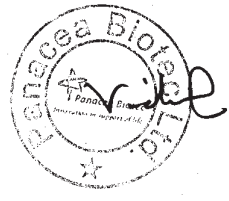




Statement of unaudited financial results for the quarter/ half year ended on Sep 30th, 2013

Particulars	For quarter ended			For Half Year Ended		(Rs. in Lacs)
	30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31.3.2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
PART - I						
1. Income from operations						
a. Net sales / income from operations (net of excise duty)	10,073	10,446	9,867	20,519	17,977	53,042
b. Other operating income	936	1,317	3,811	2,253	4,174	6,550
Total income from operations (net)	11,009	11,763	13,278	22,772	22,151	59,592
2. Expenditure						
a. Cost of materials consumed	7,212	6,390	8,326	13,602	10,235	23,637
b. Purchase of stock in trade	594	689	907	1,283	1,415	2,326
c. (Increase)/Decrease in inventories	(6,328)	(3,139)	(5,006)	(9,467)	(4,439)	29
d. Employees benefits expense	3,593	3,672	3,397	7,265	6,834	13,723
e. Depreciation and amortisation expense	1,850	1,896	2,094	3,746	4,094	8,354
g. Other expenses	5,871	5,064	7,027	10,935	11,340	26,333
Total expenses	12,792	14,572	16,745	27,364	29,479	74,402
3. (Loss)/Profit from operations before other income, finance cost, foreign exchange fluctuation gain/ (loss) & exceptional items (1-2)	(1,783)	(2,809)	(3,467)	(4,592)	(7,328)	(14,810)
4. Other income	20	25	2	45	9	543
5. (Loss)/Profit from ordinary activities before finance cost, foreign exchange fluctuation gain / (loss) & exceptional items (3+4)	(1,763)	(2,784)	(3,465)	(4,547)	(7,320)	(14,267)
6. Finance cost	3,682	3,212	1,555	6,894	4,305	10,574
7. Foreign exchange fluctuation loss/ (gain)	182	96	(798)	278	574	805
8. (Loss)/Profit from ordinary activities after finance cost before exceptional items (5-6-7)	(5,627)	(6,092)	(4,222)	(11,719)	(12,199)	(25,646)
9. Exceptional income/(exp) - Refer note 10 & 11	-	-	1,640	-	1,640	583
10. Profit / (loss) from ordinary activities before tax (8+9)	(5,627)	(6,092)	(2,582)	(11,719)	(10,559)	(25,063)
11. Tax expenses	-	-	(671)	-	(2,050)	(2,050)
12. Net profit / (loss) from ordinary activities after tax (10-11)	(5,627)	(6,092)	(1,911)	(11,719)	(8,509)	(23,013)
13. Extraordinary Items (net of tax expenses)	-	-	-	-	-	-
14. Net profit / (loss) for the period (12-13)	(5,627)	(6,092)	(1,911)	(11,719)	(8,509)	(23,013)
15. Paid up equity share capital (face value of Re.1 per share)	613	613	613	613	613	613
16. Reserves excluding revaluation reserves	-	-	-	-	-	18,282
17. Earning per share (EPS)						
- Basic (in Rs.)	(9.18)	(9.95)	(3.12)	(19.13)	(13.89)	(37.57)
- Diluted (in Rs.)	(9.18)	(9.95)	(3.12)	(19.13)	(13.89)	(37.57)
PART - II						
A. Particulars of shareholding						
1. Public shareholding						
- No. of shares	15,427,192	15,427,192	15,426,992	15,427,192	15,426,992	15,427,192
- Percentage of shareholding	25.19	25.19	25.19	25.19	25.19	25.19
2. Promoters and promoter group Shareholding						
a) Pledge / encumbered						
- No. of shares	-	-	-	-	-	-
- % of Shares (as a % of the total shareholding of promoter & promot	-	-	-	-	-	-
- % of Shares (as a % of the total share capital of the Company)	-	-	-	-	-	-
b) Non-encumbered						
- Number of shares	45,823,554	45,823,554	45,823,754	45,823,554	45,823,754	45,823,554
- % of Shares (as a % of the total shareholding of promoter & promot	100.00	100.00	100.00	100.00	100.00	100.00
- % of Shares (as a % of the total share capital of the Company)	74.81	74.81	74.81	74.81	74.81	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	-	-	-	-	-	-

