

Report on Corporate Governance

1. Philosophy on Corporate Governance

Good Corporate Governance procedures in operation naturally imply commitment to values, ethical business conduct, objectivity, self-regulation and accountability. We, at Panacea Biotec, are dedicated to upholding the highest standards of corporate governance, compliance and administration as we continue holding our faith in the robust foundation. Our success is closely interwoven in the pillars of integrity, stability and our commitment to our value systems. The Company believes in responsible decision making and enjoys the continued trust and support of all the stakeholders.

Panacea Biotec is and continues to strive and adopt to the best practices involving independence, disclosure, uncompromising application of internal control procedures and complete corporate transparency to serve the interest of all the stakeholders including but not limited to shareholders, employees, consumers, lenders and the community at large.

2. Board of Directors

Composition & size of the Board

Panacea Biotec's Board consists of an optimal combination of Executive Directors and Independent Non-executive Directors, representing a judicious mix of professionalism, knowledge and experience.

The Directors bring in expertise in the fields of human resource development, strategy, management, finance and economics, among others. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

During the year under review, Mr. Gurmeet Singh ceased to be the director of the company w.e.f 25th September, 2010 since the number of Independent Directors on the Board were more than required as per Clause 49 of the Listing Agreement, therefore, it was decided by the shareholders that the vacancy caused by his retirement need not be filled. Thus, as the number of independent directors on the Board of Directors

of the Company was in compliance with Clause 49(I) of the Listing Agreements and the requirement of replacement by a new independent director was not required to be complied with in terms of proviso to Clause 49(I)(C)(iv) of the Listing Agreement.

Currently, the Board comprises 5 (Five) Executive Directors (1 Executive Chairman, 1 Managing Director, 2 Joint Managing Directors and 1 Whole-time Director) and 5 (Five) Non-Executive Directors. All the Non-Executive Directors are Independent Directors. The Non-Executive Directors bring external and wider perspective in the Board's deliberations and decisions.

The size and composition of the Board is in conformance with the requirements of the Clause 49 of the Listing Agreement (Corporate Governance Guidelines) with the Stock Exchanges.

Board Functioning & Procedure

Panacea Biotec's Board is committed to ensuring good governance through a style of functioning that is self-governing.

The members of the Board enjoy complete liberty to express their opinion and decisions are taken on the basis of consensus arrived at after detailed discussions. They are also free to bring up any matter for discussion at the Board Meetings.

Panacea Biotec's Board meets at least once in every quarter to discuss and review the quarterly results and other items of agenda, including the information required to be placed before the Board, as required under Annexure 1A of Clause 49 of Listing Agreement, and additional meetings are held as and when required. Dates for the Board Meetings are decided well in advance and communicated to the Directors. The Chairman/ Joint Managing Director of the Board and the Company Secretary discuss the items to be included in the agenda and the agenda is sent in advance to the Directors along with the draft of relevant documents and explanatory notes.

During the financial year 2010-11, five (5) Board Meetings were held on 7th May, 2010, 20th July, 2010, 9th November, 2010, 27th January, 2011 and 28th January, 2011.

Attendance of Directors at the Board Meeting & last Annual General Meeting and number of other Directorships & Committee membership as on 31st March, 2011:

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

S. No.	Name of Director	Category of Directorship	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships [§] and Committee memberships/ chairmanships*		
						Other Directorship	Committee Membership	Committee Chairmanship
6.	Mr. Sunil Kapoor	Non-Executive - ID	5	4	Yes	4	2	-
7.	Mr. R.L. Narasimhan	-do-	5	5	Yes	1	1	1
8.	Mr. N.N. Khamitkar	-do-	5	5	Yes	1	1	-
9.	Mr. K.M. Lal	-do-	5	4	No	6	4	-
10.	Dr. A.N. Saxena	-do-	5	4	Yes	-	1	1
11.	Mr. Gurmeet Singh**	-do-**	2**	0	No	N.A.**	N.A.**	N.A.**

Note: WTD = Whole-time Director, MD = Managing Director, JMD = Joint Managing Director, ID = Independent Director;

§ Excludes directorships in Private Limited Companies, Foreign Companies, membership of managing committees of various chambers/bodies/Section 25 companies.

* Membership in Audit and Shareholders' Grievance Committees.

** ceased to be Director of the Company w.e.f. 25th September, 2010.

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

Brief information on Directors proposed for re-appointment

The brief resume, experience and other details pertaining to the Directors seeking appointment / re-appointment in the ensuing Annual General Meeting, to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, is furnished below:

Directors liable to retire by rotation seeking re-appointment and / or whose re-appointment as Managing / Joint Managing / Wholetime Directors is placed for approval:

a) Dr. A.N. Saxena

Age : 73 Years

Qualification : Post Graduate in Mathematics, Doctrate in Economics, Master's Diploma in Public Administration & Master's Diploma in Total Quality Management.

Professional Expertise : He has been appointed as a Non-executive Director of the Company since December 2005. He retired in 1996 in the grade of additional secretary to Government of India as Financial Advisor to the Ministry of Petroleum. He has vast experience in the field of finance, accounts, audit, human resource development, corporate governance, legal and general management. Prior to his retirement, he held senior level position in various Central Government ministries including the Ministry of Shipping & Transport, Petroleum & Natural Gas, HRD, Information & Broadcasting, Law & Justice and Railways. He also held directorships in various public sector companies including ONGC Ltd., Indian Oil Corporation Ltd., Oil India Ltd., etc., during his tenure.

