, the Company issued 0.5% cumulative non convertible and non participating redeemable preference shares by converting unsecured loan/fixed deposits payable to promoters. The Company has only one class of preference shares having a par value of Rs.10 per share. The Company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has not declared any dividend for current year and previous year. The preference shares have been issued for a period of 10 years with an option with the Company as well as preference shareholders for early redemption of preference shares, provided CDR debts are fully serviced and the Company comes out from purview of CDR system. In the event of liquidation of the Company, the holders of preference shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in preference to the equity share holders. The distribution will be in proportion to the number of preference shares held by the shareholders.

e) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting financial year :

(Rs. in million)

	As at March 31, 2016		As at March 31, 2015	
	No.	Amount	No.	Amount
At the beginning of the year	61,250,746	61.3	61,250,746	61.3
Change during the year	-	-	-	-
Outstanding at the end of the year	61,250,746	61.3	61,250,746	61.3

f) Reconciliation of 0.5% cumulative non convertible and non participating redeemable preference shares outstanding at the beginning and at the end of the reporting financial year :

(Rs. in million)

	As at March 31, 2016		As at March 31, 2015	
	No.	Amount	No.	Amount
At the beginning of the year	16,300,000	163.0	-	-
Movement during the year (issued other than cash)	-	-	16,300,000	163.0
Outstanding at the end of the year	16,300,000	163.0	16,300,000	163.0

g) Aggregate number of equity/preference shares bought back, bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date :

	2015-16	2014-15	2013-14	2012-13	2011-12
Bonus Share	-	-	-	-	-
Preference shares issued for consideration other than cash by conversion of loan	-	16,300,000	-	-	-
Equity shares bought back by the Company	-	-	-	-	-
Total	-	16,300,000	-	-	-

h) Detail of equity shareholders holding more than 5% of equity share capital in the Company :

	As at March 31, 2016		As at March 31, 2015	
Name of persons	No. of shares	% age of holding	No. of shares	% age of holding
Mr. Soshil Kumar Jain	5,000,000	8.16%	5,000,000	8.16%
Mr. Ravinder Jain	5,712,300	9.33%	5,712,300	9.33%
Dr. Rajesh Jain	6,213,500	10.14%	6,213,500	10.14%
Mr. Sandeep Jain	4,792,100	7.82%	4,792,100	7.82%
Ravinder Jain (HUF)	4,135,000	6.75%	4,135,000	6.75%
Rajesh Jain (HUF)	4,368,500	7.13%	4,368,500	7.13%
Sandeep Jain (HUF)	4,105,000	6.70%	4,105,000	6.70%
Serum Institute of India Limited	8,932,632	14.58%	8,932,632	14.58%

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i) Detail of preference shareholders holding more than 5% of 0.5% cumulative non convertible and non participating redeemable prefrence share capital in the Company :

	As at March 31, 2016		As at March 31, 2015	
Name of persons	No. of shares	% age of holding	No. of shares	% age of holding
Mr. Soshil Kumar Jain	6,570,000	40.31%	6,570,000	40.31%
Dr. Rajesh jain	6,570,000	40.31%	6,570,000	40.31%
Mr. Sandeep Jain	3,160,000	19.38%	3,160,000	19.38%

j) During the year, Advata Power Limited has issued 2,20,138 - 0.5% non cumulative non convertible redeemable preference shares of Rs.10 each to PanEra Biotec Private Limited.

The above information has been furnished as per the shareholders details available with the Company as at year end.

(Rs. in million)

	As at March 31, 2016		As at March 31, 2015	
4. Reserves and Surplus				
Capital reserve				
Balance as per the last financial statements		6.1		6.1
Capital redemption reserve				
Balance as per the last financial statements		1,022.3		1,022.3
Securities premium reserve				
Balance as per the last financial statements		919.4		919.4
Revaluation reserve				
Balance as per the last financial statements	4,594.7		4,271.3	
Revaluation reserve credited during the year	-		459.4	
Less: Adjustment for conversion of land into stock in trade	-	4,594.7	(136.0)	4,594.7
Foreign currency monetary item translation difference account				
Balance as per the last financial statements (refer note 45)	(202.2)		(196.8)	
Add: Exchange differences accumulated during the year	(94.0)		(65.0)	
Less: Exchange differences amortised during the year	88.5	(207.7)	59.6	(202.2)
Foreign currency translation reserve				
Balance as per the last financial statements	74.5		(95.3)	
Add: Movement during the year	(37.4)	37.1	169.8	74.5
General reserve				
Balance as per the last financial statements		369.9		369.9
(Deficit)/ Surplus in the statement of profit and loss				
Balance as per the last financial statements	(2,297.1)		(1,231.0)	
Profit/ (Loss) for the year	(182.9)		(1,065.1)	
Adjustment to fixed asset as per schedule II of Companies Act, 2013	-	(2,480.0)	(1.0)	(2,297.1)
		4,261.8		4,487.6
5. Minority Interest				
Minority interest of NewRise Healthcare Private Limited (formerly known as Umkal Medical Institute Private Limited)				
i) Minority interest in equity		10.6		10.6
1,058,980 (previous year 1,058,980) equity shares of Rs.10 each, fully paid up				
ii) Minority interest in non-equity				
a) Security premium		51.8		51.8
b) Balance in statement of profit and loss				
Share of profit/(loss) brought forward	(28.2)		(10.3)	
Share of profit/(loss) of the year	(23.4)	(51.6)	(17.9)	(28.2)
Total minority interest (a+b)		10.8		34.2

(Rs. in million)

	Non-current portion as at		Current maturities as at	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
6. Long Term Borrowings				
Term loans				
Foreign currency term loans from banks (secured)				
Bank of India (refer sub note A and B)	1,656.5	1,562.5	-	-
Indian rupee term loan from banks (secured) (refer sub note A and B)				
State Bank of India [loan - I]	1,464.1	1,576.0	48.0	24.0
State Bank of India [loan - II]	737.1	800.3	24.4	12.2
State Bank of India [loan - III]	-	231.7	-	3.5
State Bank of Travancore	-	548.4	-	548.2
Indian Overseas Bank	950.4	985.0	37.5	15.0
Bank of Baroda (refer sub note C(6))	882.0	945.1	75.7	95.8
Indian rupee working capital term loan from banks (secured) (refer sub note A and B)				
Axis Bank Limited	4.6	4.7	0.2	0.1
Bank of India	55.9	59.7	1.8	0.9
Canara Bank	34.9	36.1	1.4	0.6
IDBI Bank Limited	16.5	17.0	0.5	0.3
Indian Overseas Bank	44.2	45.8	1.4	0.7
State Bank of India	546.1	-	17.2	-
Union Bank of India	42.5	43.8	1.7	0.7
Indian rupee funded interest term loan from banks (secured) (refer sub note A and B)				
Axis Bank Limited	3.1	3.3	0.1	0.0
Bank of India	139.9	66.3	5.7	1.0
Canara Bank	21.2	22.0	0.8	0.3
IDBI Bank Limited	11.4	10.7	0.4	0.2
Indian Overseas Bank	237.9	180.1	9.3	2.7
State Bank of India	652.9	-	22.6	-
Union Bank of India	25.3	26.7	1.1	0.4
Indian rupee other term loans				
Edelweiss Assets Reconstruction Company Limited (refer sub note A (5))	1,050.7	-	33.7	-
Biotechnology Industrial Research Assistance Council ("BIRAC")(Secured) (refer sub note C (1), (2) and (3))	78.0	46.2	7.0	41.8
Technology Development Board (secured) (refer sub note C(4))	5.6	6.3	2.8	6.3
Department of Science & Technology (unsecured) (refer sub note C (5))	10.0	12.0	2.0	6.0
	8,670.8	7,229.7	295.3	760.7
The above amount includes				
Secured borrowings	8,660.8	7,217.7	293.3	754.7
Unsecured borrowings	10.0	12.0	2.0	6.0
Amount disclosed under the head "Note 11. Other current liabilities"	-	-	(295.3)	(760.7)
Net amount	8,670.8	7,229.7	-	-

Notes :

A. Loans under Corporate Debt Restructuring (CDR)

1. All the long-term loans and sustainable working capital borrowings from banks have been restructured under the CDR package approved by the Corporate Debt Restructuring Empowered Group (CDR- EG) on September 24, 2014, except foreign currency term loan from Bank of India.
2. The Company had executed Master Restructuring Agreement (MRA)/other definitive documents with all lender banks, except State Bank of Travancore, on December 27, 2014 with Cut Off Date of October 01, 2013. Under the CDR package, the Company is entitled to reliefs and concessions granted by the banks, effective from the Cut Off Date.
3. Key terms of restructuring of the long-term loans are as under:
   i. Tenure: Door to Door 10 Years.
   ii. Additional Moratorium of 2 years and 2 months from Cut Off Date.
   iii. Repayment of Loans: 32 structured quarterly installments starting from quarter ending December 2015 till September 2023. However, first installment was payable on November 30, 2015 instead of December 31, 2015.
   iv. Interest Rate: 11% p.a. (floating), linked to base rates of respective Lenders from October 1, 2013 to September 30, 2018, thereafter rate of interest will increase to 13% w.e.f October 1, 2018.
   v. Interest obligations aggregating Rs.1,156.4 million on (i) restructured long-term loans and the foreign currency term loan from Bank of India for a period of 24 months from Cut Off Date; and (ii) on sustainable working capital borrowings for a period of 12 months from Cut Off Date, have been converted into Funded Interest Term Loan (FITL).
   vi. The dues aggregating to Rs.842.8 million in the working capital borrowings as on the Cut Off Date have been converted into Working Capital Term Loan (WCTL).

