



*Shaping*  
**the Future**

**75**  
**Azadi Ka**  
**Amrit Mahotsav**



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## Safe Harbour Statement

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

# Corporate Information

## Board of Directors

### Executive Directors

- Mr. Soshil Kumar Jain - Chairman
- Dr. Rajesh Jain - Managing Director
- Mr. Sandeep Jain - Joint Managing Director
- Mr. Ankesh Jain - Whole time Director

### Non-Executive Directors

- Mr. Bhupinder Singh
- Mr. K. M. Lal
- Mrs. Manjula Upadhyay
- Mr. Mukul Gupta
- Mr. Narotam Kumar Juneja
- Mr. N. N. Khamitkar
- Mr. R. L. Narasimhan

## 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 - 110044, India
- B-1 Extn./A-27, Mohan Co-operative Indl. Estate  
Mathura Road, New Delhi - 110 044, India

## Manufacturing Facilities

- Malpur, Baddi, Dist. Solan,  
Himachal Pradesh - 173 205, India
- Ambala - Chandigarh Highway,  
Lalru - 140 501, Punjab, India

## R&D Centres

- B-1 Extn./A-24-25, Mohan Co-operative Indl. Estate  
Mathura Road, New Delhi -110 044, India
- Ambala - Chandigarh Highway  
Lalru - 140 501, Punjab, India

## Sales & Marketing Office

7<sup>th</sup> Floor, Sagar Tech Plaza, 'A' Wing, Saki Naka,  
Andheri (East), Mumbai - 400 072, India

## Statutory Auditors

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

## Secretarial Auditors

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

## Cost Auditors

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

## Registrar & Transfer Agent

M/s. Skyline Financial Services Private Limited  
D-153 A, 1<sup>st</sup> Floor, Okhla Indl. Area, Phase-I  
New Delhi - 110020, India

## Banks

- Axis Bank Limited
- ICICI Bank Limited
- IDBI Bank Limited
- Kotak Mahindra Bank
- State Bank of India

www.panaceabiotec.com  
CIN: L33117PB1984PLC022350

Information as on August 09, 2022



# Innovate   Integrate   Motivate



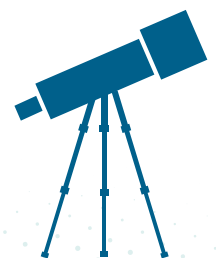
We  
Innovate to  
create Value



We  
collaborate



We  
enable Better  
Health to Live  
Well and Live  
Longer



We  
are Pioneers

# Panacea Biotech believes in giving a chance for **Better Health to Live Well and Live Longer**

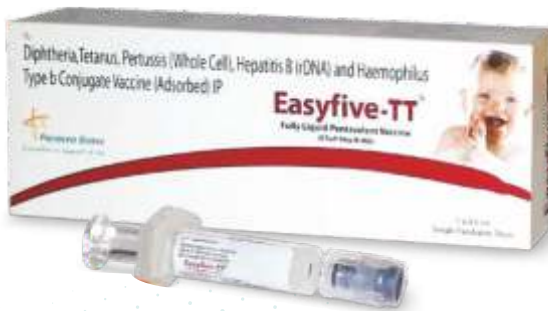
**10 billion+**

Polio immunisations in  
developing countries



**150 million+**

Immunisations by innovative  
fully-liquid vaccines



# Our Values

## Mission

Innovation  
in Support  
of Life

## Vision

Leading  
Health  
Management  
Company

## Goal

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

## Objective

Take Ideas  
from Grey Cell  
to Markets in a  
Proactive  
Manner

## Innovation

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

## Integrity

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

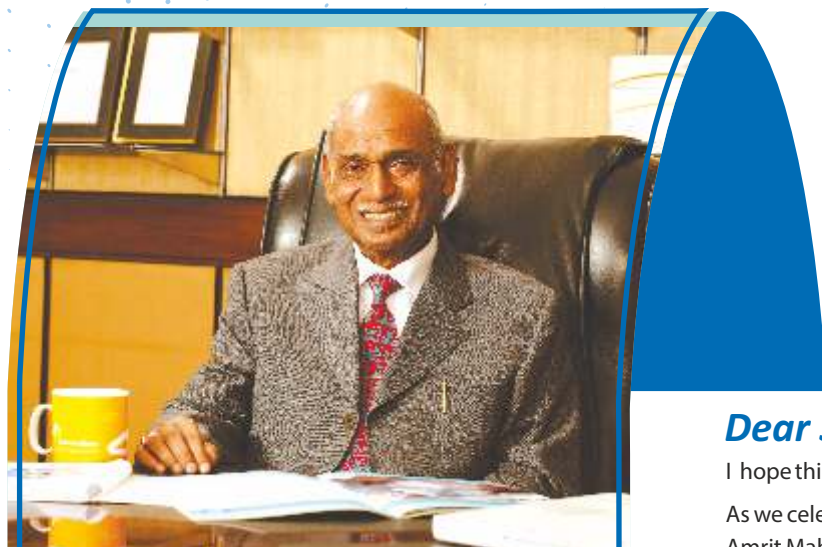
## Pioneer

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

## Humane

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

# Chairman's Message



## *Dear Stakeholders,*

I hope this letter finds you safe and in good health.

As we celebrate the 75<sup>th</sup> Independence Day of India and Azadi Ka Amrit Mahotsav, it brings to my mind – our journey. We began as a retailer transforming into an organization that has around 2,000 employees and total assets of over US\$ 200 million. While these numbers are not big, they represent much more. They are duly supported by 10 billion doses of Polio vaccines and more than 150 million doses of other vaccines that we have supplied across the World. It highlights the continuous efforts that we have made to become one of the leading pharmaceutical and biotechnology companies in India that is shaped by ever-growing challenges.

After undergoing a comprehensive restructuring in our operations – both structurally and financially, it gives me great pleasure that we are stronger than ever. I believe we have the ideal vehicle to continue building an enterprise shaped by opportunities. Our structure affords us flexibility in allocating capital, enabling us to enter any therapy, any place. Our entrepreneurial odyssey has been grounded on a sound premise: maximizing long-term value by exploiting newer possibilities. The sophistication of our system lies in its simplicity.

Panacea Biotech is the first company to launch a fully-liquid wP based pentavalent vaccine, Easyfive-TT<sup>®</sup>, protecting children against 5 deadly diseases. By 2011, pentavalent vaccine became the foundation of the Global Immunization Program and had a total annual market of more than 200 million doses just with UN Agencies. In 2017, we again became the first company to launch EasySix<sup>™</sup> – the world's first wP-IPV based hexavalent vaccine. It gives me immense pleasure that WHO's Strategic Advisory Group of Experts on Immunization (SAGE), in October 2021, has accepted wP-IPV based hexavalent vaccine for the Global Immunization program which has paved the way for creation of hexavalent vaccine market of more than 200 million doses annually by 2030 through UN Agencies.

“  
*Enable Better  
Health,  
Live Well  
and  
Live Longer*”



The strength of Panacea Biotec is not just in the revenues that we earn but the impact that we generate and will continue to generate - impacting human lives. Our products bring joy and wellness to families and create long-term value to society in terms of healthy and educated people that can contribute even greater value to society. We provide an opportunity for **Better Health to Live Well and Live Longer**.

As you know, the global pharmaceutical and vaccine industry has grappled with multiple issues from 2020 onwards. On account of Covid-19, increasing competition and pressures on the margins due to rising costs, muted global trade, mounting global tensions and enhanced regulatory norms have fundamentally changed the contours of the business environment in which we operate. In early 2022, we took a major decision of divesting the domestic pharmaceutical formulation brands portfolio and embarking on a new journey after careful considerations and deliberations on the future needs of society and our ambition to fulfil healthcare needs in an affordable and sustainable manner. With the divestment of India-focused pharmaceutical formulation brands portfolio, Panacea Biotec has become debt-free while becoming more focused on the newer opportunities offered by the merger of human needs and our enhanced understanding of science.

Panacea Biotec has been a leader in the development of vaccines ranging from recombinant, viral and bacterial vaccines. Panacea Biotec has a strong pipeline of vaccines under development to boost its future growth including DengiAll® a single dose live-attenuated tetravalent vaccine against Dengue fever, NuCoVac-11® a pneumococcal polysaccharide conjugate vaccine (11-valent), Td (Tetanus and Diphtheria reduced) Vaccine, Hepatitis A vaccine, and a multi-epitope nanoparticle based broadly protective Betacoronavirus candidate vaccine. Panacea Biotec has also been awarded a grant of US\$ 12.5 million by Coalition of Epidemic Preparedness (CEPI) for the joint-development of a broadly protective Betacoronavirus vaccine with THSTI (A Government of India Institute).

Panacea Biotec vaccine brand portfolio includes EasySix™, Easyfive-TT® and Easyfour®-TT. We are also targeting launch of the world's first fully-liquid wP-IPV based Pentavalent vaccine, Easyfour-Pol™ during the current financial year to further augment our position in the segment – complete protection with ease of administration.

Most of our revenues come from the manufacture and sale of

biopharmaceutical products. With the divestment of India-focused pharmaceutical formulation brands portfolio, Panacea Biotec is now more focused on vaccines and international pharma business with science-based innovative medicines and vaccines.

During the year, the revenues from vaccines business has increased to Rs.2,347.71 million from Rs.2,278.34 million in financial year 2020-21. The consolidated revenues from pharmaceutical formulation business also grew to Rs.4,264.61 million as compared to Rs.3,969.71 million during the previous year.

In the beginning of FY 2021-22, the deadly second wave of Covid-19 pandemic started across the country and impacted the whole country severely killing hundreds of people and affecting thousands of people everyday. As a result of continued impact of Covid-19 pandemic, the country witnessed decline in the birth cohort. There was migration happening from urban areas to rural areas as people moved to their native places working from home. All these factors impacted the paediatric vaccination coverage, and we also felt its impact on the domestic branded vaccine sales. We have taken necessary steps to increase our market share during the current financial year which include renewed promotional campaigns and launch of new product.

Panacea Biotec is supporting global cause of providing affordable vaccines to the children across the globe and it works closely with global organizations like WHO, Global Alliance for Vaccine Initiatives (GAVI), UNICEF, PAHO, CEPI, Bill & Melinda Gates Foundation (BMGF) and Clinton Health Access Initiative (CHAI), etc. The Company is a member of Developing Countries Vaccine Manufacturers Network (DCVMN), a public health driven international alliance of manufacturers and shares common vision and mission of combating infectious diseases and accelerating access to affordable high-quality vaccines.

Panacea Biotec has been one of the largest suppliers of vaccines to multilateral agencies like UNICEF, PAHO, etc. and has been supplying vaccines to institutional customers and national governments for over two decades. Besides supplying the wP based Pentavalent vaccine, Easyfive-TT™, we will once again begin supplies of our Bivalent oral polio vaccine (bOPV) to UNICEF during current financial year.

The Company intends to export its vaccines to several countries in the future. As part of this strategy, the Company has already registered its vaccines in around 15 countries.



Further registrations in these countries and around 16 additional countries are expected in the near future.

Panacea Biotec, through its wholly-owned subsidiary, Panacea Biotec Pharma Limited has an established business of pharmaceutical formulations in over 30 countries worldwide including the United States, Germany, Russian Federation, Turkey, Bosnia, Tanzania, Kenya, Serbia, Vietnam, Philippines, Sri Lanka, Panama, Ecuador, Trinidad & Tobago, etc. We are continuously filing new product registration dossiers in existing as well as new markets to further strengthen and grow our exports in the future.

During the year, the consolidated pharmaceutical formulations export revenues were Rs.1,632.24 million as against Rs.1,717.38 million during previous financial year. The decline was mainly on account of decrease in sales in ICH markets following increased generic competition. In the ROW markets, PBPL has re-entered Brazil after a gap of around 8 years.

Panacea Biotec is in the process of initiating phase III clinical trials for NuCoVac-11<sup>®</sup>, DengiAll<sup>®</sup> and Td vaccines which are slated to start by end of FY 2022-23. Our tetravalent dengue vaccine candidate, DengiAll<sup>®</sup> continues its march towards licensure with receipt of permission to conduct a Phase III clinical trial in India by the Indian NRA. We are conducting this study in collaboration with the Indian Council of Medical Research and are very excited as we take another step in our decade long journey to bring to market a Dengue vaccine. As you may know, as per WHO, India is a dengue endemic region with around 200,000 cases being reported every year and hundreds of deaths. As Dengue fever is endemic in other South-East Asian countries, DengiAll<sup>®</sup> is in line with our government's "Look East Strategy" and "India for the World" pivot to bring well-being and harmony to the World.

Our decade-long pneumococcal vaccine development (PCV) program is also bringing results as our candidate NuCoVac-11<sup>®</sup> is set to initiate Phase III clinical trials. Today, Government of India procures over 80 million doses of Pneumococcal vaccines for over 25 million babies born in India every year – creating immense social and economic opportunity for us and all our Stakeholders.

Panacea Biotec has a strong portfolio of intellectual property in the form of patents, trademarks and copyrights in both vaccines and pharmaceutical formulations business. As of March 31, 2022, we have filed over 485 patent applications in

over 65 countries including India, which include patent applications pending grant and patent applications which were prosecuted. As of March 31, 2022, we have been granted over 462 patents globally out of which 36 are active. Some of the countries where patents have been granted are India, USA, Germany, Mexico, Brazil, Japan, Korea, etc.

With such a strong portfolio, we will continue to play a big role in the health and prosperity of India and our friends for years to come. We also remain committed to affordable innovations that make a real difference in people's lives around the world. Your management continues to remain committed to grow the Company's business building on its strong foundation and executing its pipeline of products.

Panacea Biotec's research and development efforts have been its greatest strength. The areas of research are New Chemical Entities (NCE), New Biological Entities (NBE), Novel Drug Delivery System (NDDS), Novel peptides, human monoclonal antibodies and Vaccines. Our ambitions are backed by sustained delivery through our distinguished, ultra-modern, state-of-art R&D centers with ~70 scientists and deep roots within the academic community.

Panacea Biotec, once again, in its new form, has regained strength, is ready to leap-frog into a new future with confidence, agility and vigour. We continue to support a society that provides equal opportunities for all; our actions to make healthcare affordable and accessible make our contribution even more important. We also embark on a new journey to support environmentally sustainable initiatives such as renewable energy, environmentally sustainable packaging, among other initiatives will continue to add to the impact that we generate.

As an innovative organization, we continue to integrate our strengths, organizational capabilities, infrastructure, and the talent that India and the World has to offer to Support Life.

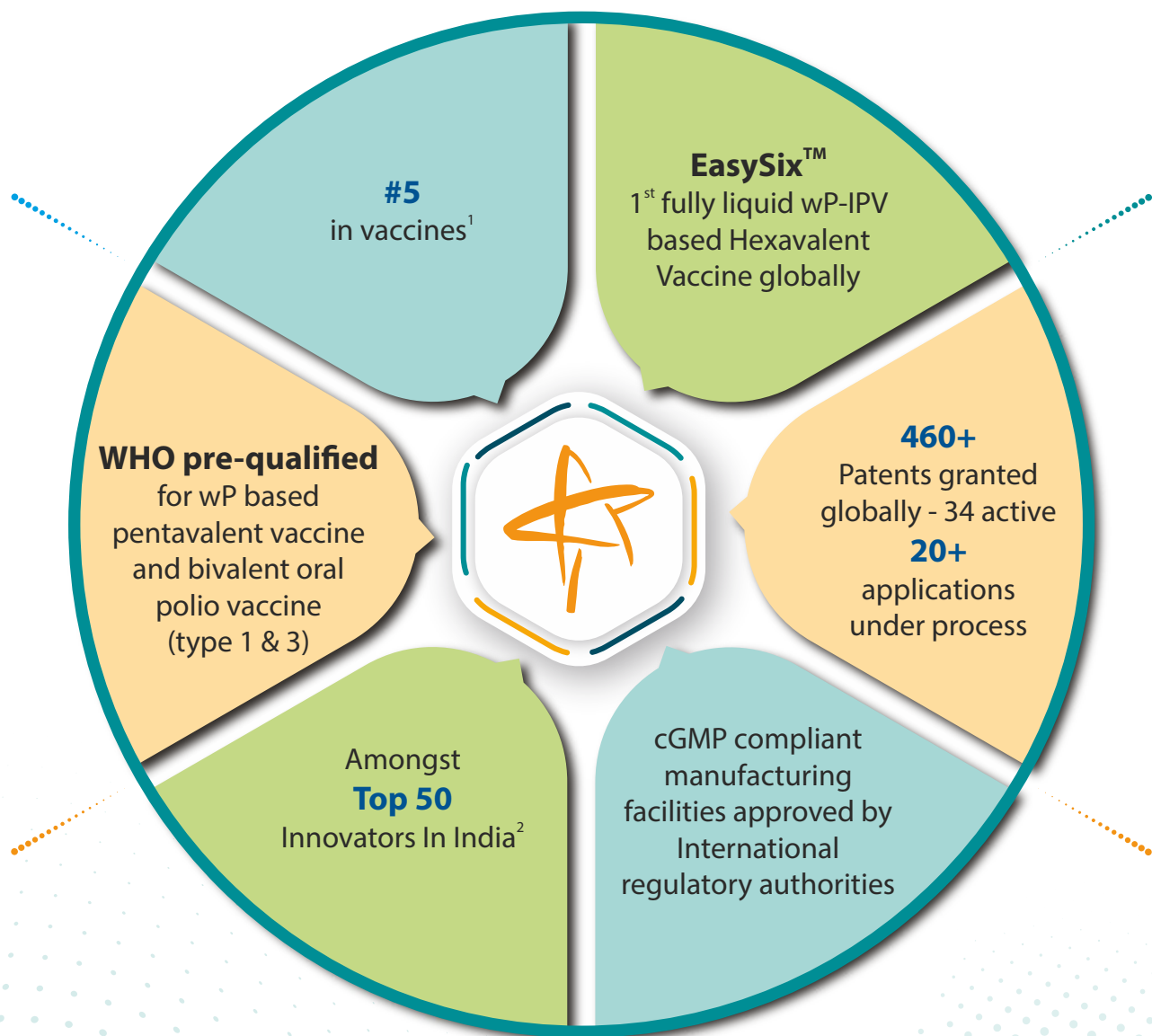
With these words, I express my sincere thanks to all our employees, stakeholders, bankers, partners, and associates for their unbroken support, participation and guidance as we forge ahead in our journey to become a leading healthcare company in the World and increase our contribution to Society.

Best wishes

**Soshil Kumar Jain**  
Chairman

# Panacea Biotec At A Glance

A leading research based biotechnology Company and pioneer in development of vaccines and pharmaceutical formulations with established brand equity of over three decades.



1. AIOCD AWACS MAT MARCH 2022.

2. Innovation Awards 2016 by Clarivative Analytics.

# Key Strengths



**Leading biotechnology company with over 30 years' experience**  
in development, manufacturing and commercialization of vaccines and pharmaceutical formulations



**Global footprint with significant focus on exports**



**State-of-the-art manufacturing facilities**  
cGMP compliant and approved by global regulatory authorities



**Established research & development and clinical research capabilities**  
with multi-disciplinary R&D Centers



**Robust product pipeline of promising niche products to fuel long-term growth**



**Extensive sales and distribution network**



**Growing Strategic partnerships and collaborations**



**Strong promoter group supported by experienced and qualified management team**

# Management Discussion & Analysis

## Global Vaccine Market

Vaccines continue to strengthen the health system globally by preventing life-threatening infectious diseases and improving health. The benefits of vaccines are being extended to more and more people across the world through technological, financial and logistical advancements. There are around 24 vaccines (excluding Covid-19 vaccine) that are currently commercialized and around 29 manufacturers that manufacture these vaccines.

As per various industry estimates, the global vaccines market is expected to grow from ~US\$ 93 billion in 2021 to ~US\$ 105 billion in 2022 growing by ~13.5%. The growth is mainly due to the outbreak of Covid-19 pandemic that has led to substantial increase in the vaccine demand. The global vaccine market is expected to grow at compounded annual growth rate (CAGR) of over 11% to reach ~US\$ 163.89 billion by 2026.

The consistent future growth in global vaccine market is expected to be driven by rising awareness on immunization and vaccination benefits in emerging markets supported by government led immunization programs. World Health Organization (WHO) continues to take initiatives to increase awareness of immunization through Global Vaccine Action Plan (GVAP) and Global Immunization Vision and Strategy (GIVS). Growth in the Asia-Pacific markets is driven by large population base, rising prevalence of infectious diseases, increasing vaccination awareness & acceptance and high expenditure by governments.

## Impact of COVID-19 on Global Vaccines Market

The outbreak and continuous prevalence of the Covid-19 pandemic has changed the vaccine market dynamics. Globally it has been witnessed that the demand for the traditional vaccines is decreasing since the focus is shifting from traditional vaccines to Covid-19 vaccines. During 2020 and 2021, Covid-19 continued to dominate its deadly spread across the globe and the entire healthcare system was dedicated towards managing this menace. As a result the routine immunization activities had taken a back seat and the demand declined. However, lately with Covid-19 pandemic under control, the demand for traditional vaccines has started rising again and is limping back to its pre-Covid-19 levels.

## Dynamics of Global Vaccine Market

**Driver:** Increasing focus on immunization programs: The focus on immunization has increased considerably with rising

healthcare awareness, and a number of government organizations are undertaking initiatives to meet this goal. National Governments fund National Immunization Programmes (NIP) through public market tenders or procurement through UN Agencies like United Nations Children's Fund (UNICEF), Pan American Health Organization (PAHO), etc. There are over 16 diseases, including measles, diphtheria and whooping cough (pertussis) as well as the more recently developed vaccines, such as the HPV and meningococcal Quadrivalent (ACWY) vaccines that are covered by NIPs. Global Alliance for Vaccine Initiatives (GAVI) and other donor agencies are routinely providing support including technical expertise and funds to national Governments to adopt new vaccines.

**Restraints:** Low purchasing power in developing countries: The traditional six vaccines under the Expanded Programme on Immunization (EPI), viz. measles, diphtheria, pertussis, tetanus, oral polio, and BCG are mature products. High fixed costs and a steep learning curve make new vaccines relatively more expensive, as the investments in R&D and production facilities need to be recovered and production techniques need to be optimized and perfected to bring down variable production costs. New vaccines that involve recombinant DNA technology or messenger RNA (mRNA) are newer age technologies that have been proven during the Covid-19 pandemic and pose new threats to replace traditional vaccines. However, cost considerations, ease of use, and high acceptance rates of traditional vaccines will continue to remain barriers in adoption of newer vaccine technologies.

**Opportunity:** Focus on newer technologies, therapeutic vaccines and pandemic preparedness: Therapeutic vaccines enable corrective treatment, as opposed to preventive vaccines. An improved understanding of immunology has resulted in the opportunity to develop these therapeutic vaccines for the treatment of cancer, allergies, physiological disorders, and infectious diseases. Such diseases have a large patient base that desperately seeks alternative safer treatments. Scientists have attempted to develop novel therapeutic vaccines against hypertension, dyslipidemia, Alzheimer's disease, cancer and inflammatory diseases by targeting self-antigens. If the efficacy and safety of vaccines can achieve an effect equivalent to that of medication, vaccines may be an alternative to daily medication for the treatment of lifestyle diseases.

**Challenges:** Vaccine misinformation: Misconception about vaccines often arises when there are information gaps or



unsettled science, as human nature seeks to reason, better understand, and fill in the gaps. In the first 3 months of 2020, nearly 6,000 people around the globe were hospitalized because of corona virus misinformation. During this period, researchers say at least 800 people may have died due to misinformation related to Covid-19. Vaccine misconception and misinformation are a major concern among governments, funding agencies, vaccine manufacturers and suppliers, and other stakeholders alike. Low acceptance rates due to vaccine misinformation result in the lower market penetration of effective and safe vaccines, which could adversely affect the market.

### Indian Vaccine Market

Universal Immunization Programme (UIP) in India is one of the largest public health programmes in the world. It targets vaccinating ~30.4 million pregnant women and ~26.7 million newborn annually. More than 12 million immunization sessions are conducted annually. Under UIP, the Government of India is providing vaccination free of cost against 12 vaccine preventable diseases.

India is currently among the leading producers and suppliers of vaccines globally. It represents about 60% of the total vaccines supplied to UNICEF and over 50% of global demand for vaccines. The Indian vaccine market attained a value of ~INR 95.0 billion in 2020. The market is further expected to grow at a CAGR of 18% to reach a value of approximately INR256.5 billion by 2026.

The rapid development of the market can be credited to a variety of favourable factors such as government led UPI, increased investment in research & development (R&D) by government funding agencies like Department of Biotechnology. In addition, with advancements in technology, the manufacturing capability of vaccines and cold chain storage facilities have been increased.

Vaccines have become the top-most item on the agenda for governments and investors because of the Covid-19 pandemic. The industry will have many new opportunities arising from the disruptions caused by the pandemic. As new Indian and global pharmaceutical companies include vaccines as a key part of their portfolios, India's vaccines industry can grow from US\$ 2.0 billion to upto US\$ 5.0 billion in medium term.

### Global Pharmaceutical Market

The global pharmaceuticals market is expected to grow from US\$ 1.45 trillion in 2021 to US\$ 1.58 trillion in 2022 growing by ~9%. The growth is mainly due to the companies rearranging their operations and recovering from the Covid-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The global pharmaceuticals market will continue

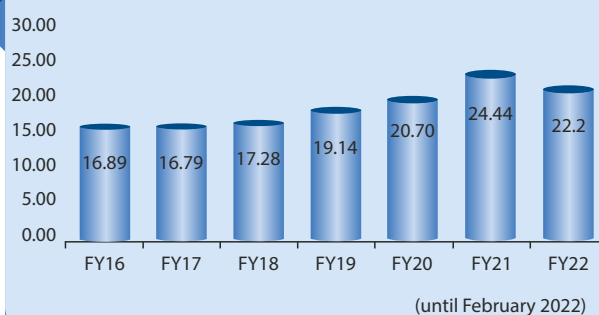
its growth journey and is expected to reach US\$ 2.1 trillion by 2026 at a CAGR of ~7.7%.

The global market for generic drugs is expected to grow from US\$ 411.6 billion in 2020 to US\$ 650.3 billion by 2025, at a CAGR of 9.6%. The global market for orphan drugs is likely to grow from US\$ 190.8 billion in 2021 to US\$ 248.2 billion by 2026, at a CAGR of 5.4%. The global market for oncology pharmaceuticals is expected to grow from US\$ 177.4 billion in 2021 to US\$ 313.7 billion by 2026, at a CAGR of 12.1%.

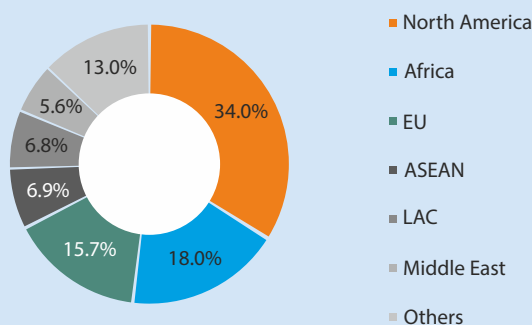
The future growth will be mainly driven by areas like immunology, oncology, cardiology and neurology which are the fastest-growing therapeutic areas at present and will continue through 2026. The biologics market is growing at significant rate and is expected to continue outstripping that of small molecules in the coming decade. The three largest biologic therapy areas include oncology, auto-immune and diabetes.

An ageing population in many developed markets will create increasing demand for over-the-counter (OTC) medicines, generics and branded pharmaceutical products. In particular, demand for chronic disease medicines will grow in the mid and long-term. Pharmaceuticals demand in emerging markets is set to increase due to improvements in healthcare systems and growing disposable household incomes.

Drugs & Pharmaceuticals Exports from India (US\$ billion)



Major Export Destinations in India's Pharma Export in FY20 (%)



### Indian Pharmaceutical Market

India enjoys a key position in the global pharmaceutical industry. India is the world's largest supplier of generics, accounting for 20% of global exports. It supplies over 40% of the demand for generic products in the US.

India ranks 3<sup>rd</sup> worldwide for pharmaceutical production by volume and 14<sup>th</sup> by value. The country has an established domestic pharmaceutical industry, with a strong network of around 3,000 drug companies and ~10,500 manufacturing units. Indian pharmaceutical exports stood at US\$ 24.44 billion in financial year 2020-21 and US\$ 22.21 billion in financial year 2021-22 (until February 2022).

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3 times in the next decade. India's domestic pharmaceutical market stood at US\$ 42.0 billion in 2021 and is likely to reach US\$ 65.0 billion by 2024 and further expand to reach ~US\$ 120.0 billion by 2030.

### PANACEA BIOTEC BUSINESS AND STRATEGY

Most of our revenues come from the manufacture and sale of biopharmaceutical products. With the divestment of India-focused pharmaceutical formulation brands portfolio, Panacea Biotec is now more focused on vaccines and international pharma business with science-based innovative medicines and vaccines.

We believe that we have a strong pipeline and are well-positioned for future growth. Research & Development is at the heart of fulfilling our purpose to deliver affordable innovations that enable people to live well and live longer. Our R&D efforts seek to add value to our existing products by improving their effectiveness, ease of dosing and reducing cost of manufacturing. We seek to leverage a strong pipeline, organize around expected operational growth drivers and capitalize on trends creating long-term growth opportunities.

We are committed to strategically capitalizing on growth opportunities, primarily by advancing our own product pipeline and maximizing the value of our existing products,

but also through various business development activities. We view our business development activity as an enabler of our strategies and seek to generate growth by pursuing opportunities and transactions that have the potential to strengthen our business and our capabilities. We assess our business, assets and scientific capabilities / portfolio as part of our regular, ongoing portfolio review process and also continue to consider business development activities that will help advance our business strategy.

### VACCINES BUSINESS

Panacea Biotec has a rich experience of around four decades in the vaccine industry. Our innovations have helped increase paediatric immunization coverage, provided significant savings in the overall cost of immunization and saved lives of millions of children in developing countries. We have a strong legacy as a global vaccine player with a track-record to bring first-to-market innovative products like:

- World's first fully liquid wP based pentavalent vaccine, Easyfive-TT<sup>®</sup> (DTwP-HepB-Hib);
- World's first fully liquid wP-IPV based hexavalent vaccine, EasySix<sup>™</sup> (DTwP-HepB-Hib-IPV); and
- World's first monovalent oral polio vaccines (mOPVs) and bivalent oral polio vaccine (bOPV with Poliovirus Type 1 and Type 3).

Panacea Biotec is a leading manufacturer of paediatric vaccines and has played a pivotal role in eradication of Poliomyelitis from India and many other countries, being one of the largest suppliers of oral polio vaccines to UNICEF, the Government of India and other developing countries. In the last two decades, the Company has supplied more than 10 billion doses of polio vaccine in India and developing countries and supplied vaccines for more than 150 million immunizations by supplying fully liquid wP based combination vaccines.

The existing commercialized product portfolio of the Company includes key proprietary vaccines EasySix<sup>™</sup> (DTwP-HepB-Hib-IPV), Easyfour-TT<sup>®</sup> a fully liquid tetravalent vaccine (DTwP-Hib), WHO prequalified fully-liquid pentavalent vaccine (DTwP-HepB-Hib) branded as Easyfive-TT<sup>®</sup>, and Bivalent Poliomyelitis Vaccine (Type 1 & 3), Live (Oral) branded as Bi-OPV<sup>®</sup>.

Easyfive-TT<sup>®</sup> is the world's first fully liquid wP-based Pentavalent vaccine that was launched in India in 2005. After receiving WHO pre-qualification in 2008, more than 150 million doses have been supplied to over 75 countries globally. It is a ready-to-use combination vaccine that does not require preparation by healthcare workers at the clinic, reduces the number of visits to vaccination centers, and reduces the overall cost of immunisation for all stakeholders. During the year, the revenues from vaccines business has



Dr. Rajesh Jain, MD, Panacea Biotec  
at CII Digital Health Summit 2022 with other Dignitaries

increased to Rs.2,347.71 million from Rs.2,278.34 million in financial year 2020-21, registering a growth of over 3%.

The Company has pioneered in the development of vaccines ranging from recombinant, polysaccharide conjugate and viral vaccines including SARS-Cov-2 vaccine. The Company has a strong pipeline of vaccines under development to boost its future growth including DengiAll® a single dose live-attenuated tetravalent vaccine against Dengue fever, NucoVac-11® a pneumococcal polysaccharide conjugate vaccine (11-valent), Td (Tetanus and Diphtheria reduced) Vaccine, Hepatitis A vaccine and a multi-epitope nanoparticle based broadly protective Betacoronavirus candidate vaccine.

Panacea Biotec is in the process of initiating phase III clinical trials for NucoVac-11®, DengiAll® and Td vaccines which are slated to start by end of financial year 2022-23. Besides supplying the wP based Pentavalent vaccine, Easyfive-TT™, we will once again begin supplies of our Bivalent oral polio vaccine (bOPV) to UNICEF during current financial year.

#### Domestic Vaccines Business

The Company's domestic vaccine business is managed by Panacea Vaccines SBU. The brand portfolio includes EasySix™, Easyfive-TT® and Easyfour-TT®. Panacea Vaccines is expected to launch the world's first fully-liquid wP-IPV based Pentavalent vaccine, Easyfour-Pol® during the current financial year to further augment its position in the segment - complete protection with ease of administration.

Panacea Biotec continues to protect thousands of infants across India from infectious diseases that could otherwise be life threatening. The field force of around 150 is spread across the country and regularly reaches to nearly 10,000 paediatricians across India. Panacea Biotec rose up to the challenge of Covid-19 lockdowns and adapted to digital platforms through its innovative customer connect programs like web-pedagogy which is an online CME platform conducted on Microsoft Teams and preserved in Facebook. Since its launch, the program has become well known, for the in-depth scientific discussion by leading experts, among paediatricians across country.

Panacea Biotec continues to adopt several on-line and off-line means for creating awareness amongst the top pediatricians through its digital advisory platform where its future roadmap was discussed. We also launched digital / social media outreach to parents via its Facebook page "Vaccine-Immunity". These innovations have helped domestic vaccines business to perform well in the therapeutic category.

In the beginning of financial year 2021-22, the deadly second wave of Covid-19 pandemic started across the country and impacted the whole country severely killing hundreds of people and affecting thousands of people everyday. As a result of continued impact of Covid-19 pandemic, the country



Dr. Rajesh Jain, MD, Panacea Biotec with Mr. Ajay Rao, Regional MD, South Asia, U.S. International Development Finance Corporation and others

witnessed decline in the birth cohort. There was migration happening from urban areas to rural areas as people moved to their native places working from home. All these factors impacted the paediatric vaccination coverage and Panacea Biotec also felt its impact as the domestic branded vaccine sales declined by 43% to Rs.464.65 million during financial year 2021-22. Panacea Biotec has taken necessary steps to increase its market share during the current financial year which include renewed promotional campaigns and launch of new product.

#### International Vaccines Business

Panacea Biotec has been one of the largest suppliers of vaccines to multilateral agencies like UNICEF, PAHO, etc. and has been supplying vaccines to institutional customers and national Governments for over two decades. The Company intends to export its vaccines to several countries in the future. As part of this strategy, the Company has already registered its vaccines in around 10 countries. Further registrations in these countries and around 16 additional countries expected in the near future.

Panacea Biotec is the innovator and intellectual property holder of EasySix™, the world's first fully-liquid Hexavalent vaccine. The WHO's Strategic Advisory Group of Experts on Immunization (SAGE) has supported the global rollout of wP based hexavalent vaccine in the global immunization schedule – creating an opportunity for more than 400 million doses of hexavalent vaccine annually. Panacea Biotec is considering capital investments to further augment its manufacturing capacity in order to enable the Company to meet the growing demand of vaccines by public health agencies.

Panacea Biotec is supporting global cause of providing affordable vaccines to the children across the globe and it works closely with global organizations like WHO, GAVI, UNICEF, PAHO, CEPI, Bill & Melinda Gates Foundation (BMGF) and Clinton Health Access Initiative (CHAI), etc. The Company is a member of Developing Countries Vaccine Manufacturers Network (DCVMN), a public health driven international



alliance of manufacturers and shares common vision and mission of combating infectious diseases and accelerating access to affordable high-quality vaccines.

Besides supplying pentavalent vaccine Easyfive-TT®, the Company will be once again supplying the Bivalent oral polio vaccine (bOPV) to UNICEF from current financial year. The Company will also be seeking WHO pre-qualification of its pipeline products to be able to supply the same to UN agencies and other national Governments.

### PHARMACEUTICAL FORMULATIONS BUSINESS

Panacea Biotec through its wholly-owned subsidiary Panacea Biotec Pharma Limited ("PBPL" or "Panacea Biotec Pharma") had an established business of pharmaceutical formulations in India and exports its products to over 30 countries worldwide including the United States, Germany, Russian Federation, Brazil, Turkey, Bosnia, Tanzania, Kenya, Serbia, Vietnam, Philippines, Sri Lanka, Panama, Ecuador, Trinidad & Tobago, etc.

#### Domestic Pharmaceutical Business

During the year under review, the revenues from domestic pharmaceutical formulation business grew to Rs.2,632.37 million as compared to Rs.2,252.33 million during the previous year. The domestic pharmaceutical formulation brands in India and Nepal have been sold by Panacea Biotec Pharma Limited (PBPL) to Mankind Pharma Ltd. during March, 2022.

#### International Pharmaceutical Business

Panacea Biotec Pharma exports its pharmaceutical formulation brands in around 30 countries including the United States, Germany, Russian Federation, Brazil, Turkey, Bosnia, Tanzania, Kenya, Serbia, Vietnam, Philippines, Sri Lanka, Panama, Ecuador, Trinidad & Tobago etc. PBPL is continuously filing new product registration dossiers in existing as well as new markets to further strengthen and grow its exports in the future. PBPL is also building a strong portfolio, strengthening marketing team, entering into newer markets, identifying strong distributor and marketing partners into newer regions and registering products in more countries as well as strengthening existing relationships with the partners. It has further continued its focus on development, registration and marketing of products portfolio catering to chronic therapies in private markets in several countries. Simultaneously, PBPL has consolidated its international pharmaceutical business by eliminating loss making products, markets etc.

During the year, the consolidated pharmaceutical formulations export revenues were Rs.1,632.24 million as against Rs.1,717.38 million during previous financial year. The decline was mainly on account of decrease in sales in ICH markets following increased generic competition. In the ROW markets, PBPL has re-entered Brazil after a gap of around 8 years.

Panacea Biotec Pharma continues to focus on building a robust pipeline of several products for filing in several other emerging markets for which it will be filing registration dossiers in the next 1-2 years to further strengthen its export portfolio and grow export sales.

### Supply Chain Management & Logistics Network

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

The Company has a strong logistics network comprising of a Central Warehouse and 14 Sales Depots / Carrying & Forwarding Agents (CFAs) (comprising of Vaccine AVDs). Vaccine availability across India is ensured through vast distributor network of around 550 distributors as on March 31, 2022, which enable us to have a pan-India presence and access to a wide market base.

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

Panacea Biotec has a well-established Track and Trace system and documentation quality to ensure that goods reach destination timely and to avoid demurrage and detention charges. Panacea Biotec has optimized raw material, packaging material, finished good inventory to achieve maximum inventory turn and to minimize expiry. The Company collaborated and appointed world class logistics providers with proven record of timely delivery of goods in important markets.

### MANUFACTURING FACILITIES

#### Vaccines Formulation Facility at Baddi

The Company's state-of-the-art manufacturing facilities for vaccine drug substances and drug products, comply with the cGMP practices of the key International regulatory bodies like WHO cGMP standards.

The Vaccine Formulation Facility which started its operations in the year 2008 is comprised of two blocks. The production block is spread over approx. 2,800 M<sup>2</sup> constructed areas at each floor. The warehouse cum cold storage block measures approx. 3 x 2500 M<sup>2</sup>. The facility has two independent formulation suites and three filling lines



for manufacturing of bacterial, viral and recombinant Vaccines including live attenuated vaccines in pre-filled syringe (PFS) and in single dose and multi-dose vial presentations. The facility also has large lyophilization capacity for manufacturing lyophilized vaccines in vials. This facility is approved by Indian NRA and is also pre-qualified by WHO for the pentavalent vaccine Easyfive-TT® and Bi-OPV®. There is an additional vial filling line for manufacture of live, attenuated vaccines including oral polio, measles, dengue vaccines, Covid-19 vaccine, etc.

The warehouse facility is equipped with cold storage and deep freezers for cold chain maintenance and dispatch management of vaccines. Quality control laboratories of the facility are equipped with assortment of latest sophisticated analytical equipment for testing of vaccines and input materials to assure quality of the product at each stage of manufacturing.

#### **Drug Substance & Biosimilar facilities at Lalru**

The Company has drug substance manufacturing facility which started its operations in the year 2002 with separate blocks for manufacture of recombinant, bacterial and viral vaccine drug substances. An integrated block for vaccines and bio pharmaceuticals is also established which comprises of three independent suites dedicated for manufacture of:

- a) Bacterial vaccines,
- b) Viral vaccines, and
- c) Recombinant vaccines

Recombinant Hepatitis B surface antigen, Haemophilus influenza type b conjugate (Hib-TT), Diphtheria, Tetanus Toxoids and inactivated whole cell Pertussis drug substances

are manufactured at these facilities. The facility is also approved by WHO for producing bulk antigen of Hepatitis B and Hib used for the manufacture of WHO prequalified pentavalent vaccine Easyfive-TT®.

#### **Pharmaceutical Formulations Facility at Baddi**

Panacea Biotec Pharma's state-of-the-art pharmaceutical formulations facility at Baddi, Himachal Pradesh became operational in year 2006. The facility is equipped for bilayer tablets, complex sustained release coatings and delayed release coatings. The facility has received several certifications and accreditations from international regulatory authorities including USFDA, The National Institute of Pharmacy and Nutrition OGYÉI Hungary (EU), Federal Service for Surveillance in Healthcare (Russian Federation), Ministry of Health Ukraine, National Agency for Drug and Food Control, (Indonesia), Turkish Medicine and Medical Devices Agency, ANVISA (Brazil), SAHPRA (South Africa) etc.

Quality is a core guiding factor behind Panacea Biotec's decisions and actions. Panacea Biotec Pharma maintains a harmonized Pharmaceutical Quality System (PQS) that caters to all markets. Some of its pharmaceutical formulation products are routinely supplied to low-income countries under access programs through international agencies such as PAHO. Panacea Biotec Pharma has dedicated and independent Quality Control facilities in the manufacturing plants comprising of sample preparation with isolator containment, wet lab, lab for atomic absorption spectroscopy, dissolution testing and stability testing as per ICH Guidelines, a packaging -material testing laboratory and a fully self-contained microbiology lab to carry out tests for microbial counts, microbiological assays and assessing environment controls.



Pharmaceutical Formulations Facility, Baddi

Panacea Biotec Pharma's pharmaceutical manufacturing expertise lies in various Oral-solid, semi-solids and liquid oral dosage forms 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.

#### **Cytotoxic /Oncology Facility at Baddi**

Panacea Biotec Pharma's cytotoxic injectable formulation facility at Baddi, Himachal Pradesh, has dedicated filling lines for liquid & lyophilized injectables as well as pilot scale up batches complying with USFDA, EU and ROW cGMP norms. Cytotoxic facility is equipped for manufacturing conventional and technology-based injections e.g. nano-particle and liposomal lyophilized products. This facility has been approved by Indian NRA, USFDA, The National Institute of Pharmacy and Nutrition OGYÉI Hungary (EU) and other regulatory agencies.

#### **RESEARCH & DEVELOPMENT**

Panacea Biotec is a progressive & innovative biotechnology company with high focus on research & development, manufacturing and marketing operations across pharmaceuticals, vaccines and natural or herbal products. The Company is guided by its vision of "Innovation in Support of Life". Panacea Biotec specializes in complex generics, vaccines

and novel drug delivery platforms to offer higher value and better health outcomes for the patients, governments and overall society.

Panacea Biotec's research and development efforts have been its greatest strength. The areas of research are New Chemical Entities (NCE), New Biological Entities (NBE), Novel Drug Delivery System (NDDS), Novel peptides, human monoclonal antibodies and Vaccines. Its ambitions are backed by distinguished, ultra-modern, state-of-the-art R&D Centers with around 70 scientists with deep roots within the academic community in important clusters in India, USA and Germany among other countries.

Vaccine R&D Center has an excellent portfolio of innovative paediatric vaccines which protect children against dreadful diseases. To broaden the presence of Panacea Biotec in the market, the Vaccine R&D is developing the new generation vaccines like typhoid conjugate, pneumococcal conjugate and tetravalent dengue vaccine. Other vaccines which are in the pipeline include, Tetanus and Diphtheria vaccine, Varicella vaccine, fully indigenous wP based pentavalent vaccine and betacoronavirus vaccines.

The R&D activities to carry out research in vaccines use advanced genetic engineering, molecular biology, genomics tools, animal cell culture, fermentation, purification, serological, thermal stabilization and analytical techniques. The Company believes in its innovative vaccine program that will consistently deliver next generation vaccines to safeguard the future of children and help alleviate poverty across the world.

Panacea Biotec continues to focus on Research & Development in various therapeutic areas with a constant focus on



**SAMPANN Drug Delivery Research and Development Center, Lalru**





Signing of Memorandum of Agreement with ICMR for DengiAll® Vaccine



developing difficult-to-develop formulations focused on chronic and super speciality therapeutic areas. Panacea Biotec has deep experience in developing innovative drug delivery based products that enjoy considerable brand equity amongst physicians.

Panacea Biotec's nanotechnology-based product PacliALL® (Paclitaxel bound in human albumin particles) was launched in 2011. At the time, it was the world's first generic for Abraxane, manufactured by Celgene, USA. This demonstrates the Company's ability to handle the most complex generics and deliver a high-quality product in constrained and challenging timelines.

In the field of pharmaceutical research, Panacea Biotec has developed different innovative technologies such as hydro gel based topical drug delivery system of peptides and herbal drugs, solid-solid dispersion for highly variable drugs, Self-emulsifying drug delivery system (SEDDS) and controlled release drug delivery systems in different therapeutic areas.

### Clinical Research

Clinical research is a critical function that guides clinical decisions based on facts and scientific data through clinical studies on vaccines and drugs that can affect the health and well-being of millions of people. Panacea Biotec continuously undertakes clinical trials (Phase I, Phase II and Phase III) for all its investigational new vaccines and drugs as well as bioequivalence studies (as per New Drugs and Clinical Trials Rules 2019) for its innovative and generic product portfolios across both vaccines and pharmaceutical products.

Further, as part of its commitment to patient well-being, the Company regularly conducts Post Marketing Surveillance studies. Active Surveillance Studies with respect to first fully liquid hexavalent Vaccine, EasySix™ has been completed during the current year. In-clinic Observational Study pertaining to safety of EasySix™ (18,843 doses), in real world scenario is under completion. DengiALL® Phase I/II clinical studies got

published in reputed peer reviewed International Journal Vaccine X. After successful completion of Phase I clinical trial pertaining to 11-Valent Pneumococcal Vaccine (Nucovac®), DCGI approval for Phase II/III clinical trial has been obtained.

### Intellectual Property

Panacea Biotec has a strong portfolio of intellectual property in the form of patents, trademarks and copyrights in both vaccines and pharmaceutical formulations business. As of March 31, 2022, Panacea Biotec Group has filed over 485 patent applications in over 65 countries including India, which include patent applications pending grant and patent applications which were prosecuted. As of March 31, 2022, the Group has been granted over 462 patents globally out of which 36 are active. Some of the countries where patents have been granted are India, USA, Germany, Mexico, Brazil, ARIPO (14 African countries), Japan, Russia, Canada, Ukraine, Korea, Nigeria, Indonesia etc.

Panacea Biotec Group has filed 518 trademark applications for registrations, out of which 173 have been registered in India, 293 have been registered outside India and 52 applications are pending registration as on March 31, 2022. Further, the Group has 95 registered copyrights as on March 31, 2022.

### Human Resources

With Covid-19 pandemic continuing during the year, we gave lot of importance to health and safety of our employees while ensuring that we continue supplying medicines across the world. A number of interventions and support mechanisms were put in place to safeguard the well-being of the employees coming to sites. Stringent social distancing and safety measures were deployed in the work locations, transport facilities and canteens. Other measures included multiple stages of disinfection and provision of personal protective equipment.

We continue to strengthen our talent processes through cadre and capability building interventions. Panacea Biotec strongly



believes in developing and grooming leaders from within the organization. The Company promises to provide a long and rewarding career to its talented and diverse workforce and focuses on their all-round development and growth. The employees are assessed against functional and behavioural skills required for them to be more effective in their roles. At Panacea Biotec, employees are the core strength of its continuous growth in all the segments. The Company believes that its employees are pivotal to all the initiatives that drive the growth of the business. The Company continues to invest in creation of a work culture representing a unique mix of its values and functional expertise and the employees are partner to achieve Vision of the Company.

As on March 31, 2022, Panacea Biotec Group had a total manpower of around 2,228 employees (including around 413 through contractors) of which over 1,535 are skilled employees including corporate and managerial staff, sales staff and staff located at its manufacturing facilities. There are around 102 R&D professionals including around 70 scientists engaged in R&D centers, around 971 employees are engaged in production, quality control and quality assurance, around 252 employees are engaged in sales & marketing and logistics and around 897 in other functions. Out of the total employees, around 990 employees (including around 233 through contractors) are the employees of PBPL.

Panacea Biotec provides meaningful opportunities for learning and growth and continuously encourage its employees to widen the horizon for professional growth. Panacea Biotec provides opportunities for employees to re-skill, up-skill, multi-skill and multi-task. Panacea Biotec's endeavour has been to create a culture of high and differentiated performance where people continue to push boundaries of growth and self-development.

Panacea Biotec is progressive and employee centric and continues to proactively drive and implement various initiatives such as vertical and horizontal promotional

opportunities, internal talent development and management, investing in key talent and helping them pursue additional learnings, corporate ethics training across all the functions and many other such initiatives aligned with Panacea Biotec's growth ambitions. Diversity and inclusion is an important organizational agenda.

#### Strategic partnerships and collaborations

Panacea Biotec has established relationships with various key business associates, including institutional customers for its products, strategic partners for entry into new international markets and domestic & international partners who market / distribute its products across several countries in the world. Panacea Biotec has a long-standing relationship with the UNICEF, PAHO and the Government of India, which has helped in participating in immunization programs in India and globally.

Panacea Biotec's collaborations has enabled it in developing innovative, cost effective and quality vaccines and helped in achieving its goal of providing cost-effective vaccines to the global population. Panacea Biotec's collaborations include partnership with the National Institutes of Health, USA for development and commercialization in Asia and African countries of its licensed tetravalent dengue vaccine candidate and its partnership with Serum Institute and its subsidiary for supply of one of the key constituents for the EasySix™ vaccine and for introduction of hexavalent vaccine in national immunization programs in developing countries.

Panacea Biotec has entered into key partnerships with global pharmaceutical companies for marketing of pharmaceutical formulations in USA and other international markets, which has helped Panacea Biotec in expanding its reach and access to new regulated markets.

Panacea Biotec will continue to strengthen its business development team and leverage its strengths in product development and navigating the regulatory landscape to



capitalize on opportunities across new-age technologies that will strengthen and reposition our portfolio in the coming years.

### Internal Audit & Internal Financial Control System

Panacea Biotec has a comprehensive internal control system that commensurate with its size and nature of operations. This system spans across the organization including all the manufacturing and research & development facilities, warehouses & sales offices besides corporate office.

The internal financial controls have been developed and implemented at each business process across Panacea Biotec. 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.

The internal audits are conducted periodically by PriceWaterhouseCoopers Services LLP (PWC), the internal auditors of Panacea Biotec, an internationally renowned independent firm of Internal Auditors. The Audit Committee of Panacea Biotec 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.

Panacea Biotec has established and maintained adequate and effective internal financial controls over financial reporting (IFCoFR) in accordance with the framework. Panacea Biotec with the help of the independent Internal Audit firm viz. PWC has performed an overall design assessment of the business processes as part of the Internal Financial control reviews. This includes review of policies and procedures adopted by Panacea Biotec for ensuring the orderly and efficient conduct of its business and fixing responsibility against all the controls. The design assessment was followed up by the management testing of the controls across processes.

## FINANCIAL PERFORMANCE

### Summarized Consolidated Balance Sheet

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Assets:</b>		
Fixed assets (net)	6,065.43	6,431.15
Financial assets	848.10	68.28
Other non-current assets	506.02	166.17
Current assets	10,005.54	4,742.26
Asset classified as held for sale	399.96	367.46
<b>Total Assets</b>	<b>17,825.05</b>	<b>11,775.32</b>
<b>Equity &amp; Liabilities:</b>		
Total Equity*	8,487.92	(2,286.93)
Minority Interest	(29.81)	(30.00)
Non-current liabilities	1,339.26	9,601.34
Current liabilities	8,001.68	4,472.41
Liabilities associated with Assets classified as held for sale	26.00	18.50
<b>Total Liabilities</b>	<b>17,825.05</b>	<b>11,775.32</b>

\*Excluding minority interest

**Fixed Assets:** The net fixed assets have decreased to Rs.6,065.43 million from Rs.6,431.15 million as at the end of previous year mainly on account of depreciation during the year under review.

**Non-current Financial Assets:** Non-current financial assets include long-term investments, loans and other long-term financial assets. The non-current financial assets as of March 31, 2022 have increased to Rs.848.10 million from Rs.68.28 million as at the end of previous year mainly due to increase in bank deposits.

**Other Non-Current Assets:** Other non-current assets include deferred tax asset (net of MAT credit) and other non-current assets. The non-current assets as of March 31, 2022 have increased to Rs.506.02 million as against Rs.166.17 million as at March 31, 2021 mainly due to increase in deferred tax on account of gain on sale of PBPL's pharmaceutical formulations brands in India and Nepal during the current financial year.

**Current Assets:** Current assets include inventories, trade receivables, cash & cash equivalents, other bank balances, short term loans and other current assets. Total current assets as of March 31, 2022 have increased to Rs.10,005.54 million from Rs.4,742.26 million as at the end of fiscal 2021 mainly due to increase in the inventories, trade receivables and cash & bank balance.

**Assets held for sale:** This represents Company's fixed assets held for sale. Assets held for sale as of March 31, 2022 were Rs.399.96 million as compared to Rs.367.46 million as of March 31, 2021.

**Total Equity:** Total Equity represents Equity Share Capital and other Equity. Total Equity turned positive at Rs.8,487.92 million as at March 31, 2022 as compared to negative of Rs.2,286.93 million as at March 31, 2021, mainly on account of exceptional gain on sale of pharmaceutical formulations brands in India & Nepal.



**Non-Current Liabilities:** Non-current liabilities include long term borrowings (excluding current maturities), provisions and other non-current liabilities. The non-current liabilities as of March 31, 2022 have decreased to Rs.1,339.26 million as compared to Rs.9,601.34 million as of March 31, 2021. The decrease is mainly on account of redemption of non-convertibles debentures issued by PBPL.

**Current Liabilities:** Current liabilities include short-term borrowings, trade payables and other current financial liabilities (including current maturities of long-term borrowings). The current liabilities as at March 31, 2022 have increased to Rs.8,001.68 million as compared to Rs.4,472.41 million as at the end of previous year, mainly due to recognition of income received in advance and GST payable on sale of pharmaceutical formulations brands in India and Nepal. The said GST amount was paid subsequently in April 2022 within the stipulated period.

**Liabilities associated with Assets held for sale:** This represents liabilities directly pertaining to the Company's Assets held for sale. Total liabilities associated with Assets held for sale as of March 31, 2022 were Rs.26.00 million as compared to Rs.18.50 million as of March 31, 2021.

#### Summarized Consolidated Statement of Profit & Loss

(Rs. in million)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021 <sup>#</sup>
<b>Revenue from operations</b>	<b>6,612.32</b>	<b>6,248.05</b>
Materials & Finished Goods Purchases	2,622.07	2,046.31
Employee benefits expense	1,829.43	1,562.54
Other expenses	2,299.48	1,881.90
Earning before Interest, tax, depreciation and amortizations (EBITDA)	(138.66)	757.30
Finance Costs	1,808.39	1,853.35
Depreciation and amortization expense	436.61	460.74
Other Income	109.69	105.72
Profit/ (Loss) before tax and exceptional items	(2,273.97)	(1,451.07)
Share of profit of joint venture	-	0.77
Exceptional items	16,762.06	-
<b>Profit/ (Loss) Before Tax</b>	<b>14,488.09</b>	<b>(1,450.30)</b>
Provision for Taxes (including deferred tax)	3,709.05	26.28
<b>Profit/(Loss) after Tax</b>	<b>10,779.04</b>	<b>(1,476.58)</b>
Other comprehensive income (net of tax)	(4.00)	8.20
Total comprehensive income	10,775.04	(1,468.38)
<b>Basic &amp; Diluted EPS*</b>	<b>175.98</b>	<b>(24.11)</b>

\*Earnings Per Share in Rs. per Equity Share of Re.1.

