

Audited Financial Results for the Financial Year ended 31st March, 2009

(Rs. in Lacs)

Sl. No.	Particulars	For Quarter ended		For Year Ended		Consolidated For Year Ended	
		31.03.09	31.03.08	31.03.09	31.03.08	31.03.2009	31.03.2008
		(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
1	(a) Net Turnover / Income from Operations	22,763	19,552	77,342	83,044	78,817	84,134
	(b) Other Operating Income	59	989	720	1,470	722	1,933
	Total Income	22,822	20,541	78,062	84,514	79,539	86,067
2	Expenditure						
	a. (Increase)/decrease in stock in trade and work in progress	(2,382)	145	(4,469)	218	(4,526)	249
	b. Consumption of materials	9,212	7,777	29,520	34,637	29,525	34,396
	c. Purchase of traded goods	261	279	1,559	1,730	1,864	1,831
	d. Manufacturing & Administrative Exp.	2,165	1,981	8,062	6,947	8,356	7,712
	e. Employees cost	2,265	3,521	9,161	9,249	9,568	9,804
	f. Depreciation	2,635	1,261	7,051	4,300	7,250	4,659
	g. Other expenditure	4,637	2,044	14,732	9,066	15,111	9,387
	h. Total	18,793	17,008	65,616	66,147	67,148	68,038
3	Profit from Operations before other income, Interest, Foreign Exchange Fluctuation Gain/ (Loss) & Exceptional items (1-2h)	4,029	3,533	12,446	18,367	12,391	18,029
4	Other Income	339	219	1,877	525	2,398	1,896
5	Profit before Interest, Foreign Exchange Fluctuation Gain/ (Loss) & Exceptional Items (3+4)	4,368	3,752	14,323	18,892	14,789	19,925
6	Interest	1,048	380	3,211	1,163	3,215	1,165
7	Unrealised Exchange Fluctuation Gain/ (Loss)	(9,097)	(217)	(17,507)	1,317	(17,507)	-
8	Profit after Interest but before Exceptional Items (5-6+7)	(5,777)	3,155	(6,395)	19,046	(5,933)	18,760
9	Exceptional items	2,842	-	2,842	-	2,842	-
10	Profit / (Loss) from Ordinary Activities before tax (7+8)	(8,619)	3,155	(9,237)	19,046	(8,775)	18,760
11	Tax expenses	(4,602)	664	(2,332)	5,730	(2,068)	5,862
12	Net Profit / (Loss) from Ordinary Activities after tax (9-10)	(4,017)	2,491	(6,905)	13,316	(6,707)	12,898
13	Extraordinary items (net of tax expenses)	-	-	-	-	-	-
14	Net Profit / (Loss) for the period (11-12)	(4,017)	2,491	(6,905)	13,316	(6,707)	12,898
15	Paid up equity share capital (face value of Re.1 per share)	668	668	668	668	668	668
16	Reserves excluding Revaluation Reserves	-	-	60,847	69,053	61,440	68,943
17	Earning Per Share (EPS) - Basic	(6.02)	3.77	(10.35)	20.14	(10.06)	19.51
	- Diluted	(6.02)	3.53	(10.35)	18.85	(10.06)	18.25
18	Public shareholding						
	- No. of shares	21,391,047	23,247,606	21,391,047	23,247,606	21,391,047	23,247,606