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to the consolidated financial statements for the year ended March 31, 2016

4. The foreign currency term loan (ECB) from Bank of India of US$ 25.0 million is repayable in three equal yearly installments commencing from financial year 2017-18 onwards.
5. State Bank of Travancore ('SBT') has assigned all the rights, title and interest in the entire outstanding dues owed by the Company together with all the underlying securities and guarantees, comprising its Rupee term loan and sustainable working capital along with all accrued interest thereon, in favour of Edelweiss Asset Reconstruction Company Limited ("EARC") (refer note 44). These loans are part of CDR. The EARC has restructured the entire outstanding of Rs.1,649.5 million for an aggregate principal amount of Rs.1,153.0 million. As a result of restructuring of repayment of interest and principal, total liability of Rs.1,900.0 million shall be repaid as per the following terms:
   i. Cut off date January 01, 2016
   ii. Principal payment of Rs.30.5 million to be paid on or before January 31, 2016
   iii. Balance principal amount of Rs.1,122.5 million shall be repaid in 29 structured quarterly installments commencing from the quarter ending March 31, 2016 till the quarter ending March 31, 2023
   iv. Interest rate shall be 11% p.a. up to September 30, 2018 and 13% thereafter up to March 31, 2023, payable on quarterly rests along with principal installments.
6. In the current financial year, State Bank of Mysore has absolutely assigned all the rights, title and interests in financial assistances granted to the Company, with all the underlying rights, benefits and obligations in favour of EARC vide assignment agreement dated February 26, 2016. The Company is in process of negotiating the repayment terms with EARC.

B. Securities for the long-term loans and sustainable working capital borrowings:
1. The long-term borrowings, except Rupee term loans from BIRAC, Technology Development Board, and Department of Science & Technology, have been secured by way of (i) first pari-passu charge over entire fixed assets (both present and future) of the Company, by way of mortgage of the immovable properties and hypothecation of all movable fixed assets; (ii) second pari passu charge over entire current assets (both present and future) of the Company, by way of hypothecation and/or pledge of all current assets including all receivable, finished goods, raw materials, work in progress, consumable stores and spares, book debts and bills receivable; and iii) personal guarantees by the promoter directors of the Company viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.
2. The sustainable working capital facilities (fund based, non-fund based, buyer credits etc.) have been secured by way of (i) first pari-passu charge over entire current assets (both present and future) of the Company, by way of hypothecation and/or pledge of all current assets including all receivable, finished goods, raw materials, work in progress, consumable stores and spares, book debts, bills receivable; (ii) second pari-passu charge over entire fixed assets (both present and future) of the Company, by way of mortgage of the immovable properties and hypothecation of all movable fixed assets; and (iii) personal guarantees by the promoter directors of the Company viz. Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Dr. Rajesh Jain and Mr. Sandeep Jain.
3. The long-term borrowings and sustainable working capital facilities restructured under the CDR package have been additionally secured by personal guarantees and pledge of shares held by the promoter directors of the Company viz. Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Jain. The personal guarantee and pledge of shares held by Mr. Ravinder Jain and Mr. Sumit Jain, in the Company, are currently pending.
4. The long-term loans and working capital facilities from SBI are additionally secured by way of mortgage of personal property of promoter directors, viz. Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Jain, situated at House No.18 (Middle and Rear Portions), Block No.56, East Park Road, Karol Bagh, New Delhi
5. The details of immovable properties of the Company mortgaged in favour of the CDR Lenders to secure the long term borrowings and sustainable working capital borrowings as mentioned above, are as under:
   i. All parcels of lands admeasuring 96 Bighas 19 Biswas situated at Village Samelheri, Tehsil Dera Bassi, District S.A.S. Nagar (Mohali) in the State of Punjab;
   ii. All parcels of land admeasuring 93 Bighas, 12 Biswas and 10 Biswasi situated at Village Samelheri, Tehsil Derabassi, District Patiala in the State of Punjab;
   iii. All parcels of land admeasuring 26 Bighas 3 biswas comprised in various Khewat/Khatoni Numbers, situated Village Manpura, Tehsil Nalagarh, District Solan in the State of Himachal Pradesh;
   iv. All parcels of land admeasuring 91 Bighas 1 Biswa, comprised in various Khewat/Khatoni Numbers situated Village Malpura, Tehsil Nalagarh, District Solan in the State of Himachal Pradesh;
   v. All parcels of Land bearing Plot No. E-4, Phase-2, Area Measuring 9435.66 Sq.Yds., situated at Industrial Area S.A.S. Nagar (Mohali), District S.A.S. Nagar (Mohali), Punjab;
   vi. Flat number 3, 4, 203 and 303 situated at Elite Heights Apartment, at municipal no. 6-3-1238/15/1 & 6-3-1238/16 survey no: 32/1, at Somajiguda, Hyderabad;
   vii. Industrial plot no. A-24, A-25 and A-27 having land measuring 718.92 sq yds each at Block B-1 Extension and Industrial plot no: E-12 having land measuring 1,372.52 sq yds at Block B-1, situated at Mohan Co-operative Industrial Estate, Mathura Road, New Delhi;
   viii. Plot no.35 & 36 measuring 900 sq. yds. each at Silver City Main Village Bishanpura, MC Zirakpur, Tehsil Dera Bassi, District SAS Nagar (Mohali) Punjab;
   ix. 80 flats, i.e., 20 flats comprising in block: A-2 bearing no: 101 to 104, 201 to 204, 301 to 304, 401 to 404 & 501 to 504 having super area 1495 sqft and 60 flats in block B-10, B-11, B-12 bearing no: 101 to 104, 201 to 204, 301 to 304, 401 to 404 & 501 to 504 having super area 1161 sqft (30 flats) and super area 1186 sq ft (30 flats) in building built on land measuring 28 bigha 11 biswa in khewat khatoni no: 89/91 comprised in khasra no: 1747(4-12), khewat khatoni no: 168/194 khasra no: 1970/1746 (1-15), 1971/1746(3-0), 1748(9-0) khewat khatoni no: 339/333 khasra no: 1749(4-11),1750(5-13), kitat 6, village Bhatoli Kalan, Hadbat no: 214, Paryna Dharampura, Tehsil Baddi, District Solan, H.P.
   x. Flat no. 201 at Samarpan Complex, village Chakala, Taluka Andheri, (East) Mumbai;
   xi. Flat no. 401, 601 in A-wing and Flat no. 214 in C-wing situated at Progressive's Signature Tower, plot no: 53/54 sector-6, Ghansoli, Navi Mumbai;
   xii. Residential premises no. 703, 704, 903, 904 and 1001 to 1004 in wing "B" of Sagar Heights Building F; and Commercial premises no. 707 to 712, 714 to 718, 808 to 812 and 814 to 818 in Sagar Tech Plaza- Building A, all situated at CTS no . 721/A, 721B, & 721/1 survey no: 14,15,20, 52, at Mohili village Andheri Kurla, Road Greater Mumbai; and
   xiii. Industrial plot no, Gen-72/3, land measuring 5518 sq mts in the Trans Thane Creek Industrial Area, Navi Mumbai.

C. Repayment terms and security of the loans outside the CDR Scheme: (refer note 43)
1. Rupee term loan from BIRAC (formaly known as Department of Biotechnology) for H1N1 project, with amount outstanding of Rs. 70.0 million (previous year Rs. 70.0 million), has been rescheduled during the year. It is now repayable in ten equal half-yearly installments commencing from March 31, 2017. This loan is secured by way of hypothecation all equipments, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property (both present and future) of the Company by way of first charge on pari-passu basis.
2. Rupee term loan from BIRAC for Streptococcus project, with amount outstanding of Rs.15.0 million (previous year Rs.15.0 million), is repayable in ten equal half-yearly installments commencing from one year after the completion of the project and is secured by way of hypothecation all equipments, apparatus, machineries, machineries spares, tools and other accessories, goods and/or other movable property (both present and future) of the Company by way of first charge on pari-passu basis.
3. Rupee term loan from BIRAC for Alopecia project, with previous year outstanding amount of Rs. 3.0 million, has been repaid along with interest during the year.
4. Rupee term loan from Technology Development Board (TDB), with amount outstanding Rs. 8.34 million (previous year Rs. 12.5 million), is for specific project and is repayable in nine equal half-yearly installments commencing from January 2015 and is secured by way of first pari-passu charge (i) on the whole of the moveable properties of the Company including its movable plant and machinery, machinery spares, tools and accessories and other movables both present and future except book debts; and (ii) mortgage of immovable properties of the Company being land admeasuring 1011.11 sq. yards, situated at Plot no. 37, Sector 21-A, Urban Estate Faridabad, Haryana. The loan is also collaterally secured by personal guarantees of the two promoter directors of the Company, viz. Dr. Rajesh Jain and Mr. Sandeep Jain.
5. The unsecured Rupee term loan from Department of Science and Technology, with amount outstanding Rs. 12 million (previous year Rs. 18 million), is for specific project and is repayable in ten equal annual installments commencing from September 2012.
6. Indian rupee loan from Bank of Baroda which is repayable in 32 quarterly installments, starting from March 2015 and ending on December 2022.The said term Loan is secured by way of first charge on entire movable and immovable (land admeasuring 2.50 Acres at Plot no 3201, Sector 24, DLF Phase III, Gurgaon in the state of Haryana) fixed assets of the NewRise Healthcare Private Limited and by way of 1st charge on the current assets (present and future) of the NewRise Healthcare Private Limited.