Directorships : He is director of Possibilities Consultants Pvt. Ltd.

Committee Membership/ Chairmanship : He is the Chairman of Share transfer cum Investors' Grievance Committee of Panacea Biotec Limited.

Shareholding in the Company : Nil

b) Mr. Sumit Jain

Age : 30 Years

Qualification : Post Graduate Diploma in Business Management.

Professional Expertise : He joined Panacea Biotec Limited in May, 2003 as Manager (Vaccines) and was appointed as Whole-time Director in July 2005. He has about 11 years experience in the pharmaceutical industry. He is currently acting as Director (Operations & Projects) and oversees the upcoming projects and is also responsible for the administrative matters of Panacea Biotec's Lalru and Baddi facilities. He also oversees the Supply Chain Management of the Company. Prior to joining Panacea Biotec, he was associated with Radicura & Co. Ltd. as Executive Director.

- Directorships : He is a director of Radicura & Co. Ltd., Chiron Panacea Vaccines Pvt. Ltd., PanEra Biotec Pvt. Ltd. and White Pigeon Estate Pvt. Ltd.
- Committee Membership/ Chairmanship : He is a member of Executive Committee of the Company
- Shareholding in the Company : He holds 358,500 Equity Shares of Re.1 each, comprising 0.59% shareholding of the Company.
- c) Mr. R. L. Narasimhan
- Age : 70 Years
- Qualification : Post Graduate degree in Science from Madras University.
- Professional Expertise : He retired as the Deputy Director General, Central Statistical Organization, to the Government's Ministry of Statistics & Programme Implementation in New Delhi and has held various senior and middle level positions in various Government ministries. Prior to his positions with the Government, Mr. R.L. Narasimhan has also worked with Hoechst Pharmaceuticals Ltd., Chennai, a multinational pharmaceutical company. His expertise lies in the field of budgeting, data management, programme evaluation & research and marketing.
- Directorships : He is a director of Best On Health Limited.
- Committee Membership/ Chairmanship : He is the Chairman of Audit Committee, Remuneration Committee and Selection Committee of Panacea Biotec Limited.
- Shareholding in the Company : Nil
- d) Mr. Soshil Kumar Jain
- Age : 78 Years
- Qualification : Qualified Pharmacist
- Professional Expertise : He has more than 55 years experience in the pharmaceutical industry. He is the founder promoter/ director of the company and has been the Chairman of the Company since October, 1984. He started his career in the Indian pharmaceutical industry by joining his family business in the form of a chemist shop set up by his father. Prior to promoting the company, he was associated with Radicura & Co., a partnership firm (formerly owned by the promoters of Panacea Biotec Ltd. and subsequently taken over by Radicura & Co. Ltd.).
- Directorships : He is a director of PanEra Biotec Pvt. Ltd., Neophar Alipro Ltd., Advaita Power Ventures Pvt. Ltd. and White Pigeon Estate Pvt. Ltd.
- Committee Membership/ Chairmanship : He is a member of Executive Committee of Panacea Biotec Limited.
- Shareholding in the Company : He holds 5,000,000 Equity Shares of Re.1 each, comprising 8.16% shareholding of the Company.
- e) Mr. Ravinder Jain
- Age : 53 Years
- Qualification : Matriculate
- Professional Expertise : Mr. Ravinder Jain has around 30 years experience in business collaborations and tie-ups, international marketing, business development, finance and corporate administration. He is involved in the overall supervision of day-to-day operations with emphasis on strategic planning and business development for the Company. Under his motivated leadership the company has set new milestones with clear focus on driving productivity and performance across all business segments of the Company. His zeal, enthusiasm and vision has enabled the company to achieve new standards of performance in terms of financial parameters i.e. increased revenues & shareholders' wealth etc.

- Directorships : He is a director of Best On Health Foods Limited, Best General Insurance Company Limited, Lakshmi & Manager Holdings Limited and Panacea Biotec FZE.
- Committee Membership/ Chairmanship : He is the member of Share transfer cum Investors' Grievance Committee and Executive Committees of Panacea Biotec Limited and Audit Committee of Lakshmi & Manager Holdings Limited.
- Shareholding in the Company : He holds 4,646,200 Equity Shares of Re.1 each, comprising 7.59% shareholding of the Company.
- f) Dr. Rajesh Jain
- Age : 47 Years
- Qualification : Dr. Rajesh Jain is a holder of Ph.D. in Business Administration (Commerce), a Post Graduate degree in Business Management from Shivaji Institute of Management, Ghaziabad, India and is science graduate from University of Delhi
- Professional Expertise : Dr. Rajesh Jain is involved in the overall supervision of day-to-day operations with emphasis on Research & Development, business development and marketing. Under his exceptional understanding of the business mantras, the Company has an impressive product pipeline and is targeting key therapeutic areas that will deliver new and innovative treatment therapies. As a result of his unlimited energy and enthusiasm, the company has been ranked the largest vaccine producer in India and has been ranked as the 3rd largest biotechnology Company (Able Survey 2011).
- Directorships : He is a director of PanEra Biotec Pvt. Ltd., Chiron Panacea Vaccines Pvt. Ltd., Panacea Biotec FZE, NewRise Healthcare Pvt. Ltd., Panacea Biotec GmbH, White Pigeon Estate Pvt. Ltd. and Advaita Power Ventures Pvt. Ltd.
- Committee Membership/ Chairmanship : He is a member of Executive Committee of Panacea Biotec Limited.
- Shareholding in the Company : He holds 5,713,500 Equity Shares of Re.1 each, comprising 9.33% shareholding of the Company.
- g) Mr. Sandeep Jain
- Age : 45 Years
- Qualification : Mr. Sandeep Jain is a commerce graduate from University of Delhi
- Professional Expertise : Mr. Sandeep Jain is involved in the overall supervision of day-to-day operations with emphasis on finance, international marketing and regulatory affairs. Under his exceptional understanding of the business principles, the Company is continuously expanding its global aspirations by improving its international marketing efforts into various markets across the globe and is currently exporting its branded formulations in CIS countries, Asia, Eastern Europe and African region. He has been intensively working on the international marketing efforts of the Company. His duty include increasing the Company's International brand image and is actively exploring opportunities for launching as well as licensing out some of its patented products for manufacture/ marketing in developed countries in Europe, North America and Latin America.
- Directorships : He is a director of PanEra Biotec Private Limited and Neophar Alipro Limited.
- Committee Membership/ Chairmanship : He is the member of Executive Committee of Panacea Biotec Limited.
- Shareholding in the Company : He holds 4,792,100 Equity Shares of Re.1 each, comprising 7.82% shareholding of the Company.