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Unaudited Segment-wise Revenue, Results, and Capital Employed for the quarter/ half year ended on 30.09.2013

Particulars	For quarter ended			For Half Year Ended		For year ended
	30.09.2013 (Unaudited)	30.06.2013 (Unaudited)	30.09.2012 (Unaudited)	30.09.2013 (Unaudited)	30.09.2012 (Unaudited)	31.3.2013 (Audited)
1. Segment revenue						
(a) Vaccines	573	2,804	1,044	3,377	1,638	17,682
(b) Formulations	9,864	8,158	10,837	18,022	19,013	38,546
(c) Research & development	575	798	1,251	1,373	1,251	2,717
(d) Unallocated	(3)	3	146	-	249	647
Gross sale/income from operation	11,009	11,763	13,278	22,772	22,151	59,592
Less: Inter segment revenue	-	-	-	-	-	-
Net sales/income from operations	11,009	11,763	13,278	22,772	22,151	59,592
2. Segment results						
Profit (+)/ loss (-) before tax and interest from each segment						
(a) Vaccines	(502)	(1,411)	(2,896)	(1,913)	(5,169)	(9,456)
(b) Formulations	2,253	1,419	2,775	3,672	4,776	8,375
(c) Research & development	(2,039)	(1,460)	(1,126)	(3,498)	(2,893)	(7,712)
Total	(287)	(1,452)	(1,247)	(1,739)	(3,286)	(6,793)
Less: i) Finance cost	3,682	3,212	1,554	6,894	4,305	10,574
ii) Other un-allocated expenditure net off un-allocated income	1,658	1,428	(219)	3,086	2,968	5,696
Total profit before tax	(6,827)	(6,092)	(2,583)	(11,719)	(10,559)	(25,063)
3. Capital Employed						
(Segment assets-segment liabilities)						
(a) Vaccines	59,196	55,354	69,700	59,196	69,700	55,585
(b) Formulations	25,096	25,226	27,513	25,096	27,513	26,251
(c) Research & development	17,845	18,533	23,521	17,845	23,521	19,548
(d) Unallocated	(60,011)	(50,491)	(48,580)	(60,011)	(48,580)	(45,268)
Total capital employed	42,126	48,622	72,154	42,126	72,154	56,126

Statement of Assets & Liabilities

(Rs. in Lacs)

Particulars	September 30, 2013		March 31, 2013	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Equity and liabilities				
Shareholders' funds				
Share capital	613	613		
Reserves and surplus	41,513	55,513		
	42,126	56,126		
Non-current liabilities				
Long term borrowings	55,713	60,720		
Deferred tax liabilities (Net)	-	-		
Long term provisions	256	257		
Other long term liabilities	224	236		
	56,193	61,208		
Current liabilities				
Short-term borrowings	36,939	29,914		
Trade payables	19,705	15,399		
Other current liabilities	13,094	4,347		
Short-term provisions	1,143	988		
	70,881	50,648		
Total	169,200	167,982		
Assets				
Non-current assets				
Fixed assets				
Tangible assets	68,092	91,698		
Intangible assets	3,628	4,186		
Capital work-in-progress	1,901	1,694		
Intangible assets under development	858	1,063		
Non-current investments	26,481	26,535		
Loans and advances	9,152	10,268		
Other non-current assets	7	-		
	130,119	135,444		
Current assets				
Trade receivables	7,328	6,875		
Inventories	28,887	22,474		
Cash and bank balances	521	1,259		
Loans and advances	2,107	1,635		
Other current assets	238	295		
	39,081	32,538		
Total	169,200	167,982		

Dr. N. S. V.



