Panacea Biotec Pharma Limited

Annual Report 2020-21

Contents

Corporate Information

Board of Directors

Dr. Rajesh Jain - Managing Director
Mr. Ankesh Jain
Mr. Avinash Ramchandra Kulkarni
Mr. Deepak Shamsunder Kanvinde
Mrs. Manjula Upadhyay
Mr. Shantanu Yeshwant Nalavadi

Registered Office

B-1 Extn./A-27, Mohan Co-operative Indl. Estate Mathura Road, New Delhi - 110 044, 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 Chandiok & Co. LLP
Chartered Accountants, Gurugram, India

Internal Auditors

M/s. PriceWaterhouseCoopers LLP
Chartered Accountants, Gurugram, India

Cost Auditors

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

Secretarial Auditors

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

Registrar & Transfer Agents

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

Bank

Axis Bank Limited

CIN: U24299DL2019PLC347566

Information as on July 23, 2021

Panacea Biotec

Innovation in support of life

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 2nd 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, 2021.

Performance Highlights

The highlights of financial results of the Company are reflected in the table below:

(Rs. in million)

Particulars	For the financial year ended March 31, 2021	For the period ended March 31, 2020
Revenue from Operations	3,448.86	462.98
Other Income	26.38	83.92
Total Income	3,475.24	546.90
Total Expenses	4,677.04	717.77
Depreciation & Amortization Expenses	209.71	32.79
Profit / (Loss) before Tax	(1,411.51)	(203.66)
Total Tax	0.08	6.26
Profit / (Loss) after Tax	(1,411.43)	(197.40)

Business Performance

The Company is a research based pharmaceutical Company engaged into research, development, manufacturing, marketing and distribution of pharmaceutical products in India as well as international markets.

The Company was incorporated on March 22, 2019 as a wholly owned subsidiary of Panacea Biotec Limited ("PBL"). The Company has executed a Business Transfer Agreement on April 07, 2019, as amended vide Business Transfer Amendment Agreement dated February 04, 2020 ("BTA") with PBL, pursuant to which the entire pharmaceutical formulations business of PBL including pharmaceutical formulations facility at Baddi, Himachal Pradesh and related research & development activities and natural products extraction activities of PBL together with all assets (including any identified assets), contracts, permissions and consents, rights, registrations, personnel & employees, other assets and liabilities including the assumption of all or part of PBL's obligations towards the Non-Convertible Debentures ("NCDs") issued by PBL to India Resurgence Fund - Scheme 1, India Resurgence Fund - Scheme 2 and Piramal Enterprises Limited (collectively "the Investors"), has been taken over by the Company on a going concern basis through slump sale with effect from February 01, 2020.

Since then the Company is engaged into research, development, manufacturing, marketing and distribution of pharmaceutical products in India as well as International markets. Further, the process of getting the product registration / marketing authorisation with respect to the international business transferred to the Company has largely been completed. Until receipt of such registration / marketing authorization, the Company has continued to supply the products through PBL.

During the year under review, the Company has earned revenue from operations of Rs.3,448.86 million and has incurred a loss after tax of Rs.1,411.45 million as against revenue from operations of Rs.462.98 million and loss after tax of 197.40 million during period ended March 31, 2020. The figures for the period ended March 31, 2020 are predominantly for a period of 2 months and hence not comparable.

Management Discussion & Analysis

A detailed discussion on operations of the Company for the year ended March 31, 2021 is as under:

Industry Structure & Developments

Global Pharmaceutical Market

The global pharmaceutical market scaled US$ 1,265 billion in 2020 and is expected to touch US$ 1,600 billion by 2025 (Source: IQVIA (2021), Global Medicine Spending and Usage Trends). The overall market is expected to grow at a pace of 3-6% through 2025 – with the relatively mature North American and European markets growing at 0-3% and 3-5% respectively and emerging markets at 7-10%. North America contributed nearly 50% to the total market and Europe 23.9%. The industry contributed US$ 532 billion directly to global GDP in 2017. It has created 5.5 million jobs directly and supported additional 45 million jobs along the supply chain, in the same year (Source: WifOR (2020), The Global Economic Impact of Pharmaceutical Industry).

WHO reported a continuous rise of global spending on health during time period 2000 and 2018, with spending in 2018 touching US$ 8.3 trillion, nearly 10% of global GDP (WHO: Global Spending on Health: Weathering the storm, 2020). Despite Covid-19 led subdued growth in 2020 and 2021, it is expected that in 2021, the global medicine spending will touch US$ 1,331 billion. The mid-term outlook outlines optimism with global spending expected to soon revert to pre-Covid levels.

Rising Pharmaceutical R&D Expenditure – Potential to Drive Growth of Market: Past decade has witnessed multifold increase in pharma R&D expenditure globally. In 2019, total pharmaceutical R&D expenditure was estimated to exceed US$ 83 billion in US (Source: Congressional Budget Office, 2021) and EUR 37 billion in Europe. The expanding capital pool for R&D investment in US has also led to 60% increase in number of new drugs approvals from 2010 to 2019, with a record number of 59 approvals in 2018.

Indian Pharmaceutical Market

Indian pharmaceutical industry is estimated to account for 3% to 3.5% of the global pharmaceutical industry in terms of value at US$ 44.6 billion. India is self-sufficient in drug formulations; and the industry is spurred by both - a high growth domestic market as well as dominant presence in global pharmaceutical exports. As of year ended March 2021, Indian

industry's pharmaceutical exports scaled to US$ 24.4 billion. During the same period, the domestic pharmaceutical market breached US$ 20.2 billion. Globally, the industry is ranked third in terms of volume share and fourteenth in terms of value share. Being a heavily generics oriented industry, the volume share is higher compared to value share.

Drug formulations and biologicals make the highest contribution (77%) in the pharmaceutical exports from India and has also registered the highest YoY growth amongst all categories. Growth of the segment has been driven by India's strong foothold in the global generics and vaccines supply - India is the largest supplier of generic medicines globally (20 to 22% of the global export volume) and also the largest supplier of vaccines for global public health supply.

Geographically, North America is a major export market for India, with USA contributing to 95% of export business. India contributes to 40% of the demand of generic medicines in the USA. Tailing North America, Africa is the second largest region for pharmaceutical exports, with South Africa contributing 17% to the region's demand. In FY21, exports to Africa grew by 13.4% as against 2.2% growth during previous fiscal year FY20. Exports to Europe also grew by 11% as compared to 4.56% during the previous fiscal year. Non-traditional markets such as Latin America, Middle East etc. have also emerged as important export destinations and Indian suppliers have been able to increase their foothold in these geographies.

Indian export business outpaces global pharma growth: Indian pharmaceutical companies exhibited great resilience during the pandemic year and contributed towards record export figures, despite headwinds during the pandemic in the form of lockdowns and supply chain disruptions. Overall, Indian pharma industry's outlook for sustained growth in exports stays strong due to fundamental drivers including R & D strength, quality consciousness and cost competitiveness.

Production Linked Incentive Scheme: In a bid to counter the persistent business threat of low priced Chinese imports, the Government has introduced the Production Linked Incentive Scheme (PLI) for domestic manufacture of several active pharmaceutical ingredients (APIs) where import dependence is a threat to access to essential drugs as well as certain Key Starting Material (KSMs) and Drug Intermediates (DIs). With an overall outlay of US$ 920 million, the scheme hopes to provide production linked incentives of 5% to 20% on revenue for the stipulated drugs including vaccines.

On account of Covid-19 pandemic, the Indian Pharmaceutical Market (IPM) saw a modest growth rate of only 2% between March 2020 and March 2021. However, the overall mid-term outlook remains buoyant driven by several drivers for market expansion. The IPM will continue benefiting from combination of factors such as rising income levels with steady economic growth, shift in disease profiles and increasing burden of chronic diseases, improvements in healthcare infrastructure, improving access of healthcare in the hinterlands of the country, new launches by innovator companies and rapid healthcare digitalization across the country.

Pharmaceutical Formulations Business Segments

Domestic Pharmaceutical Business

The Company has leading brands in a number of therapeutic areas such as Organ Transplantation, Diabetes Management, Pain, Cough & Cold Management and

Gastroenterology and has a significant presence in Osteoporosis and Oncology therapies in Indian Pharmaceutical Market.

The Company has attained 10th position in its represented Therapeutic Market and is also amongst the Top 65 Pharmaceutical Companies catering Indian Pharmaceutical Market as per the AIOCD AWACS (MAT March 2021) sales data.

During the year, performance was boosted by continued product supply and high performance of key brands. For the coming year, the Company has taken more strategic initiatives for all SBUs and expects further improved performance in the business.

The business in India has been structured among 4 Strategic Business Units (SBUs) - 2 SBUs for Super-Specialty Business as Transplantation & Immunology and OncoTrust whereas other 2 SBUs for Acute & Chronic Care Business namely Diacar Alpha and Procare.

Company's leading brands are well recognized and respected by the medical fraternity and command significant market share in their respective represented market. As per the AIOCD AWACS (MAT March 2021) Sales Data, the Company's top selling brands viz., PanGraf®, Alphadol®, Cilamin® and Livoluk® Fibre were ranked number 1 whereas Glizid®, Glizid-M®, Glizid-MV®, Mycept®, Mycept-S®, Sitcom®, KONDRO® and Nimulid® were amongst the top 5 brands in their respective markets.

As per the AIOCD AWACS (MAT March 2021) sales data, Company's rank in respective therapeutic category represented markets in India is as follows:

Therapeutic Category	Rank in CVM
Rank in RPM	**10**
Transplant	1
Anti-Diabetic	15
Gastro Intestinal	14
Pain / Analgesics	13
Oncology	12

The revenues were well balanced between acute and chronic therapies. Key brands across these therapies continued to perform in the market and many of the brands maintained leading position in their respective markets. The Brand's rank in respective therapeutic category in the covered market is as follows:

Brand	Covered Market (CVM)	Brand Rank in CVM
PanGraf®	Tacrolimus	1
Alphadol®	Alfacalcidol	1
Cilamin®	Penicillamine	1
Livoluk® Fibre	Lactulose + Ispaghula	1
Mycept®	Mycophenolate Mofetil	2
Sitcom® Tab	Varicose Therapy, Systemic (Haemorrhoids / Piles management)	2
Sitcom® LD Cream	Topical Anti-Haemorrhoidals Without Corticosteroids (Haemorrhoids/ Piles management)	2

Brand	Covered Market (CVM)	Brand Rank in CVM
Nimulid®-MD	Nimesulide	3
Glizid-M®	Gliclazide + Metformin	3
Mycept-S®	Mycophenolate Mofetil	3
Glizid-MV®	Voglibose + Metformin + Gliclazide	3
Nimulid®	Nimesulide	4
Glizid®	Gliclazide	5
Kondro®	Glucosamine	5

Transplant & Immunology SBU

Worldwide, India is second only to United States in terms of number of transplant surgeries being performed every year, however it still lags far behind the western nations like Spain (46.9 per million population (pmp)) and United States (31.96 pmp) in national donation with a donation rate of only 0.86 pmp (2020) of its huge population. According to the World Health Organization, only around 0.01 percent of people in India donate their organs after death. It is estimated that there is a need of approx. 200,000 kidneys, 50,000 livers and 50,000 hearts for transplantation per year whereas only 7,000 people undergo kidney transplant, 1,100 undergo a liver transplant and only 100 undergo heart transplant (Pre-Covid-19 scenario in 2019), which has further reduced significantly in 2020 due to Covid-19 situation.

Transplant & Immunology SBU has been supporting Transplant Recipients with a goal to enhance awareness for deceased organ donation in the society. The product portfolio comprises immune-suppressive products that help improve the quality of life of patients who have undergone organ transplantation, primarily kidney, liver or heart transplants. The Transplant SBU has been supporting the clinicians and the patients from last 28 years and over 35,000 patients are successfully consuming the Company's high quality brands. In view of the Covid-19 pandemic situation, where patients are increasingly found it difficult to access the essential lifesaving medicines, Transplant SBU took a number of initiatives in 2020-21 as under:

- Launch of 24X7 helpline number with multi-lingual capabilities to support the patients with doorstep delivery of essential medicines. Helpline number was extensively promoted through newspaper advertisements and electronic media.
- Doctor connect activities through Live Webinars in collaboration with leading associations.
- Patient connect activities, digital marketing initiatives on social media through dedicated facebook page 'Transplant Care Helpline'.
- Increase in retail availability by creating a dedicated network of ~700 channel partners.
- Putting the 'patient's interest first', Mycept®, Mycept-S® & TM VagaCyte were made more affordable and accessible to the patients.

The key brands under this SBU are PanGraf® (tacrolimus), Panimun Bioral® (cyclosporine), Mycept® (mycophenolate mofetil), Mycept-S® (mycophenolate sodium), Alphadol®

(alfacalcidol). The main brands of the SBU viz. PanGraf® & Alphadol® continue to maintain leadership position in their respective covered markets, as per the AIOCD AWACS (MAT March 2021) sales data. PanGraf® has maintained its leadership position in Tacrolimus market in India since more than a decade with around 66% market share as per AIOCD AWACS (MAT March 2021) sales data, while in the Mycophenolate market, Mycept® & Mycept-S® have been ranked as number-2 and number-3 brand respectively. Alphadol® is the leading brand in the Alfacalcidol market with 92% market share as per AIOCD AWACS (MAT March 2021) sales data. Transplant SBU has launched Mycept® Suspension (mycophenolate mofetil oral suspension) in August, 2019 which has further strengthened the immuno-suppressant portfolio.

The transplant and immunology SBU is the highest contributor to revenues from domestic pharmaceutical formulations business, with 35% of net domestic pharmaceutical formulations revenues being generated by this SBU in fiscal 2021.

OncoTrust SBU

This SBU is dedicated towards cancer related pharmaceutical products and through this SBU, the Company seeks to provide products that provide cancer patients with affordable and quality chemotherapy and cancer management. As on March 31, 2021, this SBU has 15 products for lung, breast and colorectal cancers, as well as gliomas, haematomas and for supportive care.

Panacea Biotec Limited was the first Indian Company to launch PacliALL® a brand of Nab-Paclitaxel, for the management of Breast Cancer. Breast cancer is the leading cause of cancer associated mortality in women worldwide. It has grown disproportionately in incidence within the developing world, especially in countries with low socio-demographic index. Breast cancer has become the top ranked cancer in India with age-adjusted incidence rate of 25.8 per 100,000 women.

PacliALL® (nab-paclitaxel) is a novel drug delivery system that also circumvents the need of premedication with steroids to prevent hypersensitivity reactions. Treatment with PacliALL® (nab-paclitaxel) during clinical trials has resulted in excellent outcomes among patients with MBC, and in significant efficacy in heavily pretreated, taxane-refractory MBC patients.