	- Percentage of shareholding	32.00	34.78	32.00	34.78	32.00	34.78
19	Promoters and promoter group Shareholding						
	a) Pledge / Encumbered						
	- Number of Shares	Nil	Nil	Nil	Nil	Nil	Nil
	- % of Shares (as a % of the total shareholding of promoter & promoter group)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	- % of Shares (as a % of the total Share Capital of the Company)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	b) Non-encumbered						
	- Number of Shares	45,451,699	43,595,140	45,451,699	43,595,140	45,451,699	43,595,140
	- % of Shares (as a % of the total shareholding of promoter & promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
	- % of Shares (as a % of the total Share Capital of the Company)	68.00	65.22	68.00	65.22	68.00	65.22
Audited Segment-wise Revenue, Results and Capital Employed							
Sl. No.	Particulars	For Quarter ended		For Year Ended		Consolidated For Year Ended	
		31.03.09	31.03.08	31.03.09	31.03.08	31.03.2009	31.03.2008
		(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
1	Segment Revenue						
	(a) Vaccines	17,571	15,025	54,761	63,647	56,237	64,724
	(b) Formulations	5,151	5,020	22,873	20,085	22,873	20,085
	(c) Research & Development	(0)	-	17	39	17	52
	(d) Health Management	-	-	-	-	-	-
	(e) Unallocated	100	496	411	743	412	1,206
	Gross Sale/Income from Operation	22,822	20,541	78,062	84,514	79,539	86,067
	Less : Inter Segment Revenue	-	-	-	-	-	-
	Net Sales/Income from Operations	22,822	20,541	78,062	84,514	79,539	86,067
2	Segment Results Profit (+) before tax and interest from each segment						
	(a) Vaccines	9,007	7,590	26,618	28,649	26,897	28,740
	(b) Formulations	423	192	4,669	2,207	4,669	2,207
	(c) Research & Development	(2,035)	(1,664)	(6,682)	(5,379)	(6,682)	(5,871)
	(d) Health Management	-	-	-	-	(165)	-
	(e) Unallocated	-	-	-	-	-	-
	Total	7,395	6,118	24,605	25,477	24,719	25,076
	Less : i) Interest	1,049	380	3,211	1,163	3,215	1,165
	ii) Other Un-allocated Expenditure net off Un-allocated income.	14,965	2,583	30,631	5,268	30,279	5,151
	Total Profit Before Tax	(8,619)	3,155	(9,237)	19,046	(8,775)	18,760
3	Capital Employed (Segment assets-Segment Liabilities)						
	(a) Vaccines	73,520	40,860	73,520	40,860	73,907	42,018
	(b) Formulations	13,659	16,577	13,659	16,577	13,659	16,577
	(c) Research & Development	20,779	18,568	20,779	18,568	20,779	18,662
	(d) Health Management	-	-	-	-	21,376	18,264
	(e) Unallocated	(46,443)	(6,284)	(46,443)	(6,284)	(67,323)	(25,910)
	Total Capital Employed	61,515	69,721	61,515	69,721	62,398	69,611

