

NOTICE

NOTICE is hereby given that an **Extra-Ordinary General Meeting** of the Members of Panacea Biotec Ltd. will be held on **Friday, the 22nd day of November, 2013** at **11:30 A.M.** at the Registered Office of the Company at **Ambala-Chandigarh Highway, Lalru - 140 501, Punjab**, to transact the following business:

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Report of Board of Directors of the Company to the shareholders on erosion of more than fifty percent of the Company's peak net worth during immediately preceding four financial years by its accumulated losses as on March 31, 2013 and the causes for such erosion, as required under section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, ("SICA") be and is hereby considered and approved.

RESOLVED FURTHER THAT in accordance with the requirement of section 23 of the SICA, the Company do report to the Board for Industrial and Financial Reconstruction ("BIFR") of the fact that the accumulated losses of the Company as on March 31, 2013 have resulted in an erosion of more than fifty percent of its peak net worth during immediately preceding four financial years.

RESOLVED FURTHER THAT Mr. Ravinder Jain, Managing Director, Dr. Rajesh Jain, Joint Managing Director, Mr. Sandeep Jain, Joint Managing Director and Mr. Sumit Jain, Director Operations & Projects of the Company be and are hereby severally authorised to send the report to the BIFR and to do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient in relation thereto.

RESOLVED FURTHER THAT Mr. Ravinder Jain, Managing Director, Dr. Rajesh Jain, Joint Managing Director, Mr. Sandeep Jain, Joint Managing Director and Mr. Sumit Jain, Director Operations & Projects of the Company be and are hereby severally authorised to delegate all or any of the powers herein conferred by this resolution to any director or directors or to officers of the Company."

By order of the Board
For **Panacea Biotec Ltd.**

Vinod Goel

G.M. Legal & Company Secretary

Place: New Delhi

Date: 25.10.2013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing proxy should however, be deposited at the Registered/Corporate Office of the Company not less than forty-eight hours before the commencement of the meeting.
2. Members/Proxies should fill the Attendance Slip and hand over the same at the entrance for attending the meeting.
3. Those who hold shares in dematerialized form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
4. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Extra-Ordinary General Meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Statement as required under section 102 of the Companies Act 2013 is annexed hereto and forms part of the notice.
7. Report of the Board of Directors on erosion of net worth of the Company and causes thereof is annexed with the Statement and is forming part of this notice.
8. The members holding shares in physical form are requested to intimate any change in their address to the Company's RTA. Those holding Shares in dematerialised form should intimate any such change to their Depository Participants.
9. The shareholders who are holding Shares in physical form and have not yet got exchanged their Share Certificates for Equity Shares of Rs.10 each, into new Share Certificate(s) in respect of sub-divided Equity Shares of Re.1 each, are requested to send the request along with the related original Share Certificate(s) immediately.
10. Those members who have not yet got their Equity Shares dematerialised are requested to contact any of the Depository Participants in their vicinity for getting their Shares dematerialised. In case any clarification is needed in that regard, the undersigned may be contacted in person or by communication

addressed at the Corporate Office of the Company.

11. Securities and Exchange Board of India (SEBI) had directed that it shall be mandatory to furnish copy of PAN card to the Company/RTAs for registration of transfer/ transmission/ transposition of shares of the Company in relation to securities market transactions and off-market/private transactions in physical form of listed companies. Hence, all prospective shareholders acquiring shares in physical form are requested to provide a copy of their PAN card along with their request for registration of transfer/transmission/transposition of shares of the Company.
12. In all correspondence with the Company and/or the Registrar & Transfer Agent, members are requested to quote their folio number and in case their shares are held in the dematerialized (electronic) form, they must quote their DP ID and Client ID number for easy reference and speedy disposal thereof.
13. Consequent upon introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them. The shareholders holding shares in physical form and desirous of making nominations may send their nomination request in prescribed Form 2B of the Companies (General Rules & Forms), 1956, (which can be obtained from the Company's RTA or downloaded from the Company's web-site www.panaceabiotec.com) to the Company's RTA.
14. In terms of the Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, issued by the Ministry of Corporate Affairs, Government of India, allowing paperless compliance by the Companies under the Green Initiative in Corporate Governance, the Company had requested the members in previous financial year to register their email address with the Company/Depository Participants, as the case may be. The Notice of Extra-Ordinary General Meeting shall also be available on the Company's website, viz. www.panaceabiotec.com. The physical copy of the Notice shall be sent to those members who have opted for the same or have not registered their email address with the Company/ Depository participant. The members shall be entitled to a physical copy free of cost, upon sending a request to the Company Secretary at B-1, Extn./ G-3, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110 044. Those members who have not yet registered their email id are requested to register it with the Company/Depository participant, for the effective compliance of the "Green Initiative".

