

Panacea Biotec Pharma Limited

Annual Report 2023-24

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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:

Dr. Rajesh Jain - Managing Director

Mr. Ankesh Jain - Whole-time Director

Mr. Narotam Kumar Juneja - Whole-time Director

Non-Executive Director:

Mrs. Manjula Upadhyay

Registered Office

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

Manufacturing Facility

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

R&D Centre

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

Sales & Marketing Office

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

Statutory Auditors

M/s Walker Chandiook & Co. LLP

Chartered Accountants, Gurugram, India

Internal Auditors

M/s PricewaterhouseCoopers LLP

Chartered Accountants, Gurugram, India

Secretarial Auditors

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

Cost Auditors

M/s Jain Sharma & Associates, Cost Accountants,
New Delhi, India

Bank

- Axis Bank Limited
- ICICI Bank Limited
- Kotak Mahindra Bank

CIN: U24299DL2019PLC347566

Information as on August 13, 2024

Directors' Report

Dear Members,

Your Directors are pleased to present the 5th Annual Report on the business and operations of the Company together with the Audited Financial Statements and the Auditors' Report thereon for the financial year ended March 31, 2024.

PERFORMANCE HIGHLIGHTS

Business Performance

Your Company has an established business of research, development and manufacturing of pharmaceutical formulations in India and exports its products to ~36 countries worldwide including the United States, Canada, Germany, UAE, Saudi Arabia, Jordan, Qatar, Turkey, Russian Federation, Kazakhstan, Uzbekistan, Serbia, Tanzania, Kenya, Uganda, Vietnam, Philippines, Thailand, Sri Lanka, Brazil, Panama, Ecuador, Paraguay, Trinidad & Tobago, etc.

During the period under review, the Company has also entered into a business of research, development, manufacturing and marketing of nutrition products. It has developed its own product portfolio for the nutrition segment at its Sampann R&D Center at Lalru, Punjab and has set-up a manufacturing facility to manufacture these products at Baddi, Himachal Pradesh.

To start with, in June 2023, the Company has launched pediatric nutrition products under the brand name, ChilRunfull®, ChilRun®7+, ChilRun®No Sucrose in ~150 territories across India covering almost 15,000 pediatricians presently. The products are also available online on e-commerce platforms as well like Amazon, Tata 1mg etc. It plans to add more products going forward to expand the product portfolio and markets including other specialties like gynaecology and adult nutrition.

As part of the initial launch and subsequent activities, the Company has undertaken several sales and marketing initiatives to create awareness about the ChilRun® brand portfolio across the country including organizing taste campaigns, Fizz zone camps, Shakti camps and also conducting observation study to assess the impact of its products on the baby's growth. More such activities are planned during the current financial year to ensure that the momentum continues among the consumers.

During the year under review, your Company has earned revenue from operations of ₹1,837.47 million as against ₹1,873.61 million during previous financial year.

Your Company's revenue from export have grown by ~22% to ₹1,497.29 million as against ₹1,223.82 million during the previous financial year. The export revenue growth is mainly due to launch of Paclitaxel Protein-Bound Particles for Injectable Suspension (Albumin-Bound), a generic version of Abraxane® in Canada.

The Company has earned revenues from domestic pharmaceuticals business of ₹287.92 million during the year under review as against ₹649.79 million during the previous year. The revenues are lower on account of lower revenues from contract manufacturing activities.

The Company has earned revenue from the nutrition business of ₹52.26 million during the year under review.

The Company has suffered loss before tax and exceptional

items of ₹395.21 million as against ₹307.86 million during the previous financial year due to lower revenues and increase in manpower costs and other operating costs including towards litigation and consultancy.

The Exceptional items represent recognition of the deferred revenue related to the sale of domestic pharmaceutical brand portfolio of the Company in financial year 2021-22. The deferred revenue recognised during fiscal 2024 was ₹360.34 million as compared to ₹1,026.61 million for fiscal 2023.

As a result, the Company has suffered loss after tax and exceptional items of ₹54.53 million as against profit after tax and exceptional items of ₹517.66 million during the previous financial year.

Financial Performance

Summarized Balance Sheet :

(₹ in million)		
Particulars	As at March 31, 2024	As at March 31, 2023
Assets:		
Fixed assets (net)	1,419.77	1,570.82
Non-current Financial assets	1,140.48	901.57
Other non-current assets	310.33	147.69
Current assets	2,753.37	3,370.92
Total Assets	5,623.95	5,991.00
Equity & Liabilities:		
Total Equity	4,601.47	4,658.77
Non-current liabilities	338.24	459.89
Current liabilities	684.24	872.34
Total Liabilities	5,623.95	5,991.00

Fixed Assets: The net fixed assets have decreased to ₹1,419.77 million as against ₹1,570.82 million as at the end of previous year mainly on account of depreciation and amortisation during the year under review.

Non-current Financial Assets: Non-current financial assets include loans and other long-term financial assets. The non-current financial assets as of March 31, 2024, have increased to ₹1,140.48 million from ₹901.57 million as at the end of previous year due to increase in loan to related parties and accrued interest on loans.

Other Non-Current Assets: Other non-current assets include deferred tax asset and other non-current assets. The non-current assets as of March 31, 2024, have increased to ₹310.33 million from ₹147.69 million as of March 31, 2023, mainly due to increase in capital advances.

Current Assets: Current assets include inventories, investments, trade receivables, cash & cash equivalents, other bank balances, short-term loans and other current assets. Total current assets have decreased to ₹2,753.37 million from ₹3,370.92 million as at the end of fiscal 2023 mainly due to decrease in cash & bank balance.

Total Equity: Total equity represents Equity Share capital and

other Equity. Total Equity have decreased to ₹4,601.47 million as of March 31, 2024, as compared to ₹4,658.77 million as of March 31, 2023, mainly on account of loss after tax and exceptional items during the year.

Non-Current Liabilities: Non-current liabilities include provisions and other non-current liabilities. The non-current liabilities as of March 31, 2024, have decreased to ₹338.24 million from ₹459.89 million as of March 31, 2023, mainly due to decrease in provisions and the income received in advance following recognition of deferred revenue during the year.

Current Liabilities: Current liabilities include trade payables, lease liabilities and other current financial liabilities (including current maturities of long-term borrowings). The current liabilities as of March 31, 2024, have decreased to ₹684.24 million from ₹872.34 million as at the end of previous year, mainly due to decrease in trade payables.

Summarized Statement of Profit & Loss :

(₹ in million)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Revenue from operations	1,837.47	1,873.61
Materials & Finished Goods Purchases	820.59	862.17
Employee benefits expense	580.75	511.93
Other expenses	939.35	956.59
Finance Costs	4.06	3.88
Depreciation and amortization expense	154.17	144.26
Other Income	266.24	297.36
Profit/ (Loss) before tax and exceptional items	(395.21)	(307.86)
Exceptional items	360.34	1,026.61
Profit/ (Loss) Before Tax	(34.87)	718.75
Provision for Taxes (including deferred tax)	19.66	201.09
Profit/(Loss) after Tax	(54.53)	517.66
Other comprehensive income (net of tax)	(2.77)	3.60
Total comprehensive income	(57.30)	521.26
Total Basic and Diluted EPS*	(54.53)	517.66

*Earnings Per Share in ₹ per Equity Share of ₹ 1.

Revenue from Operations: Revenue from operations have decreased to ₹1,837.47 million for Fiscal 2024 from ₹1,873.61 million for Fiscal 2023, primarily due to lower domestic sales compensated by higher export sales.

Other Income: Other income has decreased to ₹266.24 million for Fiscal 2024 from ₹297.36 million for Fiscal 2023, primarily due to decrease in interest income from deposits, bonds etc. and lower excess provisions / other balances written back.

Materials & Finished Goods purchases: The raw & packing materials and finished goods purchases have decreased to ₹820.59 million as against ₹862.17 million during previous financial year, mainly on account of decrease in revenues as explained above.

Employee benefits expenses: The employee benefits expenses have increased to ₹580.75 million for Fiscal 2024 as against ₹511.93 million for Fiscal 2023.

Other Expenses: The other expenses have decreased to ₹939.35 million for Fiscal 2024 as against ₹956.59 million for Fiscal 2023, mainly due to lower expenses on advertising and sales promotion offset by higher legal and professional expenses.

Finance costs: Finance costs comprising of interest and bank charges have increased to ₹4.06 million for Fiscal 2024 from ₹3.88 million for Fiscal 2023.

Depreciation and amortization expenses: Depreciation and amortization expenses have increased to ₹154.17 million for Fiscal 2024 from ₹144.26 million for Fiscal 2023.

Exceptional items: Exceptional items include revenue of ₹360.34 million recognized during Fiscal 2024 as against ₹1,026.61 million during Fiscal 2023, pertaining to sale of pharmaceutical formulations brands in India and Nepal during fiscal 2022.

Profit / (Loss) Before Tax: The Company has suffered loss before tax of ₹34.87 million during Fiscal 2024 as compared to profit of ₹718.75 million during previous year, as a result of the factors discussed above.

Profit / (Loss) after Tax and Exceptional Items: The Company has suffered loss after tax and exceptional items of ₹54.53 million during Fiscal 2024 as compared to profit of ₹517.66 million during Fiscal 2023, as a result of the factors discussed above.

The basic and diluted EPS is negative ₹54.53 per share for Fiscal 2024 as against ₹517.66 per share for Fiscal 2023.

Summarized Cash Flow Statement :

(₹ in million)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Net Cash flows from Operating Activities	(385.75)	(3,832.60)
Net Cash flows from Investing Activities	423.62	3,820.17
Net Cash flows from Financing Activities	(4.06)	(3.88)

Dividend

In view of losses during the financial year 2023-24, the Board has not declared any dividend on the Equity Shares of the Company.

Transfer to Reserves

The Board of Directors has not proposed any transfer to reserves during the financial year under review.

Share Capital

There has been no change in the capital structure of the Company during the financial year under review. The issued,

subscribed and paid-up Share Capital of the Company as on March 31, 2024, remains unchanged at ₹1 million divided into 1 million equity shares of ₹1 each. Similarly, the authorised share capital of the Company also remains unchanged at ₹600 million (comprising of 100 million Equity Shares of ₹1 each and 50 million Preference Shares of ₹10 each).

The Company has neither issued any share or other convertible securities nor any equity share with differential rights / sweat equity shares under Rule 4 & Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014. The Company has also neither issued any debentures, bonds, non-convertible securities or warrants nor redeemed any debentures or preference shares during the year under review.

Industry Structure & Developments

Global Pharmaceutical Market:

The global pharmaceutical market is estimated at ~US\$ 1,560 billion in 2023 and is expected to grow to ~US\$ 2,833 billion by 2033 growing at a CAGR of 6.15% during 2024 to 2033. North America dominates the global market with ~38% market share followed by Europe ~30% and Asia-Pacific region ~25%.

The expansion can be ascribed to an upswing in healthcare awareness, a heightened prevalence of respiratory diseases, shift in lifestyles, surge in pharmaceutical research and development (R&D) expenditure, a growing aging population, rise in the number of surgical procedures, robust economic growth in emerging markets and increased number of approvals for hematology / oncology (cancer) drugs.

The future growth will mainly be driven by critical therapeutic areas like oncology, immunology, cardiology and neurology which are the fastest-growing therapeutic areas at present and will continue in future. An ageing population in many developed markets will also create higher demand for medicines. 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 growing government support, increase in healthcare access, rise in investments, rapid growth in the elderly population, upsurge in healthcare expenditure and heightened awareness of immunization and vaccination.

Indian Pharmaceutical Market:

India continues to be the 3rd largest worldwide for pharmaceutical production in terms of volume and 14th in terms of value. During financial year 2017-18 to 2022-23, the Indian pharmaceutical industry grew at a CAGR of 6-8%, primarily driven by an 8% increase in exports and a 6% rise in the domestic market. According to Government data, the Indian pharmaceutical industry is worth ~US\$ 50 billion with exports contributing ~US\$ 27 billion. The country has ~20% share in the global supply volume and contributes to ~60% of the global vaccines. Key segments of the Indian Pharmaceutical industry are OTC medicines, generics, active pharmaceutical ingredients (APIs), vaccines, biosimilar and contract research manufacturing (CRM). The pharmaceutical exports from India reach more than 200 nations around the world, including highly regulated markets of the USA, Europe, Japan and Australia. The country has an established domestic pharmaceutical industry, with a strong network of ~3,000 pharmaceutical companies and ~10,500 manufacturing

units. The pharma sector currently contributes to ~1.8% of the country's GDP. The production linked incentive (PLI) scheme for pharmaceuticals is being implemented by the Government of India with a total outlay of ~US\$ 2.04 billion (₹15,000 Crore) spanning from 2020-21 to 2028-29, to boost India's manufacturing capacity, elevate investment, and diversify product offerings in the sector. Pharmaceutical industry in India is expected to reach ~US\$ 65 billion by 2024 and to ~US\$ 130 billion by 2030. India supplies over 50% of Africa's requirement for generics, ~40% of generic demand in the US and ~25% of all medicines in the UK.

Nutrition Market:

The baby food and infant formula market is estimated to be ~US\$ 5.7 billion in 2023 (~₹475 billion) in India. As per industry estimates, this market is expected to grow to ~US\$ 9.0 billion (~₹751 billion) by 2032, growing at a CAGR of 5% during 2024-2032. The growth in this market will be driven by increasing awareness among the parents for overall development of children through nutritional products. Consumers are increasingly using baby food products to give additional supplements to increase the immunity and health of infants and young children. The future growth will also be driven by other innovative products including ready-to-feed baby food products, that are easy to use, portable and rich in nutritional values.

Pharmaceutical Formulations Business

The Company continues to focus on its pharmaceutical business including the recently launched nutrition products.

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.

The international pharmaceutical formulation product portfolio includes prescription products in niche therapeutic areas such as transplantation, renal disease, oncology, respiratory, pain management, diabetes and gastro-intestinal care. The Company has continued its focus on development, registration and marketing of products portfolio catering to chronic therapies in private markets in several countries. The key products of the Company include PacliAll®, Prasugrel®, Nimlid®, Toff Plus®, Rizatriptan®, Glizid-M®, Mycept®, PanGraf®,

Kondro® and Alphadol®.

The Company is continuously filing new product registration dossiers in existing as well as new markets to further strengthen and grow its exports in the future. The Abbreviated New Drug Applications (ANDA) submitted under section 505 (j) of the Federal Food, Drug & Cosmetics Act are in process of approval by the U.S. Food and Drug Administration ("USFDA"). The Company plans to launch these products in US, Europe, etc. through strategic collaborations with leading pharma companies. It has key partnerships with global pharmaceutical companies for marketing of pharmaceutical formulations in USA, Canada and other international markets, which has helped in expanding its reach and access to new regulated markets.

The Company has taken more initiative on brand building & customer connect through various mass promotion programs through online media, in-clinic discussions through digital mobile platform, scientific education initiatives (CMEs), product specific medical trainings, country specific strategies & scientific promotions and medical training programs.

The Company 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 strong distributor and marketing partners in newer regions and registering products in more countries as well as strengthening existing relationships with the partners. It is developing a portfolio of products for European markets, GCC countries and other emerging markets.

