

**Unaudited Financial Results for the Quarter ended 30th  
Sept,2009**

(Rs. in Lacs)

Particulars	For Quarter ended		For Half Year ended		For Year Ended
	30.09.09	30.09.08	30.09.09	30.09.08	31.03.09
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. (a) Net Turnover / Income from Operations	16,581	14,540	34,302	36,988	77,342
(b) Other Operating Income	301	148	665	398	720
<b>Total Income</b>	<b>16,882</b>	<b>14,688</b>	<b>34,967</b>	<b>37,386</b>	<b>78,062</b>
2. Expenditure					
a. (Increase)/decrease in stock in trade and work in progress	(2,254)	(1,360)	(4,977)	(41)	(4,469)
b. Consumption of materials	9,033	5,775	18,316	12,000	29,520
c. Purchase of traded goods	510	379	917	808	1,559
d. Manufacturing & Administrative Exp.	2,047	2,100	3,826	3,916	8,062
e. Employees cost	2,708	2,336	5,020	4,658	9,161
f. Depreciation	1,617	1,501	3,222	2,874	7,051
g. Other expenditure	2,042	7,221	4,500	11,563	14,732
<b>h. Total</b>	<b>15,703</b>	<b>17,952</b>	<b>30,824</b>	<b>35,778</b>	<b>65,616</b>
<b>3. Profit from Operations before other income, Interest, Foreign Exchange Fluctuation Gain/ (Loss) &amp; Exceptional items (1-2h)</b>	<b>1,179</b>	<b>(3,264)</b>	<b>4,143</b>	<b>1,608</b>	<b>12,446</b>
4. Other Income	125	634	252	916	1,877
<b>5. Profit before Interest, Foreign Exchange Fluctuation Gain/ (Loss) &amp; Exceptional Items (3+4)</b>	<b>1,304</b>	<b>(2,630)</b>	<b>4,395</b>	<b>2,524</b>	<b>14,323</b>
6. Interest	1,001	604	1,980	1,088	3,211
7. Unrealised Exchange Fluctuation Gain/ (Loss)	-	-	-	-	(17,507)
<b>8. Profit after Interest but before Exceptional Items (5-6+7)</b>	<b>303</b>	<b>(3,234)</b>	<b>2,415</b>	<b>1,436</b>	<b>(6,395)</b>
9. Exceptional items	-	-	-	-	2,842
<b>10. Profit / (Loss) from Ordinary Activities before tax (8-9)</b>	<b>303</b>	<b>(3,234)</b>	<b>2,415</b>	<b>1,436</b>	<b>(9,237)</b>
11. Tax expenses	90	1,172	899	2,437	(2,332)
<b>12. Net Profit / (Loss) from Ordinary Activities after tax (10-11)</b>	<b>213</b>	<b>(4,406)</b>	<b>1,516</b>	<b>(1,001)</b>	<b>(6,905)</b>
13. Extraordinary items (net of tax expenses)	-	-	-	-	-
<b>14. Net Profit / (Loss) for the period (12-13)</b>	<b>213</b>	<b>(4,406)</b>	<b>1,516</b>	<b>(1,001)</b>	<b>(6,905)</b>
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	0.32	(6.61)	2.27	(1.50)	(10.35)
Diluted	0.30	(6.61)	2.13	(1.50)	(10.35)
18. Public shareholding					
- No. of shares	20,908,344	23,248,288	20,908,344	23,248,288	21,391,047
- Percentage of shareholding	31.28	34.78	31.28	34.78	32.00
19. Promoters and promoter group Shareholding					
a) Pledge / Encumbered					
- Number of Shares	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.
- % of Shares (as a % of the total Share Capital of the Company)	N.A.	N.A.	N.A.	N.A.	N.A.
b) Non-encumbered					
- Number of Shares	45,934,402	43,594,458	45,934,402	43,594,458	45,451,699
- % of Shares (as a % of the total shareholding of promoter & promoter group)	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
- % of Shares (as a % of the total Share Capital of the Company)	<b>68.72</b>	<b>65.22</b>	<b>68.72</b>	<b>65.22</b>	<b>68.00</b>

**Unaudited Segment-wise Revenue , Results, and Capital Employed**

Particulars	For Quarter ended		For Half Year ended		For Year Ended
	30.09.09	30.09.08	30.09.09	30.09.08	31.03.09
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1. Segment Revenue</b>					
(a) Vaccines	10,504	9,091	22,589	25,059	54,761
(b) Formulations	6,132	5,621	11,853	12,291	22,873
(c) Research & Development	-	14	-	17	17
(d) Unallocated	246	(38)	525	19	411
<b>Gross Sale/Income from Operation</b>	<b>16,882</b>	<b>14,688</b>	<b>34,967</b>	<b>37,386</b>	<b>78,062</b>
Less : Inter Segment Revenue	-	-	-	-	-
<b>Net Sales/Income from Operations</b>	<b>16,882</b>	<b>14,688</b>	<b>34,967</b>	<b>37,386</b>	<b>78,062</b>
<b>2. Segment Results Profit (+) before tax and interest from each segment</b>					
(a) Vaccines	3,322	4,142	8,435	12,061	26,618
(b) Formulations	909	1,259	2,235	3,512	4,669
(c) Research & Development	(1,769)	(1,626)	(3,317)	(3,090)	(6,682)
(d) Unallocated	-	-	-	-	-
<b>Total</b>	<b>2,462</b>	<b>3,775</b>	<b>7,353</b>	<b>12,483</b>	<b>24,605</b>
Less : i) Interest	1,001	604	1,980	1,088	3,211
ii) Other Un-allocated Expenditure net off Un-allocated income.	1,158	6,405	2,958	9,959	30,631
<b>Total Profit Before Tax</b>	<b>303</b>	<b>(3,234)</b>	<b>2,415</b>	<b>1,436</b>	<b>(9,237)</b>
<b>3. Capital Employed</b>					
(Segment assets-Segment Liabilities)					
(a) Vaccines	77,030	40,627	77,030	40,627	73,520
(b) Formulations	15,288	16,623	15,288	16,623	13,659
(c) Research & Development	18,196	19,189	18,196	19,189	20,779
(d) Unallocated	(47,184)	(7,719)	(47,184)	(7,719)	(46,443)
<b>Total Capital Employed</b>	<b>63,330</b>	<b>68,720</b>	<b>63,330</b>	<b>68,720</b>	<b>61,515</b>