(Rs. in million)

	As at March 31, 2016	As at March 31, 2015
7. Deferred tax liabilities (Net)		
Deferred tax liabilities relating to		
Differences in depreciation and amortisation in block of fixed assets as per Income Tax Act and books of accounts	824.9	869.2
Capital expenditure on research and development	20.4	25.8
Effect of finance lease accounting	-	0.9
	845.3	895.9
Deferred tax assets relating to		
Effect of expenditure debited to statement of profit and loss but allowed for tax purposes on payment basis	539.1	560.6
Effect of unabsorbed business loss and depreciation*	301.2	330.5
	840.3	891.1
Net deferred tax liabilities	5.0	4.8

* The deferred tax assets on unabsorbed business loss and depreciation have been recognised only to the extent of deferred tax liabilities on account of lack of virtual certainty as required by the Accounting Standard-22 "Accounting for Taxes on Income".

(Rs. in million)

	Long term as at		Short term as at	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
8. Provisions				
Provision for employees benefits				
Provision for gratuity (Refer note 39)	50.9	35.4	-	-
Provision for compensated absences	91.4	81.5	13.8	36.6
Other provisions				
Provision for wealth tax	-	-	-	5.0
Provision for income tax	-	-	0.1	0.0
Provision for litigations*	-	-	-	10.0
Provision for liquidation expenses	-	-	0.7	0.8
Provision for income tax (MAT Payable)	-	-	-	9.7
Other	-	-	0.5	-
	142.3	116.9	15.1	62.1
Change in provision for litigations				
Opening balance			10.0	10.0
Addition during the year			-	-
Reversed during the year			10.0	-
Closing balance			-	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. The Company contested the matter in Consumer Grievance Redressal Forum [CGRF] of MSEDCL which had already given decision in favor of the Company. However, MSEDCL challenged the decision and filed a case with the Mumbai High Court. During the Financial Year 2014-15, the High Court has passed an order in favor of the Company. Further, MSEDCL has challenged the decision of the High Court and moved the matter to the Honorable Supreme Court. During the year, the Honorable Supreme Court has passed an order in favor of the Company. Accordingly, the provision of Rs.10.0 million has been written back.

(Rs. in million)

	As at March 31, 2016	As at March 31, 2015
9. Other long term liabilities		
Income received in advance	3.4	7.0
Group's liability towards preference share capital of Adveta Power Private Limited, joint venture company	12.9	11.8
Group's liability towards preference share capital of NewRise Healthcare Private Limited	464.8	127.1
	481.1	145.9
10. Short term borrowings		
Cash credits from banks (secured) (refer note 6(A)(6) & 6(B)(2))	1,383.9	2,084.8
Buyers' credit from banks (secured) (refer note 6(B)(2))	243.6	543.4
Loan from related parties (unsecured) (refer note 34)	185.7	210.2
Loan from others (unsecured)	105.0	120.0
	1,918.2	2,958.4
The above amount includes		
Secured borrowings	1,627.5	2,628.2
Unsecured borrowings	290.7	330.2
	1,918.2	2,958.4

Summary of significant accounting policies and other explanatory information
to the consolidated financial statements for the year ended March 31, 2016

(Rs. in million)

	As at March 31, 2016	As at March 31, 2015
11. Other Current Liabilities		
Trade payables	20.0	44.7
Micro, small and medium enterprises (refer note 33 for details)	1,858.7	2,046.6
Others	1,878.7	2,091.3
Other liabilities		
Current maturities of long term borrowings (refer note 6)	295.3	760.7
Book overdraft	-	0.1
Interest accrued but not due on borrowings	35.2	4.5
Interest accrued and due on borrowings	269.2	943.5
Advances from customers	174.1	102.7
Income received in advance	3.6	10.3
Sundry deposits	68.8	55.2
Statutory dues	53.9	54.2
Investor education and protection fund will be credited (as and when due) from Unpaid dividend on equity shares	0.2	0.4
Other payables	35.7	16.9
	936.0	1,948.5

12. Fixed Assets

Tangible Assets

(Rs. in million)

Description	Land - freehold	Land - leasehold	Buildings	Leasehold improvement	Plant and equipments	Furniture and fittings	Vehicles	Office equipments	Computer equipments	Total
Cost or Valuation										
At April 1, 2014	3,986.0	412.2	4,012.5	86.3	6,605.8	359.2	151.3	230.7	193.1	16,037.1
Additions	-	-	8.1	8.6	110.9	0.1	0.6	1.0	0.1	129.4
Revaluation	(46.0)	81.5	423.9	-	-	-	-	-	-	459.4
Disposals/Transfer	-	-	-	-	-	-	11.9	0.0	0.8	12.7
Exchange Differences	-	-	-	-	-	-	-	-	-	-
Other Adjustments*	1,226.0	-	8.8	-	-	0.0	-	0.9	0.0	1,235.7
At March 31, 2015	2,714.0	493.7	4,435.7	94.9	6,716.7	359.3	140.0	230.8	192.4	15,377.5
Additions	1.0	-	0.6	-	23.3	0.0	12.2	2.1	7.8	47.0
Disposals/Transfer	-	-	31.5	92.3	38.9	11.6	17.1	2.2	2.4	196.0
Exchange Differences	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	0.9	-	-	-	-	-	-	0.9
At March 31, 2016	2,715.0	493.7	4,403.9	2.6	6,701.1	347.7	135.1	230.7	197.8	15,227.6
Depreciation										
At April 1, 2014	-	13.0	499.5	86.3	2,335.2	238.2	100.4	204.9	177.7	3,655.2
Charge for the year	-	4.6	95.4	1.2	363.9	24.4	13.0	5.2	5.1	512.8
Deduction & Adjustment during the year	-	-	-	-	-	-	8.1	0.1	0.8	9.0
Exchange Differences	-	-	4.2	-	39.0	1.0	-	1.6	-	45.8
Other Adjustments	-	-	7.1	-	-	-	-	0.4	-	7.5
At March 31, 2015	-	17.6	606.2	87.5	2,738.1	263.6	105.3	212.0	182.0	4,212.3
Charge for the year	-	5.9	110.3	-	426.6	21.9	10.4	4.2	2.1	581.4
Deduction & Adjustment during the year	-	-	2.5	84.9	16.9	10.8	13.5	2.2	2.4	133.2
Exchange Differences	-	-	4.1	-	39.3	1.0	-	1.9	-	46.3
Other Adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2016	-	23.5	718.1	2.6	3,187.1	275.7	102.2	215.9	181.7	4,706.8
Net Block										
At March 31, 2015	2,714.0	476.1	3,829.5	7.4	3,978.6	95.7	34.7	18.8	10.4	11,165.2
At March 31, 2016	2,715.0	470.2	3,685.8	-	3,514.0	72.0	32.9	14.8	16.1	10,520.8
Capital work-in-progress										
At March 31, 2015										1,432.0
At March 31, 2016										1,505.9

* Represent conversion of Land and Building from fixed assets to stock in trade.

Notes : Plant and machinery includes plant and machinery amounting to Rs.2.0 million (previous year Rs.2.7 million) (net block) lying with third parties.

Summary of significant accounting policies and other explanatory information
to the consolidated financial statements for the year ended March 31, 2016

Intangible Assets

(Rs. in million)

Description	Goodwill	Patent, Trademark & Copyrights	Softwares	Websites	Product Development	Total
Cost or Valuation						
At April 1, 2014	132.3	85.9	223.9	9.3	487.7	939.1
Additions	17.5	-	0.7	-	-	18.2
Sale/ Adjustment	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
At March 31, 2015	149.8	85.9	224.6	9.3	487.7	957.3
Additions	-	6.6	10.5	-	-	17.1
Disposals	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-
Other Adjustments	(3.4)	4.3	-	-	-	0.9
At March 31, 2016	146.4	96.8	235.1	9.3	487.7	975.3
Depreciation						
At April 1, 2014	79.2	69.2	168.8	9.3	239.2	565.7
Charge for the year	3.4	2.0	25.2	-	83.2	113.8
Deduction & Adjustment during the year	-	-	-	-	-	-
At March 31, 2015	82.6	71.2	194.0	9.3	322.4	679.5
Charge for the year	-	6.0	16.5	-	83.0	105.5
Deduction & Adjustment during the year	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
At March 31, 2016	82.6	77.2	210.5	9.3	405.4	785.0
Net Block						
At March 31, 2015	67.2	14.7	30.6	-	165.3	277.8
At March 31, 2016	63.8	19.6	24.6	-	82.3	190.3
Capital work-in-progress						
At March 31, 2015						122.8
At March 31, 2016						103.6

Summary of significant accounting policies and other explanatory information
to the consolidated financial statements for the year ended March 31, 2016

(Rs. in million)

	As at March 31, 2016		As at March 31, 2015	
13. Non Current Investments				
(valued at cost unless stated otherwise)				
Trade - Unquoted (valued as cost unless stated otherwise), equity instruments				
Investment in associates				
419,767 (Previous year 419,767) equity shares of Rs.10 each	101.0		159.1	
fully paid in PanEra Biotec Private Limited				
Less: Share of Group's loss pertaning to earlier year	52.1		-	
Add: Profit / (loss) for the year	2.2	51.1	(58.1)	101.0
Non Trade - Unquoted (valued at cost unless stated otherwise)				
20,250 (Previous year 20,250) equity shares of Rs.10 each				
fully paid up in Shivalik Solid Waste Management Limited		0.2		0.2
50,000 (Previous year 50,000) equity shares of Rs.10 each		0.5		0.5
fully paid up in Mohali Green Environment Private Limited				
- Quoted				
a) 10,000 Equity Shares (Previous year 10,000) of Rs.10 each fully paid in Medicamen Biotec Limited		0.1		0.1
b) Nil Units (Previous year 2,308.163 Units of Rs.100.1950 NAV) in BSL Cash Plus - Daily Dividend - Regular Plan		-		0.2
		51.9		102.0
Aggregate amount of unquoted investment		51.8		101.7
Aggregate amount of quoted investment		0.1		0.3
Aggregate market value of quoted investment		0.1		0.3
Aggregate provision for other than temporary diminution in value		-		-