Supply Chain Management

The Company is committed to ensure the timely availability of its products to its business partners and patients. It has an 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 pharmaceuticals and nutrition products.

The Company has a well-established Track and Trace system and documentation quality to ensure timely delivery of goods at the destination and avoid demurrage and detention charges. The Company has also optimized raw material, packaging material, finished good inventory to achieve maximum inventory turn and to minimize expiry.

Manufacturing Facilities

Pharmaceutical Formulations Facility at Baddi, Himachal Pradesh:

The Company has state-of-the-art pharmaceutical formulations facility at Baddi, Himachal Pradesh which 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, National Health Surveillance Agency (ANVISA), Brazil, South African Health Products Regulatory Authority (SAHPRA) etc.

Quality is a core guiding factor behind the Company's decisions and actions. The Company 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.

The Company has dedicated and independent Quality Control facilities in the manufacturing facilities 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.

The Company'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, and functional), taste masking and fast-dissolving tablets;
- Semi-solids - ointments / creams / gels, transdermal drug delivery system; and
- Liquids - suspensions / syrups / solutions.

Cytotoxic / Oncology Facility at Baddi, Himachal Pradesh:

The Company'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.

The Company's above facilities continues to be under the warning letter issued by the USFDA. It has undertaken several corrective and preventive measures to comply with the observations raised by USFDA. The Company has also engaged international consultants as part of its corrective and preventive action plan to ensure that the manufacturing facilities meet the required standards. It is regularly undertaking further corrective and preventive actions as per the commitments made to USFDA. Nevertheless, the supplies of existing products to US market is continuing and there is no material adverse impact on current business from the facility.

Health Supplement Manufacturing Facility at Baddi:

The Company has set up a manufacturing facility to manufacture nutrition products at Baddi, Himachal Pradesh which became operational in April 2023. This manufacturing facility currently has installed capacity of ~6 tons per day.

The Company's paediatric nutrition products under the brand name, ChilRunFull®, ChilRun®7+, ChilRun®No Sucrose, are being manufactured at this facility.

The facility holds valid accreditations and certifications from FSSAI (Food Safety and Standards Authority of India), A+ rating

in external FSSAI Schedule IV Audit and is audited by the external third parties and found compliant to the GMP Codex Standard. The Company also plans to set up facilities for new dosage forms of nutrition products in future.

Research & Development

The Company is a progressive & innovative biotechnology company with high focus on research & development, manufacturing and marketing operations across pharmaceuticals, nutrition and natural or herbal products. The Company is guided by its vision of "Innovation in Support of Life" and strongly believes that innovation is important to the long-term success of the Company. The Company specializes in complex generics and novel drug delivery platforms to offer higher value and better health outcomes for the patients, governments and overall society.

The Company's research and development efforts have been its greatest strength. Its ambitions are backed by distinguished, ultra-modern, state-of-the-art R&D Center with around 37 scientists with deep roots within the academic community in important clusters in India, USA and Germany among other countries.

SAMPANN R&D Center at Lalru

SAMPANN R&D Center of the Company at Lalru, Punjab continues to focus on Research & Development in various therapeutic areas with a constant focus on developing difficult to develop formulations focused on chronic and super specialty therapeutic areas. The Company has deep experience in developing innovative drug delivery-based products that enjoy considerable brand equity amongst physicians.

The Company's nanotechnology-based product PacliALL® (Paclitaxel protein 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 (now part of Bristol – Myers Squibb Group). 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, the Company 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.

SAMPANN R&D Center is in the advanced stage of development of new products for US, Europe and ROW markets in the therapeutic segments of immuno-suppressant, diabetes and pain management, etc.

SAMPANN R&D Center has also successfully developed nutrition products in the paediatric segment and is developing new dosage forms and products like baby cereals, bars, gummies, oils, cosmetics to expand the product portfolio in other specialties like gynaecology and adult nutrition.

Clinical Research

Clinical research is a critical function that guides clinical decisions based on facts and scientific data through clinical studies on drugs that can affect the health and well-being of millions of people. The Company continuously undertakes clinical trials

(Phase I, Phase II and Phase III) for all its investigational new drugs as well as bioequivalence studies (as per New Drugs and Clinical Trials Rules 2019) for its innovative and generic product portfolios across pharmaceutical products.

Intellectual Property

Your Company has a strong portfolio of intellectual property in the form of patents, trademarks and copyrights in pharmaceutical formulations business. As of March 31, 2024, the Company has filed 26 patent applications in 8 countries including India. Out of which the Company has been granted 20 patents globally wherein 6 patents are currently active.

The Company has filed 283 trademark applications for registrations, out of which 144 have been registered in India, 51 have been registered outside India and 88 applications are pending registration as on March 31, 2024.

Human Resources

As on March 31, 2024, the Company had a total manpower of ~907 employees (including ~117 through contractors) of which over 690 are skilled employees including corporate and managerial staff, sales staff, and staff located at its manufacturing facilities. There are 58 R&D professionals including 37 scientists engaged in R&D centers, 399 employees are engaged in production, quality control and quality assurance, 183 employees are engaged in sales & marketing and logistics and 267 in other functions.

The Company strongly believes in developing and grooming leaders from within the organization. We have launched campus hiring in manufacturing plants with a clear objective that in next 3 to 4 years we stop lateral hiring. 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 and also provides meaningful opportunities for learning and growth & continuously encourages its employees to widen the horizon for professional growth. The Company provides opportunities for employees to re-skill, up-skill, multi-skill and multi-task. The Company's endeavour has been to create a culture of high and differentiated performance where people continue to push boundaries of growth and self-development.

During the financial year, we leveraged digitalization of processes leading to reduced human intervention and are closely tracking productivity metrics across business units to ensure better delivery of business. We have added additional features to our own internally developed tool – NIKHAR - our digital capability to monitor sales productivity and provide data analytics to employees engaged in sales & marketing to take informed and timely decisions. We have implemented Darwin Box, our new Human Resource Management System (HRMS) in the month of October 2023, in line with organization's objective of making HR operations One Click.

To carry forward Panacea Biotec Pharma's way of execution excellence, we conducted "Jaan Pehchan Ho, Kaam Aasan Ho - Face to Face Meeting" among employees at manufacturing facilities, across functional areas and across different levels and plan continuing with it. We continue to conduct "Quality is Present" campaign across our manufacturing facilities wherein all the employees are taken through our Quality Mantra "Iss Pal

Mein, Har Pal Mein Sahi Se Karna, Likhna and Bolna hi Quality Hai”.

Our autonomous team with self-nominated members and a self-nominated CAPTAIN continue to perform at the highest level and ensure quality of the products manufactured by the Company with clear objective of “Patient Safety”. These team members are now shaping the new behaviour needed to succeed in all aspects of life including the Quality at Panacea Biotec.

Birthday celebrations once a month for all the employees born in the month are conducted across the organization with participation across the hierarchy. Festivals are also celebrated across locations. Recognition of good work is done through simple framework of recognition by issuance of Appreciation certificate with a citation. We continue to provide job rotation opportunity for those who desire to be moved around or add / modify areas to their work profile.

We continue to give first opportunity to internal talent for the vacant positions or new positions created due to any reasons through internal job posting across the organization. Also, to ring fence key talent, additional job responsibilities are given to them through market bench marking, structured communication and engagement with employees. We also organize development and coaching programs for leadership teams based on the defined requirements.

Strategic partnerships and collaborations

The Company 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.

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

The Company 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 its portfolio in the coming years.

Significant Events held during the year under review / current year

Some of the key events held during the year under review and thereafter are mentioned below:

- a) **Launch of health supplement products:** The Company has entered into a new business in health supplement products. It has developed its own product portfolio for nutrition segment at its Sampann R&D Center and has set-up a manufacturing facility to manufacture these products at Baddi, Himachal Pradesh. To start with, in June 2023, the Company has launched pediatric nutrition products under the brand name, ChilRunfull®, ChilRun®7+, ChilRun®No Sucrose in ~100 territories across India covering almost 4,000 doctors. The Company is now in the process of establishing its business of health supplements products in international markets.

- b) **Launch of Paclitaxel in Canada:** The Company has launched Paclitaxel Protein-Bound Particles for Injectable Suspension (Albumin-Bound), first generic version of Abraxane® in the Canadian market through its strategic partner Apotex Inc., Canada on October 27, 2023. Paclitaxel Protein-Bound Particles for Injectable Suspension is indicated for the treatment of metastatic breast cancer, non-small cell lung cancer and adenocarcinoma of the pancreas.
- c) **Registration of Valganciclovir Powder for Oral Solution in Germany:** The Company has received registration of Valganciclovir 50 mg/ml Powder for Oral Solution through its fellow wholly owned subsidiary company viz. Panacea Biotec Germany GmbH (PBGG) in Germany. Valganciclovir Powder for Oral Solution is a welcome addition to PBGG's transplant portfolio in Germany. The product is planned for commercial launch during the current year.
- d) **Receipt of award for Fortune India – The Next 500: Sectoral Star – Pharma Category, 2023:** Fortune India Magazine, a monthly publication, has tracked the achievements of India's biggest emerging companies in 2023 across different industry sectors and has awarded the Company with the Fortune “The Next 500” 2023, Sectoral Star – Pharma category award on July 07, 2023. The award was given by Mr. Anurag Thakur, Union Minister for Information & Broadcasting, Sports and Youth Affairs, Government of India who was the Chief Guest to commemorate Fortune India's annual special issue “The Next 500” that lists the Top 500 emerging companies in the Country.
- e) **Site Inspection by the United States Food and Drug Administration (“USFDA”):** USFDA conducted a surprise inspection of the Company's pharmaceutical formulations facility in October 2023 and upon completion of the said inspection, the Company was issued Form 483 with 9 observations for its Oncology Facility and in response thereto the Company had immediately initiated actions to address specific observations raised in the ‘FDA Form 483’ and submitted its responses along with Corrective and Preventive Actions (“CAPA”) with USFDA from time to time. USFDA issued letter maintaining facility status as Official Action Indicated (OAI), which does not impact existing business of the Company in US. However, satisfactory resolution of the observations raised by USFDA, is necessary for approval of the ANDA filed for Paclitaxel Protein-Bound Particles for Injectable Suspension (Albumin-Bound) from the said facility.

Apart from the updates mentioned above and disclosed elsewhere in the Annual Report, there were no significant events during and after the end of the financial year ended March 31, 2024.

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

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

Subsidiary, Associates and Joint Ventures

As on March 31, 2024, the Company does not have any subsidiary, associate or joint venture. However, subsequent

to the financial year end, 1 wholly owned subsidiary ("WOS") company viz. Panacea Biotec Inc. has been incorporated in Delaware, USA on April 09, 2024, for the purpose of buying, selling, marketing, importing, exporting, distributing, and dealing in services and products related to health and wellness, such as nutrition, dietary supplements, OTC drugs, medical devices, prescription drugs, and vaccines.

Indian Accounting Standards, 2015

The annexed financial statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

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.

Directors and Key Managerial Personnel

- i) Appointment of Whole-time Director: Mr. Ankesh Jain (DIN: 03556647) who has been acting as a non-executive Director of the Company since its incorporation i.e. March 22, 2019, has now been appointed as Whole-time Director by the Board of Directors at its meeting held on May 29, 2024, for a period of 3 (three) years w.e.f. June 01, 2024, subject to the approval of the shareholders in the ensuing Annual General Meeting ("AGM"). The terms and conditions for his appointment are contained in the Explanatory Statement forming part of the Notice of the ensuing AGM of the Company.
- ii) Director Retiring by Rotation: In accordance with the provisions of Section 152 of the Act, Mr. Narotam Kumar Juneja (DIN: 01204817), Whole-time Director designated as Director Technical & Compliance of the Company is liable to retire by rotation. Being eligible, he has offered himself for re-appointment as director at the ensuing AGM of the Company and he is proposed to be re-appointed as director for a period upto March 31, 2025.
- iii) Profile of Directors seeking appointment/re-appointment: The brief resume of the directors seeking appointment / re-appointment along with terms & conditions and other details as stipulated under Secretarial Standards issued by The Institute of Company Secretaries of India, are provided in the Notice convening the ensuing AGM of the Company.
- iv) Declaration of independence: Your Company has received declaration from Mrs. Manjula Upadhyay, an Independent Director of the Company confirming that she meets the criteria of independence provided in Section 149(6) of the Act and that there has been no change in the circumstances which may affect her status as independent director during the year under review.
- v) Registration in Independent Directors' Data Bank: The Company has received confirmation from its independent director that she has registered herself in the Independent

Director's Data Bank of Indian Institute of Corporate Affairs at Manesar, in compliance with the provisions of sub-rule (1) of rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014.

The Board recommends the appointment / 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.

Director's Remuneration

Mr. Narotam Kumar Juneja is acting as Whole-time Director designated as Director Technical & Compliance of the Company w.e.f. April 01, 2022. The details of remuneration paid to him during the financial year 2023-24 are as under:

(₹ in million)

S. No.	Name	Designation	Salary	Allowances/ Perquisites*	Total
1.	Mr. Narotam Kumar Juneja	Whole-time Director	0.84	0.76	1.60

* Does not include the provision for Gratuity & Leave Encashment.

Notes:

1. The tenure of his office is for 3 (three) years from his date of appointment and can be terminated by either party by giving three months' notice in writing or a shorter period as decided mutually. No severance fee (other than retiral benefits as per the terms of appointment) is payable upon termination of contract.
2. The Company does not have any Employees' Stock Option Scheme.

Board Meetings

During the year under review, 5 (five) Board Meetings were held on May 30, 2023, August 12, 2023, November 10, 2023, February 13, 2024, and March 09, 2024. The intervening gap between two Board Meetings was within the maximum period prescribed under the Act.

Energy Conservation, Technology Absorption and Foreign Exchange

As required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 ("Accounts Rules"), 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 and 134(3)(a) of the Act, every Company shall place a copy of the annual return on its website, if any and the web link of such annual return shall be disclosed in the Boards' Report. Since your Company does not have a website, the web link of the Annual Return has not been provided in this Report.

Related Party Transactions

During the year under review, all related party transaction(s)/ arrangement(s) entered into were on an arm's length basis and predominantly in the ordinary course of business. As per the latest audited financial statements, the Company has not entered into any material related party transactions referred to

in Section 188 of the Act. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Accounts Rules in the prescribed Form AOC-2 is not applicable. Suitable disclosures as required under Ind AS-24 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 may have 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.

Particulars of Employees and Related disclosures

A statement showing the names and other particulars of the employees drawing remuneration in excess of the limits as set out in Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in **Annexure B** hereto and forms part of this Report.

Auditors and Audit Reports

Statutory Auditors and Audit Report:

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s Walker Chandiok & Co. LLP, Chartered Accountants (Firm Regn. No. 001076N/N500013), were appointed as Statutory Auditors of the Company for a term of five consecutive years to hold office from the conclusion of the 1st AGM of the Company till the conclusion of the 6th AGM of the Company.