STATEMENT TO BE ANNEXED TO NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, if the accumulated losses of an industrial company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, the said company falls under the category of 'Potentially Sick Industrial Company' and is required to report the fact of such erosion to the Board for Industrial and Financial Restructuring ("BIFR") within 60 days from the date of finalization of the audited accounts, which is the date of the Annual General Meeting in which such accounts are approved by the shareholders.

As per the audited annual accounts of the Company for the financial year ended March 31, 2013 approved by the shareholders of the Company in their 29th Annual General Meeting held on 25th September, 2013, the accumulated losses of the Company as at 31st March, 2013 amounting to Rs.506.97 Crore have resulted in erosion of more than fifty percent of its peak net worth of Rs.765.26 Crore during the four financial years preceding the financial year ended March 31, 2013 (calculated as per the provisions of SICA).

The facts relating to such erosion & its causes and the revival measures being taken by the Company are explained in the enclosed Report of the Board of Directors forming part of this notice.

The Board recommends the resolution as given in the Notice for your approval as an ordinary resolution.

The documents referred to in this notice and explanatory statement are available for inspection during business hours on all working days (except Saturdays, Sundays and holidays) at the Registered Office as well as Corporate office of the Company until the date of the Extra-Ordinary General Meeting or any adjournment thereof.

None of the directors and key managerial personnel and their relatives is in any way concerned or interested, financially or otherwise, in the resolution, except to the extent of their shareholding in the Company.

By order of the Board
For **Panacea Biotec Ltd.**

Place: New Delhi

Date: 25.10.2013

Vinod Goel

G.M. Legal & Company Secretary

REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS OF PANACEA BIOTEC LTD. UNDER SECTION 23(1)(b) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

To the Members of Panacea Biotec Ltd.

In terms of requirements of Section 23(1)(b) of the Sick Industrial Companies (Special Provisions) Act, 1985, a report of the Board of Directors on erosion of more than 50% of the Company's peak net worth during the immediately preceding four financial years along with its causes and revival plan is being submitted herewith to the Members of the Company.

As per audited financial accounts of the Company for the financial year ended March 31, 2013 adopted by the shareholders of the Company at their twenty ninth Annual General Meeting held on September 25, 2013, the accumulated losses as at the end of financial year ended March 31, 2013 stood at Rs.506.97 Crore (Rs.230.13 Crore in 2012-13, Rs.207.79 Crore in 2011-12 and Rs.69.05 Crore in 2008-09) which are more than 50% of its peak net worth of Rs.765.26 Crore during the four financial years preceding the financial year ended March 31, 2013 calculated as per the provisions of SICA.

Causes of Erosion of the relevant Net Worth:

The Company manufactures and markets vaccines, branded formulations and biotechnology-based products of international quality. The Company has four R&D centers with around 300 scientists working on new vaccine development, bio-pharmaceuticals, monoclonal antibodies, novel drug delivery systems, etc. The Company's vaccine bulk manufacturing facility at Lalru and formulation facility at Baddi is pre-qualified by World Health Organisation (WHO) for supply of pentavalent vaccine to UN Agencies. In the vaccine segment, the Company was mainly supplying its Oral Polio Vaccine (OPV) and pentavalent vaccine, Easyfive-TT (DTwP-HepB-Hib) to WHO until 2011.