Information supplied to the Board

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

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature including any judgment or order which may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions and any significant development in Human Resources/ Industrial Relations front.
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc., if any.

Statutory Compliance of Laws

The Board periodically reviews the compliance report of the laws applicable to the Company as well as steps taken by the

Company to rectify the instances of non-compliances, if any.

Code of Conduct

The Board has laid down a code of conduct for all Board Members and senior management of the Company. The said Code has been communicated to the Directors and Senior Management Personnel and is also posted on the web-site of the Company viz. www.panaceabiotec.com.

Declaration from the Managing Director confirming that the Company has received affirmations from the Board Members and the Senior Management Personnel regarding compliance of Code of Conduct during the year under review, is attached as Annexure-I.

3. Audit Committee

Composition & Terms of Reference

The Audit Committee of the Company has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. The Audit Committee of the Company comprises three non-executive directors, all of them being independent Directors viz. Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor. Mr. R.L. Narasimhan is the Chairman of the Committee. All the members are financially literate and one member is having requisite accounting and financial management expertise.

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

The terms of reference and scope of the activities of the Audit Committee are as set out in Clause 49 of the Listing Agreements with the Stock Exchanges, as well as in Section 292A of the Companies Act, 1956, including the following:

- To review compliance with internal control systems.
- To review the findings of the Internal Auditor relating to various functions of the Company.
- To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors.
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board.
- To make recommendations to the Board on any matter

relating to the financial management of the Company, including Statutory & Internal Audit Reports.

- Recommending the appointment of statutory auditors and branch auditors and fixation of their remuneration.

Review of information by Audit Committee

Apart from other matters, as per Clause 49 of the Listing Agreement the Audit Committee reviewed, to the extent applicable, the following information:

- Management discussion and analysis of financial condition and results of operations;

- Statement of significant transactions, submitted by the Management;
- Management letters/letters of internal control weakness issued by statutory auditors;
- Internal Audit Reports relating to internal control weakness;
- The appointment, removal and terms of remuneration of the Internal Auditors;
- Related party transactions.

Meetings of Audit Committee and attendance of members during the year:

During the year, 4 (four) Audit Committee meetings were held on 6th May, 2010, 19th July, 2010, 8th November, 2010 and 27th January, 2011.

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

S. No.	Name of the Member	Designation	Category of Directorship	No. of Meetings held	No. of Meetings attended
1.	Mr. R. L. Narasimhan	Chairman	Independent Director	4	4
2.	Mr. N. N. Khamitkar	Member	Independent Director	4	4
3.	Mr. Sunil Kapoor	Member	Independent Director	4	3

The Statutory Auditors, Internal Auditors, Associate Director, DGM - Accounts & Finance, D.G.M. Accounts & Taxation, Chief Financial Officer and A.G.M. Audit & Compliance & Co-ordinator of Audit Committee are the permanent invitees to the meetings of Audit Committee. Apart from them, Joint Managing Director, Senior Manger – Costing and Cost Auditors, attended one or more of the Audit Committee Meetings.

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

The Chairman of the Audit Committee, Mr. R.L. Narasimhan, was present at the Annual General Meeting of the Company held on 25th September, 2010.

Subsidiary Companies

Best On Health Limited is a material non-listed Indian subsidiary of the Company as its networth (i.e. paid-up capital and free reserves) exceeded 20% of the consolidated networth of the Company. The Company's independent Directors, Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor are directors on the Board of Directors of Best On Health Limited.

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

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

4. Remuneration Committee

Brief description of terms of reference

The Company has constituted a Remuneration Committee. The terms of reference of the Committee include:

- to decide elements of remuneration package of all the directors;
- to decide the service contracts, notice period and severance fees of executive directors.

Composition

Remuneration Committee comprises three non-executive Independent Directors viz. Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor. Mr. R.L. Narasimhan is the Chairman of the Committee. The Company Secretary is acting as the Secretary to the Remuneration Committee.

Meetings of Remuneration Committee and attendance of members during the year.

During the year, 2 (two) Remuneration Committee meetings were held on 20th July, 2010 and 27th January, 2011.