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 26th May, 2009 and 27th May, 2009, respectively.
- 2 Tax expense include provision for income tax, fringe benefit tax and deferred tax liability.
- 3 During the quarter, the Company's indirect wholly-owned subsidiary (WOS), Kelisia Investment Holding AG, Switzerland has set-up a WOS Company, Panacea Biotec (International) S.A in Switzerland.
- 4 The results for the quarter and year ended 31st March, 2009 have been adversely affected due to provisioning of unrealized foreign exchange loss of Rs.17,026 Lac on the open forward contracts amounting to USD 142 million as at 31st March 2009, as against Rs.405 Lac during the corresponding period of previous year.
- 5 The results for the quarter and year ended 31st March, 2009 have also been adversely affected due to provisioning for impairment of Company's investment Rs.1,680 Lac (representing 10% stake) in joint venture, Cambridge Biostability Limited, U.K. (CBL) in view of initiation of proceedings for creditors' voluntary liquidation thereof due to its adverse financial position. Consequently, an amount of Rs.1,162 lac on account of Convertible Loan and interest accrued thereon due from CBL has also been provided for as doubtful and the aggregate of the above two amounts has been disclosed as Exceptional item.
- 6 The Company has opted for change in accounting policy in respect of foreign exchange difference relating to translation of Long Term Foreign Currency Monetary Liabilities in accordance with the revised Accounting Standard 11 vide notification dated 31.03.2009 issued by the Ministry of Corporate Affairs, New Delhi. Consequently, the foreign exchange fluctuation gain of Rs.1,317 Lac upto March 31, 2008 has been either adjusted to the cost of depreciate asset or transferred to Foreign Currency Monetary Item Translation Difference Account, depending upon nature of utilisation and debited from General Reserve Account. Further the foreign exchange fluctuation loss of Rs.9,947 Lac for Financial Year 2008-09 has been either added to the cost of capital or transferred to Foreign Currency Monetary Item Translation Difference Account. Due to this change, the profit for the quarter and year ended as on March 31, 2009 has been increased by Rs.8,501 Lac after providing for Depreciation/ Amortisation of Rs.1,445 Lac.If the aforesaid changes would have not been made, loss before tax for the quarter and year ended would have been higher by Rs.8,501 lac.
- 7 In view of non-availability of profits during the current financial year, the Board of Directors has not recommended any dividend on the Equity Shares of the Company.
- 8 As regards the Auditors' observations in their report on the Audited Accounts for the Financial Year 2008-09:
 - i) 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 and year ended March 31, 2009, amounting to Rs.412 Lac and Rs.1,628 Lac, respectively has also not been provided. The total unprovided redemption premium for period upto March 31, 2009 amounts to Rs.4,710 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.
 - ii) With regard to capitalization of expenditure on clinical trials amounting to Rs.1,856 Lac for Financial Year 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.148 Lac and Rs.1,240 Lac towards above said expenditure on clinical trials during quarter and year ended March 31, 2009, respectively, has also been capitalised on similar grounds. The total amount of such capitalisation upto March 31, 2009 is Rs.4,259 Lac.
 - iii) With regard to payment of managerial remuneration of Rs. 451 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 amount paid as managerial remuneration to Mr. Soshil Kumar Jain, Chairman, Mr. Ravinder Jain, Managing Director, Dr. Rajesh Jain, Joint Managing Director and Mr. Sandeep Jain, Joint Managing Director has exceeded the above limits due to unexpected inadequacy of profits during the current financial year and as such the Company is in the process of filing necessary applications for the approval of Central Government for protecting their remuneration as approved earlier by shareholders.
- 9 The Consolidated Financial Results have been prepared by consolidating the Company's Audited Annual Accounts for the financial year 2008-09 with the Audited Annual Accounts for the year ended 31st March, 2009 of its subsidiaries, Best On Health Ltd., Radicura & Co. Ltd., Panacea Education Institute Pvt. Ltd., Panacea Hospitality Services Pvt. Ltd., Sunanda Steel Company Ltd., Umkal Medical Institute Pvt. Ltd., Panacea Biotec Inc., USA, Panacea Biotec GmbH, Germany, Panacea Biotec FZE, UAE, Rees Investments Limited, Guernsey and Kelisia Holdings Limited, Cyprus; Joint Venture Company, Chiron Panacea Vaccines Pvt. Ltd.; and Associate Companies, PanEra Biotec Pvt. Ltd. and Lakshmi & Manager Holdings Limited; and the Audited Accounts for the period ended upto 30 th June 2008 of the Associate Firm, Lakshmi and the Manager. In view of note 5 above, the Financial Results of Joint Venture company Cambridge Biostability have not been considered for consolidation.
- 10 During the quarter, the company has been assigned 'CARE A' (Single A) rating to the long term facilities and 'PR1' (PR one) to the short term facilities of the Company by Credit Analysis & Research Ltd. (CARE).
- 11 Status of Investors' complaints [in nos.] during the quarter, pursuant to clause 41 of listing agreement: Opening [0]; Received [3]; Disposed [3]; Closing [0].
- 12 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.
- 13 The previous period's figures have been regrouped/ rearranged/ reclassified wherever necessary.

For and on behalf of the Board

**New Delhi
May 27, 2009**

**Dr. Rajesh Jain
Joint Managing Director**

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