The Company has played a pivotal role in the Global Polio Eradication Initiative (GPEI) as well as in India registering zero case for more than 2 years.

However, the pentavalent vaccine was de-listed from the WHO pre-qualification criteria on August 17, 2011 on account of deficiencies observed by WHO in the Company's Quality Management System (QMS) at the Company's Lalru site. Further, the company voluntarily withdrew its OPV vaccine from WHO's list of pre-qualified vaccines in Feb-12, in the light of series of changes made at Vaccines facility at New Delhi and WHO assessment. As a result, there was a substantial drop in sales of the Company during FY 2011-12 and FY 2012-13 resulting in losses to the Company.

Further, there was steep decline in demand of Pandemic flu vaccines because of WHO declaring the end of the Influenza (H1N1) Pandemic and fall in Government Orders and thereby contributed to the decline in the revenue and the profits of the Company.

As a result of the above, the Company's total income have drastically reduced from Rs.1,165.51 Crore in financial year 2010-11 to Rs.708.04 Crore in financial year 2011-12 and further decreased to Rs.601.35 Crore in financial year 2012-13. However, the Company's operational expenses remained at almost same level as the Company was required to run and maintain the facilities in working conditions and spent substantial amount for corrective and preventive measures taken during the period for regaining the WHO approval for vaccine business.

As a result of the above, the Company has suffered an aggregate loss of Rs.437.92 Crore during last two financial years (2011-12 and 2012-13), including an amount aggregating to Rs.287.05 Crore on account of the following:

- Loss of Rs.50.73 Crore on account of sale/discard of fixed assets including intangible assets;
- Loss of Rs.55.77 Crore on account of adverse foreign exchange fluctuation;
- Loss of Rs.64.41 Crore on account of provisioning for doubtful debts and advances (including in respect of advances receivable from the Company's wholly-owned subsidiary, viz. Rees Investments Ltd. on account of losses incurred by Rees & its subsidiaries);
- Increase in interest cost by Rs.64.20 Crore, mainly due to higher utilization of borrowed funds, increase in interest rates on working capital loans from consortium members and steep hike in the rate of interest on term loans from State Bank of India and State Bank of Travancore upon restructuring of their term loans during financial year 2012-13; and
- Loss of Rs.51.94 Crore, mainly on account of provisioning and write off of expired/ unusable inventory due to sudden disruption in vaccine business.

Measures initiated by the Company to improve financial performance:

1. The Company has taken all corrective and preventive measures to ensure compliance with the WHO pre-qualification guidelines. The Company engaged the services of renowned external international consultants to seek guidance and support in carrying out the required improvements in the areas of quality management system for getting WHO approvals.

The company has made substantive efforts since September 2011 and has revamped the whole Quality Management System at its Lalru and Baddi sites enabling it to get pre-qualified by WHO once again. In a recent development, the Company has been pre-qualified by WHO for supply of Easyfive-TT vaccine on October 2, 2013. WHO has also informed UNICEF of its decision to pre-qualify the Company's pentavalent vaccine Easyfive-TT for considering the Company for giving commercial orders. The Company is now in discussion with UNICEF to secure the business of pentavalent vaccine at the earliest on the basis of offer which the Company had submitted to UNICEF in mid-2012, in anticipation of the said WHO pre-qualification, against UNICEF Request for Proposal (RFP) for supply of pentavalent vaccine during the period 2013-2016 to GAVI Eligible Countries. The Company is expecting to receive orders for its vaccine business shortly and start supply of the vaccines in due course.

This approval would also enable the company to participate in future bids by UNICEF and attempt to regain market share for its vaccine business. The Company is expecting to participate in the next round of bidding by WHO for supply of Easyfive-TT vaccine.