(Rs. in million)

		Non-current as at		Current as at	
		March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
14. Loans and Advances					
Capital advances (Unsecured, considered good)(refer note 46)	(a)	185.6	188.9	5.9	19.5
Security deposits (Unsecured, considered good)	(b)	27.7	35.4	5.4	5.8
Advances recoverable in cash or in kind					
Unsecured, considered good		-	2.5	551.9	460.6
Unsecured, considered doubtful		-	-	36.5	30.3
		-	2.5	588.4	490.9
Less : Provision for doubtful advances		-	-	(36.5)	(30.3)
	(c)	-	2.5	551.9	460.6
Other loan and advances					
Unsecured, considered good					
Balance with excise and custom etc. (refer note 47)		32.4	99.5	81.2	-
Prepaid expenses		7.0	9.9	36.6	30.4
Staff loans and advances		-	-	15.3	15.6
Advance income tax (Net of provision of Rs. 1,701.9 million (Previous year Rs. 1,687.4 million)) (refer note 30 (i)(a))		74.0	267.2	-	-
MAT credit entitlement (refer note 48)		353.4	343.5	-	-
Doubtful:					
Staff loans and advances		-	-	0.1	-
		466.8	720.1	133.2	46.0
Less : Provision for doubtful advances		-	-	(0.1)	-
	(d)	466.8	720.1	133.2	46.0
	Total (a)+(b)+(c)+(d)	680.1	946.9	696.3	531.9

Summary of significant accounting policies and other explanatory information
to the consolidated financial statements for the year ended March 31, 2016

(Rs. in million)

	Current as at March 31, 2016	Current as at March 31, 2015
15. Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	293.5	227.9
Unsecured, considered doubtful	66.9	161.1
	360.4	389.0
Less : Provision for doubtful receivables	(66.9)	(161.1)
(a)	293.5	227.9
Other receivables		
Unsecured, considered good	1,123.2	757.8
Unsecured, considered doubtful	0.1	-
	1,123.3	757.8
Less : Provision for doubtful receivables	(0.1)	-
(b)	1,123.2	757.8
Total (a)+(b)	1,416.7	985.7

(Rs. in million)

	As at March 31, 2016	As at March 31, 2015
16. Inventories		
(valued at lower of cost and net realisable value)		
Raw materials (including packing materials)	689.8	525.4
Work in progress	113.7	433.7
Finished goods	376.4	293.7
Traded goods	52.7	37.2
Stores and spares	139.7	132.1
Land under development*	1,680.1	1,680.1
	3,052.4	3,102.2

* Land under development amounting to Rs.1,147.4 million (building Rs.8.8 million) which was converted from fixed assets in financial year 2014-15.

(Rs. in million)

	Non-current as at		Current as at	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
17. Cash and Bank Balances				
Cash and Cash equivalents				
Balances with banks				
Current accounts	-	-	84.3	179.4
Exchange earner foreign currency accounts	-	-	6.1	18.2
Cash on hand	-	-	6.9	1.9
Unpaid dividend accounts*	-	-	0.2	0.4
(a)	-	-	97.5	199.9
Other Bank Balances**				
Deposits with original maturity for more than 12 months	5.6	0.8	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	131.8	324.1
(b)	5.6	0.8	131.8	324.1
Amount disclosed under the head "Note 19 - other assets"	(5.6)	(0.8)	-	-
Total (a)+(b)	-	-	229.3	524.0

* Not available for use by the Company as these represent corresponding unpaid/unclaimed dividend liabilities.
**Fixed deposits amounting to Rs.38.3 million (Previous year Rs.3.6 million) are pledged with banks and various government authorities for tender, bank guarantee, margin money etc.

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended March 31, 2016

(Rs. in million)

	As at March 31, 2016	As at March 31, 2015
18. Current Investments		
Quoted investments: (valued as cost unless stated otherwise)		
a) 1,447,401.393 Units (Previous Year 3,475,826.038 Units) of Rs.10.0759 NAV in Franklin India Ultra Short Bond Fund Super Institutional Plan Daily Dividend - Option Reinvestment	14.6	35.0
b) Nil (Previous Year 14,749.398 Units) of Rs. 1000.7164 NAV in Franklin India Treasury Management Account - Super Institutional Plan- Daily Dividend Reinvestment	-	14.8
c) 205,527.895 Units (Previous Year Nil Units) of Rs. 100.2970 NAV in Birla Sun Life Saving Fund Daily Dividend - Regular Plan - Reinvestment	20.6	-
	35.2	49.8
Aggregate amount of quoted investment	35.2	49.8
Aggregate market value of quoted investment	35.2	49.8

(Rs. in million)

	Non-current as at		Current as at	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
19. Other assets				
Unsecured, considered good unless stated otherwise				
Export benefits receivable	-	-	52.7	47.2
Interest accrued on deposits (considered good)	-	-	0.8	4.8
Interest accrued but not due on loans & deposits	-	-	1.2	-
Others	-	-	1.3	11.6
Bank balances (refer note 17)	5.6	0.8	-	-
	5.6	0.8	56.0	63.6

(Rs. in million)

	For the year ended March 31, 2016	For the year ended March 31, 2015
20. Revenue From Operations		
Sales of products		
Finished goods	5,647.3	5,966.9
Traded goods	543.2	494.0
Sale of services		
Contract manufacturing	71.3	55.1
Other operating revenue		
Export benefits	90.3	67.7
Research and license fees income	140.3	240.0
Royalty income	34.7	49.1
Scrap sale	7.1	2.8
Others	0.2	0.4
	6,534.4	6,876.0
Less: Excise duty paid on sales	3.6	4.1
Revenue from operations (Net)	6,530.8	6,871.9
21. Other Income		
Interest income on		
Banks deposits	11.2	22.3
Income tax refund	38.3	12.8
Others	1.8	1.5
Dividend income on:		
Investments in mutual fund	-	0.0
Investment in other non trade fund	2.4	1.1
Net gain on sale of current investment	-	0.0
Excess provision written back	41.5	150.9
Lease rent	84.2	24.9
Income on reversal of revaluation on land	-	48.7
Miscellaneous	24.1	22.6
	203.5	284.8

(Rs. in million)

	For the year ended March 31, 2016		For the year ended March 31, 2015	
22. Cost of Raw and Packing Material Consumed				
Inventory at the beginning of the year	525.5		623.3	
Add : Purchases during the year	1,860.4		2,347.9	
	2,385.9		2,971.2	
Less : Inventory at the end of the year	689.8		525.5	
Raw and packing materials consumed	1,696.1		2,445.7	
		1,696.1		2,445.7

(Rs. in million)

	For the year ended March 31, 2016	For the year ended March 31, 2015	(Increase)/ decrease
23. (Increase)/ Decrease in Inventories			
Inventories at the end of the year			
Finished goods	376.4	293.7	(82.7)
Traded goods	52.7	37.2	(15.5)
Work in progress	113.7	433.7	320.0
	542.8	764.6	221.8
Inventories at the beginning of the year			
Finished goods	293.7	338.1	44.4
Traded goods	37.2	38.1	0.9
Work in progress	433.7	646.2	212.5
	764.6	1,022.4	257.8
	221.8	257.8	
(Increase)/ decrease in Land Under Development	-	109.2	(109.2)
	221.8	148.6	

(Rs. in million)

	For the year ended March 31, 2016		For the year ended March 31, 2015	
24. Employee Benefits Expense				
Salary, wages and bonus		1,249.6		1,194.5
Contractual wages		58.0		46.7
Contribution to provident and other funds (refer note 39)		44.8		42.0
Staff welfare expenses		51.4		55.4
Gratuity expense (refer note 39)		16.4		21.2
		1,420.2		1,359.8

Summary of significant accounting policies and other explanatory information
to the consolidated financial statements for the year ended March 31, 2016

(Rs. in million)

	For the year ended March 31, 2016		For the year ended March 31, 2015	
25. Other Expenses*				
Contract manufacturing		29.3		89.2
Analytical testing and trial		42.1		42.1
Consumption of stores and spares		164.4		166.4
Power and fuel		251.5		307.3
Repair and maintenance:				
Buildings	48.0		19.1	
Plant and machinery	37.6		29.2	
Others	32.9	118.5	39.2	87.5
Rent		27.7		52.3
Royalty		12.4		22.5
Directors' sitting fees		2.7		1.4
Printing and stationery		12.7		12.4
Postage and communication		38.8		44.8
Insurance		41.4		39.3
Travelling and conveyance		120.5		123.4
Payment to auditors (Refer note 40)		8.7		7.2
Legal and professional charges (Refer note 40)		162.2		173.8
Vehicle running and maintenance		28.0		32.0
Rates and taxes		44.5		32.2
Subscription		10.5		13.1
Staff training and recruitment		15.2		19.3
Bad debts and advances written off		0.7		0.0
Discount on sale of export benefit		3.5		-
Loss on sale/discard of fixed assets (net)		-		5.7
Wealth Tax		-		5.0
Provision for doubtful debts and advances		0.2		-
Exchange difference (net)		39.0		273.3
Lease hold improvement written off		7.9		-
Advertising and sales promotion		259.5		256.0
Meetings and conferences		25.8		26.1
Freight and forwarding		87.7		111.1
Commission on sales		91.3		74.9
Intangibles assets under development written off		28.5		2.7
Security Charges		35.5		31.0
Office Expenses		14.9		17.9
Miscellaneous expenses (including prior period expense of Rs.52.1 million (Previous year Nil))**		109.7		201.3
		1,835.3		2,271.2

*For pre-operative expenses refer to note 32

** Includes the Group's share of loss in associate pertaining to earlier years, recorded in current year

(Rs. in million)