The attendance of members of the Remuneration Committee at such meetings was as follows:

S. No.	Name of the Member	Designation	Category of Directorship	No. of Meetings held	No. of Meetings attended
1.	Mr. R. L. Narasimhan	Chairman	Independent Director	2	2
2.	Mr. Sunil Kapoor	Member	Independent Director	2	2
3.	Mr. N. N. Khamitkar	Member	Independent Director	2	2

Remuneration Policy

The Directors' Remuneration Policy of the Company is in conformity with the provisions under the Companies Act, 1956. Subject to the approval of the Company's shareholders in general meeting and such other approvals as may be necessary, the Managing/Joint Managing Directors and the Whole-time Directors are paid remuneration as per the terms of remuneration decided by the Board/ Remuneration Committee and approved by the Shareholders. The remuneration payable to the Executive Directors is decided from time to time, keeping in view the

overall performance of the Company, the performance of the concerned Director and the industry trends.

The key components of the Company's Remuneration Policy are:

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

Directors' remuneration

The details of remuneration paid to Directors during the financial year ended 2010-11 are as under:

i) Executive Directors (Managing/Joint Managing/Whole-time Directors)

(Rs. in Lac)

S. No.	Name	Salary	Allowances	Perquisites	Total
1.	Mr. Soshil Kumar Jain	150.5	261.0	4.3	415.8
2.	Mr. Ravinder Jain	150.5	261.0	90.0	501.5
3.	Dr. Rajesh Jain	125.4	261.0	6.3	392.7
4.	Mr. Sandeep Jain	125.4	261.0	4.9	391.3
5.	Mr. Sumit Jain	30.9	-	4.3	35.2

Notes:

1. The tenure of office of Mr. Soshil Kumar Jain, Chairman, Mr. Ravinder Jain, Managing Director, Dr. Rajesh Jain and Mr. Sandeep Jain, Joint Managing Directors of the Company is for 5 years w.e.f. 1st April, 2011. The tenure of office of Mr. Sumit Jain, Director (Operations and Projects) is for 5 years w.e.f. 20th July, 2010.
2. Notice period for termination of appointment of Managing/Joint Managing/ Whole time Directors is three months by either party or a shorter period decided mutually. No severance fee is payable on termination of contract.
3. The Company does not have any Stock Option Scheme.
4. All elements of remuneration of the Managing / Joint Managing / Whole-time Directors, i.e., Salary, Perquisites and other benefits, etc. are given in Schedule XX-C annexed to and forming part of Balance Sheet and Profit & Loss Account of the Company.
5. Provision for Gratuity and Leave Encashment amounting to Rs.60.76 Lac and Rs.13.49 Lac respectively, made during the year, has not been included above.

ii) Non-Executive Directors

Payment Criteria:

The Board of Directors determines the remuneration of the Non-executive Directors within the limits approved by the shareholders. Apart from the sitting fees for attending meetings of the Board or Committee

thereof, the remuneration is paid to the Non-executive Directors by way of monthly allowances for telephone, mobile, conveyance expenses, etc. @ Rs.15,500 p.m. (with the confirmation obtained from Central Government) to enable them to meet their expenses for attending to their responsibilities as Non-executive director.

The details of remuneration paid to the Non-executive directors during financial year ended 31st March, 2011 are as under:

(Rs. in Lac)

Sl. No.	Name	Allowances	Sitting Fees	Total
1	Mr. R.L. Narasimhan	1.9	1.0	2.9
2.	Mr. N.N. Khamitkar	1.9	1.0	2.9
3.	Mr. Sunil Kapoor	1.9	0.9	2.8
4.	Mr. Gurmeet Singh*	-	0.2	0.2
5.	Mr. K.M. Lal	1.9	0.4	2.3
6.	Dr. A.N. Saxena	1.9	0.8	2.7

*ceased to be the Director of the Company w.e.f. 25th September, 2010.

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

5. Share Transfer cum Investors' Grievance Committee

The Investors Grievance Committee aims at redressal of shareholder complaints and oversees investor services.

The Board of Directors of the Company has, with a view to expediting the process of share transfers, delegated the power of share transfer to the Company Secretary, who attends to share transfer formalities on a weekly basis.

Terms of reference

The terms of reference of Share Transfer cum Investors' Grievance Committee include transfer or transmission of shares, issue of duplicate share certificates, review or redressal of investors' grievances and other areas of investors services.

Composition

During the year, Mr. Gurmeet Singh ceased to be the

Director of the Company due to non-appointment by shareholders in the Annual General Meeting held on 25th September, 2010.

Thus, in view of the above, the Board of Directors in its meeting held on 9th November, 2010 reconstituted the Share Transfer-cum-Investors' Grievance Committee so as to comprise of the following Directors as the members of the Committee:

- i. Dr. Aditya Narain Saxena, Chairman
- ii. Mr. Ravinder Jain, Member
- iii. Mr. Sunil Kapoor, Member

Mr. Vinod Goel, Company Secretary is acting as the Secretary to the Committee as well as the Compliance Officer pursuant to Clause 47(a) of the Listing Agreement with Stock Exchanges.

Details of meetings of Share Transfer-cum-Investors' Grievance Committee and attendance of members during the year.

