

**Unaudited Financial Results (Provisional) for the Quarter
and Nine Months Period ended on 31st December, 2009**

(Rs. in Lacs)

Particulars	For the Quarter ended		For 9 months ended		Year Ended
	31.12.09	31.12.08	31.12.09	31.12.08	31.03.2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. (a) Net Turnover / Income from Operations	22,810	17,591	57,112	54,579	77,342
(b) Other Operating Income	332	263	998	661	720
Total Income	23,142	17,854	58,110	55,240	78,062
2. Expenditure					
a. (Increase)/decrease in stock in trade and work in progress	(2,976)	(2,046)	(7,953)	(2,087)	(4,469)
b. Consumption of materials	15,214	8,308	33,529	20,308	29,520
c. Purchase of traded goods	553	490	1,470	1,298	1,559
d. Manufacturing & Administrative Exp.	2,382	1,981	6,208	5,897	8,062
e. Employees cost	2,442	2,238	7,462	6,896	9,161
f. Depreciation	1,643	1,542	4,866	4,416	7,051
g. Other expenditure	1,467	5,139	5,968	10,096	14,732
h. Total	20,725	17,652	51,550	46,824	65,616
3. Profit from Operations before other income, Interest, Foreign Exchange Fluctuation Gain/ (Loss) & Exceptional items (1-2h)	2,417	202	6,560	8,416	12,446
4. Other Income	111	622	363	1,538	1,877
5. Profit before Interest, Foreign Exchange Fluctuation Gain/ (Loss)& Exceptional Items (3+4)	2,528	824	6,923	9,954	14,323
6. Interest	858	1,074	2,838	2,162	3,211
7. Unrealised Exchange Fluctuation Gain/ (Loss)	-	(1,804)	-	(8,410)	(17,507)
8. Profit after Interest but before Exceptional Items (5-6+7)	1,670	(2,054)	4,085	(618)	(6,395)
9. Exceptional items	-	-	-	-	2,842
10. Profit / (Loss) from Ordinary Activities before tax (8-9)	1,670	(2,054)	4,085	(618)	(9,237)
11. Tax expenses	936	(167)	1,835	2,270	(2,332)
12. Net Profit / (Loss) from Ordinary Activities after tax (10-11)	734	(1,887)	2,250	(2,888)	(6,905)
13. Extraordinary items (net of tax expenses)	-	-	-	-	-
14. Net Profit / (Loss) for the period (12-13)	734	(1,887)	2,250	(2,888)	(6,905)
15. Paid up equity share capital (face value of Re.1 per share)	668	668	668	668	668
16. Reserves excluding Revaluation Reserves					60,847
17. Earning Per Share (EPS)					
Basic	1.10	(2.83)	3.37	(4.33)	(10.35)
Diluted	1.03	(2.65)	3.15	(4.05)	(10.35)
18. Public shareholding					
- No. of shares	20,904,912	22,776,616	20,904,912	22,776,616	21,391,047
- Percentage of shareholding	31.27	34.07	31.27	34.07	32.00
19. Promoters and promoter group Shareholding					
a) Pledged/ Encumbered					
Number of Shares	38,000	Nil	38,000	Nil	Nil
% of shares(as a % of the total shareholding of promoter & promoter group)	0.08	N.A.	0.08	N.A.	N.A.
% of Shares (as a % of the total Share Capital of the Company)	0.06	N.A.	0.06	N.A.	N.A.
b) Non-encumbered					
Number of Shares	45,899,834	44,066,130	45,899,834	44,066,130	45,451,699
% of shares (as a % of the total shareholding of promoter & promoter group)	99.92	100.00	99.92	100.00	100.00
% of Shares (as a % of the total Share Capital of the Company)	68.67	65.93	68.67	65.93	68.00

Unaudited Segment-wise Revenue, Results and Capital Employed

Particulars	For the Quarter ended		For 9 months ended		Year Ended
	31.12.09	31.12.08	31.12.09	31.12.08	31.03.2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment Revenue					
(a) Vaccines	16,684	12,131	39,273	37,190	54,761
(b) Formulations	6,404	5,431	18,257	17,722	22,873
(c) Research & Development	9	-	9	17	17
(d) Unallocated	45	292	571	311	411
Gross Sale/Income from Operation	23,142	17,854	58,110	55,240	78,062
Less : Inter Segment Revenue	-	-	-	-	-
Net Sales/Income from Operations	23,142	17,854	58,110	55,240	78,062
2. Segment Results Profit (+) before tax and interest from each segment					
(a) Vaccines	3,893	5,550	12,329	17,611	26,618
(b) Formulations	1,423	734	3,658	4,246	4,669
(c) Research & Development	(1,840)	(1,557)	(5,157)	(4,647)	(6,682)
(d) Unallocated	-	-	-	-	-
Total	3,476	4,727	10,830	17,210	24,605
Less : i) Interest	858	1,074	2,838	2,162	3,211
ii) Other Un-allocated Expenditure net off Un-allocated income.	948	5,707	3,907	15,666	30,631
Total Profit Before Tax	1,670	(2,054)	4,085	(618)	(9,237)
3. Capital Employed (Segment assets-Segment Liabilities)					
(a) Vaccines	75,853	52,297	75,853	52,297	73,520
(b) Formulations	16,259	16,532	16,259	16,532	13,659
(c) Research & Development	21,583	20,176	21,583	20,176	20,779
(d) Unallocated	(49,630)	(22,173)	(49,630)	(22,173)	(46,443)
Total Capital Employed	64,065	66,832	64,065	66,832	61,515