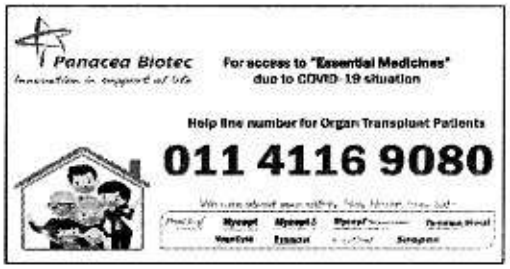
PacliALL®, the flagship brand of the Company, which was awarded with Brand of the Year Award 2011 by Bio-Spectrum (Now Clarivate Analytics), continues to be No.1 brand in nab-paclitaxel market and has saved the lives of more than 14,000 patients till now, and is one of the most admired brands for the treatment of breast cancer.

During the current year i.e. FY 2021-22, PacliALL® has completed a decade of Evidence, Excellence and Experience in passing benefits to patients.

The other major brands of the SBU include AZAFAB® (azacitidine), BorteTrust® (bortezomib), DoceTrust® (docetaxel trihydrate), PexeTrust® (pemetrexed disodium), GemTrust® (gemcitabine hydrochloride) and other cytotoxic injections.

During the year under review, the Company has launched, Dasatinib, a chemotherapy drug sold under the brand name Dasapan™ which is a targeted therapy used to treat certain cases of chronic myelogenous leukemia & acute lymphoblastic leukemia and Sunitinib, sold under brand name Tunib®, an oral, small molecule, multi-targeted Receptor Tyrosine Kinase. With

the launch of Tunib®, for the first time, the Company has entered into a new therapy area of Renal Cell Carcinoma, with a vision to become the most preferred partner for accessible & better care for the patients.



Diacar Alpha SBU

The Indian Diabetes Market is valued at around Rs.149.3 billion as per AIOCD AWACS MAT March 2021. India is home to an estimated 77 million diabetics, making it the second most affected country in the world after China. International Diabetes Federation (IDF) estimates Indian diabetics population to increase to 134 million over the next 25 years. The growing burden of Diabetes makes it one of the most common risk factor for all-cause morbidity & mortality. Diabetes related complications affect the most common vital organs like Heart, Brain, Kidneys, Eyes and Nerves.

The Diacar Alpha SBU with a dedicated marketing and sales team of more than 330 people, has been focusing on improving the awareness, screening and detection for diabetes & related complications. During the year, Diacar Alpha SBU has conducted more than 450 A1C camps, 9,000 DDC camps & 16,000 OPD camps by touching over 1,00,000 patients through its "SURAKSHA" initiative. This continuous service orientation has given your Company a strong foothold in the fiercely competitive anti-diabetic market.

Diacar Alpha SBU focuses on key specialties such as endocrinologists, diabetologists, cardiologists and physicians, to address the high incidence rates of diabetes and hypertension in India and is the second highest revenue contributing SBU, with 33% of net domestic pharmaceutical formulations revenues in Fiscal 2021 being generated by this SBU.

Product range of Diacar Alpha SBU ranges from catering to first line therapy in diabetes management with its brand Metlong™ (metformin) to a second line treatment option of a Sulphonyl Urea - Glizid® (gliclazide) and DPP4 - inhibitors - ViLACT™ (vildagliptin), TENEPAN™ (teneligliptin) along with supportive therapies in management of Diabetic Neuropathy with its Myelogen® range. The Diacar Alpha SBU stands strong and committed to provide quality life years to the diabetic population. SBU recently launched DapaBest® (dapagliflozine) in this space.

The flagship brands of Diacar Alpha SBU, viz. Glizid-M®, Glizid® and Glizid-MV® are amongst top 5 brands in its respective market segment. Recently launched brands ViLACT™ (vildagliptin) and ViLACT-M® (vildagliptin and metformin) are gaining momentum in the fierce generic market.

Procare SBU

Procare SBU caters to the orthopedic and gastroenterology related chronic care therapies, through focus on specific disease management. Within orthopaedics, the focus is on osteoporosis, osteoarthritis and rheumatoid arthritis management and within

gastroenterology, the focus is on constipation, anorectal disorders, acid-peptic disorders and liver disease management through its established brands and engagement with consulting physicians, orthopedic, gastroenterologists and general surgeons.

The Procare SBU has established its flagship brands Sitcom®, Livoluk® and KONDRO® amongst the top 5 brands in their respective represented market as per the AIOCD AWACS (MAT March 2021) sales data.

Apart from flagship brand of Sitcom® (euphorbia prostrata), Sitcom® Forte (euphorbia prostrata and calcium dobesilate), Livoluk® (lactulose) and Sitcom®-LD Cream, the SBU has anti-inflammatory and muscle relaxant products including Willgo®CR (aceclofenac 200mg SR), Willgo®P (aceclofenac 100mg, paracetamol 325mg), Willgo®TH4 & Willgo®TH8 (aceclofenac and thiocolchicoside) and Willgo®SP (aceclofenac 100mg, serratiopeptidase 15mg as enteric coated granules and paracetamol 325mg) and osteoarthritis range with KONDRO®OD (glucosamine 1500 mg), KONDRO®ACUTE (glucosamine 1500mg and diacerin 15mg) and KONDRO®FLEX (glucosamine 1500mg, collagen peptides 10gm and vitamin c 35mg) intended for pain management in patients suffering with Rheumatoid Arthritis and Arthritis.

International Pharmaceutical Business

The Company exports its pharmaceutical formulations in around 30 countries including the United States, Germany, Russian Federation, Turkey, Bosnia, Tanzania, Kenya, Serbia, Vietnam, Philippines, Sri Lanka, Panama, Ecuador, Trinidad & Tobago etc. It 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. It has further continued its focus on development, registration and marketing of products portfolio catering to chronic therapies in private markets in several countries. Simultaneously, the Company has consolidated its international pharmaceutical business by eliminating loss making products, markets etc.

During the year under review, the Company has earned export revenues of Rs.264.33 million.

The Company has in place existing arrangement with Natco Pharma Ltd. ("Natco") and Breckenridge Pharmaceutical Inc., USA ("Breckenridge") for manufacturing and supply of Azacitidine Injection for the US market under Breckenridge's already approved ANDA (the generic equivalent of Vidaza®, marketed by Celgene Corp, US). USFDA approval for this product has been received and the product has been launched in USA during financial year 2019-20 through Breckenridge.

The Abbreviated New Drug Application (ANDA) submitted under section 505(j) of the Federal Food, Drug & Cosmetics Act (FD&C Act) for Paclitaxel Protein bound particles for Injectable Suspension 100mg/vial is in process of approval by U.S. Food and Drug Administration ("USFDA"). In addition, the approval process for other ANDAs filed earlier with the USFDA is in progress. The Company plans to launch these products in US, Europe, etc. through strategic collaborations with leading pharma companies.

The Company continues to focus on building a robust pipeline of several products for filing in several other emerging markets which it will be filing in the next 1-2 years to further

strengthen its export portfolio and grow export sales. The Company aims to improve the accessibility and affordability of medicines as the Company's contribution to Government of India's "MAKE IN INDIA" mission.

Supply Chain Management & Logistics Network

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

The Company has a strong logistics network comprising of one Central Warehouse and 23 Sales Depots / CFAs. Product availability across India is ensured through vast distributor network of around 2,200 distributors as on March 31, 2021, which enable us to have a pan-India presence and access to a wide market base.

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

Manufacturing Facilities

Pharmaceutical Formulations Facility at Baddi, Himachal Pradesh

Company's state-of-the-art pharmaceutical formulations facility at Baddi, Himachal Pradesh became operational in year 2006. The facility is quipped for bilayer tablets, mini-tablets, complex sustained release coatings and delayed release coatings. The facility has received several certifications and accreditations from international regulatory authorities including USFDA, Agency for Medicinal Products and Medical Devices of Croatia, Federal Service for Surveillance in Healthcare (Russian Federation), Ministry of Health Ukraine, ANVISA (Brazil), SAHPRA (South Africa) etc.

Quality is a core guiding factor behind 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 plants comprising of sample preparation with isolator containment, wet lab, lab for atomic absorption spectroscopy, dissolution testing and stability testing as per ICH Guidelines, a packaging-material testing laboratory and a fully self-contained microbiology lab to carry out tests for microbial counts, microbiological assays and assessing environment controls.

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

- Oral-solids - conventional tablets / capsules, controlled / delayed release / enteric coated tablets and capsules, tablet in tablet, tablet in capsule, multi layered capsules, hard gelatin / soft gelatin capsules, mouth dissolving / chewable tablets, beads encapsulation, coating (film, sugar & functional), taste masking and fast-dissolving tablets;

- Semi-solids - ointments / creams / gels, transdermal drug delivery system;
- Liquids - suspensions/syrups/solutions.

Oncology Facility at Baddi, Himachal Pradesh

The Company's cytotoxic injectable formulation facility at Baddi, Himachal Pradesh, has two lines dedicated for liquid & lyophilized vials as well as pilot scale up batches complying with USFDA, EU and ROW cGMP norms. 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 and other regulatory agencies.

Research & Development

The Company is a progressive, innovative biotech company with high focus on research & development, manufacturing, marketing operations across pharmaceuticals and natural or herbal products. The Company is guided by its vision of "Innovation in Support of Life". The Company specialises 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. The areas of research are New Chemical Entities (NCE) and Novel Drug Delivery System (NDDS). Its ambitions are backed by ultra-modern, state-of-art R&D centre with experienced scientists having deep roots within the academic community in important clusters in India, USA and Germany among other countries.

The Company 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. Panacea Biotec has deep experience in developing innovative drug delivery based products such as Nimulid®-MD, Nimulid® Transgel, PacliALL®, Livoluk® Fibre, ODPEP™, Willgo®CR and many other such products that enjoy considerable brand equity amongst physicians.

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.

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 distributors who distribute its products across the world.

The Company's key partnerships with global pharmaceutical companies such as Apotex, Bionpharma, Natco and Breckenridge for marketing of pharmaceutical formulations in USA and other international markets, which has helped the Company in expanding its reach and access to new regulated markets.

Opportunities and Outlook

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

SWOT Analysis

Strengths

- Leading biotechnology company with over 30 years' experience in development, manufacturing and commercialization of pharmaceutical formulations
- One of the leading domestic formulations player - Strong brands in niche segments with significant market share in respective therapeutic segment
- Global footprint with significant focus on exports
- State-of-the-art manufacturing facilities - cGMP compliant and USFDA approved
- Established research & development and clinical research capabilities
- Robust product pipeline of promising niche products to fuel long-term growth
- Extensive sales and distribution network
- Growing Strategic partnerships and collaborations
- Strong promoter group supported by experienced and qualified management team

Weaknesses

- Long Gestation Period on R&D Projects: R&D projects involve longer development time and medium to high investment as is the norm in the pharmaceutical industry. As a result of this, the present profitability is affected whereas the output may come in medium to long term future periods.
- Higher level of Debt financing: Currently, there is a higher level of debt in the Company in the form of Non-convertible debentures. However, the Company's holding company is in the process of raising funds for inter-alia, partial reduction of the Company's debt.

Opportunities

- To improve Capacity Utilization
- New products in pipeline for Commercial Launch
- Use of in-house drug substance in place of the imported drug substance thereby reducing dependence on third party suppliers

Threats

- Dependence on few imported suppliers in drug substance. However, Company is focusing on reducing its dependence on foreign suppliers by developing in-house drug substances at Lalru.

- Price Control by Government: Pharmaceutical industry per-se is facing price control risk from the Government and the Government has been frequently fixing the ceiling prices and bringing more and more products under the price control mechanism.
- 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. Many Indian companies have been disqualified by USFDA due to non-compliance with cGMP guidelines. However, the Company has been following the guidelines prescribed by USFDA and other regulatory agencies and save and except, recent observations / warning letter from USFDA which has been suitably responded / acted upon.
- Pricing pressure amid intense competition in the Pharmaceutical industry across the globe.
- High volatility in currency exchange rates may affect the Industry adversely.
- Risk of all R&D initiatives not leading to commercially viable and successful products.

Future Growth Strategy

Short to Medium Term:

- Growth in domestic Pharmaceutical Formulations business through introduction of new products and increasing sales force productivity.
- Growth in exports of Pharmaceutical Formulations to emerging markets.
- Scaling up of existing niche generic business in USA.
- Increase Patient connect for sustainable growth.
- Launch of Paclitaxel protein bound particles for injectable suspension, Cyclosporine and other products which are currently under approval in USA.
- Filing more ANDAs / dossiers in USA and European markets.
- Launch of new products in domestic and international emerging markets.

Long Term:

- Launch of more products in US, EU and other ICH markets.
- Launch of new products in domestic market, emerging and developing countries.

Dividend and Transfer to Reserves

In view of losses during the year under review, the Board of Directors has not recommended any dividend on the Equity Shares of the Company. Accordingly, there has been no transfer to general reserves.

Share Capital

During the year under review, the authorized share capital of the Company has increased from Rs.1 million divided into 1,000,000 equity shares of Re.1 each to Rs.600 million (comprising of Rs.10 million equity share capital divided into 10,000,000 Equity Shares of Re.1 each and Rs.590 million preference share capital divided into 59,000,000 Preference

shares of Rs.10 each). The issued, subscribed and paid-up share capital of the Company remains unchanged at Rs.1 million divided into 1,000,000 equity shares of Re.1 each as on March 31, 2021.

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

Significant Events during the year under review / current year

a) Issue and redemption of Non-Convertible Debentures:

In accordance with the provisions of Debenture Trust Deed ("DTD") dated April 06, 2019 executed amongst the Company, Vistra ITCL (India) Limited ("the Debenture Trustee") and Company's holding company, Panacea Biotec Limited ("PBL"), the Company has issued and allotted 9,600 Series 3 secured, unrated, unlisted, redeemable Non-Convertible Debentures ("NCDs"), having the face value of Rs.1,00,000 each aggregating to Rs.960 million on private placement basis to the existing debenture holders i.e. India Resurgence Fund - Scheme 1, India Resurgence Fund - Scheme 2 and Piramal Enterprises Limited (collectively "the Debenture Holders"). The maturity date of Series 3 NCDs is April 05, 2024.

Further, the Company has redeemed 4,100 Series 2 NCDs, having the face value of Rs.1,00,000 each, amounting to Rs.539.60 million (including premium on redemption) and post such repayment, Series 2 NCDs have been redeemed and extinguished.

Further, in view of cash flow challenges including on account of Covid-19, during the current year, pursuant to amendment agreements executed by the Company with PBL and Debenture Trustee, the Maturity Date of Series 1A NCDs has been extended from April 07, 2020 to June 07, 2021 and again to September 30, 2021.

b) During the year under review, a warning letter from USFDA was received relating to the pharmaceutical formulations facility of the Company located at Baddi, Himachal Pradesh. The Company has taken multiple steps after its inspection conducted during February, 2020 to address the observations received during the inspection. The Company had addressed all the concerns and complied with all the requirements and has already submitted its response to USFDA containing the Corrective and Preventive Action Plan in consultation with International Consultants and also sent periodic updates to USFDA. The Company expects completion of the closeout process in due course.

Apart from the updates mentioned above, there were no significant events after the end of the financial year ended March 31, 2021.

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 the date of this report, your Company doesn't have any subsidiary, associate or joint venture.

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 not invited or accepted any deposits from the public / members pursuant to the provisions of Sections 73 and 76 of the Act read with Companies (Acceptance of Deposit) 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) Cessation of Directors: During the year under review, Mr. Sunil Anand (DIN: 00013950) has ceased to be director of the Company w.e.f. June 22, 2020.