During the financial year 2010-11, 7 (seven) meetings of Share Transfer-cum-Investors' Grievance Committee were held on 22nd April, 2010, 27th May, 2010, 26th July, 2010, 30th August, 2010, 23rd September, 2010, 27th December, 2010 and 21st March, 2011. The attendance of members at such meetings was as follows:

S. No.	Name of the Member	Designation	Category of Directorship	No. of Meetings held	No. of Meetings attended
1.	Dr. A.N. Saxena	Chairman	Independent Director	7	7
2.	Mr. Ravinder Jain	Member	Promoter Director	7	7
3.	Mr. Gurmeet Singh*	Member	Independent Director	5*	3
4.	Mr. Sunil Kapoor**	Member	Independent Director	2**	2

*ceased to be Director of the Company w.e.f. 25th September, 2010.

**became member of the Committee w.e.f. 9th November, 2010.

Details of Investors' complaints received during the year 2010-11:

S. No.	Nature of Complaints	Received	Resolved	Pending
1.	Non-receipt of Dividend	5	3	2
2.	Non-receipt of Annual Report for the year 2009-10	4	4	0
	Total	9	7	2

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

There were no share transfers lying pending as on 31st March, 2011.

Further, the complaints pending on 31st March, 2011 have been subsequently disposed off.

6. CEO/CFO Certification

The Managing Director, Chief Financial Officer & Head – Information Technology & BPR and D.G.M (Accounts & Finance) have certified, in terms of revised clause 49 of the Listing Agreement, to the Board that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.

The CEO and CFO certification of the financial statements and the cash flow statement for the year is enclosed as Annexure – II to this report.

7. General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue	Special Resolution passed
2009-10	25.09.10	11:00 AM	Regd. Office at Ambala Chandigarh Highway, Lalru – 140501, Punjab	<ul style="list-style-type: none"> • Approval for payment of remuneration to Mr. K.M. Lal for a period of five years w.e.f. 1st May, 2010. • Approval for payment of remuneration to Mr. R.L. Narasimhan, Mr. Sunil Kapoor, Mr. N.N. Khamitkar and Dr. A.N. Saksena for a period of five years w.e.f. 1st August, 2011 in case of Mr. R.L. Narasimhan, Mr. Sunil Kapoor, Mr. N.N. Khamitkar and w.e.f. 1st January, 2011 in respect of Dr. A.N. Saksena. • Approval for appointment of Mr. Ankesh Jain as Executive – Business Development w.e.f. 1st July, 2010.
2008-09	25.09.09	11:00 AM	-do-	<ul style="list-style-type: none"> • Approval for protection of Remuneration paid to Mr. Soshil Kumar Jain, Chairman, for the financial year 2008-09. • Approval for protection of Remuneration paid to Mr. Ravinder Jain, Managing Director, for the financial year 2008-09. • Approval for protection of Remuneration paid to Dr. Rajesh Jain, Joint Managing Director, for the financial year 2008-09. • Approval for protection of Remuneration paid to Mr. Sandeep Jain, Joint Managing Director, for the financial year 2008-09.
2007-08	27.09.08	11:00 AM	-do-	No Special Resolution was passed.

8. Postal Ballot

No Postal Ballot resolution was passed during the year 2010-11.

9. Disclosure

a) Related Party Transactions – During the year, there were no materially significant related party transactions with the promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large. The other related party transactions are given in Note No.9 of Schedule XXC annexed to

and forming part of Balance Sheet and Profit & Loss Account of the Company.

- b) Disclosure of Accounting Treatment - There has not been any change in accounting policies of the Company during the year except as stated in Note No.2 of Schedule XXB annexed to and forming part of Balance Sheet and Profit & Loss Account of the Company.
- c) Risk Management - The Company has a dedicated department for Risk mitigation and has a procedure to inform the Board about the risk assessment and

minimization procedures. The Board of Directors periodically reviews the risk management framework of the Company and comes out with strategic risk mitigation measures.

- d) Compliances by the Company - During the last three years, there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital markets.
- e) Non-Mandatory Requirements under Clause 49 of the Listing Agreement - The Company has complied with all the mandatory requirements of clause 49 of the listing Agreement. As regards the adoption of non-mandatory requirements as contained in Annexure I-D to clause 49 of the listing agreement, the company has implemented the requirements as per details given below:
- i) Chairman of the Board - The Chairman of Panacea Biotech is an Executive Director and he maintains the Chairman's Office at the Company's expenses.
 - ii) Remuneration Committee - The Board of Directors has constituted a Remuneration Committee, which is composed of Independent Directors. The details of the Remuneration Committee and its powers have already been discussed in this Report.
 - iii) Shareholders rights - The quarterly/ half-yearly results, after they are approved by the Board of Directors, are sent forthwith to the Stock Exchanges where the Company's shares are listed, published in the newspapers as mentioned under the heading "Means of Communication" at Sl. No. 10 hereinbelow, and also displayed on the Company's website www.panaceabiotec.com. The results are not separately circulated to the shareholders.
 - iv) Training of Board Members - No specific training program was arranged for Board members. However, at the Board/Committee meetings, detailed presentations are made by Professionals, Consultants, as well as Senior Executives of the Company on business related matters, risk assessment, strategy, effect of the regulatory changes, etc.
 - v) Mechanism for evaluating Non-executive Board members - The Company has not adopted any mechanism for evaluating individual performance of Non- Executive Directors.
 - vi) Whistle Blower Policy - The Company has implemented a Whistle Blower Policy in the Company and no personnel is denied access to the Audit Committee of the Company.
 - vii) Corporate Governance Voluntary Guidelines 2009 - The Company's policies and practices embrace most of the elements of Corporate Governance Voluntary Guidelines 2009 issued by the Ministry

of Corporate Affairs. The Company will be reviewing its Corporate Governance parameters in the context of other recommendations under said Guidelines for appropriate adoption in due course of time.

