

POSTAL BALLOT NOTICE

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

31st July, 2003

Dear Member(s)

As per Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and any amendments thereto, any proposal to lease, sell or otherwise dispose off the whole or substantially the whole of an undertaking and proposal for alteration in the Object Clause of Memorandum of Association have to be approved by the shareholders of the Company by way of a Postal Ballot.

Accordingly, we are appending the Postal Ballot Form and the draft Resolutions along with the Explanatory Statements 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, Tuesday **16th September, 2003** 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. Umesh Singhal of M/s. U.S. & Associates, Company Secretaries, 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 venue of the ensuing Nineteenth Annual General Meeting to be held on 20th September, 2003.

Members may please note that a resolution will be deemed to have been passed as special resolution if the votes cast in favour are at least three times than the votes cast against and in case of ordinary resolution the votes cast in favour should be more than the votes cast against and would be deemed to have been passed at the Annual General Meeting referred to above.

Regd. Office:
Ambala - Chandigarh Highway,
Lalru - 140501, Punjab.
Date : 28th December, 2002

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

Vinod Goel
Company Secretary

Enclosures:

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

DRAFT RESOLUTIONS

1. To consider and, if thought fit, to pass the following resolution as an 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 lease the part of the land, building, plant and machinery, etc. pertaining to Vaccines Plant at Lalru, from time to time both present and future of the Company for an aggregate value not exceeding Rs.80 Crore (Rupees Eighty Crore Only) on such terms and in such manner as the Board may think fit, together with power to transfer the said assets in certain event(s), to Panheber Biotec Pvt. Ltd. and the said lease of properties by the Board be and is hereby confirmed and ratified.

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.”

2. To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Objects Clause of the Memorandum of Association of the Company be altered by adding the following new sub-clause 38 after the existing sub-clause 37 of Clause III-C (Other Objects):

'38. To carry on the business of sale, purchase, manage, develop, exchange, lease, hire, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Company.'

RESOLVED FURTHER THAT the Directors and Secretary of the Company be and are hereby severally authorised to file necessary documents with the Registrar of Companies and to do all such acts, deeds and things as may be necessary to give effect to this resolution."

3. To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the shareholders be and is hereby accorded to the Company for commencement of business as specified in the said sub-clause 38 of Clause III-C (Other Objects) of the Memorandum of Association of the Company."

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

Item No. 1, 2 & 3.

As the members are aware, your Company had set up a Joint Venture Company viz. Panheber Biotec Pvt. Ltd. for manufacture of Recombinant Bulk Hepatitis B Vaccines and Erythropoetin and as per the terms of Joint Venture Agreement entered into with Heber Biotec S.A., Cuba, the other Joint Venture Partner, the Company was required to, inter-alia provide its capital contribution by way of lease of land, building and plant & machinery and other capital assets for setting up the project and the other Joint Venture Partner viz. Heber Biotec S.A. was required to provide desired technology for the manufacture of said products.

Accordingly, the Company had, inter-alia, provided a part of the land and building on lease to Panheber Biotec Pvt. Ltd. and put necessary infrastructure by way of plant & machinery etc. for manufacture of Recombinant Bulk Hepatitis B Vaccine. Further, as per the provisions of Section 293(1)(a) of the Companies Act, 1956, the said lease of properties to Panheber Biotec Pvt. Ltd. may be deemed as the disposal of the whole, or substantially the whole, of the undertaking of the Company and hence requires approval from the shareholders of the Company. Hence, as an abundant caution, the approval of shareholders is proposed to be taken by passing an Ordinary Resolution.

Further, though the above said activity of leasing is covered under sub-clause 27 of Clause III-B (Objects Incidental or Ancillary for the attainment of the Main Objects), as an abundant caution, the enabling sub-clause is proposed to be added in Clause III-C (Other Objects) of the Memorandum of Association as sub-clause 38 thereof, with the approval of Shareholders pursuant to Section 17 of the Companies Act, 1956, by way of passing Special Resolution.

Further, as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, the above said approvals pursuant to Section 293(1)(a) and Section 17 of the Act are to be obtained by

way of sending postal ballots to the Shareholders. Accordingly, these resolutions are being proposed to seek your consent, by way of Postal Ballot as per the requirement of the Companies Act, 1956. Further, since the resolution as set out at item no. 3, is also related to above said matter, the approval of this resolution is also sought by way of sending Postal Ballots.

Your Directors recommend the resolutions as set out above for your approval. Shri Soshil Kumar Jain, Shri Rajesh Jain and Shri Ashwani Jain, Directors of the Company are also acting as the Directors of Panheber Biotec Pvt. Ltd. and hence may be deemed to be concerned or interested in the said resolution as set out at item no.1 above. Save and except as above, none of the Directors of the Company is, in any way, concerned or interested in the resolutions as set out at item no. 1, 2 & 3 above.

The above referred Joint Venture Agreement entered into with Heber Biotec S.A. and the Memorandum & Articles of Association of the Company are open for inspection by the Members on any working day during 11.00 A.M. to 1.00 P.M. upto the date of the Annual General Meeting at the registered office of the Company.

Regd. Office:
Ambala - Chandigarh Highway,
Lalru - 140501, Punjab.
Date : 28th December, 2002

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

Vinod Goel
Company Secretary

Shareholders' Information

The Company has on 12th Aust, 2003 completed dispatch of Postal Ballot Notice alongwith Postal Ballot Form and self addressed postage pre-paid reply envelope, in relation to an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956, authorising the Board of Directors to lease land, building, plant and machinery, etc. pertaining to Vaccines Plant at Lalru together with power to transfer the said assets in certain event(s) to Panheber Biotec Pvt. Ltd. and two Special Resolutions regarding alteration in object clause of the Memorandum of Association by adding new sub-clause 38 after the existing sub-clause 37 of Clause III-C (Other Objects) and commencement of Business as specified in sub-clause 38 of Clause III-C (Other Objects), seeking members' consent thereto, in the manner as set out therein.

The postal ballot form duly completed and signed by the members should reach the Scrutinizer not later than the close of working hours on Tuesday, the 16th September, 2003. 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 9th August, 2003 (cut-off date for ascertaining the members entitled to notice) but before 12th August, 2003 (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 Members shall be reckoned as on 12th August, 2003.

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

Panacea Biotec Ltd.

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

Result of Postal Ballot

Result of the voting conducted through Postal Ballot on the Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956, relating to mortgage and/or charge on any of its movable and/or immovable properties wherever situated, both present and future, or the whole, or substantially the whole, of the undertaking of the Company.

Number of valid postal ballot forms received	260
Votes in favour of the resolution	44,51,151
Votes against the Resolution	2,463
Number of invalid postal ballot forms received	20

The resolution has, therefore, been approved by the Shareholders with the requisite majority.

Regd. Office:
Ambala - Chandigarh Highway,
Lalru - 140501, Punjab.
Date : 28th December, 2002

Chairman