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 November 13, 2013 and November 14, 2013, respectively.
- 2 Tax expense includes income tax and deferred tax.
- 3 During the quarter, the Company has launched one new product namely Kondrogen Powder (Osteoarthritis).
- 4 In view of lack of any business activity, the Company's wholly owned subsidiary (WOS), viz. Panacea Biotec FZE in UAE has been closed down and amount of Rs 4.91 lacs as investment written off, during the quarter.
- 5 During the quarter, a net amount of Rs.240 Lac has been received back from Company's subsidiary NewRise Healthcare Pvt. Ltd, as refund of advance share application money.
- 6 During the quarter, the Company has decided to dispose off its entire shareholding in its WOS, Lakshmi & Manager Holdings Ltd. (LMH) at its fair value of Rs.12.37 Crore and the process for such disposal of shares has been initiated.
- 7 As regards Auditors' observations in their report on the audited accounts for the Financial Year 2012-13 and in their limited review report on the above results:
 - i) Due to the absence of profits during the financial year 2012-13, the total remuneration of the Managing/Joint Managing and Whole Time Director had exceeded the ceiling prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956. Accordingly, applications for protection/approval of the Central Government in respect of excess remuneration for financial years 2012-13 have been filed and requisite approval is awaited.
 - ii) Due to the absence of profits for the current financial year, the managerial remuneration of Rs 92.4 lac paid during the period, may exceed the limits specified under relevant provisions of the Companies Act, 1956. The Company has already filed the requisite applications for obtaining approval from Central Government for payment of remuneration.
- 8 During the quarter ended September 30, 2011, World Health Organization (WHO) had delisted Company's DTP-based combination vaccines from its list of pre-qualified vaccines. During the month of February/March, 2013 Auditors from WHO and UNICEF visited the Company's vaccine facilities at Lalru (Punjab) and Baddi (H.P.) with the objective of re-evaluation of the acceptability in principle of Pentavalent Vaccine (DTP-Hep B-Hib) produced by Panacea Biotec for purchase by United Nations Agencies. The company has made substantive efforts since September 2011 and has revamped the whole Quality Management System at its Lalru and Baddi sites enabling it to get pre-qualified by WHO once again. During the quarter, WHO completed evaluation process of pre-qualification (PQ) of Pentavalent Vaccine (Easyfive-TT) and has been pre-qualified by WHO for supply of such vaccine on October 2, 2013. WHO has also informed UNICEF of its decision to pre-qualify such vaccine for considering the Company for giving commercial orders. The Company is now in discussion with UNICEF to secure the business of such vaccine at the earliest and is expecting to receive orders shortly and start supply of such vaccine in due course. This approval would also now enable the company to participate in future bids by UNICEF and attempt to regain market share for its vaccine business. The Company has also started participating in tenders of various other countries which procure pentavalent vaccine directly. The Company is confident that it will be able to secure supplies of pentavalent vaccine from UNICEF and other customers and the stock of Rs.1,572 lacs and Rs.11,492 lacs of raw & packing material and finished goods (including work in progress), respectively as at September 30, 2013 pertaining to these vaccines will be utilised/sold in due course.
- 9 The Company's accumulated losses have resulted in erosion of more than fifty percent of its peak net worth calculated as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). As a result, the Company falls under the category of 'Potentially Sick Industrial Company' in terms of Section 23 of the SICA. Accordingly, an Extra-Ordinary General Meeting of the members is scheduled to be held on 22nd November, 2013 for considering such erosion and the fact of such erosion and measures initiated to improve financial condition shall be reported to the Board for Industrial and Financial Restructuring ("BIFR") within the stipulated period. The measures taken by the company which mitigate risk of going concern include the following:
 - 1) Supply to UNICEF/other customers of pentavalent vaccine (as explained in note no. 8 above).
 - 2) Certain strategic alliances with foreign collaborators for supply of vaccines and pharma products, etc.
 - 3) Certain concessions being proposed to lenders towards its debt liabilities.
 - 4) Launching its first product Tacrolimus in USA in Dec 2012 and filing of four more ANDAs in USFDA.Management is confident that with this above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow, and recover & recoup the erosion in its net worth through profitable operations, discharge its short-term and long term liabilities and continue as a going concern.
- 10 As at March 31, 2013, an amount of Rs. 6,947 Lac (previous year Rs. 6,543 Lac) including interest of Nil (previous year Rs. 362 Lac) is receivable from Rees Investments Ltd. Pursuant to the diminution in the value of investment and losses in its subsidiaries, an amount of Rs. 1,148 Lac (Previous year Rs. 4,214 lacs) has been provided for as 'Provision for bad and doubtful advances' which has been shown as an exceptional expense.
- 11 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 accounted for the aforesaid foreign exchange differences arising from foreign currency borrowings as per AS-11 - "The Effects of Changes in Foreign Exchange Rates" in the current year. Consequent to the above, exchange differences of Rs. 1,731 lacs which was earlier recognized as borrowing cost pertaining to the financial year 2011-12 were reversed and shown as an exceptional income in the financial year 2012-13. Out of the aforesaid amount of exchange differences of Rs. 1,731 lacs, Rs. 1,352 lacs were capitalized to the cost of fixed assets and Rs. 379 lacs were accumulated in the "foreign currency monetary item translation difference account".
- 12 CARE has maintained credit rating pertaining to Long term bank facilities as 'CARE B' (Single B) (under credit watch) and 'CARE A4' (A four) (under credit watch) in regard to Short term bank facilities.
- 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 The figure of the quarter ended 30th September 2013 are the balancing figures between half year ended and first quarter ended figures of the financial year 2013-14.
- 15 Previous period / year figures have been regrouped/ reclassified to make them comparable with those of current Quarter.
- 16 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
November 14, 2013