# includes figures for discontinued operations.

**Revenue from Operations:** The consolidated revenue from operations increased by 5.83% to Rs.6,612.32 million for fiscal year 2022 from Rs.6,248.05 million for fiscal year 2021, primarily due to increase in revenue from domestic pharmaceutical formulations business.

**Other Income:** Other income has increased to Rs.109.69 million from Rs.105.72 million for fiscal year 2021.

**Materials & Finished Goods purchases:** The raw & packing materials and finished goods purchases have increased to Rs.2,622.07 million as against Rs.2,046.31 million during previous financial year, mainly on account of higher material cost for Sputnik V vaccine manufactured through fill & finish arrangement and increased turnover of domestic pharmaceutical formulations business.

**Employee benefits expenses:** The employee benefits expenses have increased to Rs.1,829.43 for fiscal year 2022 from Rs.1,562.54 million for fiscal year 2021 primarily on account of increase in manpower hired for Covid-19 vaccine project.

**Other Expenses:** other expenses have increased to Rs.2,299.48 million for fiscal 2022 as compared to Rs.1,881.90 million for fiscal 2021, primarily due to expenses related to Sputnik V vaccine project and royalty on sales of Sputnik V vaccine under the contract manufacturing collaboration.

**Finance costs:** Finance costs comprising of interest and bank charges have declined to Rs.1,808.39 during fiscal year 2022 as compared to Rs.1,853.35 million for fiscal year 2021.

**Depreciation and amortization expenses:** Depreciation and amortization expenses were Rs.436.61 million for fiscal 2022 as against Rs.460.74 million for fiscal 2021.

**Exceptional items:** Exceptional items include revenue of Rs.16,762.06 million recognized towards sale of pharmaceutical formulations brands in India and Nepal during fiscal year 2022.

**Profit/(loss) before Tax:** The profit before tax was Rs.14,488.09 million for fiscal year 2022 as against loss of Rs.1,450.30 million for fiscal year 2021, as a result of the factors discussed above and exceptional items during fiscal year 2022.

**Profit/(loss)after Tax:** The total profit after tax was Rs.10,779.04 million for fiscal 2022 as compared to loss of Rs.1,476.58 million for fiscal 2021, as a result of factors discussed above.

The total basic and diluted EPS was Rs.175.58 per share for fiscal year 2022 as against loss per share of Rs.24.11 per share for fiscal year 2021.

#### Summarized Consolidated Cash Flow Statement

(Rs. in million)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021 <sup>#</sup>
Cash & Cash Equivalent at the beginning	520.79	402.18
Net Cash flows from Operating Activities	(1,084.35)	1,066.50
Net Cash flows from Investing Activities	12,825.73	(476.79)
Net Cash flows from Financing Activities	(11,758.54)	(471.10)
Effect of Exchange rate changes	(0.13)	-
Cash & Cash Equivalent at the end	503.50	520.79

# includes figures for discontinued operations also.

Cash Flow from Operating Activities: Net cash used in operating activities was Rs.1,084.35 million for fiscal year 2022 as compared to net cash generated of Rs.1,066.50 million for Fiscal 2021, primarily on account of decline in operating profit and negative working capital changes during fiscal year 2022.

Cash Flow from Investing activities: Net cash generated from investing activities was Rs.12,825.73 million for Fiscal 2022 as compared to net cash used of Rs.476.79 million for fiscal year 2021. The increase is primarily on account of proceeds received from sale of pharmaceutical formulations brands in India and Nepal.

Cash Flow from Financing Activities: Net cash used in financing activities increased to Rs.11,758.54 million as compared to Rs.471.10 million for Fiscal 2021, mainly on account of payment of interest and redemption of NCDs by PBPL.

Financial Ratio: The financial ratios for financial year 2021-22 and their comparison with previous year including the reasons for variance wherever applicable, are given in Note 55 to the Standalone Financial Statements forming part of the Annual Report and hence not repeated here for the sake of brevity.

### Opportunities and Outlook

The Company operates in a highly regulated and competitive environment across multiple geographies. Panacea Biotec is engaged in research, development, manufacturing and marketing of a wide range of branded and generic pharmaceutical formulations and novel vaccines. The management continues to remain committed to grow the Company's business building on its strong foundation and executing its pipeline of products.

### SWOT Analysis

#### Strengths

- ✓ Leading biotechnology company with over 30 years' experience in development, manufacturing and commercialization of vaccines and pharmaceutical formulations
- ✓ Global footprint with significant focus on exports

- ✓ State-of-the-art cGMP compliant manufacturing facilities
- ✓ Established in-house research & development and clinical research capabilities with multi-disciplinary R&D Centers
- ✓ Robust product pipeline of promising niche products to fuel long-term growth
- ✓ Extensive sales and distribution network
- ✓ Growing Strategic partnerships and collaborations
- ✓ Strong promoter group supported by experienced and qualified management team

#### Weaknesses

- ✓ Long gestation period on R&D Projects: R&D projects involve longer development time and medium to high investment as is the norm in the vaccine and pharmaceutical industry. As a result of this, the present profitability is affected whereas the output may come in medium to long term future periods.
- ✓ High dependence on institutional business in Vaccine Segment: A significant part of the vaccine business revenues comes from tender driven institutional business. Panacea Biotec has decided to focus on expanding into private markets in India as well as in ROW countries through strategic tie-ups to have a diverse sales base and reduce its dependence on institutional business.
- ✓ Revenue concentration on few products: In vaccine segment, the revenue generation is mainly dependent on two products i.e. pentavalent and hexavalent vaccine. Any future disruption in any of these products may impact the future financial performance. The Company has expedited development of new products to expand the product portfolio and drive future growth.

#### Opportunities

- ✓ To improve capacity utilization: The Company is working on entering into manufacturing collaborations with third parties to increase capacity utilization of its manufacturing facilities.
- ✓ New products in pipeline for commercial launch: The Company has several products under late stage of development in vaccines as well as pharmaceuticals.

#### Threats

- ✓ Dependence on few imported suppliers in drug substance. However, Panacea Biotec is focusing on reducing its dependence on foreign suppliers by developing in-house drug substances at Lalru.
- ✓ Increasing Regulatory Compliances and Cost: International regulatory agencies like USFDA have







Pooja ceremony for initiating expansion project at Drug Substance Facility at Lalru

started exercising greater controls and compliances. As a result of this, the cost of compliance has also started increasing. The Company has been following the guidelines prescribed by WHO, USFDA and other regulatory agencies and save and except, recent observations / warning letter from USFDA which has been suitably responded / acted upon, Panacea Biotec has successfully passed several regulatory audits over the years.

- ✓ Pricing pressure amid intense competition in the pharmaceutical industry across the globe. The Company focused on complex generic and vaccines having lesser competition threat.
- ✓ Risk of all R&D initiatives not leading to commercially viable and successful products.

### Future Growth Strategy

#### Vaccine Business

Short to Medium term:

- ✓ Scaling up vaccine sales in private market in India including through launch of new vaccines.
- ✓ Increasing participation in institutional vaccine business with UNICEF, PAHO, etc.
- ✓ Expediting development of tetravalent Dengue vaccine DengiAll®, Pneumococcal Polysaccharide Conjugate Vaccine NucoVac®11 and other vaccines and launch thereof in India and Institutional markets.

- ✓ Expanding manufacturing capacities to meet the future growing demand of vaccines.

Long term:

- ✓ Scale up of sales of DengiAll® vaccine and NucoVac® 11 vaccine in private market in India and launch of these vaccines in developing countries.
- ✓ Supply of hexavalent vaccine to UNICEF, PAHO and other international markets.

#### Pharma Business

Short to Medium Term:

- ✓ Growth in exports of pharmaceutical formulations to emerging markets in LATAM and middle east.
- ✓ Scaling up of existing niche generic business in USA.
- ✓ Launch of Paclitaxel protein bound particles for injectable suspension, Cyclosporine and other products, which are currently under approval, in USA.
- ✓ Filing more ANDAs / dossiers in USA, Europe and other emerging markets.
- ✓ Pursuing new opportunities in the domestic market

Long term:

- ✓ Launch of more products in US, EU and other emerging markets.
- ✓ Scaling up of new business opportunities in the domestic market.



### Safety, Health and Environment Protection

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

### Corporate Social Responsibility

Panacea Biotec recognizes Corporate Social Responsibility as one of its core values by making continuous efforts on spreading awareness on critical health issues impacting the quality of life. Panacea Biotec 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 a happier and healthier society. Panacea Biotec has been actively engaged in conducting patient camps such as diabetes detection, HbA1C and diabetic neuropathy camps to help patients better manage diabetes and co-morbid conditions, cancer survivor meets to help patients manage life post chemotherapy, organ donation awareness campaigns to spread awareness and positive impact of organ donation, osteoporosis camps across the country with an objective to provide free diagnostic services to the patients and spread awareness on lifestyle management with chronic diseases to help improve their quality of life. During Covid-19 pandemic in financial year 2021-22, the Company organized multiple sanitization camps and awareness camps across Doctor's clinics.

### Environment, Health and Safety

We are committed to business practices that promote socially and environmentally responsible economic growth. We

continued to make significant progress on our multi-year plan to move closer to our long-term environment, health and safety ("EHS") vision of Target Zero: zero incidents, zero injuries and zero releases. Among other things, we:

- ✓ continued the implementation of our EHS management system, which promotes proactive compliance with applicable environment, health and safety requirements, establishes minimum expectations throughout our operations and helps drive continuous improvement in our EHS performance;
- ✓ provided EHS regulatory surveillance tools for all countries where we have significant operations;
- ✓ proactively evaluated EHS compliance through self-evaluation and an internal audit program, addressing non-conformities through appropriate corrective and preventative action whose progress is tracked; and
- ✓ established targets to reduce the environmental impact of our operations, through energy and water conservation, recycling and reuse of waste products.

We have also initiated implementation of Integrated Management Systems across manufacturing facilities at Lalru & Baddi, comprising of:

- ✓ ISO 14001 : 2015 (Environmental Management System); and
- ✓ ISO 45001 : 2018 (BS OHSAS 18001: 2007) (Occupational Health & Safety Management System).

*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.*



# Financial Highlights

Particulars	2021-22 <sup>#</sup>		2020-21 <sup>#</sup>	2019-20 <sup>#</sup>	2018-19 <sup>#</sup>	2017-18 <sup>#</sup>	2016-17 <sup>#</sup>	2015-16	2014-15	2013-14	2012-13
	(Rs. in million)	USD million <sup>**</sup>	(Rs. in million)								
<b>Consolidated Financial Performance Summary</b>											
Revenue from operations	6,612.32	87.25	6,248.05	5,440.62	4,566.96	5,961.61	5,579.51	6,530.80	6,871.90	5,153.70	6,084.90
Total Income	6,722.01	88.70	6,353.77	5,737.49	4,611.79	6,043.94	6,045.46	6,734.30	7,156.70	5,253.50	6,139.30
EBITDA	(138.66)	(1.83)	757.30	313.59	(1,311.94)	847.40	626.90	1,117.20	438.80	(766.30)	(860.60)
PBT <sup>^</sup>	14,488.09	191.17	(1,450.30)	(1,773.44)	462.25	(661.39)	(671.80)	(189.30)	(994.10)	(1,109.60)	(2,530.60)
PAT <sup>^</sup>	10,779.04	142.23	(1,476.58)	(1,942.96)	376.67	(759.97)	(562.00)	(182.90)	(1,065.00)	(1,121.30)	(2,342.80)
Equity Share Capital	61.25	0.81	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25
Reserves & Surplus/ Other Equity	8,426.67	111.19	(2,348.18)	1,926.62	3,442.72	3,025.60	3,495.50	4,424.85	4,650.65	5,065.90	6,195.60
Shareholders' Funds	8,487.92	112.00	(2,286.93)	1,987.87	3,503.97	3,086.85	3,556.75	4,486.10	4,711.90	5,127.15	6,256.85
Total Liabilities	17,825.05	235.20	11,775.32	13,903.00	13,755.20	16,075.56	18,001.38	18,544.10	19,304.70	19,433.45	18,394.55
Net Fixed Assets	6,465.39	85.31	6,798.61	7,996.01	8,819.76	9,880.00	10,308.84	12,256.80	12,930.60	14,427.10	12,838.10
Total Assets	17,825.05	235.20	11,775.32	13,903.00	13,755.20	16,075.56	18,001.38	18,544.10	19,304.70	19,433.45	18,394.55
<b>Key Performance Indicators</b>											
<b>Profitability Ratios</b>											
EBITDA Margin (%)	(2.10)	-	12.26	5.76	(28.73)	14.21	11.24	17.11	(6.39)	(14.87)	(14.14)
PBT Margin (%) <sup>^</sup>	219.11	-	(23.21)	(32.60)	10.12	(11.09)	(12.04)	(2.90)	(14.47)	(21.53)	(41.59)
PAT Margin (%) <sup>^</sup>	163.01	-	(23.63)	(35.71)	8.25	(12.75)	(10.07)	(2.80)	(15.50)	(21.76)	(38.50)
<b>Shareholders Related Ratios</b>											
EPS (Basic & Diluted) <sup>***</sup> (In Rs.)	175.98	2.32	(24.11)	(31.72)	6.15	(12.42)	(9.18)	(2.99)	(17.39)	(18.31)	(38.25)

\* Figures are as per Indian Accounting Standard (Ind AS)

# include figures for the discontinued operations

\*\* 1 USD= INR 75.7875 as on 31.03.2022

\*\*\* Per Equity Share of Re.1.each

<sup>^</sup> after exceptional items

Note: Figures in brackets are negative numbers





## Directors' Report

### Dear Members,

Your Directors are pleased to present the 38<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Standalone and Consolidated Financial Statements and the Auditors' Reports thereon for the financial year ended March 31, 2022.

### Financial Results

The highlights of standalone and consolidated financial results of the Company are summarised below:

(Rs. in million)

Particulars	Standalone		Consolidated	
	FY 2021-22	FY 2020-21**	FY 2021-22	FY 2020-21**
Revenue from operations	2,355.04	3,435.55	6,612.32	6,248.05
Other Income	125.68	207.48	109.69	105.72
Total Income	2,480.72	3,643.03	6,722.01	6,353.77
Profit / (Loss) before Interest, Tax, Depreciation & Amortization (EBITDA)	(726.70)	4.60	(138.66)	757.30
Profit / (Loss) before exceptional items and tax	(935.76)	(128.80)	(2,273.97)	(1,450.30)
Exceptional items	-	-	16,762.06	-
Profit / (Loss) before Tax (PBT)	(935.76)	(128.80)	14,488.09	(1,450.30)
Profit / (Loss) after Tax (PAT)	(935.76)	(144.41)	10,779.04	(1,476.58)
Total Comprehensive Income / (Loss) for the year	(930.72)	(130.60)	10,775.04	(1,468.38)

#Include figures for the discontinued operations

\*Previous year's figures have been re-grouped, re-classified and/or restated wherever necessary

### Performance Highlights

During the year ended March 31, 2022, your Company has registered revenue from operations of Rs.2,355.04 million as against Rs.3,435.55 million during the previous financial year. The decline in revenues is mainly on account of absence of sales of pharmaceutical formulations which contributed Rs.1,124.42 million during previous financial year. The Company had sold its domestic pharmaceutical formulations business to its Wholly-owned Subsidiary ("WOS") company, Panacea Biotec Pharma Ltd. ("PBPL") during financial year 2019-20, however, some sale continued from the Company during the transition period. The sale of branded vaccines in domestic private markets also declined due to decrease in the overall birth cohort and continued impact of Covid-19 pandemic.

The consolidated revenue from operations has increased to Rs.6,612.32 million during financial year under review as against Rs.6,248.05 million during previous financial year. The revenue growth was mainly driven by higher sales of pharmaceutical formulations in the domestic market during the financial year under review.

In view of the completion of demerger of real estate undertaking including investment in the Company's then WOS, Radhika Heights Limited into the Company's another erstwhile WOS, Ravinder Heights Limited ("RVHL") with effect from September 10, 2020, the financial results of the said real estate undertaking for the period from April 01, 2020 to September 10, 2020, that is considered as disposal group, were presented for the financial year 2020-21 as discontinued operations in the Standalone and Consolidated Financial Statements of the Company in accordance with the applicable accounting standards. The Company did not earn any revenue from operations from such discontinued operations during the current and previous financial year.

On standalone basis, the Company has registered negative

EBITDA of Rs.726.70 million during financial year 2021-22, as against positive EBITDA of Rs.4.60 million during previous financial year. The EBITDA loss was mainly due to expenses incurred on the Covid-19 vaccines, viz. Sputnik-V and Sputnik Light vaccine project under the collaboration with the Russian Direct Investment Fund through its associate company Human Vaccine LLC. The Company had received advance amount of US\$ 7 million which was used to meet the expenses relating to Sputnik-V and Sputnik Light vaccine project. Since the Company did not receive any supply orders from Human Vaccine therefore it could not generate any revenue from such collaboration. In view of the fact that the Company has incurred huge expenses on the said project and also received the advance from Human vaccine, it has been decided to adjust the said advance against such expenses. The Company has already conveyed its decision to Human Vaccine. Part of the EBITDA loss was also contributed by lower branded vaccine sales in the domestic market as explained above.

The Company's loss before exceptional items and tax has increased to Rs.935.76 million as compared to loss of Rs.128.80 million during previous financial year mainly due to reduced turnover and expenditure on Sputnik-V and Sputnik Light vaccine project. The loss after tax for financial year 2021-22 has been Rs. 935.76 million as against loss of Rs.144.41 million during previous financial year.

The Company has incurred consolidated EBITDA loss of Rs.138.66 million during financial year 2021-22, as compared to positive EBITDA of Rs.757.30 million during previous financial year. Loss before exceptional items and tax has been Rs.2,273.97 million as compared to loss of Rs.1,450.30 million during previous financial year.

During the current financial year, PBPL has sold its pharmaceutical formulations brands in India and Nepal to Mankind Pharma Limited for a total consideration of Rs.18,720.00 million plus GST

out of which an amount of Rs.16,762.06 million was recognised as revenue during financial year 2021-22 and the same has been included in the exceptional items.

The consolidated profit after tax and exceptional items was Rs.10,779.04 million for financial year 2021-22 as against loss of Rs.1,476.58 million during previous financial year.

A detailed discussion on operations of the Company for the financial year ended March 31, 2022 is given in the Management Discussion and Analysis Report forming part of the Annual Report.

#### **Credit Rating**

During the year under review, the Company has not availed any bank facility and has consequently not carried any credit rating.

#### **Dividend and Transfer to Reserves**

In view of loss incurred during the year under review, the Board of Directors has not recommended any dividend on the Equity as well as Preference Shares of the Company. Also, owing to such loss, there has been no transfer of profit to general reserves.

In compliance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), the Company has adopted a Dividend Distribution Policy which endeavours for fairness, consistency and sustainability while distributing profits to the shareholders. The same may be accessed on the Company's website at the link: <https://www.panaceabiotec.com/en/section/information-repository/policy>.

#### **Share Capital**

The issued, subscribed and paid up Share Capital of the Company as on March 31, 2022, remains unchanged at Rs.222.62 million (comprising of Rs.61.25 million equity share capital divided into 6,12,50,746 Equity Shares of Re.1 each and Rs.161.37 million preference share capital divided into 1,61,37,000 Non-Convertible Cumulative Non-Participating Redeemable Preference Shares of Rs.10 each). Similarly, the authorised share capital of the Company also remains unchanged at Rs.1,223.37 million (Comprising of 12,50,00,000 Equity Shares of Re.1/- each and 10,98,37,000 Preference Shares of Rs.10/- each).

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

#### **Significant Events during the year under review / current year**

The Company has from time to time during the year under review and current year informed its stakeholders about the key developments that took place by disseminating necessary information to the stock exchanges and through various other means of communication. Some of key events are mentioned below:

a) Contract Manufacturing of Sputnik-V Vaccine: During the year under review, the Company has entered into a contract manufacturing agreement with Human Vaccine Limited Liability Company, Generium Joint Stock Company and Dr. Reddy's Laboratories Ltd. ("Dr. Reddy's")

to fill and finish of the Sputnik-V vaccine using the ready to fill bulk received from Generium for supplying the vaccine to Dr. Reddy's for sale in India. During the year, the Company has produced 1,957,910 doses of 2<sup>nd</sup> component (Ad5) of Sputnik V vaccine out of which it supplied 861,440 doses worth Rs.622.98 million to Dr. Reddy's. The Company is in discussion with Dr. Reddy's for the remaining doses which the Company is holding on behalf of Dr. Reddy's.

b) Collaboration with CEPI and THSTI to develop broadly protective Betacoronavirus vaccines: The Company has partnered with the Coalition for Epidemic Preparedness Innovations ("CEPI") and the Translational Health Science and Technology Institute ("THSTI"), an autonomous institute of the Department of Biotechnology, Ministry of Science and Technology, Government of India, for development of vaccine candidates that could provide broad protection against SARS-Cov-2 variants and other Betacoronaviruses. CEPI has awarded funding support of upto US\$ 12.5 million (including US\$ 4.00 million to sub-awardees) to a consortium comprised of the Company and THSTI, under its US\$200 million programme launched in March, 2021 to advance the development of said vaccines.

CEPI will provide the said funding to the Company and THSTI in a phased manner to support development of multi-epitope, nanoparticle-based vaccine candidates and advance manufacturing process upto the stage of Phase I / II clinical trials to be completed by August, 2025.

The Company has received first instalment and the research & development activities have been started.

c) Sale of Pharmaceutical Formulations Brands of the Company's WOS, Panacea Biotec Pharma Limited, in India and Nepal: As approved by the shareholders in their Extraordinary General Meeting held on February 26, 2022, with a view to become debt free company and to focus on exports of Pharmaceutical formulations in US and other international markets besides the vaccine business in global markets, the Company and PBPL have entered into definitive agreements on February 28, 2022 for sale of Pharmaceutical Formulations Brands of PBPL in India and Nepal to Mankind Pharma Limited at an aggregate consideration of Rs.18,720 million plus GST. As part of this arrangement, Mankind has retained PBPL's well-trained sales and marketing team engaged in the pharmaceutical formulations business and said transaction has been completed on March 3, 2022. Post completion of transaction, PBPL has fully redeemed the entire outstanding non-convertible debentures (NCDs) aggregating Rs.7,544.45 million together with redemption premium of Rs.3,436.32 million (totalling to Rs.10,980.77 million) issued by it to India Resurgence Fund - Scheme 1, India Resurgence Fund - Scheme 2 and Piramal Enterprises Limited ("IndiaRF") and became a debt free company.

Subsequently, the mortgage created earlier in favour of Vistra ITCL (India) Limited (acting as debenture trustee on behalf of IndiaRF) against Company's as well as PBPL's immovable and movable properties, to secure the aforesaid NCDs, which includes the guarantees issued by the Company, Promoters and Directors of the Company, has also been satisfied.



- d) Site Inspection by the United States Food and Drug Administration ("USFDA"): USFDA conducted site inspection of PBPL's pharmaceutical formulations facility at Baddi, Himachal Pradesh, India between May 30 and June 08, 2022. At the end of inspection, PBPL was issued a 'FDA Form 483' with eight (8) observations which were related to improvements in existing procedures and are addressable. The outcome of this inspection does not materially affect PBPL's existing business in US markets. PBPL had addressed all the concerns and complied with all the requirements and has also submitted response alongwith Corrective and Preventive Actions to USFDA in consultation with international consultants. Also, PBPL is maintaining a constant touch with USFDA through US attorney on the shortage of products, to close the said observations as well as the closure of Warning Letter issued by the USFDA earlier on September 24, 2020.
- e) Collaboration with Indian Council of Medical Research ("ICMR"): The Company has signed a Memorandum of Agreement with ICMR under which the parties have agreed to co-operate to conduct Phase III clinical trial of DengiAll®, a single dose live-attenuated tetravalent vaccine for Dengue disease, in India. Under this collaboration, the Company will be responsible among others to provide the adequate number of doses of DengiAll® to ICMR for the said clinical trial purpose. ICMR will be responsible for conducting the Phase III clinical trial in India in consultation with the Company.

Apart from the updates mentioned above, there were no significant events during and after the end of the financial year ended March 31, 2022.

#### **Employee Stock Options**

The Company has an approved Employee Stock Option Plan 2020 ("ESOP 2020"). However, no options have been granted under ESOP 2020 till date.

#### **Significant and material orders impacting the going concern status and Company's operations in future**

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

During the financial year 2011-12, a search operation was conducted by Income Tax Department in the premises of the Company and hence the Company re-filed the income tax returns for the Assessment Years ("AY") 2006-07 to 2012-13. During the financial year 2014-15, the Income Tax Department completed the assessment of the said years, disallowed certain expenses and issued demand of Rs.3,294.9 million (including interest) on various grounds. The Company preferred appeals before CIT (Appeals) against the orders of the Income Tax Department 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. Based on the expert opinion, the Company believes that it has merit in these cases.

#### **Report on Corporate Governance**

Your Company has always placed thrust on managing its affairs with diligence, transparency, responsibility and accountability. The Board 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. Your directors reaffirm their commitment to adhere to the highest corporate governance and ethical practices. In compliance with Regulation 34(3) read with Schedule V(C) of the SEBI LODR Regulations, a report on corporate governance for the financial year under review is presented in a separate section and forms an integral part of the Annual Report. In terms of Schedule V(E) of the SEBI LODR Regulations, a certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is attached thereto and forms part of the Annual Report.

#### **Management Discussion and Analysis Report**

Pursuant to Regulation 34(3) read with Schedule V(B) of the SEBI LODR Regulations, Management Discussion and Analysis Report for the year under review, is presented in a separate section and forms an integral part of the Annual Report.

#### **Business Responsibility Report**

The Business Responsibility Report for the year under review, as required pursuant to Regulation 34(2)(f) of the SEBI LODR Regulations, is presented in a separate section and forms an integral part of the Annual Report.

#### **Subsidiaries, Associates and Joint Ventures**

##### **A. Subsidiaries**

As on March 31, 2022, your Company had 3 wholly-owned subsidiary ("WOS") companies, viz. Panacea Biotec Pharma Limited ("PBPL"), Meyten Realtech Private Limited ("Meyten") and Panacea Biotec (International) S.A. ("PBS") and 1 indirect WOS company, viz. Panacea Biotec Germany GmbH ("PBGG"), the WOS of PBS.

**PBPL** is engaged in the research, development and manufacturing of pharmaceutical formulations in India and marketing, sale and distribution thereof in international markets. Prior to sale of Pharmaceutical Formulations brands during the year under review, PBPL was also carrying out marketing, sale and distribution of pharma formulations in India and Nepal. The Company holds 10,00,000 equity shares of Re.1 each with an investment of Rs.1.00 million in PBPL as on March 31, 2022.

**Meyten:** The Board of Directors of Meyten has, in its meeting held on August 29, 2020, approved a Composite Scheme of Arrangement ("Scheme") amongst Meyten, Radhika Heights Limited, an erstwhile WOS of the Company ("RHL") and Cabana Structures Limited (WOS of RHL), and their respective shareholders and creditors subject to approval of the Hon'ble NCLT and other applicable authorities inter-alia for the purpose of proposed demerger of specified Leasing Business of RHL into Meyten. An application in this regard has been filed with the Hon'ble NCLT and the approval is expected in due course. The Company holds 1,00,000 equity shares of Re.1

each with an investment of Rs.0.10 million in Meyten as on March 31, 2022.

**PBS** was earlier engaged in the business of trading of pharmaceutical products and is currently not pursuing any business. Since, no further activity is envisaged to be undertaken by PBS, it has been decided to liquidate PBS. The Company holds 6,000 equity shares of CHF 100 each with an investment of Rs.34.36 million in PBS as on March 31, 2022.

**PBGG** is engaged in marketing of pharmaceutical products including the Company's products in Germany. PBGG is proposed to be converted into indirect WOS of the Company through PBPL by way of acquisition of 100% shares of PBGG by PBPL from PBS.

### **B. Joint Ventures and Associates**

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

**Adveta:** 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 the financial year 2012-13. Adveta has in the past initiated taking preliminary steps in connection with the implementation of projects. However, no major investment has been made in this regard. Adveta is in the process of taking necessary steps for getting revival of the said projects and arranging necessary funds. In view of business restructuring, Adveta is proposed to be merged into PBPL in order to have its own power projects and also to reduce power cost incurred by PBPL at Baddi and Lalru.

**CPV:** During the year under review, the Liquidators have completed the voluntary winding-up of CPV and the final Liquidator's Statement of Account has been submitted with the Official Liquidator. The Company had received an amount of Rs.55.88 million (including initial share capital of Rs.22.96 million and TDS of Rs.2.47 million deducted on surplus) during the previous financial year. Further activities for closure of winding-up process and receipt of final order of liquidation by the Hon'ble High Court is expected during current financial year.

**PanEra:** PanEra was granted in-principle approval by Govt. of Himachal Pradesh for allotment of a hydro-power project of 4 MW in Himachal Pradesh, in earlier years. However, no major investment has been made in this regard. In view of business restructuring, PanEra is proposed to be merged into PBPL so that PBPL can move towards net zero carbon emission and use energies which are sustainable and good for environment and at the same time economical to PBPL. Also, post this merger, PBPL will become self-reliant in its own energy requirements.

Pursuant to Regulation 46(2)(h) of the SEBI LODR Regulations, the Company has formulated a Policy for determining material subsidiaries which may be accessed on the Company's website at the link: <https://www.panaceabiotec.com/en/section/information-repository/policy>.

As on March 31, 2022, Panacea Biotech Pharma Limited was

the material subsidiary of the Company pursuant to the SEBI LODR Regulations.

### **Financial Details of Subsidiaries, Associates and Joint Ventures**

In accordance with the first proviso to Section 129(3) of the Companies Act, 2013 ("the Act") and Rules 5 and 8(1) of the Companies (Accounts) Rules, 2014, a separate statement containing the salient features of financial statements, performance and financial position of each of the Company's Subsidiaries, Associates and Joint Ventures, in the prescribed Form AOC-1, forms part of the Annual Report and hence not repeated here for the sake of brevity.

The contribution of the Subsidiaries, Associates and Joint Ventures to the overall performance of your Company is outlined in Note No. 51 of the Consolidated Financial Statements for the year ended March 31, 2022.

The separate Audited Financial Statements of the Subsidiaries shall be kept open for inspection at the Company's Registered Corporate Office during working hours for a period of 21 days before the date of the ensuing Annual General Meeting ("AGM") of the Company and are also available on the website of the Company at <https://www.panaceabiotec.com/en/section/information-repository/subsidiaries-financial-information>. The same will also be made available upon request of any member of the Company who is interested in obtaining the same.

### **Consolidated Financial Statements**

The Consolidated Financial Statements of the Company and its Subsidiaries, Associates and Joint Ventures, prepared in terms of Section 129 of the Act, Regulation 33 of the SEBI LODR Regulations and in accordance with Ind AS 110 read with Ind AS 28 and 31 as specified in the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS Rules") and provisions of Schedule III to the Act, are attached herewith and the same together with Auditors' Report thereon, forms part of the Annual Report.

### **Indian Accounting Standards, 2015**

The annexed financial statements comply in all material aspects with Indian Accounting Standards notified under Section 133 of the Act, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

### **Listing of Equity Shares**

The Equity Shares of the Company continue to be listed on NSE and BSE. The requisite annual listing fees for the financial year 2022-23 have been paid to these Exchanges.

### **Public Deposits**

During the year under review, your Company has neither invited nor accepted any deposits from the public / members pursuant to the provisions of Sections 73 and 76 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 and therefore, no amount of principal or interest was outstanding in respect of deposits from the Public as on the balance sheet date.

The details of loans received from directors of the Company have been disclosed in Note No. 43 to the Standalone Financial Statements forming part of the Annual Report. Further, in compliance with provisions of the Companies (Acceptance of

Deposits) Rules, 2014, the director of the Company, from whom money is received during the year under review, has furnished to the Company, a declaration in writing to the effect that the amount is not being given by him out of funds acquired by him by borrowing or accepting loans or deposits from others.

#### **Directors and Key Managerial Personnel**

- i) Cessation of Directors: During the year under review, Mr. Ashwini Luthra (DIN: 05103137), an Independent Director, departed for his heavenly abode on July 11, 2021 and accordingly ceased to be the director of the Company with immediate effect. Further, Mr. Shantanu Yeshwant Nalavadi (DIN: 02104220), Non-Executive Nominee Director has also ceased to be the director of the Company on account of his resignation from directorship w.e.f. March 10, 2022.

Your directors place their sincere appreciation towards the invaluable contributions, guidance and support received from them during their tenure as Directors, towards the progress of the Company. Further, your directors pray the almighty that the departed soul of Mr. Ashwini Luthra rest in peace.

- ii) Re-appointment of Executive Directors: Based on recommendation of Nomination and Remuneration Committee, Mr. Soshil Kumar Jain (DIN: 00012812), Dr. Rajesh Jain (DIN: 00013053), Mr. Sandeep Jain (DIN: 00012973) and Mr. Ankesh Jain (DIN: 03556647) were re-appointed as Whole-time Director designated as Chairman, Managing Director, Joint Managing Director and Whole-time Director designated as Director Sales & Marketing, respectively by the Board of Directors in its meeting held on July 23, 2021 for a period of three (3) years w.e.f. April 01, 2022, which was subsequently approved by the shareholders in their meeting held on September 25, 2021.
- iii) Appointment of Non-Executive and Non-Independent Director: During the year under review, the Board of Directors, based on the recommendation of Nomination and Remuneration Committee of the Board, has appointed Mr. Narotam Kumar Juneja (DIN: 01204817), as an additional director (in the capacity of Non-Executive Non-Independent Director) on the Board w.e.f. April 01, 2022 subject to approval of shareholders.

Further, as required pursuant to the provisions of Regulation 17 (1C) of the SEBI (LODR) Regulations, 2015, the said appointment of Mr. Narotam Kumar Juneja has also been approved by the shareholders on June 26, 2022 by way of passing required resolution through Postal Ballot.

- iv) Directors Retiring by Rotation: In accordance with the provisions of Section 152 of the Act and Article 119 of the Articles of Association of the Company, Mr. Soshil Kumar Jain (DIN: 00012812), Chairman and Dr. Rajesh Jain (DIN: 00013053), Managing Director of the Company are liable to retire by rotation. Being eligible they have offered their re-appointment as directors at the ensuing Annual General Meeting ("AGM").
- v) Profile of Directors seeking appointment / re-appointment: The brief resume of the Directors seeking re-appointment along with other details as stipulated under Regulation 36(3) of the SEBI LODR Regulations and Secretarial Standards issued by The Institute of Company Secretaries

of India, are provided in the Notice convening the ensuing AGM of the Company and the Corporate Governance Report forming part of the Annual Report.

- vi) Declaration of independence: Your Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence provided in Section 149(6) of the Act & Regulation 16 of the SEBI LODR Regulations and there has been no change in the circumstances which may affect their status as Independent director during the year under review.
- vii) Registration in Independent Directors' Data Bank: The Company has received confirmation from all its Independent Directors that they are registered in the Independent Directors' Data Bank of Indian Institute of Corporate Affairs at Manesar, for a period of 5 years, in compliance with the provisions of sub-rule (1) of rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014.

All the above re-appointments by the Board of Directors are based on the performance evaluation and recommendation of the Nomination and Remuneration Committee of the Board of Directors. Your Directors recommend re-appointment of the above said directors in the ensuing AGM.

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

#### **Board Evaluation**

An annual performance evaluation of the Board, its Committees and of individual directors was carried out by the Board in terms of the provisions of Section 134(3)(p) of the Act read with Rule 8(4) of the Companies (Accounts) Rule, 2014. In compliance with Regulation 17(10) of the SEBI LODR Regulations, the Board carried out performance evaluation of independent directors without the participation of director being evaluated. In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and the Chairman was evaluated. The exercise was carried out through a structured evaluation process covering various aspects such as Board composition & quality, strategic & risk management, board functioning, etc. which are briefly stated in the Corporate Governance Report, forming part of the Annual Report. Performance evaluation of independent directors was conducted based on the criteria such as ethics and values, knowledge and proficiency, behavioral traits etc. The Board of Directors has expressed its satisfaction with the evaluation process.

#### **Board Meetings**

During the year under review, five (5) Board Meetings were held on June 02, 2021, July 23, 2021, November 12, 2021, February 01, 2022 and February 14, 2022 through video conferencing. The intervening gap between two Board Meetings was within the maximum period prescribed under the Act. The detailed information is furnished in the Corporate Governance Report, forming part of the Annual Report.

#### **Audit Committee**

The Audit Committee of the Board of Directors comprises entirely of Independent Directors. The details of the composition



and number of meetings of the Audit Committee held during the financial year under review including attendance thereat, are furnished in the Corporate Governance Report, forming part of the Annual Report. During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

#### **Policy on Directors' appointment & remuneration**

The management of the Company is immensely benefitted from the guidance, support and mature advice from the members of the Board who are also members of various committees. The Board consists of directors possessing diverse skill and rich experience to enhance quality of its performance. Pursuant to the provisions of Section 178(3) of the Act, Regulation 19(4) of the SEBI LODR Regulations and as per the recommendations by the Nomination and Remuneration Committee ("NRC"), the Board has adopted a policy for appointment and remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the Company. The policy includes criteria for determining qualifications, positive attributes and independence of directors. In terms of the policy, NRC evaluates balance of skills, knowledge and experience of directors, Key Managerial Personnel or Senior Management Personnel whom it recommend to the Board for appointment. The components of remuneration policy are briefly stated in the Corporate Governance Report, forming part of the Annual Report.

This policy may be accessed on the Company's website at the link: <https://www.panaceabiotec.com/en/section/information-repository/policy>.

#### **Energy Conservation, Technology Absorption & Foreign Exchange**

As required under Section 134(3)(m) 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.

#### **Annual Return**

As required pursuant to Section 92(3) and 134(3)(a) of the Act, the Annual Return of the Company as on financial year ended on March 31, 2022 is available on Company's website at: <https://www.panaceabiotec.com/en/section/information-repository/annual-return>.

#### **Related Party Transactions**

During the year under review, all related party transactions entered into were in the ordinary course of business and on an arm's length basis. The Company has not entered into any material related party transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in the prescribed Form AOC-2 is not applicable. 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. Apart from remuneration and sitting fees, there is no pecuniary transaction with any director, which had potential conflict of interest with the Company.

All related party transactions are placed before the Audit Committee for its review and further recommendation to the Board for its approval. Wherever applicable, approval is obtained for related party transactions which are of repetitive nature and / or entered in the ordinary course of business and are at arm's length basis.

As per the provisions of the Act and Regulation 46(2)(g) of the SEBI LODR Regulations, your Company has formulated a policy on Related Party Transactions which is available on Company's website at the link: <https://www.panaceabiotec.com/en/section/information-repository/policy>.

The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the Related Parties. This policy specifically deals with the review and approval of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

#### **Particulars of Employees and Related disclosures**

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

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

#### **Auditors and Audit Reports**

i) Statutory Auditors and Audit Report: Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s. Walker Chandio & Co. LLP, Chartered Accountants (Regn. No. 001076N/N500013), were re-appointed as Statutory Auditors of the Company for a second term of five (5) consecutive years to hold office from the conclusion of the 35<sup>th</sup> AGM of the Company held on September 30, 2019 till the conclusion of the 40<sup>th</sup> AGM of the Company. Pursuant to Section 141 of the Act, the Statutory Auditors have confirmed they are not disqualified from continuing as Auditors of the Company.

M/s. Walker Chandio & Co. LLP has also confirmed that they are free from the disqualifications specified in Section 141 read with Sections 139 to 147 and their appointment meets the requirements prescribed in Section 141(3)(g) and 147 of the Act. They also confirmed that they are independent, maintained an arm's length relationship with the Company and that no orders or proceedings were pending against them relating to matters of professional conduct before the Institute of Chartered Accountants of India or any competent court / authority.

The Auditors' Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2022. The Key Audit Matters as contained in the Auditors' Report on the Standalone



Financial Statements is also mentioned as Key Audit Matters in the Auditors' Report on the Consolidated Financial Statements in similar manner.

The management response to the observations/comments/key audit matters contained in the Auditors' Report and Annexure thereto has been suitably given in the respective Notes to the Financial Statements referred to therein.

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

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

Pursuant to the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. GT & Co., Cost Accountants (Firm's Registration Number: 000253), were re-appointed as the Cost Auditors to conduct the audit of the Company's Cost Records for the financial year ended March 31, 2022 and their remuneration has been ratified by the shareholders in the 37<sup>th</sup> AGM of the Company held on September 25, 2021.

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 2020-21 was filed on August 21, 2021.

Based on the recommendations of the Audit Committee, the Board of Directors has re-appointed M/s. GT & Co., Cost Accountants, as cost auditors of the Company for the financial year 2022-23, pursuant to the provisions of Section 148 of the Act. M/s. GT & Co. has confirmed that they are free from the disqualifications specified in Section 141 read with Sections 139 and 148 and their appointment meets the requirements prescribed in Section 141(3)(g) and 148 of the Act. They also confirmed that they are independent, maintained an arm's length relationship with the Company and that no orders or proceedings were pending against them relating to matters of professional conduct before the Institute of Cost Accountants of India or any competent court / authority.

In compliance with Rule 14 of the Companies (Audit and Auditors), Rules, 2014, an item for ratification of remuneration of cost auditor for conducting the audit for the financial year 2022-23 has been included in the Notice of the ensuing AGM for shareholders' approval.

- iii) **Secretarial Auditors and Secretarial Audit Report:** Pursuant to the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI LODR Regulations, the Board of Directors had appointed M/s. R&D Company Secretaries, Practicing Company Secretaries as Secretarial Auditors to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2022. The Secretarial Audit Report issued by them is annexed as **Annexure D** to this Report. The

Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

In compliance with the requirements of the SEBI LODR Regulations, the material unlisted subsidiary of the Company, Panacea Biotec Pharma Limited had also appointed M/s R&D Company Secretaries, Practicing Company Secretaries as Secretarial Auditors to conduct the Secretarial Audit for the financial year ended March 31, 2022. The Secretarial Audit Report issued by them is annexed as **Annexure E** to this Report. The said Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

In addition to the above and in compliance with Regulation 24A(2) of the SEBI LODR Regulations, Annual Secretarial Compliance Report issued by the Secretarial Auditor, M/s. R&D Company Secretaries for the year ended March 31, 2022 as presented at the Board Meeting held on August 09, 2022, states that the Company has maintained the proper records as stipulated under various Rules and Regulations and that no action has been taken against the Company or its material subsidiary or promoters / directors by SEBI / NSE / BSE. The said report has been submitted with the stock exchanges within prescribed time.

The Board of Directors, on the recommendation of the Audit Committee, has re-appointed M/s R&D Company Secretaries, to conduct the secretarial audit of the Company for the financial year 2022-23. They have confirmed their eligibility for the said re-appointment.

#### **Dealing with COVID-19 Pandemic**

Multiple Covid waves, new variants and mutation of virus globally and in India has caused significant disturbance and slowdown of economic activity. The pandemic has been continuously posing new and myriad challenges upon the world economies. Financial year 2021-22 started with the deadly second wave of Covid-19 disease and impacted everyone in one way or other. The second wave was far more severe and resulted in more fatalities. For ensuring the health and well-being of its employees, wherever feasible, the Company has implemented Work from Home for its employees. Also, the Company took several measures such as sanitization of premises on regular basis, video training sessions for employees to create awareness about the spreading of virus and prevention of same, strict follow of social distancing norms at its offices and plants etc. Furthermore, various steps were taken by the Company to render support to employees. The second and third waves affected many aspects of the Company's operations and also brought along several changes in market conditions. This was primarily due to State induced lockdowns that disrupted operations and supply chain partially or even fully in some cases. However, since Panacea Biotec is engaged in the business of manufacturing of pharmaceutical products, the operations at manufacturing facilities and warehouses kept on going, albeit with limited number of workers in severe time and the same was increased gradually later on.

In spite of the uncertainties due to the pandemic, the Company has adapted to the changing business environment and has responded suitably to fulfill the unmet therapeutic needs of its customers.

### Material changes and commitments affecting the financial position

As required under Section 134(3) of the Act, the Board of Directors inform the members that during the financial year under review, 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; and
- in the classes of business in which the Company has an interest.

Further, 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.

### Secretarial Standards

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

### Transfer to Investor Education and Protection Fund

During the year under review, no amount was required to be transferred by the Company to the Investor Education and Protection Fund.

### Directors' Responsibility Statement

In compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Act, to the best of their knowledge and belief, the Directors hereby confirm that:

- a) in the preparation of the annual financial statements for the financial year ended March 31, 2022, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022, and of the loss of the Company for the year ended March 31, 2022;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual financial statements have been prepared on a going concern basis;
- e) they had laid down proper internal financial controls to be followed by the Company and that the same are adequate and were operating effectively; and
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Details in respect of frauds reported by auditors

During the year under review, there were no frauds reported

by the auditors to the Audit Committee or the Board under Section 143(12) of the Act.

### Particulars of loans, guarantees or investments

The Company has made investments or extended loans / guarantees to its wholly-owned subsidiaries for their business purposes. Pursuant to the provisions of Section 134(3)(g) of the Act, the particulars of loans / guarantees and investments covered under the provisions of Section 186 of the Act along with the purpose for which such loans, guarantees or security were proposed to be utilised by the recipient, have been disclosed in the notes to the Financial Statements forming part of the Annual Report.

### Risk Management

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

The Company has regularly invested in insuring itself against unforeseen risks. The Company's stocks and insurable assets like building, plant & machinery, computer equipment, office equipment, furnitures & fixtures, leasehold 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 and 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.

Pursuant to Regulation 21 of the SEBI LODR Regulations, the Board has, in its meeting held on July 23, 2021, constituted the Risk Management Committee comprising of the Directors / Officers of the Company as members of the Committee. Risk Management Committee is compliant with the Regulation 21 of the SEBI LODR Regulations as regards composition, frequency and quorum of the meetings. The Board has defined the roles, responsibilities and functions of the Committee. The details of the composition, number of meetings held and attendance thereat during the financial year under review and terms of reference are furnished in the Corporate Governance Report, forming part of the Annual Report.

### Internal Control System

Your Company has established adequate system of internal controls, policies and procedures to ensure orderly and efficient conduct of business and also 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 the Annual Report.

### Internal Financial Controls

The Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended on March 31, 2022, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations.

The IFC operates effectively and no material weakness exists. Effectiveness of IFC is ensured through management reviews, controlled self-assessment and independent testing by the internal audit team.

#### **Vigil Mechanism / Whistleblower Policy**

Your Company adheres to uncompromising integrity in conduct of its business and strictly abides by a well-accepted norms of ethical, lawful and moral conduct. It has zero tolerance for any form of unethical conduct or behavior. With the above said view and 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, Regulation 22 of the SEBI LODR Regulations and Regulation 9A of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, your Company has adopted a Vigil Mechanism / Whistle Blower Policy to provide its directors and employees an avenue to raise any sensitive and genuine concerns regarding any unethical behavior or wrongful conduct and to enable them to report instances of leak of unpublished price sensitive information and to provide adequate safeguards for protection from any victimization. This Policy is available on the website of the Company and can be accessed at: <https://www.panaceabiotec.com/en/section/information-repository/policy>. This Policy, inter-alia, provides a direct access to the Chairman of the Audit Committee. Further, as mandated by Regulation 18(3) read with Schedule II Part C (18) of the SEBI LODR Regulations, the Audit Committee reviews the functioning of Vigil Mechanism / Whistleblower Policy.

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

#### **Corporate Social Responsibility**

The provisions of Section 135 of the Act and the Rules made thereunder 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.5,000 million or more, or turnover of Rs.10,000 million or more, or a net profit (as defined under Section 198 of the Act) of Rs.50 million or more

during the immediately preceding financial year. However, the Company has been, over the years, pursuing Corporate Social Responsibility by putting continuous efforts in the areas of health, education and patient awareness / assistance programs towards the development of happier and healthier society.

#### **Prevention of Sexual Harassment at Workplace**

The Company is committed to providing safe and conducive work environment to all its employees and associates. The Company has in place a Policy on Prevention of Sexual Harassment in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

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

#### **Proceeding under Insolvency and Bankruptcy Code, 2016**

During the year under review, no application is made or no proceeding is pending under the Insolvency and Bankruptcy Code, 2016.

#### **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 & its management and look forward for their continuous support in future. The Board wishes to place on record its appreciation for the dedication and commitment of the employees at all levels which has continued to be our major strength.

For and on behalf of the Board

Place : New Delhi  
Dated : August 09, 2022

Soshil Kumar Jain  
Chairman



## Annexure to the Directors' Report

## Annexure A

### Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

[as required under the Companies (Accounts) Rules, 2014]

#### I. Conservation of Energy

The Company strives to be energy efficient by being conservative in its approach of energy utilization and also utilizing energy efficient devices. The Company believes that energy conservation is the most economical solution to energy shortages that our country is facing. 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 by the Company and its wholly-owned subsidiary, Panacea Biotech Pharma Limited ("PBPL") during the year under review and recent past:

- Use of LED lights in place of CFL lamps, Halogen lamps and conventional tube lights at several locations.
- Use of water treated from ETP & STP for plantation & irrigation purposes.
- Use of RO rejected water for cooling tower.
- Use of Pneumatic Actuator Valve on soft water make up tank to avoid wastage of water due to overflowing of tank at Baddi.
- Replacement of existing 50 HP cooling tower pump with low RPM 30 HP cooling tower pump to save power at Lalru Plant.
- Use of low weight FRP fans of cooling tower in place of alloy metal CT fans to save power at Lalru Plant.
- Use of Condensate pipelines from condensate transfer pump having no insulation to reduce the insulation heat losses and increase saving in fuel.
- Commissioned new 6 ton Briquette Fired Boiler (to run with Fire Briquette or Wood Fire) at Baddi in place of Furnace Oil Fired Boilers thereby shifting to renewable energy source and to also reduce Sulphur emission.
- Constituted power saving committee to stop power wastage and explore new ideas to save power.
- Daily review of energy consumptions and setting up monthly/daily targets and monitoring of same.
- Designed and Installed condensate recovery pump

at Lalru. The recovery pump fabricated in house to save the cost of new pump.

- Replacement of gland packing with chilled water pump mechanical seal which save water and reduce maintenance cost at Lalru.
- Installed plate type heat exchanger in place of shell & tube type heat exchanger in Hot water generation system for HVAC supply in Baddi.
- Replacement of alloy metal exhaust fans with low weight PVC fans to save power at R&D Centre at New Delhi.

##### 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 and fuel in the time to come. A few measures under consideration are listed below:

- To continue replacement of CFL lights with LED lights across the organization over a period of time.
- To install heat recovery unit with 3.0 TPH Boiler for heating boiler feed water to save fuel at Lalru Plant.
- To replace FO fired boiler with natural gas burner and PNG connection to boiler to lower steam generation cost and reducing maintenance cost of boiler.
- To install new 6 ton Briquette Fired Boiler at Lalru Plant to reduce the fuel cost.
- To replace LPG with Natural gas for cooking in central canteen at Lalru plant.
- To reduce the running cost of high side utilities at Baddi such as Chiller, Cooling Tower, Condenser Pump & Chiller water pump by using lower power machines to save power.

##### 3. Capital Investment on energy conservation equipments:

During the year under review, the Company has made a capital investment of Rs.28 million towards energy conservation equipments i.e. briquette boiler and PNG connection for steam generation.

##### 4. 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 and restrict the impact of increase in the cost of energy, thereby reducing the cost of production of goods to that extent.

## Annexure to the Directors' Report

### Form A Particulars of Consumption of Energy

Particulars	Current Year	Previous Year
<b>A. Power and Fuel Consumption</b>		
1. Electricity		
(a) Purchased		
Units (Nos. in thousand)	20,352.66	16,760.21
Total Amount (Rs. in million)	138.23	108.18
Rate/Unit (Rs.)	6.79	6.45
(b) Own generation		
(i) Through Diesel Generator		
Units (Nos. in thousand)	534.50	252.20
Unit per litre of Diesel/Oil	3.17	3.26
Cost/Unit (Rs.)	24.83	18.87
(ii) Through Steam Turbine/Generator		
Units (Nos.)	Nil	Nil
Unit per litre of Diesel/Oil		
Cost/Unit (Rs.)		
2. Coal		
Quantity (tonnes)	Nil	Nil
Total Cost		
Average Rate		
3. Furnace Oil		
Quantity (Kilolitres)	2,134.81	2,251.33
Total Cost (Rs. in million)	87.46	69.46
Rate/Unit (Rs.)	40.97	30.85
Steam transferred from PBPL (Rs. in million)	7.68	-
4. Others/Internal generation		
Quantity	Nil	Nil
Total Cost		
Rate/Unit		
<b>B. Consumption per unit of production</b>		
Vaccines		
Production (no. of doses in thousand)	19,270	17,242
Electricity Consumption (Units per thousand)	119.71	102.71
Pre-filled Syringes (PFS)		
Production (no. of PFS in thousand)	175	602
Electricity Consumption (Units per thousand)	1,188.76	952.26

## 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:

The Company has state of art R&D Centres at Lalru and New Delhi manned with experienced scientists having deep roots within the academic community in important clusters in India, US, and Germany among other countries, working on several key projects in vaccines and biopharmaceuticals.

The Company's Vaccine R&D Centre has an excellent portfolio of innovative paediatric vaccines which protect children against dreadful diseases such as polio, hepatitis, diphtheria, tetanus, pertusis and haemophilus influenza. Further to broaden the existence of Panacea Biotec in the market, it is developing the new generation vaccines like SARS-CoV-2 Vaccine and antibody, Pneumococcal Vaccine, Dengue Tetravalent vaccine, Typhoid Conjugate vaccine and universal flu vaccine.

The Company has successfully completed the Phase I/II study of its Dengue and Pneumococcal Conjugate vaccine and currently, preparing for Phase III clinical trial related activities.

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

Focus on research resulted in development of innovative fully liquid vaccines including EasySix™ (DTwP-Hib-HepB-IPV), Easyfour-

## Annexure to the Directors' Report

TT® (DTwp-Hib), Easyfive-TT® (DTwP-Hep B-Hib), Easyfour-Pol® (DTwP-IPV), Novohib (Hib), Ecovac 4 (DTwP-Hep B), Enivac HB (rHep B), OPVs (Trivalent, monovalent and bivalent), Polprotec (IPV) and rich vaccine and bio-therapeutics pipeline.

Easyfive-TT® is the world's first fully liquid wP-based Pentavalent vaccine that was launched in India in 2005. After receiving WHO prequalification in 2008, more than 150 million doses have been supplied to over 75 countries globally.

Easyfive-TT® is a ready-to-use combination vaccine that does not require preparation by healthcare workers at the clinic, reduces the number of visits to vaccination centers, and reduces the overall cost of immunisation for all stakeholders. As per *Human Vaccines and Immunotherapeutics*<sup>1</sup>, the fully-liquid Pentavalent vaccine has been hailed as a "breakthrough in India's Universal Immunisation Program" with having averted more than 7 million cases, averted ~31,000 deaths, and total benefits exceeding US\$ 1 billion in Disability-adjusted life years<sup>2</sup> (DALYs) savings in India.

