Panacea Biotec
Innovation in support of life

Unaudited Financial Results for the Quarter / Nine Months ended December 31st ,2012

(Rs. in Lacs)

Particulars	For quarter ended			For Nine Months ended		For year ended
	31.12.2012	30.9.2012	31.12.2011	**31.12.2012**	31.12.2011	**31.3.2012**
	(Unaudited)	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Audited)**
PART - I						
1. Income from operations						
a. Net sales / income from operations (net of excise duty)	16,628	9,667	15,298	34,605	59,840	68,838
b. Other operating income	1,782	3,611	218	5,951	1,123	1,220
Total income from operations (net)	**18,410**	**13,278**	**15,516**	**40,556**	**60,963**	**70,058**
2. Expenditure						
a. Cost of materials consumed	8,767	8,326	2,779	19,002	29,048	30,239
b. Purchase of stock in trade	357	907	488	1,772	1,940	2,452
c. (Increase)/Decrease in inventories	(623)	(5,006)	5,240	(5,062)	(489)	2,056
d. Employees benefits expense	3,418	3,397	3,188	10,252	9,631	15,045
e. Depreciation and amortisation expese	2,158	2,094	1,940	6,252	5,572	7,539
g. Other expenses	7,763	7,027	6,705	19,104	18,211	24,973
Total expenses	**21,840**	**16,745**	**20,340**	**51,320**	**63,913**	**82,304**
3. (Loss)/Profit from operations before other income, finance cost, foreign exchange fluctuation gain/ (loss) & exceptional items (1-2)	**(3,430)**	**(3,467)**	**(4,824)**	**(10,764)**	**(2,950)**	**(12,246)**
4. Other income	257	2	201	271	467	746
5. (Loss)/Profit from ordinary activities before finance cost, foreign exchange fluctuation gain / (loss) & exceptional items (3+4)	**(3,173)**	**(3,465)**	**(4,623)**	**(10,493)**	**(2,483)**	**(11,500)**
6. Finance cost	2,698	1,555	1,862	7,004	5,686	9,539
7. Foreign exchange fluctuation loss/ (gain)	357	(798)	853	931	1,129	1,041
8. (Loss)/Profit from ordinary activities after finance cost before exceptional items (5-6-7)	**(6,228)**	**(4,222)**	**(7,337)**	**(18,428)**	**(9,298)**	**(22,080)**
9. Exceptional income/(exp) - Refer note 7(i) & (ii)	-	1,640	-	1,640	-	(4,214)
10. Profit / (loss) from ordinary activities before tax (8+9)	**(6,228)**	**(2,582)**	**(7,337)**	**(16,788)**	**(9,298)**	**(26,294)**
11. Tax expenses	-	(671)	(165)	(2,050)	(434)	(5,516)
12. Net profit / (loss) from ordinary activities after tax (10-11)	**(6,228)**	**(1,911)**	**(7,172)**	**(14,738)**	**(8,864)**	**(20,778)**
13. Extraordinary items (net of tax expenses)	-	-			-	-
14. Net profit / (loss) for the period (12-13)	**(6,228)**	**(1,911)**	**(7,172)**	**(14,738)**	**(8,864)**	**(20,778)**
15. Paid up equity share capital (face value of Re.1 per share)	613	613	613	613	613	613
16.Reserves excluding revaluation reserves						42,285
17.Earning per share (EPS) - Basic (in Rs.)	(10.17)	(3.12)	(11.71)	(24.06)	(14.47)	(33.92)
- Diluted (in Rs.)	(10.17)	(3.12)	(11.71)	(24.06)	(14.47)	(33.92)
PART - II						
A. Particulars of shareholding						
1. Public shareholding						
- No. of shares	15,427,192	15,426,992	15,406,396	15,427,192	15,406,396	15,427,192
- Percentage of shareholding	25.19	25.19	25.15	25.19	25.15	25.19
2. Promoters and promoter group Shareholding						
a) Pledge / encumbered						
- No. of shares	-	-	20,096	-	20,096	-
- % of Shares (as a % of the total shareholding of promoter & promot	-	-	0.04	-	0.04	-
- % of Shares (as a % of the total share capital of the Company)	-	-	0.03	-	0.03	-
b) Non-encumbered						
- Number of shares	45,823,554	45,823,754	45,824,254	45,823,554	45,824,254	45,823,554
- % of Shares (as a % of the total shareholding of promoter & promoter group)	100.00	100.00	99.96	100.00	99.96	100.00
- % of Shares (as a % of the total share capital of the Company)	74.81	74.81	74.82	74.81	74.82	74.81

