

Audited Financial Results for the Financial Year ended 31st March, 2008

(Rs. in Lac)

Sl. No.	Particulars	For Quarter ended		For Year ended		Consolidated for Year ended	
		31.03.2008 (unaudited)	31.03.2007 (unaudited)	31.03.2008 (Audited)	31.03.2007 (Audited)	31.03.2008 (Audited)	31.03.2007 (Audited)
1	Income from Operations	19,552	22,677	83,044	83,155	84,134	84,236
2	Other Income	1,502	22	3,312	2,996	3,424	3,049
3	Total Income	21,054	22,699	86,356	86,151	87,558	87,285
4	Expenditure						
	a) (Increase) / Decrease in Stocks	145	1,474	218	1,176	249	1,235
	b) Consumption of Materials	7,777	9,010	34,637	36,417	34,396	36,300
	c) Purchase of traded goods	279	276	1,730	1,002	1,831	817
	d) Manufacturing & Administrative Expenses	1,981	2,047	6,947	6,264	7,299	6,571
	e) Personnel Expenses	3,521	3,503	9,249	7,880	9,804	8,343
	f) Depreciation	1,261	1,071	4,300	3,552	4,659	3,727
	g) Others	2,555	2,124	9,066	7,428	9,387	7,585
	f) Total	17,519	19,505	66,147	63,719	67,625	64,578
5	Interest	380	330	1,163	1,522	1,165	1,522
6	Profit from Ordinary Activities before Tax (3-4f-5)	3,155	2,864	19,046	20,910	18,768	21,185
7	Tax Expense	664	522	5,730	6,229	5,870	6,421
8	Net Profit from Ordinary Activities after Tax	2,491	2,342	13,316	14,681	12,898	14,764
9	Paid-up Equity Share Capital (Face Value Re.1/- per Share)	668	658	668	658	668	658
10	Reserves excluding Revaluation Reserves			69,053	53,251	68,943	52,965
11	Earning Per Share (EPS) (Rs.)						
	- Basic (not annualised)	3.77	3.84	20.14	23.71	19.51	23.84
	- Diluted (not annualised)	3.53	3.52	18.85	21.73	18.25	21.85
12	Public Shareholding						
	Number of Shares	23,247,606	22,207,664	23,247,606	22,207,664		
	Percentage of shareholding	34.78	33.73	34.78	33.73		

Unaudited Segment wise Revenue, Results and Capital employed

Sl. No.	Particulars	For Quarter ended		For Year ended		Consolidated for Year ended	
		31.03.2008 (unaudited)	31.03.2007 (unaudited)	31.03.2008 (Audited)	31.03.2007 (Audited)	31.03.2008 (Audited)	31.03.2007 (Audited)
1	Segment Revenue						
	a) Vaccines	15,025	18,881	63,648	66,387	64,724	67,441
	b) Formulations	5,020	3,774	20,085	17,002	20,085	17,002
	c) Research & Development	-	25	39	78	52	104
	d) Health Management	-	-	-	-	-	-
	e) Unallocated	-	-	-	-	-	-
	Gross Sales/ Income from Operations	20,045	22,680	83,772	83,467	84,861	84,547
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Net Sales/ Income from Operations	20,045	22,680	83,772	83,467	84,861	84,547
2	Segment Results						
	a) Vaccines	7,590	6,953	28,649	28,285	28,740	28,565
	b) Formulations	192	688	2,207	2,849	2,207	2,849
	c) Research & Development	(1,664)	(1,338)	(5,379)	(4,972)	(5,871)	(5,190)
	d) Health Management	-	-	-	-	-	-
	e) Unallocated	-	-	-	-	-	-
	Total	6,118	6,303	25,477	26,162	25,076	26,224
	Less : Interest	380	330	1,163	1,522	1,165	1,522
	Unallocated Expenditure net of unallocated Income	2,583	3,109	5,268	3,730	5,143	3,517
	Total Profit Before Tax	3,155	2,864	19,046	20,910	18,768	21,185
3	Capital Employed (Segment Assets - Segments Liabilities)						
	a) Vaccines	40,860	29,930	40,860	29,930	42,018	29,913
	b) Formulations	16,577	15,100	16,577	15,100	16,577	15,100
	c) Research & Development	18,568	11,257	18,568	11,257	18,662	11,549
	d) Health Management	-	-	-	-	18,264	-
	e) Unallocated	(6,284)	(2,377)	(6,284)	(2,377)	(25,910)	(2,649)
	Total Capital employed	69,721	53,910	69,721	53,910	69,611	53,913

Notes:

- 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 25th June, 2008 and 26th June, 2008, respectively.
- Tax expense include provision for income tax, wealth tax, fringe benefit tax and deferred tax liability.
- The Board of Directors has recommended Equity dividend @ **100%** (Re.1/- per Share) for the financial year 2007-08, aggregating Rs.66.84 million, excluding dividend distribution tax.
- The Company has been successfully pre-qualified by WHO for two of its innovative combination vaccines for pediatric immunization - EasyFour (DTP + Hib) and Ecovac (DTP + Hep B).
- The Company's fifth R&D Centre - GRAND at Navi Mumbai, with a focus on development of Advanced Drug Delivery Systems in oral, injectable, pulmonary, nasal routes of administration in high growth therapeutic areas, was inaugurated during the quarter.
- During the quarter, the outstanding loan of Rs.1,790 million given earlier to its wholly-owned subsidiary company, Best On Health Ltd. has been adjusted towards subscription for Optionally Convertible Preference Shares.
- During the quarter, the Company has set-up a wholly-owned subsidiary company, namely Panacea Biotec FZE in UAE and has invested an amount of Rs.5.5 million towards its capital contribution during April, 2008.
- As per the Companies (Accounting Standards) Rules, 2006, the Company has adopted the accounting treatment of exchange difference contained in AS-11 w.e.f. 1st April, 2007, whereby exchange difference arising due to change in the exchange rate has been recognised in the P&L Account as against the hitherto followed practice of adjusting the same to the carrying amount of fixed assets. Had the Company followed the earlier basis of accounting for foreign exchange fluctuations, the profit after taxation would have been higher by Rs.13.71 million (net of tax of Rs.7.1 million) and the net block of fixed assets would have been correspondingly higher by Rs.20.8 million.
- As regards the Auditors' observations in their report on the Audited Accounts for the Financial Year 2007-08 and the notes below:
 - With regard to non-provision of proportionate premium on redemption of US\$ 50 million Zero Coupon Convertible Bonds due 2011 amounting to Rs.243.71 million during FY 2007-08, 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 same was disclosed as a contingent liability in Annual Accounts. Likewise, the proportionate premium on said Bonds amounting to Rs.30.68 million during quarter ended 31st March, 2008 has also not been provided.
 - With regard to capitalization of expenditure on clinical trials amounting to Rs.185.58 million during FY 2007-08 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.24.97 million towards above said expenditure on clinical trials during quarter ended 31st March, 2008 has also been capitalised on similar grounds.
- As regards the Auditors' other observations in their report on the Audited Accounts for the Financial Year 2006-07:
 - With regard to furnishing of information in respect of its suppliers which may fall under The Micro, Small and Medium Enterprises Development Act, 2006, which was promulgated in October 2006, the Company has complied with all the requirements of the Act, including payment of interest of Rs.4.7 million to such suppliers for the period upto 31st March, 2008.
 - With regard to provision regarding dues in respect of Central Sales Tax of Rs.121.7 million (incl. accrued interest of Rs.28.1 million) in respect of inter-state sales to UN organisation, made on the principle of convertism (in view of lack of clarity on availability of exemption from CST on such sale), now the assessment of tax for the relevant year has been completed and the exemption claimed by the Company has been granted and hence no such amount is payable and accordingly provision made as above has been written back during the year.
- During the year, the Equity Share Capital has increased to Rs.66.84 million as a result of allotment of 1,012,242 Equity Shares of Re.1 each at a premium of Rs.356.57 per share upon conversion of 82 Zero Coupon Foreign Currency Convertible Bonds (Tranche 2) aggregating US\$8.2 million.
- The Company has fully utilized the remaining proceeds of Foreign Currency Convertible Bonds issue, amounting to US\$4.0 million placed overseas in Fixed Deposits as on March 31, 2007, for capital expenditure purposes.
- The Consolidated Financial Results have been prepared by consolidating the Company's Audited Annual Accounts for the financial year 2007-08 with the Audited Annual Accounts for the year ended 31st March, 2008 of its subsidiary, Best On Health Ltd. (and its subsidiaries Radicura & Co. Ltd., Panacea Education Institute Pvt. Ltd., Panacea Hospitality Services Pvt. Ltd. and Sunanda Steel Company Ltd.) and Joint Venture Company, Chiron Panacea Vaccines Pvt. Ltd.; Audited Annual Accounts for the year ended 31st December, 2007 of Joint Venture Company, Cambridge Biostability Ltd. U.K. and Audited Annual Accounts for the financial year 2007-08 of Associate Company, Panheber Biotec Pvt. Ltd. and Associate Firm, Lakshmi and the Manager.
- Status of Investors' complaints [in nos.] during the quarter, pursuant to clause 41 of listing agreement: Opening [0]; Received [1]; Disposed [0]; Closing [1].
- 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.
- The previous period's figures have been regrouped/ rearranged/ reclassified wherever necessary.

New Delhi
June 26, 2008

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For and on behalf of the Board
Soshil Kumar Jain
Chairman