**Our vaccine's adoption impacts the full spectrum of human activities**


*Summary of Developmental impact*

**Social, Economic and Healthcare systems**


- ✓ Improve vaccination coverage, reduce number of vaccination programs, and improves Incomes
- ✓ Hexavalent reduces the number of vaccine programs from 3 to 1 (reducing storage requirements, visits to the clinic, and simplifying supply chain)
- ✓ Higher coverage, more School days, higher family incomes, and better career prospects

**Carbon emissions**


- ✓ >50% reduction in the number of syringes, vials, rubber stoppers, packaging materials, cold storage and shipping requirements by at-least
- ✓ >60% reduction in Carbon emissions especially from carbon-intensive industries like shipping, steel, vials, etc. thereby, helping achieve Global emissions targets




54x Social and Economic return due to vaccination




WHO SAGE recommendation for Global adoption



Ensuring affordability through UN Agencies and GAVI support



Enabling Environmental sustainability



The benefits of our vaccines affect the entire spectrum of Human activities as mentioned below:

Benefits of paediatric combination vaccines		Linkage with Government of India social Programs
Social-economic benefits	<ul style="list-style-type: none"> <li>• Reduces number of visits leading to Higher, better vaccine coverage</li> <li>• As parents do not have to visit often, there is higher compliance to get all 3 doses of vaccine.</li> <li>• Mothers must travel for hours to get to vaccination centres; losing income. This makes them less likely to their children vaccinated</li> <li>• More school days, and higher earnings</li> <li>• Children gain School days: children attend school more, thereby creating better prospects for their lives</li> <li>• Parents gain Wage days due to reduced visits to vaccination centres or while taking care of sick children or paying for unnecessary treatments</li> <li>• With Children falling sick less, Parents can spend money to improve their quality of life</li> </ul>	<ul style="list-style-type: none"> <li>• Aids the "Padega India toh Badega India"</li> <li>• Increasing wages in Rural areas</li> </ul>
Government immunization program benefits	<ul style="list-style-type: none"> <li>• Reduces number of vaccine programs from 3 to 1: Less requirement of campaigns and free's up essential healthcare staff to save lives rather than undertaking door-to-door vaccine campaigns</li> </ul>	"Heath for All"
Environmental benefits	<ul style="list-style-type: none"> <li>• Reduces biomedical waste</li> <li>• Combination vaccines reduce Environmental carbon emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Swachh Bharat Mission</li> <li>• National Mission for a Green India</li> </ul>
Pharmaceutical products	<ul style="list-style-type: none"> <li>• Reduces side-effects</li> <li>• Better Pharmacoeconomics</li> <li>• Novel drug delivery systems helps to reduce dose and increase efficacy</li> </ul>	"Health for All"

<sup>1</sup> Bairwa M, Pilania M, Rajput M, Khanna P, Kumar N, Nagar M, Chawla S. Pentavalent vaccine: a major breakthrough in India's Universal Immunization Program. *Hum Vaccin Immunother*. 2012 Sep;8(9):1314-6. doi: 10.4161/hv.20651. Epub 2012 Aug 16. PMID: 22894968; PMCID: PMC3579914.

<sup>2</sup> DALY is a measure of overall disease burden, expressed as the number of years lost due to ill-health, disability or early death.



## Annexure to the Directors' Report

### 3. Future Plan of Action:

The Company intends to continue to focus on R&D activities for growing its revenues and profitability, inter-alia, in the following areas:

- Development of Recombinant, polysaccharide conjugate and cell culture based vaccines;
- Development of Genetic (DNA/RNA) material based vaccine, nanoparticles, VLP and Protein based Sub-unit vaccines for novel viral and bacterial antigens;
- Development of cost effective and consistent manufacturing process for consistently delivering the quality vaccine product;
- Development of reliable analytical methods for process monitoring, batch release and stability assessment to support vaccine development initiatives; and
- Development of broadly protective Betacoronavirus Vaccines and antibody platform to respond to any future pandemic in less than 100 days
- Development of adjuvants to make India "Atmanirbhar"

### 4. Expenditure on R&D:

Particulars	(Rs. in million)	
	2021-22	2020-21
a) Revenue expenditure (excluding Depreciation on R&D assets)	105.09	125.62
b) Capital expenditure	19.00	35.95
c) Total	124.09	161.57
d) Total R&D expenditure as a percentage of net revenues	5.27%	4.70%

### Technology absorption, adaptation and innovation

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

Research & Development plays a vital role in developing and adopting new technologies to enhance our operational efficiencies. The Company is actively involved in research & development of vaccine, biopharmaceuticals, proteins and peptides in compliance with international regulatory standards.

The Company is also engaged in research & development of new generation vaccines like broadly protective Betacoronavirus vaccine, Typhoid Conjugate, Pneumococcal Conjugate, Tetravalent Dengue, Hepatitis A and Varicella Vaccines, etc and is actively collaborating with Indian and foreign organization, to enrich the pipeline and to bring new concepts in vaccine research.

Panacea Biotec is collaborating with THSTI (Government of India, Department of Biotechnology) on development of Betacoronavirus candidate vaccines and antibodies to generate long-term sustainable impact on the needs of the world – inline with Government of India's objective of "India for the World".

#### 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 had launched world's first fully liquid wP-IPV based hexavalent vaccine EasySix™ and tetravalent vaccine Easyfour-TT® in 2016-17. It also launched earlier fully liquid wP based pentavalent vaccine Easyfive-TT.

The Company has in-licensed technology for development of tetravalent dengue vaccine from National Institute of Health, USA.

The Company has also in-licensed technology for replication of recombinant human adenovirus vectors (serotypes 5 & 26) based Covid-19 vaccine from RDIF, Russia.

During the year under review, the Company progressed on its novel vaccines (Tetravalent Dengue Vaccine and Pneumococcal Conjugate Vaccine) and has filed for regulatory clearances for phase III clinical studies. Additionally, the Company also manufactured consistency batches for SARS-CoV-2 Vaccine based on Adenovirus vector platform as well as whole inactivated virus vaccine. However, in view of the declining demand for Sputnik vaccines and the change in global environment, the said projects have since been discontinued.

The Company has further taken forward Easyfour-Pol (DTwP-IPV) vaccine by undertaking regulatory clearance and fully indigenous TD (Tetanus-Diphtheria reduced) vaccine by undertaking consistency batches for clinical evaluation.

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 3 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)
Replication of recombinant human adenovirus vectors (serotypes 5 & 26) based Covid-19 vaccine	2020	Yes	N.A.

### III. Foreign Exchange Earnings and Outgo

#### 1. Activities relating to exports:

The Company supplies its vaccines to UNICEF, PAHO and other national Governments of several countries. The Company has plans to sell its vaccines in the private market through tie-ups with established industry players in various countries. The Company is supporting global cause of providing affordable vaccines to the children across the globe.

BPPL exports its pharmaceutical formulations in around 30

## Annexure to the Directors' Report

countries including the United States, Germany, Russian Federation, Brazil, Turkey, Bosnia, Tanzania, Kenya, Serbia, Vietnam, Philippines, Sri Lanka, Panama, Ecuador, Trinidad & Tobago etc.

During the year, the Company's consolidated export revenues were Rs.2,886.23 million (vaccines Rs.1,253.99 million and pharmaceutical formulations Rs.1,632.24 million) as against Rs.3,138.99 million (vaccines Rs.1,421.61 million and pharmaceutical formulations Rs.1,717.38 million) during previous financial year.

### 2. Initiatives taken to increase export:

The Company has a long-standing relationship with the institutional customers, i.e. UNICEF, PAHO and the Government of India, which has helped in participating in immunization programs in India and globally. The Company has established relationships with its key i.e. UNICEF and PAHO for supply of pentavalent vaccine to GAVI countries through UNICEF and to PAHO member countries located in Latin America through PAHO.

The Company has been able to set proven performance track record which is a key criterion for selection of suppliers by these UN procurement agencies. The Company has also entered into agreements with other international business associates for its vaccines products. The Company is entering into strategic partnership for its current vaccines and vaccines in pipeline for entry into new international markets.

Panacea Biotec is the innovator and intellectual property holder of EasySix™, the world's first fully-liquid Hexavalent vaccine. The WHO's Strategic Advisory Group of Experts on Immunization (SAGE) has supported the global rollout of wP based hexavalent vaccine in the global immunization schedule – creating an opportunity for more than 400 million doses of hexavalent vaccine annually. Panacea Biotec is considering capital investments to further augment its manufacturing capacity in order to enable the Company to meet the growing demand of vaccines by public health agencies.

The Company's strategic partnerships and collaborations has enabled it in developing innovative, cost effective and quality vaccines and helped in achieving its goal of providing cost-effective vaccines to the global population.

PBPL has key partnerships with global pharmaceutical companies for marketing of pharmaceutical formulations in USA and other international markets, which has helped

in expanding its reach and access to new regulated markets.

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

The Company as well as PBPL continuously takes steps to strengthen and grow its exports in the coming years including building a strong portfolio, strengthening marketing team, entering into newer markets, identifying distributors and marketing partners into newer regions and registering products in more countries as well as strengthening existing relationships with the partners.

The Company has registered its vaccines in around 12 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.

The Company has initiated registrations for sales of hexavalent vaccine EasySix™ in international markets with having received marketing authorization in two countries.

### 4. Total foreign exchange earned and used:

	(Rs. in million)	
Particulars	2021-22	2020-21
<b>Foreign Exchange Earned:</b>		
F.O.B. value of Exports	1,205.28	2,176.35
Interest Income from subsidiary company	30.33	29.06
Profit Share for Sale (Export)	-	64.22
<b>Total</b>	<b>1,235.61</b>	<b>2,269.63</b>
<b>Foreign Exchange Used:</b>		
Raw Materials & Packing Materials	1,468.22	538.94
Components & Spare Parts	16.17	20.77
Capital Goods	8.80	1.49
Legal & Professional Fees	49.14	81.01
Royalty	176.63	-
<b>Other Expenses:</b>		
- Patents, Trade Marks & Product Registration	3.80	5.77
- Advertising and Sales Promotion	1.96	4.24
- General expenses	1.53	2.94
- Others	8.72	1.46
<b>Total</b>	<b>1,734.97</b>	<b>656.62</b>

For and on behalf of the Board

Soshil Kumar Jain  
Chairman

Place : New Delhi  
Dated: August 09, 2022

## Annexure to the Directors' Report

### Annexure B

#### Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2022

- a. The ratio of remuneration of each Director to the median remuneration of employees of the Company and percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2021-22:

Name of the Director and KMP*	Designation	Remuneration of Director / KMP for FY 2021-22 (Rs. in million)	% increase in remuneration	Ratio to median remuneration of employees
Mr. Soshil Kumar Jain	Chairman	11.47	2.50% <sup>®</sup>	32.09
Dr. Rajesh Jain	Managing Director	7.77	4.68% <sup>®</sup>	21.72
Mr. Sandeep Jain	Joint Managing Director	7.21	3.66% <sup>®</sup>	20.15
Mr. Ankesh Jain	Director Sales & Marketing	2.77	5.57% <sup>®</sup>	7.75
Mr. Vinod Goel	Group CFO and Head Legal & Company Secretary	6.52	22.43%	N.A.
Mr. Devender Gupta	Chief Financial Officer and Head Information Technology	5.42	35.14%	N.A.

\*The Non-executive Directors of the Company are entitled for sitting fees only. The detail of the same are provided in Corporate Governance Report and is governed by the Nomination and Remuneration Policy. The ratio of remuneration and percentage increase for Non-executive Directors' remuneration is, therefore, not considered for the above purpose.

<sup>®</sup>During financial year under review, the terms of remuneration of the Chairman, Managing / Joint Managing Director, Whole-time Directors have remained the same. The increase in remuneration is only on account of change in value of perquisites.

- b. The percentage decrease in the median remuneration of employees in the financial year 2021-22: 0.30%.
- c. The number of permanent employees on the rolls of the Company as at March 31, 2022: 1,058.
- d. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentage increase in remuneration of employees other than managerial remuneration was 15.96%. The average percentage of the managerial remuneration for the year was increased by 3.64% on account of change in value of perquisites.

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

For and on behalf of the Board

Place : New Delhi  
Dated: August 09, 2022

Soshil Kumar Jain  
Chairman



## Annexure to the Directors' Report

### Annexure C

#### 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

S. No.	Employee Name	Designation	Remuneration (Rs. in million)	Nature of employment	Qualification	Experience (in years)	Date of Commencement of Employment	Age (in Yrs.)	Particulars of Last Employment: Name of Employer, Designation, Period of Service (Years)
A. Top 10 employees in terms of remuneration drawn during the financial year 2021-22:									
1.	Mr. Soshil Kumar Jain	Chairman	11.47	Contractual	Pharmacist	67	02.02.1984	89	Nil
2.	Dr. Rajesh Jain	Managing Director	7.77	Contractual	PGDM, Ph. D	38	15.11.1984	58	Nil
3.	Mr. Sandeep Jain	Joint Managing Director	7.21	Contractual	Senior Secondary	38	15.11.1984	56	Nil
4.	Mr. Ranandu Bhattacharya	Vice President - Panacea Vaccines SBU	6.68	Permanent employee	B. Sc. (Chemistry Hons)	25	06.03.2020	52	Cipla Ltd., Business Head-Diabetes SBU, 2.3 years
5.	Mr. Vinod Goel	Group CFO and Head Legal & Company Secretary	6.52	Permanent employee	M.Com, LLB, ACMA, FCS	35	13.01.1999	57	Prakash Industries Limited, Company Secretary, 9 years
6.	Mr. Rajneesh Chatrath	Vice President - Corporate Quality Assurance	6.02	Permanent employee	M. Sc. (HS)	30	03.10.2000	54	ECO-MED Pharmaceuticals Inc., QA Associate, 4 Months
7.	Dr. Amulya Kumar Panda <sup>®</sup>	Associate Director	5.34	Permanent employee	Ph. D (Biochemical Engg & Biotechnology)	31	01.07.2021	61	National Institute of Immunology, Scientist-VII, 31 Years
8.	Mohammed Shafiqur Rahman	Vice President – R.A. (Biologicals)	5.15	Permanent employee	M. Sc (Micro)	33	13.09.2003	59	Bharat Immunological & Biologicals Corporation Limited, DGM-QA, 8 years
9.	Mr. Devender Gupta	Chief Financial Officer & Head IT	5.07	Permanent employee	F.C.A., PGDM	25	12.12.2010	49	Kudos Chemie Ltd., V.P.- Finance, 1.5 Years
10.	Mr. Lalitendu Mohanty	V. P. - Clinical Research	4.57	Permanent employee	MBBS, MD	22	02.01.2001	55	Pan American Institute of Medical Transcription, Center Head, 6 Months
B. Employed for part of the year and in receipt of remuneration which in aggregate was not less than Rs.8,50,000 per month									
Nil									

<sup>®</sup>Appointed w.e.f. 01.07.2021.

#### Notes:

- 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 Benefits.
- 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.
- Mr. Soshil Kumar Jain was the only person who was employed throughout the Financial Year ended March 31, 2022 and was in receipt of remuneration for the year which is more than Rs.10.2 million. The relevant details are given at Sl. No. 1 of the above table.
- The terms and conditions of employees at Sl. No. 1 to 3 of the above table are as approved by the Board of Directors and Shareholders on the recommendation of Nomination and Remuneration Committee. The employees at Sl. No. 4 to 10 of the above table are paid remuneration as per the policy / rules of the Company.
- None of the above employees is related to any of the Directors except that Mr. Soshil Kumar Jain, Dr. Rajesh Jain and Mr. Sandeep Jain are related to each other.
- The nature of duties of Chairman, Managing Director and Joint Managing Director are as under: Mr. Soshil Kumar Jain, Chairman - providing strategic direction, planning and visionary leadership; Dr. Rajesh Jain, Managing Director - Championing patient safety centrality, providing resources and support to culture of quality excellence and overseeing Company's financial performance, investments and ventures etc; Mr. Sandeep Jain, Joint Managing Director - Overseeing the matters relating to audit & compliances, tax laws, foreign exchange and other regulatory matters, corporate social responsibility including promoting MSME vendors and ensuring the implementation of decisions of the Board and its various Committees.

For and on behalf of the Board

Place : New Delhi  
Dated : August 09, 2022

Soshil Kumar Jain  
Chairman

## Annexure to the Directors' Report

## Annexure D

Form No. MR-3

### Secretarial Audit Report

For the financial year ended March 31, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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, to the extent the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2022, generally 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 March 31, 2022, according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the rules made thereunder;
  - ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
    - d. The Securities and Exchange Board of India (Shared Based Employee Benefits and Sweat Equity) Regulations, 2021; Not applicable for the financial year under review;
    - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - Not applicable for 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 (Delisting of Equity Shares) Regulations, 2021 - Not applicable for the financial year under review.
    - h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 - Not applicable for the financial year under review.
  - vi. The management has identified the following laws as specifically applicable to the Company.
    - Drugs & Cosmetics Act, 1940;
    - Drugs (Control) Act, 1950;
    - Narcotic Drugs and Psychotropic Substances Act, 1985;
    - Dangerous Drugs Act, 1930;
    - Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954;
    - Epidemic Diseases Act, 1897;
    - Essential Commodities Act, 1955;
    - The Poisons Act, 1919;
    - The Pharmacy Act, 1948;
- We have also examined compliance with the applicable clauses of the following:
- i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India notified by Central Government;

## Annexure to the Directors' Report

- ii. The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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 following events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.:

The Company's wholly owned subsidiary, Panacea Biotec Pharma Ltd. ("PBPL") has sold its Pharmaceutical Formulations Brands in India and Nepal to Mankind Pharma Limited for an aggregate consideration of Rs.18,720 million which has enabled PBPL to repay its outstanding liability of Non-Convertible Debentures ("NCDs") in entirety of Rs.7,544.45 million along with a redemption premium of Rs.3,436.32 million. Consequently, PBPL has become a debt free Company and subsequently, the mortgage and hypothecation charge created earlier in favour of Vistra ITCL (India) Limited (acting as trustee on behalf of debenture holders) to secure the aforesaid NCDs, which includes the guarantees issued by the Company, Promoters and directors of the Company, has been released.

### For R&D Company Secretaries

**Debabrata Deb Nath**

Partner

FCS No.:7775

CP No.: 8612

UDIN : F007775D000769228

Place: Delhi Peer Review Certificate No. 1403/2021

Date : 09.08.2022 Unique Identification No.: P2005DE011200

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 Secretarial Report

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

### For R&D Company Secretaries

**Debabrata Deb Nath**

Partner

FCS No.:7775

CP No.: 8612

UDIN : F007775D000769228

Place: Delhi Peer Review Certificate No. 1403/2021

Date : 09.08.2022 Unique Identification No.: P2005DE011200



## Annexure to the Directors' Report

## Annexure E

Form No. MR-3

### Secretarial Audit Report

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
**Panacea Biotec Pharma Limited**  
B-1 Extension/A-27, Mohan Co-operative Industrial Estate  
Mathura Road, New Delhi -110044

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Panacea Biotec Pharma Limited, a Company incorporated under the provisions of the Companies Act, 2013, vide CIN U24299DL2019PLC347566 and having its registered office at B-1 Extension/A-27, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110044 (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, to the extent the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, generally 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 March 31, 2022, 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; Not applicable as the Company is an Unlisted Company.
- 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; Not applicable.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992

("SEBI Act"): Not applicable as the Company is an Unlisted Company.

- 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, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Shared Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - 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 (Delisting of Equity Shares) Regulations, 2021;
  - h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.
- vi. The management has identified the following laws as specifically applicable to the Company.
- Drugs & Cosmetics Act, 1940;
  - Drugs (Control) Act, 1950;
  - Narcotic Drugs and Psychotropic Substances Act, 1985;
  - Dangerous Drugs Act, 1930;
  - Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954;
  - Epidemic Diseases Act, 1897;
  - Essential Commodities Act, 1955;
  - The Poisons Act, 1919;
  - The Pharmacy Act, 1948;

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

- i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India notified by Central Government;
- ii. The Listing Agreements entered into by the Company with

## Annexure to the Directors' Report

Stock Exchanges: Not applicable as the Company is an Unlisted Company.

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

We further report that:

- During the period under review, the Board of Directors of the Company was duly constituted. 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 following events occurred which had bearing on the Company's affairs

in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.:

The Company has sold its Pharmaceutical Formulations brands in India and Nepal to Mankind Pharma Limited for an aggregate consideration of Rs.18,720 million which has enabled the Company to repay its outstanding liability of Non-Convertible Debentures ("NCDs") in entirety of Rs.7,544.45 million along with a redemption premium of Rs.3,436.32 million. Consequently, the Company has become a debt free Company and subsequently, the mortgage and hypothecation charge created earlier in favour of Vistra ITCL (India) Limited (acting as trustee on behalf of debenture holders) to secure the aforesaid NCDs, which includes the guarantees issued by the Holding Company, Promoters and directors of the Holding Company, has been released.

### For R&D Company Secretaries

**Debabrata Deb Nath**

Partner

FCS No.:7775

CP No.: 8612

UDIN : F007775D000769261

Place: Delhi

Peer Review Certificate No. 1403/2021

Date : 09.08.2022 Unique Identification No.: P2005DE011200

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 Secretarial Report

To  
The Members,  
Panacea Biotec Pharma Limited,  
B-1 Extension/A-27, Mohan Co-operative Industrial Estate  
Mathura Road, New Delhi -110044

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

### For R&D Company Secretaries

**Debabrata Deb Nath**

Partner

FCS No.:7775

CP No.: 8612

UDIN : F007775D000769261

Place: Delhi

Peer Review Certificate No. 1403/2021

Date : 09.08.2022 Unique Identification No.: P2005DE011200

## Business Responsibility Report

This Business Responsibility Report ("BRR") for the financial year ended March 31, 2022 conforms to the Business Responsibility Reporting requirement pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), which has mandated the inclusion of BRR as part of the Company's Annual Report for top 1000 listed entities based on market capitalisation (calculated as on March 31 of every financial year) and the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business issued by Ministry of Corporate Affairs, Government of India.

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L33117PB1984PLC022350
2. Name of the Company: Panacea Biotec Limited (the "Company" or "Panacea Biotec")
3. Registered Address: Ambala - Chandigarh Highway, Lalru - 140501, Punjab, India
4. Website: www.panaceabiotec.com
5. E-mail ID: companysec@panaceabiotec.com
6. Financial Year reported: 2021-22
7. Sector(s) that the Company is engaged in (industrial activity code-wise): 21002 - Manufacture of allopathic Pharmaceuticals preparations
8. List three key products/services that the Company manufactures/ provides (as in balance sheet): The Company manufactures a wide range of paediatric vaccines including hexavalent vaccine - EasySix™, pentavalent vaccine - Easyfive- TT® and bivalent oral polio vaccine in India and market the same in India as well as in international markets.
9. Total number of locations where business activity is undertaken by the Company:
  - i. Number of International Locations: The Company has 2 non-trading Offices in Russian Federation and Vietnam and 2 wholly-owned subsidiary companies in Switzerland and Germany.
  - ii. Number of National Locations: The Company's businesses and operations are spread across different geographies in India. The Company has 2 state-of-the-art manufacturing facilities located at Lalru, Punjab and Baddi, Himachal Pradesh; 2 R&D Centres at Lalru, Punjab and New Delhi; 1 sales & marketing office at Mumbai; and 2 corporate offices at New Delhi. The Company also has 1 Central Warehouse at Baddi, Himachal Pradesh and 14 depots / CFAs across various locations in India. The details of business performance in Indian markets as well as International markets are reported as a part of the Management Discussion and Analysis Report, which forms a part of the Annual Report.
10. Markets served by the Company - Local / State / National / International: The Company has a significant presence in India and is also exporting its products to UNICEF, PAHO and other governments of several countries globally.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

S. No.	Particulars	Details as on March 31, 2022
1.	Paid Up Share Capital	Rs.222.62 million
2.	Total Turnover	Rs.2,355.04 million (standalone)
3.	Total Profit/(Loss) after Tax	(Rs.935.76 million) (standalone)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (%)	Not applicable
5.	List of activities in which the expenditure in 4 above has been incurred	Not applicable

### SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company / Companies?

Yes, the Company has subsidiary companies in India and overseas. The details of the subsidiaries have been disclosed in the Directors' Report forming part of the Annual Report for the financial year 2021-22.
2. Do the Subsidiary Company / Companies participate in the Business Responsibility Initiatives of the parent company? If yes, then indicate the number of such subsidiary companies:

None of the subsidiary companies except Panacea Biotec Pharma Limited, directly or indirectly, participate in Business Responsibility initiatives of the Company.
3. Do any other entity / entities (e.g. Supplier, Distributor etc.) that the Company does business with, participate in the Business Responsibility initiatives of the Company? If yes, then indicate the percentage of such entities? [Less than 30%, 30 - 60% and More than 60%]:



## Business Responsibility Report

The Company has not instituted any process to monitor / verify whether any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the Business Responsibility initiatives of the Company.

### SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director / Directors responsible for Business Responsibility:

a. Details of the Director / Director responsible for implementation of the Business Responsibility policy / policies

Name	DIN	Designation
Dr. Rajesh Jain	00013053	Managing Director

b. Details of the Business Responsibility Head

DIN (if applicable)	Dr. Rajesh Jain, Managing Director of Panacea Biotec, oversees the Business Responsibility implementation. The Company has not appointed a Business Responsibility Head as of now.
Name	
Designation	
Telephone number	
E-mail ID	

2. Principle-wise (as per National Voluntary Guidelines) Business Responsibility Policy / Policies

a. Details of compliance (Reply in Yes / No)

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Business Ethics, Transparency and Accountability	Product Life Cycle Sustainability	Employee Well being	Stakeholder Engagement	Human Rights	Environment	Public Advocacy	Inclusive Growth and Equitable Development	Customer Value Creation
1	Do you have policy / policies for:	Yes								
2	Has the policy been formulated in consultation with relevant stakeholders?	All the policies have been formulated in consultation with the relevant stakeholders of the Company.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies are in line with the applicable national and international standards and compliant with the principles of the National Voluntary Guidelines issued by the Ministry of Corporate Affairs, Government of India.								
4	Has the policy been approved by the Board? If yes, has it been signed by the MD / owner / CEO / appropriate Board Director?	All statutory policies have been approved by the Board of Directors and signed by the Chairman / Managing / Joint Managing Director of the Board of Directors of the Company, whereas other policies are signed by the Managing Director or the respective business / unit head.								
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	The Policies are implemented and being reviewed regularly by the respective business / unit head.								
6	Indicate the link to view the policy online?	Relevant policies and code of conduct are available on the Company's website and can be viewed at: <a href="https://www.panaceabiotec.com/en/section/information-repository/policy">https://www.panaceabiotec.com/en/section/information-repository/policy</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies are communicated to key internal and external stakeholders and it is an ongoing process.								
8	Does the Company have in-house structure to implement its policy / policies?	Yes, the Company has necessary structure in place to implement the policies.								
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to policy / policies?	Yes, the Company has necessary grievance redressal mechanism, to address stakeholders' grievances related to the policies.								
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Yes, the policies are evaluated internally.								

b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

## Business Responsibility Report

### 3. Governance related to Business Responsibility

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the Business Responsibility performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The Company's Business Responsibility performance is reviewed annually by the Board of Directors.

- b) Does the Company publish a Business Responsibility or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the Business Responsibility Report ("BRR") for the financial year 2020-21 has been published along with the Annual Report of Panacea Biotec for the financial year 2020-21 and BRR for the financial year 2021-22 is also being published in the Annual Report for the financial year 2021-22 and it can be viewed at: <https://www.panaceabiotec.com/en/section/information-repository/annual-report>. The same can also be viewed at the website of National Stock Exchange Limited and Bombay Stock Exchange Limited at their respective portal under relevant heads.

The Business Responsibility report will be published on annual basis. The Company published the report for the first time along with the Annual Report of Panacea Biotec for the financial year 2019-20.

### SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company has adopted an Anti-Corruption Compliance Policy which is applicable to all directors, officers, employees, agents, representatives and other associated persons of the Company under which strict action is envisaged against Company Personnel who are found indulged into the practice of giving / accepting undue favours to / from government officials or any other stakeholders like customers, investors, clients, third parties or other private parties.

The Company is committed for maintaining the highest standards of ethical conduct. The Code of Conduct ("CoC") adopted by Panacea Biotec is applicable to all the Board Members and employees of the Company and intends to remind them of their responsibility towards the community and build the relationship based on integrity, fairness and other values of the Company in their dealings with customers, vendors etc. which are testaments to the Company's efforts in ensuring that ethical conduct is not compromised. The Company encourages and expects the parties with whom the Company has dealings to comply with CoC to the extent possible.

The Company has also implemented a Vigil Mechanism across the organisation to encourage reporting of unethical behaviour, actual or suspected fraud, unlawful or inappropriate activities and to act in accordance with the highest standards of integrity.

The above mentioned Policy(ies)/Code(s) also extend to the Group/ Joint Ventures.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the financial year 2021-22, the Company has received 1 complaint from the shareholder, which has suitably been resolved in the same financial year.

Various Committees have been constituted and are in operation to address the needs / grievances / complaints of our various stakeholders. For instance, an Internal Complaints Committee has been constituted to address complaints of sexual harassment, if any; the Stakeholders' Relationship Committee reviews grievances of shareholders etc. The complaints received, if any, are thoroughly investigated and systematically resolved.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

Panacea Biotec touches the lives of people every day through its vaccines. Our manufacturing facilities are inspected by the World Health Organisation and the regulatory authorities of India and other major countries. The approvals are given after a thorough audit of facility, systems and processes. Hence, utmost care is taken to ensure that products conform to stringent quality standards and bio-stability of products is submitted during the periodic audits.

Quality is 'must - have' and patient safety is Panacea Biotec's primary focus. Panacea Biotec constantly monitors and improves its quality management encompassing each aspect of quality including quality systems, inspection readiness, quality risk management, quality performance and quality culture. Panacea Biotec aims to guarantee quality at each phase of a product's life cycle.

Panacea Biotec's manufacturing facilities follow Good Manufacturing Practices (GMP) for product packaging and labelling. Products are appropriately labelled as per the applicable Drug Regulations. The authenticity and anti-counterfeit feature for the product is maintained by using suitable security seals in the packaging along with unique serialization and QR Code, as implemented for some products.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional).

## Business Responsibility Report

- (i) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

The Company produces several vaccines and drug substance at its manufacturing sites and distributes a wide range of vaccines and purchases a large number of drug substances, raw materials and packaging materials. As consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved at product level.

- (ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company's products do not have any broad-based impact on energy and water consumption by consumers. However, the Company has taken several ongoing measures to reduce consumption of water and energy and recycling of waste water.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Provide details thereof, in about 50 words or so.

The Company has identified approved vendors for procuring materials and a Standard Operating Procedure is in place for sourcing raw and packaging materials both from local as well international sources. The procurement of materials used for manufacturing is from the approved vendors.

The Company's quality assurance team conducts periodic audits of vendors, especially those who supply key materials. The Company has long standing business relations with regular vendors and continues to receive unrelenting support from its vendors.

The Company also has system in place to enter into the agreement with different freight forwarder/ transporter involved in transport/shipment of the finished product manufactured by the Company.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

As far as feasible, the Company procures goods and avail services from local and small vendors for its manufacturing premises and offices, particularly those located around its manufacturing and other locations. It improves operational efficiency and helps save on transportation costs, inventory management and helps in risk mitigation.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The pharmaceutical products and vaccines cannot be recycled. The waste generated in the Company's operations is either recycled or disposed off in safe and scientific manner as per applicable rules / laws. Each

manufacturing facility has its own Effluent Treatment Plant as well as tie-up with approved waste management vendors, which ensures discharge of waste meets the norms prescribed by respective pollution control boards.

Principle 3: Businesses should promote the well-being of all employees

- Please indicate the total number of employees: 1058
- Please indicate the total number of employees hired on temporary / contractual / casual basis: 180
- Please indicate the number of permanent women employees: 84
- Please indicate the number of permanent employees with disabilities: 01
- Do you have an employee association that is recognised by management: No
- What percentage of your permanent employees are members of this recognised employee association?: Not applicable
- Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No. of complaints received during the financial year	No. of complaints pending at the end of the financial year
a.	Child Labour/ Forced Labour/ Involuntary Labour	Nil	Nil
b.	Sexual Harassment	Nil	Nil
c.	Discriminatory employment	Nil	Nil

As a responsible corporate citizen, Panacea Biotec neither have nor encourages any form of child labour, forced labour or bonded labour. The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013. All the employees (permanent, contractual, temporary, trainees) are covered under this policy.

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

The permanent and contractual employees at the Company's manufacturing sites, R&D Centres and corporate offices are provided training on relevant Environment, Health and Safety aspects ("EHS"). Around 64% employees of the total strength were imparted training for EHS during the year.

Further, permanent and contractual employees are also given soft skill up-gradation training to improve their skills as may be relevant to the respective functions. Around 48% employees of the total strength were imparted training for skill development during the year under review.



## Business Responsibility Report

Principle 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the Company mapped its internal and external stakeholders? : Yes
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders : Yes
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so: No.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

In line with the Company's commitment to respect and protect human rights, the Company neither hires child labour, forced labour or involuntary labour nor discriminates between its employees. The Company's code of conduct and the human resource practices cover most of these aspects. This policy extends to the entire Panacea Group.

2. How many stakeholder complaints have been received in the past financial year on breach of human rights and what percent was satisfactorily resolved by the management?

No complaints on breach of human rights were received by the Company during the financial year 2021-22.

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company has a Policy on Environment Occupational Health and Safety (EOHS), which covers all the operations of the Company and the same extends to subsidiaries of the Company, wherever applicable.

The Company is committed towards conservation of the environment and compliance with all requirements related to Environment, Health and Safety (EHS). 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 EOHS Protection department and also engages the services of consultant for independent evaluation of EOHS activities. The Company is committed to achieve all the norms within the limits for emission and discharge of air and water, as may be laid down by the regulators. The Company complies with pollution and environmental laws.

2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y / N. If yes, please give hyperlink for webpage etc.

The Company has successfully replaced Furnace Oil Boiler with 6 ton Briquette Fired Boiler (to run with Fire Briquette

or Wood Fire) at its manufacturing facility at Baddi to switch over to renewable source of energy. The Company has initiated steps to implement the same at its Lalru facility as well.

3. Does the Company identify and assess potential environmental risks? Y / N

Yes, the Company has identified and regularly assess potential environmental risks. The risks identified by the Company and the corrective measures being taken by the Company include the following:

Waste Water generated during production of Vaccines: The manufacturing facilities have Effluent Treatment Plants which are operational and are regularly monitored for compliance with the prescribed limits / parameters.

Biomedical and Hazardous Waste: The biomedical and hazardous wastes generated at the manufacturing facilities are being disposed off as per the prescribed rules and regulations.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Presently, the Company does not have any such mechanism in place.

5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page, etc.

As a part of the Company's initiatives for use of renewable energy, the Company along with its wholly-owned subsidiary, Panacea Biotec Pharma Limited is planning to undertake various initiatives for use of renewable energy. However, during the year, no major investments/activities have yet been undertaken in this regard.

6. Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Emission / waste generated by the Company are within the permissible limits given by CPCB / SPCB for the financial year 2021-22.

7. Number of show cause or legal notices received from CPCB or SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

During the year under review, no show cause or legal notice was received by the Company from CPCB or SPCB which is pending as on end of Financial Year i.e. March 31, 2022.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

The Company is a member of the following Chambers and Associations:

## Business Responsibility Report

- A. Indian Pharmaceutical Alliance;
  - B. The Indian Drug Manufacturers Association;
  - C. Confederation of Indian Industry;
  - D. Delhi Chamber of Commerce;
  - E. Pharmaceuticals Export Promotion Council of India; and
  - F. Federation of Indian Chambers of Commerce and Industry (FICCI).
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

The Company interacts with Government / Regulatory Authorities on any public policy framework through apex industry institutions like Indian Pharmaceutical Alliance, Federation of Indian Chambers of Commerce and Industry, The Indian Drug Manufacturers Association and Confederation of Indian Industry. The Company puts forth its views on new standards or regulatory developments pertaining to the pharmaceutical manufacturing industry, broadly in the areas concerning access to medicines, best practices, corporate governance, corporate social responsibility, etc.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

Panacea Biotech is committed to working in collaboration with relevant stakeholders to increase access to healthcare and quality medicines designed to improve people's health within an economically sustainable framework that supports innovation. Panacea Biotech's aim is to meet the needs of the greatest number of patients and human beings across the globe.

The key initiatives taken by Panacea Group under CSR programmes were awareness initiatives on Diabetes, Cancer, Cardiovascular & Osteoporosis diseases, Organ Donation and lifestyle management with such chronic diseases, and training on critical healthcare. The key programmes of Panacea Group for creating awareness provides patients with educational material and other resources to teach them how to cope with chronic diseases and adapt to the lifestyle that will help them to better manage their condition and lead a good quality of life.

Panacea Group is also supporting the Government of India in its fight against the Covid-19 pandemic by maintaining manufacturing continuity to ensure regular supply of medicines to customers / patients across the world and by donating Covid-19 specific medicines, hand sanitisers, masks etc.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government

structures / any other organization?

These programmes are undertaken internally by an in-house team and also with the help of NGOs.

3. Have you done any impact assessment of your initiatives? No
4. What is your Company's direct contribution to community development projects - Amount in ₹ and the details of the projects undertaken?

While the Company participates in various community development activities, however, the Company has not separately measured its contribution to community development projects. Moreover, the Company was not required to undertake any CSR initiatives as the provisions of the Companies Act, 2013 relating to CSR are not attracted to the Company.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so. No

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases are pending as at the end of financial year?

There is no complaint / consumer case pending as on the end of the financial year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

Yes, the Company displays all product information on the product label, which is mandatory and as may be required for the use of the products by the consumers.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No, the Company shall never engage in any unfair trade practices, irresponsible advertising or anti-competitive behaviour. The Company has various checks and balances to ensure that the business of the Company is done in a fair and responsible manner.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company carries out the consumer satisfaction survey to measure the satisfaction among its consumers. A full-fledged Pharmacovigilance cell has been set up to track, review and act on any adverse event complaints. Post marketing surveillance is also carried out by the marketing team as well as with the help of medical professionals to track and monitor the efficacy and safety of the products.

For Panacea Biotech Limited

Place : New Delhi  
Dated: August 09, 2022

Soshil Kumar Jain  
Chairman

# Report on Corporate Governance

## 1. Company's Philosophy on Corporate Governance

At Panacea Biotec, Corporate Governance is a reflection of its value system encompassing its culture, policies and relationships with its shareholders. The Company recognizes that the enhancement of Corporate Governance is one of the most important aspects in terms of achieving the Company's goal of enhancing corporate value by deepening societal trust. The Corporate Governance standards established and updated from time to time by the Board of Directors provides a structure within which directors and management can effectively pursue the Company's objectives for the benefit of its stakeholders.

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. Corporate Governance is the key attribute in ensuring commitment to values, ethical business conduct, investors' protection, excellent work environment leading to highest standards of management and maximization of everlasting long-term values. It is about how an organization is being managed. Panacea Biotec beholds Corporate Governance measures as an integral part of business which adds to considerable internal and external values and contributes to business growth.

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

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

## 2. Board of Directors

- a) Composition, Category & Size of Board: The Company's policy is to have an appropriate blend of executive and non-executive directors, representing a judicious mix of professionalism, knowledge & experience, in line with management's commitment for integrity and transparency in business operations for good corporate governance.

As on March 31, 2022, the Board consisted of 10 members (including one woman director) out of which 4 were executive directors and 6 were non-executive independent directors. The size and composition of the Board conforms to the requirements of Regulation 17(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

("SEBI LODR Regulations") enjoining optimum combination of executive and non-executive directors, with not less than 50 percent of the Board comprising of non-executive directors and at least one-half comprising of independent directors.

### b) Board functioning & procedure:

- i) Background: With a view to institutionalize all corporate affairs and setting up systems and procedures for advance planning for matters requiring discussions and decisions by the Board, the Company has defined procedures for Board and Committees meetings.

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

- ii) Scheduling and Selection of Agenda items: The Board meets at least four times in a year, with a maximum time gap of 120 days between any two consecutive 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 the SEBI LODR Regulations. The Board also meets and conducts additional meetings as and when required and thought fit. The dates for the Board Meetings are decided in advance and timely communicated to the Directors.

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

Update(s) on matters arising from previous meetings are placed at the succeeding meeting of the Board / Committees for discussions, approvals, noting, etc.

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

- Annual operating plans & budgets and any updates;
- Capital budgets and any updates;
- Quarterly results of the Company and its operating divisions or business segments;
- Minutes of meetings of Audit Committee and other Committees of the board of directors;



## Report on Corporate Governance

- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or cessation 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 and 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 significant 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 may have negative implications on Company;
  - Details of any joint venture or collaboration agreement, if any;
  - Transactions, if any, that involve substantial payment towards goodwill, brand equity or intellectual property;
  - Any significant labour problems and their proposed solutions;
  - Any significant development in human resources / industrial relations front;
  - Any sale of investments, subsidiaries, assets which are material in nature and not in the normal course of business;
  - Quarterly details of foreign exchange exposures and the steps taken to limit the risks of adverse exchange rate movement, if material; and
  - Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- iv) Recording Minutes of the Proceedings: The draft minutes of the proceedings of each Board / Committee are circulated amongst all the members of the Board / Committee for their feedback / comments. The minutes of all the meetings are entered in respective Minutes Books within prescribed time limits.
- v) Post Meeting Follow-Up Mechanism: In adherence to good corporate governance, the important and significant decisions taken at the Board / Committee levels are promptly communicated to the concerned departments. Moreover, the action taken in respect of such decisions is also reported in the form of status report and is placed at the next meeting of the Board / Committee.
- vi) Statutory Compliance of Laws: The Board periodically reviews the compliance report of the laws applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliances if any.
- c) Board Meetings and attendance: During the financial year 2021-22, five (5) Board Meetings were held on June 02, 2021, July 23, 2021, November 12, 2021, February 01, 2022 and February 14, 2022.
- The Company effectively uses facility of audio-visual means to enable the participation of Directors who cannot attend the Board or Committee meeting(s) in person.

The attendance of directors at Board Meetings held during the financial year 2021-22 and last Annual General Meeting ("AGM") and number of their other directorships & committee memberships / chairmanships as on March 31, 2022, is as under:

S. No.	Name of Director and Category of Directorship	No. of board meetings held during the tenure	Attendance at meetings during 2021-22		No. of Directorships <sup>5</sup> and Committee Memberships/ Chairmanships <sup>55</sup> held in other companies			Name of the other listed Company(s) in which director and Category of Directorship
			Board	AGM	Director-ships	Committee Memberships	Committee Chairmanships	
1.	Mr. Soshil Kumar Jain, Promoter - WTD - Chairman	5	2	No	3	0	0	Nil
2.	Dr. Rajesh Jain, Promoter - MD	5	5	No	3	0	0	Nil
3.	Mr. Sandeep Jain, Promoter - JMD	5	5	Yes	2	0	0	Nil
4.	Mr. Ankesh Jain, Promoter Group - WTD	5	5	No	2	0	0	Nil
5.	Mr. Shantanu Yeshwant Nalavadi, NEND*	5	3	No	NA	NA	NA	NA
6.	Mr. Ashwini Luthra, NEID**	1	1	No	NA	NA	NA	NA
7.	Mr. Bhupinder Singh, NEID	5	5	No	3	0	0	Avonmore Capital & Management Services Ltd. - NEID Emmons International Ltd. - NEID
8.	Mr. K. M. Lal, NEID	5	5	No	5	3	2	Polylink Polymers (India) Ltd. - NEID
9.	Mrs. Manjula Upadhyay, NEID	5	5	Yes	3	0	0	Nil
10.	Mr. Mukul Gupta, NEID	5	5	Yes	0	0	0	Nil
11.	Mr. N. N. Khamitkar, NEID	5	5	Yes	4	3	3	Ravinder Heights Ltd. - NEID
12.	Mr. R. L. Narasimhan, NEID	5	5	Yes	4	2	0	Ravinder Heights Ltd. - NEID

Note: WTD = Whole-time Director, MD = Managing Director, JMD = Joint Managing Director, NEND = Non-Executive Nominee Director, NEID = Non-Executive Independent Director.

<sup>5</sup> Excludes directorship in foreign companies, membership of managing committees of various chambers / bodies / Section 8 companies and the Company.

<sup>55</sup> In accordance with Regulation 26(1) of the SEBI LODR Regulations, memberships/chairmanships of only Audit Committee and Stakeholders' Relationship Committee in all public companies (excluding the Company) have been taken into account.

\* Ceased to be director of the Company w.e.f. 10.03.2022 due to resignation from position of director.

\*\* Ceased to be director of the Company w.e.f. 11.07.2021 due to his sad demise.

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

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

- d) Disclosure of relationships between directors inter-se: Mr. Soshil Kumar Jain, Chairman of the Company is the father of Dr. Rajesh Jain & Mr. Sandeep Jain and grandfather of Mr. Ankesh Jain (son of Dr. Rajesh Jain).

None of the other directors of the Company are related to each other.

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

- f) Familiarization Programme for the Independent Directors: The Company has established a Familiarization Programme for Independent Directors in terms of the provisions of the SEBI LODR Regulations. All new independent directors inducted into the Board attend an orientation program. Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities. The Board members are provided with necessary documents / brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

The Company believes that the Board should be continuously empowered with knowledge of latest developments affecting the Company as well as the Industry and for ensuring the same, periodic presentations are made at the Board or Committee meetings on business and performance updates of the Company including Finance, Sales, Marketing etc. along with various changes in regulatory framework and its impact on the Company etc.

The knowledge area / skills / behavioral traits of the Directors on the Board of the Company as on March 31, 2022 are given below:

Name of the Directors	Knowledge : Whether the Specialization / Expertise in one or more fields is possessed by the Director of the Company						
	Science & Innovation, Research & Development	Finance & Accounts	Legal	Governance	Industry Knowledge (Pharma Industry)	Risk Management	General Management
Mr. Soshil Kumar Jain Promoter - WTD – Chairman	√	-	-	√	√	√	√
Dr. Rajesh Jain Promoter - MD	√	√	√	√	√	√	√
Mr. Sandeep Jain Promoter - JMD	√	√	√	√	√	√	√
Mr. Ankesh Jain Promoter Group – WTD	√	√	√	√	√	√	√
Mr. Bhupinder Singh – NEID	-	√	-	√	√	√	√
Mr. K. M. Lal – NEID	-	√	√	√	√	√	√
Mrs. Manjula Upadhyay - NEID	-	-	√	√	√	√	√
Mr. Mukul Gupta - NEID	-	√	√	√	√	√	√
Mr. N. N. Khamitkar - NEID	-	-	-	√	√	√	√
Mr. R. L. Narasimhan – NEID	√	√	-	√	√	√	√

Visits to plant locations are generally organised for the Independent Directors to enable them to understand and get acquainted with the operations of the Company. However, due to Covid-19 pandemic, such visits were not organised during the financial year 2021-22.

The familiarization programme aims at helping the Board members to understand the functions and operations of the Company, its management, its business model and business risks, nature of industry in which it operates, the regulatory challenges apart from their roles, rights, responsibilities in the Company, etc.

The framework and the details of familiarization programme conducted for Board members may be accessed on the Company's website at the link: <https://www.panaceabiotec.com/en/section/information-repository/familiarization-Programmes>.

- g) Key qualifications, core skills, expertise and attributes available with the Board: In terms of requirement of the SEBI LODR Regulations and in the context of the Company's business and activities, the Board has identified the knowledge / expertise / core skills / behavioral traits of the Directors, as given below:

- Knowledge: Specialization / Expertise in one or more fields of Science & Innovation, Research & Development, Finance & Accounts, Legal, Governance, Industry Knowledge, Risk Management, General Management.
- Skills: Business Leadership, Strategic Thinking / Planning Skills, Problem Solving Skills, Analytical Skills, Decision Making Skills.
- Behavioral Traits: Integrity, Genuine interest, Interpersonal Skills / Communication, Active Participation.

## Report on Corporate Governance

The Company recognizes and embraces the importance of a diverse Board in its success. It believes that a truly diverse Board will leverage differences in thought, perspective, regional and industry experience, cultural and geographical background, age, ethnicity, gender, knowledge and skills including expertise in financial, global business, leadership, technology, mergers & acquisitions, Board service, strategy, sales and marketing etc. As far as skills namely Business Leadership, Strategic Thinking / Planning Skills, Problem Solving Skills, Analytical Skills, Decision Making Skills and Behavioral Traits namely Integrity, Genuine interest, Interpersonal skills / Communication and Active Participation are concerned, all the Directors of the Company possess the same.

The Board is satisfied that it is comprised of highly qualified members who possess required skills, expertise, diversity and competencies which is required for effective function of the Company and allow them to make effective contributions to the Board and its Committees. From time to time, few members of the Board have also received recognition from the Government, industry bodies and business associations for the contribution made in their respective areas of expertise.

- h) Confirmation regarding Independent Directors: The Independent Directors provide annual confirmations stating that they meet the criteria of independence as stated in Section 149(6) of the Companies Act, 2013 ("Act") and Regulation 16 of the SEBI LODR Regulations. On the basis of confirmations/ declarations / disclosures received from the Independent Directors and on evaluation of the relationship disclosed, the Board confirms that in its opinion, the Independent Directors of the Company fulfill the conditions as specified in the Act and the SEBI LODR Regulations and are independent of the management.
- i) Separate Meeting of Independent Directors: For the Board to exercise free and fair judgment in all matters related to the functioning of the Company as well as the Board, it is important for the independent directors to have meetings without the presence of the executive management. During the financial year under review, in terms of Schedule IV of the Act read with the Rules thereunder, one meeting of independent directors was held on July 22, 2021 without the attendance of non-independent directors or officials of the Company. All independent directors were present during the above said meeting to discuss the performance of the Company and risks faced by it, the flow of information between the Company's management and the Board, competition, strategy, leadership strengths and weaknesses, governance, compliance, Board movements, succession planning, human resource matters and also to review the performance of the non-independent directors including Chairman and the Board as a whole.

They also provided the feedback to the Board about the key elements that emerge out of the meeting.

- j) Independent director databank registration: Pursuant to

the requirements issued by Ministry of Corporate Affairs ("MCA") vide its notification dated October 22, 2019, names of all independent directors of the Company are registered in the databank of Indian Institute of Corporate Affairs ("IICA"). Requisite disclosures under Section 149(6) of the Act, have also been received from the independent directors in this regard.

- k) Code of Conduct: The Board has laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company which gives guidance and support needed for ethical conduct of business and compliance of law. The said Code has been communicated to the directors and senior management personnel and is also available on the website of the Company and can be accessed through the link: <https://www.panaceabiotech.com/en/section/information-repository/policy>.

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

- l) Succession Planning: The Company believes that sound succession plans for the senior leadership are very important for creating a robust future for the Company. The Nomination and Remuneration Committee of the Company works with the Board on the leadership succession plan to ensure orderly succession in appointments to the Board and in senior management.

The Company strives to maintain an appropriate balance of skills and experience within the organization and the Board in an endeavor to introduce new perspectives while maintaining experience and continuity. By integrating workforce planning with strategic business planning, the Company puts the necessary financial and human resources in place so that its objectives can be met. The Board members also bring to the table their broad and diverse skills and view points to aid the Company in advancing its strategy. In addition, promoting senior management within the organization fuels the ambitions of the talent force to earn future leadership roles.

- m) Disclosure regarding appointment / re-appointment / cessation of Directors: Every appointment / re-appointment made by the Board is recommended by the Nomination and Remuneration Committee after considering various factors such as qualifications, positive attributes, area of expertise and other relevant criteria's. The same is further taken for shareholders' approval, as and when required, under the provisions of applicable laws.

During the year under review, Mr. Ashwini Luthra, independent director, departed for his heavenly abode on July 11, 2021 and accordingly ceased to be director of the Company. Mr. Shantanu Yeshwant Nalavadi, Non-Executive Nominee Director has tendered his resignation from directorship w.e.f. March 10, 2022 and ceased to be director of the Company with immediate effect.



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During the current year, Mr. Narotam Kumar Juneja (DIN: 01204817) has been appointed as a non-executive non independent director on the Board of the Company w.e.f. April 01, 2022. The said appointment has also been approved by the shareholders by way of resolution passed through Postal Ballot on June 26, 2022, the result whereof was declared on June 28, 2022. The detailed information pertaining to changes in Board of Directors is furnished in the Directors' Report, forming part of the Annual Report.

Further, Mr. Soshil Kumar Jain, Chairman designated as Whole-time Director and Dr. Rajesh Jain, Managing Director of the Company are liable to retire by rotation and being eligible, they have offered themselves for re-appointment as directors at the ensuing AGM. Based on performance evaluation and recommendation of the Nomination and Remuneration Committee, the Board recommends their re-appointment.

Brief profile of Directors seeking re-appointment in the ensuing AGM, to be provided in terms of Regulation 36(3) of the SEBI LODR Regulations, is furnished below:

i. Mr. Soshil Kumar Jain

Age: 89 Years

Qualification: Qualified Pharmacist

Professional Expertise: Mr. Soshil Kumar Jain has around 66 years' experience in the pharmaceutical industry. He is the founder promoter & director of the Company and has been its Chairman since October, 1984. He started his career in the Indian pharmaceutical industry by joining his family business in the form of a chemist shop set up by his father. Prior to promoting Panacea Biotec, he was associated with Radicura & Co., a partnership firm engaged in the retail and wholesale trading of pharmaceutical products. He is involved in the strategic planning, vision and formulation of strategies for the Company and it is under his leadership that the Company has grown to become one of the leading Indian biotechnology companies.

Inter-se relationship between directors: He is father of Dr. Rajesh Jain & Mr. Sandeep Jain and grandfather of Mr. Ankesh Jain (son of Dr. Rajesh Jain).

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

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

Shareholding in the Company: He holds 50,00,000 Equity Shares of Re.1 each, comprising 8.16% of total Equity Share Capital of the Company. He also holds 65,04,300, 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.

ii. Dr. Rajesh Jain

Age: 58 Years

Qualification: Post Graduate diploma holder in Management, Ph.D. holder in Business Administration and is a science graduate from University of Delhi.

Professional Expertise: Dr. Rajesh Jain holds the position of Managing Director since March 2018. He has an experience of around 37 years' in the pharmaceutical and vaccine manufacturing industry.

He is providing the strategic, visionary leadership, management & guidance and directly oversees Innovation and Business Development of Panacea Biotec. Utilizing outstanding analytical skills and an exceptional knowledge of science, he fortifies policies and strategies that contribute to the Company's overall record of success and maintain its superlative legacy of excellence.

He is the Chairman, Confederation of Indian Industry (CII), National Committee on Biotechnology for 2022-23 and earlier served as CII Chairman during the periods 2011-12, 2012-13, 2019-20, 2020-21 and 2021-22. He was Vice President of Indian Pharmaceutical Alliance (IPA) for 2017-19 and 2019-21. He was Hon'ble Member of Indian Pharmacopoeia (IP) Expert Working on Vaccines and Immunoserum for Human Use in the year 2017. He was Member of Research Council of CSIR - Central Drug Research Institute (CSIR-CDRI), Lucknow for the year 2017-18. He was also a Board Member for Innovation and Incubation Foundation - Delhi Pharmaceuticals Sciences and Research University (DPSRU) for the year 2017 and member of Academic Council of DPSRU for 3 years w.e.f. September 2018. He was an external member of the Board of Studies in Pharmacology, Biotechnology, Clinical Pharmacy and Hospital Pharmacy of DPSRU for 3 years w.e.f. September 2018. He is a member of Delhi Pharmaceuticals Sciences and Research University Vision 2030.

His commitment and actions towards making affordable vaccines for mass has been appreciated and valued globally by GAVI and Bill & Melinda Gates Foundation during the pledge conference in June 2011 & in January, 2015. Mr. Bill Gates has himself lauded the efforts of Dr. Rajesh Jain towards this noble cause.

He was included amongst the Top 40 influential people in global pharmaceutical industry according to the World Pharmaceutical Frontiers published in SPG Media, London in 2008. He released following two position papers:

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

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

Directorships: He is Managing Director of Panacea Biotech Pharma Limited and director of PanEra Biotech Private Limited & Adveta Power Private Limited.

Committee Membership / Chairmanship: He is a Member of Executive Committee and Risk Management Committee of the Company. He is also a member of the Committee of Directors of Panacea Biotech Pharma Limited. Further, he does not hold Committee Membership/ Chairmanship in any other company.

