

Shareholders' Information

The Company has on 14th August, 2008 completed dispatch of Postal Ballot Notice along with Postal Ballot Form and self addressed postage pre-paid reply envelop, in relation to Ordinary Resolution(s) under Section 293(1)(d) and Section 293(1)(a) of the Companies Act, 1956 for seeking members' consent for increase in the borrowing powers of the Board and for creation of mortgage/charge and/or hypothecation from time to time on all the immovable and movable properties present & future of the Company.

The Postal Ballot Form duly completed and signed by the members should reach the Scrutinizer not later than the close of working hours on **Saturday, 13th September, 2008**. All Postal Ballot Forms received after the said date will be strictly treated as if reply from such Members has not been received.

A Member who did not get the Postal Ballot Form may request for a duplicate postal ballot form, if so required.

A person who has become a Member after 8th August 2008 (cut-off date for ascertaining the members entitled to notice) but before 14th August 2008 (the date of dispatch) may obtain the Postal Ballot Form from the company and vote on the Resolution by Postal Ballot. The voting rights of the members shall be reckoned as on 14th August 2008.

A Postal ballot notice is placed below for your information only.

Panacea Biotec Limited

Regd. Office: Ambala-Chandigarh Highway, Lalru-140501, Punjab.

Postal Ballot Notice

(Pursuant to Section 192A of the Companies Act, 1956)

Dear Member(s),

As per Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001, proposal for creation of mortgage/charge and/or hypothecation from time to time on all the immovable and movable properties present & future of the Company under section 293(1)(a) of the Companies Act, 1956 has to be approved by the shareholders of the Company by way of a Postal Ballot. Similarly the approval of shareholders under section 293(1)(d) of the Act for increase in the borrowing powers of the Board of Directors of the Company can be obtained by way of Postal Ballot.

Accordingly, we are appending the Postal Ballot Form and the draft Resolutions along with Explanatory Statement pertaining the said Resolutions explaining in detail the material facts, for your consideration.

You are requested to carefully read the instructions printed in the Postal Ballot Form, fill up the Form, give your assent or dissent on the resolution(s) at the end of the Form and sign the same and return the Form duly completed in the attached self-addressed, postage prepaid envelope so as to reach the Scrutinizer before the close of working hours, on or before, **Saturday, 13th September, 2008** at the Company's Corporate Office at B-1 Extn./G-3, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110044.

The Company has appointed Mr. U.K. Singhal of M/S. Singhal Law Associates, Advocates, as Scrutinizer to scrutinize the Postal Ballots in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman and the result of postal ballot will be announced by the Chairman at the Annual General Meeting scheduled to be held on 27th day of September, 2008.

Members may please note that a resolution will be deemed to have been passed if the votes cast in favour are more than the votes cast against and would be deemed to have been passed at General Meeting.

Regd. Office:
Ambala-Chandigarh Highway,
Lalru-140501, Punjab.
Date: 28th July 2008

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

Vinod Goel
Company Secretary

Enclosures:

1. Resolutions along with Explanatory Statement.
2. Postal Ballot Form & self-addressed postage prepaid envelope.

1. To consider and, if thought fit, to pass the following resolutions as ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called “the Board” and which term shall be deemed to include any Committee, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) for borrowing from time to time, as it may think fit, any sum or sums of money not exceeding Rs.1,500 Crore (Rupees One Thousand Five Hundred Crore) on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business), exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

RESOLVED FURTHER THAT the Board be and is hereby authorized for borrowing from time to time as it may think fit, any sum or sums of money but not exceeding Rs.1,500 Crore (Rupees One Thousand Five Hundred Crore), in aggregate or equivalent thereto in any foreign currency (including the monies already borrowed by the Company), on such security and on such terms and conditions as the Board may deem fit, by way of loans from, or issue of Bonds, Debentures or other Securities whether Convertible into Equity/Preference Shares and/or Securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe to Equity/Preference Shares (hereinafter referred to as “securities”), to Bank(s), Financial or other Institution(s), Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or any other person(s), body(ies) corporate, etc., whether shareholder of the Company or not.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution.”

2.To consider and, if thought fit, to pass the following resolutions as ORDINARY RESOLUTION:

“RESOLVED THAT the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company (hereinafter called “the Board” and which term shall be deemed to include any Committee, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons), to mortgage and/or charge any of its movable and/or immovable properties wherever situated, both present and future, or the whole, or substantially the whole, of the undertaking or undertakings of the Company on such terms and in such manner as the Board may think fit, together with power to take over the management of the business or concern of the Company in certain event(s), for securing any loan(s) obtained/to be obtained from, or Securities issued/ to be issued to, Bank(s), Financial or other Institution(s), Mutual Fund(s), Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) or any other person(s), body(ies) corporate, etc., whether shareholder of the Company or not (hereinafter collectively referred to as “lenders”), for an amount not exceeding Rs.1,500 Crore (Rupees One Thousand Five Hundred Crore) and/or equivalent thereto in any foreign currency, together with interests, compound/ additional interest, commitment charges, costs, expenses and all other monies payable by the Company to the concerned lenders.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution.”

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 1 & 2

As the members are aware, your Company is exploring various opportunities for the all round growth of the Company through acquisition, expansion, diversification by taking up various Projects in the Company as well as in the Joint Venture Companies in India and/or abroad. With a view to meet the capital expenditure and other funds requirements for the above purposes, the Company would be required to borrow funds from time to time by way of loans and/or issue of Bonds, Debentures or other securities. As per section 293(1) (d) of the Companies Act 1956, borrowings (apart from temporary loans obtained from the Company’s bankers in ordinary course of business) by the Board beyond the aggregate of the paid up capital of the company and its free reserve requires approval from the shareholders of the Company.

The members have in their Extra Ordinary General Meeting held on 19th October 2005 authorised the Board of Directors to borrow funds from time to time upto an amount not exceeding Rs. 800 Crores. As mentioned above with every new acquisition, expansion and/or diversification plan, the capital requirements of the Company are also growing up and the aforesaid limit is likely to be exhausted in near future, and hence the proposal for obtaining the consent of the members by way of Ordinary Resolution for increasing this limit of Rs. 800 Crores to Rs.1500 Crores is made.

Further, the said borrowing/issue of securities may be required to be secured by way of mortgage /charge over all or any part of the movable and/or immovable properties of the Company and as per the provisions of Section 293(1)(a) of the Companies Act 1956, the mortgage or charge on all or any part of the moveable and/or immovable properties of the Company, may be deemed as the disposal of the whole, or substantially the whole, of the undertaking of the Company and hence requires the approval from the shareholders of the Company.

As per the provisions of the Section 192A of the Companies Act 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules 2001, the above said approval under section 293(1)(a) is to be compulsorily obtained by way of sending postal ballots to the shareholders. Accordingly the resolution u/s 293(1)(a) and the resolution u/s 293(1)(d), being connected therewith, are being proposed to seek your consent by way of postal ballot as per the requirements of section 192A of the Companies Act, 1956.

Your Directors recommend the resolutions as set out above for your approval. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

A copy each of Board Resolutions dated 28th July, 2008 and the resolution passed in the Extra Ordinary General Meeting dated 19th October 2005 is open for inspection by members on any working day during 11.00 A.M. to 1.00 P.M. up to the date of declaration of results of postal ballot at the registered office as well as the corporate office at B-1 Extn./G-3, MCIE, Mathura Road, New Delhi-110044.

Regd. Office:
Ambala-Chandigarh Highway,
Lalru-140501, Punjab.
Date: 28th July 2008

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

Vinod Goel
Company Secretary