B. Investor complaints		
Pending at the beginning of the quarter		-
Received during the quarter		-
Disposed of during the quarter		-
Remaining unresolved at the end of the quarter		-

Unaudited Segment-wise Revenue , Results, and Capital Employed for the Quarter / Nine Months ended on 31.12.2012

Particulars	For quarter ended			For Nine Months ended		For year ended
	31.12.2012	30.9.2012	31.12.2011	**31.12.2012**	31.12.2011	**31.3.2012**
	(Unaudited)	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Audited)**
1. Segment revenue						
(a) Vaccines	7,089	1,044	6,873	8,726	33,605	35,907
(b) Formulations	9,718	10,837	8,470	28,731	26,614	33,352
(c) Research & development	1,466	1,251	-	2,717	-	-
(d) Unallocated	137	146	173	382	744	799
Gross sale/Income from operation	**18,410**	**13,278**	**15,516**	**40,556**	**60,963**	**70,058**
Less : Inter segment revenue	**-**	**-**	**-**	**-**	**-**	**-**
Net sales/income from operations	**18,410**	**13,278**	**15,516**	**40,556**	**60,963**	**70,058**
2.Segment results **Profit (+)/ loss (-) before tax and interest from each segment**						
(a) Vaccines	(2,682)	(2,896)	(1,620)	(7,852)	3,005	944
(b) Formulations	3,379	2,775	1,571	8,156	6,654	6,391
(c) Research & development	(2,151)	(1,126)	(2,405)	(5,044)	(6,243)	(10,414)
Total	**(1,454)**	**(1,247)**	**(2,454)**	**(4,740)**	**3,416**	**(3,079)**
Less : i) Finance cost	2,698	1,555	1,862	7,004	5,686	9,539
ii) Other un-allocated expenditure net off un-allocated income	2,076	(220)	3,022	5,044	7,029	13,677
Total profit before tax	**(6,228)**	**(2,582)**	**(7,337)**	**(16,788)**	**(9,298)**	**(26,295)**
3. Capital Employed						
(Segment assets-segment liabilities)						
(a) Vaccines	63,832	69,700	63,318	63,832	63,318	74,570
(b) Formulations	30,576	27,513	23,379	30,576	23,379	28,384
(c) Research & development	19,863	23,521	20,318	19,863	20,318	23,666
(d) Unallocated	(48,616)	(48,580)	(52,199)	(48,616)	(52,199)	(45,420)
Total capital employed	**65,655**	**72,154**	**54,816**	**65,655**	**54,816**	**81,200**

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 February 7, 2013 and February 8, 2013, respectively.

2 Tax expense includes income tax and deferred tax liability.

3 The Company has got Government of India's orders for supply of Trivalent Oral Polio Vaccines (TOPV) and Bivalent Oral Polio Vaccine (BOPV) worth Rs.187.61 Crores, to be supplied during the period December 2012 till May 2013 to meet the requirements of National Immunisation Days (NIDs) and Supplementary National Immunisation Days (SNIDs).

4 The Company has for the first time launched its product in US by way of launch of Tacrolimus Capsules through its strategic partner Kremers Urban Inc. (part of UCB Group).

5 During the quarter, the Company has invested an amount of Rs.338 lacs towards payment of call money in respect of partly paid shares held in its Indian subsidiary, NewRise Healthcare Pvt. Ltd. and an amount of Rs.6 lacs has been invested in Adveta Power Pvt. Ltd., a joint venture Company. Further, an amount of US$ 52,000 (around Rs.28 lacs) was remitted to the Company's WOS, Rees Investments Limited, Guernsey in terms of existing loan agreement.

6 The Company and its JV partner Novartis Vaccines & Diagnostic Srl have mutually decided to dissolve their joint venture for marketing of vaccines in India. Accordingly, the JV company, viz. Chiron Panacea Vaccines Pvt. Ltd. has now stopped selling products. Now each JV Partner shall be free to market, distribute and sell any products in India.