Shareholding in the Company: He holds 2,52,17,312 Equity Shares of Re.1 each, comprising 41.17% of total Equity Share Capital of the Company. He also holds 65,04,300, 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

- a) Composition: The composition of the Audit Committee of the Board of Directors of the Company meets the requirements of Section 177 of the Act and Regulation 18 of the SEBI LODR Regulations. The composition of the Audit Committee during the year under review was as under:

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

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

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

- b) Terms of Reference: The terms of reference and scope of the Audit Committee, inter-alia, 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;
  - To recommend to the Board, the appointment / re-appointment, remuneration and terms of appointment of auditors;

- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) of the Act;
  - Any changes in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosures of any related party transactions; and
  - Qualifications / Modified opinion(s) in the draft audit reports.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;
- Evaluation of Valuation of undertakings or assets of the Company, wherever it is necessary;
- 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;
- Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems;
- Discussions with internal auditors of any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;
- 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 /

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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;

- Approval of, or any subsequent modification of, transactions of the Company with related parties;
  - Scrutiny of inter-corporate loans and investments;
  - Reviewing the utilization of loans and / or advances from / investment by the Company in the subsidiary exceeding Rs.100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/investments;
  - Evaluation of internal financial controls and risk management systems;
  - 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 consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
  - To carry out any other function as is mentioned in the terms of reference of the Audit Committee;
  - To carry out any other duties / terms of reference which are incidental / necessary for the fulfillment of the above mentioned terms of reference and any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.
- c) Review of information by Audit Committee: Apart from other matters, as per Regulation 18(3) of the 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;
  - Management letters / letters of internal control weaknesses, if any, issued by statutory auditors;
  - Internal Audit Reports relating to internal control weaknesses;
  - Appointment, removal and terms of remuneration of the internal auditors; and
  - Statement of Deviations, if applicable:
    - i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to

stock exchange(s) in terms of Regulation 32(1) of the SEBI LODR Regulations.

- ii) 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 the 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 also has power to obtain external professional advice, if necessary;
  - To seek information from any employee;
  - To obtain outside legal or other professional advice; and
  - To secure attendance of outsiders with relevant expertise, if it considers necessary.
- d) Meetings of Audit Committee and attendance of members: During the financial year 2021-22, five (5) meetings of the Audit Committee were held on June 02, 2021, July 23, 2021, November 12, 2021, February 01, 2022 and February 14, 2022. The attendance of members of the Audit Committee at these meetings was as follows:

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

The Audit Committee meets at least four times in a year, with a maximum time gap of 120 days between any two consecutive meetings.

The Statutory Auditors, Internal Auditors, Joint Managing Director, Associate Director Finance & Corporate Affairs, Chief Financial Officer and D.G.M. Audit & Compliance & Coordinator of Audit Committee are the permanent invitees to the meetings of Audit Committee and provide such information and clarifications as required by the Audit Committee, which provides a deeper insight into the respective business and functional areas of operations. Apart from them, other officials of the Company attended one or more of the Audit Committee Meetings during the year under review.

The Cost Auditors and the Internal Auditors also attend the respective Audit Committee Meetings, where cost audit reports / internal audit reports are discussed.

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

The Chairman of the Audit Committee, Mr. R. L. Narasimhan was present at the last AGM of the Company held on September 25, 2021.



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### 4. Nomination and Remuneration Committee

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

S. No.	Name	Position	Category
1.	Mr. R. L. Narasimhan	Chairman	Independent Director
2.	Mr. K. M. Lal	Member	Independent Director
3.	Mr. N. N. Khamitkar	Member	Independent Director
4.	Mr. Shantanu Yeshwant Nalavadi*	Member	Nominee Director

\* Ceased to be the Member w.e.f. March 10, 2022 due to his resignation from Board of Directors of the Company.

The Committee comprises of non-executive directors with majority of independent directors. The Chairman of the Committee is an independent director.

- b) Terms of Reference: The terms of reference of the Nomination and Remuneration Committee, inter-alia, include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Preparation of description of the role and capabilities required for an independent director, on the basis of evaluation of balance of skills, knowledge and experience on the Board. For the purpose of identifying suitable candidates, the Committee may use:
  - (a) the services of an external agencies, if required;
  - (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - (c) consider the time commitments of the candidates.
- Formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
- Devising a policy on diversity of the Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- 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;
- Recommending to the Board, all remuneration, in whatever form, payable to senior management;

- To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Schemes; and
- To carry out any other duties / terms of reference which are incidental/ necessary for the fulfillment of the above mentioned terms of reference and any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

- c) Meeting of Nomination and Remuneration Committee and attendance of members: During the financial year 2021-22, three (3) meetings of the Committee were held on June 02, 2021, July 22, 2021 and March 28, 2022. The attendance of members of the Committee at these meetings was as follows:

S. No.	Name of the Member	No. of Meetings	
		Held during tenure	Attended during tenure
1.	Mr. R. L. Narasimhan	3	3
2.	Mr. K. M. Lal	3	2
3.	Mr. N. N. Khamitkar	3	3
4.	Mr. Shantanu Yeshwant Nalavadi*	2	0

\* Ceased to be the Member w.e.f. March 10, 2022 due to his resignation from Board of Directors of the Company.

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 25, 2021.

- d) Performance Evaluation Criteria for Independent Directors: One of the key function of the Board is to monitor and review the Board evaluation framework. In view of the same and pursuant to the applicable provisions of the Act and the SEBI LODR Regulations, the Board has, in consultation with its Nomination and Remuneration Committee, formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees, and executive / non-executive / independent directors through peer evaluation, excluding the director being evaluated.

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

## Report on Corporate Governance

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

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

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

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

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

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

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

The details of Remuneration policy are available on the Company's website viz. <https://www.panaceabiotec.com/en/section/information-repository/policy>.

### 5. Stakeholders' Relationship Committee

- a) **Composition:** The composition of Stakeholders' Relationship Committee of the Board of Directors of the Company meets the requirements of Section 178 of the Act and Regulation 20 of the SEBI LODR Regulations. The composition of the Committee during the year under review was as under:

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

- b) **Role & Terms of Reference:** 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 looks after the redressal of investors' grievances and performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services. The terms of reference of the Committee, inter-alia, includes the following:

- Approve issue of duplicate shares /debentures certificates;
- Oversee the performance of the Company's Registrar and Transfer Agent;
- Monitor implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading;
- Consider, resolve and monitor various aspects of interest of shareholders, debenture holders and other security holders including the redressal of the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.;
- Review measures taken for effective exercise of voting rights by shareholders;
- Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Transfer Agent and recommend methods to upgrade the service standards adopted by the Company;
- Review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company; and
- Carry out any other matter relating to securities of the Company, any other areas of investors' service and any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

Other Terms:

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

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

- c) **Meetings of Stakeholders' Relationship Committee and attendance of members:** During the financial year 2021-22, three (3) meetings of the Committee were held on April 08, 2021, July 22, 2021 and November 10, 2021. The attendance

## Report on Corporate Governance

of members of the Committee at these meetings was as follows:

S. No.	Name of the Member	No. of Meetings	
		Held	Attended
1.	Mr. K. M. Lal	3	3
2.	Mr. R. L. Narasimhan	3	3
3.	Mr. Sandeep Jain	3	3

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

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

The Chairman of the Committee, Mr. K. M. Lal was not present at the AGM of the Company held on September 25, 2021 and in his absence other member of the Committee viz. Mr. Sandeep Jain, authorized by him, attended the AGM.

- d) Stakeholders' Grievance Redressal: The details of Investors' complaints received and resolved during the financial year 2021-22 are as under:

No. of Investor Complaints			
Pending as at April 01, 2021	Received from April 01, 2021 to March 31, 2022	Resolved from April 01, 2021 to March 31, 2022	Pending as at March 31, 2022
Nil	1	1	Nil

The Company put utmost priority to the satisfaction of its shareholders. The Company maintains continuous interaction with its Registrar and Transfer Agent ("RTA") viz. Skyline Financial Services Pvt. Ltd. and takes proactive steps and actions for resolving shareholder complaints / queries. The Company addresses all complaints, suggestions and grievances expeditiously and suitable replies have been sent / issues have been resolved expeditiously, except in case of dispute over facts or other legal constraints. There were no shares transfers lying pending as on March 31, 2022.

### 6. Risk Management Committee

- a) Composition: The Board has, in its meeting held on July 23, 2021, constituted the Risk Management Committee comprising of the Directors / Officers of the Company as members of the Committee and the composition of the Committee meets the requirement of Regulation 21 of the SEBI LODR Regulations. The composition of the Committee during the year under review was as under:

S. No.	Name	Position	Category
1.	Dr. Rajesh Jain	Chairman	Managing Director
2.	Mr. Sandeep Jain	Member	Joint Managing Director
3.	Mr. K. M. Lal	Member	Independent Director
4.	Mr. Rajneesh Chatrath	Member	Employee (Vice President - Corporate Q.A.)
5.	Mr. Devender Gupta	Member	Employee (Chief Financial Officer and Head IT)

- b) Role & Terms of Reference: The Risk Management Committee plays an important role to oversee the risk management framework which encompass risk identification, its likely impact on the Company and mitigation plan for the same. The terms of reference of the Risk Management Committee, inter-alia, includes the following:

- Formulation of a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- Ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- Reviewing periodically the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- Keeping the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- Reviewing the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).
- Coordinating its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.
- To carry out any other duties/terms of reference which are incidental/necessary for the fulfillment of the above mentioned terms of reference and any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

- c) Meeting of Risk Management Committee and attendance of members: During the financial year 2021-22, one (1) meeting of Risk Management Committee was held on January 22, 2022. The attendance of members of the Risk Management Committee at the meeting was as follows:

S. No.	Name of the Member	No. of Meetings	
		Held	Attended
1.	Dr. Rajesh Jain	1	1
2.	Mr. Sandeep Jain	1	1
3.	Mr. K. M. Lal	1	0
4.	Mr. Rajneesh Chatrath	1	0
5.	Mr. Devender Gupta	1	1

## Report on Corporate Governance

### 7. Remuneration of Directors

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

and Remuneration Committee recommends to the Board the compensation package of the executive directors.

- a) Remuneration to Executive Directors: The details of remuneration paid to Chairman / Managing / Joint Managing / Whole-time Directors during the financial year 2021-22 are as under:

(Rs. in million)

S. No.	Name	Designation	Salary	Allowances/ Perquisites	Total
1.	Mr. Soshil Kumar Jain	Chairman	9.60	1.87	11.47
2.	Dr. Rajesh Jain	Managing Director	6.00	1.77	7.77
3.	Mr. Sandeep Jain	Joint Managing Director	5.52	1.69	7.21
4.	Mr. Ankesh Jain	Director Sales & Marketing	1.80	0.97	2.77

Notes:

- The tenure of office of Chairman / Managing / Joint Managing / Whole-time Directors is for three (3) years from their respective date of appointments and can be terminated by either party by giving three months' notice in writing or a shorter period as decided mutually. No severance fee is payable on termination of contract.
- The Company has an Employees' Stock Option Scheme which was approved by its shareholders through Postal Ballot on 17.07.2020. However, no further steps have been taken pursuant to such Scheme.
- All elements of remuneration of the Chairman / Managing / Joint Managing / Whole-time Directors, i.e., salary, perquisites and other benefits, etc. are given in Note 43 B to the Financial Statements of the Company.
- The above excludes the provision for gratuity and leave encashment, as the same is calculated on overall company basis.

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

The details of sitting fees paid to the non-executive independent directors during financial year 2021-22 are as under:

(Rs. in million)

S. No.	Name	Sitting Fees
1.	Mr. Ashwini Luthra*	0.05
2.	Mr. Bhupinder Singh	0.25
3.	Mr. K. M. Lal	0.33
4.	Mrs. Manjula Upadhyay	0.25
5.	Mr. Mukul Gupta	0.25
6.	Mr. N. N. Khamitkar	0.31
7.	Mr. R. L. Narasimhan	0.33

\* Ceased to be director of the Company w.e.f. 11.07.2021 due to his sad demise.

The non-executive director gets reimbursement of the expenses, if any, 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 financial year ended on March 31, 2022.

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

### 8. General Body Meetings

- a) Annual General Meetings: During the preceding three years, the Company's Annual General Meetings were conducted / deemed to be conducted at the Registered Office of the Company situated at Ambala-Chandigarh Highway, Lalru-140501, Punjab. The date and time of the last three Annual General Meetings and the special resolutions passed thereat with requisite majority are as under:

Financial Year	Date	Time	Special Resolution(s) passed
2020-21	25.09.21*	11:30 A.M.	• Re-appointment of Mr. Soshil Kumar Jain as Whole-time Director Designated as Chairman.
2019-20	24.12.20*	11:30 A.M.	• Re-appointment of Mr. Soshil Kumar Jain as director, liable to retire by rotation. • Re-appointment of Mr. Mukul Gupta as an Independent Director.
2018-19	30.09.19	11:30 A.M.	• Re-appointment of Mrs. Manjula Upadhyay as an Independent Director. • Revision in the borrowing limits.

\* Held through Video Conferencing / Other Audio-Visual Means



## Report on Corporate Governance

- b) Extraordinary General Meetings: During the year under review, two (2) Extraordinary General Meetings were conducted through Video Conferencing / Other Audio-Visual Means and deemed to be conducted at the Registered Office of the Company situated at Ambala-Chandigarh Highway, Lalru-140501, Punjab. The date and time of the said Meetings and the special resolutions passed thereat with requisite majority are as under:

Financial Year	Date	Time	Special Resolution(s) passed
2021-22	26.02.2022	11:30 A.M.	• Raising of funds by way of sale of Domestic Business Assets of the Company's material subsidiary viz. Panacea Biotech Pharma Limited.
2021-22	25.06.2021	11:30 A.M.	• Raising of funds by way of issue of equity shares and / or other securities • Continuation of directorship of Mr. Ashwini Luthra as Non-Executive Independent Director

- c) Postal Ballot: During the year under review, no resolution has been passed through Postal Ballot. However, during the current year, the Company had passed following special resolutions with requisite majority on June 26, 2022 through Postal Ballot, result of which was declared on June 28, 2022.

Special Resolution(s) passed	Votes casted in favour		Votes casted against	
	No. of votes	%	No. of votes	%
• Adoption of new set of Articles of Association.	5,64,18,467	91.9959%	49,08,701	8.0041%
• Approval for granting of loans, guarantees etc. and making investments by way of subscription, acquisition or otherwise securities of any other body corporate & mutual funds etc. aggregating upto Rs.500 Crore.	5,64,18,364	91.9955%	49,08,929	8.0045%

- d) Person conducting the Postal Ballot exercise:

Dr. Rajesh Jain, Managing Director, Mr. Sandeep Jain, Joint Managing Director, Mr. Sunil Anand, Associate Director Finance & Corporate Affairs, Mr. Vinod Goel, Group CFO and Head Legal & Company Secretary and Mr. Devender Gupta, Chief Financial Officer & Head IT of the Company were appointed as persons responsible for conducting postal ballot process in a fair and transparent manner.

Mr. Debabrata Debnath of M/s R&D Company Secretaries, Practicing Company Secretaries, was appointed as the Scrutinizer for conducting the postal ballot process, through remote e-voting, in a fair and transparent manner.

Procedure followed by the Company for conducting the Postal Ballot: In compliance with Regulation 44 of the SEBI LODR Regulations and provisions of Sections 108 and 110 and other applicable provisions of the Act, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 ("Rules"), as amended from time to time, and in accordance with the General Circulars issued by the Ministry of Corporate Affairs ("MCA") in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19" issued by MCA ("MCA Circulars"), the Company extended only the remote e-voting facility for its Members, to enable them to cast their votes electronically instead of submitting the postal ballot form.

Further, in compliance with the requirements of the MCA Circulars, physical copy of the Postal Ballot Notice along with Postal Ballot Form and pre-paid business reply envelope was not sent to the shareholders for this Postal Ballot and the shareholders were required to communicate their assent or dissent through the remote e-voting system only.

The Postal Ballot Notice was sent only by email to all the

shareholders who have registered their email addresses with the Company / its RTA or depository participants and the communication of assent / dissent of the members took place through the remote e-voting system. As required by Rule 20 and Rule 22 of the Rules read with the MCA Circulars and the SEBI LODR Regulations, the details pertaining to the Postal Ballot was published in one English national daily newspaper (all editions) and one daily newspaper circulating in Lalru, Chandigarh (in vernacular language, i.e. Punjabi).

The Company availed the services of National Securities Depository Limited (NSDL) for the purpose of providing remote e-voting facility to all its members. The Members desiring to exercise their votes were requested to vote by electronic mode before close of working hours on the last date of remote e-voting i.e. 05:00 p.m. IST on Sunday, June 26, 2022.

The scrutinizer submitted his report to the Chairman, after the completion of scrutiny. The results of the voting by postal ballot (through remote e-voting) were then announced by the authorized officer. The results were also displayed on the website of the Company, <https://www.panaceabiotec.com> besides being communicated to the stock exchanges where the Equity Shares of the Company are listed, NSDL and Registrar & Transfer Agent. The last date specified for remote e-voting was deemed to be the date of passing of the resolutions.

- e) Details of resolution proposed to be conducted through Postal Ballot: None of the businesses are proposed to be transacted at the ensuing AGM which require passing of a Special Resolution through Postal Ballot.
- f) Participation and voting at the 38<sup>th</sup> Annual General Meeting ("AGM"): Pursuant to the General Circulars issued by the Ministry of Corporate Affairs and the Circulars issued by the Securities and Exchange Board of India, the 38<sup>th</sup> AGM of the Company will be held through Video Conferencing ("VC")

## Report on Corporate Governance

or Other Audio Visual Means ("OAVM") and the detailed instructions for participation and voting at the meeting is available in the Notice of the 38<sup>th</sup> AGM of the Company.

### 9. Means of communication

The Company recognizes the importance of two way communication with shareholders and of giving a balanced reporting of any disclosure, results etc. and responds to questions and issues raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly or to the Company's Registrar and Transfer Agent throughout the year. Some of the modes of communication are mentioned below:

- a) Results: The Quarterly / Half-Yearly / Annual results are published in the prominent daily newspapers, viz. Business Standard, New Delhi and Mumbai editions and in Desh Sewak, Chandigarh edition, the local newspaper published in the language of the region in which Registered Office is situated.
- b) Intimation to the Stock Exchanges: The Company also intimates / made disclosures to the Stock Exchanges about all price sensitive matters or such matters which, in its opinion, are material and of relevance to the shareholders and subsequently issues a press release on the matter, wherever necessary. The Company also regularly provides information to the stock exchanges as per the requirements of the SEBI Regulations.
- c) News Releases, Presentations: Press releases are sent to the Stock Exchanges before sending the same to media and are also displayed on the Company's website i.e. <https://www.panaceabiotec.com/en/section/news-centre>.
- d) Annual Reports: The Annual Report containing, inter-alia, Audited Financial Statements (Standalone as well as Consolidated), Directors' Report, Auditors' Report and other important information is sent to every shareholder of the Company and others entitled thereto by post/ email. The Management Discussion and Analysis Report forms part of the Annual Report. The Annual Report is also available in downloadable form on the website of the Company under the link <https://www.panaceabiotec.com/en/section/information-repository/annual-report>.
- e) Website: The Company's website, viz. <https://www.panaceabiotec.com> contains a separate dedicated section 'Investor Zone' where shareholders' information is available and the said section is being regularly updated with the financial results, annual reports, official news releases and other important events.
- f) Presentations to Institutional Investors/analysts: No presentations on Financial Results are made to the Institutional Investors or to the analysts.
- g) SEBI Complaints Redressal System (SCORES): The investor complaints are processed by SEBI in a centralized web-based complaints redressal system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

- h) NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance & Listing Centre (BSE Listing Centre): NEAPS and BSE Listing Centre are web based application systems for enabling corporates to undertake electronic filing of various periodic compliance related filings like shareholding pattern, results, press releases, etc. All filings made by the Company with the Stock Exchanges are done through NEAPS and BSE Listing Centre.
- i) Designated Exclusive email-id: The Company has designated the following email-id for investor servicing: [investorgrievances@panaceabiotec.com](mailto:investorgrievances@panaceabiotec.com). Investors can also mail their queries to Registrar and Transfer Agent at [admin@skylinerta.com](mailto:admin@skylinerta.com) or [viren@skylinerta.com](mailto:viren@skylinerta.com).

### 10. General Information for Shareholders

- a) Company Registration Details: The Company is registered in the State of Punjab, India. The Corporate Identity Number ("CIN") allotted to the Company by the Ministry of Corporate Affairs is L33117PB1984PLC022350.
- b) Date of AGM: The 38<sup>th</sup> AGM is to be held on Wednesday, the 28<sup>th</sup> day of September 2022, at 11:30 A.M. through Video Conferencing/Other Audio Visual Means.

Remote e-voting Period is from Sunday, September, 25, 2022 (09:00 A.M.) to Tuesday, September 27, 2022 (05:00 P.M.)

- c) Financial Year: The financial year of the Company covers the period from April 01 to March 31.
- d) Financial Calendar 2022-23 (tentative):

S. No.	Tentative Schedule	Actual or Tentative Date (on or before as the case may be)
1.	Financial reporting for the quarter ending June 30, 2022	August 09, 2022 (Actual)
2.	Financial reporting for the quarter ending September 30, 2022	By November 14, 2022
3.	Financial reporting for the quarter ending December 31, 2022	By February 14, 2023
4.	Financial reporting for the quarter ending March 31, 2023	By May 30, 2023
5.	Annual General Meeting for the year ending March 31, 2023	On or before September 30, 2023

- e) Date of Book Closure: The Share Transfer Books and Register of Members of the Company will remain closed from Wednesday, September 21, 2022 to Wednesday, September 28, 2022 (both days inclusive) for the purpose of AGM.
- f) Dividend Payment Date: In view of losses during the financial year under review, the Board of Directors has not recommended any dividend on the Equity as well as Preference Shares of the Company.

Further, in terms of Regulation 43A of the SEBI LODR Regulations, the Company has the Dividend Distribution Policy with an objective to broadly specify the circumstances under which the shareholders of the Company may or may

## Report on Corporate Governance

not expect dividend and the external and internal factors including financial parameters that shall be considered by Board of Directors of the Company while declaring dividend and how the retained earnings shall be utilized, in the interest of providing transparency to the shareholders. The said policy is available on the Company's Website at the link: <https://www.panaceabiotec.com/en/section/information-repository/policy>.

- g) Transfer of Unpaid/Unclaimed Dividends and Shares to Investor Education and Protection Fund (IEPF): Pursuant to the provisions of Section 124 of the Act read with Rules made thereunder, as amended from time to time, declared dividends which remained unpaid or unclaimed by the shareholders for a period of seven (7) consecutive years or more is required to be transferred by the Company to the IEPF, which has been established by the Central Government. In pursuance of this, the dividend remaining unclaimed in respect of dividends declared upto the financial year 2010-11 have been transferred to the IEPF.

Pursuant to the provisions of Section 124(6) of the Act read with Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, all the shares in respect of which dividend has not been claimed by the concerned shareholders for seven (7) consecutive years or more shall be transferred by the Company into the Demat Account of IEPF Authority. Accordingly, all the shares in respect of which dividends were declared upto the financial year 2010-11 and remained unclaimed for a continuous period of seven (7) years have been transferred to the Demat Account of IEPF Authority.

The details of the shares transferred and held by IEPF Authority as on March 31, 2022 is as under:

S. No.	Particulars	No. of shares
1.	No. of shares transferred during the financial year 2017-18	72,879
2.	No. of shares transferred during the financial year 2018-19	42,414
3.	Total shares transferred	1,15,293
4.	Less: Shares transferred back to the Shareholders by the IEPF Authority	7,085
5.	Aggregate shares held by IEPF Authority	1,08,208

The details of such persons whose shares have been so transferred to the IEPF is available on the Company's website <https://www.panaceabiotec.com>.

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

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

As on the date of this report, 2 shareholders holding 2,000 equity shares have lodged claims with the IEPF Authority and the same are under process.

- h) Listing on Stock Exchanges: The Company's Equity Shares are listed on the following Stock Exchanges:

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

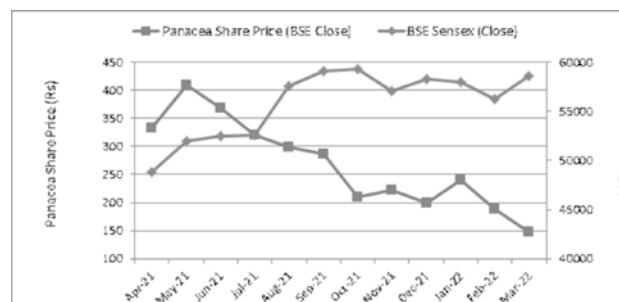
The Company's Preference Shares are not listed on any Stock Exchange.

The Company has paid listing fees for the financial year 2022-23 to both the above stock exchanges and there is no outstanding payment as on date.

- i) Payment of Depository(ies) fees: The Company has paid Annual Custody / Issuer fee to both Depositories based on invoices received from the Depositories and there is no outstanding payment as on date.
- j) Stock Code of Equity Shares:
- Trade Symbol at NSE is PANACEABIO.
  - Stock Code at BSE is 531349.
  - ISIN No. for Dematerialization is INE922B01023.
- k) Stock Code of Preference Shares:
- ISIN No. for Dematerialization is INE922B04019.
- l) 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, 2022 are as under:

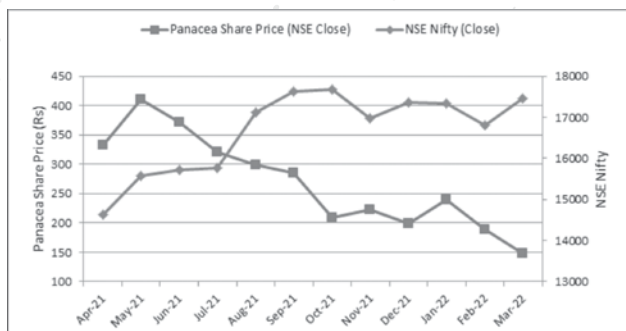
Month	Share price at BSE (in Rs.)		Share price at NSE (in Rs.)	
	High	Low	High	Low
April, 2021	407.20	174.05	406.25	179.95
May, 2021	453.70	316.00	449.00	315.30
June, 2021	426.10	360.50	426.10	360.20
July, 2021	411.00	290.15	412.30	290.10
August, 2021	364.00	286.80	364.80	286.25
September, 2021	324.05	266.00	324.00	268.85
October, 2021	286.95	201.00	287.35	201.00
November, 2021	222.85	163.80	222.50	165.30
December, 2021	237.00	185.10	236.65	184.60
January, 2022	239.30	186.75	240.35	186.60
February, 2022	276.95	182.25	278.15	185.55
March, 2022	207.70	148.00	207.50	147.95

### Share Performance of the Company in comparison to BSE Sensex



## Report on Corporate Governance

### Share Performance of the Company in comparison to NSE Nifty



m) Share Price Performance in comparison to broad based indices - BSE Sensex & NSE NIFTY as on March 31, 2022:

Particulars	March 31, 2021	March 31, 2022	Changes in %
Panacea Biotec's Share Price (closing) at BSE	177.40	148.25	(16.43)
BSE Sensex Closing Price	49,509.15	58,568.51	18.30
Panacea Biotec's Share Price (closing) at NSE	178.90	148.20	(17.16)
NIFTY Closing Price	14,690.70	17,464.75	18.88

- n) Registrar and Transfer Agent: Skyline Financial Services Pvt. Ltd. is acting as Registrar and Transfer Agent ("RTA") for handling the shares related matters, both in physical as well as dematerialized mode. All works relating to equity shares are being done by them. The Shareholders are, therefore, advised to send all their correspondence directly to the RTA. However, for the convenience of shareholders, documents relating to shares received by the Company are forwarded to the RTA for necessary action thereon.
- o) Share Transfer System: In terms of Regulation 40(1) of the SEBI LODR Regulations, as amended from time to time, securities can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. The Company had sent communication to the shareholders encouraging them to dematerialise their holding in the Company. The communication, inter-alia, contained procedure for getting the shares dematerialised. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation. In case of shares held in electronic form, the transfers are processed by National Securities Depository Ltd. ('NSDL') and Central Depository Services (India) Ltd. ('CDSL') through respective Depository Participants.

The authority for transmission, transposition and dematerialisation of the Company's shares has been delegated to the Company Secretary and the RTA. The delegated authority generally attends the formalities on weekly basis and as and when required to expedite all such matters and redressal of Investors' grievance, etc., if any. The requests received by the Company / RTA for registration of transmission, transposition and dematerialization are

processed by RTA (generally within a week of receipt) and transferred expeditiously and wherever applicable, the share certificate(s) are returned to the shareholder(s) by registered post. As per the requirement of Regulation 40(9) of the SEBI LODR Regulations, the half yearly certificates from a Company Secretary in Practice have been obtained for due compliance of share transfer formalities.

- p) Nomination Facility: Pursuant to Section 72 of the Act, members are entitled to make a nomination in respect of shares held by them. The members holding shares in physical form and desirous of making a nomination are requested to send their requests in Form No. SH-13, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, available on the Company's website at <https://www.panaceabiotec.com/nomination-faq> or may write to the RTA of the Company. Those holding shares in dematerialized form may contact their respective Depository Participant to avail the nomination facility.
- q) Share Certificates in respect of sub-divided Shares: After the sub-division of the Company's Equity Shares of Rs.10 each into Equity Shares of Re.1 each, in the year 2003, the Company had sent several letters to all the shareholders holding shares of the face value of Rs.10 in physical form, requesting them to exchange their share certificate(s) into new share certificate(s) in respect of shares of face value of Re.1 each.
- Members may kindly note that consequent to the sub-division of shares of the Company from Rs.10 to Re.1, the share certificates of the face value of Rs.10 have ceased to be valid for any purpose whatsoever.
- Hence, all the shareholders who have not yet sent their request for exchange of share certificates are requested to immediately forward their old share certificate(s) in respect of shares of face value of Rs.10 each (which are no longer tradable) to the Company, along with a request letter duly signed by all the joint holders.
- r) 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.
- s) Reconciliation of Share Capital Audit: The Company get reconciliation of share capital audit done from Practicing Company Secretary in each quarter to reconcile the total admitted capital with NSDL & CDSL and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of equity shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Audit Reports for each quarter of the Financial Year 2021-22, have duly been filed with Stock Exchanges within one month of the end of the respective quarter.



## Report on Corporate Governance

t) Distribution of Shareholding as on March 31, 2022:

i) Equity Shares:

Category (Amount) From – To	Shareholders		Equity Shares held	
	Number	% of total no. of Shareholders	Number	% of Shareholding
Upto 5,000	49,360	99.59	71,62,593	11.69
5,001-10,000	111	0.22	7,94,010	1.30
10,001-20,000	37	0.07	5,07,748	0.83
20,001-30,000	23	0.05	5,63,855	0.92
30,001-40,000	3	0.01	1,08,853	0.18
40,001-50,000	5	0.01	2,17,662	0.36
50,001-1,00,000	11	0.02	8,25,816	1.35
1,00,001 and above	13	0.03	5,10,70,209	83.38
<b>Total</b>	<b>49,563</b>	<b>100.00</b>	<b>6,12,50,746</b>	<b>100.00</b>

ii) Preference Shares:

Category (Amount) From – To	Shareholders		Preference Shares held	
	Number	% of total no. of Shareholders	Number	% of Shareholding
1,00,001 and above	3	100.00	1,61,37,000	100.00
<b>Total</b>	<b>3</b>	<b>100.00</b>	<b>1,61,37,000</b>	<b>100.00</b>

u) Pattern of Shareholding as on March 31, 2022:

i) Equity Shares:

S. No.	Category	No. of Shares	% of Shareholding
1.	Promoters and Promoter Group	4,50,74,866	73.59
2.	Institutional Investors (FIs, Banks & Mutual Funds)	-	-
3.	NRIs / OCB / Foreign Corporate Bodies / Foreign Portfolio Investors	1,68,573	0.28
4.	Domestic Companies	57,70,177	9.42
5.	Indian Public / Trust / PMS / Others	1,02,37,130	16.71
	<b>Total</b>	<b>6,12,50,746</b>	<b>100.00</b>

ii) Preference Shares:

S. No.	Category	No. of Shares	% of Shareholding
1.	Promoters and Promoter Group	1,61,37,000	100.00
	<b>Total</b>	<b>1,61,37,000</b>	<b>100.00</b>

v) Share Dematerialization System: The requests for dematerialization of shares are processed by RTA expeditiously and the confirmation in respect of dematerialization of shares is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialization of shares generally on 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.

w) Dematerialization of Shares and its liquidity: The Company has been among the few top most companies in India in which maximum number of shares have been dematerialized. As on March 31, 2022, 99.66% of the Company's total Equity Share Capital representing 6,10,45,495 Equity Shares were held in dematerialized form and only 2,05,251 Equity Shares were in physical form.

The shareholders holding shares in physical form are

requested to contact any of the Depository Participants in their vicinity to get their shares dematerialized at the earliest, as the Company's shares are required to be compulsorily traded at Stock Exchanges in dematerialized form only.

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

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

## Report on Corporate Governance

### y) Plant Locations:

- Vaccines Formulations facility at Village Malpur, Baddi, Dist. Solan, H.P.-173205, India
- Drug Substance for Vaccines facilities at Samalheri, Ambala-Chandigarh Highway, Lalru-140501, Dist. Mohali (S.A.S. Nagar), Punjab, India;
- Pharmaceuticals Formulations and Oncology facilities at Village Malpur, Baddi, Dist. Solan, H.P.-173205, India (owned by Panacea Biotec Pharma Limited, Company's wholly-owned subsidiary)

### z) Address for correspondence:

For transfer/demataterialization 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 - 110020, India  
Phone : +91-11-40450193-97; Fax: +91-11-26812682  
E-mail: admin@skylinerta.com, viren@skylinerta.com

For investors assistance

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. 2071, 41578035(D); Fax: +91-11-41679070  
Email: companysec@panaceabiotec.com, investorcompliances@panaceabiotec.com  
Contact Person: Ms. Ritu Dhyani, Assistant Manager - Secretarial & Compliance

For query relating to financial matters

Chief Financial Officer, 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. 2041, 41578055(D); Fax: +91-11-41679066, 41679070  
E-mail: amitsaraswat@panaceabiotec.com  
Contact Person: Mr. Amit Saraswat, AGM - Finance

aa) Credit Rating: During the year under review, the Company has not availed any new bank facilities and has consequently not undertaken any credit rating exercise.

### 11. Other Disclosures:

a) Related Party Transactions: The Company's major related party transactions are generally with its subsidiaries. All transactions entered into with related parties as defined under the Act and Regulation 23 of the SEBI LODR Regulations during the financial year 2021-22 were in the ordinary course of business and on an arm's length basis.

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

Further, during the year under review, there were no materially significant related party transactions with the Company's subsidiaries, promoters, directors or management, their 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. 43 of the Notes to the Financial Statements for the year ended March 31, 2022 forming part of the Annual Report.

In accordance with Regulation 23 of the SEBI LODR Regulations, a policy relating to dealing with Related Party Transactions has been formulated by the Company and available on the website of the Company & can be accessed through the link: <https://www.panaceabiotec.com/en/>

section/information-repository/policy. The Register of Contracts/ Statements of related party transactions are placed before the Board/ Audit Committee regularly.

- b) Compliances by the Company: The Company comply with all the applicable laws in true letter and spirit. Therefore, during the financial year 2021-22 there is no non-compliance in the Company.
- c) Vigil Mechanism: The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting instances of illegal or unethical behavior. The Company has a Vigil Mechanism and has implemented a Vigil Mechanism/ Whistle Blower Policy in the Company in pursuance of Regulation 22 of the SEBI LODR Regulations and no personnel has been denied access to the Chairman of the Audit Committee of the Company. A copy of Vigil Mechanism / Whistle Blower Policy is available on the website of the Company & can be accessed through the link: <https://www.panaceabiotec.com/en/section/information-repository/policy>.
- d) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): During the year under review, the Company has not raised any fund through preferential allotment or qualified institutions placement. Also, there were no unutilized funds available with the Company as on March 31, 2022.
- e) Certification from Company Secretary in Practice: A certificate has been received from M/s. R&D Company Secretaries, Practising Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed

## Report on Corporate Governance

or continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The Certificate is annexed as **Annexure-II** and forms part of this Report.

- f) **Subsidiary Companies:** All subsidiary companies are Board managed with their Board of Directors having the rights and obligations to manage such companies in the best interest of their stakeholders. In terms of Regulation 16(1) (c) of the SEBI LODR Regulations, the Board of Directors has adopted a policy with regard to determination of material subsidiaries. The policy is available on the website of the Company and can be accessed through the link: <https://www.panaceabiotec.com/en/section/information-repository/policy>.

As on March 31, 2022, Panacea Biotech Pharma Limited ("PBPL") was the only material non-listed Indian subsidiary of the Company. Mrs. Manjula Upadhyay (one of the independent director of the Company) is acting as an independent director on the Board of PBPL as well.

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

- g) **Disclosure of Accounting Treatment:** The Company has prepared the financial statements for the year under review, in compliance with the Indian Accounting Standards ('Ind-AS') notified by the Ministry of Corporate Affairs. The Significant Accounting Policies applied in preparation of the financial statements as per Ind-AS have been set out in the Notes to financial statements.
- h) **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 and also constituted Risk Management Committee. The Board of Directors / management periodically reviews the risk management framework of the Company and comes out with strategic risk mitigation measures.
- i) **Fees paid to the Statutory Auditors:** Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Statutory Auditors and other firms in the network entity of which the statutory auditors are a part, during the financial year 2021-22 was Rs.12.09 million.
- j) **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:** The Company is committed to provide a work environment that ensures every employee is treated

with dignity, respect and afforded equal treatment. No complaint has been filed during the financial year 2021-22. The details of the same have also been disclosed in the Directors' Report forming part of the Annual Report.

- k) **Loans and advances to firms/ companies in which directors are interested:** The details of loans and advances to firms / companies in which directors of the Company are interested have been disclosed in Notes to the Financial Statements forming part of the Annual Report.

### 12. Compliance with mandatory requirements and adoption of non-mandatory requirements

- a) **Mandatory requirements:** The Company has complied with all mandatory requirements of the SEBI LODR Regulations with regard to corporate governance. M/s. R&D Company Secretaries, Secretarial Auditors of the Company, have certified that the Company has complied with the mandatory requirements of corporate governance as stipulated under Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C, D & E of Schedule V of the SEBI LODR Regulations for the financial year ended March 31, 2022.
- b) **Non-mandatory requirements:** The status on the compliance with the non-mandatory recommendations/ discretionary requirements as specified in Part E of Schedule II to the SEBI LODR Regulations is as under:
- i) **Shareholders' rights:** The quarterly / half-yearly / annual financial results, after they are approved by the Board of Directors, are uploaded electronically on the website of NSE & BSE via NEAPS Portal and BSE Listing Centre respectively, published in the newspapers as mentioned under the heading "Means of Communication" at Sl. No. 9 above and also displayed on the Company's website viz. <https://www.panaceabiotec.com>. The results are not separately circulated to the shareholders.
- ii) **Modified opinion(s) in audit report:** The Company is in the regime of unmodified audit opinion on financial statements.
- iii) **Reporting of Internal Auditors:** The Internal Auditors of the Company report directly to the Audit Committee.
- iv) **Prohibition of Insider Trading:** The Company has instituted a comprehensive Code of Conduct to regulate, monitor and report trading by designated persons and relevant business associates in the securities of the Company, in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 which is available on the website of the Company viz. <https://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.

## Report on Corporate Governance

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

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

### 14. CEO/CFO Certification

The Managing Director and Chief Financial Officer have certified, in terms of Regulation 17(8) read with Part B of Schedule II of the SEBI LODR Regulations, to the Board that the Financial Statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards. The said certification of the Financial Statements, internal control and the Cash Flow Statement for the financial year 2021-22 is annexed as Annexure - III and forms part of this Report. The Managing Director and Chief Financial Officer also give quarterly certificate on the financial results while placing the same before the Board in terms of the Regulation 33(2) of the SEBI LODR Regulations.

For Panacea Biotec Limited

Place: New Delhi  
Dated: August 09, 2022

Soshil Kumar Jain  
Chairman

### Annexure - I

#### DECLARATION ON CODE OF CONDUCT

To  
The Members of Panacea Biotec Ltd.

I hereby declare that all the Board Members and the Senior Management Personnel of the Company have affirmed the compliance with the provisions of the Code of Conduct for the financial year ended March 31, 2022.

For Panacea Biotec Limited

Place : New Delhi  
Dated: August 09, 2022

Dr. Rajesh Jain  
Managing Director



## Annexure to the Report on Corporate Governance

### Annexure - II

#### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Part C, Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
Panacea Biotec Limited  
Ambala-Chandigarh Highway, Lalru-140501, Punjab

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Panacea Biotec Limited, a Company having CIN L33117PB1984PLC022350 and having registered office at Ambala-Chandigarh Highway, Lalru-140501, Punjab (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34(3) read with Schedule V Part-C, Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2022, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of Appointment in Company
1.	Mr. Soshil Kumar Jain	00012812	02.02.1984
2.	Dr. Rajesh Jain	00013053	15.11.1984
3.	Mr. Sandeep Jain	00012973	15.11.1984
4.	Mr. Ankesh Jain	03556647	01.04.2016
5.	Mr. Ashwini Luthra*	05103137	18.10.2018
6.	Mr. Bhupinder Singh	00062754	08.04.2019
7.	Mr. Krishna Murari Lal	00016166	28.04.2006
8.	Mrs. Manjula Upadhyay	07137968	30.03.2015
9.	Mr. Mukul Gupta	00254597	01.04.2016
10.	Mr. Namdeo Narayan Khamitkar	00017154	31.01.2006
11.	Mr. Raghava Lakshmi Narasimhan	00073873	13.01.2001
12.	Mr. Shantanu Yeshwant Nalavadi**	02104220	10.12.2019

\* Ceased to be director w.e.f. 11.07.2021 due to his sad demise.

\*\* Ceased to be director of the Company w.e.f. 10.03.2022 due to resignation from position of director.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of 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.P No.: 8612

UDIN: F007775D000769547

Peer Review Certificate no. 1403/2021

Unique Identification No. P2005DE011200

Place : Delhi  
Dated: August 09, 2022

## Annexure to the Report on Corporate Governance

Annexure - III

### Certificate from Managing Director and Chief Financial Officer

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

To  
The Board of Directors,  
Panacea Biotec Limited

We do hereby confirm and certify that:

- a) We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2022 and that, to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) there has not been any instance, during the year, of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Panacea Biotec Limited**

Place : New Delhi  
Dated : May 18, 2022

**Devender Gupta**  
Chief Financial Officer &  
Head Information Technology

**Dr. Rajesh Jain**  
Managing Director

### COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of Panacea Biotec Limited

We have examined the compliance of conditions of Corporate Governance by Panacea Biotec Limited, for the year ended on 31<sup>st</sup> March, 2022, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"). The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI LODR Regulations during the year ended on 31<sup>st</sup> March, 2022.

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.P No.: 8612

UDIN: F007775D000769558

Peer Review Certificate no. 1403/2021  
Unique Identification No. P2005DE011200

Place : Delhi  
Dated: August 09, 2022

## Independent Auditors' Report

To the Members of Panacea Biotech Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

1. We have audited the accompanying standalone financial statements of Panacea Biotech Limited ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2022, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. 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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>Refer note 1.3(l) and note 27 of Notes to the standalone financial statements and other explanatory information of the Company for the year ended 31 March 2022.</p> <p>The Company recognises revenue from the sales of products when control over goods is transferred to a customer. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered with customers. The Company has a large number of customers operating in various geographies and the sales contracts / arrangements with various customers have distinct commercial terms, including Incoterms that determine the timing of transfer of control and require judgment in determining timing of revenue recognition as per Ind AS 115, Revenue from Contracts with Customers.</p> <p>We have identified the recognition of revenue from sale of products as a key audit matter because revenue is a key performance indicator for the Company and there is risk of revenue being overstated due to the pressure to achieve targets or earning expectations.</p>	<p>Our audit procedures in relation to the recognition of revenue included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's process of revenue recognition and read customer contracts on sample basis;</li> <li>• Evaluated the design, tested the operating effectiveness of the Company's internal controls over recognition and measurement of revenue in accordance with underlying customer contracts and accounting policies;</li> <li>• Performed substantive testing (including year-end cutoff testing) by selecting samples of revenue transactions recorded during and after the year and verified the underlying documents, which included sales invoices/ contracts and dispatch/shipping documents;</li> <li>• Performed substantive analytical procedures during the audit period to identify any unusual trends warranting additional audit procedures;</li> <li>• Obtained direct balance confirmations from customers on a sample basis as at the year-end or performed alternate audit procedures where such confirmations could not be obtained; and</li> <li>• Assessed the appropriateness and adequacy of the related disclosures in the standalone financial statements of the Company in accordance with the applicable accounting standards.</li> </ul>

## Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
<p>Evaluation of Going concern basis of accounting</p> <p>Refer note 51 to the accompanying standalone financial statements.</p> <p>The Company has incurred loss before tax amounting to Rs. 935.76 million for the year ended 31 March 2022 from continuing operations. Further, during the year, Panacea Biotec Pharma Limited (PBPL), material subsidiary of the Company, had delayed in repayment of significant outstanding dues in respect of Non-Convertible Debenture (NCDs), obtained by it for which the Company was the guarantor.</p> <p>While the above factors indicated a need to assess the Company's ability to continue as a going concern during the entire year, however, as mentioned in note 50, PBPL has sold the domestic pharmaceuticals brands of its subsidiary, PBPL in the quarter ended 31 March 2022, for an aggregate consideration of Rs.18,720.00 million, which has enabled PBPL to repay its outstanding dues of NCDs in entirety as at the reporting date and also retain sufficient surplus to fund their existing projects and operations and future business plans.</p> <p>Management has prepared cash flow forecast taking into cognizance the above developments including future planned initiatives and projects and performed a sensitivity analysis of the key assumptions used therein to assess whether the PBPL would be able to operate as a going concern for a period of at least next twelve months from the end of the current reporting date and concluded that the going concern basis of accounting used for the preparation of accompanying standalone financial statements is appropriate with no material uncertainties.</p> <p>We have considered the assessment of management's evaluation of Company's ability to continue as a going concern as a key audit matter for the current year audit due to the pervasive impact thereof on the standalone financial statements and the significant management judgments and assumptions involved in preparation of cash flow projections that are inherently subjective and dependent on future events.</p>	<p>Our audit procedures included, but were not limited to, the following in relation to the assessment of appropriateness of going concern basis of accounting:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management's process for identifying all the events or conditions that could impact the Company's ability to continue as a going concern and the process followed to assess the mitigating factors for such events or conditions. Also, obtained an understanding around the methodology adopted by the Company to assess their future business performance, prepare a robust cash flow forecast.</li> <li>• Evaluated the design and tested the operating effectiveness of key controls around aforesaid identification of events or conditions and mitigating factors and controls around cash flow forecast prepared by the management.</li> <li>• Obtained the cash flow forecast for next twelve months from the management and reconciled to the future business plan of the Company as approved by the Holding Company's Board of Directors.</li> <li>• In order to corroborate management's future business plans and to identify potential contradictory information, we read the minutes of the Board of Directors and discussed the same with the management and Audit Committee.</li> <li>• Tested the appropriateness of key assumptions used by the management in preparation of the cash flow forecasts such as growth rates, new revenue contracts considered in such projections, expenditure on new products and tested the reasonableness of these assumptions used based on our knowledge and understanding of the business, actual historical results and external data as the case maybe.</li> <li>• Performed detailed inquiries with the management on appropriateness of the assumptions used in the cash flow forecasts around new revenue contracts and the plan for commercial production for fulfilling such revenue contracts.</li> <li>• Obtained and read the correspondences with debenture trustees during the current year with respect to NCDs and also the 'no objection certificate' with respect to repayment of entire NCD dues made by the PBPL.</li> <li>• Obtained the sensitivity analysis prepared by management and also performed independent sensitivity analysis to test the impact of variation on the cash flows due to change in key assumptions.</li> <li>• Evaluated the appropriateness and adequacy of the going concern disclosures, in the standalone financial statements of the Company in accordance with the applicable reporting framework.</li> </ul>

Information other than the Standalone Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation



## Independent Auditors' Report

of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to standalone financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
  - Obtain sufficient appropriate audit evidence regarding the standalone financial statements of the Company to express an opinion on the standalone financial statements.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Independent Auditors' Report

### Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('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, to the extent applicable.
17. Further to our comments in Annexure B, as required by section 143(3) of the Act based on our audit, 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 accompanying standalone financial statements;
  - 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 Ind AS specified under section 133 of the Act;
  - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company, as detailed in note 39 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;
      - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 54(v) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
      - b. The management has represented that, to the best of its knowledge and belief, that disclosed in note 54(vi) to the standalone financial statements no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
      - c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
    - iv. The Company has not declared or paid any dividend during the year ended 31 March 2022.

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

**Arun Tandon**  
Partner  
Membership No.: 517273  
UDIN: 22517273AJEEDF5126

Place: New Delhi  
Date : 18 May 2022

## Annexure To the Auditors' Report

### Annexure A

Annexure A referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Panacea Biotec Limited on the standalone financial statements for the year ended 31 March 2022.

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment property.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its property, plant and equipment and investment properties under which the assets are physically 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 property, plant and equipment and investment property were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties including investment properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- (b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets during any point of time of the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) The Company has provided loans to its subsidiaries during the year as per details given below:

Particulars	Amount
Aggregate amount provided/granted during the year	Rs. 0.50 million
Balance outstanding as at balance sheet date in respect of above cases	Rs. 0.80 million

- (b) In our opinion, and according to the information and explanations given to us, the terms and conditions of the grant of all loans are prima facie, not prejudicial to the interest of the Company. Further, the Company has not provided any guarantees, advances in the nature of loans or given any security.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and principal and interest thereon is not due for repayment.
- (d) There is no overdue amount in respect of loans granted to such companies, firms, LLPs or other parties.
- (e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan.
- (f) The Company has not granted any loan or advance in the nature of loan which is repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans, investments, guarantees and security, as applicable. Further, the Company has not entered into any transaction covered under section 185.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. 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 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) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, 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, with the appropriate authorities.

## Annexure To the Auditors' Report

Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows.

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

Name of the statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Income tax Act, 1961	Demand u/s 154/250/153A/143(3) of Income Tax Act, 1961	14.50	Assessment Year 2011-12	21 April 2016	Not yet paid	The Company intends to settle the demand with refund of other years.

- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross 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	3,457.12	-	Assessment Year 2005-06 to 2008-09	Income Tax Apellate Tribunal ('ITAT')
Income Tax Act, 1961	Disallowance on purchases made from related parties and payment of expenses made to related parties	33.69	-	Assessment Year 2016-17	Dispute Resolution Panel ('DRP')
Income Tax Act, 1961	Disallowance in respect of certain expense items	0.40	-	Assessment Year 2017-18	Commissioner of Income-tax Appeals ('CIT(A)')
Customs Act, 1962	Duty levied on exempted goods	4.00	4.00	Financial Year 2001-02	Custom Excise & Service Tax Apellate Tribunal ('CESTAT')
UP Value Added Tax Act, 2008	Disallowance of credit notes and non-submission of statutory forms	10.35	-	Financial Year 2016-17	VAT/ CST Officer Lucknow
Maharashtra VAT Act, 2005	Disallowance of purchase	4.60	-	Financial Year 2014-15	VAT Authority Pune
Assam VAT Act 2003	Disallowance of TDS deducted	1.00	-	Financial Year 2015-16 to 2016-17	Superintendent, VAT Guwahati
WB Value Added Tax Act, 2003	Disallowance of Sales return	0.10	-	Financial Year 2015-16	VAT Authority Kolkata
Bihar VAT Act, 2005	Disallowance of credit notes and non-submission of statutory forms	3.27	-	Financial Year 2015-16 to 2016-17	VAT / CST Officer Patna

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis during the year or in any previous year. Accordingly, reporting under clause 3(ix) (d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.



## Annexure To the Auditors' Report

- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has incurred cash losses amounting to Rs.639.93 million in the current financial year but had not incurred cash losses in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company does not fulfill the criteria as specified under section 135(1) of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and according, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

**Arun Tandon**  
Partner

Membership No.: 517273  
UDIN: 22517273AJEEDF5126

Place : New Delhi  
Date : 18 May 2022

## **Annexure** To the Auditors' Report

### **Annexure B**

Annexure B to the Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Panacea Biotec Limited ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

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

#### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

**Arun Tandon**  
Partner

Membership No.: 517273  
UDIN: 22517273AJEEDF5126

Place : New Delhi  
Date : 18 May 2022

## Standalone Balance Sheet as at March 31, 2022

Particulars	Note No.	(Rs. in million)	
		As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
Non-current assets			
a) Property, plant and equipment	2.1	4,160.72	3,979.30
b) Capital work-in-progress	2.2	8.64	129.29
c) Investment property	2.3	378.96	658.08
d) Other intangible assets	2.4	0.61	5.13
e) Intangible assets under development	2.5	0.14	0.38
f) Financial assets			
(i) Investments	3	2.70	2.70
(ii) Loans	4	0.80	0.30
(iii) Other financial assets	5	15.38	53.91
g) Deferred tax assets (net)	6	-	-
h) Income tax assets	7	24.20	15.97
i) Other non-current assets	8	137.95	132.30
Total non-current assets		4,730.10	4,977.36
Current assets			
a) Inventories	9	1,292.46	870.37
b) Financial assets			
(i) Trade receivables	10	233.21	352.92
(ii) Cash and cash equivalents	11	53.32	86.56
(iii) Bank balances other than cash and cash equivalents	12	373.53	803.06
(iv) Loans	13	8.47	9.62
(v) Other financial assets	14	9.03	65.59
c) Other current assets	15	518.25	369.90
Total current assets		2,488.27	2,588.02
Assets classified as held for sale	36	399.96	367.46
Total assets		7,618.33	7,902.84
<b>EQUITY AND LIABILITIES</b>			
Equity			
a) Equity share capital	16	61.25	61.25
b) Other equity	17	4,089.69	5,020.41
Total equity		4,150.94	5,081.66
Liabilities			
Non-current liabilities			
a) Financial liabilities			
(i) Borrowings	18	841.04	620.81
(ii) Other financial liabilities	19	1.28	52.46
b) Provisions	20	132.98	123.65
c) Other non-current liabilities	21	24.54	29.06
Total non-current liabilities		999.84	825.98
Current liabilities			
a) Financial liabilities			
(i) Borrowings	22	0.51	30.01
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	23	15.51	30.05
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,668.74	1,210.55
(iii) Other financial liabilities	24	46.09	17.00
b) Other current liabilities	25	656.90	644.72
c) Provisions	26	53.80	44.37
Total current liabilities		2,441.55	1,976.70
Liabilities directly associated with the assets held for sale	36	26.00	18.50
Total equity and liabilities		7,618.33	7,902.84

The accompanying notes form an integral part of these standalone financial statements.

As per report of even date attached

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

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

**Arun Tandon**  
Partner  
Membership No. 517273

**Soshil Kumar Jain**  
Chairman  
(DIN 00012812)

**Dr. Rajesh Jain**  
Managing Director  
(DIN 00013053)

Place : New Delhi  
Date : May 18, 2022

**Vinod Goel**  
Group CFO and Head Legal  
& Company Secretary

**Devender Gupta**  
Chief Financial Officer &  
Head Information Technology

## Standalone Statement of Profit and Loss for the year ended March 31, 2022

(Rs. in million)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Income</b>			
Revenue from operations	27	2,355.04	3,435.55
Other income	28	125.68	207.48
Total income		2,480.72	3,643.03
<b>Expenses</b>			
Cost of materials consumed	29	1,723.99	686.95
Purchases of traded goods	30	6.39	933.26
Changes in inventories of finished goods, traded goods and work-in-progress	31	(609.50)	142.40
Employee benefits expense	32	725.00	594.74
Finance costs	33	70.43	75.17
Depreciation and amortisation expense	34	264.31	265.71
Other expenses	35	1,235.86	1,073.32
Total expenses		3,416.48	3,771.55
Profit/(loss) before tax		(935.76)	(128.52)
Tax expense			
Current tax	37	-	22.74
Deferred tax credit		-	(7.13)
Total tax expense		-	15.61
Profit/(loss) for the year from continuing operations (A)		(935.76)	(144.13)
Profit/(loss) before tax from discontinued operations	36	-	(0.28)
Tax expense of discontinued operations		-	-
Profit/(loss) from discontinued operations (B)		-	(0.28)
Profit/(loss) for the year (A+B)		(935.76)	(144.41)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit plans		5.04	20.94
Income tax effect on above		-	(7.13)
Other comprehensive income/(loss)		5.04	13.81
Total comprehensive income/(loss) for the year		(930.72)	(130.60)
Earning/(loss) per equity share basic and diluted (face value of Re.1 each)	38		
From continuing operation (in Rs.)		(15.28)	(2.35)
From discontinued operation (in Rs.)		-	(0.00)
From continuing and discontinued operations (in Rs.)		(15.28)	(2.35)

The accompanying notes form an integral part of these standalone financial statements.