Further, during the current year, Mr. Krishna Murari Lal (DIN: 00016166), an Independent Director, has ceased to be director of the Company w.e.f. July 15, 2021.

Your Directors place their sincere appreciation towards the invaluable contributions, guidance and support received from them during their tenure as directors towards the progress of the Company.

ii) Appointment of non-executive nominee directors: During the year under review, the appointments of Mr. Shantanu Yeshwant Nalavadi (DIN: 02104220) and Mr. Avinash Ramchandra Kulkarni (DIN: 02982164), who were appointed as non-executive nominee directors by the Board of Directors w.e.f. March 14, 2020, were approved by the shareholders at the Annual General Meeting ("AGM") held on December 11, 2020.

iii) Appointment of independent directors: During the year under review, the Board of Directors appointed Mr. Deepak Shamsunder Kanvinde (DIN: 02618776) as an additional director and non-executive independent director of the Company for a period of five (5) years w.e.f. June 29, 2020, subject to the approval of shareholders in their general meeting.

The appointments of Mr. Krishna Murari Lal (DIN: 00016166) and Mr. Deepak Shamsunder Kanvinde (DIN: 02618776), who in the opinion of the Board, are the persons with integrity and possess requisite expertise and experience for such appointment and were appointed by the Board as non-executive independent directors for a period of five (5) years w.e.f. March 14, 2020 and June 29, 2020 respectively, were approved by the shareholders at the AGM held on December 11, 2020.

Further, during the current year, Mrs. Manjula Upadhyay (DIN: 07137968), an independent director on the Board of Directors of PBL and who in the opinion of the Board, is a person with integrity and possesses requisite experience for appointment as

an independent director, has been appointed by the Board of Directors as an additional director and non-executive independent director for a period of five (5) years w.e.f. July 23, 2021, subject to the approval of shareholders in their general meeting.

iv) Appointment of Managing Director: During the year under review, Dr. Rajesh Jain who was appointed as the first director of the Company w.e.f. March 22, 2019, was appointed by the Board of Directors as Managing Director of the Company designated as Key Managerial Personnel for a period of five (5) years w.e.f. November 10, 2020 and the said appointment was approved by the shareholders at the AGM held on December 11, 2020.

v) Retirement by Rotation: In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Ankesh Jain (DIN: 03556647) is liable to retire by rotation. Being eligible, he has offered himself for re-appointment as director at the ensuing AGM.

vi) 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.

vii) Declaration of independence: Your Company has received declarations from all the independent directors of the Company confirming that they meet the criteria of independence provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year under review.

viii) Registration in Independent Directors' Data Bank: The Company has received confirmation from all its independent directors that they have registered themselves 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.

ix) Proficiency Test for Independent Director: Mr. Krishna Murari Lal was and Mrs. Manjula Upadhyay is exempted from the requirement to undertake online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Mr. Deepak Shamsunder Kanvinde will be required to undertake online proficiency self-assessment test within the stipulated time i.e. until May 31, 2022.

The Board recommends the appointment / re-appointment of the above said directors in the ensuing General Meeting.

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

Board Meetings

During the year under review, Board Meetings were held on June 29, 2020, November 10, 2020 and February 11, 2021. The intervening gap between two Board Meetings was within

the maximum period prescribed under the Act or as relaxed by the Ministry of Corporate Affairs.

Energy Conservation, Technology Absorption and Foreign Exchange

As required under Section 134 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

Pursuant to Section 92 read with Section 134 of the Companies Act as amended vide Companies (Amendment) Act, 2017, effective from August 28, 2020, 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 Board' Report.

Since, your Company do 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 in the ordinary course of business and on an arm's length basis. Save and except the transactions entered into with PBL relating to sale / purchase of goods in the ordinary course of business and on arm's length basis, the Company has not entered into any material related party transactions as per the latest audited financial statements. 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 given in **Annexure B**. Suitable disclosures as required under Accounting Standard AS-18 have been made in the notes to the financial statements forming part of the Annual Report.

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 C** hereto and forms part of this Report.

Auditors and Audit Reports

i) Statutory Auditors and Audit Report

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s. Walker Chandiok & Co. LLP, Chartered Accountants (Regn. No. 001076N/N500013), were appointed as statutory auditors of the Company for a term of five (5) consecutive years to hold office from the conclusion of the 1st AGM of the Company held on December 11, 2020 till the conclusion of the 6th AGM of the Company. Pursuant to Section 141 of the Act, the Statutory Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

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

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

ii) Cost Accounts and Auditors:

Cost records as required under Section 148 of the Act, 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, M/s. GT & Co., Cost Accountants (Firm's Registration No.000253), were appointed as the Cost Auditors to conduct the audit of the Company's Cost Records for the financial year ended March 31, 2021 and their remuneration has also been ratified by the shareholders in the 1st AGM of the Company held on December 11, 2020.

The cost audit for the said period has been completed and the Cost Auditors' Report will be submitted with the Central Government within the prescribed time.

The Board of Directors has re-appointed M/s. GT & Co., Cost Accountants, as cost auditors of the Company for the financial year 2021-22 pursuant to the provisions of Section 148 of the Act. As required, the item for ratification of remuneration of cost auditor has been included in the notice of the ensuing AGM for shareholders' approval.

iii) Secretarial Auditors and Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. R&D Company Secretaries, Practicing Company Secretaries to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2021. The Secretarial Audit Report for the said period is annexed as **Annexure D** to this Report.

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

Dealing with Covid-19 Pandemic

The continuing outbreak of current novel coronavirus (Covid-19) pandemic including several waves and mutation of virus globally and in India is causing significant disturbance and slowdown of economic activity. In view of the Covid-19 pandemic, several restrictions were imposed by governments across the globe on the travel, goods movement and transportation considering public health and safety measures, which has adversely impacted the Company's operations since late March 2020. However, the Company's operations including its supply chain is being handled by the Company in an effective manner by applying various approaches on case to case basis and ensuring that its products reaches up to the last point.

Since the Company is engaged in the business of manufacturing of pharmaceutical products, accordingly, the operations at manufacturing facilities of the Company and warehouses kept on going, albeit with limited number of workers in the initial days during the lockdown, however the same increased gradually after obtaining requisite government approvals. For ensuring the health and well-being of its employees, the Company has implemented Work from Home for most of its employees. Also, the Company took several measures such as sanitization of premises on regular basis, video training sessions for employees to create awareness about the spreading of virus and prevention of same, strict follow of social

distancing norms at its offices and plants etc. Furthermore, various steps were taken by the Company to render support to employees.

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

Material changes and commitments affecting the financial position

As required under Section 134(3) of the Act, the Board of Directors inform the members that during the 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 can affect the financial position of the Company between the end of the financial year and date of this Report.

Secretarial Standards

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

Directors' Responsibility Statement

The Directors hereby confirm that:

a) in the preparation of the annual financial statements for the financial year ended March 31, 2021, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021, and of the loss of the Company for the year ended March 31, 2021;

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

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

e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) the directors have devised proper systems 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 Board under Section 143(12) of the Act.

Particulars of loans, guarantees or investments

During the year under review, the company has neither given any loan / guarantee nor made any investment.

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, lease hold improvements and upcoming projects have been adequately insured against major risks. The Company has also taken appropriate product liability insurance policies for conducting clinical trials and for insuring its products (manufactured & sold) with an extension of unnamed vendor liability and add on cover of public liability inclusive of pollution liability to cover the risk on account of claims, if any, filed against the Company.

Internal 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 corporate office. The Company has established a system of internal controls to ensure that assets are safeguarded and transactions are appropriately authorized, recorded and reported.

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.

Further, internal audits are conducted periodically by the internal auditors of the Company viz. PriceWaterhouseCoopers LLP (PWC), an internationally renowned independent assurance, advisory and tax services firm. The Board of Directors 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 Board of Directors 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, 2021, the Board is of the opinion that the Company has adequate IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls whenever the effect of such gaps have a material effect on the Company's operations.

Corporate Social Responsibility

The provisions of Section 135 of the Act and the rules made thereunder regarding Corporate Social Responsibility are not attracted to the Company as the Company does not fall under

the threshold limit of net worth of Rs.5,000 million or more, or turnover of Rs.10,000 million or more, or a net profit of Rs.50 million or more during the financial year.

Prevention of Sexual Harassment at Workplace

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 Work Place (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

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

Acknowledgements

Your Directors acknowledge with gratitude the co-operation and assistance received from the Central Government, State Governments and all other Government agencies and encouragement they have extended to the Company. Your Directors also thank the management of Panacea Biotec Limited, investors, banks, customers, vendors and other business associates for their confidence in the Company and its management and look forward for their continuous support. The Board wishes to place on record its appreciation for the dedication and commitment of the employees at all levels which has continued to be our major strength.

For and on behalf of the Board

Panacea Biotec Pharma Limited

Dr. Rajesh Jain	**Ankesh Jain**
Managing Director	**Director**
DIN: 00013053	**DIN: 03556647**

Place: New Delhi
Date: July 23, 2021

Annexure A

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

I. Conservation of Energy

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

1. Energy Conservation measures taken:

   The Company had devised its production lines and other facilities keeping in view the objective of minimum energy losses. The following are the major energy conservation measures implemented by the Company during the period under review and recent past:

   - Replacement of CFL lamps and conventional tube lights with LED lights at several locations.
   - Replacement of cooling tower water circulation pump with Low RPM cooling tower pump to save power at Lalru Plant.
   - Use of water treated from ETP & STP for plantation & irrigation purposes.
   - Use of RO rejected water for cooling tower at Lalru Plant.
   - Replacement of alloy metal CT fans with low weight FRP fans of cooling tower to save power at Lalru Plant.
   - Installed Condensate pipelines from condensate transfer pump having no insulation to reduce the insulation heat losses and increase saving in fuel.
   - Initiated erection and commissioning of new 6 ton Briquette Fired Boiler (to run with Fire Briquette or Wood Fire) at Baddi to replace Furnace Oil Fired Boilers thereby shifting to renewable energy source and to also reduce Sulphur emission.

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

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

   - To continue replacement of CFL lights with LED lights across the organization over a period of time.
   - Commissioning of new 6 ton Briquette Fired Boiler at Baddi Plant.
   - To install heat recovery unit with 3.0 TPH Boiler for heating boiler feed water to save fuel at Lalru Plant
   - To replace existing jockey pump and motor rated 18.5 KW with high efficiency low rated pump and 11 KW motor to save power at Lalru Plant.
   - To replace all old and worn-out steam & chilled water insulation.

3. Capital Investment on energy conservation equipments:

During the year under review, the Company has made a capital investment of Rs.20.65 million 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 & restrict the impact of increase in the cost of energy, thereby reducing the cost of production of goods to that extent.

Form A

Particulars of Consumption of Energy

Particulars	Current year	Previous Year*
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (Nos. in thousand)	8,991.18	1,286.27
Total Amount (Rs. In million)	53.70	8.15
Rate/Unit (Rs.)	5.97	6.33
(b) Own generation		
(i) Through Diesel Generator		
Units (Nos. in thousand)	280.42	99.79
Unit per litre of Diesel/Oil	3.04	3.56
Cost/Unit (Rs.)	21.41	14.62
(ii) Through Steam Turbine/Generator		
Units (Nos.)	Nil	Nil
Unit per litre of Diesel/Oil		
Cost/Unit (Rs.)		
2. Coal		
Quantity (tonnes)	Nil	Nil
Total Cost		
Average Rate		
3. Furnace Oil		
Quantity (Kilolitres)	819.87	149.42
Total Cost (Rs. In million)	28.43	4.21
Rate/Unit (Rs.)	34.68	28.20
4. Others/Internal generation		
Quantity	Nil	Nil
Total Cost		
Rate/Unit		
B. Consumption per unit of production		
Tablets		
Production (no. in million)	450.40	83.68
Electricity Consumption (Units per thousand)	7.85	6.97
Capsules		
Production (no. in million)	183.96	17.20

Particulars	Current year	Previous Year*
Electricity Consumption (Units per thousand)	19.21	25.89
Syrups		
Production (in litres)	2,35,143	20,247
Electricity Consumption (Units per kilolitre)	0.32	0.76
Gels		
Production (in kilograms)	24,251	3,149
Electricity Consumption (Units per kilogram)	5.71	3.55
Granules		
Production (in kilograms)	15,785	1,530
Electricity Consumption (Units per kilogram)	0.72	0.92
Injections		
Production (no. of injection in thousand)	123	13
Electricity Consumption (Units per thousand)	887.60	900.90

* The previous year figures are for 2 months only i.e. from February 01, 2020 (the date on which the pharmaceutical formulation business of Company's Holding Company, Panacea Biotec Limited has been transferred to the Company) to March 31, 2020.

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;
   - NDDS based pharmaceutical formulations development; and
   - Small Molecule Drug Discovery (NCE Research) in 3 therapeutic areas, viz. metabolic disorders (Diabetes & Obesity), infectious diseases and CNS disorders.

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

   - Development of novel drug delivery products;
   - Bringing innovative products to market;
   - Fulfilling unmet therapeutic needs and customer satisfaction;
   - Improved product quality and safety aspects;

- 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;
- Solid-Solid dispersion of critical dose drugs;
- Biodegradable polymer based long acting injection;
- Liposomal drug delivery technology;
- Phyto Adjuvant Nanovector Technology Intensive Product Proposal; and
- Superparamagnetic Nanoparticles (Nanotherm) Technology Intensive Product.

4. Expenditure on R&D:

(Rs. in million)

Particulars	Financial year ended March 31, 2021	Period ended March 31, 2020
a)Revenue expenditure (excluding Depreciation on R&D assets)	193.87	21.16
b) Capital expenditure	0.20	0.00
c) Total	194.07	21.16
d)Total R&D expenditure as a percentage of net revenues	5.63%	4.57%

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 critical projects (including ANDA and 505 b(2) products) for global markets.

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 3 key projects enabling the Company to file the Abbreviated New Drug Application (ANDAs) with USFDA. The Company has further progressed on filing of Mycophenolate sodium delayed release tablet, Valganciclovir Solution, Sirolimus Solution ANDAs to USFDA during the year under review.

The Company has developed and commercialized different strengths of ODPEP (Pantoprazole Gastro Resistant Tablet) and Hand sanitizer in domestic market.

During the year under review, the Company has initiated clinical and non-clinical studies for seeking marketing authorization for its topical Analgesic formulation and for a fixed dose combination of anti-hemorrhoidal drug.

With the completion of research projects and in-licensing arrangements, the Company will be able to commercialize the products in the domestic and international markets.

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

Technology imported	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons thereof and future plan(s) of action
(a)	(b)	(c)	(d)
NOT APPLICABLE			

III. Foreign Exchange Earnings and Outgo

1. Activities relating to exports:

The Company exports its pharmaceutical formulations in around 30 countries including the United States, Germany, Russian Federation, Turkey, Bosnia, Tanzania, Kenya, Serbia, Vietnam, Philippines, Sri Lanka, Panama, Ecuador, Trinidad & Tobago etc.