M/s Walker Chandiok & Co. LLP, after carrying out the audit for the quarter ended June 30, 2024, had resigned with effect from the close of business hours on August 13, 2024, to enable the Company to align its statutory auditors with the proposed statutory auditors of PBL viz. M/s Suresh Surana & Associates LLP, Chartered Accountants, responsible for audit of consolidated accounts to avoid duplication and bring efficiencies in the audit process at group level. The Board, after placing on record its appreciation for the contribution made by M/s Walker Chandiok & Co. LLP, accepted their resignation as statutory auditors in the meeting held on August 13, 2024.

Accordingly, in order to fill the aforesaid casual vacancy caused by the resignation of the aforesaid Auditors, the Board of Directors has, based on the recommendation of Audit Committee and subject to approval of shareholders in the ensuing AGM, in its meeting held on August 13, 2024, approved the appointment of M/s Suresh Surana & Associates LLP, Chartered Accountants (Firm Regn. No.121750W/W100010) as Statutory Auditors of the Company to hold office w.e.f. August 14, 2024 till the conclusion of the ensuing 5th AGM of the Company (scheduled to be held on September 26, 2024).

Pursuant to the provisions of Section 139(1) of the Act, the Board has, in its meeting held on August 13, 2024, also recommended to the shareholders for its approval at its ensuing AGM, the appointment of M/s Suresh Surana & Associates LLP, Chartered Accountants as Statutory Auditors of the Company for a period of 5 (five) years to hold office from the conclusion of the 5th AGM

upto the conclusion of 10th AGM of the Company to be held in 2029 on such remuneration and out of-pocket expenses, etc. incurred in connection with the audit as may be decided by the Board in consultation with the auditors from time to time.

Pursuant to Section 141 of the Act, the Statutory Auditors have confirmed that they are not disqualified from acting as Statutory Auditors of the Company and are eligible for appointment. They have 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 before the Institute of Chartered Accountants of India or any competent court / authority relating to matters of professional conduct.

The Auditors' report of M/s Walker Chandiok & Co. LLP (the then Statutory Auditors of the Company) on the financial statements for the financial year ended March 31, 2024, does not contain any qualification, reservation, adverse remark or disclaimer.

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

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 Jain Sharma & Associates, Cost Accountants (Firm's Registration No. 000270), were appointed as the Cost Auditors to conduct the audit of the Company's Cost Records for the financial year ended March 31, 2024 and their remuneration was ratified by the shareholders in the 4th AGM of the Company held on September 30, 2023.

The cost audit for the financial year 2023-24 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 2022-23 was filed on September 08, 2023.

The Board of Directors has, based on the recommendations of the Audit Committee, in its meeting held on May 29, 2024, appointed M/s Jain Sharma & Associates, Cost Accountants, as cost auditors of the Company to conduct the audit of the Company's Cost Records for the financial year 2024-25. M/s Jain Sharma & Associates have confirmed their independence and arm's length relationship with the Company and that they are free from the disqualifications specified in Section 139, 141 of the Act and their appointment meets the requirements prescribed in Section 141(3)(g) and 148 of the Act. They have 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 of ratification of remuneration of cost auditor for conducting the audit for the financial year 2024-25 has been included in the Notice of the ensuing AGM for shareholders' approval.

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, 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, 2024. The Secretarial Audit Report issued by them is annexed as **Annexure C** to this Report.

The Secretarial Auditors' Report does not contain any qualification, reservation, adverse remarks or disclaimers.

The Board of Directors has on the recommendation of the Audit Committee, in its meeting held on May 29, 2024, 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 2024-25. They have also confirmed their eligibility for the said appointment.

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 year under review, there have been no material changes, except as disclosed elsewhere in the Annual Report:

- in the nature of the Company's business; 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 could affect the financial position of the Company between the end of the financial year and date of this Report.

Compliance with 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.

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, 2024, 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, 2024, and of the profit / loss of the Company for the year ended March 31, 2024;
- c) they had 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 are 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

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 Note No. 3, 9 and 13 of the Financial Statements and hence not repeated here for the sake of brevity.

Insurance and Risk Management

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, furniture & 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 & sold) with an extension of unnamed vendor liability and add on cover of public liability inclusive of pollution liability to cover the risk on account of claims, if any, filed against the Company.

Internal Audit & Internal Financial Control System

The Company 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 registered office.

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

The internal audits are conducted periodically by an internationally renowned independent firm of Internal Auditors viz. PricewaterhouseCoopers LLP (PWC), the internal auditors of the Company. The Audit Committee of the Company actively

reviews the adequacy and effectiveness of internal controls, internal audit systems and advises improvements as may be required. Post audit follow-ups are carried out to ensure identified risks are addressed and recommendations of the Audit Committee are implemented.

The Company has 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 March 31, 2024, 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. The effectiveness of IFC is ensured through management reviews, controlled self-assessment and independent testing by the internal audit team.

Audit Committee

The Audit Committee of the Board of directors constituted voluntarily comprises of the following members:

Name	Position	Category
Mrs. Manjula Upadhyay	Chairperson	Independent Director
Mr. Ankesh Jain	Member	Whole-time Director
Mr. Narotam Kumar Juneja	Member	Director Technical & Compliance

The Chairperson of the Committee is an independent director and all the members are financially literate persons having vast experience in the area of finance, accounts, legal strategy & management.

The Audit Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company. It acts as an oversight body for transparent, effective anti-fraud and risk management mechanisms, and efficient Internal Audit and External Audit functions financial reporting. The Audit Committee considers the matters which are specifically referred to it by the Board of Directors besides considering the mandatory requirements under provisions of Section 177 of the Act and also acts in accordance with the applicable provisions of the Act.

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 ₹5,000 million or more, or turnover of ₹10,000 million or more, or a net profit (as defined under Section 198 of the Act) of ₹50 million or more during the immediately preceding financial year. However, with a view to support the initiatives being taken by the Government towards inter-alia, eradicating hunger & poverty; promoting health care; promoting education & enhancing vocational skills; promoting research & development in the field of science, technology, engineering and medicine; rural development; slum area development; socio economic development, relief and welfare of needy people; and ensuring environmental sustainability; the Corporate Social Responsibility Committee

of the Board of Directors constituted by the Board, comprises of the following Directors as members of the Committee:

Name	Position	Category
Dr. Rajesh Jain	Chairman	Managing Director
Mr. Narotam Kumar Juneja	Member	Director Technical & Compliance
Mrs. Manjula Upadhyay	Member	Independent Director

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 ("POSH Act"). All the 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 POSH Act 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, neither any application is made, nor any proceeding is pending against the Company, under the Insolvency and Bankruptcy Code, 2016.

Cyber Security Incident

The Company has installed firewalls and other software to protect against the cyber-crime. The back-ups are also being kept on Cloud to prevent any kind of data loss. The Company has also engaged an independent expert to verify the measures already taken by the Company for safeguarding against any cyber-attacks. No incident relating to cyber security, breaches or loss of data or documents has been reported during the year under review.

Opportunities and Outlook

Since the Company is engaged in research, development, manufacturing and marketing of a wide range of branded and generic pharmaceutical formulations and health supplement products, accordingly, it operates in a highly regulated and competitive environment across multiple geographies. 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

- Part of Panacea Biotec group with over 30 years' experience in development, manufacturing and commercialization of pharmaceutical formulations
- Significant focus on exports
- State-of-the-art cGMP compliant manufacturing facilities
- Proven research & development and clinical research capabilities

- Robust product pipeline of promising niche products to fuel long-term growth
- Extensive sales and distribution network
- 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 pharmaceutical industry. As a result of this, the present profitability is affected whereas the output may come in medium to long term future periods.

Opportunities

- New products in pipeline for commercial launch: The Company has several products under late stage of development in pharmaceutical formulations and nutrition business.
- To improve capacity utilization: The Company is exploring third party contract manufacturing opportunities to increase capacity utilization of its manufacturing facilities.
- Addressing unmet need: The Company is continuously working on development and launch of products to address unmet needs.

Threats

- Dependence on few imported suppliers in active pharmaceutical ingredients. However, Company is focusing on developing alternate sources within India and / or outside India.
- Increasing Regulatory Compliances and Costs: International regulatory agencies like USFDA have 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.

- Risk of all R&D initiatives not leading to commercially viable and successful products.

Future Growth Strategy

- Growth in exports of pharmaceutical formulations to ICH market, emerging markets in LATAM and Middle East.
- Launch of Paclitaxel protein bound particles for injectable suspension, Cyclosporine and other products, which are currently under approval, in USA and Europe.
- Filing more ANDAs / dossiers in USA, Europe and other emerging markets.
- Scaling up the nutrition business by launching new dosage forms and new customer segments.

Acknowledgements

Your Directors acknowledge with gratitude the co-operation and assistance received from the regulatory authorities and other Government agencies and encouragement they have extended to the Company. Your directors also thank the management of Panacea Biotec Limited, banks, customers, vendors and other business associates for their confidence in the Company and its management. The Board also wishes to place on record its appreciation for the dedication and commitment of the Company's employees at all levels which has continued to be our major strength. Your directors look forward for the continued support from all stakeholders in order to enable the Company to achieve newer heights in the year to come.

For and on behalf of the Board of
Panacea Biotec Pharma Limited

Dr. Rajesh Jain
Managing Director
DIN: 00013053

Ankesh Jain
Whole-time Director
DIN: 03556647

Place : New Delhi

Date : August 13, 2024

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.

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 during the year under review and recent past:

- Utilizing treated water from effluent treatment plant (ETP) & sewage treatment plant (STP) for plantation & irrigation helps conserve borewell water, significantly reducing electricity consumption.
- Installed 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) to replace Furnace Oil Fired Boilers thereby shifting to renewable energy source and to also reduce Sulphur emission.

- Replaced high energy consuming lights with lower energy consuming lights at several locations.

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 high energy consuming lights with lower energy consuming lights across the organization over a period of time.
- To continue 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 not made any capital investment towards energy conservation equipments.

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.

This space has intentionally been left blank.

Annexure to the Directors' Report

Form A Particulars of Consumption of Energy

Particulars	Current Year	Previous Year
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (Nos. in thousand)	9,156.94	8,617.87
Total Amount (₹ in million)	59.08	50.86
Rate / Unit (₹)	6.45	5.90
(b) Own generation		
(i) Through Diesel Generator		
Units (Nos. in thousand)	444.65	262.71
Unit per litre of Diesel / Oil	3.39	3.33
Cost / Unit (₹)	26.38	26.43
(ii) Through Steam Turbine / Generator		
Units (Nos.)	Nil	Nil
Unit per litre of Diesel / Oil		
Cost / Unit (₹)		
2. Coal		
Quantity (tonnes)	Nil	Nil
Total Cost		
Average Rate		
3. Furnace Oil		
Quantity (Kilolitres)	104.50	216.85
Total Cost (₹ in million)	7.13	12.79
Rate / Unit (₹)	68.22	59.00
4. Briquette		
Quantity (in Tonnes)	3,668.68	3,038.54
Total Cost (₹ in million)	40.81	36.29
Rate / Unit (₹)	11.12	11.94
Steam transferred to PBL (₹ In million)	18.81	18.64
B. Consumption per unit of production		
Tablets		
Production (no. in million)	298.92	422.34
Electricity Consumption (Units per thousand)	8.68	7.54
Capsules		
Production (no. in million)	84.37	100.98
Electricity Consumption (Units per thousand)	40.53	28.93
Syrups		
Production (in litres)	46,295	1,69,672
Electricity Consumption (Units per kilolitre)	1.51	0.46
Gels		
Production (in kilograms)	26,998	32,638
Electricity Consumption (Units per kilogram)	13.36	10.60
Granules		
Production (in kilograms)	4,206	12,996
Electricity Consumption (Units per kilogram)	1.45	1.02

Annexure to the Directors' Report

Particulars	Current Year	Previous Year
Injections		
Production (no. of injection in thousand)	122	148
Electricity Consumption (Units per thousand)	22,858.78	13,917.25
Nutrition Products		
Production (in kilogram)	1,13,750	-
Electricity Consumption (Units per kilogram)	2.35	-

II. Technology Absorption

Form B

Form for disclosure of particulars with respect to Technology Absorption

Research & Development (R&D)

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

The Company has state-of-art R&D Centre at Lalru, 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 pharmaceutical formulations and nutraceuticals.

The areas of research being pursued by the Company include:

- Platform Technology - SPORTS Technology;
- Novel Drug Delivery System (NDDS) based pharmaceutical formulations development;
- Small Molecule Drug Discovery (NCE Research) in 3 therapeutic areas, viz. metabolic disorders (Diabetes & Obesity), infectious diseases and CNS disorders & oncology; and
- Nutrition products and health supplements for wellbeing and health improvement.

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

- Development of novel drug delivery products;
- Launch of nutrition products;
- Bringing innovative products to market;
- Fulfilling unmet therapeutic needs and customer satisfaction;
- Improved product quality and safety aspects;
- Availability of products at affordable prices;
- Yield improvement;
- Grant of new product / process patents;
- Entry into newer markets and export of quality products; and

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

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:

- Oral immediate and modified release formulation;
- Technology based injectable dosage form;
- Nano-emulsion technology based dosage form;
- Polymeric nano-particulate system / Nano-crystal technology;
- Biodegradable polymer based long acting injection;
- Liposomal drug delivery technology;
- Phyto Adjuvant Nanovector Technology Intensive Product Proposal;
- Superparamagnetic Nanoparticles (Nanotherm) Technology Intensive Product;
- Developing nutrition based products in existing and new dosage form; and
- PEF technology for Food & Nutrition liquids.

4. Expenditure on R&D:

	(₹ in million)	
Particulars	2023-24	2022-23
Revenue expenditure (excluding Depreciation on R&D assets)	192.80	144.46
Capital expenditure	0.76	10.83
Total	193.56	155.29
Total R&D expenditure as a percentage of net revenues	10.53%	8.29%

Annexure to the Directors' Report

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 pharmaceutical formulations, nutraceuticals, novel drug delivery systems, advanced drug delivery systems and drug discovery (small molecules), in compliance with international regulatory standards.

The Company is working on several nutrition products for pediatric and adult range.

2. Benefits derived as a result of the above:

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

The Company has successfully completed development of key projects enabling the Company to file the Abbreviated New Drug Application (ANDAs) with USFDA. The Company has further progressed on filing of Paclitaxel injection, Mycophenolate sodium delayed release tablet, Valganciclovir Solution, Sirolimus Oral Solution ANDAs to USFDA by responding to FDA queries during the year under review. The Company has launched the nanotechnology-based generic product, Paclitaxel protein bound in human albumin particles, in Canada during the financial year 2023-24. Additionally, the Company is also expanding business in Europe by filling dossier for Azacitidine injection, Valganciclovir Solution, Sirolimus oral Solution and Paclitaxel for EU market.

The Company has developed several products for ROW market. Further during the year, the Company has also undertaken development of several other products.

During the year, the Company has developed nutrition products for pediatric range and launched ChilRun® range of products. With a diverse product portfolio that is balanced between adult and pediatric nutrition, we

are leading to launch new products into developed and fast-growing emerging markets, where healthcare trends show increased need for quality nutrition.

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)
NOT APPLICABLE			

III. Foreign Exchange Earnings and Outgo

1. Activities relating to exports:

The Company exports its pharmaceutical formulations in ~36 countries including the United States, Canada, Germany, UAE, Saudi Arabia, Jordan, Qatar, Turkey, Russian Federation, Kazakhstan, Uzbekistan, Serbia, Tanzania, Kenya, Uganda, Vietnam, Philippines, Thailand, Sri Lanka, Brazil, Panama, Ecuador, Paraguay, Trinidad & Tobago, etc.