As per report of even date attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

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**Vinod Goel**

Group CFO and Head Legal

& Company Secretary

**Devender Gupta**

Chief Financial Officer &

Head Information Technology

Place : New Delhi

Date : May 18, 2022



## Standalone Cash Flow Statement for the year ended March 31, 2022

(Rs. in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A. Cash flow from operating activities</b>		
Loss before tax from:		
Continuing operations	(935.76)	(128.52)
Discontinued operations	-	(0.28)
Adjustments for:		
Depreciation and amortisation expense	264.31	265.71
Unrealized foreign exchange loss (net)	23.70	(1.20)
Loss on sale of property, plant and equipment (net)	(0.06)	0.38
Excess provisions and other balances written back	(7.12)	(18.20)
Capital advance written back	(12.50)	-
Allowance for expected credit loss and doubtful advances	34.10	48.83
Loss on termination of leases	30.81	-
Intangible assets under development provided/written off	0.08	-
Provision for impairment of Property, plant and equipment	7.82	39.97
Bad debts and advances written off	-	0.15
Interest income	(47.22)	(59.68)
Amortization of government grants	(4.58)	-
Surplus share from proceeds of investment in joint venture	-	(32.93)
Finance costs	70.43	75.17
Operating profit/(loss) before working capital changes	(575.99)	189.40
Changes in working capital:		
Inventories	(422.09)	121.89
Trade receivables	128.13	(200.29)
Other financial assets	56.44	0.35
Loans and other assets	(152.20)	(132.19)
Provisions and other liabilities	447.04	413.28
Cash generated from/(used in) operating activities	(518.67)	392.44
Income tax paid	(8.23)	(9.78)
Net cash generated from/(used in) operating activities (A)	(526.90)	382.66
<b>B. Cash flow from investing activities</b>		
Payment for property, plant and equipment and intangible assets	(80.50)	(145.39)
Advance received against/proceeds from sale of property, plant and equipment	21.70	38.05
Proceeds from investment in joint venture	-	55.88
Interest received	16.82	32.24
Investments in bank deposits having original maturity of more than three months	330.10	(1404.70)
Redemption of bank deposits having original maturity of more than three months	767.48	1050.69
Net cash generated from/(used in) investing activities (B)	395.40	(373.23)
<b>C. Cash flow from financing activities</b>		
Proceeds from non-current borrowings	502.96	52.00
Repayment of non-current borrowings	(319.20)	(43.46)
Repayment of current borrowings(net)	-	(35.68)
Interest paid	(85.50)	(44.88)
Net cash generated from/(used in) financing activities (C)	98.26	(72.02)
Net Increase/(decrease) in cash and cash equivalents during the year (A+B+C)	(33.24)	(62.59)
Cash and cash equivalents at the beginning of the year	86.56	149.15
<b>Cash and cash equivalents at the end of the year</b> (refer note 11)	53.32	86.56

Note: The Standalone Cash Flow Statement has been prepared in accordance with 'Indirect Method' as set out in the Ind AS - 7 on 'Statement of Cash Flows' as notified under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder.

The accompanying notes form an integral part of these standalone financial statements.

As per report of even date attached

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

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

**Arun Tandon**

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**Vinod Goel**

Group CFO and Head Legal  
& Company Secretary

**Devender Gupta**

Chief Financial Officer &  
Head Information Technology

Place : New Delhi  
Date : May 18, 2022

## Standalone Statement of Change in Equity for the year ended March 31, 2022

### A. Equity share capital (Rs. in million)

Particulars	Amount
Balance as at April 1, 2020	61.25
Changes during the year	-
Balance as at March 31, 2021	61.25
Changes during the year	-
Closing balance as at March 31, 2022	61.25

(Refer note 16)

### B. Other equity

(Also refer note 17)

(Rs. in million)

Particulars	Equity component of compound financial instruments	Reserves and surplus					Share Warrants	Total
		Securities premium reserve	Capital redemption reserve	General reserve	Capital Reserve	Retained earnings		
Balance as at April 1, 2020	217.93	897.05	1,022.34	364.99	5,862.02	181.75	320.00	8,866.08
Profit/(loss) for the year	-	-	-	-	-	(144.41)	-	(144.41)
Other comprehensive income/(loss) for the year (net of taxes)	-	-	-	-	-	13.81	-	13.81
Total comprehensive income/(loss) for the year	-	-	-	-	-	(130.60)	-	(130.60)
Transfer to general reserve	-	-	-	320.00	-	-	(320.00)	-
Adjustment on account of demerger of real estate business (refer note 36)	(1.39)	-	-	-	(3,713.68)	-	-	(3,715.07)
Balance as at March 31, 2021	216.54	897.05	1,022.34	684.99	2,148.34	51.15	-	5,020.41
Profit/(loss) for the year	-	-	-	-	-	(935.76)	-	(935.76)
Other comprehensive income/(loss) for the year	-	-	-	-	-	5.04	-	5.04
Total comprehensive income/(loss) for the year	-	-	-	-	-	(930.72)	-	(930.72)
Balance as at March 31, 2022	216.54	897.05	1,022.34	684.99	2,148.34	(879.57)	-	4,089.69

The accompanying notes form an integral part of these standalone financial statements.

As per report of even date attached

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

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

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Place : New Delhi

Date : May 18, 2022

**Vinod Goel**

Group CFO and Head Legal

& Company Secretary

**Devender Gupta**

Chief Financial Officer &

Head Information Technology

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### Summary of Significant Accounting Policies

#### 1. Company information

Panacea Biotech Limited (Corporate identification number: L33117PB1984PLC022350) ('PBL' or the 'Company') is a public company incorporated and domiciled in India. The Company has its registered office and place of business at Ambala-Chandigarh Highway, Lalru-140501, Punjab, India. The Company has been incorporated under the provisions of Indian Companies Act 1956 and its equity shares are listed with BSE Limited and National Stock Exchange of India Limited.

#### Company overview

The Company is one of India's leading research-based biotechnology companies engaged in the business of research, development, manufacture and marketing of vaccines in India and international markets. The Company's wholly owned subsidiary company viz. Panacea Biotech Pharma Ltd. is engaged in the business of research, development, manufacture and marketing of branded pharmaceutical formulations in India and international markets.

#### 1.1 Basis of preparation

##### a. Statement of compliance

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

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2022. These standalone financial statements were authorized for issuance by the Board of Directors of the Company. The Board of Directors can permit revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

##### b. Basis of measurement

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

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

#### 1.2 Use of estimates and judgements

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

Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.4.

#### 1.3 Significant accounting policies

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

##### a. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

The Company classifies all other liabilities as non-current.

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

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

### b. Inventories

Inventories are valued as follows:

#### *Raw material, stores and spares*

Raw materials (including packing materials), stores and spares are valued at lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis. Stores and spares having useful life of more than twelve months are capitalised as "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

#### *Work in progress and finished goods*

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

#### *Traded goods*

Traded goods are valued at lower of cost or net realisable value. Cost includes cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

### c. Property, plant and equipment

#### Recognition and initial measurement

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

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under non-current assets.

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

#### Subsequent measurement (depreciation and useful lives)

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

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

i) Freehold land has an unlimited useful life and therefore is not depreciated.

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.



## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

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

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

### De-recognition

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

### d. Intangible assets

#### Recognition and initial measurement

##### Research and development costs

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

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

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

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

#### Other intangibles

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

Intangible assets under development are not amortized as these assets are not yet available for use. These assets are evaluated for potential impairment on an annual basis or when there are indications that the carrying value is not recoverable.

#### Subsequent measurement (Amortisation and useful lives)

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

Particulars	Useful life
Patents, trademarks and designs	7 years
Product development	5 years
Technical know-how	5 years
Software	5 years
Websites	2 years

### De-recognition

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

### e. Investment properties

#### Recognition and initial measurement

Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

measured initially at their cost of acquisition, including transaction costs. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Properties held under leases are classified as investment properties when it is held to earn rentals or for capital appreciation or for both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Subsequent measurement (depreciation and useful lives)

Investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on investment properties is provided on the straight-line method over the lease period of the right-of-use assets.

Though, the Company measures investment properties using cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model acceptable internationally.

De-recognition

Investment properties are de-recognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in the statement of profit and loss in the period of de-recognition.

### f. Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not depreciated or amortised. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Assets classified as held-for-sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the balance sheet.

### g. Impairment of non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

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

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

During the current financial year, the Company has considered it appropriate to undertake the impairment assessment based on certain indicators. With reference to the latest business plan, the decline in operating profits is considered temporary. Based on management's impairment assessment, recoverable amount is higher than the carrying amount of property, plant and equipment and hence, no impairment is recognized.

### h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing cost consists of interest, ancillary costs and other costs in connection with the borrowing and also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### i. Foreign and presentation currency

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

Foreign currencies

Transactions and balances

Initial recognition

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

Subsequent measurement

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

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

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

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

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

### j. Leases

Effective from April 1, 2019, the Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

Short-term leases and leases of low-value assets The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### k. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial results are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

### l. Revenue recognition

Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as GST etc. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The Company applies the revenue recognition criteria to each separately identifiable component of the Revenue transaction as set out below:

#### Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with the goods nor effective control over the goods sold, it is probable that economic benefits will flow to the Company, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Revenue from services rendered is recognised in the statement of profit and loss over the period the underlying services are performed.

#### Dividend income

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

#### Interest income

Interest income is recorded on accrual basis using the effective interest rate ("EIR") method.

#### Royalty income

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

#### Research and license fees income

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



## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### Export incentives

Export entitlements from government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

### m. Financial instruments

#### Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

#### Subsequent measurement

##### Financial assets

i. Financial assets carried at amortised cost – A financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. Investments in equity instruments of subsidiaries and joint ventures - Investments in equity instruments of subsidiaries and joint ventures are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

iii. Financial assets at fair value

Investments in equity instruments other than above – Investments in equity instruments which are held for trading are generally classified as at fair value through profit or loss (“FVTPL”). For all other equity instruments, the Company makes irrevocable choice upon initial recognition, on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss FVTPL.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company transfers the cumulative gain or loss within equity. Dividends on such investments are recognised in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

#### De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

#### Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are subsequently measured at amortised cost using the effective interest method.

#### De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### n. Investment in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of these investments, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

### o. Post-employment and other employee benefits

#### Provident fund

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

#### Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the gratuity plan (administered through the Life Insurance Corporation of India), which is a defined benefit plan, is calculated by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

#### Compensated absences

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

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

#### Other short-term benefits

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

### p. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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

### q. Income taxes

Income tax expense recognized in statement of profit and loss comprises current tax and deferred tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with the applicable tax regulations. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the statement of profit and loss and presented as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognized to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity).

### r. Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the conditions.

Government grants related to the income are deferred and recognised in statement of profit and loss over the period necessary to match them with the cost that are intended to compensate and presented within other income.

Government grants related to property plant and equipment are included in the non-current liabilities as deferred income and are credited to profit and loss on a straight-line basis over the expected life of the related assets and presented within other income.

### s. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

#### Identification of segments

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Company's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Results of the operating segments are reviewed regularly by the Board of Director (Managing Director and Chief Financial officer) which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

#### Allocation of common costs

Common allocable costs are allocated to each segment accordingly to the relative contribution of each segment to the total common costs.

#### Unallocated items

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

#### Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole. In accordance with Ind AS 108, Operating Segments, the management has disclosed the segment information in the consolidated financial statements of the Group.

### t. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### u. Discontinued operations

A discontinued operation is a component of entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. Statement of profit and loss from discontinued operations comprise the post-tax Statement of profit and loss from discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any statement of profit and loss arising from sale or re-measurement of discontinued operations is presented as a part of single line item. Statement of profit and loss from discontinued operations separately in the Statement of profit and loss.

### v. Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties associated with the present obligation.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the balance sheet.

Any amount that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset up to the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognized in the financial statements.

### 1.4 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

#### Significant management judgments

Research and developments costs - Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Provisions, contingent liabilities and contingent assets – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. In view of the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

#### Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

Defined benefit obligation – Management's estimate of the Defined Benefit Obligations (DBO) is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

#### Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

### 1.5 Recent accounting pronouncements (Standard issued but not yet effective):

Ministry of Corporate Affairs, Government of India ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules 2015, as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Rules 2015 as below:

- Ind AS 16 – Property, plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2022. The Company has evaluated the amendment and there is no impact on its standalone financial statements.
- Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.



## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### 2.1 Property, plant and equipment

(Rs. in million)

Particulars	Freehold land	Right of use asset - land	Building	Plant and equipment	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
Gross carrying value									
As at April 1, 2020	1,789.50	350.16	2,585.48	3,280.91	157.76	93.83	102.95	102.35	8,462.94
Additions	-	-	3.12	45.64	0.07	1.68	1.63	1.20	53.34
Disposals	-	-	(42.44)	(1.64)	(0.31)	(22.62)	(9.57)	(3.96)	(80.54)
Transferred to investment property	-	-	(160.16)	-	-	-	-	-	(160.16)
Transfer of assets through demerger (refer note 36)	(127.50)	-	(236.99)	(4.45)	(16.33)	(10.00)	(19.16)	(0.64)	(415.07)
Assets classified as held for sale (refer note 36)	(99.97)	(200.12)	(155.04)	-	-	-	-	-	(455.13)
As at March 31, 2021	1,562.03	150.04	1,993.97	3,320.46	141.19	62.89	75.85	98.95	7,405.38
As at April 1, 2021	1,662.00	350.16	2,149.01	3,320.46	141.19	62.89	75.85	98.95	7,860.51
Additions	-	-	11.65	179.89	0.40	5.17	5.36	1.30	203.77
Disposals	-	-	-	(1.87)	(0.02)	(13.46)	(0.03)	-	(15.38)
Transferred from investment property (refer note (iv) below)	-	-	287.30	-	-	-	-	-	287.30
Assets classified as held for sale (refer note 36)	(140.29)	(200.12)	(155.04)	-	-	-	-	-	(495.45)
As at March 31, 2022	1,521.71	150.04	2,292.92	3,498.48	141.57	54.60	81.18	100.25	7,840.75
Accumulated depreciation									
As at April 1, 2020	-	35.50	721.80	2,178.22	147.18	85.77	97.81	96.82	3,363.10
Charge for the year	-	2.44	53.51	190.01	2.77	0.78	0.56	0.74	250.81
Disposals	-	-	(6.09)	(1.51)	(0.29)	(21.46)	(9.07)	(3.79)	(42.21)
Transfer of assets through demerger (refer note 36)	-	-	(39.06)	(3.08)	(15.15)	(9.46)	(17.94)	(0.58)	(85.27)
Transferred to investment property	-	-	(12.65)	-	-	-	-	-	(12.65)
Assets classified as held for sale (refer note 36)	-	(17.08)	(30.62)	-	-	-	-	-	(47.70)
As at March 31, 2021	-	20.86	686.89	2,363.64	134.51	55.63	71.36	93.19	3,426.08
As at April 1, 2021	-	37.94	717.51	2,363.64	134.51	55.63	71.36	93.19	3,473.78
Charge for the year	-	2.44	48.78	195.64	0.24	1.05	1.23	0.81	250.19
Disposals	-	-	-	(0.88)	(0.02)	(12.79)	(0.03)	-	(13.72)
Accumulated depreciation of investment property (refer note (iv) below)	-	-	17.48	-	-	-	-	-	17.48
Assets classified as held for sale (refer note 36)	-	(17.08)	(30.62)	-	-	-	-	-	(47.70)
As at March 31, 2022	-	23.30	753.15	2,558.40	134.73	43.89	72.56	94.00	3,680.03
Net block as at March 31, 2022	1,521.71	126.74	1,539.77	940.08	6.84	10.71	8.62	6.25	4,160.72
Net block as at March 31, 2021	1,562.03	129.18	1,307.08	956.82	6.68	7.26	4.49	5.76	3,979.30

Notes:

- Refer note 44 for information on assets mortgaged / hypothecated as security.
- Refer note 39(B) for information on contractual commitments related to property, plant and equipment.
- The Company has not revalued its property plant and equipment during the year.
- The Company has reclassified its properties amounting Rs.269.82 million (Gross value Rs.287.30 and accumulated depreciation Rs.17.48 million) from investment property to property plant and equipment during the year, considering the Company now intends to use the said property for the purpose of its business.

### 2.2 Capital work-in-progress

(Rs. in million)

Particulars	Amount
As at April 1, 2020	36.60
Additions Capitalised	127.44
	(34.75)
As at March 31, 2021	129.29
As at April 1, 2021	129.29
Additions Capitalised	7.67
Disposals	(119.44)
	(8.88)
As at March 31, 2022	8.64

Notes:

- Refer note 44 for information on assets mortgaged / hypothecated as security.
- The capital work-in-progress relates to ongoing projects for construction and installation of property, plant and equipment.
- The company has disposed off one equipment amounting Rs.8.88 million due to non-working/functional condition while capitalising the project.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

Ageing for capital work in progress as at March 31, 2022: (Rs. in million)

Capital work in progress	Amount in capital work in progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	
Projects in progress	7.67	0.97	-	-	8.64
Total	7.67	0.97	-	-	8.64

Ageing for capital work in progress as at March 31, 2022: (Rs. in million)

Capital work in progress	Amount in capital work in progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	
Projects in progress	127.44	-	-	1.85	129.29
Total	127.44	-	-	1.85	129.29

Note: Project execution plans are modulated on an annual basis and all the projects are executed as per rolling annual plans based on various requirement of the Company. The Capital work in progress ('CWIP') of projects in progress as on March 31, 2021 is capitalised in current year, whereas the projects in CWIP in current year are expected to complete in subsequent years.

### 2.3 Investment property

(Rs. in million)

Particulars	Freehold land	Building	Total
Gross carrying value			
As at April 1, 2020	151.00	402.72	553.72
Transferred from property, plant and equipment	-	160.16	160.16
As at March 31, 2021	151.00	562.88	713.88
Transferred to property, plant and equipment (refer note (ii) below)	-	(287.30)	(287.30)
As at March 31, 2022	151.00	275.58	426.58
Accumulated depreciation			
As at April 1, 2020	-	33.85	33.85
Transferred from property, plant and equipment	-	12.65	12.65
Charge for the year	-	9.30	9.30
As at March 31, 2021	-	55.80	55.80
Transferred to property, plant and equipment	-	(17.48)	(17.48)
Charge for the year	-	9.30	9.30
As at March 31, 2022	-	47.62	47.62
Net carrying value			
As at March 31, 2022	151.00	227.96	378.96
As at March 31, 2021	151.00	507.08	658.08

Information regarding income and expenditure of the investment property:

(Rs. in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rental income derived from investment property	36.45	71.51
Less: Direct operating expenses	-	-
Profit from investment property before depreciation	36.45	71.51
Less: Depreciation for the year	(9.30)	(9.30)
Profit arising from investment property	27.15	62.21

Fair value of the investment property:

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Investment property	378.96	658.08

Estimation of fair value : Fair value of investment property is based on market approach. The fair value has been determined based on valuation reports of independent experts.

Notes:

- Refer note 44 for information on assets mortgaged / hypothecated as security.
- The Company has reclassified its properties amounting to Rs.269.82 million (Gross value Rs.287.30 million and accumulated depreciation Rs.17.48 million) from investment property to property plant and equipment during the year, due to change in plan and objective towards utilisation of said properties.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### 2.4 Other intangible assets

(Rs. in million)

Particulars	Patent, trademark and copyrights	Softwares	Websites	Product development	Total
Gross carrying value					
As at April 1, 2020	67.48	223.38	9.20	510.68	810.74
Additions	-	0.43	-	-	0.43
Disposals	-	(0.20)	-	-	(0.20)
As at March 31, 2021	67.48	223.61	9.20	510.68	810.97
As at April 1, 2021	67.48	223.61	9.20	510.68	810.97
Additions	0.21	0.09	-	-	0.30
As at March 31, 2022	67.69	223.70	9.20	510.68	811.27
Accumulated amortisation					
As at April 1, 2020	67.25	222.57	9.20	501.43	800.45
Charge for the year	0.08	0.89	-	4.63	5.60
Disposals	-	(0.21)	-	-	(0.21)
As at March 31, 2021	67.33	223.25	9.20	506.06	805.84
As at April 1, 2021	67.33	223.25	9.20	506.06	805.84
Charge for the year	0.09	0.11	-	4.62	4.82
As at March 31, 2022	67.42	223.36	9.20	510.68	810.66
Net carrying value:					
As at March 31, 2022	0.27	0.34	-	-	0.61
As at March 31, 2021	0.15	0.36	-	4.62	5.13

Note: Refer note 44 for information on assets mortgaged / hypothecated as security.

### 2.5 Intangible assets under development

(Rs. in million)

Particulars	Amount
As at April 1, 2020	0.81
Capitalised	(0.43)
As at March 31, 2021	0.38
As at April 1, 2021	0.38
Additions	0.14
Capitalised	(0.30)
Written off	(0.08)
As at March 31, 2022	0.14

Notes :

- Refer note 44 for information on assets mortgaged / hypothecated as security.
- The intangible assets under development relates to software.
- The Company has not revalued its intangible assets during the year.

Ageing for intangible assets under development as at March 31, 2022:

(Rs. in million)

Capital work in progress	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	
Projects in progress	0.14	-	-	-	0.14
Total	0.14	-	-	-	0.14

Ageing for intangible assets under development as at March 31, 2021:

(Rs. in million)

Capital work in progress	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	
Projects in progress	-	0.08	-	0.30	0.38
Total	-	0.08	-	0.30	0.38

Note: Project execution plans are modulated on an annual basis and all the projects are executed as per rolling annual plans based on various requirement of the Company. The intangible assets under development as on March 31, 2021 is capitalised in current year, whereas the intangible assets under development in current year are expected to complete in subsequent years.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>3 Investments (non-current)</b>		
Investments in equity instruments (unquoted)		
A. In subsidiary companies (at cost unless otherwise stated):		
i) Panacea Biotec Pharma Limited 1,000,000 (March 31, 2021: 1,000,000) equity shares of Re.1 each, fully paid up	1.00	1.00
ii) Meyten Realtech Private Limited 100,000 (March 31, 2021: 100,000) equity shares of Re.1 each, fully paid up	0.10	0.10
iii) Adveta Power Private Limited 90,000 (March 31, 2021: 90,000) equity shares of Rs.10 each, fully paid up	0.90	0.90
iv) PanEra Biotec Private Limited 419,767 (March 31, 2021: 419,767) equity shares of Rs.10 each, fully paid	4.20	4.20
v) Panacea Biotec (International) S.A., Switzerland (refer note 52) 6,000 (March 31, 2021: 6,000) equity shares of CHF 100 each, fully paid up	34.36	34.36
	40.56	40.56
Less: Provision for impairment in value of investments mentioned (iv) and (v) above	38.56	38.56
	2.00	2.00
B. Other investments (at fair value through profit and loss)		
i) Shivalik Solid Waste Management Limited 20,250 (March 31, 2021: 20,250) equity shares of Rs.10 each fully paid up	0.20	0.20
ii) Mohali Green Environment Private Limited 50,000 (March 31, 2021: 50,000) equity shares of Rs.10 each fully paid up	0.50	0.50
	0.70	0.70
Total investments (A+B)	2.70	2.70
Aggregate amount of unquoted investments	41.26	41.26
Aggregate amount of impairment in value of investments	38.56	38.56
Notes:		
(i) The Company does not have any quoted investments during the current as well as previous year.		
(ii) Refer note 46 for disclosure on fair value measurements in respect of financial assets at cost and fair value through profit and loss.		
<b>4 Loans (non-current)</b>		
(Unsecured, considered good, unless stated otherwise)		
Loans to related parties	0.80	0.30
(Unsecured, considered doubtful / credit impaired)		
Loans to related parties (refer note 43)	416.21	385.88
	417.01	386.18
Less : Loss allowance (refer note 43)	(416.21)	(385.88)
Total	0.80	0.30
Notes:		
(i) Loans to related parties include accrued interest of Rs.30.42 million (March 31, 2021: Rs.64.71 million). Loans have been granted for business purposes.		
(ii) The Company has not given any loan to Promoters, Directors and KMPs. Further, no loans have been granted to related party which are repayable on demand or without specifying the terms or period of repayment.		
(iii) Refer note 44 for information on assets mortgaged / hypothecated as security.		
(iv) Refer note 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.		



## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

Particulars	(Rs. in million)	
	As at March 31, 2022	As at March 31, 2021
<b>5 Other financial assets (non-current)</b> (Unsecured, considered good, unless stated otherwise)		
Security deposits	11.22	11.22
Bank deposits (due for maturity after 12 months from the reporting date)	4.03	11.88
Lease receivables (refer note 40)	-	30.81
Others	0.13	-
<b>Total</b>	<b>15.38</b>	<b>53.91</b>
Notes:		
(i) Bank deposits amounting to Rs.3.47 million (March 31, 2021: Rs.11.88 million) are pledged/deposited with banks and various government authorities for tender, bank guarantee, margin money, etc.		
(ii) Refer note 44 for information on assets mortgaged / hypothecated as security.		
(iii) Refer note 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.		
<b>6 Deferred tax assets (net)</b>		
Deferred tax liabilities arising on account of Property, plant and equipment and intangible assets	720.86	1,201.33
<b>Total (A)</b>	<b>720.86</b>	<b>1,201.33</b>
Deferred tax assets arising on account of Expenditure allowed on payment basis	51.47	67.83
Unabsorbed losses/provisions	646.56	1,116.43
Others	22.83	17.07
<b>Total (B)</b>	<b>720.86</b>	<b>1,201.33</b>
<b>Total (A+B)</b>	<b>-</b>	<b>-</b>
Note: Refer note 37 for changes in balances of deferred tax assets and/or liabilities.		
<b>7 Income tax assets (net)</b>		
Advance taxes	1,738.95	1,730.72
Less: Provision for taxes	(1,714.75)	(1,714.75)
<b>Total</b>	<b>24.20</b>	<b>15.97</b>
<b>8 Other non-current assets</b> (Unsecured, considered good unless stated otherwise)		
Capital advances	12.63	7.55
Balances with statutory authorities	124.56	124.75
Prepaid expenses	0.76	-
<b>Total (A)</b>	<b>137.95</b>	<b>132.30</b>
(Unsecured, considered doubtful, credit impaired (refer note 39(B)))		
Capital advances	176.80	176.80
Less: Allowance for doubtful advances	(176.80)	(176.80)
<b>Total (B)</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>137.95</b>	<b>132.30</b>
Note: Refer note 44 for information on assets mortgaged / hypothecated as security.		
<b>9 Inventories</b> (Valued at lower of cost or net realisable value)		
Raw materials including packing materials	254.50	373.12
Finished goods	686.01	210.94
Traded goods	1.00	2.64
Work-in-progress	254.68	118.61
Stores and spares	96.27	165.06
<b>Total</b>	<b>1,292.46</b>	<b>870.37</b>
Notes:		
(i) Refer note 29, 30 and 31 for consumption of and changes in inventories recorded by the Company.		
(ii) Refer note 44 for information on assets mortgaged / hypothecated as security.		
<b>10 Trade receivables</b>		
Unsecured, considered good	233.21	352.92
Unsecured, considered doubtful, credit impaired	17.50	24.62
	250.71	377.54
Less: Allowance for expected credit loss	(17.50)	(24.62)
<b>Total</b>	<b>233.21</b>	<b>352.92</b>
Notes:		
(i) Refer note 44 for information on assets mortgaged / hypothecated as security.		
(ii) Refer note 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.		

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

Ageing for trade receivables as at March 31, 2022: (Rs. in million)

Particulars	Outstanding for periods from due date of payments						Total
	Not due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables-considered good	79.77	2.88	1.85	2.31	77.88	65.87	230.56
Undisputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	2.25	2.25
Undisputed trade receivables-credit impaired	0.26	0.00	-	2.22	1.21	13.81	17.50
Disputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	0.40	0.40
<b>Total</b>	<b>80.03</b>	<b>2.88</b>	<b>1.85</b>	<b>4.53</b>	<b>79.09</b>	<b>82.33</b>	<b>250.71</b>
Less: Allowance for doubtful trade receivables							(17.50)
<b>Trade receivables (Net)</b>							<b>233.21</b>

Ageing for trade receivables as at March 31, 2021: (Rs. in million)

Particulars	Outstanding for periods from due date of payments						Total
	Not due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables-considered good	132.19	80.25	6.83	42.79	48.25	42.21	352.52
Undisputed trade receivables-credit impaired	0.51	0.26	0.26	0.04	2.35	21.20	24.62
Disputed trade receivables-which have significant increase in credit risk	-	-	-	-	0.40	-	0.40
<b>Total</b>	<b>132.70</b>	<b>80.51</b>	<b>7.09</b>	<b>42.83</b>	<b>51.00</b>	<b>63.41</b>	<b>377.54</b>
Less: Allowance for doubtful trade receivables							(24.62)
<b>Trade receivables (Net)</b>							<b>352.92</b>

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>11 Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	36.02	70.89
- in exchange earners' foreign currency accounts	17.05	15.36
Cash on hand	0.25	0.31
<b>Total</b>	<b>53.32</b>	<b>86.56</b>
Note: Refer note 44 for information on assets mortgaged / hypothecated as security.		
<b>12 Bank balances other than cash and cash equivalents</b>		
Bank deposits (with original maturity for more than 3 months but less than 12 months from the reporting date)	373.53	803.06
<b>Total</b>	<b>373.53</b>	<b>803.06</b>
Notes:		
(i) Bank deposits amounting to Rs.372.32 million (March 31, 2021: Rs.412.25 million) are pledged/provided with banks and various government authorities for tender, bank guarantee, margin money, etc.		
(ii) Refer note 44 for information on assets mortgaged / hypothecated as security.		
<b>13 Loans (current)</b>		
(Unsecured, considered good, unless stated otherwise)		
Amounts receivable from employees	8.47	9.62
<b>Total (A)</b>	<b>8.47</b>	<b>9.62</b>
(Unsecured, considered doubtful/ credit impaired)		
Loans to related parties (refer note 43 and 52)	585.16	585.16
Less : Loss allowance (refer note 43 and 52)	(585.16)	(585.16)
<b>Total (B)</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>8.47</b>	<b>9.62</b>
Notes:		
(i) Refer note 44 for information on assets mortgaged / hypothecated as security.		
(ii) Refer note 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.		
(iii) Loans to related parties have been granted for business purposes.		

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(Rs. in million)

Particulars	As at	
	March 31, 2022	March 31, 2021
<b>14 Other financial assets (current)</b>		
(Unsecured, considered good, unless stated otherwise)		
Security deposits	3.23	3.28
Export benefits receivable	5.80	61.59
Others	-	0.72
<b>Total</b>	<b>9.03</b>	<b>65.59</b>
Notes:		
(i) Refer note 44 for information on assets mortgaged / hypothecated as security.		
(ii) Refer note 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.		
<b>15 Other current assets</b>		
(Unsecured, considered good, unless otherwise stated)		
Balances with statutory authorities	468.94	327.10
Prepaid expenses	18.20	13.82
Advance to suppliers - considered good	31.11	28.98
<b>Total (A)</b>	<b>518.25</b>	<b>369.90</b>
(Unsecured, considered doubtful, credit impaired)		
Advance to suppliers considered doubtful (refer note 43)	107.32	103.50
Less: Allowance for doubtful advances (refer note 43)	(107.32)	(103.50)
<b>Total (B)</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>518.25</b>	<b>369.90</b>
Note: Refer note 44 for information on assets mortgaged / hypothecated as security.		
<b>16 Share capital</b>		
Authorised		
125,000,000 (March 31, 2021: 125,000,000) equity shares of Re.1 each	125.00	125.00
109,837,000 (March 31, 2021: 110,000,000) preference shares of Rs.10 each	1,098.37	1,100.00
	<b>1,223.37</b>	<b>1,225.00</b>
Issued, subscribed and fully paid up		
61,250,746 (March 31, 2021: 61,250,746) equity shares of Re.1 each	61.25	61.25
<b>Total</b>	<b>61.25</b>	<b>61.25</b>

(a) Reconciliation of number of equity shares

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Rs. in million	No. of shares	Rs. in million
Equity shares at the beginning of the year	61,250,746	61.25	61,250,746	61.25
Changes during the year	-	-	-	-
<b>Equity shares at the end of the year</b>	<b>61,250,746</b>	<b>61.25</b>	<b>61,250,746</b>	<b>61.25</b>

(b) Terms/right attached to equity shares:

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board of Directors has not proposed any dividend for current year and previous year. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts including preference shares. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

(c) Details of Promoters' equity share holding in the Company:

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Mr. Soshil Kumar Jain	5,000,000	8.16%	5,000,000	8.16%
Dr. Rajesh Jain	25,217,312	41.17%	25,217,312	41.17%
Mr. Sandeep Jain	10,031,600	16.38%	10,031,600	16.38%

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(d) Details of equity shareholders holding more than 5% of equity shares in the Company

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Mr. Soshil Kumar Jain	5,000,000	8.16%	5,000,000	8.16%
Dr. Rajesh Jain	25,217,312	41.17%	25,217,312	41.17%
Mr. Sandeep Jain	10,031,600	16.38%	10,031,600	16.38%
Serum Institute of India Private Limited	5,263,920	8.59%	3,048,469	4.98%
Mr. Adar Cyrus Poonawala	-	-	3,157,034	5.15%

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

(e) The Company has neither bought back any equity shares nor issued any equity shares as bonus or for consideration other than cash, during the period of five years immediately preceding the reporting date.

(f) Terms attached to 0.5% cumulative non-convertible and non-participating redeemable preference shares:

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

The preference shares were initially issued for a period of 10 years w.e.f. January 6, 2015. The terms of preference shares were amended on April 8, 2019 so as to enhance the tenure from 10 years to 15 years with an option with the Company as well as preference shareholders for early redemption of preference shares, provided the secured debt obligations with respect to debentures issued by the Company are fully serviced as per the agreed terms. The said debenture were assigned and novated in favour of Panacea Biotec Pharma Limited in financial year 2019-20 and same have been fully redeemed during the year.

In the event of liquidation of the Company, the holders of preference shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in preference to the equity shareholders. The distribution will be in proportion to the number of preference shares held by the preference shareholders. Also refer note 18(iii).

(g) Reconciliation of 0.5% cumulative non-convertible and non-participating redeemable preference shares:

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Rs. in million	No. of shares	Rs. in million
Preference shares at the beginning of the year	16,137,000	161.37	16,300,000	163.00
Changes during the year*	-	-	(163,000)	(1.63)
Preference shares at the end of the year	16,137,000	161.37	16,137,000	161.37

\*As per the Scheme of Arrangement with respect to demerger of Demerged Undertaking (refer note 36), 163,000 preference shares have been cancelled including all the accrued rights therein upon implementation of the said Scheme of Arrangement and completion of related compliances. The Resulting Company viz. Ravinder Heights Limited has issued equivalent number of preference shares to the preference shareholders in previous year.

(h) The Company has neither bought back any preference shares nor issued any preference shares as bonus or for consideration other than cash, during the period of five years immediately preceding the reporting date.

(i) Details of Promoters' preference shareholding and preference shareholders holding more than 5% of 0.5% cumulative non convertible and non participating redeemable preference share capital:

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Mr. Soshil Kumar Jain	6,504,300	40.31%	6,504,300	40.31%
Dr. Rajesh Jain	6,504,300	40.31%	6,504,300	40.31%
Mr. Sandeep Jain	3,128,400	19.38%	3,128,400	19.38%

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

(Rs. in million)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
<b>17 Other equity*</b>		
A. Reserves and surplus:		
Capital reserve	2,148.34	2,148.34
Retained earnings	(879.57)	51.15
General reserve	684.99	684.99
Security premium reserve	897.05	897.05
Capital redemption reserve	1,022.34	1,022.34
Total (A)	3,873.15	4,803.87
B. Equity component of compound financial instruments (refer note 16(f) to 16(i) and 18(iii))	216.54	216.54
Total (A+B)	4,089.69	5,020.41

\* For changes in balances of reserves, refer to the Standalone Statement of Changes in Equity.



## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### Nature and purpose of other reserves:

General reserve: The Company has transferred a portion of the net profit before declaring dividend to general reserve in earlier years pursuant to the provisions of the erstwhile Companies Act, 1956. Mandatory transfer to general reserve is not required under the Act.

Securities premium: represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings: are the profits/(losses) that the Company has earned till date, less any transfer to any reserves, dividend or other distribution paid to shareholders.

Capital redemption reserve: is created in accordance with provisions of the Act in connection with the buy back of equity shares from the market.

Capital reserve: includes reserve created pursuant to the transfer of pharmaceutical business to PBPL and demerger of the real estate business (refer note 36).

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>18 Borrowings (non-current)</b>		
Rupee Term loans from banks:		
Axis Bank (secured) (refer notes (ii) (a) below)	2.87	-
Rupee Term loans from others:		
Biotechnology Industrial Research Assistance Council ("BIRAC") (secured) (refer notes (ii) (b) below)	-	10.00
Department of Science & Technology ("DST") (unsecured) (refer note (ii) below)	-	2.00
Technology Development Board ("TDB") (secured) (refer note (ii) below)	-	40.52
Unsecured		
Liability component of compound financial instruments		
16,137,000 (March 31, 2021: 16,137,000) 0.5% cumulative non-convertible and non-participating redeemable preference shares of Rs.10 each (refer note (iii) below)	41.45	34.48
Loan from related parties (refer note (ii) (c) below)	797.23	563.82
	841.55	650.82
Less: current maturities of non-current borrowings (disclosed under note 22)	(0.51)	(30.01)
<b>Total</b>	<b>841.04</b>	<b>620.81</b>

### Notes :

(i) Rate of interest - The Company's long term borrowings were at an effective weighted average rate of 7.35% per annum (March 31, 2021: 8.61% per annum).

(ii) Repayment terms and security of loans :

(a) Vehicle loan of Rs.2.96 million taken from Axis bank for a period of sixty months with an equated monthly installment of Rs.0.06 million at the rate of 7.35% per annum. This loan is secured by way of hypothecation of the vehicle.

(b) Repayment of loans: Rupee term loan from BIRAC for H1N1 influenza & Streptococcus pneumococcal conjugate vaccine project, rupee term loan from DST for specific project and rupee term loan from TDB for Dengue vaccine project are repaid during the year.

(c) Loan from related parties includes loans from promoter directors and/or bodies corporate and are payable after April 7, 2024. Interest rates range between 9% - 9.5% per annum, also refer note 43.

(iii) Liability component of compound financial instruments

Further to note 16(f), the preference shares are presented in the balance sheet as follows:

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Value of preference shares issued	161.37	161.37
Opening interest accrued	89.65	83.90
Interest expense (refer note below)	6.97	5.75
<b>Total (A)</b>	<b>257.99</b>	<b>251.02</b>
Equity component of preference shares (refer note below)	216.54	217.93
Transfer to capital reserve on account of demerger	-	(1.39)
<b>Total (B)</b>	<b>216.54</b>	<b>216.54</b>
<b>Liability component of compound financial instruments (A-B)</b>	<b>41.45</b>	<b>34.48</b>

Note: The equity component is the difference between fair value of liability component computed at the effective interest rate of 18.85% per annum.

(March 31, 2021: 18.85% per annum) and the value of preference shares issued, which is presented as a separate component of equity in the Standalone Statement of Changes in Equity.

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>19 Other financial liabilities (non-current)</b>		
Interest accrued but not due on borrowings (refer note 43)	1.28	52.46
<b>Total</b>	<b>1.28</b>	<b>52.46</b>

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>20 Provisions (non-current)</b>		
Provision for gratuity (refer note 45)	73.62	71.06
Provision for compensated absences	59.36	52.59
Total	132.98	123.65
Note: Refer note 36 for discontinued operations		
<b>21 Other non-current liabilities</b>		
Deferred government grant	24.54	29.06
Total	24.54	29.06
<b>22 Borrowings (current)</b>		
Current maturities of non-current borrowings (refer note 18)	0.51	30.01
Total	0.51	30.01
<b>23 Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises	15.51	30.05
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,668.74	1,210.55
Total	1,684.25	1,240.60

Notes:

(a) Ageing for trade payables outstanding as at March 31, 2022: (Rs. in million)

Particulars	Not due	Outstanding for periods from due date of payments				Unbilled due	Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
Micro enterprises and small enterprises	6.52	0.78	7.86	0.35	-	-	15.51
Others	201.02	689.16	23.05	35.34	224.98	495.19	1,668.74
Total	207.54	689.94	30.91	35.69	224.98	495.19	1,684.25

(b) Ageing for trade payables outstanding as at March 31, 2021: (Rs. in million)

Particulars	Not due	Outstanding for periods from due date of payments				Unbilled due	Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
Micro enterprises and small enterprises	19.46	10.14	0.45	-	-	-	30.05
Others	171.14	262.32	37.78	19.28	184.70	535.33	1,210.55
Total	190.60	272.46	38.23	19.28	184.70	535.33	1,240.60

(c) Details of dues to micro, small and medium enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006 ["MSMED Act"]:

On the basis of confirmation obtained from suppliers who have registered themselves under the MSMED Act, and based on the information available with the Company, the following are the disclosures pursuant to the said MSMED Act :

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
The amount remaining unpaid to any supplier as at the end of each accounting year		
Principal	15.51	30.05
Interest	0.12	0.16
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	-	-
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	0.12	0.16
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	-	-

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(Rs. in million)		
Particulars	As at March 31, 2022	As at March 31, 2021
<b>24 Other financial liabilities (current)</b>		
Interest accrued but not due on borrowings	45.13	3.19
Interest accrued and due on borrowings	-	12.83
Others	0.96	0.98
<b>Total</b>	<b>46.09</b>	<b>17.00</b>
Note: Refer note 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.		
<b>25 Other current liabilities</b>		
Deferred government grant	18.26	17.29
Advances from customers (refer note 39(A)(viii))	628.65	619.68
Advance against sale of property, plant and equipment	26.00	18.50
Statutory liabilities	9.99	7.75
	682.90	663.22
Less: Liabilities directly associated with assets held for sale (refer note 36)	(26.00)	(18.50)
<b>Total</b>	<b>656.90</b>	<b>644.72</b>
<b>26 Provisions (current)</b>		
Provision for compensated absences	53.80	44.37
<b>Total</b>	<b>53.80</b>	<b>44.37</b>
Note: Refer note 36 for discontinued operations		
(Rs. in million)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>27 Revenue from operations</b>		
Sale of products (net)	2,344.21	2,242.20
Finished goods	6.28	1,124.42
Traded goods		
Other operating revenue		
Export benefits	2.96	66.31
Scrap sale	1.59	2.62
<b>Total</b>	<b>2,355.04</b>	<b>3,435.55</b>
<b>A Disaggregated revenue from contracts with customers</b>		
Revenue from sale of products		
Vaccine	2,344.21	2,242.20
Pharma	6.28	1,124.42
Other operating revenue		
Vaccine	3.50	36.14
Pharma	1.05	32.79
<b>Total</b>	<b>2,355.04</b>	<b>3,435.55</b>
Revenue by Geography		
India	1,096.21	938.41
Outside India	1,258.83	2,497.14
<b>Total</b>	<b>2,355.04</b>	<b>3,435.55</b>
<b>B Reconciliation of gross revenue with the revenue from contracts with customers (including discontinued operations)</b>		
Gross revenue #	2,363.21	3,481.49
Adjusted for:		
Discounts	(1.30)	(25.57)
Sales returns	(6.87)	(20.37)
<b>Total</b>	<b>2,355.04</b>	<b>3,435.55</b>
# Revenues are recorded at a point in time. The Company has no remaining performance obligations once the goods are delivered to the customer as per terms of the contract.		
Note: Refer note 43 for related party transaction disclosures.		

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(Rs. in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>C Information about trade receivables, contract assets from contracts with customers:</b>		
Trade receivables (refer note below)*	250.71	377.54
Contract balances		
– Advances from customers (refer note below)	628.65	619.68
<b>Total</b>	<b>879.36</b>	<b>997.22</b>
* Trade receivables are non-interest bearing and are generally due within 30 to 180 days. There is no significant financing component in any transaction with the customers.		
<b>Note:</b>		
<b>Movement in contract assets and contract liabilities:</b>		
Opening balance of contract liabilities	619.68	100.26
Addition in balance of contract liabilities for current year	-	-
Amount of revenue recognised against opening contract liabilities	8.97	519.42
Closing balance of contract liabilities	628.65	619.68
Opening balance of contract assets	377.54	183.25
Addition in balance of contract assets for current year	250.71	377.54
Amount of billing recognised against opening contract assets	(377.54)	(183.25)
Closing balance of contract assets	250.71	377.54
(i) The contract liabilities are in the form of advance received from customers for which the obligation for supply of goods/service is not completed at the year end.		
(ii) The contract assets are in the form of receivables which are included in income receivable and primarily relate to the Company's rights to consideration for goods sold to the customers but not billed at the reporting date. The contract assets are transferred to receivables when it will be billed subsequently.		
<b>28 Other income</b>		
Interest income from:		
Bank deposits	16.32	29.72
Loans to subsidiaries	30.40	29.08
Others	0.50	0.88
Others		
Excess provisions and other balances written back	7.12	18.20
Government grant income	4.58	10.64
Lease rent - investment property	36.45	71.51
Lease rent - others	14.43	5.53
Surplus on liquidation of joint venture	-	32.93
Gain on sale of property, plant and equipment (net)	0.06	-
Capital advance written back	12.50	-
Miscellaneous	3.52	8.99
<b>Total</b>	<b>125.68</b>	<b>207.48</b>
Note: Refer note 43 for related party transaction disclosures.		
<b>29 Cost of materials consumed</b>		
Raw materials including packing materials		
Inventories at the beginning of the year	373.12	451.43
Add : Purchases during the year	1,605.37	608.64
Less: Inventories at the end of the year	(254.50)	(373.12)
<b>Total</b>	<b>1,723.99</b>	<b>686.95</b>
<b>30 Purchases of traded goods</b>		
Purchases of traded goods	6.39	933.26
<b>Total</b>	<b>6.39</b>	<b>933.26</b>
Note: Refer note 43 for related party transaction disclosures		



## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

Particulars	(Rs. in million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>31 Changes in inventories of finished goods, traded goods and work-in-progress</b>		
Inventories at the end of the year		
Finished goods	686.01	210.94
Traded goods	1.00	2.64
Work-in-progress	254.68	118.61
Total	941.69	332.19
Inventories at the beginning of the year		
Finished goods	210.94	313.52
Traded goods	2.64	3.91
Work-in-progress	118.61	157.16
Total	332.19	474.59
Changes in inventories of finished goods, traded goods and work-in-progress	(609.50)	142.40
<b>32 Employee benefits expense</b>		
Salary and wages	676.42	557.18
Contribution to provident and other funds (refer note 45)	22.28	17.32
Staff welfare expenses	26.30	20.24
Total	725.00	594.74
Notes: (i) Refer note 43 for related party transaction disclosures (ii) Refer note 36 for discontinued operations		
<b>33 Finance costs</b>		
Interest expense	67.06	72.01
Other borrowing costs	3.37	3.16
Total	70.43	75.17
<b>34 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment	250.19	250.81
Depreciation on investment property	9.30	9.30
Amortisation of intangible assets	4.82	5.60
Total	264.31	265.71
<b>35 Other expenses</b>		
Analytical testing and trial	35.97	29.96
Advertising and sales promotion	16.57	29.05
Allowance for expected credit loss and doubtful advances	34.15	48.98
Consumption of stores and spares	236.50	132.91
Commission on sales	6.66	7.58
Directors' sitting fees	1.76	1.87
Freight and forwarding	69.35	245.21
Insurance	30.85	22.75
Intangibles assets under development provided /written off	0.08	-
Legal and professional	98.43	133.13
Loss on disposal of property, plant and equipment	-	0.38
Loss on sale of MEIS scrips	6.57	-
Loss on foreign exchange transactions and translations (net)	5.56	1.66
Loss on termination of leases	30.81	-
Meetings and conferences	5.02	3.24
Miscellaneous	20.06	8.39
Office expenses	1.68	3.86
Power and fuel	265.06	207.78
Printing and stationery	4.05	4.03
Postage and communication	5.46	7.06
Payment to auditors (refer note (i) below)	7.23	7.14
Provision for impairment of property, plant and equipment (refer note 36)	7.82	39.97
Repairs to and maintenance of:		
Buildings	7.82	12.27
Plant and machinery	37.48	19.28
Others	20.44	17.84

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(Rs. in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent	19.43	13.87
Royalty	176.63	-
Rates and taxes	22.53	24.54
Staff training and recruitment	7.81	5.48
Subscription	9.96	7.70
Travelling and conveyance	13.63	9.72
Vehicle running and maintenance	12.50	9.79
Security charges	17.99	17.88
<b>Total</b>	<b>1,235.86</b>	<b>1,073.32</b>
Notes:		
(i) Payment to auditors (excludes GST)		
As auditor		
- Audit fee	2.10	2.10
- Limited review fee	2.40	2.40
In other capacity		
- Certification and other matters	2.50	2.46
- Reimbursement of out of pocket expenses	0.23	0.18
<b>Total</b>	<b>7.23</b>	<b>7.14</b>

(ii) Refer note 43 for related party transaction disclosures

### 36 Assets held for sale and discontinued operations

(i) Assets held for sale

The Company has plans to sell the following assets in near future:

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Property, plant and equipment		
Gross carrying value	495.45	455.13
Less: Accumulated depreciation	47.70	47.70
Less: Provision for impairment	47.79	39.97
<b>Total assets classified as held for sale</b>	<b>399.96</b>	<b>367.46</b>

(ii) Demerger of real estate business

On February 26, 2019 and May 30, 2019, the Board of Directors of the Company had approved a plan and a scheme of arrangement respectively for demerger of its real estate business comprising wholly owned subsidiary Radhika Heights Limited ('RHL') alongwith its step down subsidiaries and two real estate properties from PBL ('Demerged Undertaking') to its wholly-owned subsidiary, Ravinder Heights Limited ('Transferee Company'). The Company received approvals from its shareholders and unsecured creditors in their respective NCLT convened meetings held on January 28, 2020. The said scheme of arrangement was approved by the Hon'ble National Company Law Tribunal, Chandigarh vide its order dated September 9, 2020, and became effective on September 10, 2020. In accordance with the provisions of Indian Accounting Standard 105 – 'Non-current Assets Held for Sale and Discontinued Operations', the results related to the Demerged Undertaking for the period April 1, 2020 to September 10, 2020 have been included in the standalone financial statements as discontinued operations.

(iii) Net value of assets transferred:

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Assets		
Non-current assets	-	3,715.28
<b>Total (A)</b>	<b>-</b>	<b>3,715.28</b>
Liabilities		
Non-current liabilities	-	0.80
Current liabilities	-	0.80
<b>Total (B)</b>	<b>-</b>	<b>1.60</b>
<b>Capital reserve (A-B)</b>	<b>-</b>	<b>3,713.68</b>

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(iv) Financial performance and cash flows for the pharmaceutical business and real estate business:

Analysis of loss:

Particulars	(Rs. in million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Expenses		
Employee benefits expense	-	0.28
Other expenses	-	-
Total expenses	-	0.28
Profit/(loss) before tax from discontinued operations	-	(0.28)
Tax expense	-	-
Profit/(loss) from discontinued operations after tax	-	(0.28)

Particulars	(Rs. in million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>37 Tax expense</b>		
Tax expense		
For continuing operations:		
Income tax expense consists of the following:		
Current tax	-	22.74
Deferred tax	-	(7.13)
Total tax expense	-	15.61
Reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported is as follows:		
Profit/(loss) before tax from:		
Continuing operations	(935.76)	(128.52)
Discontinued operations	-	(0.28)
Profit/(loss) before income taxes from continuing and discontinued operations	(935.76)	(128.80)
At Company's statutory income tax rate of 26.00% (March 31, 2021: 34.94%)	(243.30)	(45.01)
Adjustments in respect of current income tax		
Adjustment on account of different tax base and change in tax rates	251.52	67.75
Others	(8.22)	(7.13)
Income tax expense reported in the Statement of Profit and Loss	-	15.61

Tax losses:

a) The Company has recognized deferred tax assets to the extent that management is reasonably certain that the same would be available for adjustment against foreseeable tax profit. The Company unabsorbed business losses and unabsorbed depreciation as per tax laws for Rs. 1,085.49 million and for Rs. 147.96 million respectively as at March 31, 2022 that is available for off-setting against the future taxable profits of the Company. The unabsorbed business losses can be carried forward for a period of eight years from the date of incurrence of such losses as per tax laws. These unabsorbed business losses will expire in financial year ending March 31, 2025, March 31, 2026 and March 31, 2030.

b) Movement in deferred tax assets/liabilities :

Particulars	(Rs. in million)			
	As at March 31, 2021	Charged/(credited) to		As at March 31, 2022
		Profit and loss account	Other comprehensive income	
Tax effect of items constituting deferred tax liabilities:				
Property, plant and equipment and intangible assets	1,201.33	(480.47)	-	720.86
	1,201.33	(480.47)	-	720.86
Tax effect of items constituting deferred tax assets:				
Expenditure allowed on payment basis	67.83	(16.36)	-	51.47
Effect of unabsorbed losses/provisions	1,116.43	(469.87)	-	646.56
Others	17.07	5.76	-	22.83
	1,201.33	(480.47)	-	720.86
Net deferred assets/liabilities	-	-	-	-

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

For the year ended March 31, 2021:

(Rs. in million)

Particulars	As at March 31, 2020	Charged/(credited) to		As at March 31, 2021
		profit and loss account	other comprehensive income	
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Property, plant and equipment and intangible assets	1,336.73	(135.40)	-	1,201.33
Capital expenditure on research and development	0.10	(0.10)	-	-
	<u>1,336.83</u>	<u>(135.50)</u>	<u>-</u>	<u>1,201.33</u>
<b>Tax effect of items constituting deferred tax assets:</b>				
Expenditure allowed on payment basis	59.39	8.44	-	67.83
Effect of unabsorbed losses/provisions	1,249.75	(133.32)	-	1,116.43
Minimum alternative tax credit entitlement	14.45	(14.45)	-	-
Others	27.69	(3.49)	(7.13)	17.07
	<u>1,351.28</u>	<u>(142.82)</u>	<u>(7.13)</u>	<u>1,201.33</u>
Net deferred assets/liabilities	14.45	(7.32)	(7.13)	-

(Rs. in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>38 Earning/(loss) per share</b>		
Profit/(loss) attributable to shareholders from continuing operations	(935.76)	(144.13)
Profit/(loss) attributable to shareholders from discontinued operations	-	(0.28)
Weighted average number of equity shares	61,250,746	61,250,746
Face value per equity share (in Rs.)	1.00	1.00
Earning/(loss) per equity share - basic and diluted (in Rs.)		
From continuing operations	(15.28)	(2.35)
From discontinued operations	-	(0.00)
From continuing and discontinued operations	(15.28)	(2.35)

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>39 Contingent liabilities and commitments</b>		
(A) Contingent liabilities (to the extent not provided for)		
Disputed demands/show cause notices under:		
Income tax cases (refer notes (i) to (v) below)	3,491.21	3,496.55
Customs duty cases (refer note (vi) below)	4.00	4.00
Labour cases*	167.20	226.73
Sales Tax / VAT cases (refer note (vii) below)	19.32	342.65

\*in view of large number of cases, it is impracticable to disclose each case

Notes :

- Includes income tax demand of Rs.162.22 million in respect to Assessment Year 2005-06. The Income Tax Department had issued demand based on certain grounds related to purchases made by the Company from an overseas vendor. The matter was decided in favour of the Company and the demand was cancelled by CIT (Appeals). However, the Income Tax Department has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the order of CIT (Appeals) which is pending at present. The Company believes that it has merit in these cases, hence no provision is required.
- A search operation was conducted by the Income Tax Department in the premises of the Company in January 2012 and hence the Company had re-filed the income tax returns for the Assessment Year 2006-07 to 2012-13. During the year ended March 31, 2015, the Income Tax Department completed the assessment of the said years, disallowed certain expenses and issued demand of Rs.3,294.90 million (including interest) on various grounds. The Company preferred appeals before the CIT (Appeals) against the orders of the Income Tax Department. The appeals were decided in favour of the Company and the demand was cancelled. However, CIT (Appeals) has made certain disallowances with respect to Assessment Year 2010-11 and 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. Based on legal advice, the Company believes that it has merits in these cases, hence no provision is required.
- The Income Tax Department issued a demand of Rs.5.74 million in respect of Assessment Year 2009-10 on the Company due to non-deduction of withholding tax on payment made to a non-resident person towards purchase of immovable property. The Company filed an appeal before CIT (Appeals) against the order of department but the CIT (Appeals) gave its decision in favour of the department. The Company filed an appeal



## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

before Income Tax Appellate Tribunal (ITAT) against the order of CIT (Appeals). During F.Y. 2020-21, the Company has moved an application under the "Vivad Se Vishwas Scheme" for settlement of the case. The application of the Company was accepted by Income Tax Department under the scheme and the matter has been settled in financial year 2021-22 on payment of income tax of Rs.3.57 million and the amount of interest was waived off under the scheme.