7 i) As at March 31, 2012, an amount of Rs. 6,543 lacs (previous year Rs. 4,905 lacs) including interest of Rs 363 lacs (previous year Rs. 61 lacs) was receivable from its wholly owned subsidiary viz. Rees Investment Ltd. Pursuant to the diminution in the value of investment temporarily in US based company 'Pharmathene Inc.' by Rees through its subsidiary and losses in Rees & its other subsidiaries, loan repayment capability of Rees Investment Ltd. came under pressure. Therefore, based on conservative prudence approach, an amount of Rs. 4,214 lacs was provided for as 'Provision for bad and doubtful advances' which was shown as an exceptional expense in the year ended March 31, 2012.

ii) In terms of the Accounting Standard -16 "Borrowing Costs", the foreign exchange differences arising from foreign currency borrowings to the extent regarded as an adjustment to interest cost were treated as borrowing cost. In pursuance of the clarification issued by Ministry of Corporate Affairs vide its circular no. 25/2012 dated August 9, 2012, the Company changed its accounting policy w.e.f. from April 1, 2011 and accounted for the aforesaid foreign exchange differences arising from foreign currency borrowings as per AS-11 - "The Effects of Changes in Foreign Exchange Rates". Consequent to the above, exchange difference of Rs. 1,731 lacs which was earlier recognized as borrowing cost pertaining to the financial year 2011-12 was reversed and shown as an exceptional income amounting to Rs. 1,640 lacs (net of depreciation of Rs. 91 lacs) and Rs. 278 lacs pertaining to the quarter ended June 30, 2012 were also reversed during the quarter ended September 30, 2012. Out of the aforesaid amount of exchange differences of Rs. 2,009 lacs, Rs. 1,317 lacs (net of depreciation of Rs. 91 lacs) were capitalized to the cost of fixed assets and Rs. 601 lacs has been accumulated in the "foreign currency monetary item translation difference account" in the quarter ended September 30,2012.

8 During the quarter, the Company has launched three new products namely **Kondro Flex** (Osteoarthritis), **Glizid Total P 7.5** (Anti diabetic), **Epotrust 5000 PFS** (Renal failure).

9 The Company had manufactured and offered supply of certain vaccines manufactured against the Confirmed Order. Some quantities of vaccines were supplied during December 2011, the balance could not be supplied in view of disputes with respect to delivery dates and in the meantime the stock of such vaccines has expired. Further, the Company has also received advance market commitment (AMC) amount against these vaccines. In view of above disputes, the Company has obtained a stay order from the Hon'ble Delhi High Court against recovery of said amount, till the disputes are finally resolved through arbitration. While the arbitral proceedings are on, the Company believes that the entire amount in respect of above supplies (after adjusting the AMC amount) and applicable interest thereon is recoverable and no interest is payable on the said AMC amount. Based on legal opinion, no adjustment in respect of the expired stock and the interest amount has been made in the above results.

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 11 (i), (ii), &12 (i) below.

11 As regards Auditors' observations in their report on the audited accounts for the Financial Year 2011-12 and in their limited review report on the above results:

i) With regard to capitalization of expenditure on clinical trials for the purpose of registration of Company's products outside India, 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. The total amount of such capitalization up to December 31, 2012 is Rs.281 lacs.

ii) During the quarter ended September 30, 2011, following a routine site audit, WHO had delisted the Company's DTP-based combination and monovalent hepatitis B vaccines from its list of pre-qualified vaccines on account of deficiencies in quality management system. The Company has stock of raw material and finished goods of Rs.2,939 lacs and Rs.3,283 lacs, respectively as at December 31, 2012 of the above said vaccines. Fixed Assets related to the products delisted cannot be separately identified. The Company has already initiated its corrective and preventive measure to ensure compliance with the WHO pre-qualification guidelines. The Company is in touch with WHO in this respect and is confident that with these corrective and preventive measures, the Company will be able to get re-listing of above said vaccines in the list of WHO pre-qualified vaccines in due course. Further, the Company expects orders for the sale of these products from other customers at values higher than cost, and so no adjustment to Net Realisable Value of the existing stock of these products is expected to be required.

iii) Due to the absence of profits during Financial Year 2011-12, the total remuneration of Managing/Joint Managing and Whole Director Directors had exceeded ceiling prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956. The approval of the Central Government in respect of excess remuneration of Joint Managing Directors and Director Operations & Projects were received in the quarter ended September 30,2012 and the approval of the Central Government in respect of excess remuneration of Managing Director and Whole Time Director has also been received in the current quarter.

12 As regards Auditors' observations in their limited review report on the above results:

i) The managerial remuneration of Rs.90.5 lacs paid during the quarter (in spite of voluntary reduction in remuneration approved in previous Board Meeting), may exceed the limits specified under relevant provisions of the Companies Act, 1956, in view of losses during the current quarter. In the event the profits for the current financial year are inadequate, the Company will file requisite applications for obtaining approval from Central Government for excess remuneration, if any.

13 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.

14 Previous period / year figures have been regrouped/ reclassified to make them comparable with those of current Quarter**.**

15 The above results are also available on the Company's website viz. http://www.panaceabiotec.com.

For and on behalf of the Board

New Delhi
February 8, 2013

Dr. Rajesh Jain
Joint Managing Director