The international pharmaceutical formulation product portfolio includes prescription products in niche therapeutic areas such as transplantation, renal disease, oncology, respiratory, pain management, diabetes and gastro-intestinal care.

The Company has continued its focus on development, registration and marketing of products portfolio catering to chronic therapies in private markets in several countries.

During the year under review, the Company has earned export revenues of ₹1,497.29 million as against ₹1,223.82 million during previous year.

This space has intentionally been left blank.

Annexure to the Directors' Report

2. Initiatives taken to increase export:

The Company is continuously filing new product registration dossiers in existing as well as new markets to further strengthen and grow its exports in the future. The Company's Abbreviated New Drug Applications (ANDA) submitted under section 505(j) of the Federal Food, Drug & Cosmetics Act (FD&C Act) are in process of approval by U.S. Food and Drug Administration ("USFDA"). The Company plans to launch these products in US, Europe, etc. through strategic collaborations with leading pharma companies.

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

The Company has taken more initiative on brand building & customer connect through various mass promotion programs through online media, in-clinic discussions through digital mobile platform, scientific education initiatives, product specific medical trainings, country specific strategies & scientific promotions and medical training programs.

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

The Company 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 strong distributor and marketing partners into newer regions and registering products in more countries as well as strengthening existing relationships with the partners.

The Company is developing a portfolio of products for European markets, GCC countries and other emerging markets.

4. Total foreign exchange earned and used:

(₹ in million)		
Particulars	2023-24	2022-23
Foreign Exchange Earned:		
FOB value of Exports	1,358.19	1,052.47
Other Income	4.49	1.50
Profit share for sale (Exports)	113.38	83.48
Total	1,358.19	1,137.45
Foreign Exchange Used:		
Raw material and packing material	88.59	107.32
Components and Spare Parts	11.73	19.62
Capital Goods	1.33	-
Legal & Professional expenses	92.98	26.77
Royalty	1.91	-
Other Expenses:		
- Patents, Trademarks & Product Registration	2.61	2.44
- Advertising and Sales Promotion	46.50	176.41
- Rates & Taxes	35.05	29.75
- Software License Fees	3.26	17.19
- General expenses	7.32	18.57
- Others	1.95	1.64
Total	293.23	272.77

For and on behalf of the Board of
Panacea Biotec Pharma Limited

Dr. Rajesh Jain
Managing Director
DIN: 00013053

Ankesh Jain
Whole-time Director
DIN: 03556647

Place : New Delhi
Date : August 13, 2024

Annexure B
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 (₹ 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 2023-24:								
1.	Mr. Sarad Kumar Singh	Vice President - International Markets (ROW Region-3)	8.67	Permanent employee	BSc.	31	01.02.2020	52	Panacea Biotech Ltd., Vice President - International Markets & Panacea Vaccine SBU, 11 years
2.	Dr. Rajeeva Kumar Mangalum	Chief Operating Officer	7.59	Permanent employee	M. Pharma, Ph. D	40	01.02.2020	63	Panacea Biotech Ltd., Chief Operating Officer-Pharma Business, 23.9 years
3.	Mr. Dinesh Singla	Sr. Vice President - Corporate Quality & RA (Pharma & FAN)	7.31	Permanent employee	M. Pharma	29	01.02.2020	54	Panacea Biotech Ltd., Sr. Vice President - R&D, VFR, IPR & RA (Pharma), 12.3 years
4.	Mr. Neeraj Joshi [#]	President - Sales & Marketing	7.28 [@]	Permanent employee	BSc., LLB	34	04.03.2021	55	Glenmark Pharmaceuticals India Ltd., Sr. Vice President - Marketing & Sales, 2.5 years
5.	Mr. Rajiv Kumar Sharma	Sr. General Manager - SCM (Pharma)	5.80	Permanent employee	B.A. (Math)	34	01.02.2020	56	Panacea Biotech Ltd., Sr. G.M. - SCM (Pharma), 23 years
6.	Mr. Sanjay Kumar	Sr. General Manager - Quality (Pharma & Onco)	4.90 [@]	Permanent employee	MSc. In Organic Chemistry	29	18.01.2021	58	Cadila Healthcare Ltd., General Manager - Quality Assurance (Pharma), 4.5 years
7.	Mr. Milind Balkrishna Bhalekar ⁵	General Manager - Human Resource (Pharma Sales & Marketing)	4.42 [@]	Permanent employee	Diploma in Personnel Management	16	18.02.2020	53	British Biologicals, Head - HR, 1.6 years
8.	Mr. Vishal Kinra	Plant Head - OSD & FAN	3.60	Permanent employee	B. Pharma	28	01.02.2020	50	Panacea Biotech Ltd., General Manager - Production, 22.3 years.
9.	Mr. Jitendar Singh	Sr. General Manager - Quality Control	3.56	Permanent employee	MSc. - Chemistry	26	01.02.2020	49	Panacea Biotech Ltd., General Manager - Quality Control, 14.3 years.
10.	Mr. Arjun Singh	General Manager - Distribution (Pharma & Onco)	3.45	Permanent employee	Senior Secondary	38	01.02.2020	60	Panacea Biotech Ltd., General Manager - Distribution (Pharma & Onco), 22.6 years
B.	Employed for part of the year and in receipt of remuneration which in aggregate was not less than ₹850,000 per month (other than those mentioned in Para A above)								
	Nil								

[#]Ceased to be employee w.e.f. close of business hours on 31.07.2023.

⁵Ceased to be employee w.e.f. close of business hours on 25.12.2023.

[@]Remuneration includes Leave encashment

Notes:

- Remuneration includes salary, house rent allowance, bonus, Company's contribution to Provident Fund, Leave Travel Allowance, Medical Assistance and all allowances paid in cash and monetary value of taxable perquisites wherever applicable and does not include provision for Gratuity / Retirement Benefit.
- 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 / Whole-time Director of the Company.
- The employees mentioned in 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 of the Company.

For and on behalf of the Board of Panacea Biotech Pharma Limited

Place: New Delhi
Date: August 13, 2024

Dr. Rajesh Jain
Managing Director
DIN: 00013053

Ankesh Jain
Whole-time Director
DIN: 03556647

Form No. MR-3

Secretarial Audit Report

For the financial year ended March 31, 2024

[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 and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, the explanation and clarification given to us, we hereby report that in our opinion, subject to our comments herein, the Company has, during the Audit Period, covering the financial year ended March 31, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place.

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, 2024, 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 (Share 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;
 - Drug Pricing Control Order, 2013;
 - 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;
 - Legal Metrology Act, 2009;
 - Digital Personal Data Protection Act, 2023.

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 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. There was no change in the composition of the Board of Directors that took place during the period under review.
- Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

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

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

For R&D Company Secretaries

Sd/-

Debabrata Deb Nath

Partner

FCS No.:7775

CP No.: 8612

UDIN: F007775F000908433

Place: Delhi

Peer Review Certificate No. 1403/2021

Date : 06.08.2024 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 records 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 the 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

Sd/-

Debabrata Deb Nath

Partner

FCS No.:7775

CP No.: 8612

UDIN: F007775F000908433

Place: Delhi

Peer Review Certificate No. 1403/2021

Date : 06.08.2024 Unique Identification No.: P2005DE011200

Independent Auditor's Report

To the Members of Panacea Biotec Pharma Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Panacea Biotec Pharma Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year ended, and notes to the financial statements, including material accounting policy information 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 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 2024, 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 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 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.

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

4. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

5. The accompanying 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 of these 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, the Board of Directors is 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the 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

Independent Auditor's Report

Report on the Audit on the Financial Statements

financial statements.

9. 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 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 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 Board of Directors' 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 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; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. 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.

Report on Other Legal and Regulatory Requirements

11. 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.
12. 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.
13. Further to our comments in Annexure A, 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 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 except for the matters stated in paragraph 13(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
 - c) The financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid 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 2024 from being appointed as a director in terms of section 164(2) of the Act;
 - f) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 13(b) above on reporting under section 143(3)(b) of the Act and paragraph 13(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
 - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2024 and the operating effectiveness of such controls, refer to our separate report in Annexure B wherein we have expressed an unmodified opinion; and
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit

Independent Auditor's Report

Report on the Audit on the Financial Statements

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 36 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2024;
- 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 2024;
- 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 2024;
- iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 48(v) to the 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 person or entity, 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, as disclosed in note 48(vi) to the financial statements, no funds have been received by the Company from any person or entity, 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 notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2024.
- vi. As stated in Note 50 to the financial statements and based on our examination which included test checks, except for instance mentioned below, the Company, in respect of financial year commencing on 1 April 2023, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exception given below.

Nature of exception noted	Details of Exception
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software	The audit trail feature was not enabled at the database level for accounting software to log any direct data changes, used for maintenance of all accounting records by the Company.

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sd/-

Arun Tandon

Partner

Membership No.: 517273

UDIN: 24517273BKEXFQ7249

Place : New Delhi

Date : 30 May, 2024

Annexure A referred to in paragraph 12 of the Independent Auditor's Report of even date to the members of Panacea Biotec Pharma Limited on the financial statements for the year ended 31 March 2024

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 capital work-in-progress.
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and capital work-in-progress 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 programme, certain property, plant and equipment and capital work-in-progress were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable 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), disclosed in Note 48 to the financial statements, are held in the name of the Company.
- (d) The Company has adopted cost model for its Property, Plant and Equipment and intangible assets. Accordingly, reporting under clause 3(i)(d) of the Order is not applicable to the Company.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for inventory lying with third parties. 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 as compared to book records. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.
- (b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) The Company has not made investments in, provided any guarantee or security or granted any advances in the nature of loans to companies, firms, limited liability partnerships during the year. Further, the Company has granted unsecured loans to companies or any other parties during the year, in respect of which:

- (a) The Company has provided loans to others during the year as per details given below:

Particulars	Loans (Rs. In million)
Aggregate amount provided/granted during the year:	
- Others	2114.01
Balance outstanding as at balance sheet date in respect of above cases:	
- Others	1211.69

- (b) The Company has not made any investment or provided any guarantee or security or granted advances in the nature of loans during the year. However, the Company has granted loans and in our opinion, and according to the information and explanations given to us, such loans granted are, prima facie, not prejudicial to the interest of the Company.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and principal amount and interest thereon is not due for repayment.
- (d) There is no overdue amount in respect of loans granted to such other parties.
- (e) The Company has not granted any loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans that existed as at the beginning of the year.
- (f) The Company has not granted any loan, which are 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 granted, as applicable. Further, the Company has not entered into any transaction

Annexure to the Auditors' Report

covered under section 185 and section 186 of the Act in respect of investments made, guarantees and security provided by it.

- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits 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, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no statutory dues referred to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute.
- (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 previously recorded in the books of accounts.
- (ix) According to the information and explanations given to us, the Company does not have any loans or other borrowings from any lender. Accordingly, reporting under clause 3(ix) of the Order is not applicable to the Company.
- (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 and on the basis of our examination of the records of the Company, 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 no fraud on the Company has been noticed or reported during the period covered by our audit.
 - (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, 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 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 which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.
 - (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 its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

Annexure to the Auditors' Report

- (xvi) 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 not incurred any cash losses in the current financial year as well as 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 in the 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 indicating 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 has met the criteria as specified under sub-section (1) of section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, however, in the absence of average net profits in the immediately three preceding years, there is no requirement for the Company to spend any amount under sub-section (5) of section 135 of the Act. Accordingly, 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 Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sd/-

Arun Tandon

Partner

Membership No.: 517273

UDIN: 24517273BKEXFQ7249

Place : New Delhi

Date : 30 May, 2024

Independent Auditor's Report on the internal financial controls with reference to the 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 financial statements of Panacea Biotec Pharma Limited ('the Company') as at and for the year ended 31 March 2024, 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 on Audit of Internal Financial Controls Over Financial Reporting ('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

Annexure to the Auditors' Report

statements and such controls were operating effectively as at 31 March 2024, 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 Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sd/-

Arun Tandon

Partner

Membership No.: 517273

UDIN: 24517273BKEXFQ7249

Place : New Delhi

Date : 30 May, 2024

Panacea Biotec Pharma Limited

Balance Sheet as at March 31, 2024

(₹ in million)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
a) Property, plant and equipment	2.1	1,283.58	1,330.85
b) Capital work-in-progress	2.2	39.20	101.08
c) Intangible assets	2.3	86.61	109.94
d) Intangible assets under development	2.4	10.38	28.95
e) Financial assets			
(i) Loans	3	1,040.09	824.28
(ii) Other financial assets	4	100.39	77.29
f) Deferred tax assets (net)	5	101.94	120.43
g) Income tax assets (net)	6	25.97	23.20
h) Other non-current assets	7	182.42	4.06
Total non-current assets		2,870.58	2,620.08
Current assets			
a) Inventories	8	655.12	769.24
b) Financial assets			
(i) Investments	9	403.62	134.16
(ii) Trade receivables	10	603.87	641.08
(iii) Cash and cash equivalents	11	68.92	35.11
(iv) Bank balances other than cash and cash equivalents	12	679.69	1,488.95
(v) Loans	13	5.39	7.74
(vi) Other financial assets	14	48.65	21.50
c) Other current assets	15	288.11	273.14
Total current assets		2,753.37	3,370.92
Total assets		5,623.95	5,991.00
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	16	1.00	1.00
b) Other equity	17	4,600.47	4,657.77
Total equity		4,601.47	4,658.77
Liabilities			
Non-current liabilities			
a) Provisions	18	119.78	138.50
b) Other non-current liabilities	19	218.46	321.39
Total non-current liabilities		338.24	459.89
Current liabilities			
a) Financial liabilities			
(i) Trade payables	20		
- Total outstanding dues of micro enterprises and small enterprises		13.31	34.30
- Total outstanding dues of creditors other than micro and small enterprises		432.01	567.84
(ii) Other financial liabilities	21	0.79	1.10
b) Other current liabilities	22	201.19	211.69
c) Provisions	23	36.94	57.41
Total current liabilities		684.24	872.34
Total equity and liabilities		5,623.95	5,991.00

The accompanying notes form an integral part of these 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 Pharma Limited

Arun Tandon
Partner
Membership No. 517273

Dr. Rajesh Jain
Managing Director
(DIN 00013053)

Ankesh Jain
Director
(DIN 03556647)

Place : New Delhi
Date : May 30, 2024

Place : New Delhi
Date : May 29, 2024

Panacea Biotec Pharma Limited

Statement of Profit and Loss for the year ended March 31, 2024

(₹ in million)

Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from operations	24	1,837.47	1,873.61
Other income	25	266.24	297.36
Total income		2,103.71	2,170.97
Expenses			
Cost of materials consumed	26	865.63	799.33
Purchase of traded goods	27	-	3.93
Changes in inventories of finished goods, traded goods and work-in-progress	28	(45.04)	58.91
Employee benefits expense	29	580.75	511.93
Finance costs	30	4.06	3.88
Depreciation and amortisation expense	31	154.17	144.26
Other expenses	32	939.35	956.59
Total expenses		2,498.92	2,478.83
Profit / (Loss) before tax and exceptional item		(395.21)	(307.86)
Exceptional items	33	360.34	1,026.61
Profit / (Loss) before tax		(34.87)	718.75
Tax expense			
Current tax	34	0.23	22.34
Deferred tax		19.43	178.75
Total tax expense		19.66	201.09
Profit / (Loss) for the year		(54.53)	517.66
Other comprehensive income / (loss)			
Items that will be reclassified to profit or loss:			
(Profit) / Loss on Investments		0.04	(0.37)
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit plans	41	(3.75)	5.31
Income tax on above		0.94	(1.34)
Total other comprehensive income / (loss) (net of tax)		(2.77)	3.60
Total comprehensive income / (loss) for the year		(57.30)	521.26
Earning / (Loss) per equity share - basic and diluted (face value of ₹1 each) (in ₹)	35	(54.53)	517.66

The accompanying notes form an integral part of these financial statements.