Dr. Rajesh Jain
Joint Managing Director

Panacea Biotec Limited
Regd. Office : Ambala-Chandigarh Highway, Lalru- 140501, Punjab
<http://www.panaceabiotec.com>

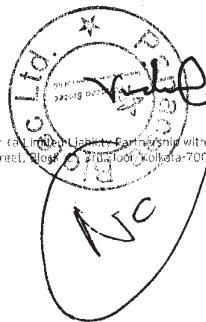


Limited Review Report

**Review Report to
The Board of Directors
Panacea Biotec Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Panacea Biotec Limited ('the Company') for the quarter ended September 30, 2013 (the "Statement"), except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Without qualifying our conclusion, we draw attention to:
 - a) (i) Note 7 (i) of accompanying unaudited financial results regarding the managerial remuneration of Rs.372 lacs for the financial year ending March 31, 2013, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs.132 lacs. The Company has filed an application to obtain approval from Central Government in respect to excess remuneration paid. Pending outcome of the application filed with respect to the balance excess remuneration, no adjustments have been made to the accompanying statement of unaudited financial results.

(ii) Note 7(ii) of accompanying unaudited financial results regarding the managerial remuneration of Rs. 92.4 lacs for the quarter ended September 30, 2013, which is likely to exceed the limits specified by the relevant provisions of the Companies Act, 1956, on account of losses incurred during the current period. As represented to us by the management, the Company has filed an application to obtain approval from Central Government in respect to excess remuneration paid, if the remuneration amount will exceed the limits specified by the relevant provisions of the Companies Act, 1956 based on the actual losses/profits for the year ending March 31, 2014. Pending outcome of the same, no adjustments have been made to the accompanying statement of unaudited financial results.
 - b) Note 8 of accompanying unaudited financial results regarding delisting of Company's DTP based combination vaccine by World Health Organization (WHO) from its list of pre-qualified vaccines. Company has stock of raw & packing material and finished goods [including work in progress] of Rs. 1,572 lacs and Rs. 11,492 lacs respectively as at September 30, 2013 of pentavalent vaccine (Easy five TT) which is considered utilizable/saleable by the management as the same has been pre qualified by WHO on October 2, 2013. Further, the impact if any, on fixed assets cannot be separately quantified. Consequent to



S.R. BATLIBOI & Co. LLP

Chartered Accountants


above development, Company is confident to receive orders from WHO/other customers for the supply of these stocks in due course and accordingly, no adjustments have been made to the accompanying statement of unaudited financial results.

- c) Note 9 of accompanying unaudited financial results. The Company has been continuously incurring losses which are mainly due to the delisting of Company's DTP based combination Vaccine by WHO from its list of pre-qualified vaccines. This has resulted in erosion of more than fifty percent of its peak net worth calculated as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). As a result, the Company falls under the category of 'Potentially Sick Industrial Company' in terms of Section 23 of the SICA. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to generate sustainable cash flow through profitable operations, discharge its short-term and long term liabilities and continue as a going concern. The mitigating factors which have been more fully discussed in the note 9 to the accompanying unaudited financial results such as prequalification by WHO of company's pentavalent vaccine (Easy five TT), certain foreign collaborations for supply of vaccines and pharma products, proposal to lenders for debt concessions, etc. in view of which the accompanying unaudited financial results have been prepared under the going concern assumption, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 (Interim Financial Reporting) notified under the provisions of the Companies Act, 1956, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S. R. Batliboi & Co. LLP

ICAI Firm registration number: 301003E

Chartered Accountants


per Rajiv Goyal

Partner

Membership No.: 94549



Place: Delhi

Date: November 14, 2013