10. Prohibition of Insider Trading

In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has instituted a comprehensive Code of Conduct for its management, staff and relevant business associates. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made while dealing with the Shares of the Company.

11. Means of communication

- i) The Quarterly and Half-Yearly results are published in one or more of the prominent daily newspapers, viz. Business Standard, All editions, New Delhi, Chandigarh, Lucknow, Kolkata, Pune, Kochi, Mumbai; Ahmedabad, Bangalore, Bhuwaneshwar, Hyderabad, Chennai and Financial Times, New Delhi and Economics Times, New Delhi, Mumbai, and in Punjabi Tribune, Chandigarh, the local newspaper published in the language of the region in which Registered Office is situated.
- ii) Periodic teleconferences were held with the Financial Institutions, Foreign Institutional Investors and Analysts. They are also provided with a copy of the quarterly results after the same have been sent to the Stock Exchanges.
- iii) The Company also intimates the Stock Exchanges all price sensitive matters or such matters which, in its opinion, are material and of relevance to the shareholders, and subsequently issues a Press Release on the matter, wherever necessary.
- iv) The Annual Results (Annual Report containing Balance Sheet etc.) are posted to every shareholder of the Company.
- v) The Company's web-site, viz. www.panaceabiotec.com, is regularly updated with the financial results, annual report and other important events.
- vi) Management's Discussion and Analysis Report has been included in the Annual Report being sent to the shareholders of the Company.

12. General Shareholder Information

- i) Date of AGM

The Annual General Meeting is proposed to be held on Saturday, the 24th day of September 2011, at 11:00 A.M. at the registered office of the Company at Ambala-Chandigarh Highway, Lalru - 140 501, Punjab.

Posting of Annual Report On or before
30th August, 2011

Last date of receipt of
Proxy Form 22nd September, 2011
before 11:00 A.M.

ii) Financial Calendar 2011-12 (tentative):

S.No.	Tentative Schedule	Tentative Date
1.	Financial reporting for the quarter ended 30th June, 2011	27th July, 2011 (Actual)
2.	Financial reporting for the half year ending 30th September, 2011	Mid of November, 2011
3.	Financial reporting for the quarter ending 31st December, 2011	Mid of February, 2012
4.	Financial reporting for the quarter ending 31st March, 2012	Mid of May, 2012*
5.	Annual General Meeting for the year ending 31st March, 2012	End of September, 2012

*As provided in clause 41 of Listing Agreement, the Board may also consider publishing Audited Results for the year 2011-12 in lieu of Unaudited Results for fourth quarter, by 30th May, 2012 (or such other period as may be stipulated from time to time).

iii) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from 21st September 2011 to 24th September, 2011 (both days inclusive).

furnished by NSDL and CDSL at the end of business hours on 20th September, 2011 (i.e. before the date of commencement of closure of Register of Members and Share Transfer Books, viz. 21st September, 2011).

iv) Dividend Payment Date

The Company will pay dividend, if declared by the members in the forthcoming Annual General Meeting, on 10th day of October, 2011:

- to those members whose names appear in the Register of Members of the Company as on 24th September, 2011, after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 20th September, 2011 and registered before 24th September, 2011.
- in respect of Shares held in electronic form to those "deemed members" whose names appear on the statement of beneficial ownership

v) Unclaimed Dividends

As provided in Section 205A and 205C of the Companies Act, 1956, dividend for the financial year ended 31st March, 2004 and thereafter, which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEP Fund) established by the Central Government, and no payments shall be made in respect of any such claims by the IEP Fund.

During the year, the Company had transferred Rs.163,401 lying unclaimed in Unpaid Dividend Account in respect of Dividend for the Year 2002-03 to the said Fund on 9th November, 2010.

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

Financial Year	Date of declaration of Dividend	Last date for claiming unclaimed Dividend	Due date for transfer of dividend
2003-04	18.09.2004	16.10.2011	14.11.2011
2004-05	20.08.2005	17.09.2012	16.10.2012
2005-06	30.09.2006	29.10.2013	28.11.2013
2006-07	29.09.2007	28.10.2014	27.11.2014
2007-08	27.09.2008	26.10.2015	25.11.2015
2009-10	25.09.2010	24.10.2017	23.11.2017

vi) Listing on Stock Exchange

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

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

The Foreign Currency Convertible Bonds (FCCBs) of the Company were listed on Singapore Stock Exchange Ltd. (SGX), 2 Shenton Way, #19-00 SGX Centre 1, Singapore 068804, under the BONDS Sector.

These Bonds have been redeemed in full on 14th February, 2011 and there are no bonds outstanding as on date.

The Company has paid listing fees to all the above stock exchanges and there is no outstanding payment as on date.

vii) Stock Code of Equity Shares / FCCBs

Trade symbol at National Stock Exchange is PANACEABIO.