As per report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

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

Arun Tandon

Partner

Membership No. 517273

Dr. Rajesh Jain

Managing Director

(DIN 00013053)

Ankesh Jain

Director

(DIN 03556647)

Place : New Delhi

Date : May 30, 2024

Place : New Delhi

Date : May 29, 2024

Panacea Biotec Pharma Limited

Cash Flow Statement for the year ended March 31, 2024

(₹ in million)

Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
A. Cash flow from operating activities			
Profit / (Loss) before tax		(34.87)	718.75
Adjustment for:			
Depreciation and amortisation expense	31	154.17	144.26
Unrealized foreign exchange (gain) / loss (net)	25	(6.70)	(11.29)
Intangibles assets under development and tangible assets provided / written off	32	41.14	0.19
Excess provisions / other balances written back	25	(50.15)	(82.12)
Loss / (gain) on sale of Property, plant and equipments	32	3.19	0.04
Allowance for expected credit loss and doubtful advances	32	18.62	66.26
Interest income	25	(159.04)	(154.52)
Income from investments	25	(33.67)	(14.46)
Gain on sale of domestic formulation brands	33	(360.34)	(1,026.61)
Finance costs	30	4.06	3.88
Operating profit / (loss) before working capital changes		(423.59)	(355.62)
Adjustment for working capital changes:			
Inventories		114.13	1.83
Trade receivables		40.34	76.78
Loans and other assets		(210.53)	(200.42)
Trade payables		(106.76)	(150.12)
Provisions and Other Liabilities		203.66	(3,184.90)
Cash generated from / (used in) operating activities		(382.75)	(3,812.45)
Income tax (paid)		(3.00)	(20.15)
Net cash generated from / (used in) operating activities (A)		(385.75)	(3,832.60)
B. Cash flow from investing activities			
Payment for property, plant and equipment and intangible assets (including Capital work in progress, intangible under development and capital advances) (net)		(55.55)	(108.20)
Proceeds from sale of property, plant and equipment		0.44	0.74
Loans advanced to Holding Company and related parties		(2,110.42)	(1,520.98)
Loans repaid by Holding Company and related parties		1,938.97	1,143.45
Interest received		57.87	94.26
Income from investments		33.71	19.11
Investments in Mutual Funds & Bonds		(3,050.33)	(2,135.98)
Redemption of investment in Mutual Funds and Bonds		2,780.87	2,051.82
Investments in bank deposits having original maturity of more than three months		(337.46)	(5,396.61)
Redemption of bank deposits having original maturity of more than three months		1,165.52	9,672.56
Net cash generated from / (used in) investing activities (B)		423.62	3,820.17
C. Cash flow from financing activities			
Interest paid		(4.06)	(3.88)
Net cash generated from / (used in) financing activities (C)		(4.06)	(3.88)
Increase / (decrease) in cash and cash equivalents during the year (A+B+C)		33.81	(16.31)
Cash and cash equivalents at the beginning of the year		35.11	51.42
Cash and cash equivalents at the end of the year (refer note 11)		68.92	35.11
D. Cash and cash equivalents			
Balances with banks			
- in current accounts		22.39	20.97
- in exchange earners' foreign currency accounts		6.32	13.94
Cash on hand		0.20	0.20
Deposits with original maturity upto 3 months		40.01	-
Total		68.92	35.11
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 financial statements.

As per report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

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

Arun Tandon

Partner

Membership No. 517273

Place : New Delhi

Date : May 30, 2024

Dr. Rajesh Jain

Managing Director

(DIN 00013053)

Place : New Delhi

Date : May 29, 2024

Ankesh Jain

Director

(DIN 03556647)

Panacea Biotec Pharma Limited

Statement of Change in Equity for the year ended March 31, 2024

A. Equity share capital

	(₹ in million)
Particulars	Amount
Opening balance as at April 1, 2022	1.00
Change during the period	-
Closing balance as at March 31, 2023	1.00
Movement during the year	-
Closing balance as at March 31, 2024	1.00

Note: Refer note 16 for share capital details

B. Other equity

(Refer note 17)

(Refer note 17)			(₹ in million)
Particulars	Reserves and surplus		Total
	Capital reserve	Retained earnings	
Balance as at April 1, 2022	(5,862.22)	9,998.73	4,136.51
Profit / (Loss) for the period	-	517.66	517.66
Other comprehensive income / (loss) for the year (net of tax)	-	3.60	3.60
Total comprehensive loss for the period	-	521.26	521.26
Balance as at March 31, 2023	(5,862.22)	10,519.99	4,657.77
Balance as at April 1, 2023	(5,862.22)	10,519.99	4,657.77
Profit / (Loss) for the period	-	(54.53)	(54.53)
Other comprehensive income / (loss) for the year (net of tax)	-	(2.77)	(2.77)
Total comprehensive income / (loss) for the year	-	(57.30)	(57.30)
Balance as at March 31, 2024	(5,862.22)	10,462.69	4,600.47

The accompanying notes form an integral part of these 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 Pharma Limited

Arun Tandon

Partner

Membership No. 517273

Dr. Rajesh Jain

Managing Director

(DIN 00013053)

Ankesh Jain

Director

(DIN 03556647)

Place : New Delhi

Date : May 30, 2024

Place : New Delhi

Date : May 29, 2024

Panacea Biotech Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

Summary of Material Accounting Policies

1. Company information

Panacea Biotech Pharma Limited (Corporate identification number: U24299DL2019PLC347566) ("PBPL" or "the Company") was incorporated on March 22, 2019 as a public company, domiciled in India. The Company is engaged in manufacturing and sales of branded pharmaceutical formulations and food & nutrition products. The Company has its registered office at B-1 Extension/A-27, Mohan Co-operative Industrial Estate, Mathura Road New Delhi – 110044, India. The Company is a wholly owned subsidiary of Panacea Biotech Limited ("PBL" or the "Holding Company").

1.1 Basis of preparation

a. Statement of compliance

The 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 financial statements have been prepared for the Company on going concern basis in accordance with accounting principles generally accepted in India. These standalone financial statements were authorized for issuance by the Board of Directors of the Company on May 29, 2024.

b. Basis of measurement

The 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 standalone financial statements have been disclosed in note 1.4.

1.3 Material accounting policies

The material 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 has considered an operating cycle of 12 months for determining current and non-current classification of assets and liabilities in the balance sheet. Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b. Inventories

Inventories are valued as follows:

Raw material, components, 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.

Notes to the Financial Statements for the year ended March 31, 2024

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.

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.

Panacea Biotec Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

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

The amortization expense on intangible assets with finite life is recognised in the statement of profit and loss under the head depreciation and amortization expense.

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. Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the profit or loss and in the notes forming part of the financial statements.

f. 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.

Notes to the Financial Statements for the year ended March 31, 2024

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 recognised.

g. 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.

h. 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

Panacea Biotec Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

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.

i. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, if any. The Company recognizes revenue when it transfers control over a product or service to a customer.

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 towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of discounts. Revenue is disclosed exclusive of goods and services tax.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

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.

Notes to the Financial Statements for the year ended March 31, 2024

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 Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

j. Financial instruments

Financial instruments 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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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 and 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

Panacea Biotech Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

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.

k. 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.

l. 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.

m. 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.

Notes to the Financial Statements for the year ended March 31, 2024

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). The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and liability simultaneously.

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 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).

n. Government grants

Grants from the government are recognised at their fair value where there is a 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 the statement of profit and loss over the period necessary to match them with the costs 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.

o. Segment reporting

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.

p. 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.

Panacea Biotec Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

q. 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.

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 Critical 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.

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.

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 New and amended standards

The Company has applied the following amendments for the first time for their annual reporting period commencing 1 April 2023:

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments to Ind AS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and

Notes to the Financial Statements for the year ended March 31, 2024

the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's standalone financial statements.

Ind AS 1 – Presentation of Financial Statements

The amendments to Ind AS 1 provide guidance on applying materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

Ind AS 12 – Income Taxes

The amendments to Ind AS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases. The above amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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Panacea Biotech Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

2.1 Property, plant and equipment

(₹ in million)

Particulars	Freehold land	Buildings	Plant and equipments	Furniture and fittings	Vehicles	Office equipments	Computer equipments	Total
Gross carrying value:								
As at April 1, 2022	187.13	691.23	931.30	11.42	0.80	7.19	15.54	1,844.61
Additions	-	-	6.23	-	6.77	0.45	0.25	13.70
Disposals	-	-	(0.48)	-	(0.48)	-	-	(0.96)
As at March 31, 2023	187.13	691.23	937.05	11.42	7.09	7.64	15.79	1,857.35
Additions	-	14.03	82.20	0.75	-	1.00	11.57	109.55
Disposals	-	(0.03)	(83.96)	(0.37)	-	(0.00)	(0.33)	(84.69)
As at March 31, 2024	187.13	705.23	935.29	11.80	7.09	8.64	27.03	1,882.21
Accumulated depreciation:								
As at April 1, 2022	-	64.44	310.61	4.94	0.06	1.20	3.81	385.06
Charge for the year	-	29.60	106.78	0.26	0.24	0.78	4.03	141.69
Disposals	-	-	(0.23)	-	(0.02)	-	-	(0.25)
As at March 31, 2023	-	94.04	417.16	5.20	0.28	1.98	7.84	526.50
Charge for the year	-	29.95	91.59	0.26	0.84	0.98	7.22	130.84
Disposals	-	(0.03)	(58.59)	(0.09)	-	-	-	(58.71)
As at March 31, 2024	-	123.96	450.16	5.37	1.12	2.96	15.06	598.63
Net carrying value:								
As at March 31, 2024	187.13	581.27	485.13	6.43	5.97	5.68	11.97	1,283.58
As at March 31, 2023	187.13	597.19	519.89	6.22	6.81	5.66	7.95	1,330.85

Notes :

- Refer note 40 for related party transaction disclosures.
- Refer note 36 for information on contractual commitments related to property, plant and equipment.
- During the year, the Company carried out an impairment assessment of the aforesaid cash-generating units (CGUs) using a discounted cash flow model which is based on the net present value of the forecasted earnings of the CGUs with the help of an external valuation specialist. This is calculated using certain assumptions viz. discount rate of 17.6%, terminal year growth rate of 4% and cash flow forecasts for 5 years. The Company has also involved independent, registered valuer to assess the value in use of the CGUs by cash flow approach. These forecasts contain management's best view of the expected performance of the CGUs based on the management's knowledge of the market environment, strategic initiatives and future business plans. As per the management's assessment, there is no impairment required to be recognized in the statement of Profit and Loss.
- The Company has adopted cost model for its property, plant and equipment.

2.2 Capital work-in-progress

(₹ in million)

Particulars	Amount
As at April 1, 2022	11.34
Additions	91.48
Capitalised	(1.74)
As at March 31, 2023	101.08
Additions	19.46
Capitalised	(81.34)
As at March 31, 2024	39.20

Notes :

- The capital work-in-progress relates to ongoing projects for construction and installation of property, plant and equipment.
- Ageing for capital work-in-progress as at March 31, 2024: (₹ 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	25.08	6.36	7.59	0.17	39.20
Total	25.08	6.36	7.59	0.17	39.20
- Ageing for capital work-in-progress as at March 31, 2023: (₹ 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	89.74	11.17	0.17	-	101.08
Total	89.74	11.17	0.17	-	101.08
- Projects in progress as on March 31, 2024 and as on March 31, 2023 have not exceeded the cost and timeline as compared to the respective original plans.
- The capital work in progress of projects as on March 31, 2024 will be capitalised upon completion in subsequent years.

Notes to the Financial Statements for the year ended March 31, 2024**2.3 Other intangible assets**

(₹ in million)

Particulars	Patents, trademarks and copyrights	Softwares	Products development	Total
Gross carrying value:				
As at April 1, 2022	0.71	2.97	9.97	13.65
Additions	-	2.17	102.28	104.45
As at March 31, 2023	0.71	5.14	112.25	118.10
Additions	-	-	-	-
As at March 31, 2024	0.71	5.14	112.25	118.10
Accumulated amortisation:				
As at April 1, 2022	0.10	1.50	3.99	5.59
Charge for the year	0.08	0.44	2.05	2.57
As at March 31, 2023	0.18	1.94	6.04	8.16
Charge for the year	0.08	0.80	22.45	23.33
As at March 31, 2024	0.26	2.74	28.49	31.49
Net carrying value:				
As at March 31, 2024	0.45	2.40	83.76	86.61
As at March 31, 2023	0.53	3.20	106.21	109.94

Note: The Company has adopted cost model for its intangible assets.

2.4 Intangible assets under development

(₹ in million)

Particulars	Amount
As at April 1, 2022	123.36
Additions	10.23
Capitalisation	(104.45)
Disposal / written off	(0.19)
As at March 31, 2023	28.95
Additions	0.15
Disposal / written off (refer note (iv) below)	(18.72)
As at March 31, 2024	10.38

Notes :

(i) The cost incurred on intangible assets under development relates to products development, patents, technical know-how and softwares.

(ii) Ageing for intangible assets under development as at March 31, 2024:

(₹ 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	0.15	10.23	-	-	10.38
Total	0.15	10.23	-	-	10.38

(iii) Ageing for intangible assets under development as at March 31, 2023:

(₹ 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	10.23	-	-	18.72	28.95
Total	10.23	-	-	18.72	28.95

(iv) Approval awaited from concerned regulatory authorities for projects amounting to ₹18.72 million which were outstanding for more than three years. Pending such approval, the expenditure incurred on these projects has been written off during financial year 2023-24.

(v) Projects in progress as on March 31, 2024 and as on March 31, 2023 have not exceeded the cost and timeline as compared to the respective original plans.

(vi) The capital work in progress of projects as on March 31, 2024 will be capitalised upon completion in subsequent years.

