

**Statement of Audited Financial Results for the Quarter & Financial Year ended
March 31, 2012**

Particulars	Standalone quarter ended		Standalone year ended		Consolidated year ended	
	March 31, 2012 (Unaudited)	December 31, 2011 (Unaudited)	March 31, 2012 (Audited)	March 31, 2011 (Audited)	March 31, 2012 (Audited)	March 31, 2011 (Audited)
PART - I						
1. Income from operations						
a. Net sales / income from operations (net of excise duty)	8,993	15,288	68,838	113,046	69,780	114,342
b. Other operating income	97	219	1,220	2,193	1,345	2,702
Total income from operations (net)	9,095	15,516	70,058	115,239	71,125	117,044
2. Expenditure						
a. Cost of materials consumed	1,191	2,779	30,239	44,582	30,219	44,597
b. Purchase of stock in trade	512	488	2,452	2,444	2,688	2,735
c. Decrease in inventories	2,845	5,240	2,056	5,887	1,770	5,880
d. Employees benefits expense	5,415	3,862	15,045	16,431	16,072	16,081
e. Depreciation and amortisation expense	1,567	1,940	7,539	7,311	7,713	7,453
f. Manufacturing and administrative expenses	573	2,907	9,187	10,793	11,977	11,088
g. Other expenses	6,068	3,124	15,786	9,373	16,103	10,002
Total expenses	18,292	20,340	82,303	95,831	88,542	97,836
3. (Loss)/Profit from operations before other income, finance cost, foreign exchange fluctuation gain/ (loss) & exceptional items (1-2)	(9,197)	(4,824)	(12,246)	(19,408)	(15,417)	(19,208)
4. Other income	283	201	746	1,312	767	1,013
5. (Loss)/Profit from ordinary activities before finance cost, foreign exchange fluctuation gain / (loss) & exceptional items (3+4)	(8,917)	(4,623)	(11,500)	(20,720)	(14,650)	(20,221)
6. Finance cost	2,945	2,121	9,539	5,144	9,526	5,127
7. Foreign exchange fluctuation loss/ (gain)	1,320	593	1,041	27	1,349	(342)
8. (Loss)/Profit from ordinary activities after finance cost before exceptional items (5-6-7)	(12,782)	(7,337)	(22,080)	(15,549)	(25,525)	(15,437)
9. Exceptional items (Refer note 11)	4,214	-	4,214	-	-	-
10. Profit / (loss) from ordinary activities before tax (8+9)	(16,596)	(7,337)	(26,295)	(15,549)	(25,525)	(15,437)
11. Tax expenses	(5,031)	(165)	(5,516)	2,044	(5,413)	2,189
12. Net profit / (loss) from ordinary activities after tax (10-11)	(11,565)	(7,172)	(20,779)	(13,505)	(20,112)	(13,248)
13. Extraordinary items (net of tax expenses)	(11,915)	(7,172)	-	-	-	-
14. Net profit / (loss) for the period (12-13)	(23,480)	(14,344)	(20,779)	(13,505)	(20,112)	(13,248)
15. Share of profit / (loss) of associates	-	(7,172)	-	-	(453)	1,219
16. Minority interest	-	-	-	-	-	1
17. Net profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (14 +15+16)	(11,915)	(7,172)	(20,779)	(13,505)	(20,565)	(14,467)
18. Paid up equity share capital (face value of Re.1 per share)	613	613	613	613	613	613
19. Reserves excluding revaluation reserves	(19,457)	(11,711)	42,285	63,038	43,858	64,271
20. Earning per share (EPS)	(19.45)	(11.71)	(33.93)	21.36	(32.84)	22.98
- Basic (in Rs.)	(19.45)	(11.71)	(33.93)	21.36	(32.84)	22.98
- Diluted (in Rs.)	(19.45)	(11.71)	(33.93)	21.36	(32.84)	22.98
PART - II						
A. Particulars of shareholding						
1. Public shareholding						
- No. of shares	15,427,192	15,426,886	15,427,192	15,354,765	15,427,192	15,364,465
- Percentage of shareholding	25.15	25.15	25.15	25.08	25.19	25.08
2. Promoters and promoter group shareholding						
a) Pledge / encumbered	-	-	-	-	-	-
- No. of shares	20,090	20,090	38,000	38,000	-	38,000
- % of Shares (as a % of the total shareholding of promoter & promoter group)	0.04	0.04	0.08	0.08	-	0.08
- % of Shares (as a % of the total share capital of the Company)	0.03	0.03	0.06	0.06	-	0.06
b) Non encumbered	-	-	-	-	-	-
- Number of shares	45,824,254	45,824,254	45,823,554	45,848,281	45,823,554	45,848,281
- % of Shares (as a % of the total shareholding of promoter & promoter group)	100.00	99.96	100.00	99.92	100.00	99.92
- % of Shares (as a % of the total share capital of the Company)	74.81	74.82	74.81	74.88	74.81	74.85