- iv) The Income Tax Department has raised a demand of Rs.33.69 million in respect of Assessment Year 2016-17 based on transfer pricing order passed by Dispute Resolution Panel. The demand was raised on purchase of certain goods by the Company from its associated enterprise wherein, according to Income Tax Department, arms length price adjustment was warranted. The company has filed appeal before Income Tax Appellate Tribunal against the order passed by the Income Tax Department. The Company believes that it has merits in these cases, hence no provision is required.
- v) The Income Tax Department has levied a penalty of Rs.0.40 million in respect of Assessment Year 2017-18 on account of additions made in assessment order passed for the said year. The company has filed an appeal before CIT (Appeals) against the order passed by the Income Tax Department. The Company believes that it has merits in these cases, hence no provision is required.
- vi) In respect of custom duty demand, the Assessing Officer levied custom duty on certain exempted items imported by the Company. The Company has deposited the entire amount of demand under protest amounting to Rs.4.00 million and the matter is pending before the Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"). The Company believes that it has merit in its case, hence no provision is required.
- vii) In respect of sales tax / VAT demands for Ahmedabad, Lucknow, Patna, Guwahati and Pune, the department has disallowed certain credit notes and non submission of statutory forms etc. The Company believes that it has merit in these cases and hence no provision is required.

During the year, Delhi VAT case for financial year 2016-17 with respect to total demand of Rs.325.97 million has been settled by Department upon payment of VAT of Rs.0.23 million.

- viii) 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 ("MOHFW"). 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.74.10 million expired. Further, the Company had also received an advance market commitment ("AMC") amounting to Rs.100.00 million against these vaccines. The refund of the advance so received (after adjusting the amount receivable against the vaccines already supplied) was demanded back by MOHFW 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. The arbitration award was pronounced in favour of the Company on March 14, 2019, vide which MOHFW was directed to pay the applicable amount for vaccine supplied/offered for supply along with interest. MOHFW has again filed an appeal before Hon'ble Delhi High Court raising certain objections against the award, which was dismissed by the Hon'ble Court. MOHFW has filed an appeal against such order before the Division Bench of the Hon'ble Delhi High Court which is currently pending before the same. The Company's application for execution of award is currently pending before the Hon'ble Delhi High Court. The Company believes that the outcome of this matter will not have any material adverse impact on the financial position of the Company.

### (B) Capital commitments

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, 2022	As at March 31, 2021
Property, plant and equipment	46.23	49.26

### 40 Leases

Company as a lessee : The Company does not have any long-term non-cancellable leases as on March 31, 2022 (March 31, 2021 : Nil)

Company as a lessor :

Operating leases

The Company had entered into operating leases on its investment property portfolio consisting of certain office, guest house, warehouse, manufacturing buildings etc. These leases have terms of 20 years. All leases include a clause for upward revision of the rental charge by 5% on an annual basis according to prevailing market conditions. Rental income recognised by the Company from above said lease agreements is Rs.36.45 million (March 31, 2021: Rs.71.51 million).

Further, the Company has terminated all long term lease agreements w.e.f. March 31, 2022 and entered into some new short term (less than one year) operating lease agreements.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Within one year	-	43.27
After one year but not more than five years	-	195.84
More than five years	-	1,064.37
Total	-	1,303.48

Note: refer note 2.3 for investment property.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### 41 Details of loans and advances, in the ordinary course of business, to subsidiaries and companies in which directors are interested:

(as required under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 (4) of the Companies Act, 2013.)

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Loans to wholly owned subsidiaries (including accrued interest)		
Meyten Realtech Private Limited	0.80	0.30
Panacea Biotec (International) S.A.	96.79	89.74
Panacea Biotec Germany GmbH	319.42	296.15
	417.01	386.19
b) Maximum amount due at any time during the year		
Meyten Realtech Private Limited	0.80	0.30
Panacea Biotec (International) S.A.	96.79	89.74
Panacea Biotec Germany GmbH	319.42	296.15
	417.01	386.19
c) Allowance for doubtful advances on above loan and interest receivable	416.21	385.89

Note: The above loans have been given for business purposes. The Company has not given any loan to Promoters' Directors and KMPs. Further no loan have been granted to relates party which are repayable on demand or without specifying the terms or period of repayment.

### 42 Research and development expenditure

Research and development expenditure incurred by the Company during the financial year are mentioned below:

(Rs. in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue expenditure		
Material consumed	1.45	8.68
Employee benefits expense	46.70	42.27
Other expenses	56.94	74.67
Depreciation and amortisation expense	33.65	37.30
Capital expenditure	19.00	35.95
Total	157.74	198.87

### 43 Related party disclosures

A. List of related parties and relationship with whom transactions have taken place:

i) Parties where control exists

(a) Wholly owned subsidiaries (WOS):

- Panacea Biotec Pharma Limited ("PBPL")
- Panacea Biotec (International) SA ("PBS"), Switzerland
- Panacea Biotec Germany GmbH ("PBG"), Germany (Indirect WOS ("IWOS") through PBS)
- Meyten Realtech Private Limited ("Meyten")
- Radhika Heights Limited ("RHL") (WOS upto September 10, 2020)
- Ravinder Heights Limited ("RVHL") (WOS upto September 10, 2020)
- Cabana Construction Private Limited (IWOS through RHL upto September 10, 2020)
- Cabana Structures Limited (IWOS through RHL upto September 10, 2020)
- Nirmala Buildwell Private Limited (IWOS through RHL upto September 10, 2020)
- Nirmala Organic Farms & Resorts Private Limited (IWOS through RHL upto September 10, 2020)
- Radicura Infra Limited (IWOS through RHL upto September 10, 2020)
- Sunanda Infra Limited (IWOS through RHL upto September 10, 2020)

(b) Subsidiaries\*:

Adveta Power Private Limited ("Adveta")

PanEra Biotec Private Limited ("PanEra")

\* considered as a subsidiary for the purpose of consolidation as per Ind AS 110.

ii) Other related parties:

(a) Joint Venture:

Chiron Panacea Vaccines Private Limited ("CPV") (Under liquidation)

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(b) Key Management Personnel:

- Mr. Soshil Kumar Jain - Chairman and Whole-time Director
- Dr. Rajesh Jain - Managing Director
- Mr. Sandeep Jain - Joint Managing Director
- Mrs. Sunanda Jain - Whole-time Director (upto October 7, 2020) (KMP's relative having transaction from November 14, 2020 to March 14, 2022)
- Mr. Sumit Jain - Whole-time Director designated as Director Operations & Projects (upto October 7, 2020) (KMP's relative having transaction from November 14, 2020 to August 13, 2021)
- Mr. Ankesh Jain - Whole-time Director designated as Director Sales & Marketing
- Mr. R. L. Narasimhan - Non-Executive Independent Director
- Mr. N. N. Khamitkar - Non-Executive Independent Director
- Mr. K. M. Lal - Non-Executive Independent Director
- Mrs. Manjula Upadhyay - Non-Executive Independent Director
- Mr. Mukul Gupta - Non-Executive Independent Director
- Mr. Ashwini Luthra - Non-Executive Independent Director (upto July 10, 2021)
- Mr. Bhupinder Singh - Non-Executive Independent Director
- Mr. Shantanu Yeshwant Nalavadi - Non-Executive Director (upto March 9, 2022)
- Mr. Vinod Goel - Group CFO and Head Legal & Company Secretary
- Mr. Devender Gupta - Chief Financial Officer & Head Information Technology

(c) Enterprises over which Person(s) (having control or significant influence over the Company / Key management personnel(s), along with their relatives) are able to exercise significant influence:

- Neophar Alipro Limited ("Neophar")
- Lakshmi & Manager Holdings Limited ("LMH") (upto October 7, 2020),
- Trinidad Finance Private Limited ("Trinidad") (subsidiary of LMH upto October 7, 2020)
- Best General Insurance Company Limited (subsidiary of LMH) (upto October 7, 2020)
- First Lucre Partnership Co. (holding shares in the Company)
- White Pigeon Estate Private Limited (upto October 7, 2020)
- OKI Estate Private Limited (upto October 7, 2020)
- Panacea Life Sciences Limited (upto October 7, 2020)
- RHL (from September 11, 2020)
- RVHL (from September 11, 2020)
- Cabana Construction Private Limited (from September 11, 2020)
- Cabana Structures Limited (from September 11, 2020)
- Nirmala Buildwell Private Limited (from September 11, 2020)
- Nirmala Organic Farms & Resorts Private Limited (from September 11, 2020)
- Radicura Infra Limited (from September 11, 2020)
- Sunanda Infra Limited (from September 11, 2020)
- MR Lex Corp LLP

(d) Other 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 Mrs. Sunanda Jain, (upto October 7, 2020)
- Mrs. Radhika Jain, daughter of Mrs. Sunanda Jain, (upto October 7, 2020)
- Mrs. Shilpy Jain, wife of Mr. Sumit Jain and daughter-in-law of Mrs. Sunanda Jain, (upto October 7, 2020)
- Mr. Harshet Jain, son of Dr. Rajesh Jain and brother of Mr. Ankesh Jain

B. Transactions with related parties:

(Rs. in million)

S. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
I	Transactions made during the year		
a)	Purchase of goods/materials		
	PanEra	-	0.40
	PBPL	7.61	933.26
b)	Purchase of property, plant and equipment		
	PBPL	0.73	4.52
c)	Sale of goods/material		
	PBGG	-	2.01
	PBPL	1.54	35.11
d)	Sale of property, plant and equipment		
	PBPL	1.50	-

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(Rs. in million)

S. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
e)	Reimbursement of expenses		
	PBPL	7.12	5.91
f)	Recovery of expenses		
	PBPL	9.50	10.88
	RVHL	0.66	0.00
g)	Rent expense		
	RHL	6.92	6.92
h)	Rent income		
	Adveta	0.06	0.06
	CPV	-	0.36
	Meyten	0.02	0.04
	PanEra	0.16	0.16
	PBPL	49.67	47.40
	RHL	0.05	0.18
	RVHL	0.01	0.02
	Neophar	0.18	0.18
	Trinidhi	-	0.09
i)	Interest income		
	PBS	7.05	6.77
	PBGG	23.28	22.30
	Meyten	0.07	0.00
j)	Interest expense		
	PBPL	1.42	-
	RHL	19.73	20.76
	Mr. Soshil Kumar Jain	13.67	12.60
	Dr. Rajesh Jain	17.94	14.96
	Mrs. Sunanda Jain	1.95	2.05
k)	Provision for doubtful allowance		
	PBS	7.05	6.77
	PBGG	23.28	22.30
l)	Loan given		
	Meyten	0.50	0.20
m)	Loan received		
	PBPL	500.00	-
	Dr. Rajesh Jain	-	52.00
n)	Short-term employee benefits		
	Mr. Soshil Kumar Jain	11.48	11.20
	Mrs. Sunanda Jain	-	2.79
	Dr. Rajesh Jain	7.77	7.42
	Mr. Sandeep Jain	7.21	6.95
	Mr. Sumit Jain	-	2.18
	Mr. Ankesh Jain	2.77	2.63
	Mr. Vinod Goel	6.78	5.37
	Mr. Devender Gupta	5.59	3.99
	Mr. Ashwani Jain	2.96	2.99
	Mrs. Radhika Jain	-	2.11
	Mr. Harshet Jain	0.75	0.69
o)	Directors' sitting fees		
	Mr. R. L. Narasimhan	0.33	0.31
	Mr. N. N. Khamitkar	0.31	0.30
	Mr. K. M. Lal	0.33	0.32
	Mrs. Manjula Upadhyay	0.25	0.20
	Mr. Mukul Gupta	0.25	0.25
	Mr. Ashwini Luthra	0.05	0.25
	Mr. Bhupinder Singh	0.25	0.25
p)	Legal and professional expense		
	MR Lex Corp LLP	0.61	0.39
	Mrs. Shilpy Jain	-	0.68
	Mr. Sumit Jain	-	1.00
	Mrs. Sunanda Jain	1.71	1.05
q)	Repayment of loans		
	RHL	245.02	-
	Mrs. Sunanda Jain	21.57	-



## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(Rs. in million)

S. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
II	Year end balances		
a)	Loans given		
	Meyten	0.80	0.30
	PBS	89.73	74.68
	PBGG	296.14	246.50
b)	Loans received		
	PBPL	500.00	-
	RHL	-	245.02
	Mr. Soshil Kumar Jain	125.21	125.21
	Dr. Rajesh Jain	172.02	172.02
	Mrs. Sunanda Jain	-	21.57
c)	Interest accrued on loans given		
	Meyten	0.09	0.00
	PBS	7.05	15.06
	PBGG	23.28	49.64
d)	Interest accrued on loans received		
	PBPL	1.28	-
	Mr. Soshil Kumar Jain	34.44	22.14
	Dr. Rajesh Jain	9.73	23.89
e)	Allowance for doubtful loans (including accrued interest)		
	PBS	96.78	89.74
	PBGG	319.42	296.14
f)	Trade receivables		
	PBGG	1.05	1.07
	Meyten	0.11	0.09
	RVHL	0.76	0.09
	Adveta	0.32	0.25
	Trinidhi	0.10	0.10
	RHL	1.06	0.99
g)	Advances to suppliers		
	PanEra	43.13	43.30
h)	Allowance for doubtful receivable		
	PBGG	1.05	1.07
	PanEra	43.13	43.30
i)	Provision for impairment for investment		
	PanEra	4.20	4.20
	PBS	34.36	34.36
j)	Trade payables		
	PBGG	2.02	0.20
	PBPL	142.05	162.21
	RHL	16.38	8.90
	Mrs. Shilpy Jain	-	0.05
	Mr. Sumit Jain	-	0.20
	Mrs. Sunanda Jain	-	0.21
	MR Lex Corp LLP	0.51	0.20
k)	Investments		
	Adveta	0.90	0.90
	Meyten	0.10	0.10
	PanEra	4.20	4.20
	PBPL	1.00	1.00
	PBS	34.36	34.36
l)	Post-employment benefits		
	Mr. Soshil Kumar Jain	17.61	17.15
	Dr. Rajesh Jain	9.16	9.46
	Mr. Sandeep Jain	8.27	8.60
	Mrs. Sunanda Jain	-	1.02
	Mr. Sumit Jain	-	2.75
	Mr. Ankesh Jain	0.80	0.80
	Mr. Vinod Goel	1.65	1.57
	Mr. Devender Gupta	1.01	0.91
	Mr. Ashwani Jain	2.00	2.00
	Mrs. Radhika Jain	-	0.58
	Mr. Harshet Jain	0.04	0.02

Note: The Company intends to continue to provide necessary financial support to its subsidiaries as and when needed, so as to ensure they continue their operations as going concern in foreseeable future.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### 44 Assets mortgaged/hypothecated as security for borrowings:

(Rs. in million)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>Non-current assets</b>			
a) Property, plant and equipment	2.1	3.69	3,979.30
b) Capital work-in-progress	2.2	-	129.29
c) Investment properties	2.3	-	658.08
d) Other intangible assets	2.4	-	5.13
e) Intangible assets under development	2.5	-	0.38
f) Financial assets			
(i) Loans	4	-	0.30
(ii) Other financial assets	5	-	53.91
g) Other non-current assets	8	-	132.30
Total non-current assets		3.69	4,958.69
<b>Current assets</b>			
a) Inventories	9	-	870.37
b) Financial assets			
(i) Trade receivables	10	-	352.92
(ii) Cash and cash equivalents	11	-	86.56
(iii) Bank balances other than cash and cash equivalents	12	-	803.06
(iv) Loans	13	-	9.62
(v) Others financial assets	14	-	65.59
c) Other current assets	15	-	369.90
Total current assets		-	2,558.02
Assets classified as held for sale	36	-	367.46
Total assets mortgaged/hypothecated as security		3.69	7,884.17

Note: During the year, the Company and/or PBPL repaid all its debts against which all the above assets had been mortgaged/ hypothecated. With effect from March 3, 2022, all the above assets are free of charge, except on vehicle financed from Axis Bank (refer note 18 & 50).

### 45 Employee benefits obligations

#### A. Defined benefit plan

Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

Salary increases:	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk:	If plan is funded than assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate risk:	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability risk:	Death and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals risk:	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

#### Gratuity (funded)

The Company provides for gratuity for employees in India as per the Payments of Gratuity Act, 1972 to employees who are in continuous service for a period of 5 years. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan, the Company makes contributions to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The weighted average duration of the defined benefit obligation as at March 31, 2022 is 13.65 years (March 31, 2021: 13.93 years).

The Company expects to contribute Rs.15.34 million (March 31, 2021: Rs.14.38 million) towards gratuity during next year.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	(Rs. in million)	
	<b>As at March 31, 2022</b>	As at March 31, 2021
a. Reconciliation of present value of defined benefit obligation and the fair value of plan assets		
Present value of defined benefit obligation as at the end of the year	121.54	112.26
Fair value of plan assets as at the end of the year	47.92	41.20
Net liability position recognised in balance sheet	<u>73.62</u>	<u>71.06</u>
b. Changes in defined benefit obligation		
Present value of defined benefit obligation as at the start of the year	112.26	107.97
Interest cost	7.58	7.31
Current service cost	9.76	8.74
Past service cost	-	0.80
Benefits paid	(3.17)	(10.44)
Actuarial (gain) on defined benefit obligations	(4.89)	(2.12)
Present value of defined benefit obligation as at the end of the year	<u>121.54</u>	<u>112.26</u>
c. Net interest cost		
Interest cost on defined benefit obligation	7.58	7.31
Interest income on plan assets	2.78	1.52
Net interest cost	<u>4.80</u>	<u>5.79</u>
d. Amount recognised in the statement of profit and loss		
Current service cost	9.76	8.74
Net interest cost	4.80	5.79
Amount recognised in the statement of profit and loss	<u>14.56</u>	<u>15.33</u>
e. Change in plan assets		
Fair value of the plan assets at the beginning of the year	41.08	22.42
Employer contribution	6.95	6.26
Actual return on plan assets	3.14	2.82
Adjustment in opening funds	0.11	17.67
Fund management charges	(0.19)	(0.25)
Benefits paid for eligible employees	(3.17)	(7.84)
Fair value of the plan assets at the end of the year	<u>47.92</u>	<u>41.08</u>
f. Key categories of plan assets as a percentage of the fair value of total plan assets for gratuity:		
Investment with insurer	100%	100%
g. Other comprehensive income:		
Actuarial loss on arising from change in demographic assumption	-	-
Actuarial gain arising from change in financial assumption	(4.94)	-
Actuarial gain arising from experience adjustment	0.06	(2.10)
Actuarial gain arising on plan assets	(0.16)	(18.84)
Total actuarial gain for the year	<u>(5.04)</u>	<u>(20.94)</u>
h. Actuarial assumptions:		
Discount rate	7.26%	6.76%
Future salary increase	6.00%	6.00%
i. Demographic Assumption:		
Retirement age (years)	60	60
Mortality rates inclusive of provision for disability	100% of IALM (12-14)	100% of IALM (12-14)
Withdrawal Rate (%)		
Ages		
Up to 30 years	10.00	10.00
From 31 to 44 years	5.00	5.00
Above 44 years	1.00	1.00
j. Sensitivity analysis for gratuity liability:		
Impact of the change in discount rate		
a) Impact due to increase of 0.50%	(4.69)	(4.69)
b) Impact due to decrease of 0.50%	5.07	5.07
Impact of the change in salary increase		
a) Impact due to increase of 0.50%	4.34	4.44
b) Impact due to decrease of 0.50%	(4.12)	(4.19)
k. Maturity profile of defined benefit obligation:*		
Within next 12 months	5.12	26.45
Between 1-5 years	34.61	35.61
Beyond 5 years	58.07	50.20
* The cash flows disclosed are discounted.		

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### B. Defined contribution plans

The Company's contribution to state governed provident fund are considered as defined contribution plans. The contribution for the current year is Rs.20.42 million (March 31, 2021: Rs.15.89 million) and under the schemes is recognised as an expense, when an employee renders the related service. There are no other obligations of the Company, other than the contribution payable to the respective funds.

## 46 Fair value measurements

### A. Financial assets and liabilities

The carrying amounts and fair values of financial instruments by class are as follows:

As at March 31, 2022				(Rs. in million)
Particulars	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	
<b>Financial assets</b>				
(i) Investments	0.70	-	-	
(ii) Trade receivables	-	-	233.21	
(iii) Cash and cash equivalents	-	-	53.32	
(iv) Bank balances other than cash and cash equivalents	-	-	373.53	
(v) Loans	-	-	9.27	
(vi) Others financial assets	-	-	24.41	
<b>Total</b>	<b>0.70</b>	<b>-</b>	<b>693.74</b>	
<b>Financial liabilities</b>				
(i) Borrowings	-	-	841.55	
(ii) Trade payables	-	-	1,684.25	
(iii) Other financial liabilities	-	-	47.37	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,573.17</b>	

As at March 31, 2021				(Rs. in million)
Particulars	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	
<b>Financial assets</b>				
(i) Investments	0.70	-	-	
(ii) Trade receivables	-	-	352.92	
(iii) Cash and cash equivalents	-	-	86.56	
(iv) Bank balances other than cash and cash equivalents	-	-	803.06	
(v) Loans	-	-	9.92	
(vi) Others financial assets	-	-	119.50	
<b>Total</b>	<b>0.70</b>	<b>-</b>	<b>1,371.96</b>	
<b>Financial Liabilities</b>				
(i) Borrowings	-	-	650.82	
(ii) Trade payables	-	-	1,240.60	
(iii) Other financial liabilities	-	-	69.46	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,960.88</b>	

Investment in subsidiaries amounting to Rs.40.56 million (March 31, 2021: Rs.40.56 million) are measured at cost as per Ind AS 27, 'Separate Financial Statements' and hence, not presented here.

### B. Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

The different levels of fair value have been defined below:

Level 1: Quoted prices (unadjusted) in an active market for financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

### B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2022				(Rs. in million)
	Level 1	Level 2	Level 3	
Investments	-	0.70	-	
As at March 31, 2021				
Investments	-	0.70	-	



## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

**B.2** Financial assets and liabilities are measured at amortised cost. All the financial assets and liabilities valued at amortised cost form part of Level 3 of hierarchy table. Further, the carrying amounts of trade receivables, cash and cash equivalents, consignment debtors, interest accrued, other receivables, other bank balances, trade payables, employee payables and other current payables are considered to be the same as fair values, due to their short term nature. The fair value of all financial assets and financial liabilities, approximates the amortised cost due to their short term nature. They are classified as level 3 fair value in the fair value hierarchy due to the inclusion of unobservable inputs, including own credit risk. The fair value of loans to employees and security deposits approximates the carrying amount.

### 47 Financial risk management

#### Risk management framework

The Company's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

#### A. Credit risk

Credit risk is the risk that a counter party fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counter parties and incorporates this information into its credit risk controls.

#### A.1 Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets:

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

The Company provides for expected credit loss based on the following:

Asset Company	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, bank balances other than cash and cash equivalents, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables	Life time expected credit loss or 12 month expected credit loss*
High credit risk	Trade receivables and loans	Life time expected credit loss or fully provided for

\*In respect of trade receivables, the Company recognises a provision for lifetime expected credit losses

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

Particulars	Credit rating	(Rs. in million)	
		As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	A: Low credit risk	53.32	86.56
Bank balances other than cash and cash equivalents	A: Low credit risk	373.53	803.06
Loans	A: Low credit risk	9.27	9.92
Other financial assets	A: Low credit risk	24.41	119.50
Trade receivables	B: Medium credit risk	233.21	352.92
Trade receivables	C: High credit risk	17.50	24.62
Loans	C: High credit risk	1,001.37	971.04

#### Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become two year past due.

### Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

### A.2 Expected credit losses for financial assets other than trade receivables

The Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the Company is in possession of the underlying asset. However, in respect of loans comprising loans to related parties, credit risk is evaluated on the basis of credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. In respect of other financial assets, credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. The Company does not have any expected loss based impairment recognised (except in case of loans to related parties) on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

As at March 31, 2022 (Rs. in million)

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment
Cash and cash equivalents	53.32	-	-	53.32
Bank balances other than cash and cash equivalents	373.53	-	-	373.53
Loans to:				
- related parties	1,002.17	99.92%	1,001.37	0.80
- others	8.47	-	-	8.47
Other financial assets	24.41	-	-	24.41

As at March 31, 2021 (Rs. in million)

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment
Cash and cash equivalents	86.56	-	-	86.56
Bank balances other than cash and cash equivalents	803.06	-	-	803.06
Loans to:				
- related parties	971.34	99.97%	971.04	0.30
- others	9.62	-	-	9.62
Other financial assets	119.50	-	-	119.50

Reconciliation of loss allowance (Rs. in million)

Particulars	Amount
Loss allowance as on April 1, 2020	941.97
Expected loss recognised/(reversed) during the year	29.07
Loss allowance as on March 31, 2021	971.04
Expected loss recognised/(reversed) during the year	30.33
Loss allowance as on March 31, 2022	1,001.37

### A.3 Expected credit loss for trade receivables under simplified approach

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein the Company has defined percentage of provision by analysing historical trend of default relevant to each category of customer based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met). Further, the Company has other trade receivables for Rs.147.52 million (March 31, 2021:

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

Rs.169.91 million) against which it is carrying unsecured payables for corresponding amount for those default criteria are not met and are not included in the below table.

As at March 31, 2022

(Rs. in million)

Particulars	Not Due	Post Due Date					More than 730 days	Total
		0-30 days	31-90 days	91-182 days	183-365 days	366-730 days		
Gross carrying amount	78.79	-	3.08	0.16	0.89	5.25	15.02	103.19
Expected loss rate	0.33%	0.48%	-	2.24%	-	42.30%	100.00%	16.96%
Expected credit loss	0.26	-	-	0.00	-	2.22	15.02	17.50
Carrying amount (net of impairment)	78.53	-	3.08	0.16	0.89	3.03	-	85.69

As at March 31, 2021

(Rs. in million)

Particulars	Not Due	Post Due Date					More than 730 days	Total
		0-30 days	31-90 days	91-182 days	183-365 days	366-730 days		
Gross carrying amount	142.87	36.14	-	1.17	3.86	-	23.59	207.63
Expected loss rate	0.36%	0.48%	-	7.20%	6.70%	-	100.00%	11.86%
Expected credit loss	0.51	0.17	-	0.08	0.26	-	23.59	24.62
Carrying amount (net of impairment)	142.36	35.97	-	1.09	3.60	-	-	183.01

Changes in allowance for trade receivables

(Rs. in million)

Particulars	Amount
As at April 1, 2020	6.39
Movement during the year	18.23
As at March 31, 2021	24.62
Movement during the year	(7.12)
As at March 31, 2022	17.50

### B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

#### B.1 Contractual maturities of financial liabilities

The tables below analyse the Company's financial liabilities based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at March 31, 2022

(Rs. in million)

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings including interest thereon	72.60	27.46	324.69	944.76	1,369.51
(ii) Trade payables	1,684.25	-	-	-	1,684.25
(iii) Other financial liabilities	0.96	-	-	-	0.96
Total	1,757.81	27.46	324.69	944.76	3,054.72

As at March 31, 2021

(Rs. in million)

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings including interest thereon	56.33	32.70	32.25	936.63	1,057.91
(ii) Trade payables	1,240.60	-	-	-	1,240.60
(iii) Other financial liabilities	0.98	-	-	-	0.98
Total	1,297.91	32.70	32.25	936.63	2,299.49

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

### C. Market risk

#### (I) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate related primarily to the Company's non-current and current debt obligations financed with fixed interest rate. The Company always try to ensure minimum cash outflows. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility (the loans are repaid in the current year).

In view of above, the Company is not exposed to fluctuations in interest rate risk on borrowings.

#### (II) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO, JPY, CAD, GBP, KZT, CHF, SEK and THB. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. The Company does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes.

#### (a) Foreign currency denominated financial assets and liabilities, translated at the closing rate:

Particulars in Foreign currency	As at March 31, 2022			As at March 31, 2021		
	Amount in foreign currency	Closing rate*	Amount in reporting currency (Rs. in million)	Amount in foreign currency	Closing rate*	Amount in reporting currency (Rs. in million)
<b>Financial assets</b>						
Balance with banks						
United States Dollar (USD)	224,847	75.79	17.04	210,003	73.11	15.35
Kazakhstan Tenge (KZT)	52,110	0.21	0.01	52,110	0.21	0.01
Interest receivable						
United States Dollar (USD)	400,193	75.79	30.33	397,522	73.10	29.06
Investment in subsidiaries <sup>#</sup>						
Swiss Franc (CHF)	632,911	54.29	34.36	632,911	54.29	34.36
Loan to subsidiaries <sup>#</sup>						
United States Dollar (USD)	18,431,847	52.68	971.04	18,034,325	52.23	941.93
Foreign trade receivable						
Euro (EUR)	1,024,044	83.99	86.01	1,656,809	85.77	142.10
United States Dollar (USD)	1,863,093	75.79	141.20	2,719,907	73.10	198.83
Financial liabilities						
Foreign trade payable						
United States Dollar (USD)	9,744,832	75.79	738.61	2,511,826	73.11	183.64
Euro (EUR)	1,192,378	84.08	100.25	998,155	85.83	85.67
Pound Sterling (GBP)	36,064	99.79	3.60	35,002	100.86	3.53
Japanese Yen (JPY)	2,722,810	0.63	1.70	2,722,810	0.66	1.80
Swedish Krona (SEK)	16,820	8.08	0.14	16,820	8.38	0.14
Canadian Dollar (CAD)	43,428	60.77	2.64	43,428	58.26	2.53
Thai Baht (THB)	5,547	2.28	0.01	5,547	2.34	0.01
Net exposure						
United States Dollar (USD)	11,175,147	-	421.01	18,849,930	-	1,001.53
Euro (EUR)	(168,335)	-	(14.24)	658,654	-	56.43
Pound Sterling (GBP)	(36,064)	-	(3.60)	(35,002)	-	(3.53)
Swiss Franc (CHF)	632,911	-	34.36	632,911	-	34.36
Thai Baht (THB)	(5,547)	-	(0.01)	(5,547)	-	(0.01)
Swedish Krona (SEK)	(16,820)	-	(0.14)	(16,820)	-	(0.14)
Canadian Dollar (CAD)	(43,428)	-	(2.64)	(43,428)	-	(2.53)
Kazakhstan Tenge (KZT)	52,110	-	0.01	52,110	-	0.01
Japanese Yen (JPY)	(2,722,810)	-	(1.70)	(2,722,810)	-	(1.80)

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

<sup>#</sup> Measured at historical cost.



## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(b) Sensitivity analysis of change in rates of material foreign currencies on profit/(loss) after tax and equity (Rs. in million)			
Particulars	+/(-) in basis points	Impact on Profit/(loss) for the year ended	
		March 31, 2022	March 31, 2021
United States Dollar (USD)	+ 200	5.48	13.03
	- 200	(5.48)	(13.03)
Euro (EUR)	+ 500	(0.46)	1.84
	- 500	0.46	(1.84)
Pound Sterling (GBP)	+ 500	(0.12)	(0.11)
	- 500	0.12	0.11
Japanese Yen (JPY)	+ 200	(0.02)	(0.02)
	- 200	0.02	0.02
Swiss Franc (CHF)	+ 200	0.45	0.45
	- 200	(0.45)	(0.45)

### 48 Capital management policies

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position recognised in other comprehensive income.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Company are summarised as follows:

(Rs. in million)		
Particulars	As at March 31, 2022	As at March 31, 2021
Non-current borrowings including interest accrued on borrowings	887.45	689.29
Current borrowings	0.51	30.01
Less: Cash and cash equivalents	(53.32)	(86.56)
Net debt	834.64	632.74
Total equity	4,150.94	5,081.66
Net debt to equity ratio	20.11%	12.45%

### 49 Reconciliation of liabilities arising out of financing activities

The changes in the Company's liabilities arising from financing activities are classified as follows:

For the year ended March 31, 2022 (Rs. in million)			
Particulars	Long term borrowings*	Short term borrowings	Total
As at April 1, 2021	650.82	-	650.82
Cash changes:			
- Proceeds	502.96	-	502.96
- Repayment	(319.20)	-	(319.20)
Other non-cash changes			
- Interest on financial liability component of compound financial instruments	6.97	-	6.97
As at March 31, 2022	841.55	-	841.55

\* including current maturities of long term borrowings

For the year ended March 31, 2021 (Rs. in million)			
Particulars	Long term borrowings*	Short term borrowings	Total
As at April 1, 2020	636.77	35.68	672.45
Cash changes:			
- Proceeds	52.00	-	52.00
- Repayment	(43.46)	(35.68)	(79.14)
Other non-cash changes			
- Interest on financial liability component of compound financial instruments	5.51	-	5.51
As at March 31, 2021	650.82	-	650.82

\* including current maturities of long term borrowings

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

- 50 a) The Board of Directors of the Company and Panacea Biotec Pharma Limited ("PBPL") in their respective meetings held on February 01, 2022, have approved sale of PBPL's pharmaceutical formulations brands in India and Nepal including related trademarks, copyrights etc., including identified employees to Mankind Pharma Limited (the "Buyer") for a consideration of Rs.18,720.00 million plus applicable taxes. The said transaction was approved by the shareholders of PBPL and the Company in their respective meetings held on February 23, 2022 and February 26, 2022 respectively. Subsequently, the Company and PBPL signed the Definitive Agreements including the asset purchase agreement with the Buyer on February 28, 2022. Out of the total consideration, PBPL has recognised revenue of Rs.16,762.06 million which is shown as an "Exceptional Item" in the Statement of Profit and Loss. The remaining consideration of Rs.1,957.94 million would be recognised as revenue in subsequent years and is shown as contract liability.
- b) On March 3, 2022, the Company's WOS PBPL has repaid Rs.10,980.77 million to redeem its outstanding liability of non-convertible debentures ('NCDs') of Rs.7,544.45 million along with a redemption premium of Rs.3,436.32 million. Consequently, PBPL has become a debt free Company. Subsequently, the mortgage and hypothecated charge created earlier in favour of Vistra (ITCL) India Limited (acting as trustee on behalf of debenture holders) to secure the aforesaid NCDs, which included the guarantees issued by the Company, promoters and directors of the Company, has been released.
- 51 For the financial year ended March 31, 2022, the Company has incurred loss before tax of Rs.935.76 million (year ended March 31, 2021: loss of Rs.128.52 million) from the continuing operations. The Company has already taken various measures aimed at improving the financial condition of the Company, inter-alia, sale of pharmaceutical formulation brands, as explained in Note 50 above, which enabled PBPL to repay its outstanding dues of Non-Convertible Debenture (NCDs) and retain sufficient surplus to fund its existing projects and operations and also help the Group to enter new market and expediting development of new products. The surplus funds with the Group will also strengthen the working capital position and scaling up its vaccine business in India and global markets and the pharmaceutical formulations business in international markets including ROW countries, USA / EU, etc. Based on these measures and continuous efforts to improve the business performance, the management has prepared the financial statements on going concern basis.
- 52 In view of the Company's decision to make the structure of overseas subsidiaries more efficient and aligned to business objectives and to save management and administrative expenses thereof, the Company has decided to wind up Panacea Biotec (International) SA ("PBS") in due course. Accordingly, the Company has created Provision for impairment on its investment in PBS. Owing to accumulated losses in PBS and its wholly-owned subsidiary, Panacea Biotec Germany GmbH (PBGG), the Company has continued to maintain the provision for bad and doubtful advances in respect of the loans receivable and accrued interest from PBS and PBGG aggregating to Rs.96.78 million and Rs.319.42 million, respectively, as on March 31, 2022 (March 31, 2021: Rs.89.73 million and Rs.296.73 million, respectively). The Company has applied with the authorized dealer to seek permission from Reserve Bank of India for writing off an amount of Rs.585.16 million which was receivable from the Company's wholly owned subsidiary Rees Investment Limited, which was compulsorily liquidated and dissolved by the authorities of Guernsey on May 23, 2019. Pending such approval, the Company is continuing to maintain the provision for bad and doubtful advances of Rs.585.16 million (March 31, 2021: Rs.585.16 million) in respect of the loan and accrued interest receivable from Rees.
- 53 During the current year, PBPL has decided to merge Adveta Power Private Limited and PanEra Biotec Private Limited with itself by way of Scheme of Arrangement subject to applicable approval in due course of time.
- 54 Additional regulatory information required by schedule III under Companies Act, 2013:
- (i) The Company does not have any Benami Property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
  - (ii) The Company does not have any transactions with struck off companies.
  - (iii) The Company does not have any charges or satisfaction of charge which is yet to be registered with Registrar of Companies beyond the statutory period.
  - (iv) The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.
  - (v) The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
    - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
  - (vi) The Company has not received any fund from any other person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party; or
    - provide any guarantee, security or the like to or on behalf of the Funding Party.
  - (vii) The Company has not entered into any transaction which is not recorded into the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
  - (viii) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.
  - (ix) The Company has complied with the number of layers prescribed under Section 2 (87) of the Act read with the Companies (Restriction on Number of Layers) Rules, 2017.
  - (x) No scheme of arrangements has been approved by the Competent Authority in term of sections 230 to 237 of the Companies Act, 2013, during the year.

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

(xi) The Company does not have any borrowings from banks or financial institutions against security of its current assets.

### 55 Analytical Ratios are as follows:

Ratio	Numerator	Denominator	2021-22	2020-21	Variance in (%)
Current Ratio (in times) <sup>a</sup>	Total current Assets	Total current liabilities	1.02	1.29	(21.25)%
Debt equity ratio (in times) <sup>b</sup>	Debt consists of borrowings and accrued interest	Total equity	0.21	0.14	51.13%
Debt service coverage ratio (in times) <sup>c</sup>	Earnings for Debt service	Debt Service	(5.55)	1.56	(455.97)%
Return on equity ratio (%) <sup>d</sup>	Net Profits after Taxes	Average Shareholders' Equity	(20.27)%	(2.06)%	(883.22)%
Inventory turnover ratio (in times) <sup>e</sup>	Cost for goods sold	Average Inventory	1.04	1.89	(45.23)%
Trade receivables turnover ratio (in times) <sup>f</sup>	Revenue	Average Trade Receivables	8.04	12.97	(38.04)%
Trade payables turnover ratio (in times) <sup>a</sup>	Net credit purchases	Average Trade Payables	1.10	1.19	(7.09)%
Net capital turnover ratio (in times) <sup>a</sup>	Revenue	Average working capital	7.50	6.62	13.27%
Net profit ratio (%) <sup>a</sup>	Profit for the year	Revenue	(39.73)%	(4.20)%	(845.29)%
Return on capital employed (%) <sup>h</sup>	Profit before tax and finance cost	Tangible Networth + Total Debt	(17.17)%	(0.92)%	(1767.29)%
Return on Investment (%) <sup>i</sup>	Income generated from invested funds	Average invested funds in treasury investments	-	-	-

Notes: The reasons for variance are as under:

a There is no significant change (25% or more) in FY 2021-22 in comparison to FY 2020-21.

b Increase in debt and decrease in shareholders' funds.

c Increase in net operating loss

d Higher net losses and decrease in shareholders' funds

e Increase in average closing inventory

f Lower turnover.

g Decrease in Revenue and increase in costs.

h Increase in losses.

i No treasury investments

**56** The Government of India has promulgated the Code on Social Security, 2020 in financial year 2020-21, which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its valuation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**57** In accordance with Ind AS 108, 'Operating Segments', the Company has disclosed the segment information in the consolidated financial statements. Accordingly, the segment information is given in the audited consolidated financial statements of the Group for the year ended March 31, 2022.

**58** 0.00 under "Rs. in million" represents amount less than Rs.50,000 and 0.00 under units represents units less than 50,000. Further, the figures shown in the tables may not exactly add up due to rounding off. Previous year figures have been regrouped, reclassified wherever considered necessary.

**59** There is no other subsequent events that occurred after reporting date.

As per our report of even date

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

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

**Arun Tandon**  
Partner  
Membership No. 517273

**Soshil Kumar Jain**  
Chairman  
(DIN 00012812)

**Dr. Rajesh Jain**  
Managing Director  
(DIN 00013053)

Place : New Delhi  
Date : May 18, 2022

**Vinod Goel**  
Group CFO and Head Legal  
& Company Secretary

**Devender Gupta**  
Chief Financial Officer &  
Head Information Technology

## FORM NO. AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part A : Subsidiaries Financial Details of Subsidiary Companies

(Rs. in million)

S. No.	Name of the Company	Date of incorporation/ acquisition	Reporting period of the subsidiary, if different from parent	Reporting currency	Exchange rate as on Balance Sheet date	As on March 31, 2022				For the year/ period ended March 31, 2022					% of Share Holding as on March 31, 2022	
						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	16	
1	PanEra Biotec Private Limited <sup>#</sup>	26.11.2019	31.03.2022	Indian Rupee	1.00	8.40	(67.94)	40.5	100.0	25.70	1.49	0.45	0.05	0.40	-	50%
2	Adveta Power Private Limited**	04.07.2011	31.03.2022	Indian Rupee	1.00	1.80	(1.28)	29.31	28.79	-	-	(0.1)	-	(0.1)	-	50%
3	Panacea Biotec Pharma Limited <sup>‡</sup>	22.03.2019	31.03.2022	Indian Rupee	1.00	1.00	4,136.51	10,416.49	6,278.98	-	20,798.94	15,309.72	3,707.91	11,601.81	-	100%
4	Meyten Realtech Pvt. Ltd.	12.04.2019	31.03.2022	Indian Rupee	1.00	0.10	(1.28)	0.13	1.31	-	-	(0.47)	-	(0.47)	-	100%
5	Panacea Biotec (International) SA	01.04.2012	31.03.2022	CHF	82.23	49.3	(197.9)	21.7	170.2	-	-	(8.18)	0.07	(8.25)	-	100%
6	Panacea Biotec Germany GmbH**	12.08.2010	31.03.2022	Euro	83.99	20.66	(130.41)	538.92	648.67	-	356.02	88.06	0.01	88.05	-	100%

<sup>#</sup> Indirect subsidiary through PanEra Biotec Private Limited.

<sup>\*\*</sup> Indirect subsidiary through Panacea Biotec (International) SA.

<sup>‡</sup> Considered as a subsidiary for the purpose of consolidation as per Ind AS 110.

<sup>§</sup> Turnover, profit and tax figures includes sale, income and tax on sale of pharmaceutical formulations brands by Panacea Biotec Pharma Limited.

### Part B: Associates and Joint Ventures : Not applicable

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

**Soshil Kumar Jain**  
Chairman  
(DIN 00012812)

**Rajesh Jain**  
Managing Director  
(DIN 00013053)

**Vinod Goel**  
Group CFO and Head Legal  
& Company Secretary

**Devender Gupta**  
Chief Financial Officer &  
Head Information Technology

Place : New Delhi  
Date : May 18, 2022



## Independent Auditors' Report on the Consolidated Financial Statements

To the Members of Panacea Biotech Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

1. We have audited the accompanying consolidated financial statements of Panacea Biotech Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure A, which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

4. We draw attention to Note 55(a) to the accompanying consolidated financial statements which describes the details of sale of the pharmaceutical domestic business brands of Panacea Biotech Pharma Limited, the subsidiary of the Holding Company to Mankind Pharma Limited during the quarter ended 31 March 2022.

Our opinion is not modified in respect of the above matter.

#### Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>Refer note 1.4(k) and note 28 of Notes to the consolidated financial statements and other explanatory information of the Group for the year ended 31 March 2022.</p> <p>The Group recognises revenue from the sales of products when control over goods is transferred to a customer. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered with customers. The Group has a large number of customers operating in various geographies and the sales contracts / arrangements with various customers have distinct commercial terms, including Incoterms that determine the timing of transfer of control and require judgment in determining timing of revenue recognition as per Ind AS 115, Revenue from Contracts with Customers.</p> <p>We have identified the recognition of revenue from sale of products as a key audit matter because revenue is a key performance indicator</p>	<p>Our audit procedures in relation to the recognition of revenue included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's process of revenue recognition and read customer contracts on sample basis;</li> <li>• Evaluated the design, tested the operating effectiveness of the Group's internal controls over recognition and measurement of revenue in accordance with underlying customer contracts and accounting policies;</li> <li>• Performed substantive testing (including year-end cutoff testing) by selecting samples of revenue transactions recorded during and after the year and verified the underlying documents, which included sales invoices/ contracts and dispatch/shipping documents;</li> <li>• Performed substantive analytical procedures during the audit period to identify any unusual trends warranting additional audit procedures;</li> </ul>

## Independent Auditors' Report on the Consolidated Financial Statements

Key audit matter	How our audit addressed the key audit matter
<p>for the Group and there is risk of revenue being overstated due to the pressure to achieve targets or earning expectations.</p>	<ul style="list-style-type: none"> <li>• Obtained direct balance confirmations from customers on a sample basis as at the year-end or performed alternate audit procedures where such confirmations could not be obtained; and</li> <li>• Assessed the appropriateness and adequacy of the related disclosures in the consolidated financial statements of the Group in accordance with the applicable accounting standards.</li> </ul>
<p>Evaluation of Going concern basis of accounting</p> <p>Refer note 56 to the accompanying consolidated financial statements.</p> <p>The Group has incurred profit before tax amounting to Rs.14,488.09 million for the year ended 31 March 2022 from continuing operations. Further, during the year, Panacea Biotec Pharma Limited (PBPL), one of the subsidiary of the Group, had delayed in repayment of significant outstanding dues in respect of Non-Convertible Debenture (NCDs), obtained by it for which the Holding Company was the guarantor.</p> <p>While the above factors indicated a need to assess the Group's ability to continue as a going concern during the entire year, however, as mentioned in note 55, the Group has sold the Domestic Pharma Business of its subsidiary, PBPL in the quarter ended 31 March 2022, for an aggregate consideration of Rs.18,720.00 million, which has enabled the Group to repay its outstanding dues of NCDs in entirety as at the reporting date and also retain sufficient surplus to fund their existing projects and operations and future business plans.</p> <p>Management has prepared cash flow forecast taking into cognizance the above developments including future planned initiatives and projects and performed a sensitivity analysis of the key assumptions used therein to assess whether the Group would be able operate as a going concern for a period of at least next twelve months from the end of the current reporting date and concluded that the going concern basis of accounting used for the preparation of accompanying standalone financial statements is appropriate with no material uncertainties.</p> <p>We have considered the assessment of management's evaluation of Group's ability to continue as a going concern as a key audit matter for the current year audit due to the pervasive impact thereof on the consolidated financial statements and the significant management judgments and assumptions involved in preparation of cash flow projections that are inherently subjective and dependent on future events.</p>	<p>Our audit procedures included, but were not limited to, the following in relation to the assessment of appropriateness of going concern basis of accounting:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management's process for identifying all the events or conditions that could impact the Group's ability to continue as a going concern and the process followed to assess the mitigating factors for such events or conditions. Also, obtained an understanding around the methodology adopted by the Group to assess their future business performance, prepare a robust cash flow forecast.</li> <li>• Evaluated the design and tested the operating effectiveness of key controls around aforesaid identification of events or conditions and mitigating factors and controls around cash flow forecast prepared by the management.</li> <li>• Obtained the cash flow forecast for next twelve months from the management and reconciled to the future business plan of the Group as approved by the Holding Company's Board of Directors.</li> <li>• In order to corroborate management's future business plans and to identify potential contradictory information, we read the minutes of the Board of Directors and discussed the same with the management and Audit Committee.</li> <li>• Tested the appropriateness of key assumptions used by the management in preparation of the cash flow forecasts such as growth rates, new revenue contracts considered in such projections, expenditure on new products and tested the reasonableness of these assumptions used based on our knowledge and understanding of the business, actual historical results and external data as the case maybe.</li> <li>• Performed detailed inquiries with the management on appropriateness of the assumptions used in the cash flow forecasts around new revenue contracts and the plan for commercial production for fulfilling such revenue contracts.</li> <li>• Obtained and read the correspondences with debenture trustees during the current year with respect to NCDs and also the 'no objection certificate' with respect to repayment of entire NCD dues made by the Group.</li> <li>• Obtained the sensitivity analysis prepared by management and also performed independent sensitivity analysis to test the impact of variation on the cash flows due to change in key assumptions.</li> <li>• Evaluated the appropriateness and adequacy of the going concern disclosures, in the consolidated financial statements of the Group in accordance with the applicable reporting framework.</li> </ul>
<p>Accounting treatment and presentation and disclosure of sale of domestic formulation business assets</p> <p>Refer note 1.4(d), (k) and 55 to the consolidated financial statements for the year ended 31 March 2022.</p> <p>During the year, the Group has completed sales of Domestic Formulation brands of Panacea Biotec Pharma Limited ('PBPL') to Mankind Pharma Limited (the Buyer) by executing multiple agreements</p>	<p>Our audit procedures included, but were not limited to, the following in relation to the assessment of appropriateness of accounting treatment and presentation requirement of the sales of domestic formulation business assets:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of management's assessment for the classification and disclosure of the Domestic Formulation Business of PBPL in the consolidated financial statements as per Ind AS 105;</li> </ul>

## Independent Auditors' Report on the Consolidated Financial Statements

Key audit matter	How our audit addressed the key audit matter
<p>on 28 February 2022 ('Definitive Agreements'). The aforesaid transaction was approved by the Board of Directors of the Company on 1 February 2022 and subsequently, approved by the shareholders of the Company in an extra-ordinary general meeting held on 27 February 2022.</p> <p>The Company has accordingly recorded INR 16,762.06 million as 'Exceptional Items' in the Statement of Profit and Loss.</p> <p>The accounting of this sale transaction included management judgements and estimates especially with respect to:</p> <ul style="list-style-type: none"> <li>- recognition of consideration towards revenue or disposal of intangible assets transferred under Definitive Agreements</li> <li>- identification of performance obligations in the respective agreements and accordingly assessment with Ind AS 115, Revenue from Contracts with Customers with respect to satisfaction of the performance obligations and corresponding recognition of revenue and</li> <li>- evaluation of Domestic Formulations Business of PBPL to qualify as a component of the entity for presenting it as 'discontinued operations', in accordance with Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' (Ind AS 105) in the consolidated financial statements.</li> </ul> <p>We have identified this as a key audit matter for the current year owing to the significance of the transaction and its impact on current year's consolidated financial statements along with the management judgements and estimates involved in recognition and presentation of this transaction in the financial statements.</p> <p>The above matter is also considered fundamental to the understanding of the users of the accompanying consolidated financial statements.</p>	<ul style="list-style-type: none"> <li>• Obtained and read all the executed agreements between the Holding Company, PBPL and the Buyer for understanding the impact on the consolidated financial statements and tested the same with management's identification of the assets and liabilities transferred;</li> <li>• Inquired with the management and had detailed discussions with them for understanding various performance obligations set out in the agreements and their corresponding accounting treatment in the books of accounts focusing on whether the consideration is towards sale of intangible assets or towards revenue.</li> <li>• Evaluated management's evaluation and conclusion of considering the Domestic Formulation Business of PBPL as non-distinguished operations from the entity in accordance with the Ind AS 105; and</li> <li>• Assessed the appropriateness and adequacy of the related disclosures in the consolidated financial statements of the Group in accordance with applicable accounting framework.</li> </ul>

### Information other than the Consolidated Financial Statements and Auditor's Report thereon

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and

## **Independent Auditors' Report** on the Consolidated Financial Statements

presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
12. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Independent Auditors' Report on the Consolidated Financial Statements

### Other Matters

16. We did not audit the financial statements of 5 subsidiaries, whose financial statements reflects total assets of Rs. 609.60 million and net liabilities of Rs.318.46 million as at 31 March 2022, total revenues of Rs. 80.90 million and net cash inflows amounting to Rs. 7.28 million for the year ended on that date, as considered in the consolidated financial statements. 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, 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 are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries, we report that the Holding Company, and 1 subsidiary company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 3 subsidiary companies, covered under the Act since none of such companies is a public company as defined under section 2(71) of the Act

18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 16 above, of companies included in the consolidated financial statements for the year ended 31 March 2022 and covered under the Act, refer Annexure B for details of adverse remarks given by the respective auditors in the Order reports of such companies.

19. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, 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, for all the companies covered under the Act, 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 Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary companies and taken on record by the Board of Directors of the Holding Company, its subsidiary companies and the reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure C' wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 41 to the consolidated financial statements;
  - ii. The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies covered under the Act, during the year ended 31 March 2022;
  - iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 59(v) to the consolidated financial statements no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Group, to or in any persons or entities, including

## Independent Auditors' Report on the Consolidated Financial Statements

foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

- b. The management has represented that, to the best of its knowledge and belief as disclosed in the note 59(vi) to the accompanying consolidated financial statements, no funds have been received by the Group from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed, as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Holding Company and its subsidiary companies have not declared or paid any dividend during the year ended 31 March 2022.

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

**Arun Tandon**  
Partner

Membership No.: 517273  
UDIN: 22517273AJEERC9294

Place : New Delhi  
Date : 18 May 2022

### Annexure A

#### List of entities included in the consolidated financial statements for the year ended 31 March 2022

Name of the Entity	Nature of Relationship
Panacea Biotec Limited	Holding Company
Panacea Biotec Pharma Limited	Subsidiary Company
Panacea Biotec (International) SA	Subsidiary Company
PanEra Biotec Private Limited	Subsidiary Company
Meyten Realtech Private Limited	Subsidiary Company
Adveta Power Private Limited	Subsidiary Company
Panacea Biotec Germany GmbH	Step down Subsidiary Company

## Independent Auditors' Report on the Consolidated Financial Statements

### Annexure B

#### Annexure B referred to in Paragraph 18 of the Independent Auditor's Report of even date to the members of Panacea Biotech Limited on the consolidated financial statements for the year ended 31 March 2022

As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, based on the consideration of the Order reports issued till date by us and by the respective other auditors of company included in the consolidated financial statements for the year ended 31 March 2022 and covered under the Act, we report that:

Following are the remarks reported by us and the other auditor in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2022 for which such Order reports have been issued till date and made available to us:

Name	CIN	Holding Company/Subsidiary Company	Clause number of the CARO report
Panacea Biotech Pharma Limited	U24299DL2019PLC347566	Subsidiary Company	3 (ix) (a)

### Annexure C

#### Annexure C to the Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- In conjunction with our audit of the consolidated financial statements of Panacea Biotech Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

##### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

- The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

##### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

- Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
- Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.
- 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 internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid.