Panacea Biotech Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
3. Loans (non-current)		
(Unsecured, considered good, unless stated otherwise)		
Loans to employees	0.86	1.76
Loans to related parties	1,039.23	822.52
Total (A)	1,040.09	824.28
(Unsecured, considered doubtful / credit impaired)		
Loans to related parties	63.90	55.00
Less : provision for impairment	(63.90)	(55.00)
Total (B)	-	-
Total (A+B)	1,040.09	824.28
Notes:		
(i) Refer note 42 and 43 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, respectively.		
(ii) Refer note 40 for related party transaction disclosures.		
(iii) Refer note 4 for interest accrued on loan.		
4. Other financial assets (non-current)		
(Unsecured, considered good, unless stated otherwise)		
Security deposits	0.73	0.72
Bank deposits (due for maturity after 12 months from the reporting date)	3.61	22.41
Accrued interest on loans	96.05	54.16
Total (A)	100.39	77.29
(Unsecured, considered doubtful / credit impaired)		
Loan to related parties	6.26	1.10
Less: provision for impairment	(6.26)	(1.10)
Total (B)	-	-
Total (A+B)	100.39	77.29
Notes:		
(i) Bank deposits amounting to ₹3.61 million (March 31, 2023: ₹22.41 million) are deposited with banks and various government authorities for tender, bank guarantee, margin money, etc.		
(ii) Refer note 42 and 43 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, respectively.		
5. Deferred tax assets (net)		
Deferred tax liabilities arising on account of:		
Property, plant and equipment and intangible assets	221.37	231.13
Total (A)	221.37	231.13
Deferred tax assets arising on account of:		
Expenditure allowed on payment basis	72.53	68.20
Unabsorbed business losses and depreciation	107.05	48.96
Income received in advance	143.73	234.40
Total (B)	323.31	351.56
Total (B-A)	101.94	120.43
Note: Refer note 34 for movement in balances of deferred tax assets and / or liabilities.		

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Notes to the Financial Statements for the year ended March 31, 2024

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
6. Income tax assets (net)		
Advance taxes (net of provisions for taxes)	25.97	23.20
Total	25.97	23.20
7. Other non-current assets		
(Unsecured, considered good, unless stated otherwise)		
Balances with statutory authorities	171.43	-
Capital advances	10.72	3.49
Prepaid expenses	0.27	0.57
Total (A)	182.42	4.06
(Unsecured, considered doubtful / credit impaired)		
Capital advances	0.44	-
Less: allowance for doubtful Capital advances	(0.44)	-
Total (B)	-	-
Total (A+B)	182.42	4.06
8. Inventories		
(Valued at lower of cost or net realisable value)		
Raw materials including packing materials	462.02	621.86
Finished goods (refer note (ii) below)	103.08	52.39
Traded goods	0.02	4.33
Work-in-progress	40.78	42.12
Stores and spares	49.22	48.54
Total	655.12	769.24
Notes:		
(i) The Company recorded inventory write down (net) of ₹58.0 million (March 31, 2023: ₹63.8 million) on account of inventory obsolescence, expiry etc. This included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress, stores, spares and stock-in-trade in profit or loss, as the case may be.		
(ii) Refer note 26, 27 and 28 for consumption of raw material and changes in inventories recorded by the Company.		
(iii) Includes goods in transit of ₹Nil million (March 31, 2023 : ₹ 1.46 million)		
9. Investment (current)		
Carried at fair value through profit or loss		
Investment in mutual funds:		
Aditya Birla Sun Life Money Manager Fund - Growth-Regular Plan	-	32.62
Nil (March 31, 2023: 104,214.961) units at NAV of ₹336.9605 (March 31, 2023: ₹313.0282) each		
Aditya Birla Sun Life Liquid Fund - Growth-Regular Plan	155.41	-
402,959.606 (March 31, 2023: Nil) units at NAV of ₹385.6632 (March 31, 2023: ₹359.7966) each		
HDFC Low Duration Fund - Regular Plan - Growth	72.29	-
1,372,958.786 (March 31, 2023: Nil) units at NAV of ₹52.6548 (March 31, 2023: ₹49.0814) each		
Nippon India Ultra Short Duration Fund - Growth Option - Growth Plan	175.92	-
47,668.532 (March 31, 2023: Nil) units at NAV of ₹3,690.4077 (March 31, 2023: ₹3451.3011) each		
Investment in bonds:		
HDFC Ltd.	-	50.70
Nil (March 31, 2023: 50) Bonds of face value of ₹1,000,000 each, market value ₹Nil (March 31, 2023: ₹49.99 million)		
National Bank For Agriculture And Rural Development	-	50.84
Nil (March 31, 2023: 50) Bonds of face value of ₹1,000,000 each, market value ₹Nil (March 31, 2023: ₹49.97 million)		
Total	403.62	134.16
Aggregate cost of quoted investments	385.63	130.00
Aggregate market value of quoted investments	403.62	134.16

Panacea Biotec Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
10. Trade receivables		
Unsecured, considered good	603.87	641.08
Unsecured, credit impaired	20.08	16.44
	623.95	657.52
Less: allowance for expected credit loss	(20.08)	(16.44)
Total	603.87	641.08

Notes:

(i) Refer note 42 and 43 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, respectively.

(ii) Ageing for trade receivables as at March 31, 2024: (₹ 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	400.69	166.32	25.41	11.34	0.11	-	603.87
Undisputed trade receivables credit impaired	1.23	1.40	2.50	1.35	6.82	3.40	16.70
Disputed trade receivables credit impaired	-	-	-	-	-	3.38	3.38
Total	401.92	167.72	27.91	12.69	6.93	6.78	623.95
Less: Allowance for doubtful trade receivables							(20.08)
Trade receivables (Net)							603.87

(iii) Ageing for trade receivables as at March 31, 2023: (₹ 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	410.15	212.45	9.40	7.50	-	0.21	639.71
Undisputed trade receivables credit impaired	1.11	2.08	4.13	2.30	1.00	2.45	13.07
Disputed trade receivables considered good	-	0.57	-	0.80	-	-	1.37
Disputed trade receivables credit impaired	-	0.03	-	-	2.48	0.86	3.37
Total	411.26	215.13	13.53	10.60	3.48	3.52	657.52
Less: Allowance for doubtful trade receivables							(16.44)
Trade receivables (Net)							641.08

(iv) Refer note 40 for related party transaction disclosures.

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Notes to the Financial Statements for the year ended March 31, 2024

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
11. Cash and cash equivalents		
Balances with banks		
- in current accounts	22.39	20.97
- in exchange earners' foreign currency accounts	6.32	13.94
Cash on hand	0.20	0.20
Deposits with original maturity upto 3 months	40.01	-
Total	68.92	35.11
12. Bank balances other than cash and cash equivalents		
Bank Deposits (with original maturity for more than 3 months but less than 12 months from the reporting date)	679.69	1,488.95
Total	679.69	1,488.95
Note: Fixed deposits amounting to ₹41.52 million (March 31, 2023: ₹26.87 million) are deposited with banks and various government authorities for tender, bank guarantee, margin money, etc.		
13. Loans (current)		
(Unsecured, considered good, unless stated otherwise)		
Loan to employees	5.39	7.74
Total	5.39	7.74
Note: Refer note 42 and 43 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, respectively.		
14. Other financial assets (current)		
(Unsecured, considered good, unless stated otherwise)		
Security deposits	0.29	1.75
Others	48.36	19.75
Total (A)	48.65	21.50
(Unsecured, considered doubtful / credit impaired)		
Security deposits	5.25	4.79
Less: allowance for doubtful deposits / advances	(5.25)	(4.79)
Total (B)	-	-
Total (A+B)	48.65	21.50
Note: Refer note 42 and 43 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, respectively.		
15. Other current assets		
(Unsecured, considered good, unless otherwise stated)		
Prepaid expenses	34.39	34.90
Export benefits receivable	6.69	5.84
Balances with statutory authorities	220.50	218.80
Advances to suppliers	26.53	13.60
Total (A)	288.11	273.14
(Unsecured, considered doubtful / credit impaired)		
Advances to suppliers	6.13	20.57
Less: Allowance for doubtful advances	(6.13)	(20.57)
Total (B)	-	-
Total (A+B)	288.11	273.14
16. Share capital		
Authorised		
100,000,000 (March 31, 2023: 100,000,000) Equity Shares of ₹1 each	100.00	100.00
50,000,000 (March 31, 2023: 50,000,000) Preference Shares of ₹10 each	500.00	500.00
	600.00	600.00
Issued, subscribed and fully paid up		
1,000,000 (March 31, 2023: 1,000,000) Equity Shares of ₹1 each	1.00	1.00
Total	1.00	1.00

Panacea Biotec Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

Notes:

(a) Reconciliation of number of equity shares:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	₹ in million	No. of shares	₹ in million
Equity shares at the beginning of the year	10,00,000	1.00	10,00,000	1.00
Changes during the year	-	-	-	-
Equity shares at the end of the year	10,00,000	1.00	10,00,000	1.00

(b) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹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.

The Company has not reserved any shares for issuance under options.

(c) Details of promoters' holding and shareholders holding more than 5% of equity shares:

Name of shareholders	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% holding	No. of shares	% holding
Panacea Biotec Limited (and its nominees)	10,00,000	100.00%	10,00,000	100.00%

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

(d) 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.

Particulars	(₹ in million)	
	As at March 31, 2024	As at March 31, 2023
17. Other equity		
Capital reserve	(5,862.22)	(5,862.22)
Retained earnings	10,462.69	10,519.99
Total	4,600.47	4,657.77

Note: For changes in balances of reserves, refer to the Statement of Changes in Equity.

Nature and purpose of other reserves:

Capital reserve: Created pursuant to the transfer of pharmaceutical business from Panacea Biotec Limited under slump sale.

Retained earnings: Profits / (losses) that the Company has earned till date, less any transfer to any reserves, dividend or other distribution paid to shareholders.

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Notes to the Financial Statements for the year ended March 31, 2024

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
18. Provisions (non-current)		
Provision for gratuity (refer note 41)	73.38	65.58
Provision for compensated absences (refer note 41)	46.40	41.62
Provision for expected sales return	-	31.30
Total	119.78	138.50
Note:		
Movement of provision for expected sales return:		
Balance as at beginning of the year	31.30	28.72
Provided during the year	-	31.30
Utilised / reversed during the year	(31.30)	(28.72)
Balance as at end of the year	-	31.30
19. Other non-current liabilities		
Income received in advance (refer note 45)	218.46	321.39
Total	218.46	321.39
20. Trade payables		
Total outstanding dues of micro enterprises and small enterprises	13.31	34.30
Total outstanding dues of creditors other than micro enterprises and small enterprises	432.01	567.84
Total	445.32	602.14

Notes:

(i) Refer note 40 for related parties transaction disclosures.

(ii) Ageing for trade payables outstanding as at March 31, 2024:

(₹ in million)

Particulars	Outstanding for periods from due date of payments					Unbilled due	Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Micro Enterprises and Small Enterprises	8.15	4.98	0.18	-	-	-	13.31
Others	120.69	107.19	10.07	2.09	3.17	188.80	432.01
Total	128.84	112.17	10.25	2.09	3.17	188.80	445.32

(iii) Ageing for trade payables outstanding as at March 31, 2023:

(₹ in million)

Particulars	Outstanding for periods from due date of payments					Unbilled due	Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Micro Enterprises and Small Enterprises	28.24	5.87	0.19	-	-	-	34.30
Others	151.39	157.37	2.09	3.20	-	253.79	567.84
Total	179.63	163.24	2.28	3.20	-	253.79	602.14

(iv) 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 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

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Panacea Biotec Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
The amounts remaining unpaid to any supplier as at the end of each accounting year:		
- Principal	13.31	34.30
- Interest	0.09	0.20
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	0.09	0.20
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	-	-

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
21. Other financial liabilities (current)		
Security deposits	0.34	0.65
Others	0.45	0.45
Total	0.79	1.10
Note: Refer note 42 and 43 for disclosure of fair value in respect of financial liability measured at amortised cost and disclosure for financial risk management for assessment of expected credit losses, respectively.		
22. Other current liabilities		
Advances from customers (refer note 45)	142.10	134.79
Deferred government grant	49.15	64.95
Statutory liabilities	9.94	11.95
Total	201.19	211.69
23. Provisions (current)		
Provision for compensated absences (refer note 41)	27.30	45.28
Provision for gratuity (refer note 41)	9.64	12.13
Total	36.94	57.41

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Notes to the Financial Statements for the year ended March 31, 2024

(₹ in million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
24. Revenue from operations		
Sale of products (net)		
Finished goods	1,699.40	1,763.02
Traded goods	63.87	42.70
Sale of services		
Contract manufacturing	47.47	48.70
Other operating revenue		
Export benefits	23.08	14.75
Scrap sale	3.65	4.44
Total	1,837.47	1,873.61
A. Disaggregated revenue from contracts with customers:		
Revenue from sale of products and services		
Pharma*	1,746.87	1,811.72
Others	63.87	42.70
Other operating revenue		
Pharma	23.08	14.75
Others	3.65	4.44
Total	1,837.47	1,873.61
Revenue by geography		
India	340.18	649.79
Outside India	1,497.29	1,223.82
Total	1,837.47	1,873.61
*Total revenue from two customers contributing more than 10% of the Company's total revenue during financial year 2023-24 was ₹621.24 million (March 31, 2023: ₹701.27 million)		
B. Reconciliation of gross revenue with the revenue from contracts with customers:		
Gross Revenue (refer note (i) below)	1,925.65	1,945.05
Adjusted for: discounts	0.00	(25.44)
Sales returns	(88.18)	(46.00)
Total	1,837.47	1,873.61
Notes:		
(i) 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.		
(ii) Refer note 40 for related party transaction disclosures.		
C. Information about trade receivables, contract assets from contracts with customers:		
Trade receivables (refer note (i) below) (also refer note 10)	623.95	657.52
Contract liabilities		
– Advance from customers (refer note (ii) below) (also refer note 19 and 22)	360.56	456.18
Total	984.51	1,113.70
Notes:		
(i) 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.		
(ii) The adjustments of advances during the year are not considered to be significant.		
D. Movement in contract assets and contract liabilities:		
Opening balance of contract liabilities	456.18	1,497.69
Additions during the year	14.62	13.52
Amount of revenue recognised against opening contract liabilities	(110.24)	(1,055.03)
Closing balance of contract liabilities	360.56	456.18
Opening balance of contract assets	657.52	728.15
Addition in balance of contract assets for current year	623.95	657.52
Amount of billing recognised against opening contract assets	(657.52)	(728.15)
Closing balance of contract assets	623.95	657.52
Notes:		
(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.		