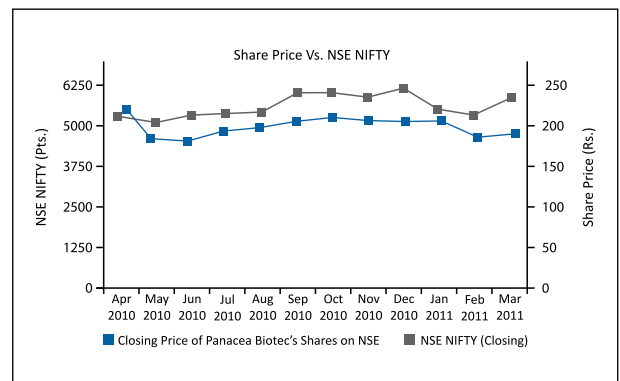
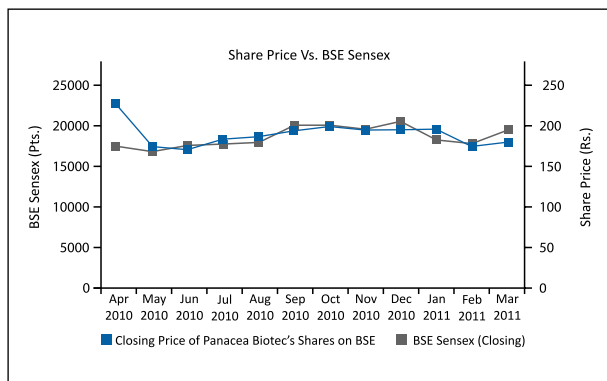
Stock Code at Bombay Stock Exchange is 531349.

ISIN No. for Dematerialisation : INE922B01023

viii) Market Price data:

The High and Low prices of the shares of the Company at Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Ltd. (NSE) for the year ended 31st March, 2011 are as under:

Month	Share Prices (Rs.) at BSE		Share Prices (Rs.) at NSE	
	High	Low	High	Low
April, 2010	237.95	211.50	234.90	207.00
May, 2010	240.80	160.05	241.80	150.30
June, 2010	216.10	162.10	216.00	162.00
July, 2010	213.00	174.95	215.00	175.20
August, 2010	194.90	175.05	194.75	179.30
September, 2010	208.75	187.00	208.00	188.15
October, 2010	227.40	195.00	227.90	195.55
November, 2010	226.60	180.00	227.00	178.00
December, 2010	207.50	152.00	208.00	151.70
January, 2011	214.00	182.05	213.80	181.65
February, 2011	201.80	158.05	202.00	157.05
March, 2011	194.00	174.35	201.50	171.95



ix) Registrar and Transfer Agents

Skyline Financial Services Pvt. Ltd. are acting as Registrar & Transfer Agents (RTA) for handling the Shares-related matters, both in physical as well as dematerialized mode. All works relating to Equity Shares are being done by them. The Shareholders are, therefore, advised to send all their correspondence to the RTA.

However, for the convenience of shareholders, documents relating to Shares received by the Company are forwarded to the RTA for necessary action thereon.

x) Nomination Facility

The shareholders holding shares in physical form may, if they so want, send their nominations in prescribed Form 2B of the Companies (Central Government's) General Rules and Forms, 1956, (which can be obtained from the Company's RTA or downloaded from the Company's website www.panaceabiotec.com under

the section 'Investor Zone') to the Company's RTA. Those holding shares in dematerialised form may contact their respective Depository Participant (DP) to avail the nomination facility.

xi) Share Certificates in respect of sub-divided Shares

After the sub-division of the Company's Equity Shares of Rs.10 each into shares of Re.1 each, in the year 2003, the Company had sent letters to all shareholders holding shares of the face value of Rs.10 in physical form, requesting them to exchange their share certificates into new share certificate(s) in respect of shares of face value of Re.1 each.

All the shareholders who have not yet sent their request for exchange of share certificates are requested to forward their old share certificates in respect of shares of face value of Rs.10 each (which are no longer tradable) to the Company, along with a request letter duly signed by all the joint holders.

xii) Elimination of Duplicate Mailing

The shareholders who are holding Shares in more than one folio in identical name, or in joint holder's name in similar order, may send the Share certificate(s), along with request for consolidation of holding in one folio, to avoid mailing of multiple Annual Reports.

xiii) Share Transfer System

The Company's Shares transfer authority has been delegated to the Company Secretary. The delegated authority generally attends the Share transfer formalities on weekly basis and as and when required to expedite all matters relating to transfer, transmission, transposition and dematerialisation of shares and redressal of Investors' grievance, etc., if any. The Shares received by the Company/ RTA for registration of transfers are processed by RTA (generally within a week of receipt) and transferred expeditiously and the Share Certificate(s) are returned to the shareholder(s) by registered post.

As per the requirement of clause 47 (c) of the Listing Agreement with the Stock Exchanges, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

The Securities and Exchange Board of India (SEBI), vide circular dated 20th May, 2009, directed that for securities market transactions and off-market/private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs for registration of such transfer of shares. Further, in continuation to above, based on representations/clarifications sought by market participants, SEBI, vide circular dated January 07, 2010, clarified that it shall be mandatory to furnish a copy of PAN in the following cases:

- Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
- Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
- Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

xvii) Distribution of Shareholding as on 31st March, 2011

No. of Shares	No. of Shareholders	No. of Shares
0 - 2500	10,463	2,429,222
2501 - 5000	131	473,429
5001 - 10000	40	289,703
10001 - 100000	47	1,239,637
100001 and above	38	56,818,755
Total	10,719	61,250,746

Hence, all prospective shareholders acquiring Shares in physical form are requested to provide a copy of their PAN card, along with their request for registration of transfer/transmission/ transposition of shares sent by them.

xiv) Secretarial Audit

A Practicing Company Secretary carries out secretarial audit in each quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) and total issued and listed capital. The audit reports confirm that the total issued/paid up capital is in agreement with the total number of Shares in physical form and the total number of dematerialised Shares held with NSDL and CDSL. The Secretarial Audit Reports for each quarter of the Financial Year ended March 31, 2011 have been filed with Stock Exchanges within one month of the end of each quarter.

xv) Dematerialisation of Shares and its liquidity

The Company has been among the few top-most companies in India in which maximum number of shares have been dematerialised. As on 31st March, 2011, 99.08% of the Company's total Equity Share Capital representing 60,686,175 Equity Shares was held in dematerialised form and only 564,571 Equity Shares were in paper/physical form.