The Company has continued its focus on development, registration and marketing of products portfolio catering to chronic therapies in private markets in several countries. Simultaneously, the Company has consolidated its international pharmaceutical business by eliminating loss making products, markets etc.

During the year under review, the Company has earned export revenues of Rs.264.33 million.

2. Initiatives taken to increase export:

The Company's Abbreviated New Drug Application (ANDA) submitted under section 505(j) of the Federal Food, Drug & Cosmetics Act (FD&C Act) for Paclitaxel Protein bound particles for Injectable Suspension 100mg/vial is in process of approval by U.S. Food and Drug Administration ("USFDA"). In addition, the approval process for other ANDAs filed earlier with the USFDA is in progress. 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 such as Apotex, Bionpharma, Natco and Breckenridge for marketing of pharmaceutical formulations in USA and other international markets, which has helped in expanding its reach and access to new regulated markets.

The Company has in place existing arrangement with Natco Pharma Ltd. ("Natco") and Breckenridge Pharmaceutical Inc., USA ("Breckenridge") for manufacturing and supply of Azacitidine Injection for the US market under Breckenridge's already approved ANDA (the generic equivalent of Vidaza®, marketed by Celgene Corp, US). USFDA approval for this product has been received and the product has been launched in USA during financial year 2019-20 through Breckenridge.

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.

These efforts have already started showing results and the Company has started gaining significant business growth during financial year in existing and new markets such as USA, Russia, Vietnam, Uzbekistan, Ecuador, Panama, etc. During the year, the Company has fortified its ROW business which posted double digit growth of 11% for FY 2020-21.

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.

The Company continues to focus on building a robust pipeline of several products for filing in several other emerging markets which it will be filing in the next 1-2 years to further strengthen its export portfolio and grow export sales. The Company aims to improve the accessibility and affordability of medicines as the Company's contribution to Government of India's "MAKE IN INDIA" mission.

The Company has received the registration of Tacrolimus and commercialized successfully in Belarus. The company in a major breakthrough in Middle East has succeeded to get cleared Iraq GMP. Several products including Sitcom, Bendamustine and Valganciclovir have been launched in several countries across the globe.

The Company has commercialized filings in around 3 countries and has plans to enter in 5 ROW markets in FY 2021-22 & introduce new filings in different ROW markets.

4. Total foreign exchange earned and used:

(Rs. in million)

Particulars	Financial year ended March 31, 2021	Period ended March 31, 2020
Foreign Exchange Earned:		-
FOB value of Exports	207.82	-
Profit Share For Sale (Export)	41.48	-
Total	249.30	-
Foreign Exchange Used:		
Raw material and packing material	196.00	-
Components and Spare Parts	3.12	-
Capital Goods	11.02	-
Legal & Professional Fees	3.30	-
Other Expenses:		
- Patents, Trade Marks & Product Registration	5.98	0.05
- Advertising and Sales Promotion	32.00	1.47
- Commission on Sales	0.26	-
- Rates & Taxes	26.43	4.40
- Testing charges	0.63	-
- General expenses	10.63	0.53
- Bank charges	0.12	-
- Travelling expenses	0.23	0.47
- Others	2.36	-
Total	292.08	6.92

For and on behalf of the Board
Panacea Biotec Pharma Limited

Dr. Rajesh Jain
Managing Director
DIN: 00013053

Ankesh Jain
Director
DIN: 03556647

Place: New Delhi
Date: July 23, 2021

ANNEXURE B

FORM NO. AOC - 2

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

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

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

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

2. Details of material contracts or arrangements or transactions at arm's length basis :

S. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts/ arrangements / transactions	Salient terms of contracts/arrangements / transactions, including value, if any	Date(s) of approval by the Board, if any	Amount paid as advances as on March 31, 2021 (Rs. in million)
	(a)	(b)	(c)	(d)	(e)	(f)
1	Panacea Biotec Limited; Holding Company	Sale, purchase or supply of goods or materials	On-going	The related party transactions entered during the year were in ordinary course of business and on an arm's length basis in terms of the Business Transfer Agreement dated 07.04.2019 as amended vide Business Transfer Amendment Agreement dated February 04, 2020 ("BTA"). The aggregate amount of transactions for FY21 was Rs.968.37 million	Since these transactions were in the ordinary course of business and were on arm's length basis, approval of the Board was not applicable. However, the approval for BTA was obtained in Board Meetings held on 23.03.2019 and 06.04.2019	Nil

For and on behalf of the Board
Panacea Biotec Pharma Limited

Dr. Rajesh Jain
Managing Director
DIN: 00013053

Ankesh Jain
Director
DIN: 03556647

Place: New Delhi
Date: July 23, 2021

Annexure C

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S. No.	Employee Name	Designation	Remune-ration (Rs. in million)	Nature of employment	Qualification	Experience (in years)	Date of Commencement of Employment	Age (in Yrs.)	Particulars of Last Employment: Name of Employer, Designation, Period of Service (Years)
A.	Top 10 employees in terms of remuneration drawn during the financial year 2020-21:								
1.	Mr. Susheel Umesh*@	Chief Executive - Domestic Formulations	8.91	Permanent employee	B. Pharm M.B.A (Marketing)	29	01.02.2020	54	Panacea Biotec Ltd., Chief Executive - Domestic Formulations, 2.5 months
2.	Mr. Sarad Kumar Singh*	V.P. - International Markets (ROW Region-3)	7.40	Permanent employee	B.Sc.	28	01.02.2020	49	Panacea Biotec Ltd., V. P. – International Markets & Panacea Vaccine SBU, 11 years
3.	Mr. Kulvinder Sarao*	Sr. V. P. - Human Resources	6.82	Permanent employee	PGD in Personnel Management	35	01.02.2020	59	Panacea Biotec Ltd., Sr. V.P. - Human Resources, 15 years
4.	Mr. Gurinder Pal Singh*	Sr. V.P. - Procare	6.69	Permanent employee	B.Sc.	33	01.02.2020	54	Panacea Biotec Ltd., Sr. V.P. - Acute & Chronic Business, 10 years
5.	Dr. Rajeeva Kumar Mangalum*	Chief Operating Officer-Pharma Business	6.33	Permanent employee	Ph. D	37	01.02.2020	60	Panacea Biotec Ltd., Chief Operating Officer-Pharma Business, 23.9 years
6.	Mr. Rishi Prakash*#	G.M.-Business Development (Pharma & Vaccine)	5.24	Permanent employee	B.Sc., M.B.A	26	01.02.2020	49	Panacea Biotec Ltd., G.M.-Business Development (Pharma & Vaccine), 13.9 years
7.	Mr. Naveen K Jain*	V. P. – NPI & Project Management	5.11	Permanent employee	Ph. D (Pharmacology)	23	01.02.2020	48	Panacea Biotec Ltd., V. P. – NPI & Project Management, 13.9 years
8.	Mr. Dinesh Singla*	Sr. V.P. - R&D, VFR, IPR & RA (Pharma)	4.77	Permanent employee	M. Pharma	26	01.02.2020	51	Panacea Biotec Ltd., Sr. V.P. - R&D, VFR, IPR & RA (Pharma), 12.3 years
9.	Mr. Rajiv Kumar Sharma*	Sr. G.M. - SCM (Pharma)	4.42	Permanent employee	B.A. (Math)	31	01.02.2020	53	Panacea Biotec Ltd., Sr. G.M. - SCM (Pharma), 23 years
10.	Mr. Chittaranjan Paladhi*	G.M.- Transplantation & Immunology	4.27	Permanent employee	PGDM, B. Pharm	24	01.02.2020	47	Panacea Biotec Ltd., G.M.- Transplantation & Immunology, 8.10 years

S. No.	Employee Name	Designation	Remune-ration (Rs. in million)	Nature of employment	Qualification	Experience (in years)	Date of Commencement of Employment	Age (in Yrs.)	Particulars of Last Employment: Name of Employer, Designation, Period of Service (Years)
B. Employed for part of the year and in receipt of remuneration which in aggregate was not less than Rs.850,000 per month (other than those mentioned in Para A above)									
1.	Mr. Neeraj Joshi	President - Sales & Marketing (Domestic & Nepal)	1.30	Permanent employee	B.Sc., LLB	31	04.03.2021	53	Glenmark Pharmaceuticals India Ltd., Sr. V.P. – Marketing & Sales, 2.5 years

* Joined the Company as a part of takeover of pharmaceutical formulations business from Company's holding company, Panacea Biotec Limited ("PBL") pursuant to Business Transfer Agreement executed between Company and PBL effective from 01.02.2020.

@ Ceased to be employee w.e.f. close of business hours on 31.10.2020.

Ceased to be employee w.e.f. close of business hours on 04.02.2021.

Notes:

1. 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.
2. The Managing Director of the Company is not drawing any remuneration. There was no employee who was employed either throughout the financial year or for part thereof, who was holding either by himself/herself or along with the spouse and dependent children 2% or more of the Equity Shares of the Company.
3. No person was employed throughout the Financial Year ended March 31, 2021 who was in receipt of remuneration for the year which is more than Rs.10.2 million.
4. The employees mentioned in the above table are paid remuneration as per the policy/rules of the Company.
5. None of the above employees is related to any of the Directors of the Company.

For and on behalf of the Board
Panacea Biotec Pharma Limited

Dr. Rajesh Jain
Managing Director
DIN: 00013053

Ankesh Jain
Director
DIN: 03556647

Place: New Delhi
Date: July 23, 2021

Annexure D

Secretarial Audit Report for the financial year ended 31st March, 2021

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

In terms of the provisions of Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable provisions, if any, we have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Panacea Biotec Pharma Limited, a Company incorporated under the provisions of the Companies Act, 2013, vide CIN U24299DL2019PLC347566 and having its registered office at B-1 Extension/A-27, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110044 (hereinafter referred to as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, to the extent the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021, 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (De-listing of Equity Shares) Regulations, 2009;

h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998.

vi. The management has identified the following laws as specifically applicable to the Company.

- Drugs & Cosmetics Act, 1940;
- Drugs (Control) Act, 1950;
- Narcotic Drugs and Psychotropic Substances Act, 1955;
- Dangerous Drugs Act, 1930;
- Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954;
- Epidemic Diseases Act, 1897;
- Essential Commodities Act, 1955;
- The Poisons Act, 1919;
- The Pharmacy Act, 1948;

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

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

ii. The Listing Agreements entered into by the Company with 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 the Company was duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance, and a system exists for seeking

and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

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

We further report that during the audit period, the following events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.:

- During the year under review, the Company has allotted 9,600 Series 3 unrated, unlisted, redeemable, non-convertible debentures ("NCDs"), having face value of Rs.1,00,000 each, aggregating to an amount of Rs.960 million to the existing Debenture holders. The maturity date of Series 3 NCDs is April 05, 2024. The Company has also repaid an amount of Rs.539.60 million towards redemption of Series 2 NCDs.
- In view of cash flow challenges including on account of Covid-19, the Company has requested for re-scheduling the terms of redemption of Series 1A NCDs which were due for redemption on April 07, 2020. During the current year, the Company has executed necessary amendment agreements to extend the maturity date of Series 1A NCDs from April 07, 2020 to June 07, 2021 and again to September 30, 2021.

For R&D Company Secretaries

Sd/-
Debabrata Deb Nath
Partner
FCS No.: 7775;
CP No. : 8612
UDIN: F007775C000683571
Peer Review Certificate no. 1403/2021

Place: Delhi
Date: July 23, 2021

Annexure A to the Secretarial Report

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

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

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

For R&D Company Secretaries

Sd/-

Debabrata Deb Nath
Partner
FCS No.: 7775;
CP No. : 8612
UDIN: F007775C000683571
Peer Review Certificate no. 1403/2021

Place: Delhi
Date: July 23, 2021

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
L 41, Connaught Circus,
Outer Circle,
New Delhi - 110 001
India

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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 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, 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.

The Directors' Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management 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 is responsible for the matters stated in section 134(5) of the Act with respect to the preparation 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 accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those 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 financial statements.

9. As part of an audit in accordance with Standards on Auditing, 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the 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. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.

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

13. Further to our comments in Annexure B, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

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

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

c) the 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 2021 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 01 June 2021 as per Annexure B expressed unmodified opinion; and

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

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 2021 (Cont'd)

i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2021;

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 2021;

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 2021; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

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

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

UDIN: 21517273AAAACD8573

Place: New Delhi
Date: 1 June 2021

Annexure A to 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 2021

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

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

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

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification

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

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of security. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, investment and guarantees.

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

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

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

(b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Annexure A to 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 2021 (Cont'd)

(viii) The Company has no loans or borrowings payable to any financial institution or bank or government. The Company has delayed and not yet made the repayment of dues to debenture-holders during the year, which is detailed below:

Particulars	Amount of delay (Rs. in million)	Period of delay	Remarks
Debentures	1,046.71	7 April 2020 to 31 March 2021	The maturity date of the borrowings has been extended from April 07, 2020 to June 07, 2021 through mutual signed agreement between debenture-holders and the Company.

(ix) The Company has not raised any money by way of initial public offer or further offer. However, the Company has raised Rs. 960.00 million as debentures from the existing debenture holders. In our opinion, the money raised was applied for the purpose for which the debentures were issued.

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

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

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

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

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

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

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

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

Arun Tandon

Arun Tandon
Partner
Membership No.:51727

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

UDIN: 21517273AAAACD8573

Place: New Delhi
Date: 1 June 2021

Annexure B

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 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management 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 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

Annexure B to 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 2021 (Cont'd)

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, 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 issued by the Institute of Chartered Accountants of India.