Panacea Biotec Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

		(₹ in million)	
Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	
25. Other income			
Income from investments:			
Fair value gain on investment in mutual funds	33.41	14.46	
Interest income from:			
Bank deposits	45.36	87.76	
Bonds	0.26	5.01	
Loans given	113.68	61.75	
Others:			
Excess provisions / other balances written back	50.15	82.12	
Lease rent (refer note 37)	1.18	1.22	
Gain on foreign exchange transactions and translations (net)	15.96	25.60	
Miscellaneous	6.24	19.44	
Total	266.24	297.36	
Note: Refer note 40 for related party transaction disclosures.			
26. Cost of materials consumed			
Raw materials including packing materials:			
Inventories at the beginning of the year	621.86	586.13	
Add : Purchases during the year	705.79	835.06	
Less : Inventories at the end of the year	(462.02)	(621.86)	
Total	865.63	799.33	
27. Purchases of traded goods			
Purchases of traded goods	-	3.93	
Total	-	3.93	
Note: Refer note 40 for related party transaction disclosures.			
28. Changes in inventories of finished goods, stock in trade and work-in-progress			
Inventories at the end of the year:			
Finished goods	103.08	52.39	
Traded goods	0.02	4.33	
Work-in-progress	40.78	42.12	
Total (A)	143.88	98.84	
Inventories at the beginning of the year:			
Finished goods	52.39	79.30	
Traded goods	4.33	24.18	
Work-in-progress	42.12	54.27	
Total (B)	98.84	157.75	
Changes in inventories of finished goods and work-in-progress (B-A)	(45.04)	58.91	
29. Employee benefits expense			
Salary and wages	536.43	473.46	
Contribution to provident and other funds (refer note 41)	16.38	14.08	
Staff welfare expenses	27.94	24.39	
Total	580.75	511.93	
Note: Refer note 40 for related party transaction disclosures.			
30. Finance costs			
Interest expense	1.10	0.81	
Other borrowing costs	2.96	3.07	
Total	4.06	3.88	
Note: Refer note 40 for related party transaction disclosures.			
31. Depreciation and amortisation expense			
Depreciation on property, plant and equipment	130.84	141.69	
Amortisation of intangible assets	23.33	2.57	
Total	154.17	144.26	

Notes to the Financial Statements for the year ended March 31, 2024

(₹ in million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
32. Other expenses		
Advertising and sales promotion	82.57	189.46
Allowance for expected credit loss and doubtful advances	18.62	66.26
Analytical testing and trial	30.40	33.99
Commission on sales	0.54	1.97
Consumption of stores and spares	134.20	84.59
Contract manufacturing	2.18	8.45
Directors' sitting fees	0.29	0.27
Donation to political party (refer note (ii) below)	-	15.00
Donation others	0.10	4.10
Freight and forwarding	80.93	95.38
Insurance	19.68	20.22
Intangible assets under development provided / written off	18.72	0.19
Legal and professional	129.47	44.44
License fees	11.48	76.77
Loss on sale of property, plant and equipment (net)	3.19	0.04
Meetings and conferences	12.83	0.04
Miscellaneous	17.10	16.30
Office expenses	2.24	5.97
Payment to statutory auditors (refer note (i) below)	3.02	2.73
Postage and communication	4.99	3.99
Power and fuel	106.21	95.19
Printing and stationery	1.81	1.87
Rates and taxes	43.41	39.16
Rent	50.45	44.03
Repair and maintenance :		
Buildings	14.97	4.69
Plant and machinery	32.27	30.61
Others	38.47	27.17
Royalty	1.91	-
Security charges	8.45	8.65
Staff training and recruitment	10.04	2.66
Subscription	7.87	8.28
Tangibles assets provided /written off	22.42	-
Travelling and conveyance	19.87	15.47
Vehicle running and maintenance	8.65	8.65
Total	939.35	956.59

Notes:

(i) Payment to statutory auditor (excludes GST)

As auditor

- Audit fee

2.00 2.00

In other capacity

- Certification and other matters

0.60 2.65

- Reimbursement of out of pocket expenses

0.13 0.12

Total

2.73 4.77

(ii) Donation to political party - Electoral trust ₹Nil (March 31, 2023: ₹10.0 million) and Bhartiya Janta Party: ₹Nil (March 31, 2023: ₹5.0 million)

(iii) Refer note 40 for related party transaction disclosures.

Panacea Biotec Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

(₹ in million)		
Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
33. Exceptional items		
Deferred revenue recognised on sale of domestic formulation brands in earlier year (refer note 45)	360.34	1,026.61
Total	360.34	1,026.61
34. Tax expense		
Income tax expense consists of the following:		
Current tax	0.23	22.34
Deferred tax	19.43	178.75
Total tax expense	19.66	201.09
Reconciliation of tax expense applicable to loss before tax at the latest statutory enacted tax rate in India to income tax expense reported is as follows:		
Profit / (Loss) before income taxes	(34.87)	718.75
At Company's statutory income tax rate of 25.17% (March 31, 2022: 25.17%)	(8.78)	180.91
Adjustments on account of deferred tax assets recognised on:		
Recognised for earlier years (on account of virtual certainty in current year)	0.23	22.34
Others	28.21	(2.16)
Total	19.66	201.09

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 has unabsorbed business losses and unabsorbed depreciation as per tax laws of ₹ 358.38 million and ₹66.97 million respectively as at March 31, 2024 (March 31, 2023: ₹127.69 and ₹66.86 respectively) 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, 2031 and March 31, 2032.

- b) Movement in deferred tax assets / (liabilities) :

(₹ in million)				
Particulars	Opening balance	Recognised/ reversed through profit and loss	Recognised/ reversed through other comprehensive income	Closing balance
Deferred tax assets / liabilities in relation to :				
Deferred tax liabilities arising out of:				
Property, plant and equipment and intangible assets	231.13	(9.76)	-	221.37
Total (A)	231.13	(9.76)	-	221.37
Deferred tax assets arising out of:				
Expenditure allowed on payment basis	68.20	3.39	0.94	72.53
Income received in advance	234.40	(90.67)	-	143.73
Effect of unabsorbed losses	48.96	58.09	-	107.05
Total (B)	351.56	(29.19)	0.94	323.31
Net deferred tax assets / (liabilities)	120.43	(19.43)	0.94	101.94
The deferred tax assets on unabsorbed business losses and depreciation have been recognised only to the extent of deferred tax liabilities.				

(₹ in million)				
Particulars	Opening balance	Recognised/ reversed through profit and loss	Recognised/ reversed through other comprehensive income	Closing balance
Deferred tax assets / liabilities in relation to :				
Deferred tax liabilities arising out of:				
Property, plant and equipment and intangible assets	251.83	(20.70)	-	231.13
Total (A)	251.83	(20.70)	-	231.13
Deferred tax assets arising out of:				
Expenditure allowed on payment basis	59.86	9.68	(1.34)	68.20
Revenue received in advance	492.49	(258.09)	-	234.40
Effect of unabsorbed losses / provisions	-	48.96	-	48.96
Total (B)	552.35	(199.45)	(1.34)	351.56
Net deferred tax assets / (liabilities)	300.52	(178.75)	(1.34)	120.43
The deferred tax assets on unabsorbed business losses and depreciation have been recognised only to the extent of deferred tax liabilities.				

Notes to the Financial Statements for the year ended March 31, 2024

(₹ in million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
35. Earning / (Loss) per share		
Profit / (Loss) attributable to shareholders	(54.53)	517.66
Weighted average number of equity shares (in nos.)	10,00,000	10,00,000
Face value per equity share (in ₹)	1.00	1.00
Earning / (Loss) per equity share - Basic and diluted earnings / (loss) per equity share (in ₹)	(54.53)	517.66

36. Contingent liabilities and commitments

- A On 04.10.2023, the Holding Company received notice from the International Court of Arbitration, Paris ("ICC") intimating commencement of an Arbitration proceeding pursuant to the request filed by Apotex Inc., claiming an amount of US\$ 118.14 million towards outsized alleged losses plus interest thereon under the Collaboration Agreement dated May 09, 2014 entered into between Apotex Inc. and the Holding Company. The said agreement was subsequently assigned and novated in favour of the Company by the Holding Company. The Holding Company submitted its response to the notice of arbitration rebutting the claims raised by Apotex citing novation of the said agreement in favour of the Company. Apotex subsequently filed request for joinder of the Company in the said arbitration proceedings, raising the claim against the Company and Holding Company aggregating to US\$163.24 million, which has been objected by the Company and the Holding Company. The management believes that the Company and / or the Holding Company is not in breach of its obligations and the claims filed by Apotex are frivolous, unsubstantiated, premised on fundamental factual misstatements and incorrect legal assumptions regarding the Collaboration Agreement and contrary to the overwhelming facts and evidence. Currently both sides have appointed their respective arbitrators and they have nominated the third arbitrator who would act as the President of the arbitration tribunal. Based on the legal opinion obtained and assessment of aforesaid matter, the management is of the view that no material liability is expected to arise on the Company and / or the Holding Company on account of aforesaid claims.

The Company has also filed a request for arbitration before ICC with respect to dispute with Apotex raising a claim of US\$ 9.90 million towards the Company's share of profit from sale of authorized generic products sold by Apotex during financial year 2022-23 in USA under the terms of the said Collaboration Agreement and the settlement agreement signed among the Parties including the innovator company. The said matter is also under consideration at ICC.

- 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:

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
Property, plant and equipment	18.74	12.45

37. Leases

Company as a lessee

The Company does not have any long-term non cancellable leases as at March 31, 2024 (March 31, 2023 : Nil).

Company as a lessor

Operating Lease

The Company has entered into short-term lease agreements with its Holding Company which are treated as short-term operating leases as per Ind AS 116 and rental income recognised by the Company from these leases are ₹1.18 million for the year ended March 31, 2024 (March 31, 2023: ₹1.22 million).

38. Details of loans and advances, in the ordinary course of business, to subsidiaries and companies in which directors are interested: (as required under Section 186(4) of the Companies Act, 2013.)

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Loans to Holding Company and its subsidiaries / associates / joint-ventures (including accrued interest)		
Panacea Biotec Limited.	1,134.73	876.48
PanEra Biotec Private Limited.	70.16	56.10
Adveta Power Private Limited.	0.55	0.21
	1,205.44	932.79
b) Maximum amount due at any time during the year (including accrued interest)		
Panacea Biotec Limited.	1,585.62	914.68
PanEra Biotec Private Limited.	70.16	56.10
Adveta Power Private Limited.	0.55	0.21
	1,656.33	970.99
c) Allowance for doubtful advances on above loan and interest receivable	70.16	56.10

Notes: The above loans have been given for business purposes.

Panacea Biotec Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

39. Research and development expenditure

(₹ in million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue expenditure		
Material consumed	1.28	2.38
Employee benefits expense	70.88	65.96
Depreciation and amortisation expense	33.90	23.73
Other expenses	120.64	76.12
Capital expenditure	0.76	10.83
Total	227.46	179.02

40. Related party disclosures

As per Ind AS 24, the disclosure of related parties and transactions with them are as given below:

A. List of related parties and relationship with them:

- i) Holding Company : Panacea Biotec Limited ("PBL" or "Holding Company")
- ii) Wholly owned subsidiaries (WOS): Panacea Biotec Inc., USA (with effect from April 09, 2024)
- iii) Parties where Holding Company's control exists
Fellow subsidiaries:
 - Meyten Realtech Pvt. Ltd. ("Meyten")
 - Panacea Biotec (International) SA ("PBS"), Switzerland
 - Panacea Biotec Germany GmbH ("PBG"), Germany (Indirect WOS ("IWOS") through PBS)
 - Rees Investments Limited ("Rees"), Island of Guernsey (WOS) (liquidated on May 23, 2019).
 - Adveta Power Private Limited ("Adveta")*
 - PanEra Biotec Private Limited ("PanEra")*
 - *considered as subsidiary by the Holding Company for the purpose of consolidation as per Ind AS 110.
- iv) Other related parties:
 - a) Key Management Personnel:
 - Dr. Rajesh Jain - Managing Director
 - Mr. Narotam Kumar Juneja - Whole-time Director
 - Mr. Ankesh Jain - Director
 - Mrs. Manjula Upadhyay - Non-Executive Independent Director
 - b) Directors (other than Independent Directors) / Key Management Personnel of Holding Company (other than (iv) (a) above):
 - Mr. Sandeep Jain - Joint Managing Director
 - 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")
 - First Lucre Partnership Co. (holding shares in the Holding Company)
 - MR Lex Corp LLP
 - d) Other relatives of key management personnel having transactions with the Company or Holding Company:
 - Mr. Harshet Jain, son of Dr. Rajesh Jain and brother of Mr. Ankesh Jain
 - Mr. Tanish Jain son of Mr. Sandeep Jain (employed with effect from May 19, 2022)

Notes to the Financial Statements for the year ended March 31, 2024

B. Transactions with related parties:

(₹ in million)

S. No.	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
I	Transactions made during the year:		
1	With Holding company:		
i)	Sale of raw materials / goods	0.19	7.97
ii)	Interest income	106.67	60.17
iii)	Purchase of goods / material	0.14	0.80
iv)	Reimbursement of expenses	13.95	11.89
v)	Recovery of expenses	25.91	25.30
vi)	Rent and other expenses paid / provided	30.18	22.85
vii)	Sale of property, plant and equipment	-	0.37
viii)	Loan given including accrued interest	2,099.23	1,464.50
ix)	Loan repayment received	1,936.97	1,143.45
x)	Short term employee benefits transferred	13.28	-
2	With other related parties:		
i)	Loan given to PanEra	8.90	55.00
ii)	Interest income from PanEra	5.74	1.22
iii)	Loan given to Adveta	0.30	0.20
iv)	Interest income from Adveta	0.04	0.01
v)	Loan given to Meyten	2.00	-
vi)	Interest income from Meyten	0.11	-
vii)	Loan repayment received from Meyten	2.00	-
viii)	Sale of goods to PBGG	3.67	4.57
ix)	Allowance for expected credit loss and doubtful advances against PanEra	14.06	56.10
x)	Director remuneration - Mr. Narotam Kumar Juneja	1.60	1.60
xi)	Sitting fee paid - Mrs. Manjula Upadhyay	0.29	0.27

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
II	Year end balances		
1	Interest accrued on loans given to:		
i)	Adveta	0.05	0.01
ii)	PanEra	6.26	1.10
iii)	PBL	96.00	54.15
2	Provision for impairment on loan given to PanEra and interest accrued thereon	70.16	56.10
3	Outstanding loans receivables from:		
i)	Adveta	0.50	0.20
ii)	PanEra	63.90	55.00
iii)	PBL	1,038.73	822.33
4	Outstanding trade receivable from		
i)	PBGG	-	1.95
ii)	PBL	147.72	177.15
5	Post employment benefits - Mr. Narotam Kumar Juneja	0.08	0.04
6	Equity investment by PBL	1.00	1.00

Note: All related party transactions are at arms length price and in the ordinary course of business.

Panacea Biotech Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

41. 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 the 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 then 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 Payment of Gratuity Act, 1972. 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 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 Company expects to contribute ₹15.50 million (March 31, 2023: ₹13.69 million) towards gratuity during next year.

The weighted average duration of the defined benefit obligation as at March 31, 2024 is 13.99 years (March 31, 2023: 13.71 years).