## **Independent Auditors' Report** on the Consolidated Financial Statements

### Meaning of Internal Financial Controls with Reference to Financial Statements

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

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on "the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### Other Matters

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to 3 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of Rs.69.94 million and net liabilities of Rs.60.16 million as at 31 March 2022, total revenues of Rs.1.49 million and net cash inflows amounting to Rs.0.07 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

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

**Arun Tandon**  
Partner  
Membership No.: 517873  
UDIN: 22517273AJEERC9294

Place: New Delhi  
Date : 18 May 2022



## Consolidated Balance Sheet as at March 31, 2022

(Rs. in million)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
Non-current assets			
a) Property, plant and equipment	2.1	5,878.07	6,066.53
b) Capital work-in-progress	2.2	49.12	212.41
c) Other intangible assets	2.3	14.72	20.45
d) Intangible assets under development	2.4	123.52	131.76
e) Financial assets			
(i) Investments	3	0.70	0.70
(ii) Other financial assets	4	848.10	68.28
f) Deferred tax assets (net)	5	301.73	1.47
g) Income tax assets (net)	6	56.20	25.62
h) Other non-current assets	7	147.39	138.38
Total non-current assets		7,419.55	6,665.60
Current assets			
a) Inventories	8	2,127.22	1,741.37
b) Financial assets			
(i) Investments	9	50.01	-
(ii) Trade receivables	10	1,316.56	846.84
(iii) Cash and cash equivalents	11	503.50	520.79
(iv) Bank balances other than cash and cash equivalents	12	5,329.28	837.14
(v) Loans	13	14.40	19.95
(vi) Other financial assets	14	51.44	129.07
c) Other current assets	15	613.13	647.10
Total current assets		10,005.54	4,742.26
Assets classified as held for sale	38	399.96	367.46
Total assets		17,825.05	11,775.32
<b>EQUITY AND LIABILITIES</b>			
Equity			
a) Equity share capital	16	61.25	61.25
b) Other equity	17	8,426.67	(2,348.18)
Equity attributable to owners of Holding Company		8,487.92	(2,286.93)
Non-controlling interest		(29.81)	(30.00)
Total equity		8,458.11	(2,316.93)
Liabilities			
Non-current liabilities			
a) Financial liabilities			
(i) Borrowings	18	341.03	7,350.80
(ii) Other financial liabilities	19	-	1,915.00
b) Provisions	20	292.35	306.48
c) Other non-current liabilities	21	705.88	29.06
Total non-current liabilities		1,339.26	9,601.34
Current liabilities			
a) Financial liabilities			
(i) Borrowings	22	0.52	844.46
(ii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises		37.23	51.57
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,560.54	2,414.99
(iii) Other financial liabilities	24	51.76	311.58
b) Other current liabilities	25	5,226.92	716.07
c) Provisions	26	123.86	133.48
d) Current tax liabilities (net)	27	0.85	0.26
Total current liabilities		8,001.68	4,472.41
Liabilities directly associated with assets held for sale	38	26.00	18.50
Total equity and liabilities		17,825.05	11,775.32

The accompanying notes form an integral part of these consolidated financial statements.  
As per report of even date attached

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

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

**Arun Tandon**  
Partner  
Membership No. 517273

**Soshil Kumar Jain**  
Chairman  
(DIN 00012812)

**Dr. Rajesh Jain**  
Managing Director  
(DIN 00013053)

Place : New Delhi  
Date : May 18, 2022

**Vinod Goel**  
Group CFO and Head Legal  
& Company Secretary

**Devender Gupta**  
Chief Financial Officer &  
Head Information Technology

## Consolidated Statement of Profit and Loss for the year ended March 31, 2022

(Rs. in million)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Income</b>			
Revenue from operations	28	6,612.32	6,248.05
Other income	29	109.69	99.77
Total income		6,722.01	6,347.82
<b>Expenses</b>			
Cost of materials consumed	30	2,812.49	1,677.62
Purchases of traded goods	31	299.25	312.59
Changes in inventories of finished goods, traded goods and work-in-progress	32	(489.67)	56.10
Employee benefits expense	33	1,829.43	1,561.73
Finance costs	34	1,808.39	1,853.35
Depreciation and amortisation expense	35	436.61	455.94
Other expenses	36	2,299.48	1,873.72
Total expenses		8,995.98	7,791.05
Profit/(loss) before share of profit of joint venture, exceptional items and tax		(2,273.97)	(1,443.23)
Share of profit/(loss) of joint venture accounted for using the equity method		-	0.77
Profit/(loss) before exceptional items and tax		(2,273.97)	(1,442.46)
Exceptional items	37	16,762.06	-
Profit/(loss) before tax		14,488.09	(1,442.46)
Tax expense	39		
Current tax		4,007.28	23.23
Deferred tax credit		(298.23)	(3.66)
Total tax expense		3,709.05	19.57
Profit/(loss) for the year from continuing operations (A)		10,779.04	(1,462.03)
Profit/(loss) before tax from discontinued operations	38	-	(7.84)
Tax expense of discontinued operations		-	6.71
Profit/(loss) from discontinued operations (B)		-	(14.55)
Profit/(loss) for the year (A+B)		10,779.04	(1,476.58)
Other comprehensive income/(loss)			
A. Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit plans		(3.02)	21.18
Income tax effect on above		2.03	(7.21)
B. Items that will be reclassified to profit or loss:			
Foreign currency translation reserve		(3.01)	(5.77)
Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income/(loss)		(4.00)	8.20
Total comprehensive income/(loss) for the year		10,775.04	(1,468.38)
Profit/(loss) for the year attributable to :			
Owners of Parent		10,778.85	(1,476.96)
Non-controlling interest	54	0.19	0.38
Other comprehensive income/(loss) for the year attributable to :			
Owners of Parent		(4.00)	8.20
Non-controlling interest	54	-	-
Total comprehensive income/(loss) for the year attributable to :			
Owners of Parent		10,774.85	(1,468.76)
Non-controlling interest	56	0.19	0.38
Earning/(loss) per equity share - basic and diluted (face value of Re.1 each)	40		
From continuing operations (in Rs.)		175.98	(23.87)
From discontinued operations (in Rs.)		-	(0.24)
From continuing and discontinued operations (in Rs.)		175.98	(24.11)

The accompanying notes form an integral part of these consolidated financial statements.

As per report of even date attached

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

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

**Arun Tandon**

Partner

Membership No. 517273

**Soshil Kumar Jain**

Chairman

(DIN 00012812)

**Dr. Rajesh Jain**

Managing Director

(DIN 00013053)

**Vinod Goel**

Group CFO and Head Legal  
& Company Secretary

**Devender Gupta**

Chief Financial Officer &  
Head Information Technology

Place : New Delhi

Date : May 18, 2022

## Consolidated Cash Flow Statement for the year ended March 31, 2022

(Rs. in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A. Cash flow from operating activities</b>		
Profit/(loss) before tax from:		
Continuing operations	14,488.08	(1,442.46)
Discontinued operations	-	(7.84)
Adjustment for:		
Depreciation and amortisation expense	436.61	460.74
Unrealized foreign exchange loss (net)	23.92	(1.83)
Loss on sale of property, plant and equipment (net)	-	0.38
Excess provisions/debt written back	(31.32)	(36.29)
Allowance for expected credit loss and doubtful advances	8.98	23.29
Capital advance written back	(12.50)	-
Interest income	(33.94)	(32.69)
Finance costs	1,808.39	1,853.35
Investments accounted for using the equity method	-	(0.77)
Impairment provision of property, plant and equipments	7.82	-
Amortization of government grant	(4.58)	-
Property, plant and equipments written off	-	39.97
Exceptional items (refer note 37 for details)	(16,762.06)	-
Intangible assets under development provided/written off	7.94	2.66
Operating profit/(loss) before working capital changes	(62.65)	858.51
Changes in working capital		
Inventories	(385.80)	(264.45)
Trade receivables	(463.40)	(168.57)
Loans and other assets	117.80	(264.95)
Provisions and other liabilities	3,746.70	917.05
Cash generated from/(used in) operating activities	2,952.65	1,077.59
Income tax paid	(4,037.00)	(9.95)
Net cash generated from/(used in) operating activities (A)	(1,084.35)	1,067.64
<b>B. Cash flow from investing activities</b>		
Payment for property, plant and equipment and intangible assets	(125.10)	(217.63)
Advance received against/proceeds from sale of property, plant and equipment	20.00	42.56
Proceeds from investment in joint venture	-	55.90
Consideration received on sale of domestic formulation brands	18,220.00	-
Investment made	(50.00)	-
Interest received	32.80	34.31
Redemption of bank deposits having original maturity of more than three months	5,171.63	1,112.98
Investments in bank deposits having original maturity of more than three months	(10,443.60)	(1,504.91)
Net cash generated from/(used in) investing activities (B)	12,825.73	(476.79)
<b>C. Cash flow from financing activities</b>		
Proceeds from non-current borrowings (including current maturities)	2.96	1,012.00
Repayment of non-current borrowings (including current maturities)	(7,863.64)	(453.46)
Repayment of current borrowings (net)	-	(35.68)
Interest paid	(3,897.86)	(993.96)
Net cash generated from/(used in) financing activities (C)	(11,758.54)	(471.10)
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)	(17.16)	119.75
Cash and cash equivalents at the beginning of the year	520.79	402.18
Changes in cash and cash equivalents pertaining to discontinued operations	-	(1.14)
Effect of exchange rate changes on cash and cash equivalent held in foreign currency	(0.13)	-
Cash and cash equivalents at the end of the year (refer note 11)	503.50	520.79

Note: The Consolidated Cash Flow Statement has been prepared in accordance with 'Indirect method' as set out in the Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder.

The accompanying notes form an integral part of these consolidated financial statements.

As per report of even date attached

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

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

**Arun Tandon**  
Partner  
Membership No. 517273

**Soshil Kumar Jain**  
Chairman  
(DIN 00012812)

**Dr. Rajesh Jain**  
Managing Director  
(DIN 00013053)

Place : New Delhi  
Date : May 18, 2022

**Vinod Goel**  
Group CFO and Head Legal  
& Company Secretary

**Devender Gupta**  
Chief Financial Officer &  
Head Information Technology

## Consolidated Statement of Changes in Equity for the year ended March 31, 2022

### A. Equity share capital

(Rs. in million)

Particulars	Amount
Opening Balance as at April 1, 2020	61.25
Changes during the year	-
Closing balance as at March 31, 2021	61.25
Changes during the year	-
Closing balance as at March 31, 2022	61.25

(Refer note 16)

### B. Other equity

(Also refer note 17)

(Rs. in million)

Particulars	Equity component of compound financial instruments	Reserves and surplus					Other comprehensive income	Share Warrants	Total Other Equity	Non controlling interests
		Securities premium reserve	Capital redemption reserve	General reserve	Capital reserve	Retained earnings				
Balance as at April 1, 2020	217.93	919.40	1,022.34	474.99	-	(1,077.09)	49.05	320.00	1,926.62	(30.38)
Profit/(loss) for the year	-	-	-	-	-	(1,476.96)	-	-	(1,476.96)	0.38
Other comprehensive income/(loss) for the year (net of taxes)	-	-	-	-	-	13.97	(5.77)	-	8.20	-
Total comprehensive income/(loss) for the year	-	-	-	-	-	(1,462.99)	(5.77)	-	(1,468.76)	0.38
Transfer to general reserve	-	-	-	320.00	-	-	-	(320.00)	-	-
Adjustment on account of demerger of real estate business (refer note 38)	(1.39)	-	-	-	(2,804.65)	-	-	-	(2,806.04)	-
Balance as at March 31, 2021	216.54	919.40	1,022.34	794.99	(2,804.65)	(2,540.08)	43.28	-	(2,348.18)	(30.00)
Profit/(loss) for the year	-	-	-	-	-	10,778.85	-	-	10,778.85	0.19
Other comprehensive income/(loss) for the year (net of taxes)	-	-	-	-	-	(0.99)	(3.01)	-	(4.00)	-
Total comprehensive income/(loss) for the year	-	-	-	-	-	10,777.86	(3.01)	-	10,774.85	0.19
Balance as at March 31, 2022	216.54	919.40	1,022.34	794.99	(2,804.65)	8,237.78	40.27	-	8,426.67	(29.81)

The accompanying notes form an integral part of these consolidated financial statements.

As per report of even date attached

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

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

**Arun Tandon**

Partner

Membership No. 517273

**Soshil Kumar Jain**

Chairman

(DIN 00012812)

**Dr. Rajesh Jain**

Managing Director

(DIN 00013053)

Place : New Delhi

Date : May 18, 2022

**Vinod Goel**

Group CFO and Head Legal & Company Secretary

**Devender Gupta**

Chief Financial Officer & Head Information Technology



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### Summary of Significant Accounting Policies

#### 1. Corporate information

Panacea Biotech Limited (Corporate identification number: L33117PB1984PLC022350) ("the Holding Company") is a public company incorporated and domiciled in India. The Holding Company has its registered office and place of business at Ambala-Chandigarh Highway Lalru-140501, Punjab, India. The Holding Company's shares are listed with BSE Limited and National Stock Exchange of India Limited.

#### Holding Company Overview

The Holding Company is one of India's leading research based biotechnology companies engaged in the business of research, development, manufacture and marketing of branded vaccines and pharmaceutical formulations in India and international markets through itself and through its subsidiaries.

The Holding Company, its subsidiaries and its joint venture (jointly referred to as "the Group" herein under) were considered in these consolidated financial statements.

#### 1.1 Basis of preparation

##### a. Statement of compliance

The consolidated financial statements ('Consolidated Financial Statements') of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, as amended from time to time.

These Consolidated Financial Statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date, March 31, 2022. The Consolidated Financial Statements of the Group were approved by the Board of Directors on May 18, 2022. Revision to the financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities, as per the provision of the Act.

##### b. Basis of measurement

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

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

#### 1.2 Basis of consolidation

##### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Profit/ (loss) and Other Comprehensive Income ('OCI') of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. All the consolidated subsidiaries have a consistent reporting date of March 31, 2022. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's statement of profit and loss and net assets that is not held by the Group. Profit/ (loss) and each component of OCI are attributed to the equity holders of the parent company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Group attributes total comprehensive income or loss of the subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

##### Joint ventures

Investments in joint arrangements are classified as either Joint operations or Joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the Joint arrangement. Joint ventures – Interest in joint venture are accounted for using the equity method, after initially being recognised at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The Consolidated Statement of Profit and Loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in these entities. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

#### 1.3 Use of estimates

The preparation of the Consolidated Financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these Consolidated Financial Statements have been disclosed in note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### 1.4 Significant accounting policies

The significant accounting policies that are used in the preparation of the Consolidated Financial Statements are summarised below. These accounting policies are consistently used throughout the periods presented in the Consolidated Financial Statements.

#### a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

#### b) Inventory

Inventories are valued as follows:

Raw material, components, stores and spares

Raw materials (including packing materials), components, stores and spares are valued at lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis. Stores and spares having useful life of more than twelve months are capitalised as "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

Work in progress and finished goods

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

Traded goods

Traded goods are valued at lower of cost or net realisable value. Cost includes cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

#### c) Property, plant and equipment

Recognition and initial measurement

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

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

Subsequent measurement (depreciation and useful lives)

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

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

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

- i) Freehold land has an unlimited useful life and therefore is not depreciated.
- 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.

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

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

### De-recognition

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

### d) Intangible assets

#### Recognition and initial measurement

##### Research and development costs

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

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

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

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

##### Other intangibles

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

##### Subsequent measurement (Amortisation and useful lives)

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

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

##### De-recognition

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

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### e) Assets classified as held-for-sale

Assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not depreciated or amortised. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised. Assets classified as held-for-sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the balance sheet.

### f) Impairment of non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

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

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

### g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### h) Foreign and presentation currency

The Consolidated Financial Statements are presented in Indian Rupees (INR), which is also the functional and presentation currency of the Holding Company.

Foreign currencies Transactions and balances

Initial recognition

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

Subsequent measurement

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

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

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

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

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

Translation of a foreign operation

Functional and reporting currencies of foreign operations are different from the reporting currency of the Holding Company. For all the foreign operations of the Group, all assets and liabilities (excluding share capital and opening reserves and surplus) are translated into INR using the exchange rate prevailing at the reporting date. Share capital, opening reserves and surplus at historical rates. Revenues, costs and expenses are translated using the average exchange rate during the reporting period. The resultant currency translation difference is recognized as foreign currency translation reserve under the head 'other equity'.



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### i) Leases

Effective from April 1, 2019, the Group has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets - The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial results are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### k) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as GST etc. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The Group applies the revenue recognition criteria to each separately identifiable component of the Revenue transaction as set out below:

#### Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with the goods nor effective control over the goods sold, it is probable that economic benefits will flow to the Group, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Revenue from services rendered is recognised in the statement of profit and loss over the period the underlying services are performed.

#### Dividend income

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

#### Interest income

Interest income is recorded on accrual basis using the effective interest rate ("EIR") method.

#### Royalty income

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

#### Research and license fees income

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

#### Export incentives

Export entitlements from government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

### l) Financial instruments

#### Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

#### Subsequent measurement

##### Financial assets

#### i. Financial assets carried at amortised cost – A financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

#### ii. Financial assets at fair value

- Investments in equity instruments other than above – Investments in equity instruments which are held for trading are generally classified as at fair value through profit or loss (FVTPL). For all other equity instruments, the Group makes irrevocable choice upon initial recognition, on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group transfers the cumulative gain or loss within equity. Dividends on such investments are recognised in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

- Investments in mutual funds – Investments in mutual funds in scope of Ind-AS 109 are measured at fair value through profit or loss (FVTPL).

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

### Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are subsequently measured at amortised cost using the effective interest method.

### De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## m) Post-employment and other employee benefits

### Provident fund

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

### Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of the gratuity plan (administered through Life Insurance Corporation of India), which is a defined benefit plan, is calculated by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

### Compensated absences

Compensated absences, which are expected to be utilized within the next 12 months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

### Other short-term benefits

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

## n) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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

## o) Taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the statement of profit and loss and presented as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognized to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity).

p) Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the conditions.

Government grants related to the income are deferred and recognised in statement of profit and loss over the period necessary to match them with the cost that are intended to compensate and presented within other income.

Government grants related to property, plant and equipment are included in the non-current liabilities as deferred income and are credited to profit and loss on a straight line basis over the expected life of the related assets and presented within other income.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Identification of segments

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Group's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the other components. Results of the operating segments are reviewed regularly by the Board of Directors (Managing Director and Chief Financial officer) which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Allocation of common costs

Common allocable costs are allocated to each segment accordingly to the relative contribution of each segment to the total common costs.

Unallocated items

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

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial results of the Group as a whole. In accordance with Ind AS 108, Operating Segments, the management has disclosed the segment information in the audited consolidated financial statements.

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

s) Discontinued operations

A discontinued operation is a component of group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. Statement of profit and loss from discontinued operations comprise the post-tax Statement of profit and loss from discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any statement of profit and loss arising from sale or re-measurement of discontinued operations is presented as a part of single line item. Statement of profit and loss from discontinued operations separately in the Statement of profit and loss.

t) Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties associated with the present obligation.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the balance sheet.

Any amount that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset up to the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised.

### 1.5 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

#### Significant management judgments

Research and developments costs - Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Provisions, contingent liabilities and contingent assets - The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. In view of the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Impairment of financial assets - At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

#### Significant estimates

Useful lives of depreciable/amortisable assets - Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

Defined benefit obligation - Management's estimate of the Defined Benefit Obligations (DBO) is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

#### Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

### 1.6 Recent accounting pronouncements (Standard issued but not yet effective):

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules 2022 as below:

- Ind AS 16 - Property, plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Group has evaluated the amendment and there is no impact on its financial statements.
- Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets - The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Group has evaluated the amendment and the impact is not expected to be material.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### 2.1 Property, plant and equipment

(Rs. in million)

Particulars	Freehold land	Right of use asset-Land	Building	Plant and equipment	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
Gross carrying value									
As at April 1, 2020	2,000.11	651.31	3,709.53	5,615.85	264.81	82.39	149.63	154.26	12,627.89
Additions	-	-	10.83	75.08	0.11	2.00	3.33	3.76	95.11
Disposals	-	-	(42.45)	(6.56)	(0.32)	(22.62)	(9.57)	(3.99)	(85.51)
Transfer of assets through demerger (refer note 38)	(127.50)	-	(236.99)	(4.45)	(16.33)	(10.00)	(19.16)	(0.64)	(415.07)
Assets classified as held for sale (refer note 38)	(99.97)	(200.12)	(155.04)	-	-	-	-	-	(455.13)
As at March 31, 2021	1,772.64	451.19	3,285.88	5,679.92	248.27	51.77	124.23	153.39	11,767.29
As at April 1, 2021	1,872.61	651.31	3,440.92	5,679.92	248.27	51.77	124.23	153.39	12,222.42
Additions	-	-	11.65	246.48	0.40	5.65	7.34	10.94	282.46
Disposals	-	-	-	(2.88)	(0.02)	(13.46)	(0.03)	-	(16.39)
Assets classified as held for sale (refer note 38)	(140.29)	(200.12)	(155.04)	-	-	-	-	-	(495.45)
As at March 31, 2022	1,732.32	451.19	3,297.53	5,923.52	248.65	43.96	131.54	164.33	11,993.04
Accumulated depreciation									
As at April 1, 2020	-	38.17	977.40	3,803.96	246.40	74.42	141.99	145.63	5,427.97
Charge for the year*	-	2.44	92.85	342.44	5.69	0.79	1.77	1.68	447.66
Disposals	-	-	(6.18)	(2.15)	(0.29)	(21.46)	(8.02)	(3.80)	(41.90)
Transfer of assets through demerger (refer note 38)	-	-	(39.06)	(3.08)	(15.15)	(9.46)	(17.94)	(0.58)	(85.27)
Assets classified as held for sale (refer note 38)	-	(17.09)	(30.61)	-	-	-	-	-	(47.70)
As at March 31, 2021	-	23.52	994.40	4,141.17	236.65	44.29	117.80	142.93	5,700.76
As at April 1, 2021	-	40.61	1,025.01	4,141.17	236.65	44.29	117.80	142.93	5,748.46
Charge for the year	-	2.44	87.68	329.74	1.68	1.10	2.06	3.55	428.25
Disposals	-	-	-	(0.91)	(0.02)	(13.08)	(0.03)	-	(14.04)
Assets classified as held for sale (refer note 38)	-	(17.09)	(30.61)	-	-	-	-	-	(47.70)
As at March 31, 2022	-	25.96	1,082.08	4,470.00	238.31	32.31	119.83	146.48	6,114.97
Net carrying value									
As at March 31, 2022	1,732.32	425.23	2,215.45	1,453.52	10.34	11.65	11.71	17.85	5,878.07
As at March 31, 2021	1,772.64	427.67	2,291.48	1,538.75	11.62	7.48	6.43	10.46	6,066.53

\* includes depreciation related to discontinued operations (refer note 38)

Notes :

- Refer note 45 for information on assets mortgaged/hypothecated as security.
- Refer note 41(B) for information on contractual commitments related to property, plant and equipment.
- The Group has not revalued its property, plants & equipment during the year.

### 2.2 Capital work-in-progress

(Rs. in million)

Particulars	Amount
As at April 1, 2020	95.06
Additions	177.79
Capitalised	(60.44)
As at March 31, 2021	212.41
As at April 1, 2021	212.41
Additions	18.84
Capitalised	(173.25)
Disposal	(8.88)
As at March 31, 2022	49.12

Notes:

- The capital work-in-progress relates to ongoing projects for construction and installation of property, plant and equipment.
- Refer note 45 for information on assets mortgaged/hypothecated as security.
- The Company has disposed off one equipment amounting Rs.8.88 million due to non working/functional condition while capitalising the project.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Ageing for capital work-in-progress as at March 31, 2022: (Rs. in million)

Capital work in progress	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	18.84	1.13	-	-	19.97
Projects temporarily suspended (refer note (i) below)	-	-	-	29.15	29.15
<b>Total</b>	<b>18.84</b>	<b>1.13</b>	<b>-</b>	<b>29.15</b>	<b>49.12</b>

Ageing for capital work-in-progress as at March 31, 2021: (Rs. in million)

Capital work in progress	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	177.79	-	3.62	1.85	183.26
Projects temporarily suspended (refer note (i) below)	-	-	-	29.15	29.15
<b>Total</b>	<b>177.79</b>	<b>-</b>	<b>3.62</b>	<b>31.00</b>	<b>212.41</b>

Notes:

- The Group has earlier been granted in-principle approval by Government of Arunachal Pradesh for allotment of two Power Projects of 80 MW and 75 MW in Arunachal Pradesh in financial year 2013 and in this regard an agreement was executed on February 14, 2013. The Group has in the past initiated taking preliminary steps in connection with the implementation of projects. However, no major investment was made in this regard during last few years. The project are still active and the Group is in the process of arranging necessary funds for taking the project further.
- The Capital work in progress ('CWIP') of projects in progress in March 31, 2021 is capitalised in current year, whereas the projects in CWIP in current year are expected to complete in subsequent years.

### 2.3 Other Intangible assets

(Rs. in million)

Particulars	Patent, trademark and copyrights	Softwares	Websites	Product development	Total
<b>Gross carrying value</b>					
As at April 1, 2020	90.18	227.58	9.34	511.92	839.02
Additions	0.10	0.45	-	9.97	10.52
Transfer to discontinued operations (refer note 38)	-	(0.61)	-	-	(0.61)
<b>As at March 31, 2021</b>	<b>90.28</b>	<b>227.42</b>	<b>9.34</b>	<b>521.89</b>	<b>848.93</b>
As at April 1, 2021	90.28	227.42	9.34	521.89	848.93
Additions	0.74	1.89	-	-	2.63
Disposals	-	-	-	-	-
<b>As at March 31, 2022</b>	<b>91.02</b>	<b>229.31</b>	<b>9.34</b>	<b>521.89</b>	<b>851.56</b>
<b>Accumulated amortisation</b>					
As at April 1, 2020	82.43	225.86	9.34	502.77	820.40
Charge for the year	0.10	1.56	-	6.62	8.28
Transfer to discontinued operations (refer note 38)	-	(0.20)	-	-	(0.20)
<b>As at March 31, 2021</b>	<b>82.53</b>	<b>227.22</b>	<b>9.34</b>	<b>509.39</b>	<b>828.48</b>
As at April 1, 2021	82.53	227.22	9.34	509.39	828.48
Charge for the year	0.93	0.81	-	6.62	8.36
Disposals	-	-	-	-	-
<b>As at March 31, 2022</b>	<b>83.46</b>	<b>228.03</b>	<b>9.34</b>	<b>516.01</b>	<b>836.84</b>
<b>Net carrying value</b>					
As at March 31, 2022	7.56	1.28	-	5.88	14.72
As at March 31, 2021	7.75	0.20	-	12.50	20.45

Notes:

- Refer note 45 for information on assets mortgaged/hypothecated as security.
- The Group has not revalued its intangible assets during the year.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### 2.4 Intangible assets under development

(Rs. in million)

Particulars	Amount
As at April 1, 2020	145.01
Addition	-
Capitalised	(10.52)
Disposal and adjustments	(2.73)
As at March 31, 2021	131.76
As at April 1, 2021	131.76
Addition	2.33
Capitalised	(2.63)
Written off	(7.94)
As at March 31, 2022	123.52

Notes:

- The intangible assets under development relates to product registration, patent, technical know-how and software.
- Refer note 45 for information on assets mortgaged/hypothecated as security.

Ageing for intangible assets under development as at March 31, 2022:

(Rs. in million)

Capital work in progress	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2.33	-	-	121.19	123.52
Total	2.33	-	-	121.19	123.52

Note: Approval awaited from concerned regulatory authorities for projects amounting Rs.121.19 million which are outstanding for more than three years and the same will be capitalised on receipt of requisite approval from such regulatory authorities, which is expected in next 12 months.

Ageing for intangible assets under development as at March 31, 2021:

(Rs. in million)

Capital work in progress	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	0.08	131.38	0.30	131.76
Total	-	0.08	131.38	0.30	131.76

Note: Project execution plans are modulated on an annual basis and all the projects are executed as per the rolling annual plans based on various requirement of the Group.

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>3 Investments (non-current)</b>		
Investments in equity instruments (unquoted)		
Other investments (at fair value through profit and loss)		
i) Shivalik Solid Waste Management Limited 20,250 (March 31, 2021: 20,250) equity shares of Rs.10 each fully paid up	0.20	0.20
ii) Mohali Green Environment Private Limited 50,000 (March 31, 2021: 50,000) equity shares of Rs.10 each fully paid up	0.50	0.50
Total	0.70	0.70
Aggregate book value of unquoted investments	0.70	0.70
Aggregate amount of impairment in value of investments	-	-

Note: Refer note 48 for disclosure on fair value measurements in respect of financial assets at cost and fair value through profit and loss.



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Particulars	(Rs. in million)	
	As at March 31, 2022	As at March 31, 2021
<b>4 Other financial assets (non-current)</b> (Unsecured, considered good, unless stated otherwise)		
Security deposits	12.20	12.20
Bank deposits (due for maturity after 12 months from the reporting date)	835.90	56.08
<b>Total</b>	<b>848.10</b>	<b>68.28</b>
Notes:		
(i) Bank deposits amounting to Rs.32.69 million (March 31, 2021: Rs.51.26 million) are deposited with banks and various government authorities for tender, bank guarantee, margin money, etc.		
(ii) Refer note 45 for information on assets mortgaged/hypothecated as security.		
(iii) Refer note 48 and 49 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.		
<b>5 Deferred tax assets (net)</b>		
Deferred tax liabilities arising on account of Property, plant and equipment and intangible assets	972.69	1,201.33
	<b>972.69</b>	<b>1,201.33</b>
Deferred tax assets arising on account of Expenditure allowed on payment basis	111.33	67.83
Unabsorbed losses/provisions	646.56	1,116.43
Revenue received in advance	492.77	-
Minimum alternative tax credit entitlement	-	1.47
Others	23.76	17.07
	<b>1,274.42</b>	<b>1,202.80</b>
<b>Total</b>	<b>301.73</b>	<b>1.47</b>
Note: Refer note 39 for movement in balances of deferred tax assets and liabilities		
<b>6 Income tax assets (net)</b>		
Advance taxes (net of provision for taxes)	56.20	25.62
<b>Total</b>	<b>56.20</b>	<b>25.62</b>
<b>7 Other non-current assets</b> (Unsecured, considered good unless stated otherwise)		
Capital advances	21.67	10.07
Balances with statutory authorities	124.56	128.31
Prepaid expenses	1.16	-
<b>Total (A)</b>	<b>147.39</b>	<b>138.38</b>
(Unsecured, considered doubtful, credit impaired)		
Capital advances	176.80	176.80
Less: allowance for doubtful advances	(176.80)	(176.80)
<b>Total (B)</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>147.39</b>	<b>138.38</b>
Note: Refer note 45 for information on assets mortgaged/hypothecated as security.		
<b>8 Inventories</b> (Valued at lower of cost or net realisable value)		
Raw materials including packing materials	840.34	871.40
Finished goods (refer note (ii) below)	767.22	442.21
Traded goods	87.25	55.10
Work-in-progress	308.94	176.43
Stores and spares	123.47	196.23
<b>Total</b>	<b>2,127.22</b>	<b>1,741.37</b>
Notes:		
i) Refer note 30, 31 and 32 for consumption of, traded and changes in inventories recorded by the Group.		
ii) Includes goods in transit of Rs.0.80 million (March 31, 2021: Rs.4.10 million)		
iii) Refer note 45 for information on assets mortgaged/hypothecated as security.		

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Rs. in million)

Particulars	As at	
	March 31, 2022	March 31, 2021
<b>9 Current Investment</b>		
Carried at fair value through profit or loss		
Investment in mutual funds		
SBI Overnight Fund Regular Growth	25.00	-
7,299.694 units (March 31, 2021: Nil) at NAV of Rs.3,424.63 each (March 31, 2021: NA)		
Nippon India Overnight Fund - Growth Plan	25.01	-
219,818.896 units (March 31, 2021: Nil) at NAV of Rs.113.7495 each (March 31, 2021: NA)		
Total	50.01	-
Aggregate cost of quoted investments	50.00	-
Aggregate market value of quoted investments	50.01	-
<b>10 Trade receivables</b>		
Unsecured, considered good	1,316.56	846.84
Unsecured, considered doubtful, credit impaired	39.03	41.06
	1,355.59	887.90
Less: Allowance for expected credit loss	(39.03)	(41.06)
Total	1,316.56	846.84

Notes:

- Refer note 45 for information on assets mortgaged/hypothecated as security.
- Refer note 48 and 49 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.

Ageing for trade receivables as at March 31, 2022:

(Rs. in million)

Particulars	Not due	Outstanding for periods from due date of payments					Total
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables-considered good	345.78	777.27	26.40	9.10	79.24	67.68	1,305.47
Undisputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	4.91	4.91
Undisputed trade receivables-credit impaired	1.23	2.15	6.40	5.39	5.94	17.92	39.03
Disputed trade receivables-considered good	-	1.03	0.39	3.13	0.64	0.59	5.78
Disputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	0.40	0.40
Total	347.01	780.45	33.19	17.62	85.82	91.50	1,355.59
Less: Allowance for doubtful trade receivables							(39.03)
Trade receivables (Net)							1,316.56

Ageing for trade receivables as at March 31, 2021:

(Rs. in million)

Particulars	Not due	Outstanding for periods from due date of payments					Total
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables-considered good	359.01	247.71	93.94	46.87	49.56	43.40	840.49
Undisputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	1.60	1.60
Undisputed trade receivables-credit impaired	1.55	1.24	0.58	7.07	10.49	20.13	41.06
Disputed trade receivables-considered good	-	0.65	2.48	0.64	0.46	0.12	4.35
Disputed trade receivables-which have significant increase in credit risk	-	-	-	-	0.40	-	0.40
Total	360.56	249.60	97.00	54.58	60.91	65.25	887.90
Less: Allowance for doubtful trade receivables							(41.06)
Trade receivables (Net)							846.84

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Particulars	(Rs. in million)	
	As at March 31, 2022	As at March 31, 2021
<b>11 Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	477.39	503.19
- in exchange earners' foreign currency accounts	25.50	16.93
Cash on hand	0.61	0.67
Total	503.50	520.79
Note: Refer note 45 for information on assets mortgaged/hypothecated as security.		
<b>12 Bank balances other than cash and cash equivalents</b>		
Bank deposits (with original maturity for more than 3 months but less than 12 months from reporting date)	5,329.28	837.14
Total	5,329.28	837.14
Notes:		
i) Bank deposits amounting to Rs.389.90 million (March 31, 2021: Rs.446.15 million) are pledged/deposited with banks and various government authorities for tender, bank guarantee, margin money, etc.		
ii) Refer note 45 for information on assets mortgaged/hypothecated as security.		
<b>13 Loans (current)</b>		
(Unsecured, considered good, unless stated otherwise)		
Amount receivables from employees	14.40	19.95
Total (A)	14.40	19.95
(Unsecured, considered doubtful)		
Loans to related parties	585.16	585.16
Less : allowance for doubtful/credit impaired	(585.16)	(585.16)
Total (B)	-	-
Total (A+B)	14.40	19.95
Notes:		
i) Refer note 45 for information on assets mortgaged/hypothecated as security.		
ii) Refer note 48 and 49 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.		
<b>14 Other financial assets (current)</b>		
(Unsecured, considered good, unless otherwise stated)		
Security deposits	17.47	22.99
Export benefits receivable	10.58	63.42
Others	23.39	42.66
Total (A)	51.44	129.07
(Unsecured, considered doubtful)		
Security deposits	1.25	1.25
Less : allowance for doubtful deposits	(1.25)	(1.25)
Total (B)	-	-
Total (A+B)	51.44	129.07
Notes:		
i) Refer note 45 for information on assets mortgaged/hypothecated as security.		
ii) Refer note 48 and 49 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.		
<b>15 Other current assets</b>		
(Unsecured, considered good, unless otherwise stated)		
Prepaid expenses	53.49	52.87
Balances with statutory authorities	496.64	529.04
Advance to suppliers	63.00	65.19
Total (A)	613.13	647.10
(Unsecured, considered doubtful, credit impaired)		
Advance to suppliers	75.61	73.50
Less: Allowance for doubtful advances	(75.61)	(73.50)
Total (B)	-	-
Total (A+B)	613.13	647.10
Note: Refer note 45 for information on assets mortgaged/hypothecated as security.		

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Rs. in million)

Particulars	As at	
	March 31, 2022	March 31, 2021
<b>16 Share capital</b>		
Authorised		
125,000,000 (March 31, 2021: 125,000,000) equity shares of Re.1 each	125.00	125.00
109,837,000 (March 31, 2021: 110,000,000) preference shares of Rs.10 each	1,098.37	1,100.00
	<b>1,223.37</b>	<b>1,225.00</b>
Issued, subscribed and fully paid up		
61,250,746 (March 31, 2021: 61,250,746) equity shares of Re.1 each	61.25	61.25
Total	<b>61.25</b>	<b>61.25</b>

(a) Reconciliation of number of equity shares of the Holding Company

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Rs. in million	No. of shares	Rs. in million
Equity shares at the beginning of the year	61,250,746	61.25	61,250,746	61.25
Changes during the year	-	-	-	-
Equity shares at the end of the year	<b>61,250,746</b>	<b>61.25</b>	<b>61,250,746</b>	<b>61.25</b>

(b) Terms/right attached to equity shares:

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

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

(c) Details of promoters' equity share holding in the holding Company:

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Mr. Soshil Kumar Jain	5,000,000	8.16%	5,000,000	8.16%
Dr. Rajesh Jain	25,217,312	41.17%	25,217,312	41.17%
Mr. Sandeep Jain	10,031,600	16.38%	10,031,600	16.38%

(d) Details of shareholders holding more than 5% of equity shares in the Holding Company

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Mr. Soshil Kumar Jain	5,000,000	8.16%	5,000,000	8.16%
Dr. Rajesh Jain	25,217,312	41.17%	25,217,312	41.17%
Mr. Sandeep Jain	10,031,600	16.38%	10,031,600	16.38%
Serum Institute of India Private Limited	5,263,920	8.59%	3,048,469	4.98%
Mr. Adar Cyrus Poonawala	-	-	3,157,034	5.15%

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

(e) The Holding Company has neither bought back any equity shares nor issued any equity shares as bonus or for consideration other than cash, during the period of five years immediately preceding the reporting date.

(f) Terms attached to 0.5% cumulative non-convertible and non-participating redeemable preference shares:

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

The preference shares were initially issued for a period of 10 years w.e.f. January 6, 2015. The terms of preference shares were amended on April 8, 2019 so as to enhance the tenure from 10 years to 15 years with an option with the Holding Company as well as preference shareholders for early redemption of preference shares, provided the secured debt obligations with respect to debentures issued by the Holding Company are fully serviced as per the agreed terms. The said debentures were assigned and novated in favour of Panacea Biotec Pharma Limited in financial year 2019-20 and the same have been fully redeemed during the year.

In the event of liquidation of the Holding Company, the holders of preference shares will be entitled to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in preference to the equity shareholders. The distribution will be in proportion to the number of preference shares held by the preference shareholders. Also refer note 18 (iii).

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

- (g) Reconciliation of 0.5% cumulative non-convertible and non-participating redeemable preference shares of the Holding Company:

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Rs. in million	No. of shares	Rs. in million
Preference shares at the beginning of the year	16,137,000	161.37	16,300,000	163.00
Changes during the year*	-	-	(163,000)	(1.63)
Preference shares at the end of the year	16,137,000	161.37	16,137,000	161.37

\* During the year ended March 31, 2021, as per the Scheme of Arrangement with respect to demerger of Demerged Undertaking (refer note 38), 163,000 preference shares have been cancelled including all the accrued rights therein upon implementation of the said Scheme of Arrangement and completion of related compliances. The Resulting Company viz. Ravinder Heights Ltd. has issued equivalent number of preference shares to the preference shareholders in previous years.

- (h) The Holding Company has neither bought back any preference shares nor issued any preference shares as bonus or for consideration other than cash, during the period of five years immediately preceding the reporting date.
- (i) Details of Promoters' preference shareholding and preference shareholders holding more than 5% of 0.5% cumulative non convertible and non participating redeemable preference share capital:

Name of shareholders	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Mr. Soshil Kumar Jain	6,504,300	40.31%	6,504,300	40.31%
Dr. Rajesh Jain	6,504,300	40.31%	6,504,300	40.31%
Mr. Sandeep Jain	3,128,400	19.38%	3,128,400	19.38%

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

Particulars	(Rs. in million)	
	As at March 31, 2022	As at March 31, 2021
<b>17 Other equity*</b>		
A. Reserves and Surplus:		
Capital reserve	(2,804.65)	(2,804.65)
Retained earnings	8,237.78	(2,540.08)
General reserve	794.99	794.99
Security premium reserve	919.40	919.40
Capital redemption reserve	1,022.34	1,022.34
Foreign currency translation reserve	40.27	43.28
Total (A)	8,210.13	(2,564.72)
B. Equity component of compound financial instruments (refer note 16 (e) to (h) and 18(iii))	216.54	216.54
Total (A+B)	8,426.67	(2,348.18)

\* For changes in balances of reserves, refer to the Consolidated Statement of Changes in Equity.

### Nature and purpose of other reserves

**General reserve:** The Holding Company has transferred a portion of the net profit before declaring dividend to general reserve in earlier years pursuant to the provisions of the erstwhile Companies Act, 1956. Mandatory transfer to general reserve is not required under the Act.

**Securities premium reserve:** represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**Retained earnings:** are the profits/(losses) that the Group has earned till date, less any transfer to any reserves, dividend or other distribution paid to shareholders.

**Capital redemption reserve:** is created in accordance with provisions of the Act for the buy back of equity shares from the market.

**Capital reserve:** includes reserve created pursuant to the demerger of the real estate business (refer note 38).

**Foreign Currency translation reserve:** Assets and liabilities of foreign subsidiaries are translated into INR at the rate of exchange prevailing as at date of the balance sheet. Revenue and expenses are translated into INR at the average exchange rate prevailing during the period. The exchange difference arising at the year-end due to translation is debited or credited to currency translation reserve account.



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Particulars	(Rs. in million)	
	As at March 31, 2022	As at March 31, 2021
<b>18 Borrowings (non-current)</b>		
Rupee term loan from banks		
Axis Bank (secured) (refer note (ii) (b) below)	2.87	-
Non-convertible debentures (NCDs), secured (refer note (ii) (a) below)		
NCD Series 1A		
India Resurgence Fund Scheme-1	-	114.02
India Resurgence Fund Scheme-2	-	586.40
Piramal Enterprises Limited	-	114.02
NCD Series 1B		
India Resurgence Fund Scheme 1	-	807.80
India Resurgence Fund Scheme 2	-	4,154.40
Piramal Enterprises Limited	-	807.80
NCD Series 3		
India Resurgence Fund Scheme 1	-	134.40
India Resurgence Fund Scheme 2	-	691.20
Piramal Enterprises Limited	-	134.40
Rupee term loans from others		
Biotechnology Industrial Research Assistance Council ("BIRAC") (secured) (refer note (ii) (c) below)	-	10.00
Department of Science & Technology ("DST") (unsecured) (refer note (ii) (c) below)	-	2.00
Technology Development Board ("TDB") (secured) (refer note (ii) (c) below)	-	40.52
Unsecured loans		
Liability component of compound financial instruments		
16,137,000 (March 31, 2021: 16,137,000) 0.5% cumulative non-convertible and non-participating redeemable preference shares of Rs.10 each (refer note (iii) below)	41.45	34.48
Loan from related parties (refer note (ii) (d) below)	297.23	563.82
	341.55	8,195.26
Less: current maturities of non-current borrowings (disclosed under note 24)	(0.52)	(844.46)
<b>Total</b>	<b>341.03</b>	<b>7,350.80</b>

### Notes :

- (i) Rate of interest - The Group's long term borrowings were at an effective weighted average rate 7.35% (March 31, 2021: 9% to 25%) per annum.
- (ii) Repayment terms and security of loans:
  - (a) On March 3, 2022, the wholly owned subsidiary Panacea Biotec Pharma Limited ('PBPL') has repaid Rs.10,980.77 million to redeem its outstanding liability of non convertible debentures ('NCDs') of Rs.7,544.45 million along with an redemption premium of Rs.3,436.32 million. Subsequently, the mortgage and hypothecation charge created earlier in favor of Vistra (ITCL) India Limited (acting as trustee on behalf of debenture holders) to secure the aforesaid NCDs, which includes the guarantees issued by the holding company, promoters and directors of the Company, has been satisfied.
  - (b) Vehicle loan of Rs.2.96 million taken from Axis bank for a period of sixty months with an equated monthly installment of Rs.0.06 million at the rate of 7.35% per annum. This loan is secured by way of hypothecation of the vehicle.
  - (c) Repayment of loans: Rupee term loan from BIRAC for H1N1 influenza & Streptococcus pneumococcal conjugate vaccine project, rupee term loan from DST for specific project and rupee term loan from TDB for Dengue vaccine project are repaid during the year.
  - (d) Loan from related parties includes loans from promoter directors and/or bodies corporate and are payable after April 7, 2024. Interest rates range between 9% - 9.5% per annum, also refer note 44.
- (iii) Liability component of compound financial instruments

Particulars	(Rs. in million)	
	As at March 31, 2022	As at March 31, 2021
Further to note 16(f), the preference shares are presented in the consolidated balance sheet as follows:		
Value of preference shares issued	161.37	161.37
Opening interest accrued	89.65	83.90
Interest expense (refer note below)	6.97	5.75
<b>Total (A)</b>	<b>257.99</b>	<b>251.02</b>
Equity component of preference shares (refer note below)	216.54	217.93
Transfer to capital reserve on account of demerger	-	(1.39)
<b>Total (B)</b>	<b>216.54</b>	<b>216.54</b>
<b>Liability component of compound financial instruments (A-B)</b>	<b>41.45</b>	<b>34.48</b>

Note: The equity component is the difference between fair value of liability component computed at the effective interest rate of 18.85% per annum (March 31, 2021: 18.85% per annum) and the value of preference shares issued, which is presented as a separate component of equity in the Consolidated Statement of Changes in Equity.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Particulars	(Rs. in million)	
	As at March 31, 2022	As at March 31, 2021
<b>19 Other financial liabilities (non-current)</b>		
Interest accrued but not due on borrowings	-	1,915.00
Total	-	1,915.00
<b>20 Provisions (non-current)</b>		
Provision for gratuity (refer note 47)	150.04	172.08
Provision for compensated absences	113.59	134.40
Provision for expected sales return (refer note below)	28.72	-
Total	292.35	306.48
Note:		
Movement of provision for expected sales return:		
Balance as at beginning of the year	-	-
Provided during the year	28.72	-
Utilised/reversed during the year	-	-
Balance as at end of the year	28.72	-
<b>21 Other non-current liabilities</b>		
Deferred government grant	24.55	29.06
Income received in advance (refer note 55)	681.33	-
Total	705.88	29.06
<b>22 Borrowings (current)</b>		
Current maturities of long-term borrowings	0.52	844.46
Total	0.52	844.46
Note: Refer note 45 for information on assets mortgaged/hypothecated as security		
<b>23 Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises	37.23	51.57
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,560.54	2,414.99
Total	2,597.77	2,466.56

Notes:

(a) Refer note 44 for related party transaction disclosures.

(b) Ageing for trade payables as at March 31, 2022:

(Rs. in million)

Particulars	Not due	Outstanding for periods from due date of payments				Unbilled due	Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
Micro enterprises and small enterprises	14.91	11.17	7.86	0.58	2.70	0.01	37.23
Others	555.87	906.06	29.17	38.65	311.75	719.04	2,560.54
Total	570.78	917.23	37.03	39.23	314.45	719.05	2,597.77

(c) Ageing for trade payables outstanding as at March 31, 2021:

(Rs. in million)

Particulars	Not due	Outstanding for periods from due date of payments				Unbilled due	Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
Micro enterprises and small enterprises	23.91	23.30	1.57	0.10	2.69	-	51.57
Others	190.64	864.57	43.77	23.47	291.18	1,001.36	2,414.99
Total	214.55	887.87	45.34	23.57	293.87	1,001.36	2,466.56

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

- (d) Details of dues to micro, small and medium enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006 ["MSMED Act"]:

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Group, the following are the details:

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
The amounts remaining unpaid to any supplier as at the end of each accounting year:		
- Principal	37.23	51.57
- Interest	0.36	0.42
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	-	-
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	0.36	0.42
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	-	-
<b>24 Other financial liabilities (current)</b>		
Interest accrued but not due on borrowings	45.13	235.45
Interest accrued and due on borrowings	-	12.83
Others	6.63	63.30
Total	51.76	311.58
Note: Refer note 48 and 49 for disclosure of fair value in respect of financial assets measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses.		
<b>25 Other current liabilities</b>		
Advances from customers (refer note below)	1,967.27	647.75
Advance against sale of property, plant and equipment	26.00	18.50
Deferred government grant	82.51	21.23
Statutory liabilities	3,165.41	31.19
Others	11.73	15.90
	5,252.92	734.57
Less: Liability directly associated with assets held for sale (refer note 38)	(26.00)	(18.50)
Total	5,226.92	716.07
Notes:		
(i) It includes revenue received in advance on account of sales of domestic formulation business for Rs.1,276.61 million (March 31, 2021: Nil) (refer note 55)		
(ii) Refer note 41(A) (viii) contingent liabilities.		
<b>26 Provisions (current)</b>		
Provision for compensated absences	118.14	133.48
Provision for gratuity (refer note 47)	5.72	-
Total	123.86	133.48
<b>27 Current tax liabilities (net)</b>		
Provision for taxation	0.85	0.26
Total	0.85	0.26

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Rs. in million)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>28 Revenue from operations</b>		
Sale of products (net)		
Finished goods	5,760.35	5,781.72
Traded goods	786.67	332.01
Sale of services		
Contract manufacturing	45.21	62.76
Other operating revenue		
Export benefits	14.32	68.68
Scrap sale	5.77	2.88
<b>Total</b>	<b>6,612.32</b>	<b>6,248.05</b>
<b>A Disaggregated revenue from contracts with customers</b>		
Revenue from sale of products & services		
Vaccine	2,344.21	2,242.20
Pharma	4,248.02	3,934.29
Other operating revenue		
Vaccine	3.50	36.14
Pharma	16.59	35.42
<b>Total</b>	<b>6,612.32</b>	<b>6,248.05</b>
Revenue by geography		
India	3,726.09	3,109.06
Outside India	2,886.23	3,138.99
<b>Total</b>	<b>6,612.32</b>	<b>6,248.05</b>
<b>B Reconciliation of gross revenue with the revenue from contracts with customers (including discontinued operations)</b>		
Gross revenue <sup>#</sup>	6,952.74	6,550.55
Discounts	(63.83)	(88.62)
Sales returns	(276.59)	(213.88)
<b>Total</b>	<b>6,612.32</b>	<b>6,248.05</b>
<sup>#</sup> Revenues are recorded at a point in time. The Group has no remaining performance obligations once the goods are delivered to the customer as per terms of the contract. Refer note 44 for related party transaction disclosures.		
<b>C Information about trade receivables, contract assets from contracts with customers</b>		
Trade receivables (refer note below) <sup>*</sup>	1,355.59	887.90
Others	23.39	42.66
Contract balances		
– Advances from customers (refer note below)	1,967.27	647.75
<b>Total</b>	<b>(588.29)</b>	<b>282.81</b>
<sup>*</sup> Trade receivables are non-interest bearing and are generally due within 30 to 180 days. There is no significant financing component in any transaction with the customers.		
Note:		
Movement in contract assets and contract liabilities		
Opening balance of contract liabilities	647.75	135.44
Addition in balance of contract liabilities for current year	1,319.52	519.42
Amount of revenue recognised against opening contract liabilities	-	(7.11)
Closing balance of contract liabilities	1,967.27	647.75
Opening balance of contract assets	930.56	743.44
Addition in balance of contract assets for current year	1,378.98	930.56
Amount of billing recognised against opening contract assets	(930.56)	(743.44)
Closing balance of contract assets	1,378.98	930.56
(i) The contract liabilities are in the form of advance received from customers for which the obligation for supply of goods/service is not completed at the year end.		
(ii) The contract assets are in the form of receivables which are included in income receivable and primarily relate to the Group's rights to consideration for goods sold to the customers but not billed at the reporting date. The contract assets are transferred to receivables when it will be billed subsequently.		

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Rs. in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>29 Other income</b>		
Income from investments		
Fair value gain on investment in mutual fund	0.01	-
Interest income from		
Bank deposits	32.08	31.65
Others	1.86	1.03
Others		
Excess provisions/debt written back	31.32	36.29
Government grant income	4.58	10.64
Lease rent (refer note 42)	2.03	0.59
Gain on sale of property, plant and equipment (net)	0.07	-
Gain on foreign exchange transactions and translations (net)	5.80	-
Miscellaneous	31.94	19.57
Total	109.69	99.77
Note: Refer note 44 for related party transaction disclosures.		
<b>30 Cost of materials consumed</b>		
Raw materials including packing materials		
Inventories at the beginning of the year	871.40	659.06
Add : Purchases during the year	2,781.43	1,889.96
Less: Inventories at the end of the year	(840.34)	(871.40)
Total	2,812.49	1,677.62
<b>31 Purchases of traded goods</b>		
Purchases of traded goods	299.25	312.59
Total	299.25	312.59
Note: Refer note 44 for related party transaction disclosures.		
<b>32 Changes in inventories of finished goods, traded goods and work-in-progress</b>		
Inventories at the end of the year		
Finished goods	767.22	442.21
Traded goods	87.25	55.10
Work-in-progress	308.94	176.43
Total	1,163.41	673.74
Inventories at the beginning of the year		
Finished goods	442.21	483.22
Traded goods	55.10	37.26
Work-in-progress	176.43	209.36
Total	673.74	729.84
Changes in inventories of finished goods, traded goods and work-in-progress	(489.67)	56.10
<b>33 Employee benefits expense</b>		
Salary and wages	1,725.02	1,466.15
Contribution to provident and other funds (refer note 47)	56.09	51.76
Staff welfare expenses	48.32	43.82
Total	1,829.43	1,561.73
Notes: (i) Refer note 44 for related party transaction disclosures. (ii) Refer note 38 for discontinued operations.		
<b>34 Finance costs</b>		
Interest expense	1,798.37	1,846.90
Other borrowing costs	10.02	6.45
Total	1,808.39	1,853.35
<b>35 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment	428.25	447.66
Amortisation of intangible assets	8.36	8.28
Total	436.61	455.94



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Particulars	(Rs. in million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>36 Other expenses</b>		
Analytical testing and trial	76.14	67.43
Advertising and sales promotion	220.05	183.74
Allowance for expected credit loss and doubtful advances	8.98	23.29
Contract manufacturing	7.43	5.52
Consumption of stores and spares	370.57	233.50
Commission on sales	56.63	44.34
Directors' sitting fees	2.35	2.44
Freight and forwarding	204.16	283.73
Insurance	63.55	58.39
Intangible assets under development provided/written off	7.93	2.66
Legal and professional	183.93	189.19
Loss on disposal of property, plant and equipment	-	0.38
Loss on foreign exchange transactions and translations (net)	-	6.88
License Fees	6.21	-
Meetings and conferences	30.91	17.77
Office expenses	11.37	7.79
Payment to auditors	12.09	9.94
Power and fuel	378.23	309.39
Postage and communication	17.14	17.15
Printing and stationery	11.52	7.43
Provision for impairment of property, plant and equipment (refer note 38)	7.82	39.97
Repair and maintenance		
Buildings	14.13	17.77
Plant and machinery	69.19	42.74
Others	46.62	44.70
Rates and taxes	61.11	66.20
Rent (refer note 42)	40.88	28.67
Royalty	176.63	-
Staff training and recruitment	17.21	15.53
Security charges	26.10	23.03
Subscription	17.40	20.82
Travelling and conveyance	60.42	39.01
Vehicle running and maintenance	26.30	20.53
Miscellaneous	66.47	43.79
<b>Total</b>	<b>2,299.48</b>	<b>1,873.72</b>
Note: Refer note 44 for related party transaction disclosures		
<b>37 Exceptional items</b> (refer note 55)		
Gain on sale of domestic formulation brands	16,762.06	-
<b>Total</b>	<b>16,762.06</b>	<b>-</b>

Particulars	(Rs. in million)	
	As at March 31, 2022	As at March 31, 2021
<b>38 Assets held for sale and discontinued operations</b>		
(i) Assets held for sale		
The Holding Company has a plan to sell the following assets in near future:		
Property, plant and equipment		
Gross carrying value	495.45	455.13
Less: Accumulated depreciation	47.70	47.70
Less: Provision for impairment	47.79	39.97
<b>Total assets classified as held for sale</b>	<b>399.96</b>	<b>367.46</b>

(ii) Demerger of Real estate business

On February 26, 2019 and May 30, 2019, the Board of Directors of the Holding Company had approved a plan and a scheme of arrangement respectively for demerger of its real estate business comprising wholly owned subsidiary Radhika Heights Limited ('RHL') along with its step down subsidiaries and two real estate properties from PBL ('Demerged Undertaking') to its wholly-owned subsidiary, Ravinder Heights Limited ('Transferee Company'). The Holding Company received approvals from its shareholders and unsecured creditors in their respective NCLT convened meetings held on January 28, 2020. The said scheme of arrangement was approved by the Hon'ble National Company Law Tribunal, Chandigarh vide its order dated September 9, 2020, and became effective on September 10, 2020. In accordance with the provisions of Indian Accounting Standard 105 – 'Non-current Assets Held for Sale and Discontinued Operations', the results related to the Demerged Undertaking for the period April 1, 2020 to September 10, 2020 have been included in the consolidated financial statements as discontinued operations.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(iii) The net value of assets transferred: (Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>		
Non-current assets	-	1,192.04
Current assets	-	1,991.38
Total (A)	-	3,183.42
<b>LIABILITIES</b>		
Non-current liabilities	-	88.05
Current liabilities	-	290.72
Total (B)	-	378.77
Capital reserve (A-B)	-	2,804.65

(iv) Financial performance and cash flows for the Real estate business:

(a) Analysis of loss: (Rs. in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Income</b>		
Revenue from operations	-	-
Other income	-	5.95
Total Income	-	5.95
<b>Expenses</b>		
Employee benefits expense	-	0.81
Finance costs	-	0.00
Depreciation and amortisation expense	-	4.80
Other expenses	-	8.18
Total expenses	-	13.79
Profit/(loss) before exceptional items and tax	-	(7.84)
Profit/(loss) before tax from discontinued operations	-	(7.84)
Tax expense	-	6.71
Profit/(loss) from discontinued operations after tax	-	(14.55)
<b>(b) Net cash flows attributable to:</b>		
Net cash inflows/(outflows) from operating activities	-	(1.14)
Net cash inflows/(outflows) from investing activities	-	-
Net cash inflows/(outflows) from financing activities	-	-
Net cash inflows/(outflows)	-	(1.14)

(Rs. in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>39 Tax expenses</b>		
For continuing operations:		
Income tax expense consists of the following:		
Current tax	4,007.28	23.23
Deferred tax	(298.23)	(3.66)
Total tax expense	3,709.05	19.57
Reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported is as follows:		
Profit/(loss) before tax from:		
Continuing operations	14,488.09	(1,442.46)
Discontinued operations	-	(7.84)
Profit/(loss) before income taxes from continuing and discontinued operations	14,488.09	(1,450.30)
At Holding Company's statutory income tax rate of 26.00% (March 31, 2021: 34.94%)	3,766.90	(506.79)
Adjustments in respect of current income tax		
Adjustment on account of different tax base and change in tax rates	100.14	530.02
Recognised for earlier years (on account of virtual certainty in current year)	(152.03)	-
Others	(5.96)	(3.66)
Income tax expense reported in the statement of profit and loss	3,709.05	19.57

Tax losses:

(a) The Group has recognized deferred tax assets to the extent that management is reasonably certain that the same would be available for adjustment against foreseeable tax profit. The Holding Company has unabsorbed business losses and unabsorbed depreciation as per tax laws for Rs. 1,085.49 million and for Rs. 147.96 million respectively as at March 31, 2022 that is available for off-setting against the future taxable profits of the Company. The unabsorbed business losses can be carried forward for a period of eight years from the date of incurrence of such losses as per tax laws. These unabsorbed business losses will expire in financial year ending March 31, 2025, March 31, 2026 and March 31, 2030.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(b) Minimum Alternate Tax (MAT): The Group has unused MAT credit of Rs. Nil (March 31, 2021 : Rs.1.47 million).