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

The Shares of the Company are regularly traded at the National Stock Exchange and the Bombay Stock Exchange.

xvi) Share Dematerialisation System

The requests for dematerialisation of shares are processed by RTA expeditiously and the confirmation in respect of dematerialisation of shares is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialisation of Shares generally on a weekly basis. In case of rejections, the documents are returned under objection to the Depository Participant with a copy to the shareholder, and electronic entry for rejection is made by RTA in the Depository System.

xviii) Pattern of Shareholding as on 31st March, 2011

S. No.	Category	No. of Shares	Percentage
1.	Promoters and Promoter Group	45,886,281	74.92
2.	Institutional Investors (FIs, Banks & Mutual Funds)	3,164,241	5.17
3.	NRIs / OCBs / Foreign Corporate Bodies	1,275,945	2.08
4.	Domestic Companies	7,142,099	11.66
5.	Indian Public/ Others	3,782,180	6.17
	Total	61,250,746	100.00

xix) GDRs / ADRs / Warrants or other convertible instruments

No GDRs/ ADRs/Warrants/FCCBs were outstanding as on 31st March 2011.

The Foreign Currency Convertible Bonds (FCCBs) aggregating US \$ 3,68,00,000 Zero coupon convertible Bonds due 2011 have been redeemed in full on their maturity date i.e. 14th February, 2011 with no bonds outstanding as on 31st March 2011.

xx) Plant Locations

1. Bulk Vaccines facilities at Village-Samalheri, Post Office – Lalru, Ambala-Chandigarh National Highway, Distt. Mohali, Punjab;
2. Vaccines Formulations facility at Village Malpur,

Baddi, P.O. Bhud, Tehsil – Baddi (Nalagarh), District Solan, Himachal Pradesh-173 205;

3. Vaccine Formulations facility at A-239 -242, Okhla Indl. Area, Phase – I, New Delhi – 110 020;
4. Pharmaceuticals Formulations facility at Village Malpur, Baddi, P.O. Bhud, Tehsil-Baddi (Nalagarh), District Solan, Himachal Pradesh-173 205;
5. Pharmaceuticals Formulations facility at B-1/E-12, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi – 110 044;
6. Pharmaceutical Formulations facility at Plot No. 72/3, Gen Block, T.T.C. Indl. Area, Mahape, Navi Mumbai - 400 710, India.

xxi) Address for correspondence

For transfer/
dematerialisation of shares,
payment of dividend and any
other query relating to shares

Skyline Financial Services Pvt. Ltd.
D-153 A, 1st Floor, Okhla Indl. Area, Phase-I, New Delhi – 110 020, India.
Phone : +91-11-26292682-83, Tele-fax : +91-11- 26292681
E-mail : admin@skylinerta.com, viren@skylinerta.com

For investors assistance

The Company Secretary, Panacea Biotech Limited
B-1 Extn./G-3, Mohan Co-operative Indl. Estate, Mathura Road,
New Delhi - 110 044, India.
Phone : +91-11-41679000 Extn. 2081 (D) 41578024
Fax : +91-11-41679075, 41679070
E-mail : companysec@panaceabiotec.com
investorgrievances@panaceabiotec.com

Contact Person : Ms. Sangeeta Nagpal, Dy. Manager-Secretarial

For query relating to financial matters

: Mr. Chandresh Ohri, Sr. Manager - Banking & Treasury
Phone : +91-11-41679000, Fax : +91-11-41679066, 41679070
E-mail : chandreshohri@panaceabiotec.com

For and on behalf of the Board

Place : New Delhi
Date : 27th July, 2011

Soshil Kumar Jain
Chairman

Annexure - I

Declaration under Clause 49-I (D) of the Listing Agreement

To the Members of Panacea Biotech Ltd.

I hereby declare that all the Board Members and the Senior Management Personnel of the Company have affirmed the compliance with the provisions of the Code of Conduct for the period ended 31st March, 2011.

Date : 27th July, 2011
Place : New Delhi

For Panacea Biotech Ltd.
Ravinder Jain
Managing Director

Annexure - II

Certificate from Managing Director & Chief Financial Officer

To
The Board of Directors
Panacea Biotec Limited

We do hereby confirm and certify that:

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

For Panacea Biotec Ltd.

Date : 13th May, 2011
Place : New Delhi

Ravinder Jain
Managing Director

Partha Sarathi De
Chief Financial Officer & Head -
Information Technology & BPR

I.K. Sharma
DGM (Accounts & Finance)

AUDITORS' CERTIFICATE

To
The Members of Panacea Biotec Limited,

We have examined the compliance of conditions of Corporate Governance by Panacea Biotec Limited, for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We state that no investor's grievance is pending for a period exceeding one month against the Company, as per the records maintained by the Shareholders/ Investors' Grievance Committee.

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

For R & D Company Secretaries
Debabrata Deb Nath

Place : New Delhi
Date : 27th July, 2011

Partner
Membership No. ACS: 23935
C.O.P.No. - 8612