B. Investor complaints	1
Pending at the beginning of the quarter	4
Received during the quarter	5
Disposed of during the quarter	-
Remaining unresolved at the end of the quarter	-

Audited Segment-wise Revenue, Results, and Capital Employed

Particulars	Standalone quarter ended		Standalone year ended		Consolidated year ended	
	March 31, 2012	December 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
1. Segment revenue						
(a) Vaccines	2,302	6,873	35,907	83,787	36,805	85,063
(b) Formulations	6,730	8,470	33,352	30,073	33,352	30,073
(c) Research & development	-	-	-	-	-	-
(d) Health management	-	-	-	-	-	-
(e) Real estate	-	-	-	-	-	-
(f) Unallocated	54	173	798	1,379	968	1,888
Gross sales/income from operation	9,095	15,516	70,958	115,239	71,125	117,044
Less: Inter-segment revenue	-	-	-	-	-	-
Net sales/income from operations	9,095	15,516	70,958	115,239	71,125	117,044
2. Segment results						
Profit (+)/Loss (-) before tax and interest from each segment						
(a) Vaccines	(2,081)	(1,620)	944	29,512	892	29,805
(b) Formulations	(263)	1,571	6,391	5,711	6,392	5,711
(c) Research & development	(4,170)	(2,405)	(10,414)	(7,531)	(10,414)	(7,531)
(d) Health management	-	-	-	-	-	-
(e) Real estate	-	-	-	-	-	-
(f) Unallocated	-	-	-	-	(60)	(111)
Total	(6,494)	(2,454)	(3,079)	27,692	(3,150)	27,873
Less: (i) Finance cost	4,804	1,635	9,539	4,700	9,528	4,729
(ii) Other un-allocated expenditure net off un-allocated income	5,886	3,248	13,677	7,363	12,809	7,937
Total profit before tax	(16,996)	(7,347)	(76,295)	15,648	(26,525)	15,437
3. Capital Employed						
(Segment assets-segment liabilities)						
(a) Vaccines	74,570	63,318	74,570	79,443	55,492	57,344
(b) Formulations	28,384	23,379	28,384	17,641	28,384	17,641
(c) Research & development	23,866	20,318	23,866	21,248	23,866	21,248
(d) Health management	-	-	-	-	2,618	2,865
(e) Real estate	-	-	-	-	26,721	18,691
(f) Unallocated	(45,420)	(52,159)	(45,420)	(54,654)	(48,606)	(52,905)
Total capital employed	81,200	54,816	81,200	63,678	67,275	64,884

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Statement of Assets & Liabilities