(c) Movement in deferred tax assets/liabilities:

For the year ended March 31, 2022:

(Rs. in million)

Particulars	As at March 31, 2021	Charged/(credited) to		As at March 31, 2022
		profit and loss	other comprehensive income/ transferred to discontinued operations	
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Property, plant and equipment and intangible assets	1,201.33	228.64	-	972.69
	1,201.33	228.64	-	972.69
<b>Deferred tax assets arising out of:</b>				
Expenditure allowed on payment basis	67.83	(41.47)	2.03	111.33
Effect of unabsorbed losses/ provisions	1,116.43	469.87	-	646.56
Revenue received in advance	-	(492.77)	-	492.77
Minimum alternative tax credit entitlement	1.47	1.47	-	-
Others	17.07	(6.69)	-	23.76
	1,202.80	(69.59)	2.03	1,274.42
<b>Net deferred assets/liabilities</b>	<b>1.47</b>	<b>(298.23)</b>	<b>2.03</b>	<b>301.73</b>

For the year ended March 31, 2021:

(Rs. in million)

Particulars	As at March 31, 2020	Charged/(credited) to		As at March 31, 2021
		profit and loss	other comprehensive income/ transferred to discontinued operations	
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Property, plant and equipment and intangible assets	1,336.73	(135.40)	-	1,201.33
Capital expenditure on research and development	0.10	(0.10)	-	-
	1,336.83	(135.50)	-	1,201.33
<b>Deferred tax assets arising out of:</b>				
Expenditure allowed on payment basis	59.39	8.44	-	67.83
Effect of unabsorbed losses/ provisions	1,249.75	(133.32)	-	1,116.43
Minimum alternative tax credit entitlement	19.47	(18.00)	-	1.47
Others	27.69	3.72	(14.34)	17.07
	1,356.30	(139.16)	(14.34)	1,202.80
<b>Net deferred assets/liabilities</b>	<b>19.47</b>	<b>(3.66)</b>	<b>(14.34)</b>	<b>1.47</b>

(Rs. in million)

Particulars	<b>For the year ended March 31, 2022</b>	For the year ended March 31, 2021
<b>40 Earning/(loss) per share</b>		
Profit/(loss) attributable to shareholders from continuing operations	10,779.04	(1,462.03)
Profit/(loss) attributable to shareholders from discontinued operations	-	(14.55)
Weighted average number of equity shares	61,250,746	61,250,746
Face value per equity share (in Rs.)	1.00	1.00
Earning/(loss) per equity share - basic and diluted (in Rs.)		
From continuing operations	175.98	(23.87)
From discontinued operations	-	(0.24)
From continuing and discontinued operations	175.98	(24.11)

(Rs. in million)

Particulars	<b>As at March 31, 2022</b>	As at March 31, 2021
<b>41 Contingent liabilities and commitments</b>		
(A) Contingent liabilities (to the extent not provided for)		
Disputed demands/show cause notices under:		
Income tax cases (refer note (i) to (v)) below	3,491.21	3,496.55
Customs duty cases (refer note (vi) below)	4.00	4.00
Labour cases*	167.20	226.73
Sales Tax / VAT cases (refer note (vii) below)	19.32	342.65

\* in view of large number of cases, it is impracticable to disclose each case

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### Notes :

- a) i) Includes income tax demand of Rs.162.22 million in respect to Assessment Year 2005-06. The Income Tax Department had issued demand based on certain grounds related to purchases made by the Holding Company from an overseas vendor. The matter was decided in favour of the Holding Company and the demand was cancelled by CIT (Appeals). However, the Income Tax Department has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the order of CIT (Appeals) which is pending at present. The Holding Company believes that it has merit in these cases, hence no provision is required.
- ii) A search operation was conducted by the Income Tax Department in the premises of the Holding Company in January 2012 and hence the Holding Company had re-filed the income tax returns for the Assessment Year 2006-07 to 2012-13. During the year ended March 31, 2015, the Income Tax Department completed the assessment of the said years, disallowed certain expenses and issued demand of Rs.3,294.90 million (including interest) on various grounds. The Holding Company preferred appeals before the CIT (Appeals) against the orders of the Income Tax Department. The appeals were decided in favour of the Holding Company and the demand was cancelled. However, CIT (Appeals) has made certain disallowances with respect to Assessment Year 2010-11 and 2011-12 against which the Holding 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. Based on legal advice, the Holding Company believes that it has merits in these cases, hence no provision is required.
- iii) The Income Tax Department issued a demand of Rs.5.74 million in respect of Assessment Year 2009-10 on the Holding Company due to non-deduction of withholding tax on payment made to a non-resident person towards purchase of immovable property. The Holding Company filed an appeal before CIT (Appeals) against the order of department but the CIT (Appeals) gave its decision in favour of the department. The Holding Company filed an appeal before Income Tax Appellate Tribunal (ITAT) against the order of CIT (Appeals). During F.Y. 2020-21, the Holding Company has moved an application under the "Vivad Se Vishwas Scheme" for settlement of the case. The application of the Holding Company was accepted by Income Tax Department under the scheme and the matter has been settled in financial year 2021-22 on payment of income tax of Rs.3.57 million and the amount of interest was waived off under the scheme.
- iv) The Income Tax Department has raised a demand of Rs.33.69 million in respect of Assessment Year 2016-17 based on transfer pricing order passed by Dispute Resolution Panel. The demand was raised on purchase of certain goods by the Holding Company from its associated enterprise wherein, according to Income Tax Department, arms length price adjustment was warranted. The Holding Company has filed appeal before Income Tax Appellate Tribunal against the order passed by the income tax department. The Holding Company believes that it has merits in these cases, hence no provision is required.
- v) The Income Tax Department has levied a penalty of Rs.0.40 million in respect of Assessment Year 2017-18 on account of additions made in assessment order passed for the said year. The Holding Company has filed an appeal before CIT (Appeals) against the order passed by the Income Tax Department. The Holding Company believes that it has merits in these cases, hence no provision is required.
- vi) In respect of custom duty demand, the Assessing Officer levied custom duty on certain exempted items imported by the Holding Company. The Holding Company has deposited the entire amount of demand under protest amounting to Rs.4.00 million and the matter is pending before the Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"). The Holding Company believes that it has merit in its case, hence no provision is required.
- vii) In respect of sales tax /VAT demands for Ahmedabad, Lucknow, Patna, Guwahati and Pune, the department has disallowed certain credit notes and non submission of statutory forms etc. The Holding Company believes that it has merit in these cases and hence no provision is required. During the year, Delhi VAT case for financial year 2016-17 with respect to total demand of Rs.325.97 million has been settled by Department upon payment of VAT of Rs.0.23 million.
- viii) The Holding Company had manufactured and offered supply of certain vaccines which were manufactured against the confirmed order received from the Ministry of Health and Family Welfare ("MOHFW"). 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.74.10 million expired. The Holding Company had also received an advance market commitment ("AMC") amounting to Rs.100.00 million against these vaccines. The refund of the advance so received (after adjusting the amount receivable against the vaccines already supplied) was demanded back by MOHFW along with interest on account of non-supply of balance quantities of vaccines. In view of above disputes, the Holding Company obtained a stay order from the Hon'ble Delhi High Court against recovery of said amount, till the disputes are finally resolved through arbitration. The arbitration award was pronounced in favour of the Holding Company on March 14, 2019, vide which MOHFW was directed to pay the applicable amount for vaccine supplied/offered for supply along with interest. MOHFW has again filed an appeal before Hon'ble Delhi High Court raising certain objections against the award, which was dismissed by the Hon'ble Court. MOHFW has again filed an appeal against such order before the Division Bench of the Hon'ble Delhi High Court which is currently pending before the same. The Holding Company's application for execution of award is currently pending before the Hon'ble Delhi High Court. The Holding Company believes that the outcome of this matter will not have any material adverse impact on the financial position of the Holding Company.
- ix) Radhika Heights Limited ("RHL") (initially known as Maxwell Impex (India) Private Limited) owns an industrial plot bearing No. G-3, Block B-1 Extn., Mohan Co-operative Industrial Estate, Mathura Road, New Delhi, which was earlier allotted to Shri Ramesh Chandra Aggarwal by way of Registered Perpetual Lease deed. Shri Ramesh Chandra Aggarwal formed a company in the name of Maxwell Impex (India) Private Limited and conveyed his perpetual lease/ sublease hold rights in respect of the said plot to it. The entire shareholding of this company was subsequently purchased by Panacea Biotec Limited from the shareholders of this company during financial year 1999-2000. In 2003, Delhi Development Authority ('DDA') floated a scheme for conversion of leasehold rights to freehold rights on the basis of General Power of Attorney. RHL applied for conversion of the leasehold rights to freehold rights. RHL received a demand towards unearned increase charges of Rs.100.78 million from DDA vide its letter dated October 22, 2010 without disclosing the nature and the basis of demand. RHL has filed a writ petition with the Hon'ble Delhi High Court which is pending at present. Pursuant to the Scheme of Arrangement filed before the Hon'ble National Company Law Board Tribunal, Chandigarh (which is currently pending before it) the said property shall, inter-alia, be owned by the Holding Company's subsidiary, Meyten Realtech Private Limited. Based on legal advice, the Group believes that it has merits in this case, hence no provision for this demand towards unearned increase charge is currently recorded.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### (B) Capital commitments

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

Particulars	(Rs. in million)	
	As at March 31, 2022	As at March 31, 2021
Property, plant and equipment	53.05	64.55

### 42 Leases

#### Group as a lessee

The Group does not have any long-term non cancellable leases as at March 31, 2022 (March 31, 2021: Nil). As on April 1, 2019, leasehold land which has been transferred to Right of Use ("RoU") asset. Refer note 2.1 for details. Lease payments with respect to short term leases amounts to Rs.40.88 million (March 31, 2021: Rs.28.67 million) which has not been included in the measurement of lease liability.

#### Group as a lessor

The Group has leased out certain office and godown premises under short-term operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. There are no sublease payments expected to be received under non-cancellable subleases at the balance sheet date and no restriction is imposed by lease arrangements. Lease income amounting to Rs.2.03 million ( March 31, 2021: Rs.0.59 million) has been recorded in the consolidated statement of profit and loss.

### 43 Research and development expenditure

Research and development expenditure incurred by the Group during the financial year are mentioned below: (Rs. in million)

Particulars	For the year ended	For the year ended
	March 31, 2022	March 31, 2021
Revenue expenditure		
Materials consumed	5.64	10.46
Employee benefits expense	127.78	107.86
Depreciation and amortisation expense	65.56	81.48
Other expenses	159.05	190.37
Capital expenditure	21.07	36.15
Total	379.10	426.32

### 44 Related party disclosures

#### (A) List of related parties and relationship with whom transactions have taken place:

##### (a) Joint Venture:

Chiron Panacea Vaccines Private Limited ("CPV") (Under liquidation)

##### (b) Key Management Personnel:

Mr. Soshil Kumar Jain - Chairman and Whole-time Director

Dr. Rajesh Jain - Managing Director

Mr. Sandeep Jain - Joint Managing Director

Mrs. Sunanda Jain - Whole-time Director (upto October 7, 2020) (KMP's relative having transaction from November 14, 2020 to March 14, 2022)

Mr. Sumit Jain - Whole-time Director designated as Director Operations & Projects (upto October 7, 2020) (KMP's relative having transaction from November 14, 2020 to August 13, 2021)

Mr. Ankesh Jain - Whole-time Director designated as Director Sales & Marketing

Mr. R. L. Narasimhan - Non-Executive Independent Director

Mr. N. N. Khamitkar - Non-Executive Independent Director

Mr. K. M. Lal - Non-Executive Independent Director

Mrs. Manjula Upadhyay - Non-Executive Independent Director

Mr. Mukul Gupta - Non-Executive Independent Director

Mr. Ashwini Luthra - Non-Executive Independent Director (upto July 10, 2021)

Mr. Bhupinder Singh - Non-Executive Independent Director

Mr. Shantanu Yeshwant Nalavadi - Non-Executive Director (upto March 9, 2022)

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

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

##### (c) Enterprises over which Person(s) (having control or significant influence over the Company / Key management personnel(s), along with their relatives) are able to exercise significant influence:

Neophar Alipro Limited ("Neophar")

Lakshmi & Manager Holdings Limited ("LMH") (upto October 7, 2020),

Trinidhi Finance Private Limited ("Trinidhi") (subsidiary of LMH upto October 7, 2020)

Best General Insurance Company Limited (subsidiary of LMH) (upto October 7, 2020)

First Lucre Partnership Co. (holding shares in the Group)



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

White Pigeon Estate Private Limited (upto October 7, 2020)  
 OKI Estate Private Limited (upto October 7, 2020)  
 Panacea Life Sciences Limited (upto October 7, 2020)  
 Radhika Heights Limited ("RHL") (from September 11, 2020)  
 Ravinder Heights Limited ("RVHL") (from September 11, 2020)  
 Cabana Construction Private Limited (from September 11, 2020)  
 Cabana Structures Limited (from September 11, 2020)  
 Nirmala Buildwell Private Limited (from September 11, 2020)  
 Nirmala Organic Farms & Resorts Private Limited (from September 11, 2020)  
 Radicura Infra Limited (from September 11, 2020)  
 Sunanda Infra Limited (from September 11, 2020)  
 MR Lex Corp LLP

(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 Mrs. Sunanda Jain, (upto October 7, 2020)  
 Mrs. Radhika Jain, daughter of Mrs. Sunanda Jain, (upto October 7, 2020)  
 Mrs. Shilpy Jain, wife of Mr. Sumit Jain and daughter-in-law of Mrs. Sunanda Jain, (upto October 7, 2020)  
 Mr. Harshet Jain, son of Dr. Rajesh Jain and brother of Mr. Ankesh Jain

B. Transactions with related parties:		(Rs. in million)	
S. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
i)	Transactions made during the year:		
a)	Rent income		
	CPV	-	0.36
	RHL	0.05	0.04
	RVHL	0.01	0.01
	Neophar	0.18	0.18
	Trinidhi	-	0.09
b)	Rent expense		
	RHL	6.92	3.46
c)	Interest expense		
	RHL	19.73	10.35
	Trinidhi	-	-
	Mr. Soshil Kumar Jain	13.67	12.60
	Dr. Rajesh Jain	17.94	14.96
	Mrs. Sunanda Jain	1.95	2.05
d)	Legal and professional expense		
	Mrs. Sunanda Jain	1.71	1.05
	Mr. Sumit Jain	-	1.00
	Mrs. Shilpy Jain	-	0.68
	MR Lex Corp LLP	0.61	0.39
e)	Short-term employee benefits		
	Mr. Soshil Kumar Jain	11.48	11.20
	Mrs. Sunanda Jain	-	2.79
	Dr. Rajesh Jain	7.77	7.42
	Mr. Sandeep Jain	7.21	6.95
	Mr. Sumit Jain	-	2.18
	Mr. Ankesh Jain	2.77	2.63
	Mr. Vinod Goel	6.78	5.37
	Mr. Devender Gupta	5.59	3.99
	Mr. Ashwani Jain	2.96	2.99
	Mrs. Radhika Jain	-	2.11
	Mr. Harshet Jain	0.75	0.69
f)	Directors' sitting fees		
	Mr. R. L. Narasimhan	0.33	0.31
	Mr. N. N. Khamitkar	0.31	0.30
	Mr. K. M. Lal	0.33	0.32
	Mrs. Manjula Upadhyay	0.25	0.20
	Mr. Mukul Gupta	0.25	0.25
	Mr. Ashwini Luthra	0.05	0.25
	Mr. Bhupinder Singh	0.25	0.25
g)	Loan received		
	Dr. Rajesh Jain	-	52.00

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

		(Rs. in million)	
S. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	h) Repayment of borrowings		
	RHL	245.02	-
	Mrs. Sunanda Jain	21.57	-
II)	Year end balances:		
	a) Borrowings		
	RHL	-	245.02
	Mr. Soshil Kumar Jain	125.21	125.21
	Dr. Rajesh Jain	172.02	172.02
	Mrs. Sunanda Jain	-	21.57
	b) Interest accrued on borrowings		
	Mr. Soshil Kumar Jain	34.44	22.14
	Dr. Rajesh Jain	9.73	23.89
	c) Trade payables		
	RHL	16.38	8.90
	Mrs. Shilpy Jain	-	0.05
	Mr. Sumit Jain	-	0.20
	Mrs. Sunanda Jain	-	0.21
	MR Lex Corp LLP	0.51	0.20
	d) Trade receivables		
	CPV	-	-
	RHL	1.06	0.99
	Trinidhi	0.10	0.10
	RVHL	0.76	0.09
	e) Post-employment benefits		
	Mr. Soshil Kumar Jain	17.61	17.15
	Dr. Rajesh Jain	9.16	9.46
	Mr. Sandeep Jain	8.27	8.60
	Mrs. Sunanda Jain	-	1.02
	Mr. Sumit Jain	-	2.75
	Mr. Ankesh Jain	0.80	0.80
	Mr. Vinod Goel	1.65	1.57
	Mr. Devender Gupta	1.01	0.91
	Mr. Ashwani Jain	2.00	2.00
	Mrs. Radhika Jain	-	0.58
	Mr. Harshet Jain	0.04	0.02

		(Rs. in million)	
Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>45</b>	<b>Assets mortgaged/ hypothecated as security for borrowings are as under:</b>		
	Non current assets		
a)	Property, plant and equipment	3.69	6,066.53
b)	Capital work in progress	-	212.41
c)	Other Intangible assets	-	20.45
d)	Intangible assets under development	-	131.76
e)	Other financial assets	-	68.28
f)	Other non-current assets	-	138.38
	<b>Total non-current assets</b>	<b>3.69</b>	<b>6,637.81</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Rs. in million)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
Current assets			
a) Inventories	8	-	1,741.37
b) Financial assets			
(i) Trade receivables	10	-	846.84
(ii) Cash and cash equivalents	11	-	520.79
(iii) Bank balances other than cash and cash equivalents	12	-	837.14
(iv) Loans	13	-	19.95
(v) Others financial assets	14	-	129.07
c) Other current assets	15	-	647.10
Total current assets		-	4,742.26
Assets classified as held for sale and discontinued operations	38	-	367.45
Total assets mortgaged/hypothecated as security		3.69	11,747.52

Note: During the year, the Company and/or PBPL repaid all its debts against which all the above assets had been mortgaged/ hypothecated. With effect from March 3, 2022, all the above assets are free of charge, except on vehicle financed from Axis Bank (refer note 18 and 55).

### 46 Segment information

The Group has determined following reportable segments based on the information reviewed by the Holding Company's management:

- Vaccines
- Formulations
- Real estate

#### (A) Information about reportable segments

(Rs. in million)

Particulars	Vaccines		Formulations		Real Estate		Total	
	For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
a) Segment revenue	2,347.71	2,278.34	4,264.61	3,969.71	-	-	6,612.32	6,248.05
Less: revenue from discontinued operations	-	-	-	-	-	-	-	-
Total revenue from continuing operations	2,347.71	2,278.34	4,264.61	3,969.71	-	-	6,612.32	6,248.05
b) Segment result	(898.98)	(214.07)	15,387.06	(1,228.39)	-	(7.84)	14,488.08	(1,450.30)
Less: Loss from discontinued operations	-	-	-	-	-	(7.84)	-	(7.84)
Net segment results from continuing operations	(898.98)	(214.07)	15,387.06	(1,228.39)	-	-	14,488.08	(1,442.46)
Particulars	Vaccines		Formulations		Real Estate		Total	
	As at		As at		As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Other information:								
Segment assets	7,355.63	7,518.38	10,469.42	4,256.98	-	-	17,825.05	11,775.36
Reclassified as assets held for sale (refer note 38)	399.96	367.45	-	-	-	-	399.96	367.45
Total assets	6,955.67	7,150.93	10,469.42	4,256.98	-	-	17,425.09	11,407.91
Segment liabilities	2,426.90	2,104.25	6,940.03	11,988.00	-	-	9,366.93	14,092.25
Reclassified as liabilities associated with held for sale (refer note 38)	26.00	-	-	-	-	-	26.00	18.50
Total liabilities	2,400.90	2,104.25	6,940.03	11,988.00	-	-	9,340.93	14,073.75
Capital expenditure:								
Tangible assets	96.84	145.90	36.08	66.56	-	-	132.92	212.46
Intangible assets	0.14	-	2.18	-	-	-	2.32	-
Depreciation expense	260.09	261.52	176.52	194.42	-	4.80	436.61	460.74
Total	357.07	407.42	214.78	260.98	-	4.80	571.85	673.20
Total expenditure for discontinued operations	-	-	-	-	-	4.80	-	4.80

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### (B) Additional information by geographies

#### a) Revenue as per geographical markets:

(Rs. in million)

Segment	Domestic		Overseas	
	For the year ended		For the year ended	
	<b>March 31, 2022</b>	March 31, 2021	<b>March 31, 2022</b>	March 31, 2021
Vaccines	1,093.72	856.73	1,253.99	1,421.61
Formulations	2,632.37	2,252.33	1,632.24	1,717.38
<b>Total Revenue</b>	<b>3,726.09</b>	<b>3,109.06</b>	<b>2,886.23</b>	<b>3,138.99</b>

#### b) Assets (net) as per geographical markets:

Segment	Domestic		Overseas	
	As at		As at	
	<b>March 31, 2022</b>	March 31, 2021	<b>March 31, 2022</b>	March 31, 2021
Vaccines	7,355.63	7,518.38	-	-
Formulations	9,929.76	3,691.08	539.66	565.90
<b>Total</b>	<b>17,285.39</b>	<b>11,209.46</b>	<b>539.66</b>	<b>565.90</b>
Assets classified as held for sale (refer note 38)	399.96	367.45	-	-
<b>Total</b>	<b>16,885.43</b>	<b>10,842.01</b>	<b>539.66</b>	<b>565.90</b>

#### c) Revenue from top one customers contributing more than 10% of segmental revenue:

Segment	For the year ended	
	<b>March 31, 2022</b>	March 31, 2021
Percentage of total revenues*	11.08%	17.49%

\*The top contributing customer is different in both the financial years.

#### d) All other assets are located in India therefore separate disclosure for other assets is not presented.

### 47 Employee benefits obligations

#### A. Defined benefit plan

##### Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Group is exposed to various risks as follows:

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	If plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount Rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Death and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

##### Gratuity (funded)

The Group provides for gratuity for employees in India as per the Payments of Gratuity Act, 1972 to Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan the group makes contributions to recognised funds in India. The group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The Group expects to contribute Rs.30.85 million (March 31, 2021: Rs.36.48 million) towards gratuity during next year

The weighted average duration of the defined benefit obligation as at March 31, 2022 is 13.65 years (March 31, 2021: 13.93 years)

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a. Reconciliation of present value of defined benefit obligation and the fair value of plan assets</b>		
Present value of defined benefit obligation as at the end of the year	206.56	223.75
Fair value of plan assets as at the end of the year	50.82	51.67
Net liability position recognised in balance sheet*	155.76	172.08
<b>b. Changes in defined benefit obligation</b>		
Present value of defined benefit obligation as at the start of the year	223.75	212.59
Interest cost	15.12	7.41
Current service cost	17.23	20.57
Transferred on account of demerger	-	(4.37)
Benefits paid	(52.19)	(10.45)
Actuarial (gain)/loss on defined benefit obligations	2.67	(2.00)
Present value of defined benefit obligation as at the end of the year	206.58	223.75
<b>c. Net interest cost</b>		
Interest cost on defined benefit obligation	15.12	7.41
Interest income on plan assets	3.48	1.52
Net interest cost	11.64	5.89
<b>d. Amount recognised in the statement of profit and loss</b>		
Current service cost	17.23	20.57
Net interest cost	11.64	5.89
Amount recognised in the statement of profit and loss	28.87	22.09
<b>e. Change in plan assets</b>		
Fair value of the plan assets at the beginning of the year	51.67	40.81
Actual return on plan assets	7.16	3.30
Employer contribution	8.13	16.37
Fund management charges	(0.21)	(0.25)
Benefits paid	(15.93)	(8.56)
Fair value of the plan assets at the end of the year	50.82	51.67
<b>f. Key categories of plan assets as a percentage of the fair value of total plan assets for gratuity</b>		
Investment with insurer	100%	100%
<b>g. Other comprehensive income</b>		
Actuarial loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(8.30)	-
Actuarial loss on arising from experience adjustment	10.98	(2.00)
Actuarial loss on arising on plan assets	0.34	(19.18)
Total actuarial loss for the year	3.02	(21.18)
<b>h. Actuarial assumptions</b>		
Discount rate	7.26%	6.76%
Future salary increase	6.00%	6.00%
<b>i. Demographic Assumption</b>		
Retirement age (years)	60/75	60/75
Mortality rates inclusive of provision for disability	100%	100%
Ages	Withdrawal Rate (%)	
Up to 30 years	10.00%	10.00%
From 31 to 44 years	5.00%	5.00%
Above 44 years	1.00%	1.00%
<b>j. Sensitivity analysis for gratuity liability</b>		
Impact of the change in discount rate		
a) Impact due to increase of 0.50%	(7.89)	(9.96)
b) Impact due to decrease of 0.50%	8.50	10.79
Impact of the change in salary increase		
a) Impact due to increase of 0.50%	7.34	9.57
b) Impact due to decrease of 0.50%	(6.92)	(8.98)
<b>k. Maturity profile of defined benefit obligation*</b>		
With in next 12 months	13.73	40.64
Between 1-5 years	48.92	41.74
Beyond 5 years	143.93	141.37

\* The cash flows disclosed are discounted.



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### B. Defined contribution plans

The Group's contribution to state governed provident fund, scheme are considered as defined contribution plans. The contribution for the current year is Rs.51.25 million (March 31, 2021 : Rs.47.26 million) is recognised as an expense, when an employee renders the related service. There are no other obligations of the Group, other than the contribution payable to the respective funds.

### 48 Fair value measurements

#### A Financial assets and liabilities

The carrying amounts and fair values of financial instruments by class are as follows:

As at March 31, 2022		(Rs. in million)	
Particulars	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
(i) Investments	50.71	-	-
(ii) Trade receivables	-	-	1,316.56
(iii) Cash and cash equivalents	-	-	503.50
(iv) Bank balances other than cash and cash equivalents	-	-	5,329.28
(v) Loans	-	-	14.40
(vi) Others financial assets	-	-	899.54
<b>Total</b>	<b>50.71</b>	<b>-</b>	<b>8,063.28</b>
<b>Financial Liabilities</b>			
(i) Borrowings	-	-	341.55
(ii) Trade payables	-	-	2,597.77
(iii) Other financial liabilities	-	-	51.76
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,991.08</b>

As at March 31, 2021		(Rs. in million)	
Particulars	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
(i) Investments	0.70	-	-
(ii) Trade receivables	-	-	846.84
(iii) Cash and cash equivalents	-	-	520.79
(iv) Bank balances other than cash and cash equivalents	-	-	837.14
(v) Loans	-	-	19.95
(vi) Others financial assets	-	-	197.35
<b>Total</b>	<b>0.70</b>	<b>-</b>	<b>2,422.07</b>
<b>Financial Liabilities</b>			
(i) Borrowings	-	-	8,195.26
(ii) Trade payables	-	-	2,466.56
(iii) Other financial liabilities	-	-	2,226.58
<b>Total</b>	<b>-</b>	<b>-</b>	<b>12,888.40</b>

#### B Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

The different levels of fair value have been defined below:

Level 1: Quoted prices (unadjusted) in an active market for financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

#### B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

(Rs. in million)

As at March 31, 2022		Level 1	Level 2	Level 3
Investments		50.01	0.70	-
As at March 31, 2021		Level 1	Level 2	Level 3
Investments		-	0.70	-

#### B.2 Financial assets and liabilities are measured at amortised cost. All the financial assets and liabilities valued at amortised cost form part of Level 3 of hierarchy table. Further, the carrying amounts of trade receivables, cash and cash equivalents, consignment debtors, interest accrued, other receivables, other bank balances, trade payables, employee payables and other current payables are considered to be the same as fair values, due to their short term nature. The fair value of all financial assets and financial liability, approximates the amortised cost due to their short term nature. They are classified as level 3 fair value in the fair value hierarchy due to the inclusion of unobservable inputs, including own credit risk. The fair value of loans to employees and security deposits approximates the carrying amount.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### 49 Financial risk management

#### Risk management framework

The Group's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

#### A. Credit risk

Credit risk is the risk that a counter party fails to discharge its obligation to the Group. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counter parties and incorporates this information into its credit risk controls.

#### A.1 Credit risk management

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets:

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

The Group provides for expected credit loss based on the following:

Asset Company	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, Bank balances other than cash and cash equivalents, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables	Life time expected credit loss or 12 month expected credit loss*
High credit risk	Trade receivables and loans	Life time expected credit loss or fully provided for

\*In respect of trade receivables, the Group recognises a provision for lifetime expected credit losses

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

Particulars	Credit rating	(Rs. in million)	
		As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	A: Low credit risk	503.50	520.79
Bank balances other than cash and cash equivalents	A: Low credit risk	5,329.28	837.14
Loans	A: Low credit risk	14.40	19.95
Other financial assets	A: Low credit risk	899.54	197.35
Trade receivables	B: Medium credit risk	1,316.56	846.84
Trade receivables	C: High credit risk	39.03	41.06
Loans	C: High credit risk	586.41	586.41

#### Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

#### Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become two year past due.

#### Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

#### A.2 Expected credit losses for financial assets other than trade receivables

The Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since the Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits,

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

credit risk is considered low because the Group is in possession of the underlying asset. However, in respect of loans comprising loans to related parties, credit risk is evaluated on the basis of credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. In respect of other financial assets, credit risk is evaluated based on Group's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. In respect of other financial assets, credit risk is evaluated based on Group's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. The Group does not have any expected loss based impairment recognised (except in case of loans to related parties) on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

As at March 31, 2022					(Rs. in million)
Particulars	Estimated gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment	
Cash and cash equivalents	503.50	-	-	503.50	
Bank balances other than cash and cash equivalents	5,329.28	-	-	5,329.28	
Loans	600.81	97.60%	586.41	14.40	
Other financial assets	899.54	-	-	899.54	

As at March 31, 2021					(Rs. in million)
Particulars	Estimated gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment	
Cash and cash equivalents	520.79	-	-	520.79	
Bank balances other than cash and cash equivalents	837.14	-	-	837.14	
Loans	606.36	96.71%	586.41	19.95	
Other financial asset	197.35	-	-	197.35	

Reconciliation of loss allowance for loans		(Rs. in million)
Particulars		Amount
Loss allowance as on April 1, 2020		-
Expected loss recognised/(reversed) during the year		586.41
Loss allowance as on March 31, 2021		586.41
Expected loss recognised/(reversed) during the year		-
Loss allowance as on March 31, 2022		586.41

### A.3 Expected credit loss for trade receivables under simplified approach

The Group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein the Group has defined percentage of provision by analysing historical trend of default relevant to each category of customer based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met). Further, the Company has other trade receivables for Rs.639.93 million from one party and Rs.167.28 million (March 31, 2021: Rs.234.94 million) against which it is carrying unsecured payables for corresponding amount for those default criteria are not met are not included in the below table.

As at March 31, 2022									(Rs. in million)
Particulars	Not Due	Post due days						Total	
		0-30 days	31-90 days	91-182 days	183-365 days	366-730 days	More than 730 days		
Gross carrying amount	294.19	53.80	87.30	52.21	12.82	18.12	29.94	548.38	
Expected loss rate	0.42%	0.50%	0.13%	3.39%	2.45%	29.76%	100.00%	7.12%	
Expected credit loss	1.24	0.27	0.11	1.77	0.31	5.39	29.94	39.03	
Carrying amount (net of impairment)	292.95	53.53	87.19	50.44	12.51	12.73	-	509.35	

As at March 31, 2021									(Rs. in million)
Particulars	Not Due	Post due days						Total	
		0-30 days	31-90 days	91-182 days	183-365 days	366-730 days	More than 730 days		
Gross carrying amount	417.13	90.27	53.01	17.09	22.13	22.66	30.67	652.96	
Expected loss rate	0.37%	0.86%	0.15%	2.25%	2.62%	31.03%	100.00%	6.29%	
Expected credit loss	1.54	0.78	0.08	0.38	0.58	7.03	30.67	41.06	
Carrying amount of trade receivables	415.59	89.49	52.93	16.71	21.55	15.63	-	611.90	

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

Changes in allowance for trade receivables		(Rs. in million)
Particulars		Amount
As at March 31, 2020		27.35
Movement during the year		13.71
As at March 31, 2021		41.06
Loss recognised/(reversed) during the year		(2.03)
As at March 31, 2022		39.03

### B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

#### B.1 Contractual Maturities of financial liabilities

The tables below analyse the Group's financial liabilities based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at March 31, 2022						(Rs. in million)
Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	
(i) Borrowings including interest thereon	72.60	27.46	324.69	174.76	599.51	
(ii) Trade payables	2,597.77	-	-	-	2,597.77	
(iii) Other financial liabilities	6.63	-	-	-	6.63	
<b>Total</b>	<b>2,677.00</b>	<b>27.46</b>	<b>324.69</b>	<b>174.76</b>	<b>3,203.91</b>	

As at March 31, 2021						(Rs. in million)
Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	
(i) Borrowings including interest thereon	1,561.76	369.20	369.67	14,495.96	16,796.59	
(ii) Trade payables	2,466.56	-	-	-	2,466.56	
(iii) Other financial liabilities	63.31	-	-	-	63.31	
<b>Total</b>	<b>4,091.63</b>	<b>369.20</b>	<b>369.67</b>	<b>14,495.96</b>	<b>19,326.46</b>	

### C. Market risk

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's non-current and current debt obligations financed with fixed interest rates. The Group always try to ensure minimum cash outflows. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility (the loans are repaid in the current year).

In view of the above, the Group is not exposed to fluctuation in interest rate risk on borrowings.

#### (ii) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO, CHF, JPY, CAD, GBP, KZT, RUB, SEK and TBH. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Group. The Group does not use any derivative instruments to manage its exposure. Also, the Group does not use forward contracts and swaps for speculative purposes.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(a) Foreign currency denominated financial assets and liabilities, translated at the closing rate:

Particulars in Foreign currency	As at March 31, 2022			As at March 31, 2021		
	Amount in foreign currency	Closing rate*	Amount in reporting currency (Rs. in million)	Amount in foreign currency	Closing rate*	Amount in reporting currency (Rs. in million)
<b>Financial assets</b>						
(i) Balance with banks						
United States Dollar ('USD')	225,253	75.79	17.07	210,003	73.11	15.35
Euro ('EUR')	4,833,600	83.99	405.97	4,566,118	85.78	391.66
Swiss Franc ('CHF')	8,966	82.23	0.74	15,538	77.49	1.20
Kazakhstani Tenge ('KZT')	52,110	0.21	0.01	52,110	0.21	0.01
Russian Ruble ('RUB')	257,732	0.09	0.02	37,482	0.97	0.04
(ii) Accrued receivable						
United States Dollar ('USD')	302,277	75.79	22.91	567,356	73.11	41.48
(iii) Trade receivable						
Euro ('EUR')	2,045,756	83.99	171.82	3,211,964	85.77	275.49
Swiss Franc ('CHF')	-	-	-	1,794	77.49	0.14
United States Dollar ('USD')	4,090,275	75.79	310.00	3,661,564	73.11	267.70
<b>Financial liabilities</b>						
<b>Foreign trade payable</b>						
United States Dollar ('USD')	12,088,641	75.79	916.20	3,142,454	73.12	229.78
Euro ('EUR')	3,414,320	84.08	287.08	4,919,906	85.83	422.28
Pound Sterling ('GBP')	36,064	99.79	3.60	35,002	100.86	3.53
Swiss Franc ('CHF')	75,188	82.33	6.19	84,399	77.55	6.55
Japanese Yen ('JPY')	2,722,810	0.63	1.72	2,722,810	0.66	1.80
Swedish Krona ('SEK')	16,820	8.08	0.14	16,820	8.38	0.14
Canadian Dollar ('CAD')	43,428	60.77	2.64	43,428	58.26	2.53
Thai Baht ('THB')	5,547	2.28	0.01	5,547	2.34	0.01
<b>Net exposure</b>						
United States Dollar ('USD')	(7,470,837)	-	(566.21)	1,296,468	-	94.75
Euro ('EUR')	3,465,037	-	290.72	2,858,175	-	244.87
Pound Sterling ('GBP')	(36,064)	-	(3.60)	(35,002)	-	(3.53)
Swiss Franc ('CHF')	(66,223)	-	(5.45)	(67,067)	-	(5.20)
Russian Ruble ('RUB')	257,732	-	0.02	37,482	-	0.04
Thai Baht ('THB')	(5,547)	-	(0.01)	(5,547)	-	(0.01)
Swedish Krona ('SEK')	(16,820)	-	(0.14)	(16,820)	-	(0.14)
Canadian Dollar ('CAD')	(43,428)	-	(2.64)	(43,428)	-	(2.53)
Kazakhstani Tenge ('KZT')	52,110	-	0.01	52,110	-	0.01
Japanese Yen ('JPY')	(2,722,810)	-	(1.72)	(2,722,810)	-	(1.80)

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

(b) Sensitivity analysis of change in rates of material foreign currencies on profit/(loss) after tax and equity.

Particulars	+/(-) in basis points	Impact on Profit/(loss) for the year ended	
		March 31, 2022	March 31, 2021
United States Dollar ('USD')	+200	(7.37)	1.23
	-200	7.37	(1.23)
Euro ('EUR')	+500	9.46	7.97
	-500	(9.46)	(7.97)
Pound Sterling ('GBP')	+500	(0.12)	(0.11)
	-500	0.12	0.11
Japanese Yen ('JPY')	+200	(0.02)	(0.02)
	-200	0.02	0.02
Swiss Franc ('CHF')	+200	(0.07)	(0.07)
	-200	0.07	0.07



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### 50 Group information

Information about subsidiary/entity consolidated

The Consolidated Financial statements of the Group include entities listed in the table below:

(Rs. in million)

S.No.	Name of entity	Country of Incorporation	Proportion (%) of equity interest	
			As at March 31, 2022	As at March 31, 2021
A.	Subsidiaries of Panacea Biotec Limited <sup>#</sup>			
	Meyten Realtech Private Limited	India	100.00%	100.00%
	Panacea Biotec Pharma Limited	India	100.00%	100.00%
	Panacea Biotec (International) SA	Switzerland	100.00%	100.00%
	PanEra Biotec Private Limited*	India	50.00%	50.00%
	Adveta Power Private Limited*	India	75.00%	75.00%

<sup>#</sup>Excluding names for step down subsidiaries, since consolidated financial information of these entities is used for preparing these Consolidated Financial Statements.

\*Considered as subsidiary for the purpose of consolidation as per Ind AS 110.

### 51 Additional information, as required under Schedule III of the Companies Act, 2013, of the enterprises consolidated as subsidiaries / entities consolidated:

(Rs. in million)

S. No.	Name of entity	Net assets (assets minus liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	Parent								
	Panacea Biotec Limited	55.33%	4,679.86	(8.73)%	(941.08)	175.75%	(7.03)	(8.80)%	(948.11)
	Subsidiary <sup>#</sup>								
1	Meyten Realtech Pvt. Ltd.	0.00%	(0.18)	0.00%	(0.39)	-	-	0.00%	(0.39)
2	Panacea Biotec Pharma Limited	41.39%	3,501.04	107.67%	11,605.91	(151.00)%	6.04	107.77%	11,611.95
3	Panacea Biotec (International) SA	3.47%	293.49	1.06%	114.27	75.25%	(3.01)	1.03%	111.26
4	PanEra Biotec Private Limited*	(0.50)%	(42.65)	0.00%	0.34	-	-	0.00%	0.34
5	Adveta Power Private Limited*	0.31%	26.55	0.00%	(0.01)	-	-	0.00%	(0.01)
	Total	100.00%	8,458.11	100.00%	10,779.04	100.00%	(4.00)	100.00%	10,775.04

<sup>#</sup>Excluding names for step down subsidiaries, since consolidated financial information of these entities is used for preparing these Consolidated Financial Statements.

\* Considered as subsidiary for the purpose of consolidation as per Ind AS 110.

### 52 Capital management policies

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position recognised in other comprehensive income.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Group are summarised as follows:

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current borrowings including interest accrued on borrowings	386.16	9,514.08
Current borrowings (current maturities on long term borrowings)	0.52	844.46
Less: Cash and cash equivalents	(503.50)	(520.79)
Net debt	(116.82)	9,837.75
Total equity	8,458.11	(2,316.93)
Net debt to equity ratio	(1.38)%	(424.60)%

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### 53 Reconciliation of liabilities arising out of financing activities

The changes in the Group's liabilities arising from financing activities are classified as follows:

Particulars	(Rs. in million)		
	Long term borrowings*	Short term borrowings	Total
As at April 1, 2021	8,195.26	-	8,195.26
Cash changes:			
- Proceeds	2.96	-	2.96
- Repayment	(7,863.64)	-	(7,863.64)
Other non-cash changes			
- Interest on financial liabilities component of compound financial instruments	6.97	-	6.97
As at March 31, 2022	341.55	-	341.55

\*including current maturities of long term borrowings

Particulars	(Rs. in million)		
	Long term borrowings*	Short term borrowings	Total
As at April 1, 2020	7,386.19	35.68	7,421.87
Cash changes:			
- Proceeds	1,012.00	-	1,012.00
- Repayment	(453.46)	(35.68)	(489.14)
Other non-cash changes			
- adjustment on account of demerger	245.02	-	245.02
- Interest on financial liabilities component of compound financial instruments	5.51	-	5.51
As at March 31, 2021	8,195.26	-	8,195.26

\*including current maturities of long term borrowings

### 54 Interests in other entities

#### (a) Subsidiaries

The Group's subsidiaries at year end are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity <sup>#</sup>	Place of business/ country of incorporation	Ownership interest held by the Group		Ownership interest held by non- controlling interest		Principal activities
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	
		%	%	%	%	
Meyten Realtech Private Ltd.	India	100	100	-	-	Real estate
Panacea Biotech Pharma Limited	India	100	100	-	-	Pharmaceuticals
Panacea Biotech (International) SA	Switzerland	100	100	-	-	Pharmaceuticals
PanEra Biotech Private Limited*	India	50	50	50	50	Vaccines
Adveta Power Private Limited*	India	75	75	25	25	Power generation

<sup>#</sup> Excluding names for step down subsidiaries, since consolidated financial information of these entities is used for preparing these Consolidated Financial Statements.

\* Considered as subsidiary for the purpose of consolidation as per Ind AS 110.

#### (b) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet	(Rs. in million)			
	PanEra Biotech Private Limited		Adveta Power Private Limited	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Current assets	32.29	32.17	0.16	0.15
Current liabilities	100.04	101.94	28.79	28.68
Net current assets	(67.75)	(69.77)	(28.63)	(28.53)
Non-current assets	8.22	9.47	29.15	29.15
Non-current liabilities	-	-	-	-
Net non-current assets	8.22	9.47	29.15	29.15
Net assets	(59.53)	(60.30)	0.52	0.62
Accumulated NCI	(29.77)	(30.15)	0.13	0.15

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

(Rs. in million)

Summarised statement of profit and loss	PanEra Biotec Private Limited		Adveta Power Private Limited	
	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue	-	0.43	-	-
Profit/(loss) of the year	0.45	0.79	(0.10)	(0.08)
Other comprehensive income	-	-	-	-
Total comprehensive income	0.45	0.79	(0.10)	(0.08)
Profit/(loss) allocated to NCI	0.22	0.40	(0.03)	(0.02)
Dividend paid to NCI	-	-	-	-

(Rs. in million)

Summarised cash flows	PanEra Biotec Private Limited		Adveta Power Private Limited	
	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flows from operating activities	0.07	(0.04)	(0.00)	(0.00)
Cash flows from investing activities	-	-	-	-
Cash flows from financing activities	-	-	-	-
Net increase/ (decrease) in cash and cash equivalents	0.07	(0.04)	(0.00)	(0.00)

(c) There are no transactions with non-controlling interests.

- 55** (a) The Board of Directors of the Holding Company and Panacea Biotec Pharma Limited ("PBPL") in their respective meetings held on February 1, 2022, have approved sale of PBPL's pharmaceutical formulations brands in India and Nepal including related trademarks, copyrights etc., including transfer of identified employees to Mankind Pharma Limited (the "Buyer") for an aggregate consideration of Rs.18,720.00 million plus applicable taxes. The said transaction was approved by the shareholders of PBPL and the Holding Company in their respective meetings held on February 23, 2022 and February 26, 2022 respectively. Subsequently, the Holding Company and PBPL signed the Definitive Agreements including the asset purchase agreement with the Buyer on February 28, 2022. Out of the total consideration, the Group has recognised revenue of Rs.16,762.06 million which is shown as an "Exceptional Item" in the Statement of Profit and Loss. The remaining consideration of Rs.1,957.94 million would be recognised as revenue in subsequent years and is shown as contract liability.
- (b) On March 3, 2022, PBPL has repaid Rs.10,980.77 million to redeem its outstanding liability of non-convertible debentures ("NCDs") of Rs.7,544.45 million along with a redemption premium of Rs.3,436.32 million. Consequently, PBPL has become a debt free Company. Subsequently, the mortgage and hypothecated charge created earlier in favour of Vistra (ITCL) India Limited (acting as trustee on behalf of debenture holders) to secure the aforesaid NCDs, which includes the guarantees issued by the Holding Company, promoters and directors of the Holding Company, has been released.
- 56** For the financial year ended March 31, 2022, the Group earned a profit (before tax and exceptional items) of Rs.14,488.09 million (year ended March 31, 2021: loss of Rs.1,442.46 million) from continuing operations. The Holding Company has already taken various measures aimed at improving the financial condition of the Group, inter-alia, sale of pharmaceutical formulation brands, as explained in note 55 above, which enabled the Group to repay its outstanding dues of Non-Convertible Debenture (NCDs) and retain sufficient surplus to fund its existing projects and operations and also help the Group to enter new market and expediting development of new products. The surplus funds with the Group will also strengthen the working capital position and scaling up its vaccines business in India and global markets and the pharmaceutical formulations business in international markets including ROW countries, USA / EU, etc. Based on these measures and continuous efforts to improve the business performance, the management has prepared the financial statements on going concern basis.
- 57** In view of the Holding Company's decision to make the structure of overseas subsidiaries more efficient and aligned to business objectives and to save management and administrative expenses thereof, the Holding Company has decided to wind up Panacea Biotec (International) SA ("PBS") in due course. Accordingly, the Holding Company has created Provision for impairment on its investment in PBS. Owing to accumulated losses in PBS and its wholly-owned subsidiary, Panacea Biotec Germany GmbH (PBGG), the Holding Company has continued to maintain the provision for bad and doubtful advances in respect of the loans receivable and accrued interest from PBS and PBGG aggregating to Rs.96.78 million and Rs.319.42 million, respectively, as on March 31, 2022 (March 31, 2021: Rs.89.73 million and Rs.296.73 million, respectively). The Holding Company has applied with the authorized dealer to seek permission from Reserve Bank of India for writing off an amount of Rs.585.16 million which was receivable from the Holding Company's wholly owned subsidiary Rees Investment Limited, which was compulsorily liquidated and dissolved by the authorities of Guernsey on May 23, 2019. Pending such approval, the Holding Company is continuing to maintain the provision for bad and doubtful advances of Rs.585.16 million (March 31, 2021: Rs.585.16 million) in respect of the loan and accrued interest receivable from Rees.
- 58** During the year, the Group has decided to merge Adveta Power Private Limited and PanEra Biotec Private Limited with and into Panacea Biotec Pharma Limited by way of Scheme of Arrangement subject to applicable approvals in due course of time.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

### 59 Additional regulatory information required by Schedule III under the Companies Act, 2013:

- (i) The Group entities do not have any Benami Property, where any proceeding has been initiated or pending against them for holding any Benami property.
- (ii) The Group entities do not have any transactions with struck off companies.
- (iii) The Group entities do not have any charges or satisfaction of charge which is yet to be registered with Registrar of Companies beyond the statutory period.
- (iv) The Group entities have not traded or invested in Crypto Currency or Virtual Currency during the financial year.
- (v) The Group entities have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Group entities have not received any fund from any other person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that they shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party or
  - provide any guarantee, security or the like to or on behalf of the Funding Party.
- (vii) The Group entities have not entered into any transaction which is not recorded into the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (viii) The Group entities have not been declared as wilful defaulter by any bank or financial institution or other lender.
- (ix) The Group entities have complied with the number of layers prescribed under Section 2 (87) of the Act read with the Companies (Restriction on Number of Layers) Rules, 2017.
- (x) No scheme of arrangements has been approved by the Competent Authority in term of sections 230 to 237 of the Companies Act, 2013, during the year.
- (xi) The Group entities do not have any borrowings from banks or financial institutions against security of their current assets.

**60** The Government of India has promulgated the Code on Social Security, 2020 in financial year 2020-21, which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestion from stakeholder which are under active consideration by the Ministry. The Group entities will assess the impact and its valuation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**61** 0.00 under "Rs. in million" represents amount less than Rs.50,000 and 0.00 under units represents units less than 50,000. Further, the figures shown in the tables may not exactly add up due to rounding off. Previous year figures have been regrouped, reclassified wherever considered necessary.

**62** There are no other subsequent events that a occurred after reporting date.

As per our report of even date

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

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

**Arun Tandon**  
Partner  
Membership No. 517273

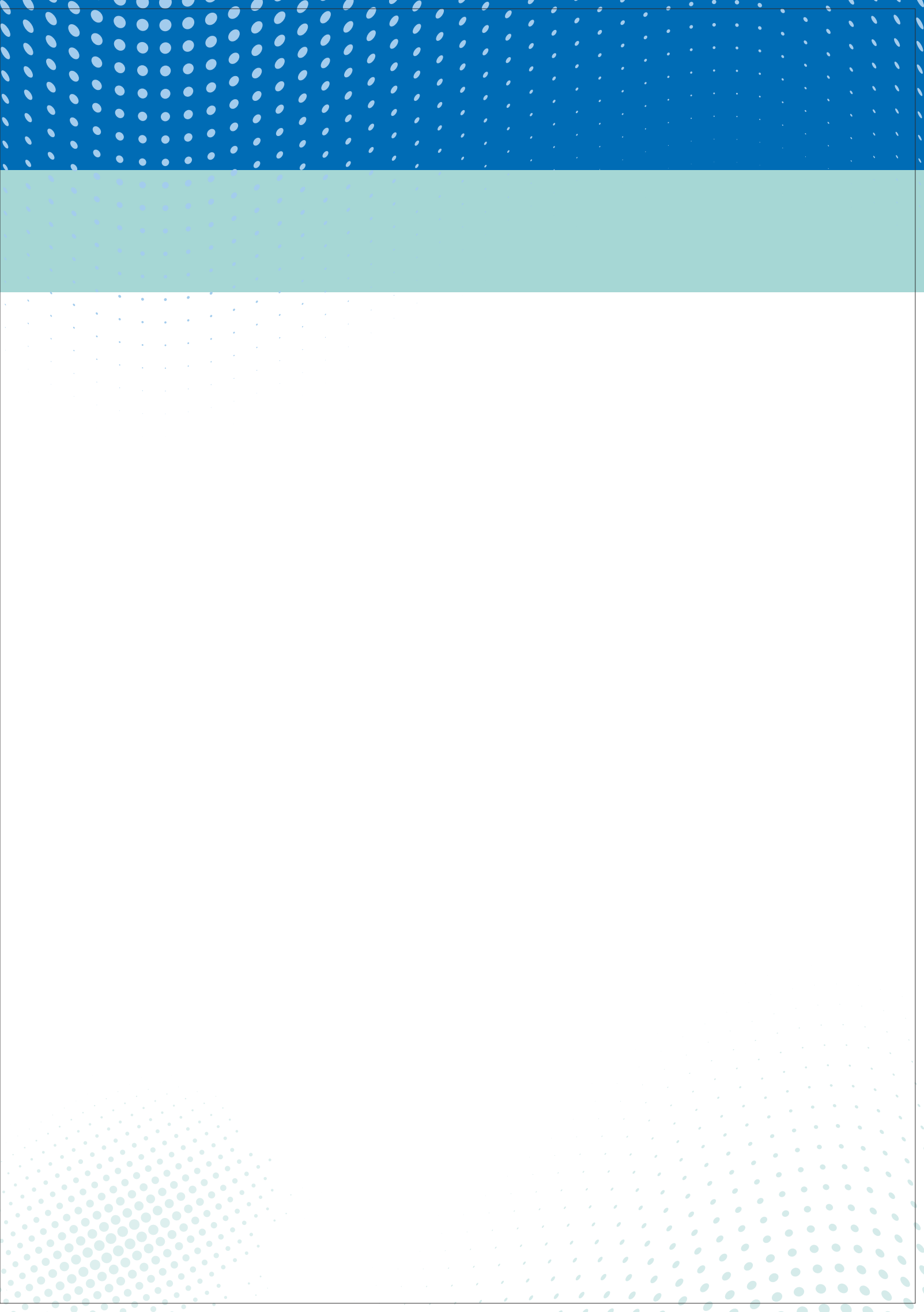
**Soshil Kumar Jain**  
Chairman  
(DIN 00012812)

**Dr. Rajesh Jain**  
Managing Director  
(DIN 00013053)

Place : New Delhi  
Date : May 18, 2022

**Vinod Goel**  
Group CFO and Head Legal  
& Company Secretary

**Devender Gupta**  
Chief Financial Officer &  
Head Information Technology







**Panacea Biotec**  
*Innovation in support of life*



**Panacea Biotec Ltd.**

CIN: L33117PB1984PLC022350

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