2. The Company has already got its Vaccines facility at New Delhi approved from the Indian NRA and was awarded a contract of Rs.187 Crore in Nov-12 for supplying OPV to Govt. of India. This tender has been successfully executed by the Company by May-13. In addition to the above, the company is also bidding for Government of India contracts for supply of Oral Polio Vaccine (OPV) and is expected to get further orders in the current financial year.
3. The Company has made certain strategic alliances with Foreign Collaborators. In Vaccine segment, the Company has entered into a strategic collaboration with Binnopharm, a leading Company in Russia, for establishing its Hib Conjugate Vaccine. The Company is currently in process of filing the registration dossier with MOH, Russia. The Company is also in discussion with Binnopharm to expand the collaboration by including the Pentavalent Vaccine Easyfive-TT also for the Russian markets.
4. In the year 2011, the Company had launched the first indigenously developed nano particle based product for treatment of breast cancer, PacliALL (albumin bound paclitaxel). PacliALL was awarded "Product of the Year Award for 2011" by Biospectrum and also "First Nanotech Innovation Award" by Govt. of Karnataka. Considering its success in the domestic market and potential in the international markets, the Company has set-up a state-of-the-art oncology facility at Baddi which has recently been commissioned. The Company is planning to roll out several anti-cancer products in the near future from this facility which it is currently sourcing from third parties in addition to the new products which are currently under development.
5. The company has taken several steps for operational restructuring which are expected to lead to higher efficiency/cost savings in the times to come.
6. Meanwhile due to the liquidity constraints being faced by the company, the Company is proposing certain concessions towards its debt liabilities till the time it is able to build a sufficient revenue base backed by increased sales of its vaccine.
7. All the above measures will result in improved turnover and profitability and optimum utilization of available infrastructure.
8. As such the Company has also well laid strategy for future growth with clearly identified growth drivers to sustain and boost its revenues and profitability over the short, medium to long term.

The Board of Directors believes that the Company will be able to recover and recoup the above stated erosion in its net worth and gain newer heights in the years to come.

On behalf of the Board of Directors
For Panacea Biotec Ltd.

Place: New Delhi
Date: 25.10.2013

Soshil Kumar Jain
Chairman
(DIN 00012812)

Rajesh Jain
Jt. Managing Director
(DIN 00013053)

ATTENDANCE SLIP

Panacea Biotec Limited

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

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

I hereby record my presence at the Extra-Ordinary General Meeting of the Company, being held at its registered office at Ambala-Chandigarh Highway, Lalru-140 501, Punjab, on Friday, the 22nd day of November, 2013 at 11:30 A.M.

(Signature of the Shareholder/Proxy)

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

Panacea Biotec Limited

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

FORM OF PROXY

I/We ... resident of ... being a Member/Members of the above named company hereby appoint ... resident of ... or failing him ... resident of ... as my/our Proxy to attend and vote for me/us on my/our behalf at the Extra-Ordinary General Meeting of the Company, to be held at its registered office at Ambala-Chandigarh Highway, Lalru-140 501, Punjab on Friday, the 22nd day of November, 2013 at 11:30 A.M. and at any adjournment thereof.

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

Table with 4 columns: Item No., Resolutions, For, Against. Row 1: 1. Approval of the Report of Board of Directors to the share holders u/s 23 of the Sick Industrial Companies (Special Provisions) Act, 1985

Affix Revenue Stamp

Signed this ... day of ... 2013
Folio / Demat Account No.
No. of Shares

Signature of Shareholder/ Ist Jointholder across the revenue stamp

Notes :

- 1. The Proxy, to be effective, should be deposited at the Registered/Corporate Office of the Company, not later than FORTY EIGHT HOURS before the commencement of the aforesaid meeting. A Proxy need not be a member of the Company.
*2. This is only optional. Please put a '✓' in the appropriate column against the resolution indicated in the Box. If you leave the 'For' or 'Against' column blank against the resolution, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

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Panacea Biotec

Innovation in support of life

Panacea Biotec Ltd.

Secretarial Deptt.

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

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