	For the year ended March 31, 2016	For the year ended March 31, 2015
26. Finance Cost		
Interest on borrowings	1,210.0	969.7
Bank charges (including prior period expenses of Rs.3.3 million (Previous years Nil))	51.0	63.5
Exchange differences to the extent considered as an adjustment to borrowing cost	12.3	12.1
	1,273.3	1,045.3
27. Depreciation and amortisation expense		
Depreciation of tangible assets	627.7	558.6
Amortisation of intangible assets	105.5	113.8
	733.2	672.4
28. Exceptional items		
Gain on restructuring of debt (refer note 6A(5))	496.5	-
	496.5	-
29. Earning per share		
Profit /(Loss) for the year (Rs. in million)	(182.9)	(1,065.0)
Weighted average number of equity shares used in calculating basic and diluted earning per share	61,250,746	61,250,746
Basic earning per share (in Rs.)	(2.97)	(17.39)
Diluted earning per share (in Rs.)	(2.97)	(17.39)
Nominal value per share (in Re.)	1.00	1.00

30. Contingent Liabilities (to the extent not provided for)

(Rs. in million)

i)

Particulars	As at March 31, 2016	As at March 31, 2015
Disputed demands/show-cause notices under:-		
a) Income tax cases (refer note (a) below)	3,457.1	3,457.1
b) Customs duty cases (refer note (b) below)	4.0	4.0
c) Service tax (refer note (c) below)	72.6	72.6
Total	3,533.7	3,533.7
Labor cases (in view of large number of cases, it is impracticable to disclose each of them)	1.7	1.3

Notes:

a) i) Includes income tax demand of Rs.162.2 million in respect to AY 2005-06. Income Tax Department issued demand based on certain grounds related to purchases made by the Company from an overseas vendor. The matter was decided in favour of the Company and the demand was cancelled by CIT (Appeals). However, the Income Tax Department has filed appeal before Income Tax Appellate Tribunal ("ITAT") against the order of CIT (Appeals) which is pending at present. The Company believes that it has merit in these cases, hence no provision is required.

ii) A search operation was conducted by Income Tax Department in the premises of the Company in January 2012 and hence the Company has re-filed the income tax return for the Assessment Year 2006-07 to Assessment year 2012-13. During the year March 31, 2015, the Income Tax Department completed the assessment of the said years, disallowed certain expenses and issued demand of Rs.3,294.9 million (including interest) on various grounds. The Company had preferred appeals before the CIT (Appeals) against the orders of Income Tax Department. The appeals were decided in favour of the Company and the demand was cancelled, however, CIT (Appeals) has made certain disallowances in AY 2010-11 & AY 2011-12 against which the Company has filed appeals before the ITAT. The Income Tax Department has also filed appeals before ITAT against the orders of CIT (Appeals). The appeals before ITAT are pending at present. Based on legal advice, the Company believes that it has 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.The Company has deposited the entire amount of demand under protest amounting to Rs. 4.0 million and the matter is pending before Hon'ble Customs, Excise and Service Tax Appellate Tribunal("CESTAT"). The Company believes that it has merit in its case, hence no provision is required.

c) In respect of service tax demands for the FY 2003-04 to FY 2011-12, the Assessing Officer levied service tax on foreign services rendered and delivered outside India by the Company and certain others services on which there was no liability to pay service tax. The cases are currently pending with CESTAT. The Company believes that it has merit in its case, hence no provision is required.

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended March 31, 2016

ii) The Company had manufactured and offered supply of certain vaccines which were manufactured against the confirmed order received from the Ministry of Health and Family Welfare (MOH&FW). Some quantities of vaccines were supplied during December 2011, the balance could not be supplied in view of disputes with respect to delivery dates and in the meantime the stock of such vaccines amounting to Rs.74.1 million expired. Further, the Company had also received advance market commitment (AMC) amounting to Rs.100 million against these vaccines. The refund of the advance so received (after adjusting the amount receivable against the vaccines already supplied) has been demanded back by MOH&FW along with interest on account of non-supply of balance quantities of vaccines. In view of above disputes, the Company obtained a stay order from the Hon'ble Delhi High Court against recovery of said amount, till the disputes are finally resolved through arbitration. While the arbitral proceedings are on, the Company believes that the entire amount in respect of above supplies (after adjusting the AMC amount) including the amount of expired stock and applicable interest thereon is recoverable and no interest is payable on the said AMC amount. Based on legal opinion, no adjustment in respect of the expired stock and the interest amount has been made in the financial statements.

31. Capital & other commitments

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

(Rs. in million)

Particulars	**As at March 31 , 2016**	As at March 31 , 2015
Fixed Assets	80.8	115.4

b) Other commitments:

i) Export commitments of Rs.983.59 million (Previous year Rs.717.85 million) under advance licenses schemes.

ii) The Company has received financial assistance in the form of soft loan under various projects from Department of Biotechnology and Department of Science & Technology respectively. As per the terms of related agreements, the Company is also required to incur expenditure in form of monetary contribution to the relevant project. Further, the Company has to repay these loans as per terms of respective agreement. The amount of commitment is not quantifiable.

iii) The Company had executed an agreement dated January 01, 2014, with other shareholders of its subsidiary company, namely NewRise Healthcare Private Limited (formerly Umkal Medical Institute Private Limited) to acquire the remaining stake in the subsidiary company. During the previous year, Company had purchased part of these shares at an aggregate value of Rs.4.06 million. As per the terms of the agreement, the Company is required to pay further amount of Rs.89.54 million towards purchase of balance shares and post such purchase of shares, the said subsidiary will become a wholly owned subsidiary company.

iv) For commitments relating to lease arrangements, refer note 37.

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

(Rs. in million)

Particulars	Opening balance		Addition during the year ended		Capitalized during the year ended		Closing balance	
	April 1, 2015	April 1, 2014	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
Legal and professional	74.4	140.1	0.4	1.3	1.3	67.0	73.5	74.4
Store and spares consumed	0.2	0.2	-	-	0.2	-	0.0	0.2
Power and fuel	17.5	17.5	-	-	-	-	17.5	17.5
Rates and taxes	1.5	1.5	-	-	0.1	-	1.4	1.5
Repair and maintenance	0.4	0.4	-	-	0.4	-	-	0.4
Salary and wages	86.9	106.5	-	-	-	19.6	86.9	86.9
Travelling and conveyance	3.7	4.6	-	-	-	0.9	3.7	3.7
Rent	5.3	14.2	-	-	2.8	9.0	2.5	5.3
Sundry expenses	261.8	274.3	0.4	0.0	0.5	12.5	261.7	261.8
Total	451.7	559.3	0.8	1.3	5.3	109.0	451.2	451.7

33. Details of dues to micro & small enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006 ("MSMED Act")

(Rs. in million)

Particulars	**As at March 31, 2016**		As at March 31, 2015	
	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.	20.0	6.3*	44.7	5.8*
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.	57.5	5.2	62.3	5.4
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.	-	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	16.7*	-	11.0*
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	10.4	-	5.2

* Included in Note 11 under Others

34. Related party disclosures

A. Names of related parties

Related Parties with whom transactions has taken place during the year

(a) Joint Ventures
- Chiron Panacea Vaccines Private Limited (under liquidation) (Refer note 38(c))
- Adveta Power Private Limited

(b) Associates
- PanEra Biotec Private Limited

(c) Key Management Personnel
- Mr. Soshil Kumar Jain - Chairman and Whole-time Director
- Mr. Ravinder Jain - Managing Director
- Dr. Rajesh Jain - Joint Managing Director
- Mr. Sandeep Jain - Joint Managing Director
- Mr. Sumit Jain - Whole-time Director
- Mr. Ankesh Jain - Whole-time Director (from April 01, 2016)
- Mr. Vinod Goel - Group CFO and Head Legal & Company Secretary
- Mr. Partha Sarthe De - Chief Financial officer & Head of IT & BPR (Up to November 30, 2014)
- Mr. Devender Gupta - Chief Financial Officer & Head of Information Technology (From May 29, 2015)

(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. Nirmala Jain, Wife of Mr. Soshil Kumar Jain
- Mrs. Meena Jain, Wife of Dr. Rajesh 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 (KMP w.e.f. April 1, 2016)
- Mr. Harshet 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 Limited
- Lakshmi & Manager Holdings Limited ("LMH") and its subsidiaries, Trinidhi Finance Private Limited and Best General Insurance Company Limited
- First Lucre Partnership Co. (holding shares in the Company)
- White Pigeon Estate Private Limited
- OKI Estate Private Limited

Summary of significant accounting policies and other explanatory information
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B. Detail of transactions with Associates and Joint Ventures companies:

(Rs. in million)

S. No.	Particulars	Associate		Joint Ventures	
		March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
I)	Transactions made during the year				
1	Purchase of raw materials				
	PanEra Biotec Private Limited	478.4	157.6	-	-
2	Sale of goods/material				
	PanEra Biotec Private Limited	6.1	0.1	-	-
3	Recovery of expenses				
	PanEra Biotec Private Limited	80.2	41.1	-	-
4	Rent received				
	PanEra Biotec Private Limited	95.1	26.2	-	-
	Chiron Panacea Vaccines Private Limited	-	-	0.4	0.4
II)	Year end balances				
1	Investments				
	PanEra Biotec Private Limited	4.2	4.2	-	-
2	Outstanding receivable				
	Chiron Panacea Vaccines Private Limited	-	-	0.1	-
	PanEra Biotec Private Limited	178.8	-		
3	Outstanding loan and advances, net				
	PanEra Biotec Private Limited	248.7	114.4	-	-