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

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

UDIN: 21517273AAAACD8573

Place: New Delhi
Date: 1 June 2021

Panacea Biotec Pharma Limited
Balance Sheet as at March 31, 2021

(Rs. in million)

	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
a) Property, plant and equipment	2.1	1,550.33	1,700.28
b) Capital work-in-progress	2.2	53.94	29.30
c) Other intangible assets	2.3	8.51	1.13
d) Intangible assets under development	2.4	131.37	144.16
e) Right of use assets	36	364.10	245.65
e) Financial assets			
(i) Loans	3	0.73	0.74
(ii) Other financial assets	4	43.89	0.07
f) Other non-current assets	5	7.50	1.67
Total non-current assets		**2,160.37**	**2,123.00**
Current assets			
a) Inventories	6	817.68	481.64
b) Financial assets			
(i) Trade receivables	7	583.96	620.75
(ii) Cash and cash equivalents	8	42.77	41.18
(iii) Bank balances other than cash and cash equivalents	9	34.10	38.38
(iv) Loans	10	28.42	30.67
(v) Other financial assets	11	43.77	-
c) Other current assets	12	256.61	229.25
Total current assets		**1,807.31**	**1,441.87**
Total assets		**3,967.68**	**3,564.87**
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	13	1.00	1.00
b) Other equity	14	(7,459.25)	(6,047.98)
Total equity		**(7,458.25)**	**(6,046.98)**
Liabilities			
Non-current liabilities			
a) Financial liabilities			
(i) Borrowings	15	6,730.00	5,770.00
(ii) Lease liabilities	16	349.91	222.16
(iii) Other financial liabilities	17	1,862.54	812.05
b) Provisions	18	182.84	165.30
Total non-current liabilities		**9,125.29**	**6,969.51**
Current liabilities			
a) Financial liabilities			
(i) Trade payables	19		
- Outstanding dues of micro and small enterprises		18.82	-
- Outstanding dues of creditors other than above		1,022.86	725.17
(ii) Lease liabilities	20	43.27	26.61
(iii) Other financial liabilities	21	1,101.88	1,735.01
b) Other current liabilities	22	24.70	112.57
c) Provisions	23	89.11	42.98
Total current liabilities		**2,300.64**	**2,642.34**
Total equity and liabilities		**3,967.68**	**3,564.87**

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

Arun Tandon
Partner
Membership No. 517273

Place : New Delhi
Date : June 1, 2021

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

Dr. Rajesh Jain
Managing Director
(DIN 00013053)

Mr. Ankesh Jain
Director
(DIN 03556647)

Panacea Biotec Pharma Limited
Statement of Profit and Loss for the year ended March 31, 2021

(Rs. in million)

	Note No.	For the year ended March 31, 2021	For the period March 22, 2019 to March 31, 2020
Income			
Revenue from operations	24	3,448.86	462.98
Other income	25	26.38	83.92
Total income		**3,475.24**	**546.90**
Expenses			
Cost of materials consumed	26	1,032.88	114.95
Purchase of traded goods	27	116.90	231.71
Changes in inventories of finished goods, traded goods and work-in-progress	28	(42.67)	(245.08)
Employee benefits expense	29	918.35	169.89
Finance costs	30	1,843.73	294.88
Depreciation and amortisation expense	31	209.71	32.79
Other expenses	32	807.85	151.42
Total expenses		**4,886.75**	**750.56**
Loss before tax		**(1,411.51)**	**(203.66)**
Tax expense			
Current tax		-	-
Deferred tax	35	(0.08)	(6.26)
Total tax expense		**(0.08)**	**(6.26)**
Loss for the year		**(1,411.43)**	**(197.40)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit plans		0.24	17.90
Income tax on above		(0.08)	(6.26)
Total other comprehensive income (net of tax)		**0.16**	**11.64**
Total comprehensive loss for the year		**(1,411.27)**	**(185.76)**
Loss per equity share (face value of Re. 1 each)	33		
- Basic and diluted (in Rs.)		**(1,411.43)**	**(197.40)**

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

Arun Tandon
Partner
Membership No. 517273

Place : New Delhi
Date : June 1, 2021

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

Dr. Rajesh Jain
Managing Director
(DIN 00013053)

Mr. Ankesh Jain
Director
(DIN 03556647)

Panacea Biotec Pharma Limited
Cash Flow Statement for the for the year ended March 31, 2021

(Rs. in million)

	For the year ended March 31, 2021	For the period March 22, 2019 to March 31, 2020
A. Cash flow from operating activities		
Loss before tax	(1,411.51)	(203.66)
Adjustment for		
Depreciation and amortisation expense	209.71	32.79
Unrealized foreign exchange loss (net)	(0.63)	(3.61)
Intangibles assets under development provided /written off	2.66	-
Excess provisions/debt written back	(16.91)	-
Gain on sale of Property, plant and equipments	(0.24)	-
Allowance for expected credit loss and doubtful advances	4.48	-
Interest income	(1.95)	(0.12)
Finance costs	1,843.73	294.88
Operating profit before working capital changes	629.34	120.28
Changes in working capital		
Inventories	(336.04)	1.30
Trade receivables	39.07	118.90
Other financial assets	(43.77)	2.60
Loans	1.00	(0.77)
Other current assets	(35.02)	15.43
Trade payables	316.04	(49.91)
Other financial liabilities	0.03	(5.69)
Other current liabilities	(91.41)	105.80
Provisions	77.44	21.89
Cash generated from/(used in) operating activities	556.68	329.83
Income tax (paid)	(1.37)	(0.04)
Net cash generated from/(used in) operating activities (A)	555.31	329.79
B. Cash flow from investing activities		
Payment for property, plant and equipment and intangible assets	(65.92)	(37.46)
Proceeds from sale of property, plant and equipment	4.52	
Purchase of pharma business through slump sale	-	0.10
Interest received	1.95	0.11
Investments in bank deposits having original maturity of more than three months	(39.54)	(38.38)
Net cash used in investing activities (B)	(98.99)	(75.63)
C. Cash flow from financing activities		
Proceeds from issue of share capital	-	1.00
Proceeds from non-current borrowings	960.00	-
Repayment of non-current borrowings	(410.00)	(129.86)
Interest paid	(1,004.73)	(84.12)
Net cash used in financing activities (C)	(454.73)	(212.98)
Net (decrease)/increase in cash and cash equivalents during the year (A+B+C)	1.59	41.18
Cash and cash equivalents at the beginning of the year	41.18	-
Cash and cash equivalents at the end of the period (refer note 8)	42.77	41.18

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

Arun Tandon
Partner
Membership No. 517273

Place : New Delhi
Date : June 1, 2021

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

Dr. Rajesh Jain
Managing Director
(DIN 00013053)

Mr. Ankesh Jain
Director
(DIN 03556647)

Panacea Biotec Pharma Limited
Statement of Changes in Equity for the year ended March 31, 2021

A. Equity share capital

(Rs. in million)

Particulars	Amount
Balance as on the date incorporation	-
Change during the period	1.00
Closing balance as at March 31, 2020	**1.00**
Movement during the year	-
Closing balance as at March 31, 2021	**1.00**

(Refer note 13)

B. Other equity

(Also refer note 14)

(Rs. in million)

Particulars	Reserves and surplus		Total
	Capital Reserve	Retained earnings	
Balance as on the date incorporation	-	-	-
Loss for the period	-	(197.40)	**(197.40)**
Other comprehensive income for the period (net of tax)	-	11.64	**11.64**
Total comprehensive loss for the period	-	(185.76)	**(185.76)**
Adjustment on account of slump sale	(5,862.22)	-	**(5,862.22)**
Balance as at March 31, 2020	(5,862.22)	(185.76)	**(6,047.98)**
Loss for the period		(1,411.43)	**(1,411.43)**
Other comprehensive income for the period (net of tax)		0.16	**0.16**
Total comprehensive loss for the period	-	(1,411.27)	**(1,411.27)**
Balance as at March 31, 2021	(5,862.22)	(1,597.03)	**(7,459.25)**

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

Arun Tandon
Partner
Membership No. 517273

Place : New Delhi
Date : June 1, 2021

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

Dr. Rajesh Jain
Managing Director
(DIN 00013053)

Mr. Ankesh Jain
Director
(DIN 03556647)

Panacea Biotec Pharma Limited
Summary of significant accounting policies for the year ended March 31, 2021

1. Corporate information

Panacea Biotec Pharma Limited (Corporate identification number: U24299DL2019PLC347566) ('PBPL' or the 'Company') was incorporated on March 22, 2019 as a public company, domiciled in India.

Company overview

The Company is engaged in manufacturing and sales of branded pharmaceutical formulations. The Company has its registered office and place of business 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 Biotec Limited ('PBL' or the 'Holding Company').

1.1 Basis of preparation

a. Statement of compliance

The financial statements of the Company 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 as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, i.e. March 31, 2021. These financial statements were authorized for issuance by the Board of Directors of the Company, along with these financial statements. The Board of Directors can permit revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

b. Basis of measurement

These 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 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 financial statements.

Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.4

1.3 Significant accounting policies

The significant accounting policies that are used in the preparation of these financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the financial statements.

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle*
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

WALKER, CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

Panacea Biotec Pharma Ltd. New Delhi-110044

A liability is treated as current when:

- It is expected to be settled in normal operating cycle*
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

*Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

b) Inventory

Inventories are valued as follows:

Raw material, stores and spares

Raw materials (including packing materials), stores and spares are valued at lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis. Stores and spares having useful life of more than twelve months are capitalised as "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost or net realisable value. Cost includes raw material cost and a proportion of direct and indirect overheads up to estimated stage of completion. Cost is determined on a weighted average basis.

Traded goods

Traded goods are valued at lower of cost or net realisable value. Cost includes cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

c) Property, plant and equipment

Recognition and initial measurement

All items of property, plant and equipment are initially measured at cost. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the 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.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Panacea Biotec Pharma Ltd. * New Delhi-110044 *

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.

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;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria for capitalisation are expensed as incurred.
Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs.

Other intangibles
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangible assets, excluding product development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

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:

Intangible assets	Amortisation period
Patents, trademarks and designs	7 years
Product development	5 years
Technical know-how	5 years
Software	5 years
Websites	2 years

De-recognition
Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

e) Assets classified as held-for-sale
Assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not depreciated or amortised. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised. Assets classified as held-for-sale are presented separately from other assets in the balance sheet. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the balance sheet.

f) Impairment of non-financial assets
The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the statement of profit and loss.

Impairment losses recognised are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the

recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing cost consists of interest, ancillary costs and other costs in connection with the borrowing and also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h) Foreign currency transactions and balances

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional and presentation currency.

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 or loss in the year in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively).

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

All other exchange differences are charged to the statement of profit and loss.

i) Leases

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

a. Fixed payments, including in-substance fixed payments;
b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c. Amounts expected to be payable under a residual value guarantee; and
d. The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property separately and lease liabilities in 'loans and borrowings' in the statement of financial position. (Refer note 31)

Short-term leases and leases of low-value assets The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the 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.

The 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, the 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.

k) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as Goods and Services Tax ("GST"). The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The Company applies the revenue recognition criteria to each separately identifiable component of the Revenue transaction as set out below:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with the goods nor effective control over the goods sold, it is probable that economic benefits will flow to the Company, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Revenue from services rendered is recognised in the statement of profit and loss over the period the underlying services are performed.

Dividend income

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

Interest income

Interest income is recorded on accrual basis using the effective interest rate ("EIR") method.

l) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

i. **Financial assets carried at amortised cost** – A financial instrument is measured at amortised cost if both the following conditions are met:
   - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
   - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. **Investments in equity instruments of subsidiaries and joint ventures** - Investments in equity instruments of subsidiaries and joint ventures are accounted for at cost in accordance with Ind AS 27 - Separate Financial Statements.

iii. **Financial assets at fair value**
   - **Investments in equity instruments other than above** – Investments in equity instruments which are held for trading are generally classified as at fair value through profit or loss ("FVTPL"). For all other equity instruments, the Company makes irrevocable choice upon initial recognition, on an instrument to

instrument basis, to classify the same either as at fair value through other comprehensive income ("FVOCI") or fair value through profit or loss FVTPL.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company transfers the cumulative gain or loss within equity. Dividends on such investments are recognised in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

De-recognition of financial assets
A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities
Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are subsequently measured at amortised cost using the effective interest method.

De-recognition of financial liabilities
A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets
The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 - Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

m) 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 Provided 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.

n) Earnings per share
Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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

o) Income taxes
Income tax expense recognized in the statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with the applicable tax regulations. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the statement of profit and loss and presented as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognized to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity).

p) Government grants
Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the conditions.

Government grants related to the income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the cost that are intended to compensate and presented within other income.

Government grants related to property, plant and equipment are included in the non-current liabilities as deferred income and are credited to profit and loss on a straight line basis over the expected life of the related assets and presented within other income.

q) 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.

r) 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 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

Significant management judgments

Research and developments costs - Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Provisions and contingencies – The Company creates a provision when there is a present obligation (legal/constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Significant estimates
Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other property, plant and equipment.

Defined benefit obligation – Management's estimate of the Defined Benefit Obligations ("DBO") is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements
Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

1.5 **Recent accounting pronouncements (Standard issued but not yet effective):**
On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a Company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of Company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

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Panacea Biotec Pharma Ltd. * New Delhi-110044 *

2.1 Property, plant and equipment

(Rs. in million)

Particulars	Freehold land	Building	Plant and equipment	Furniture and fittings	Office equipment	Vehicle	Computer equipment	Total
Gross carrying value								
As at March 22, 2019	-	-	-	-	-	-	-	-
Additions on account of slump sale transaction (refer note 47	145.53	683.52	841.20	11.43	4.27	-	3.34	1,689.29
Additions	41.60	-	-	-	-	-	-	41.60
As at March 31, 2020	**187.13**	**683.52**	**841.20**	**11.43**	**4.27**	**-**	**3.34**	**1,730.89**
Additions	-	7.71	29.44	-	1.10	0.32	2.56	41.13
Disposals/adjustments	-	-	(4.92)	(0.01)	-	-	-	(4.93)
As at March 31, 2021	**187.13**	**691.23**	**865.72**	**11.42**	**5.37**	**0.32**	**5.90**	**1,767.09**
Accumulated depreciation								
As at March 22, 2019	-	-	-	-	-	-	-	-
Charge for the period	-	4.81	25.03	0.58	0.06	-	0.13	30.61
As at March 31, 2020	**-**	**4.81**	**25.03**	**0.58**	**0.06**	**-**	**0.13**	**30.61**
Charge for the year	-	30.03	152.43	2.92	0.46	0.01	0.94	186.79
Disposals/adjustments	-	-	(0.64)	-	-	-	-	(0.64)
As at March 31, 2021	**-**	**34.84**	**176.82**	**3.50**	**0.52**	**0.01**	**1.07**	**216.76**
Net carrying value								
as at March 31, 2021	**187.13**	**656.39**	**688.90**	**7.92**	**4.85**	**0.31**	**4.83**	**1,550.33**
as at March 31, 2020	**187.13**	**678.71**	**816.17**	**10.85**	**4.21**	**-**	**3.21**	**1,700.28**

Note : Refer note 39 for information on assets mortgaged/ hypothecated as security.

2.2 Capital work-in-progress

(Rs. in million)

Particulars	Amount
As at March 22, 2019	
Additions on account of slump sale transaction	29.00
Additions	0.30
As at March 31, 2020	**29.30**
Additions	50.35
Capitalisation	25.66
Disposal	0.05
As at March 31, 2021	**53.94**

Notes:

(i) The capital work-in-progress relates to construction and installation of property, plant and equipment.

(ii) Refer note 39 for information on assets mortgaged/ hypothecated as security.

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Panacea Biotec Pharma Ltd. * New Delhi-110044 *

2.3 Intangible assets

(Rs. in million)

Particulars	Patent, trademark and copyrights	Software	Product development	Total
Gross carrying value				
As at March 22, 2019	-	-	-	-
Additions on account of slump sale transaction (refer note 47)	0.08	1.17	-	1.25
Additions	-	-		-
Disposals/adjustment	-	-	-	-
As at March 31, 2020	**0.08**	**1.17**	-	**1.25**
Additions	0.10	-	9.97	10.07
Disposals/adjustment	-	-	-	-
As at March 31, 2021	**0.18**	**1.17**	**9.97**	**11.32**
Accumulated amortisation				
As at March 22, 2019	-	-	-	-
Charge for the period	-	0.12	-	0.12
As at March 31, 2020	-	**0.12**	-	**0.12**
Charge for the period	0.02	0.68	1.99	2.69
Disposals/adjustment	-	-	-	-
As at March 31, 2021	**0.02**	**0.80**	**1.99**	**2.81**
Net carrying value				
as at March 31, 2021	**0.16**	**0.37**	**7.98**	**8.51**
as at March 31, 2020	**0.08**	**1.05**	-	**1.13**

Note:

Note : Refer note 39 for information on assets mortgaged/ hypothecated as security.