Notes:

- 1 The above financial results were reviewed by the Audit Committee of the Board and approved by the Board of Directors at their meetings held on 28th January, 2010 and 29th January, 2010, respectively.
- 2 The Statutory auditors have also carried out limited review of these results and have given their observations in their report in respect of para 9(i), (ii) & (iii) and para 10 below.
- 3 Tax expense includes provision for income tax and deferred tax.
- 4 During the quarter, the Company has launched new products, **PexeTrust** 100 & 500 (for the treatment of pleural mesothelioma as well as non-small cell lung cancer) and **PeggTrust** (for primary prophylaxis in neutropenia) under its SBU OncoTrust.
- 5 CARE has assigned "PR 1" (PR one) rating for the Commercial Paper (within working capital limits) of an aggregate amount of Rs.100 crore. CARE has also retained "CARE A" rating for the long-term borrowing facilities and "PR 1" rating for short-term borrowing facilities of the Company.
- 6 During the quarter, the Company has invested an amount of Rs.211.51 Lac towards payment of call money in respect of partly paid shares held in its Indian subsidiary, Umkal Medical Institute Pvt. Ltd.
- 7 During the quarter, the Company has provided a loan of US \$ 750,000 (Rs.349.35 Lac) to its overseas Wholly-owned Subsidiary namely Rees Investment Limited.
- 8 The Board of Directors had at their meeting held on 21st January, 2010, approved for Buy-back of 55,92,000 Equity shares of Re.1 each at a price upto Rs.229 per share for an amount upto approx. Rs.12,805.68 Lac through Open Market Purchases, subject to the approval of shareholders and SEBI.
- 9 As regards the Auditors' observations in their report on the Audited Accounts for the Financial Year 2008-09:
- With regard to non-provision of proportionate premium on redemption for outstanding portion of US \$ 50 million Zero Coupon Convertible Bonds [US \$ 36.8 million], the management is of the opinion that the bonds are redeemable only if there is no conversion of bonds earlier, the likelihood of which cannot be ascertained presently. Hence, the payment of premium on redemption is contingent in nature, the outcome of which is dependent upon uncertain future events. Therefore, the same has been disclosed as a contingent liability in the Annual Accounts for earlier years. Accordingly, the proportionate premium on said Bonds during the quarter ended December 31, 2009, amounting to Rs.398.29 Lac has also not been provided. The total unprovided redemption premium for period upto December 31, 2009 amounts to Rs.5,458.85 Lac. Further, in the eventuality of bonds not getting converted, premium on redemption shall be adjusted out of the Securities Premium Account and would not have any consequential impact on the Profit & Loss Account.
- i) With regard to capitalization of expenditure on clinical trials amounting to Rs.1,239.78 Lac for Financial Year 2008-09 for the purpose of registration of Company's product in US and / or Europe, the management believes that these products would be commercially viable and there is no reason to believe that there is any uncertainty that may lead to not securing registration for the products from the regulatory authorities. An amount of Rs.61.84 Lac and Rs.241.97 Lac towards above said expenditure on clinical trials during quarter and nine months ended December 31, 2009, respectively, has also been capitalised on similar grounds. The total amount of such capitalisation upto December 31, 2009 is Rs.4,506.90 Lac.
- ii) With regard to payment of managerial remuneration of Rs.381.70 Lac during Financial Year 2008-09, in excess of limits prescribed under Section 198 and 309 read with part II of Schedule XIII of the Companies, Act, 1956, without obtaining Central Government approval, the Company has sought approval of the Central Government for such remuneration. While the approvals to the extent of Rs.146.19 Lac of excess remuneration in respect of Joint Managing Directors have been received, the requisite approvals for balance amount of excess remuneration of Rs.235.51 Lac are awaited.
- iii) As regards the Auditors' observations in their limited review report on the above results in respect of unrealised foreign exchange gain of Rs.3,632.42 Lac on outstanding forward contracts amounting to USD 79 million as at 31st December, 2009, the management is of the opinion that since market exchange rate on the various settlement dates is not certain, such unrealised foreign exchange gain is contingent in nature, hence, the same has not been accounted for. The unrealised foreign exchange gain, if any, will be considered appropriately at year end.
- 10 Status of Investors' complaints [in nos.] during the quarter, pursuant to clause 41 of listing agreement: Opening [0]; Received [2]; Disposed [1]; Closing [1, since resolved].
- 11 The necessary certificate in respect of above Results in terms of requirement of clause 41 of the Listing Agreement, has been placed before the Board of Directors.
- 12 The previous period's figures have been regrouped/ rearranged/ reclassified wherever necessary.
- 13

New Delhi
January 29, 2010

For Panacea Biotec Ltd.

Dr. Rajesh Jain
Joint Managing Director

Panacea Biotec Ltd.

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