C. Detail of transactions with Key Management Personnel, their relatives and Enterprises over which Person(s) having control or significant influence over the Group/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, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
I	Transactions made during the year						
1	Remuneration						
	Mr. Soshil Kumar Jain	8.4	8.1	-	-	-	-
	Mr. Ravinder Jain	11.4	13.2	-	-	-	-
	Dr. Rajesh Jain	7.6	7.4	-	-	-	-
	Mr. Sandeep Jain	6.7	6.5	-	-	-	-
	Mr. Sumit Jain	3.8	3.6	-	-	-	-
	Mr. Vinod Goel	3.7	3.2	-	-	-	-
	Mr. Partha Sarathi De	-	6.4	-	-	-	-
	Mr. Devender Gupta	2.4	-	-	-	-	-
	Mr. Shagun Jain	-	-	2.8	2.7	-	-
	Mr. Ashwani Jain	-	-	3.1	3.0	-	-
	Mrs. Shilpy Jain	-	-	0.6	0.6	-	-
	Mrs. Radhika Jain	-	-	1.4	1.4	-	-
	Mr. Ankesh Jain	-	-	1.5	0.8	-	-
	Mr. Harshet Jain	-	-	0.5	0.2	-	-
2	Fixed deposit repaid/adjusted						
	Dr. Rajesh Jain	-	20.0	-	-	-	-
	Mr. Sandeep Jain	-	20.0	-	-	-	-
	Mrs. Meena Jain	-	-	-	60.0	-	-
	Mrs. Nirmala Jain	-	-	-	33.2	-	-
3	Interest on deposit						
	Dr. Rajesh Jain	-	1.2	-	-	-	-
	Mr. Sandeep Jain	-	0.9	-	-	-	-
	Mrs. Meena Jain	-	-	-	5.4	-	-
	Mrs. Nirmala Jain	-	-	-	3.0	-	-

(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, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
4	Rent received						
	Neophar Alipro Limited	-	-	-	-	0.2	0.2
	Trinidhi Finance Private Limited	-	-	-	-	0.2	0.2
5	Interest expenses						
	Mr. Soshil Kumar Jain	8.6	12.6	-	-	-	-
	Mr. Ravinder Jain	1.1	1.1	-	-	-	-
	Dr. Rajesh Jain	4.5	8.5	-	-	-	-
	Mr. Sandeep Jain	-	1.4	-	-	-	-
	Trinidhi Finance Private Limited	-	-	-	-	0.3	0.2
6	Loan repaid/ adjusted						
	Mr. Soshil Kumar Jain	-	53.3	-	-	-	-
	Dr. Rajesh Jain	-	58.3	-	-	-	-
	Mr. Sandeep Jain	-	18.0	-	-	-	-
II)	Year end balances						
1	Loan payable						
	Mr. Soshil Kumar Jain	95.2	95.2	-	-	-	-
	Mr. Ravinder Jain	12.7	12.7	-	-	-	-
	Dr. Rajesh Jain	49.7	49.7	-	-	-	-
	Trinidhi Finance Private Limited	-	-	-	-	3.1	3.1
2	Interest payable						
	Mr. Soshil Kumar Jain	9.5	1.8	-	-	-	-
	Mr. Ravinder Jain	5.7	4.7	-	-	-	-
	Dr. Rajesh Jain	5.0	0.9	-	-	-	-
	Trinidhi Finance Private Limited	-	-	-	-	0.7	0.3
3	Outstanding receivable						
	Trinidhi Finance Private Limited	-	-	-	-	0.4	0.2

Note: In respect of personal guarantees given by promoter directors, refer Note 6 (Long term borrowings) and Note 10 (Short term borrowings).

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

Particulars	Currency	**As at March 31, 2016 Foreign Currency**	Closing Exchange Rate*	**As at March 31, 2016 Rs. in million**	As at March 31, 2015 Foreign Currency	Closing Exchange Rate*	As at March 31, 2015 Rs. in million
Foreign trade payable	USD	2,882,801	66.26	191.0	3,749,656	62.50	234.4
	Euro	1,456,513	75.39	109.8	2,341,721	67.19	157.3
	CHF	8,329	63.68	0.5	16,870	64.29	1.1
	GBP	11,664	95.17	1.1	9,063	92.43	0.8
	JPY/100	27,228	59.88	1.6	27,228	53.13	1.4
	SEK	16,820	8.17	0.1	16,820	7.25	0.1
	CAD	6,828	51.01	0.3	6,828	49.08	0.3
	KZT	6,886,660	0.20	1.4	6,886,660	0.35	2.4
	THB	5,547	1.90	0.0	5,547	1.93	0.0
	RUB	6,020	1.01	0.0	-	-	-
Foreign trade receivable	Euro	3,829,499	75.38	288.7	5,708,435	67.18	383.5
	USD	9,417,780	66.25	623.9	5,993,315	62.49	374.5
Foreign currency loans	USD	28,676,061	66.26	1,900.1	33,455,572	62.5	2,091.0
	Euro	-	-	-	222,070	67.19	14.9
Balance with banks	USD	80,644	66.25	5.3	142,288	62.49	8.9
	Euro	6,182	75.38	0.5	130,629	67.18	8.8
	KZT	793,347	0.19	0.2	220,147	0.34	0.1
	RUB	113,786	1.00	0.1	401,296	1.07	0.4
Interest accrued but not due	USD	14,705	66.26	1.0	673,530	62.50	42.0
	Euro	-	-	-	2,117	67.19	0.1

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

Summary of significant accounting policies and other explanatory information
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36. Segment information

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

Primary segments:

Business segments: The Group's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are:

Vaccines, Formulations and Research & Development : These business segments are engaged in the business of research, development, manufacture and marketing of Vaccines and Branded Pharmaceutical Formulations. The Group has products for various segments, which include paediatric vaccines, pain management, diabetes management and organ transplantation.

Healthcare : This business segment is engaged in business of operating and maintaining hospitals.

Real estate activities : This business segment is engaged in the business of acquisition, construction and development of housing and commercial real estate projects.

Secondary segment:

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

A. Information about Primary Segments

(Rs. in million)

Particulars	Vaccines		Formulations		Research & Development		Healthcare		Real Estate		Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
Revenue												
Segment revenue	2,531.8	2,762.9	3,868.2	3,870.8	130.8	238.2	-	-	-	-	6,530.8	6,871.9
Other income	98.8	19.0	18.5	75.3	14.4	3.5	0.3	0.1	4.9	49.3	136.9	147.2
Total	2,630.6	2,781.9	3,886.7	3,946.1	145.2	241.7	0.3	0.1	4.9	49.3	6,667.7	7,019.1
Segment results	670.1	38.9	1,087.3	1,137.7	(517.7)	(399.7)	(34.6)	(34.6)	9.4	48.9	1,214.5	791.2
Unallocated corporate expenses											693.6	877.6
Operating profit/(Loss)											520.9	(86.4)
Less: Interest and finance charges											1,273.3	1,045.3
Add: Exceptional items gain/(loss)											496.5	-
Add: Other income											66.6	137.6
Less: Income taxes											19.2	30.8
Net profit/(Loss)											(208.5)	(1,024.9)
Particulars	As at		As at		As at		As at		As at		As at	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
Other information												
Segment assets	6,176.6	6,383.0	4,030.5	3,957.2	2,170.7	2,281.2	1,593.4	1,574.8	2,603.1	2,590.9	16,574.3	16,787.1
Unallocated corporate assets											1,969.8	2,517.6
Total assets	6,176.6	6,383.0	4,030.5	3,957.2	2,170.7	2,281.2	1,593.4	1,574.8	2,603.1	2,590.9	18,544.1	19,304.7
Segmental liabilities	352.4	497.3	1,315.6	1,334.6	223.1	254.6	1,041.8	1,176.4	198.9	157.7	3,131.8	3,420.6
Unallocated corporate liabilities											10,915.4	11,136.7
Total liabilities	352.4	497.3	1,315.6	1,334.6	223.1	254.6	1,041.8	1,176.4	198.9	157.7	14,047.2	14,557.3
Particulars	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
Capital expenditure on:												
Tangible assets	48.0	21.4	16.5	8.9	0.1	13.4	-	0.0	8.6	10.1	73.2	53.8
Intangible assets	-	-	1.7	0.0	10.1	1.1	-	-	-	-	11.8	1.1
Depreciation expense*	299.3	279.6	165.0	140.2	122.4	100.0	-	0.4	14.6	9.7	601.3	529.9
Amortization expense*	-	-	0.1	0.1	87.6	87.9	-	-	0.0	-	87.7	88.0

* Note: Excluding unallocated depreciation and amortization

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, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
Vaccines	593.2	1,384.4	1,938.6	1,378.5
Formulations	3,177.5	2,872.8	690.7	998.0
Research and Development	3.2	15.5	127.6	222.7
Total	3,773.9	4,272.7	2,756.9	2,599.2

b) Trade receivable as per geographical markets

(Rs. in million)

Segment	Domestic		Overseas	
	As at		As at	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
Vaccines	194.6	101.7	372.3	129.7
Formulations	367.4	290.6	364.9	443.7
Research and Development	2.2	-	115.3	-
Total	564.2	392.3	852.5	573.4

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

37. Leases

i. For assets given under operating lease agreements:

a) The Company has leased out the assets situated at Lalru, Punjab on operating lease to its Associate, PanEra Biotec Private Limited, 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, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
Building	337.8	336.5	77.3	68.2	10.4	9.2
Furniture and fixture	40.9	30.3	32.2	20.3	2.4	2.2
Office equipment	21.8	14.8	20.5	13.5	0.4	0.5
Plant & machinery	2,216.0	2,008.8	1,042.7	775.3	148.0	115.3
Computer equipment	13.4	10.1	12.7	9.6	0.0	0.1
Total	2,629.9	2,400.5	1,185.4	886.9	161.2	127.3

The total of Minimum Future Lease Payments under non-cancellable operating lease for various periods for assets stated above is as follows:

(Rs. in million)

Particulars	**As at March 31, 2016***	As at March 31, 2015*
a) Receivable within 1 year	264.6	264.6
b) Later than 1 year but not later than 5 years	-	-
c) Later than 5 years	-	-

* The Lease term for the assets given on lease vide agreement for providing manufacturing facility, utilities and services of employees with PanEra Biotec Private Limited is valid till March 31, 2017. 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 Private Limited for that relevant period.

ii. For assets taken on operating lease agreements:

a) The Company has taken various residential, office and godown premises under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. There is no sublease payments expected to be received under non-cancellable subleases at the balance sheet date and no restriction is imposed by lease arrangements.

b) Lease payments for the year are Rs.27.7 million(Previous year Rs.52.3 million).