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the period are as follows:

(₹ in million)		
Particulars	As at March 31, 2024	As at March 31, 2023
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	83.23	78.58
Fair value of plan assets as at the end of the year	0.22	0.87
Net liability position recognised in balance sheet*	83.01	77.71
Current portion of liability	9.64	12.13
Non current portion of liability	73.38	65.58
	83.02	77.71
b. Changes in defined benefit obligation:		
Present value of defined benefit obligation as at the beginning of the year	78.58	85.02
Current service cost	7.71	6.87
Interest cost	5.81	6.17
Benefits paid for eligible employees	(3.79)	(14.23)
Acquisition adjustment	(8.91)	-
Actuarial (gain) / loss	3.83	(5.25)
Present value of defined benefit obligation as at the end of the year	83.23	78.58
c. Net interest cost:		
Interest cost on defined benefit obligation		
Interest income on plan assets	5.81	6.17
Net interest cost	0.06	0.21
	5.75	5.96
d. Amount recognised in the statement of profit and loss:		
Current service cost	7.71	6.87
Net interest cost	5.75	5.96
Amount recognised in the statement of profit and loss	13.46	12.83
e. Change in plan assets:		
Fair value of the plan assets at the beginning of the period	0.87	2.88
Actual return on plan assets	0.14	0.28
Employer contribution	2.08	11.50
Fund management charges	-	(0.01)
Benefits paid for eligible employees	(2.87)	(13.78)
Fair value of the plan assets at the end of the year	0.22	0.87

Notes to the Financial Statements for the year ended March 31, 2024

(₹ in million)		
Particulars	As at March 31, 2024	As at March 31, 2023
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 (gain) / loss arising from change in financial assumption	(0.95)	(0.81)
Actuarial loss arising from experience adjustment	(2.87)	(4.44)
Actuarial (gain) / loss arising on plan assets	0.07	0.27
Total actuarial (gain) / loss for the year	(3.75)	(4.98)
h. Actuarial assumptions:		
Discount rate	7.25%	7.39%
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 (2012-14)**	100% of IALM (2012-14)**
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
j. Sensitivity analysis for gratuity liability***:		
Impact of the change in discount rate		
a) Impact due to increase of 0.50%	(3.38)	(3.03)
b) Impact due to decrease of 0.50%	3.62	3.24
Impact of the change in salary increase		
a) Impact due to increase of 0.50%	3.28	2.86
b) Impact due to decrease of 0.50%	(3.10)	(2.69)
k. Maturity profile of defined benefit obligation:		
Within next 12 months	2.77	4.22
Between 1-5 years	16.91	15.77
Beyond 5 years	56.68	50.63

* The cash flows disclosed are discounted.

** IALM stands for Indian Assured Lives Mortality

***The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant and may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of another as some of the assumption may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the balance sheet date, which is the same method as applied in calculating the defined benefit obligation as recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Panacea Biotech Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

B. Other long-term benefit plans represents the compensated absences provided to the employees of the Company

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
Current liability--Actuarial	11.12	11.11
Current liability--Others	16.18	34.17
Non-current liability	46.40	41.62
Present value of obligation at the end of the year	73.70	86.90
Changes in present value of other long-term benefit plans		
(a) Present value of obligation at the beginning of the year	52.73	69.62
(b) Acquisition adjustment	(4.38)	-
(c) Interest cost	3.90	5.05
(d) Past service cost	-	-
(e) Current service cost	10.06	8.02
(f) Benefits paid	(7.29)	(8.37)
(g) Actuarial loss / (gain)	2.50	(21.59)
(h) Others	16.18	34.17
Present value of obligation at the end of the year	73.70	86.90
Expenses recognised in statement of profit & loss:		
Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employee benefits expense	10.06	8.02
Interest cost	3.90	5.05
Actuarial loss / (gain)	2.50	(21.59)
Net actuarial (gain) / loss recognised in the profit and loss	16.46	(8.52)

C. Defined contribution plans:

The Company's contribution to state governed provident fund scheme are considered as defined contribution plans. The contribution for the current year of ₹16.38 million (March 31, 2023 : ₹14.08 million) and is recognised as an expense, when an employee renders the related service. There are no other obligations other than the contribution payable to the respective funds.

42. 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, 2024

(₹ in million)

Particulars	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets:			
(i) Investments	403.62	-	-
(ii) Trade receivables	-	-	603.87
(iii) Cash and cash equivalents	-	-	68.92
(iv) Other bank balances	-	-	679.69
(v) Loans	-	-	1,045.48
(vi) Others financial assets	-	-	149.04
Total	403.62	-	2,547.00
Financial liabilities:			
(i) Borrowings	-	-	-
(ii) Trade payables	-	-	445.32
(iii) Other financial liabilities	-	-	0.79
Total	-	-	446.11

Notes to the Financial Statements for the year ended March 31, 2024

As at March 31, 2023		(₹ in million)	
Particulars	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets:			
(i) Investments	134.16	-	-
(ii) Trade receivables	-	-	641.08
(iii) Cash and cash equivalents	-	-	35.11
(iv) Other bank balances	-	-	1,488.95
(v) Loans	-	-	832.02
(vi) Others financial assets	-	-	98.79
Total	134.16	-	3,095.95
Financial liabilities:			
(i) Trade payables	-	-	602.14
(ii) Other financial liabilities	-	-	1.10
Total	-	-	603.24

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

		(₹ in million)		
Investments:		Level 1	Level 2	Level 3
As at March 31, 2024		403.62	-	-
As at March 31, 2023		134.16	-	-

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.

43. 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 Company is exposed to and how the Company 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

Panacea Biotech Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

The Company provides for expected credit loss based on the following:

Asset category	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, 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 the Statement of Profit and Loss.

(₹ in million)

Particulars	Credit rating	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents	A: Low credit risk	68.92	35.11
Other bank balances	A: Low credit risk	679.69	1,488.95
Loans	A: Low credit risk	1,045.48	832.02
Other financial assets	A: Low credit risk	149.04	98.79
Trade receivables	B: Moderate credit risk	603.87	641.08
Loans	C: High credit risk	63.90	55.00
Other financial assets	C: High credit risk	11.51	5.89
Trade receivables	C: High credit risk	20.08	16.44

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 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 life-time 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 life-time 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, 2024

(₹ 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	68.92	0.00%	-	68.92
Other bank balances	679.69	0.00%	-	679.69
Loans	1,109.38	5.76%	63.90	1,045.48
Other financial assets	160.55	7.17%	11.51	149.04

Notes to the Financial Statements for the year ended March 31, 2024

As at March 31, 2023				(₹ 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	35.11	0.00%	-	35.11
Other bank balances	1,488.95	0.00%	-	1,488.95
Loans	887.02	6.20%	55.00	832.02
Other financial assets	104.68	5.63%	5.89	98.79

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). The Company has other trade receivables of ₹501.46 million (March 31, 2023: ₹411.21 million) against which it is carrying unsecured payables for corresponding amount for whose default criteria are not met and are not included in the below table.

As at March 31, 2024				(₹ in million)				
Particulars	Not Due	Post Due Date						Total
		0-30 days	31-90 days	91-180 days	181-365 days	366-730 days	More than 730 days	
Gross carrying amount	68.13	14.20	14.58	2.73	7.31	1.94	13.60	122.49
Expected loss rate	1.81%	1.61%	7.06%	5.39%	34.25%	69.28%	100.00%	16.40%
Expected credit loss	1.23	0.23	1.03	0.15	2.50	1.34	13.60	20.08
Carrying amount (net of impairment)	66.90	13.97	13.55	2.58	4.81	0.60	-	102.41

As at March 31, 2023				(₹ in million)				
Particulars	Not Due	Post Due Date						Total
		0-30 days	31-90 days	91-180 days	181-365 days	366-730 days	More than 730 days	
Gross carrying amount	139.51	41.76	19.33	18.32	10.00	10.60	6.79	246.31
Expected loss rate	0.80%	1.56%	3.41%	4.35%	41.27%	21.68%	100.00%	6.67%
Expected credit loss	1.12	0.65	0.66	0.80	4.13	2.30	6.79	16.44
Carrying amount (net of impairment)	138.39	41.11	18.67	17.52	5.87	8.30	-	229.87

Changes in allowance for trade receivables				(₹ in million)
Particulars				Amount
As at April 1, 2022				22.59
Movement during the year				(6.15)
As at March 31, 2023				16.44
Movement during the year				3.65
As at March 31, 2024				20.08

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 Company operates.

B.1 Contractual maturities of financial liabilities:

The below tables analyse the Company's financial liabilities based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Panacea Biotec Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

As at March 31, 2024					(₹ in million)
Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Trade payables	445.32	-	-	-	445.32
(ii) Other financial liabilities	0.79	-	-	-	0.79
Total	446.11	-	-	-	446.11

As at March 31, 2023					(₹ in million)
Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Trade payables	602.14	-	-	-	602.14
(ii) Other financial liabilities	1.10	-	-	-	1.10
Total	603.24	-	-	-	603.24

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 is currently not exposed to the risk of changes in market interest rates as there is no borrowings in the Company.

(II) Foreign currency risk:

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the United States Dollar (USD), Euro and Russian Rouble (RUB). 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, are as follows:

Particulars	As at March 31, 2024			As at March 31, 2023		
	Amount in foreign currency	Closing rate* reporting currency	Amount in (₹ in million)	Amount in foreign currency	Closing rate* reporting currency	Amount in (₹ in million)
Financial assets:						
Balance with banks						
USD	73,760	83.40	6.15	80,307	82.17	6.60
Euro	-	89.91	-	80,735	89.05	7.19
RUB	1,85,829	0.90	0.17	1,44,955	1.05	0.15
Accrued receivable						
USD	5,79,850	83.40	48.36	1,79,396	82.17	14.74
Foreign trade receivable						
USD	19,22,334	83.40	160.32	16,57,574	82.17	136.19
Euro	22,92,023	89.91	206.08	25,21,276	89.05	224.53
Financial liabilities						
Foreign trade payable						
USD	1,39,799	83.41	11.66	3,92,109	82.18	32.22
Euro	20,617	90.00	1.86	2,43,288	89.14	21.69
Net exposure						
USD	24,36,145	-	203.17	15,25,168	-	125.31
Euro	22,71,405	-	204.22	23,58,723	-	210.03
RUB	1,85,829	-	0.17	1,44,955	-	0.15

* 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 (₹ in million)

Particulars	+ / (-) in basis points	Impact on Profit/(loss) for the year ended	
		March 31, 2024	March 31, 2023
USD	+200	3.04	1.88
	-200	(3.04)	(1.88)
Euro	+500	7.64	7.86
	-500	(7.64)	(7.86)

Notes to the Financial Statements for the year ended March 31, 2024

44. 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 Company does not have any current or non-current borrowing as on March 31, 2024 and March 31, 2023. The Company is not subject to any externally imposed capital requirements.

45. During the financial year 2021-22, the Board of Directors of the Company and its Holding Company, in their respective meetings held on February 1, 2022, had approved sale of Company's pharmaceutical formulations brands in India and Nepal including related trademarks, copyrights etc., including transfer of identified employees (the Domestic Pharma Brands") to Mankind Pharma Limited (the "Buyer") for an aggregate consideration of ₹18,720.00 million plus applicable taxes. The said transaction was approved by the shareholders of Company and its Holding Company in their respective meetings held on February 23, 2022 and February 26, 2022 respectively. Subsequently, the Company and its Holding Company signed the Definitive Agreements including the asset purchase agreement with the Buyer on February 28, 2022. Out of the total consideration, the Company has recognised revenue of ₹360.34 million (March 31, 2023: ₹1,026.61 million) which is shown as an "Exceptional Item" in the Statement of Profit and Loss. The remaining consideration of ₹570.99 million (March 31, 2023: ₹931.33 million) would be recognised as revenue in subsequent years and is shown as contract liability in the Financial Statements.

46. For the financial year ended March 31, 2024, the Company registered loss before tax of ₹34.87 million (year ended March 31, 2023: profit of ₹718.75 million). The Company has already taken various measures aimed at improving the financial condition of the Company, inter-alia, sale of domestic Pharma Brands, as explained in note 45 above, which enabled the Company to repay its outstanding dues of Non-Convertible Debentures (NCDs) and retain sufficient surplus to fund its existing projects and operations and also help the Company to enter new market and expediting development of new products. The surplus funds with the Company has also strengthened the working capital position and scaling up the pharmaceutical formulations business in international markets including ROW countries, Canada, 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.

47. The Board of Directors of the Company and its Holding Company had in their respective meetings held on May 18, 2022 and the Board of directors of the Holding Company's associate company, PanEra Biotec Pvt. Ltd ("PanEra") and Holding Company's joint venture company, Adveta Power Pvt. Ltd. ("Adveta") had, in their respective meetings held on May 16, 2022, approved the merger of PanEra and Adveta with the Company. The approvals of Shareholders, NCLT and other requisite concerned authorities of respective companies are yet to be taken.

48. Additional regulatory information required by Schedule III under the 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 the 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(s) or entity(ies), including foreign entity(ies) (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 Funding Party; or
 - provide any guarantee, security or the like to or on behalf of the Funding Party.
- (vi) The Company has not received any fund from any other person(s) or entity(ies), including foreign entity(ies) (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.
- (xi) The Company does not have any borrowings from banks or financial institutions against security of its current assets.
- (xii) The title deeds of the immovable properties owned by the Company are held in the name of Company.

Panacea Biotec Pharma Limited

Notes to the Financial Statements for the year ended March 31, 2024

49. Analytical Ratios are as follows:

Ratio	Numerator	Denominator	2023-24	2022-23	Variance in (%)
Current Ratio ^a	Total current Assets	Total current liabilities	4.02	3.86	4.13%
Debt equity ratio ^b	Debt Consists of Borrowings and accrued interest	Total equity	-	-	-
Debt service coverage ratio ^b	Earnings for Debt service	Debt Service	-	-	-
Return on equity ratio ^c	Net Profits after Taxes	Average Shareholder's Equity	-1.18%	11.77%	-110.01%
Inventory turnover ratio ^a	Cost for goods sold	Average Inventory	1.15	1.12	2.93%
Trade receivables turnover ratio ^a	Revenue	Average Trade Recievables	2.95	2.78	6.08%
Trade payables turnover ratio ^a	Net credit purchases	Average Trade Payables	1.35	1.17	15.19%
Net capital turnover ratio (in times) ^a	Revenue	Average working capital	0.80	0.95	-15.09%
Net profit ratio (%) ^c	Profit for the year	Revenue	-2.97%	27.63%	-110.74%
Return on capital employed (%) ^c	Profit before tax and finance cost	Tangible Networkth + Total Debt	-0.67%	15.51%	-104.32%
Return on Investment (%) ^a	Income generated from invested funds	Average invested funds in treasury investments	7.12%	5.83%	22.12%

Notes:

a) No significant change (25.0% or more) in FY2023-24 in comparision to FY2022-23.

b) Not Meaningful (NM) in FY2024, as the Company has no debt.

c) Due to losses during the year

- 50.** The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

Management has implemented the audit trail (edit logs) at the application level in accounting software from the beginning of the financial year and the same operated throughout the year. However, the audit trail (edit logs) has not been implemented at the database level for the accounting software.

The Company is evaluating the implementation of audit trail feature for recording of edit logs at database level for the accounting software used for maintenance of books of accounts.

- 51.** The business activity of the Company predominantly falls within a single reportable business segment. There are no separate reportable business segments. Further the operations of the Company are limited within one geographical segment.
- 52.** 0.00 under "₹ in million" represents amount less than ₹ 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. The impact of such reclassification/regrouping is not material to the Financial Statements. The impact of such reclassification / regrouping is not material to the Financial Statements.
- 53.** There is no other subsequent events that occurred after reporting date.

The above notes form an integral part of the Financial Statements.

As per report of even date attached

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

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

Arun Tandon
Partner
Membership No. 517273

Dr. Rajesh Jain
Managing Director
(DIN 00013053)

Ankesh Jain
Director
(DIN 03556647)

Place : New Delhi
Date : May 30, 2024

Place : New Delhi
Date : May 29, 2024