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

Website : <http://www.panacea-biotec.com>

**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 October, 2009 and 29th October, 2009, respectively.
2. Tax expense includes provision for income tax and deferred tax.
3. During the quarter, the Company has received an Award Notification for supply of its EasyFive (pentavalent vaccine) from UNICEF for years 2010, 2011 and 2012. The total value of the award is USD 222.37 million (over Rs. 1067 crores).
4. During the quarter, the Company has launched new products BorteTrust 2mg vial (for the treatment of multiple myeloma - a form of blood cancer), FIBERFORTE 90g tablets (for chronic constipation), OGLIBO MD 0.2 & 0.3 TABLET (for the treatment of diabetes), VACOSTEO 5mg 100ml vial (for the treatment of osteoporosis).
5. During the quarter, the Company has invested an amount of Rs 225.61 Lac towards payment of call money in respect of shares held in its Indian subsidiary, Umkal Medical Institute Pvt. Ltd.
6. During the quarter under review, 149,000 Equity Shares of the Company held in the name of the Company's employees as nominee/trustees were sold and the net proceeds aggregating Rs.299.11 Lac has been received by the Company out of which an amount of Rs.297.62 Lac has been credited in Securities Premium Account.
7. Included in other expenditure above is an amount of Rs.104.85 Lac on account of writing off certain obsolete and non-usable Fixed Assets observed during physical verification exercise carried out by the Company.
8. As regards the Auditors' observations in their report on the Audited Accounts for the Financial Year 2008-09, with regard to:
  - i) 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 since the bonds are redeemable only if there is no conversion of bonds earlier, the probability of which cannot be presently ascertained, 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 contingent liability. Moreover, in case of redemption, the redemption premium will be offset against the Securities Premium Account, thus having no impact on the Profit & Loss Account. Accordingly, the proportionate premium on said Bonds during the quarter ended September 30, 2009, amounting to Rs.415.88 Lac has also not been provided. The total unprovided redemption premium for period upto September 30, 2009 amounts to Rs. 5284.95 Lac.
  - ii) Capitalization of expenditure on clinical trials amounting to Rs.1,240 Lac for Financial Year 2008-09 for the purpose of registration of Company's product in US and / or Europe: the Management is of the opinion that the expenditure is not towards basic research and there is no experience to suggest that the studies conducted by CRO on behalf of the Company would lead to or make it difficult for the Company to obtain regulatory approval. Hence, 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 in US and/or Europe. An amount of Rs.51.94 Lac towards above said expenditure on clinical trials during quarter ended September 30, 2009, respectively, has also been capitalised on similar grounds. The total amount of such capitalisation upto September 30, 2009 is Rs.4,445.06 Lac.
  - iii) 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 had adequate profits for past many years and thus has been paying remuneration to its managerial personnel as per shareholders approval within overall limits as specified under the Companies Act, 1956. However, since in view of the unexpected inadequacy of profits during the financial year 2008-09, the managerial remuneration paid during the year amounting to Rs.630.35 Lac exceeded the limits prescribed under the Act by Rs. 381.70 Lac. The Company has sought approval of the Central Government for protection of such remuneration. Meanwhile, the Members of the Company approved the payment of such remuneration in their Annual General Meeting held on 25th September, 2009.
9. As regards the Auditors' observations in their limited review report on the above results in respect of non-provision of unrealised foreign exchange gain of Rs. 2,882 lac on outstanding forward contracts amounting to USD 100 million as at 30th September, 2009, the management is of the opinion that since market exchange rate on the various settlement dates is not certain, the unrealised gain/loss is contingent in nature. The unrealised foreign exchange gain/loss, if any will be considered appropriately at year end.
10. The Statutory auditors have also carried out limited review of these results and have given their observations in their report in respect of para 8(i), (ii), (iii) & 9 above.
11. Status of Investors' complaints [in nos.] during the quarter, pursuant to clause 41 of listing agreement: Opening [0]; Received [0]; Disposed [0]; 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.

**Place: New Delhi**  
**Date: October 29, 2009**

**For and on behalf of the Board**

**Dr. Rajesh Jain**  
**(Joint Managing Director)**

**Panacea Biotec Ltd.**  
**Regd. Office : Ambala-Chandigarh Highway, Lalru-140501, Punjab**  
**Website : <http://www.panacea-biotec.com>**

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