2.4 Intangible assets under development

(Rs. in million)

Particulars	Amount
As at March 22, 2019	
Additions on account of slump sale transaction	144.16
Disposal	-
As at March 31, 2020	**144.16**
Additions	-
Capitalisation	10.07
Disposal	2.72
As at March 31, 2021	**131.37**

Notes:

(i) The intangible assets under development relates to product registration and software.

(ii) Refer note 39 for information on assets mortgaged/ hypothecated as security.

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(Rs. in million)

Particulars	As at March 31, 2021	As at March 31, 2020
3 Loans (non-current)		
(Unsecured, considered good, unless stated otherwise)		
Security deposits	0.73	0.74
Total	**0.73**	**0.74**

Note:
Refer note 41 and 42 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.

4 Other financial assets (non-current)		
(Unsecured, considered good, unless stated otherwise)		
Bank deposits with maturity of more than 12 months	43.89	0.07
Total	**43.89**	**0.07**

Notes:
(i) Fixed deposits amounting to Rs. 39.38 million (March 2020: Rs. 0.07 million) are pledged/deposited with banks and various government authorities for tender, bank guarantee, margin money, etc.
(ii) Refer note 41 and 42 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.

5 Other non-current assets		
(Unsecured, considered good, unless stated otherwise)		
Capital advances	2.53	1.63
Balances with statutory authorities	3.56	-
Advance taxes (net of provisions)	1.41	0.04
Total	**7.50**	**1.67**

Note : Refer note 39 for information on assets mortgaged/ hypothecated as security.

6 Inventories		
(valued at lower of cost or net realisable value)		
Raw materials including packing materials	498.77	214.79
Finished goods	177.46	155.63
Traded goods	52.47	37.26
Work-in-progress	57.82	52.19
Stores and spares	31.16	21.77
Total	**817.68**	**481.64**

Note : Refer note 39 for information on assets mortgaged/ hypothecated as security.

7 Trade receivables		
Unsecured, considered good	583.96	622.24
Unsecured, considered doubtful, credit impaired	17.51	19.47
	601.47	**641.71**
Less: allowance for expected credit loss	(17.51)	(20.96)
Total	**583.96**	**620.75**

Note:
Refer note 41 and 42 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.

8 Cash and cash equivalents		
Balances with banks		
- in current accounts	40.83	40.96
- in exchange earners' foreign currency accounts	1.57	-
Cash on hand	0.37	0.22
Total	**42.77**	**41.18**

Note : Refer note 39 for information on assets mortgaged/ hypothecated as security.

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(Rs. in million)

Particulars	As at March 31, 2021	As at March 31, 2020
9 Bank balances other than cash and cash equivalants		
Deposits with original maturity for more than 3 months but less than 12 months (refer note below)	34.10	38.38
Total	**34.10**	**38.38**

Note:
Fixed deposits amounting to Rs. 33.90 million (March 2020: Rs. 8.38 million) are pledged/provided with banks and various government authorities for tender, bank guarantee, margin money, etc.

10 Loans (current)		
(Unsecured, considered good, unless stated otherwise)		
Security deposits	18.09	19.49
Loan to employees	10.33	11.18
Unsecured, considered doubtful		
Security deposits	1.25	-
	29.67	30.67
Less : loss allowance	(1.25)	-
Total	**28.42**	**30.67**

Notes:
(i) Refer note 41 and 42 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.
(ii) Note : Refer note 39 for information on assets mortgaged/ hypothecated as security.

11 Other financial assets (current)		
(Unsecured, considered good, unless stated otherwise)		
Export benefits receivable	1.83	-
Others	41.94	-
Total	**43.77**	-

Notes:
(i) Refer note 41 and 42 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.
(ii) Note : Refer note 39 for information on assets mortgaged/ hypothecated as security.

12 Other current assets		
(Unsecured, considered good, unless otherwise stated)		
Prepaid expenses	29.61	36.90
Balances with statutory authorities	201.75	171.09
Advance to suppliers		
- considered good	25.25	21.26
- considered doubtful /credit impaired	13.20	29.97
	269.81	259.22
Less: allowance for doubtful advances /expected credit losses	(13.20)	(29.97)
Total	**256.61**	**229.25**

Note : Refer note 39 for information on assets mortgaged/ hypothecated as security.

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(Rs. in million)

Particulars	As at March 31, 2021	As at March 31, 2020
13 Share capital		
(a) Authorised		
10,000,000 Equity Shares of Re. 1 each	10.00	1.00
59,000,000 Preference Share of Rs. 10 each	590.00	-
	600.00	**1.00**
(b) Issued, subscribed and fully paid up		
1,000,000 Equity Shares of Re. 1 each	1.00	1.00
Total	**1.00**	**1.00**

(c) Reconciliation of number of equity shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs. in million	No. of shares	Rs. in million
Equity shares at the beginning of the period	1,000,000	1.00	-	-
Shares issued during the period	-	-	1,000,000	1.00
Equity shares at the end of the period	**1,000,000**	**1.00**	**1,000,000**	**1.00**

(d) Terms/right attached to equity shares:

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

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

(e) Details of shareholders holding more than 5% of equity shares in the Company

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% holding	No. of shares	% holding
Panacea Biotec Limited (and its nomines), the Holding Company	1,000,000	100.00%	1,000,000	100.00%

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

(f) There are no shares issued pursuant to contract without payment being received in cash or allotted as fully paid up bonus shares and bought back in the current reporting period.

(Rs. in million)

Particulars	As at March 31, 2021	As at March 31, 2020
14 Other equity*		
Reserves and surplus:		
Capital reserve	(5,862.22)	(5,862.22)
Retained earnings	(1,597.03)	(185.76)
Total	**(7,459.25)**	**(6,047.98)**

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

Nature and purpose of reserves

Capital reserve: Created pursuant to the transfer of pharmaceutical business from PBL under slump sale (refer note 47).

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

Panacea Biotec Pharma Ltd. New Delhi-110044

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WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

(Rs. in million)

	Particulars	As at March 31, 2021	As at March 31, 2020
15	**Borrowings (non-current)**		
	Non-convertible debentures (NCDs), secured (refer note below)		
	NCD Series 1A		
	India Resurgence Fund Scheme-1	114.02	114.02
	India Resurgence Fund Scheme-2	586.40	586.40
	Piramal Enterprises Limited	114.02	114.02
	NCD Series 1B		
	India Resurgence Fund Scheme 1	807.80	807.80
	India Resurgence Fund Scheme 2	4,154.40	4,154.40
	Piramal Enterprises Limited	807.80	807.80
	NCD Series 2		
	India Resurgence Fund Scheme 1	-	57.40
	India Resurgence Fund Scheme 2	-	295.20
	Piramal Enterprises Limited	-	57.40
	NCD Series-3		
	India Resurgence Fund Scheme-1	134.40	
	India Resurgence Fund Scheme-2	691.20	
	Piramal Enterprises Limited	134.40	
		7,544.44	6,994.44
	Less: current maturities of non-current borrowings (disclosed under note 21)	(814.44)	(1,224.44)
	Total	6,730.00	5,770.00

Notes :

Rate of interest - The Company's long term borrowings from banks were at an effective weighted average rate of 20%-25% (March 31, 2020: 20%) per

Non-convertible debentures (NCDs)

(i) During the year ended March 31, 2020, Panacea Biotec Limited ("PBL") ('Holding Company') had signed investment agreement with India Resurgence Fund ('IndiaRF'), promoted by Piramal Enterprises Limited and Bain Capital Credit, along with its affiliates ("Investors") for obtaining long term funds of upto Rs. 9,920 million, consequent to approval from shareholders in general meeting held on March 25, 2019. This investment was structured by way of subscription to Non-Convertible Debentures ('NCDs') of up to Rs. 8,640 million and subscription amount of Rs. 320 million towards share warrants to be allotted on a preferential basis. The subscription amount represented 25% of total amount of Rs. 1,280 million proposed to be raised upon issuance of equity shares against warrants as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('ICDR Regulations'). Upon exercise of conversion rights in the warrants, IndiaRF (along with its affiliates) would have collectively owned 10.4% stake in the equity share capital of the Company on a fully diluted basis;

The Holding Company issued and allotted 74,300 unrated, unlisted, redeemable NCDs, having the face value of Rs. 1 lakh each, aggregating to Rs. 7,430.00 million under Series 1A, Series 1B and Series 2 NCDs to the lenders; The NCD Series 1A, 1B and 2 had maturity period of 12 months, 60 months and 18 months resepectively from the date of allotment.

(ii) Pursuant to transfer of Holding Company's pharmaceutical formulations business to the Company as a going concern by way of slump sale, the above NCDs aggregating to Rs. 7,124.31 million have been extinguished and novated in Company as part of transfer of business.

iii) During the year ended March 31, 2021:

(a) Company alloted 9,600 unrated, unlisted, redeemable NCDs, having the face value of Rs. 1 lakh each, aggregating to Rs. 960.00 million under Series 3 NCDs to the existing NCD lenders; The Series 3 NCDs have maturity period of 42 months from the date of allotment of October 16, 2020.

(b) Company redemeed 4,100 Series 2 NCDs, having the face value of Rs. 1 lakh each, amounting to Rs.539.60 million (including interest) of Series 2 NCDs.

(c) Company has also partially redemeed Series 1A NCDs amounting Rs 415.60 million.

(d) Company has delayed the repayment of Series 1A NCDs for Rs. 1,046.71 million (including interest of Rs 232.27 million) for which Company and its debenture holders have signed necessary amendment agreement to revise the Maturity Date of Series 1A NCDs from April 7, 2020 to June 7, 2021. Company is in advanced discussion with the Debenture-holders to consider further extension, if required.

(iv) The above NCDs are secured by way of first pari-passu charge over entire fixed assets and current assets of Company and its Holding Company. The NCDs are additionally secured by way of (a) personal guarantees of Dr. Rajesh Jain, Mr. Sandeep Jain and Mr. Ankesh Jain, promoter directors of the Holding Company 'PBL'; (b) pledge of 42,491,696 (March 31, 2020: 39,776,227) equity shares held by the promoters and promoter group members in the Holding Company; and (c) pledge of equity shares of the Company held by the Holding Company.

(v) The details of the immovable properties of the Company and its Holding Company mortgaged in favour of Vistra (ITCL) India Limited (acting as trustee on behalf of the NCD holders, to secure the NCDs are as under:

a) All parcels of land admeasuring 161 Bighas, 18 Biswas and 10 Biswasi situated at Village Samelheri, Tehsil Derabassi, District S.A.S. Nagar (Mohali), Punjab;

b) All parcels of land admeasuring 26 Bighas 3 biswas comprised in various Khewat/Khatoni Numbers, situated at Village Manpura, Tehsil Baddi, District Solan, Himachal Pradesh;

c) All parcels of land admeasuring 91 Bighas 1 Biswa (including 58 Bighas 6 Biswa transferred to PBPL vide deed of conveyance dated February 4, 2020), comprised in various Khewat/Khatoni Numbers situated at Village Malpur, Tehsil Baddi, District Solan, Himachal Pradesh;

d) Flat number 3, 4, 203 and 303 situated at Elite Heights Apartment, at municipal no. 6-3-1238/15/1 & 6-3-1238/16 survey no. 32/1, at Somajiguda,Hyderabad, Telangana;

e) Industrial plot no. A-24, A-25 and A-27 having land measuring 718.92 sq. yds. each at Block B-1 Extension and Industrial plot no. E-12 having land measuring 1,372.52 sq. yds. at Block B-1, situated at Mohan Co-operative Industrial Estate, Mathura Road, New Delhi;

f) 80 flats, i.e., 20 flats comprising in block A-2 bearing no: 101 to 104, 201 to 204, 301 to 304, 401 to 404 & 501 to 504 each having super area 1495 sqft and 60 flats in block B-10, B-11, B-12 bearing no. 101 to 104, 201 to 204, 301 to 304, 401 to 404 & 501 to 504 each having super area 1161 sqft (30 flats) and super area 1186 sq. ft. (30 flats) in building built on land measuring 28 bigha 11 biswa in khewat khatoni no: 89/91 comprised in khasra no: 1747 (4-12), khewat khatoni no: 168/194 khasra no: 1970/1746 (1-15), 1971/1746 (3-0), 1748 (9-0) khewat khatoni no: 339/333 khasra no: 1749 (4-11), 1750 (5-13), kitas 6, village Bhatoli Kalan, Hadbast no. 214, Pargna Dharampura, Tehsil Baddi, District Solan, H.P.

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

h) Residential premises no. 703, 704, 903, 904 and 1001 to 1004 in wing "B" of Sagar Heights Building F; and Commercial premises no. 707 to 712, 714 to 718, 808 to 812 and 814 to 818 in Sagar Tech Plaza- Building A, all situated at CTS no. 721/A, 721B, & 721/1 survey no: 14,15,2052, at village Mohili, Andheri Kurla Road, Andheri (East), Mumbai; and

i) Industrial plot no. Gen-72/3, land measuring 5518 sq mts in the Trans Thane Creek Industrial Area, Navi Mumbai.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Panacea Biotec Pharma Ltd. * New Delhi-110044 *

(Rs. in million)

	Particulars	As at March 31, 2021	As at March 31, 2020
16	**Lease liabilities (non-current)**		
	Lease liability	349.91	222.16
		349.91	**222.16**
17	**Other financial liabilities (non-current)**		
	Interest accrued but not due on borrowings	1,862.54	812.05
		1,862.54	**812.05**
18	**Provisions (non-current)**		
	Provision for gratuity (refer note 40)	101.02	86.24
	Provision for compensated absences	81.82	79.06
	Total	**182.84**	**165.30**
19	**Trade payables**		
	Total outstanding dues of micro enterprises and small enterprises	18.82	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	1,022.86	725.17
	Total	**1,041.68**	**725.17**

Notes:

(i) Refer note 38 for related party transaction disclosures.

(ii) **Details of dues to micro, small and medium enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006 ["MSMED Act"]:**
On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act , 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

(Rs. in million)

	Particular	As at March 31, 2021	As at March 31, 2020
a)	The amounts remaining unpaid to any supplier as at the end of each accounting year:		
	- Principal	9.79	-
	- Interest	0.26	-
b)	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	-	-
c)	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	-	-
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	0.26	-
e)	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	-	-

20	**Lease liabilities (current)**		
	Lease liability	43.27	26.61
		43.27	**26.61**
21	**Other financial liabilities (current)**		
	Current maturities of long-term borrowings	814.44	1,224.44
	Interest accrued but not due on borrowings	232.27	455.43
	Deposits from trading agents	54.63	54.60
	Others	0.54	0.54
	Total	**1,101.88**	**1,735.01**

Note:
Refer note 41 and 42 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.