Summary of significant accounting policies and other explanatory information
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c) Total of future minimum lease payments under non-cancellable operating leases : (Rs. in million)

Particulars	As at March 31, 2016	As at March 31, 2015
a) Payable within 1 year	0.5	1.2
b) Later than 1 year but not later than 5 years	2.0	1.7
c) Later than 5 years	42.5	47.7

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

S. No.	Name of the Company	Nature of relationship	Country of Incorporation	(%) Holding as on March 31, 2016	(%) Holding as on March 31, 2015
1.	Chiron Panacea Vaccines Private Limited (under liquidation)	Joint venture	India	50	50
2.	Adveta Power Private Limited	Joint venture	India	50	50

b) Aggregate interest of the Company in assets, liabilities, revenue and expenses in the jointly controlled entities are as follows: (Rs. in million)

Particulars	As at March 31, 2016	As at March 31, 2015
Current assets		
Cash and cash equivalents	49.1	40.9
Short term loans and advances	0.2	5.8
Other current assets	1.2	1.6
Non-current assets		
Capital work-in-progress	13.6	12.3
Intangible assets under development	0.0	0.0
Current liabilities		
Trade payables	0.7	-
Other current liabilities	0.4	0.5
Short- term provisions	0.7	0.7

(Rs. in million)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Revenue	5.0	3.9
Employee benefits expense	0.1	0.5
Other expenses	1.5	0.7

c) The Company has entered into "Dissolution of Joint Venture Agreement" dated November 30, 2012 with respect to its Joint Venture namely Chiron Panacea Vaccines Private Limited, 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 with effect from January 31, 2013. The liquidation proceedings of the Joint Venture Company have already commenced and are in progress as on March 31, 2016.

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 consolidated financial statements.

39. Employee Benefits

The Group has a defined benefit gratuity plan wherever applicable. Every employee who has completed five years or more of service is eligible for gratuity on separation from employment 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 summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss

(Rs. in million)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Current service cost	13.5	13.3
Interest cost on benefit obligation	10.2	9.8
Expected return on plan assets	(8.2)	(8.6)
Net actuarial (gain)/loss recognised in the year on account of return on plan assets	0.8	5.1
Net benefit expense/(income)	16.4	19.7
Actual return on plan assets	(6.7)	(8.0)

Balance sheet

Details of provision for gratuity

(Rs. in million)

Particulars	**As at March 31, 2016**	As at March 31, 2015
Defined benefit obligation	130.0	127.7
Fair value of plan assets	79.1	92.3
Net obligation – unfunded	50.9	35.4

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

(Rs. in million)

Particulars	**As at March 31, 2016**	As at March 31, 2015
Opening defined benefit obligation	127.7	115.3
Interest cost	10.2	9.8
Current service cost	13.5	13.3
Benefits paid	(20.8)	(15.3)
Actuarial Gain/ (losses) on obligation	(0.6)	4.6
Closing defined benefit obligation	130.0	127.7

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

(Rs. in million)

Particulars	**As at March 31, 2016**	As at March 31, 2015
Opening fair value of plan assets	92.3	95.0
Expected return	8.2	8.6
Contributions by employer	0.7	4.6
Benefits paid	(20.5)	(15.3)
Actuarial Gain /(losses)	(1.6)	(0.5)
Closing fair value of plan assets	79.1	92.3

The key 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, 2016**	As at March 31, 2015
	%	%
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 obligations for gratuity/compensated absences are shown below:

Particulars	**As at March 31, 2016**	As at March 31, 2015
	%	%
Discount rate	8.0	8.0
Expected rate of return on plan assets	8.9	9.0
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, 2016**	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	129.9	127.7	115.3	128.2	138.8
Plan assets	79.1	92.3	95.0	100.8	102.1
Deficit	50.8	35.4	20.3	27.4	36.7
Experience adjustments on plan liabilities-(Gain)/Loss	0.7	4.6	(28.5)	(21.2)	(9.3)
Experience adjustments on plan assets-(Gain)/Loss	(1.6)	(0.5)	(0.5)	0.4	4.1

Summary of significant accounting policies and other explanatory information
to the consolidated financial statements for the year ended March 31, 2016

(Rs. in million)

Defined Contribution Plan:	**As at March 31, 2016**	As at March 31, 2015
Contribution to provident fund and other funds charged to statement of profit and loss	44.8	42.0

The Group expects to contribute Rs.22.9 million (Previous year Rs.21.6 million) to gratuity fund in the next financial year.

40. Auditors' remuneration:

(Rs. in million)

Particulars	**For the year ended March 31, 2016**			For the year ended March 31, 2015		
	Parent Company	Subsidiaries*	Joint Ventures*	Parent Company	Subsidiaries*	Joint Ventures*
As auditor						
- Audit fee	2.6	2.0	0.0	2.1	2.0	0.0
- Limited reviews fee	2.4	-	-	2.2	-	-
In other capacity						
- Management services	-	-	-	-	0.0	-
- Certification services	1.3	0.1	-	0.3	0.1	-
Reimbursement of expenses	0.4	-	-	0.5	-	-
Total	6.7	2.1	0.0	5.1	2.1	0.0
Tax Auditor**	0.2	0.0	0.0	0.2	0.0	0.0
Cost Auditor**	0.1	0.0	-	0.1	0.0	-
Secretarial Auditor**	0.2	0.0	-	0.2	-	-

*Audited by other auditors
** Included in legal and professional charges

41. During the year 2013-14, the Company had paid managerial remuneration of Rs.37.5 million. The amount paid as managerial remuneration has exceeded the limits prescribed under Section 198 and 309 read with Part II of Schedule XIII to the Companies Act, 1956 by Rs.13.5 million due to unexpected losses during the financial year 2013-14. Also, during the FY 2012-13 the Company paid managerial remuneration of Rs.37.2 million which exceeded the limits prescribed in aforesaid provisions of the Act by Rs.13.2 million. During the FY 2013-14, the Company had filed applications to obtain approvals from Central Government in respect to excess remuneration paid for FY 2013-14 and FY 2012-13. Pending final outcome of the application filed with the Central Government, no adjustments have been made in the consolidated financial statements.

42. During the year ended March 31, 2016, the Group has incurred losses of Rs.182.9 million (Previous year: loss of Rs.1,065.0 million) after adjusting an exceptional item of Rs.496.5 million (Previous year: Rs. Nil). Further, the Group's accumulated losses have resulted in erosion of more than fifty percent of its peak net worth calculated as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). During the earlier years, the continuous losses before exceptional items have also adversely affected the cash flows of the Company. These conditions, read with note 44 below, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Group has undertaken several measures to mitigate the risk, which include supply to UNICEF/other customers of pentavalent vaccine; certain strategic alliances with foreign collaborators for supply of vaccines and pharma products including three collaboration agreements signed during the financial year 2014-15. Additionally, as explained in note 44 below, the management has successfully executed the Master Restructuring Agreement (MRA) with the lenders of the Company. Management is confident that it will be able to comply with all key conditions and successfully implement the MRA. Based on the above measures and continuous efforts to improve the business, management believes that it would be able to generate sustainable cash flow, recover and recoup the erosion in its net worth through profitable operations, discharge its obligations as they fall due and continue as a going concern.

43. On account of continuous losses of the Group, certain delays and defaults in repayment of loan installments (including interest thereon) have occurred during the years, which are described below:

Loan particulars	Amount of total installment along with interest	Due Date	Paid On
A. Term Loans from banks/ Government departments			
State Bank of India- Working Capital Term Loan (WCTL)	4.3	November 30, 2015	December 30, 2015
State Bank of India- Funded Interest Term Loan (FITL)	5.7	November 30, 2015	December 30, 2015
State Bank of India- Term Loan – I	12.0	November 30, 2015	December 30, 2015
State Bank of India- Term Loan – II	6.1	November 30, 2015	December 30, 2015
State Bank of India - Term Loan - III	117.6	September 30, 2015	October 3, 2015
Canara Bank- WCTL	0.3	November 30, 2015	December 1, 2015
Canara Bank- FITL	0.2	November 30, 2015	December 1, 2015
Union Bank- WCTL	0.3	November 30, 2015	March 30, 2016
Union Bank- FITL	0.2	November 30, 2015	March 29, 2016
Indian Overseas Bank- WCTL	0.3	November 30, 2015	January 5, 2016
Indian Overseas bank- FITL	1.9	November 30, 2015	January 5, 2016
Indian Overseas Bank- Term Loan	7.5	November 30, 2015	December 5, 2015
Axis Bank Limited- WCTL	0.0	November 30, 2015	December 1, 2015
Axis Bank Limited- FITL	0.0	November 30, 2015	December 1, 2015
Bank of Baroda- Term Loan	12.6	March 31, 2015	June 30, 2015
Bank of Baroda- Term Loan	12.6	June 30, 2015	September 30, 2015
Bank of Baroda- Term Loan	12.6	September 30, 2015	December 30, 2015
Bank of Baroda- Term Loan	12.6	December 31, 2015	March 28, 2016
Bank of Baroda- Term Loan	12.6	March 31, 2016	Yet to be paid
Bank of Baroda- Term Loan-interest	32.8	February - March 2015	April 2015- June 2015
Bank of Baroda- Term Loan-interest	34.2	May - July 2015	July 2015- September 2015
Bank of Baroda- Term Loan-interest	33.7	August - October 2015	October 2015- December 2015
Bank of Baroda- Term Loan-interest	32.7	November 2015- January 2016	January 2016- March 2016
Bank of Baroda- Term Loan-interest	31.7	February - March 2016	Rs 0.5 million paid on March 28, 2016. Balance Rs 31.2 million yet to be paid.
Loan from Technology Development Board	3.1	January - July 2015	August 17, 2015
Loan from Department of Science & Technology	7.8	September 2013- September 2015	March 16, 2016
B. Other borrowings			
Loan from Directors – Mr. Ravinder Jain	18.5	June 2014- June 2015	Not yet paid
Loan from Directors – Dr. Rajesh Jain	54.6	June 2014- June 2015	Not yet paid
Loan from Directors – Mr. Soshil Kumar Jain	104.8	June 2014- June 2015	Not yet paid
Loan from Radhika Heights Limited	347.2	January 2014-March 2016	Not yet paid
Loan from Trinidhi Finance Private Limited	3.7	December 2013- March 2016	Not yet paid
Loan from Radicura Pharmaceuticals Private Limited	76.1	January 2015-December 2015	Principal amount Paid on December 28, 2015; Interest not paid

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended March 31, 2016

44. During the financial year 2014-15, the Company was sanctioned a Corporate Debt Restructuring ("CDR") scheme under the CDR mechanism of the Reserve Bank of India ("RBI") after attaining super-majority from its lender banks, the Company had executed a Master Restructuring Agreement ("MRA") with all lenders banks except SBT on December 27, 2014, with cut off date of October 01, 2013. During the year, SBT has assigned all the rights, tittle and interest in the entire outstanding dues owed by the Company together with all underlying securities and guaranties, comprising of its Rupee term loan and sustainable working capital along with all accrued interest thereon, in favour of Edelweiss Asset Reconstruction Company Limited ("EARC")(refer note 5(A)(5)). The MRA, inter-alia, provides for waiver of certain existing obligations of the Company, restructuring of repayment terms for principal and interest, reduction/ adjustment in interest rates, conversion of outstanding interest amounts to loan, pledge of entire promoter shareholding as additional security to lenders, promoter undertaking for additional infusion of funds, monitoring oversight and certain restrictive covenants, as defined. The debt obligations, including interest thereon, have been measured, classified and disclosed in these financial statements in accordance with the MRA, to the extent agreed with the banks. Reconciliations with certain banks and completion of other terms and conditions are in process.

During the year, State Bank of Mysore has absolutely assigned all the rights, title and interests in financial assistances granted to the Company, with all the underlying rights, benefits and obligations in favour of EARC vide assignment agreement dated February 26, 2016. The Company is in process of negotiating the repayment terms with EARC.

45. During the year ended March 31, 2016, no exchange difference has been capitalised as there were no long term foreign currency monetary items related to acquisition of capital assets. During the financial year 2012-13, the Group exercised the option as per the Companies (Accounting Standards) (Second Amendment) Rules, 2011 whereby, exchange differences related to long term foreign currency monetary items so far as they relate to the acquisition of depreciable capital assets are capitalised or de-capitalised 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 amortised over the balance period of such long term assets/liabilities. Unamortised balance of "Foreign currency monetary item translation difference account" of Rs.207.7 million (Previous year Rs.202.0 million) as on March 31, 2016 is included under the head "Reserve and surplus".

46. The Company had given an advance of Rs.176.8 million (USD3.4 million) in financial year 2007-08 pursuant to the agreements for acquiring certain properties from Ilyas & Mustafa Galadari Management Investment & Development L.L.C., U.A.E. ("Ilyas"). As per the said agreements, the properties were expected to be handed over in financial year 2008-09. However, due to inordinate delays in completion of project, properties could not be delivered to the Company in time. After extensive discussions and negotiations, the Company has executed new agreements with them, as per which the Company will get 1 commercial unit and 8 residential units in Wadi Walk Project (having combined area more than that of properties agreed earlier) for a consideration equivalent to the advance given earlier. The said project is also likely to be delayed and may be cancelled. As such the said Builder has offered two villas situated in the City of Dubai, which is under construction and is likely to get completed by June, 2017 and the Company is also open to accept this offer. The possession of these new properties is expected in financial year 2017-18. The Company believes that the market value of the properties is more than the advance given under the earlier agreements; therefore, no adjustment is required to be provided for in respect of the advance so given.

47. The Company avails CENVAT credit on input and input services used as per the provision of the relevant applicable laws. Balance with excise, custom etc. amounting to Rs.113.6 million (previous year Rs.99.5 million) under the head Loans and Advances, includes an amount of Rs.71.6 million (previous year Rs.58.6 million) which relates to accumulated amount of CENVAT Credit availed by the Company on input services utilised by it. The Central Excise exemption applicable to Company's manufacturing facilities at Baddi has expired on March 31, 2016. Therefore the accumulated amount of CENVAT credit will be utilized against the excise duty payable during the financial year 2016-17 onwards.

48. The assets of Rs.343.4 million (Previous year Rs.333.6 million) recognised by the Company as 'MAT Credit Entitlement' under the head 'Loans and advances' represents that portion of MAT liability, which can be recovered and set off in subsequent years based on provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on the future profitability projections and other factors disclosed under note 42, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilise MAT credit assets as per the relevant provisions of the Income Tax Act, 1961. The management is confident that no losses are expected in this regard and accordingly no adjustment is required in the consolidated financial statements.

49. One of the subsidiary of Parent Company, Radhika Heights Limited (RHL) along with its four subsidiaries had signed a term sheet with Bestech ("Developer") dated September 03, 2012 for development of integrated township on its 108.713 acres Land situated in Gurugram on, Haryana. Since, RHL and its subsidiaries were new in this business after signed the Term Sheet they came to know that the developer has signed a Pro-Developer Term Sheet. RHL wanted to renegotiate the terms with the Developer, but the Developer was not willing to re-negotiate the terms in fair and accurate manner as per market standards and was insisting that the old Terms Sheet was valid and binding and RHL had to adhere to the same. While the fresh negotiation were on, suddenly the Developer sent Arbitration Notice on December 16, 2013 to RHL, invoking Arbitration and filing Section 9 Petition with the Hon'ble District Court, Gurugram, and referred the matter to Arbitral Tribunal. The Hon'ble District Court vide its order dated February 12, 2014 granted an interim stay over the Land according to which RHL cannot sell, create any third party rights and interfere in any manner with the land.

Further, RHL has moved petition with the Hon'ble High Court at Chandigarh seeking cancellation of the stay. In response, the Developer appealed to the Hon'ble High Court for extension of the stay till the decision of Arbitration is granted. After hearing both sides, the Hon'ble High Court at Chandigarh continued the stay over land till the decision of Arbitral Tribunal. As both the Arbitrators of Developer and RHL were unable to finalise the Presiding Arbitrator with mutual consent, the High Court directed the parties to choose the Presiding Officer as per Hon'ble High Court suggestions and hence Arbitral Tribunal was constituted by the intervention of the Hon'ble High Court. In the Arbitral Tribunal hearings, Developer filed its Claim which was replied by RHL and thereafter Developer filed its rejoinder to the Claim. Also, RHL has filed Counter Claim against Developer in Arbitral Tribunal which was replied by Developer and thereafter RHL has filed its Rejoinder to the Counter Claim. Thereafter, parties have exchanged the affidavits of Acceptance and denial of the documents.

The management of the Group believes that the company has a higher chance of winning since the issues raised by the Developer are unfounded and untenable. Liability, if any, cannot be quantified at this point of time.

50. Additional information, as required to Consolidated Financial Statements pursuant to Schedule III to the Companies Act, 2013

(Rs. in million)

Name of the Company	Net assets i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Holding Company	41.9%	1,880.9	(26.15)%	46.7
Parent Subsidiaries India				
NewRise Healthcare Private Limited	1.9%	86.8	101.19%	(185.2)
Radhika Heights Limited	53.6%	2,404.2	21.65%	(39.6)
Parent Subsidiaries Foreign				
Rees Investment Limited	(0.0)%	(0.3)	(20.71)%	37.9
Panacea Biotec (International) SA	0.6%	29.0	10.49%	(19.3)
Minority Interest in all subsidiaries	(0.2)%	(10.8)	(12.76)%	23.4
Associates (Investment as per the equity method)				
PanEra Biotec Private Limited	1.1%	46.8	27.29%	(49.9)
Joint Ventures				
Chiron Panacea Vaccine Private Limited	1.1%	48.8	(1.63)%	3.0
Adveta Power Private Limited	0.0%	0.6	0.00%	-
Total	100%	4,486.0	100%	(183.0)

Note: The information in respect of above entities is extracted from their respective financial statements, which have been subject to audit by their respective auditors.

51. 0.0 under "Rs. in million" represents amount less than Rs.50,000 and 0.0 under units represents units less than 50,000.

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

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

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

For Walker Chandiok & Co LLP
Chartered Accountants

Per **Anupam Kumar**
Partner

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Joint Managing Director
(DIN 00013053)

Vinod Goel
Group CFO and Head Legal
& Company Secretary

Devender Gupta
Chief Financial Officer &
Head Information Technology

Place : New Delhi
Dated : May 27, 2016

Notes

Panacea Biotec

Innovation in support of life

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