Particulars	Standalone year ended		Consolidated year ended		(Rs. in lacs)	
	March 31, 2012		March 31, 2011		March 31, 2011	
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Equity and liabilities						
Shareholders' funds						
Share capital	613	613	613	613	613	613
Reserves and surplus	80,587	63,065	86,682	86,682	64,274	64,274
	81,200	63,678	87,273	87,273	64,887	64,887
Minority interest						
Foreign currency monetary item translation difference account (net of amortisation)	206	-	660	205	640	640
Non-current liabilities						
Long term borrowings	48,303	42,374	51,252	51,252	42,373	42,373
Deferred tax liabilities (Net)	2,060	7,566	2,073	2,073	7,562	7,562
Long term provisions	206	236	222	222	764	764
Trade payables						
			1,384	1,384		
Current liabilities						
Short-term borrowings	50,559	50,176	54,931	54,931	50,719	50,719
Trade payables	26,934	38,244	24,954	24,954	36,394	36,394
Other current liabilities	11,010	8,269	12,221	12,221	9,736	9,736
Short-term provisions	13,636	10,100	13,710	13,710	10,125	10,125
	936	1,311	990	990	879	879
	53,324	57,824	51,875	51,875	57,140	57,140
Total	185,288	171,778	194,046	194,046	173,383	173,383
Assets						
Non current assets						
Fixed assets						
Tangible assets	95,434	53,463	114,285	114,285	86,883	86,883
Intangible assets	4,697	1,245	4,854	4,854	1,204	1,204
Capital work-in progress	1,207	2,294	5,585	5,585	3,620	3,620
Intangible assets under development	3,489	8,234	3,509	3,509	6,281	6,281
Goodwill on consolidation			362	362	347	347
Non current investments	25,647	23,294	3,001	3,001	5,657	5,657
Long-term loans and advances	8,217	10,465	9,845	9,845	5,589	5,589
Trade receivables			375	375		
Other non current assets	12	9	654	654	330	330
	138,913	99,004	142,950	142,950	91,940	91,940
Current assets						
Current investments	6,645	27,884	6,403	6,403	27,557	27,557
Trade receivables	33,973	36,801	38,497	38,497	41,063	41,063
Inventories	1,133	3,988	1,553	1,553	4,896	4,896
Cash and bank balances	4,117	3,348	5,181	5,181	7,168	7,168
Short term loans and advances	507	803	542	542	752	752
Other current assets	46,375	72,774	52,350	52,350	81,476	81,476
	181,288	171,778	194,046	194,046	173,383	173,383