22	**Other current liabilities**		
	Advances from customers	5.80	97.96
	Deferred government grant	3.93	-
	Statutory liabilities	14.97	14.61
	Total	**24.70**	**112.57**
23	**Provisions (current)**		
	Provision for compensated absences	89.11	42.98
	Total	**89.11**	**42.98**

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

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Panacea Biotec Pharma Ltd. * New Delhi-110044 *
Panacea Biotec

(Rs. in million)

Particulars	For the year ended March 31, 2021	For the period March 22, 2019 to March 31, 2020
24 Revenue from operations		
Sale of products (net)		
Finished goods	3,446.22	462.96
Other operating revenue		
Export benefits	2.38	-
Scrap sale	0.26	0.02
Total	**3,448.86**	**462.98**
A Disaggregated revenue from contracts with customers		
Revenue from sale of products		
Pharma	3,446.22	462.96
Other operating revenue		
Pharma	2.64	0.02
Total	**3,448.86**	**462.98**
Revenue by Geography		
India	3,139.02	462.98
Outside India	309.84	-
Total	**3,448.86**	**462.98**
B Reconciliation of gross revenue with the revenue from contracts with customers		
Gross revenue #	3,513.62	479.32
Less: discounts	(64.76)	(16.34)
	3,448.86	**462.98**

Revenues are recorded at a point in time. The Company has no remaining performance obligations once the goods are delivered to the customer as per terms of the contract.
Note: Refer note 38 for related party transaction disclosures.

C The following table provides for information about trade receivables, contract assets from contracts with customers		
Trade receivables*	601.47	641.71
Contract balances		
– Advance from customers $	5.80	97.96
	607.27	**739.67**

* 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.

$ The movement of advance from customers during the period is as follows:		
Balance as at the beginning of the period	97.96	-
Additions on account of slump sale	-	6.77
Additions during the period	0.93	91.19
Adjustment during the period	(93.09)	-
Closing balance	**5.80**	**97.96**
25 Other income		
Interest income from		
Bank deposits	1.92	0.11
Others	0.04	0.01
Others		
Excess provisions/debt written back	16.91	78.71
Lease rent	0.87	0.15
Gain on sale of property, plant and equipment (net)	0.23	-
Gain on foreign exchange transactions and translations (net)	-	3.71
Miscellaneous	6.41	1.23
Total	**26.38**	**83.92**

Note: Refer note 38 for related party transaction disclosures.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Panacea Biotec Pharma Ltd. * New Delhi-110044 *
Panacea Biotec

(Rs. in million)

Particulars	For the year ended March 31, 2021	For the period March 22, 2019 to March 31, 2020
26 Cost of materials consumed		
Raw materials including packing materials		
Opening stock	214.79	-
Add : Purchases during the year	1,316.86	329.74
	1,531.65	329.74
Less : Closing stock	498.77	214.79
Total	**1,032.88**	**114.95**
27 Purchase of traded goods		
Purchase of traded goods	116.90	231.71
Total	**116.90**	**231.71**
Note: Refer note 38 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	229.93	192.89
Work-in-progress	57.82	52.19
Total	287.75	245.08
Inventories at the begning of the year		
Finished goods	192.89	-
Work-in-progress	52.19	-
Total	245.08	-
Changes in inventories of finished goods and work-in-progress	**(42.67)**	**(245.08)**
29 Employee benefits expense		
Salary and wages	860.32	161.35
Contribution to provident and other funds (refer note 40)	34.44	5.69
Staff welfare expenses	23.59	2.85
Total	**918.35**	**169.89**
Note: Refer note 38 for related party transaction disclosures.		
30 Finance costs		
Interest expense	1,840.64	294.83
Other borrowing costs	3.09	0.05
Total	**1,843.73**	**294.88**
31 Depreciation and amortisation expense		
Depreciation on tangible property, plant and equipment	186.78	30.61
Depreciation on right of use assets	20.24	2.06
Amortisation of intangible assets	2.69	0.12
Total	**209.71**	**32.79**

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Panacea Biotec Pharma Ltd. * New Delhi-110044 *

(Rs. in million)

Particulars	For the year ended March 31, 2021	For the period March 22, 2019 to March 31, 2020
32 Other expenses		
Analytical testing and trial	37.47	1.71
Advertising and sales promotion	142.17	28.80
Allowance for expected credit loss and doubtful advances	4.48	-
Contract manufacturing	5.52	0.00
Consumption of stores and spares	100.16	5.08
Commission on sales	36.76	15.03
Directors' sitting fees	0.30	-
Freight and forwarding	38.53	3.37
Insurance	33.83	6.43
Legal and professional	55.33	12.18
Loss on foreign exchange transactions and translations (net)	4.42	-
Power and fuel	101.60	14.99
Printing and stationery	3.40	0.69
Postage and communication	10.09	2.13
Payment to auditors - audit fee	2.45	2.00
Repair and maintenance :		
Buildings	5.51	0.85
Plant and machinery	23.46	3.25
Others	26.84	4.67
Rent	21.05	5.43
Rates and taxes	41.58	7.47
Staff training and recruitment	10.05	1.90
Travelling and conveyance	27.04	11.50
Vehicle running and maintenance	10.74	1.43
Subscription	13.12	0.24
Meetings and conferences	14.53	16.55
Intangibles assets under development provided /written off	2.66	-
Security charges	5.15	1.08
Office expenses	7.74	0.60
Other field expenses	6.20	-
Miscellaneous	15.67	4.04
Total	**807.85**	**151.42**
Notes:		
(i) Payment to auditors		
As auditor		
- Audit fee	2.00	2.00
In other capacity		
- Certification and other matters	0.40	-
- Reimbursement of out of pocket expenses	0.05	-
Total	**2.45**	**2.00**

(ii) Refer note 38 for related party transaction disclosures.

33 Loss per share		
Loss attributable to shareholders	(1,411.43)	(197.40)
Weighted average number of equity shares (in nos.)	1,000,000	1,000,000
Face value per equity share (in Rs.)	10.00	10.00
Loss per equity share		
- Basic and diluted earnings/(loss) per equity share (in Rs.)	(1,411.43)	(197.40)

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Panacea Biotec Pharma Ltd. * New Delhi-110044 *

(Rs. in million)

Particulars	For the year ended March 31, 2021	For the period March 22, 2019 to March 31, 2020

34 The Company has Nil amount of contingencies and commitments including capital commitments.

35 **Income tax**

Income tax expense consists of the following:		
Current Tax	-	-
Deferred tax		
Deferred tax expense/(credit)	-	-
Total income tax	-	-
Reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported in the Statement of Profit and Loss is as follows:		
Loss before income taxes from continuing operations	(1,411.51)	(203.66)
At Company's statutory income tax rate of 25.17%	(355.28)	(51.26)
Adjustments in respect of current income tax		
Deferred tax not created on unused losses and others (refer note below)	355.28	51.26
Total	-	-

Note:
Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, corporate assesses have been given the option to apply lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. The Company has carried out an evaluation and based on its forecasted profits, believes it will be beneficial for the Company to choose the lower tax rate option. Adoption of this option did not have any material impact on the financial statements of the Company.

Significant components of net deferred tax assets and liabilities for the period ended March 31, 2021 are as follow:

(Rs. 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	48.06	176.85	-	224.91
	48.06	**176.85**	-	**224.91**
Deferred tax assets arising out of:				
Effect of unabsorbed business loss and depreciation	48.06	176.85	-	224.91
Others	-	(0.08)	0.08	-
	48.06	**176.77**	**0.08**	**224.91**
Net deferred assets/(liabilities)	-	**(0.08)**	**0.08**	-

Significant components of net deferred tax assets and liabilities for the period ended March 31, 2020 are as follow:

(Rs. 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	-	48.06	-	48.06
	-	**48.06**	-	**48.06**
Deferred tax assets arising out of:				
Effect of unabsorbed business loss and depreciation	-	48.06	-	48.06
Others	-	6.26	(6.26)	-
	-	**54.32**	**(6.26)**	**48.06**
Net deferred assets/(liabilities)	-	**6.26**	**(6.26)**	-

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Panacea Biotec Pharma Ltd. * New Delhi-110044 *

36 Leases

Company as a lessee

The Company has adopted Ind AS 116 "Leases'' effective April 1, 2019 as notified by the Ministry of Corporate Affairs ("MCA") and applied the Standard to its leases using the simplified approach. This has resulted in recognising right –of –use assets and corresponding lease liabilities.

1 Recognition and Carrying value of right-of-use assets:

(Rs. in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at beginning of the year	245.65	-
Right of use asset recognised during the year	138.69	247.71
Depreciation charged during the year	20.24	2.06
Total	**364.10**	**245.65**

2 The following is the movement in lease liabilities:

Particulars		
Balance as at beginning of the year	248.77	-
Lease liability recognised during the year	132.74	247.70
Finance cost accrued during the year	55.26	5.50
Lease rent paid/payable during the year	43.59	4.43
Lease liability at the end of the period	**393.18**	**248.77**

3 The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars		
Not later than one year	43.27	26.61
Later than one year and not later than five years	195.84	121.43
Later than five years	1,112.40	727.15

4 The Company has incurred Rs. 21.03 million (March 31, 2020: Rs. 5.43 million) for the period ended March 31, 2021 towards expense relating to short-term leases which has not been considered to be recorded as lease liability.

5 As there were no lease commitments as at the beginning of the period, hence disclosure related to reconciliation of total lease commitments as at beginning of the period to the lease liabilities recognised is not applicable.

Company as a lessor

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 lease are Rs. 0.87 million (31 March 2020: 0.15 million).

37 Research and development expenditure

Research and development expenditure incurred by the Company during the financial year are mentioned below:

(Rs. in million)

Particulars	For the year ended March 31, 2021
Revenue expenditure	
Material consumed	1.78
Employee benefits expense	65.59
Other expenses	115.70
Depreciation and amortisation expense	48.10
Finance cost	10.80
Capital expenditure	0.20
Total	**242.17**

Panacea Biotec Pharma Ltd. New Delhi-110044

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

38 Related party disclosures

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

A. Names of related parties and related party relationships

i) Holding company : Panacea Biotec Limited ("PBL")

ii) Parties where Holding company control exists

Fellow subsidiaries:
- Radhika Heights Limited ("RHL") (Wholly owned subsidiary of PBL until September 10, 2020)
- Ravinder Heights Limited ("RVHL") (Wholly owned subsidiary of PBL until September 10, 2020)
- Panacea Biotec (International) SA ("PBS"), Switzerland (Wholly owned subsidiary of PBL)
- Meyten Realtech Pvt. Ltd. ("Meyten") (Wholly owned subsidiary of PBL w.e.f. April 12, 2019)
- Adveta Power Private Limited ("Adveta") (subsidiary of PBL)*
- PanEra Biotec Private Limited ("PanEra") (subsidiary of PBL)*

* Considered as subsidairy for the purpose of consolidation as per Ind AS 110.

iii) Other related parties:

a) Key Management Personnel:
- Dr. Rajesh Jain - Managing Director (w.e.f. November 10, 2020)
- Mr. Ankesh Jain - Director (w.e.f. March 22, 2019)
- Mr. Sunil Anand - Director (w.e.f. March 22, 2019 till June 22, 2020)
- Mr. K. M. Lal - Non-Executive Independent Director (w.e.f. March 14, 2020)
- Mr. Avinash Ramchandra Kulkarni - Non-Executive Non Independent Director (w.e.f. March 14, 2020)
- Mr. Deepak Shamsunder Kanvinde - Non-Executive Independent Director (w.e.f. June 29, 2020)
- Mr. Shantanu Yeshwant Nalavadi - Non-Executive Non Independent Director (w.e.f. March 14, 2020)

b) Director other than Independent Director / Key Management Personnel of PBL:
- Mr. Soshil Kumar Jain - Chairman and Whole-time Director
- Mr. Sandeep Jain - Joint Managing Director
- Mrs. Sunanda Jain - Whole-time Director (Director till October 07, 2020)
- Mr. Sumit Jain - Whole-time Director (Director till October 07, 2020)
- 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:
- First Lucre Partnership Co. (holding shares in PBL)
- Cabana Construction Private Limited (Indirect WOS ("IWOS") of PBL through RHL) (fellow subsidiary until September 10, 2020)
- Cabana Structures Limited (IWOS of PBL through RHL) (fellow subsidiary until September 10, 2020)
- Nirmala Buildwell Private Limited (IWOS of PBL through RHL) (fellow subsidiary until September 10, 2020)
- Nirmala Organic Farms & Resorts Private Limited (IWOS of PBL through RHL) (fellow subsidiary until September 10, 2020)
- Radicura Infra Limited (IWOS of PBL through RHL) (fellow subsidiary until September 10, 2020)
- Sunanda Infra Limited (IWOS of PBL through RHL) (fellow subsidiary until September 10, 2020)
- Panacea Biotec Germany GmbH, Germany (IWOS of PBL through PBS)
- RHL (from September 11, 2020)
- RVHL (from September 11, 2020)

B. Transactions with related parties:

(Rs. in million)

S. No.	Particulars	March 31, 2021	March 31, 2020
I	**Transactions made during the period with Holding company.**		
1	Sale of raw materials/goods	933.26	199.93
2	Purchase of goods/material	35.11	34.40
3	Recovery of expenses	10.88	0.04
4	Rent and other income	5.91	0.43
5	Rent and other expenses paid/provided	77.70	12.14
6	Purchase of Business under Slump Sale of Business	-	0.10
7	Sale of Assets	4.52	-
II	**Transactions made during the period with Panacea Biotec Germany GmbH.**		
	Sale of goods	1.38	-
III	**Fee for attending board / committee meetings;**		
	Mr. Deepak Shamsunder Kanvinde	0.15	-
	Mr. K. M. Lal	0.15	-
IV	**Year end balances**		
1	Outstanding payable to Holding Co.	-	53.51
2	Outstanding payable to Panacea Biotec Germany GmbH.	20.24	-
3	Outstanding receivable from Panacea Biotec Germany GmbH.	1.38	-
4	Outstanding receivable from Holding company.	162.21	41.31

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Panacea Biotec Pharma Ltd. * New Delhi-110044 *

39 Assets mortgaged/ hypothecated as security for borrowings are as under:

(Rs. in million)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Non Current			
Property, plant and equipment	2.1	1,550.33	1,700.28
Capital work in progress	2.2	53.94	29.30
Intangible assets	2.3	8.51	1.13
Intangible assets under development	2.4	131.37	144.16
Right of use assets	31	364.10	245.65
Financial assets			
Loans	3	0.73	0.74
Other financial assets	4	43.89	0.07
Other non-current assets	5	7.50	1.67
Total non-current assets pledged as security		**2,160.37**	**2,123.00**
Current			
Inventories	6	817.68	481.64
Financial assets			
Trade receivables	7	583.96	620.75
Cash and cash equivalents	8	42.77	41.18
Other bank balances	9	34.10	38.38
Loans	10	28.42	30.67
Other financial assets	11	43.77	-
Other current assets	12	256.61	229.25
Total current assets pledged as security		**1,807.31**	**1,441.87**
Total assets mortgaged and pledged as security		**3,967.68**	**3,564.87**

Note: The above assets have been mortgaged/hypothecated for securing the debt of the Company.

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40 Employee benefits obligations

A. Defined benefit plan

Risks associated with plan provisions

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	If plan is funded than assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate risk	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	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 group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity

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

(Rs. in million)

	As at March 31, 2021	As at March 31, 2020
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 period	111.49	104.62
Fair value of plan assets as at the end of the period	10.47	18.38
Net liability position recognised in balance sheet	**101.02**	**86.24**
b. Changes in defined benefit obligation		
Present value of defined benefit obligation as at the start of the period	**1.49**	-
Current service cost	109.78	11.66
Interest cost	0.10	8.84
Benefits paid for eligible employees	-	(13.44)
Acquisition/business transfer adjustment	-	115.42
Actuarial (gain)/loss	0.12	(17.86)
Present value of defined benefit obligation as at the end of the period	**111.49**	**104.62**
c. Net interest cost		
Interest cost on defined benefit obligation	0.10	8.84
Interest income on plan assets	-	1.59
Net interest cost	**0.10**	**7.25**
d. Amount recognised in the statement of profit and loss		
Current service cost	109.78	11.66
Net interest cost	0.10	7.25
Amount recognised in the statement of profit and loss	**109.88**	**18.91**
e. Change in plan assets		
Fair value of the plan assets at the beginning of the period	-	-
Acquisition/business transfer adjustment	-	20.77
Actual return on plan assets	0.36	1.91
Employer contribution	10.11	9.41
Fund management charges	-	(0.28)
Benefits paid for eligible employees	-	(13.43)
Fair value of the plan assets at the end of the period	**10.47**	**18.38**
f. Key categories of plan assets as a percentage of the fair value of total plan assets for gratuity		
Investment with insurer	100%	100%
g. Other comprehensive income		
Actuarial loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	-	(9.63)
Actuarial loss on arising from experience adjustment	0.12	(8.23)
Actuarial (gain)/loss on arising on plan assets	(0.36)	(0.04)
Total actuarial loss for the period	**(0.24)**	**(17.90)**
h. Actuarial assumptions		
Discount rate	6.76%	6.76%
Future salary increase	6.00%	6.00%

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	As at March 31, 2021	As at March 31, 2020
i. Demographic assumption		
Retirement age (years)	60	60
Mortality rates inclusive of provision for disability	100%	100%
Ages	**Withdrawal Rate (%)**	**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%	(6.49)	(5.25)
b) Impact due to decrease of 0.50%	7.08	5.71
Impact of the change in salary increase		
a) Impact due to increase of 0.50%	6.47	5.01
b) Impact due to decrease of 0.50%	(6.01)	(4.72)
k. Maturity profile of defined benefit obligation		
With in next 12 months	14.19	6.59
Between 1-5 years	17.70	20.70
Beyond 5 years	79.60	77.33

B. Tthe Code on Social Security, 2020 ('Code') relating to employee benefits received Presidential assents in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of Code when it comes into effect and will record any related impact in the said period.

C. **Defined contribution plans**
The Company's contribution to state governed provident fund scheme, employee state insurance scheme and Labour Welfare Fund scheme are considered as defined contribution plans. The contribution under the schemes 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.

41 Fair value measurements

A Financial assets and liabilities

The carrying amounts and fair values of financial instruments by class are as follows: (Rs. in million)

As at March 31, 2021	Fair value through other comprehensive income	Fair value through profit or loss	Amortised cost
Financial Assets			
(i) Trade receivables	-	-	583.96
(ii) Cash and cash equivalents	-	-	42.77
(iii) Other bank balances	-	-	34.10
(iv) Loans	-	-	29.15
(v) Others financial assets	-	-	87.66
Total	-	-	777.64
Financial Liabilities			
(i) Borrowings	-	-	7,544.44
(ii) Trade payables	-	-	1,041.68
(iii) Lease liabilities	-	-	393.18
(iv) Other financial liabilities	-	-	2,149.98
Total	-	-	11,129.28

(Rs. in million)

As at March 31, 2020	Fair value through other comprehensive income	Fair value through profit or loss	Amortised cost
Financial Assets			
(i) Trade receivables	-	-	620.75
(ii) Cash and cash equivalents	-	-	41.18
(iii) Other bank balances	-	-	38.38
(iv) Loans	-	-	31.41
(v) Others financial assets	-	-	0.07
Total	-	-	731.79
Financial Liabilities			
(i) Borrowings	-	-	6,994.44
(ii) Trade payables	-	-	725.17
(iii) Lease liabilities			248.77
(iv) Other financial liabilities	-	-	1,322.62
Total	-	-	9,291.00

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.

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Panacea Biotec Pharma Ltd. New Delhi-110044

42 Financial risk management

Risk management framework

The Company's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

A. Credit risk

Credit risk is the risk that a counter party fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counter parties and incorporates this information into its credit risk controls.

A.1 Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets:

A: Low credit risk on financial reporting date
B: Moderate credit risk
C: High credit risk

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

Asset Company	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, 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 statement of profit and loss.

(Rs. in million)

Credit rating	Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	A: Low credit risk	42.77	41.18
Other bank balances	A: Low credit risk	34.10	38.38
Loans	A: Low credit risk	29.15	31.41
Other financial assets	A: Low credit risk	87.66	0.07
Trade receivables	B: Medium credit risk	583.96	622.24
Loans	C: High credit risk	1.25	-
Trade receivables	C: High credit risk	17.51	19.47

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 loans and advances to related parties and employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

A.2 Expected credit losses for financial assets other than trade receivables

The Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the Company is in possession of the underlying asset. However, in respect of loans comprising loans to related parties, credit risk is evaluated on the basis of credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. In respect of other financial assets, credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. The Company does not have any expected loss based impairment recognised (except in case of loans to related parties) on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

As at March 31, 2021 (Rs. in million)

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment
Cash and cash equivalents	42.77	0.00%	-	42.77
Other bank balances	34.10	0.00%	-	34.10
Loans	30.40	4.11%	1.25	29.15
Other financial assets	87.66	0.00%	-	87.66

As at March 31, 2020 (Rs. in million)

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment
Cash and cash equivalents	41.18	0.00%	-	41.18
Other bank balances	38.38	0.00%	-	38.38
Loans	31.41	0.00%	-	31.41
Other financial assets	0.07	0.00%	-	0.07

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Panacea Biotec Pharma Ltd. New Delhi-110044

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 for Rs. 152.87 million (March 31, 2020: Rs. 88.05 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, 2021 (Rs. in million)

Particulars	Not Due	0-30 days post due	31-90 days post due	91-182 days post due	183-365 days post due	366-730 days post due	More than 730 days post due	Total
Gross carrying amount	274.26	54.13	54.43	15.92	18.27	23.46	8.13	**448.60**
Expected loss rate	0.38%	1.12%	0.15%	1.88%	1.73%	29.98%	100.00%	**3.90%**
Expected credit loss (Loss allowance provision)	1.04	0.61	0.08	0.30	0.32	7.03	8.13	**17.51**
Carrying amount of trade receivables (net of impairment)	273.22	53.52	54.35	15.62	17.95	16.43	-	**431.09**

As at March 31, 2020 (Rs. in million)

Particulars	Not Due	0-30 days post due	31-90 days post due	91-182 days post due	183-365 days post due	366-730 days post due	More than 730 days post due	Total
Gross carrying amount	240.43	112.68	111.49	22.63	33.99	22.69	9.75	**553.66**
Expected loss rate	1.36%	0.62%	1.01%	4.62%	11.37%	5.27%	100.00%	**3.79%**
Expected credit loss (Loss allowance provision)	3.28	0.70	1.13	1.05	3.86	1.20	9.75	**20.96**
Carrying amount of trade receivables (net of impairment)	237.15	111.98	110.36	21.58	30.13	21.49	-	**532.70**

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

B.1 Contractual Maturities of financial liabilities

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

(Rs. in million)

March 31, 2021	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings including interest thereon	1,505.43	336.50	337.42	13,559.33	15,738.68
(ii) Trade payables	1,041.68	-	-	-	1,041.68
(iii) Lease liabilities	43.27	31.83	29.18	288.90	393.18
(iv) Other financial liabilities	55.17	-	-	-	55.17
Total	**2,645.55**	**368.33**	**366.60**	**13,848.23**	**17,228.71**

(Rs. in million)

March 31, 2020	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings including interest thereon	2,058.77	-	-	13,153.15	15,211.92
(ii) Trade payables	725.17	-	-	-	725.17
(iii) Lease liabilities	26.61	22.60	20.72	178.84	248.77
(iv) Other financial liabilities	55.14	-	-	-	55.14
Total	**2,865.69**	**22.60**	**20.72**	**13,331.99**	**16,241.00**

C. Market risk

(I) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's non-current and current debt obligations financed with fixed interest rates. The Group always try to ensure minimum cash outflows. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility.

In view of the above, the Company is not exposed to fluctuation in interest rate risk on borrowings as they have fixed rate borrowings.

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Panacea Biotec Pharma Ltd. New Delhi-110044

(II) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO, CAD and GBP. 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:

(Rs. in million)

Particulars in Foreign currency	As at March 31, 2021			As at March 31, 2020		
	Amount in foreign currency	Closing rate	Amount in reporting currency (Rs. in million)	Amount in foreign currency	Closing rate	Amount in reporting currency (Rs. in million)
Financial assets						
Balance with banks						
Euro ('EUR')	22,376	85.78	1.92	-	-	-
Russian Ruble ('RUB')	37,482	0.97	0.04	-	-	-
Accrued receivable						
United States Dollar ('USD')	567,356	73.11	41.48	-	-	-
Foreign trade receivable						
United States Dollar ('USD')	941,657	73.11	68.84	-	-	-
Euro ('EUR')	722,406	85.78	61.96	1,169,305	83.09	97.15
Financial liabilities						
Foreign trade payable						
United States Dollar ('USD')	630,628	73.12	46.11	860,679	75.58	65.05
Euro ('EUR')	360,965	85.83	30.98	374,242	83.09	31.09
Pound Sterling ('GBP')	-	-	-	1,288	93.60	0.12
Canadian Dollar ('CAD')	-	-	-	36,600	53.60	1.96
Net exposure						
United States Dollar ('USD')	878,385	-	64.21	(860,679)	-	(65.05)
Euro ('EUR')	383,817	-	32.90	795,063	-	66.06
Russian Ruble ('RUB')	37,482	-	0.04	-	-	-
Pound Sterling ('GBP')	-	-	-	(1,288)	-	(0.12)
Canadian Dollar ('CAD')	-	-	-	(36,600)	-	(1.96)

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

(b) Sensitivity analysis of change in rates of material foreign currencies on Loss after tax

(Rs. in million)

	+/(-) in basis points	Profit/ (loss) for the year	
		As at March 31, 2021	As at March 31, 2020
United States Dollar ('USD')	200	0.84	(0.85)
	-200	(0.84)	0.85
Euro ('EUR')	500	1.07	2.15
	-500	(1.07)	(2.15)
Russian Ruble ('RUB')	200	0.00	-
	-200	(0.00)	-
Pound Sterling ('GBP')	500	-	(0.00)
	-500	-	0.00
Canadian Dollar ('CAD')	200	-	(0.03)
	-200	-	0.03

43 Capital management policies

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position recognised in other comprehensive income.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Company are summarised as follows:

(Rs. in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current borrowings (including accrued interest)	9,639.25	8,261.92
Less: Cash and cash equivalents	(42.77)	(41.18)
Net debt	9,596.48	8,220.74
Total equity	(7,458.25)	(6,046.98)
Net debt to equity ratio	**-128.67%**	**-135.95%**

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44 Reconciliation of liabilities arising out of financing activities

Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities are classified as follows:

(Rs. in million)

Particulars	Long term borrowings	Short term borrowings	Total
As at the beginning of the period	**6,994.44**	-	**6,994.44**
Cash changes:			
- Proceeds	960.00	-	960.00
- Repayment	(410.00)	-	(410.00)
Other non-cash changes			
- Foreign currency monetary item translation difference account	-	-	-
As at March 31, 2021	**7,544.44**	-	**7,544.44**

(Rs. in million)

Particulars	Long term borrowings	Short term borrowings	Total
As at the beginning of the period	-	-	-
Cash changes:			
- Proceeds	-	-	-
- Repayment	(129.86)	-	(129.86)
Other non-cash changes			
- Transfer of debt pursuant to slum sale of pharma business	7,124.30	-	7,124.30
Net debt as at March 31, 2020	**6,994.44**	-	**6,994.44**

45 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.

46 For the period ended March 31, 2021, the Company has incurred a loss before tax of Rs. 1,411.53 million (March 31, 2020 Rs. 203.66 million) and as on that date Company's current liabilities exceeds its current assets by Rs. 493.33 million (March 31, 2020 Rs. 1,200.47 million). The Company is yet to pay an amount of Rs. 1046.71 million outstanding as on March 31, 2021 towards the NCD Series 1A which was due for payment on April 7, 2020. The Company and the lenders have agreed for extending the maturity period from April 7, 2020 to June 7, 2021. These factors and conditions indicates a material uncertainty related to going concern of the Company. The Company has already taken various measures aimed at improving the financial condition of the Company, inter-alia, strengthening the working capital position, scaling up its pharmaceutical formulations business in India and international markets including ROW countries, USA / EU, etc., besides expediting development of new products. The Company is also expected to receive funds from the Holding company for repayment of its debts. Based on these measures and continuous efforts to improve the business performance, the management believes that it would be able to generate sustainable cash flows, discharge its obligations as they fall due and has therefore concluded that the going concern assumption continues to be valid.

47 On February 26, 2019, as a part of the business reorganization, the Holding Company's Board of Directors had approved transfer of its pharmaceutical formulations business to the Company, together with all tangible assets (except R&D center and natural product extraction facility at Lalru) and all intangible assets as specified in the Business Transfer Agreement ("BTA") in relation to the pharmaceutical formulations business including pharmaceutical formulations facility at Baddi, Himachal Pradesh, (referred to as 'Pharma business'), as a going concern through slump sale, with an objective to segregate the different businesses of the Company to ensure smooth functioning of each business in the future. The divestment was approved by the shareholders of the Company in their extra-ordinary general meeting held on March 25, 2019. In order to implement the above transfer, the Company had executed a BTA with PBPL on April 7, 2019 as amended by BTA Amendment Agreement dated February 4, 2020.

The Company had completed its compliance with the terms and conditions of BTA on February 1, 2020 and consequently, the BTA has become effective from that date. Accordingly, the Company has recorded the transfer of property, plant and equipment (including capital work-in-progress) of Rs. 1718.29 million and net liabilities of Rs. 7,580.41 million while discharging purchase consideration of Rs. 0.10 million in cash. The Company has recorded capital reserve amounting to Rs. 5,862.22 million on acquisition of Pharma business from Holding Company.

48 0.00 under "Rs. in million" represents amount less than Rs.50,000 and 0.00 under units represents units less than 50,000. Further, the figures shown in the tables may not exactly add up due to rounding off.

As per our report of even date.
For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Arun Tandon
Partner
Membership No. 517273

Place : New Delhi
Date : June 1, 2021

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

Dr. Rajesh Jain
Managing Directo
(DIN 00013053)

Mr. Ankesh Jain
Director
(DIN 03556647)