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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 17th May 2012 and 28th May 2012 respectively.
- 2 The financial statements have been prepared on a going concern basis, in view of the Companies Act, 1956 which has a significant impact on the presentation. Previous period/year figures have been regrouped/reclassified to make them comparable with those of current period/year.
- 3 Tax expense includes income tax and deferred tax.
- 4 During the quarter, an amount of US\$ 1,50,000 (around Rs. 72.94 Lacs) was repatriated to the Company's WOS, Rees Investment Limited, Germany in terms of existing Loan Agreement.
- 5 During the quarter, the Company has launched new products namely **Pangrol 0.25** and **Vagacycle 450** for renal disease management.
- 6 During the quarter, the Company has inaugurated its new state-of-the-art Oncology facility at Sector, Himachal Pradesh to meet the growing demand of anticancer products in the country. This new manufacturing facility will entail an annual production capacity of around 1.2 million units and being set up in compliance with various international regulatory standards like cGMP, USPDA & UK-MHRA.
- 7 Pursuant to the amendment to Accounting standard (AS)11, "The effects of changes in Foreign Exchange Rates" vide notification issued by Ministry of Corporate Affairs dated 29.12.2011 exchange differences of Rs. 2,482 Lacs for the period ended 31st March 2012, arising on long term foreign currency monetary items so far as they relate to acquisition of depreciable capital assets has been capitalized in the books of accounts and the same is being depreciated over the useful life of assets. Besides, the unrecognized portion of exchange difference of Rs. 209 Lacs as on 31st March, 2012 arising on long term foreign currency monetary items not related to the acquisition of depreciable capital assets has been accounted in the "Foreign Currency Monetary Item Translation Difference Account".
- 8 In view of losses during the current financial year, the Board of Directors has not recommended any dividend on the Equity Shares of the Company.
- 9 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.
- 10 As regards Auditors' observations in their report on the Audited Accounts for the Financial Year 2011-12:
- 11 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. An amount of Rs. 194 Lacs towards the above said expenditure on clinical trials during the quarter ended March 31, 2012, has also been capitalized on similar grounds. The total amount of such capitalization up to March 31, 2012 is Rs. 985 Lacs.
- 12 On account of the unexpected inadequacy of profits during the year ended March 31, 2012, the management remuneration of Rs. 659 Lacs has exceeded the limits prescribed under Section 199 and 309 read with Part II of Schedule XIII of the Companies Act, 1956. The company has initiated steps to obtain approval from Central Government for the excess remuneration paid.
- 13 a) 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 the list of pre-qualified vaccines on account of deficiencies in quality management system. However, the issue is not about the quality, safety or efficacy of the products. The Company has initiated corrective and preventive measures to ensure compliance with the WHO pre-qualification guidelines and are in touch with WHO in this respect. b) WHO team visited Okhla facility during Jan-Feb 2012, after the Company had undertaken several measures regarding refurbishment of facility and strengthening of quality management systems in Sep-Dec 2011, to assess GMP compliance and QMS applied to production and control of oral polio vaccines. Considering the series of changes made to the facility and WHO assessment, further corrective actions need to be implemented. Thus, the Company has arrived at a voluntary decision on 7 February 2012 to withdraw its OPV from the WHO list of Pre-qualified vaccines, following which WHO has removed the oral polio vaccine (OPV) produced by the Company from its list of pre-qualified vaccines.
- 14 The Company is confident that with these corrective & 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.
- 15 As at March 31, 03 2012, an amount of Rs. 6543.4 Lacs (previous year Rs. 4905 Lacs) including interest of Rs. 983 Lacs (previous year Rs. 61 Lacs) is recoverable from its wholly owned subsidiary viz. Rees Investment Ltd. During the current year, pursuant to the termination in value of investment temporarily in US based listed company, Pharmathena Inc. by Rees through its subsidiary and losses in Rees & its other subsidiaries, loan repayment capability of Rees Investment Ltd. came under pressure. Based on conservative prudent approach, an amount of Rs. 4714 Lacs has been provided for as provision for bad and doubtful advances.
- 16 The Consolidated Financial Results have been prepared by consolidating the Company's Audited Annual Accounts for the financial year 2011-12 with the Audited Annual Accounts for the listed period ended 31st March, 2012 of its subsidiaries, Best On Health Ltd., Radicura & Co. Ltd., Panacea Education Institute Pvt. Ltd., Panacea Hospital Services Pvt. Ltd., Sunanda Steel Company Ltd., Best On Health Foods Limited, Nirma Organic Fertilizers and Pesticides Pvt. Ltd., Chemex Pvt. Ltd., Panacea Hospital Services Pvt. Ltd., Sunanda (Formerly known as Unimol Medical Institute Pvt. Ltd.), Panacea Biotech Pvt. Ltd., Rees Investments Pvt. Ltd., Kevisa Holdings Limited, Kevisa Investment Holdings AG, Panacea Biotech (Indochina) SA, Panacea Biotech (Europe) AG, Panacea Biotech GmbH, Panacea Biotech Germany GmbH, and Lakshmi & Manager Hold Rgs Limited (WOS set 24th Nov 2011) prior to its incorporation. It was an Associate), Best General Insurance Company Ltd (WOS set 24th Nov 2011), Tindri Finance Private Limited (WOS set 24th Nov 2011) and Joint Venture Company, Orion Panacea Vaccines Pvt. Ltd., Advela Power Private Limited and Associate Companies, Paritra Biotech Pvt. Ltd.
- 17 The Company has revalued its land and buildings as at 31 April 2011, at the fair values determined by an independent external valuer by reference to market-based evidence based on active market prices adjusted for any difference in the nature, location or condition of the specific property. The revaluation has resulted in an increase in the book value of land and building by Rs. 39,465 Lacs which has been credited to revaluation reserve. In accordance with the option given in the guidance note on accounting for depreciation in companies, the Company has recognized depreciation on revaluation of these assets out of revaluation reserve.
- 18 The figures for the last quarter of the current year and of the previous year are the balancing figures between the audited figures for full financial year and the period year to date figures upto December 31, 2011.

For and on behalf of the Board

Dr. Rajesh Jafri
Joint Managing Director

Panacea Biotech Limited
Regd. Office: Ambala-Chandigarh Highway, L-140501, Punjab

New Delhi
May 18, 2012

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