

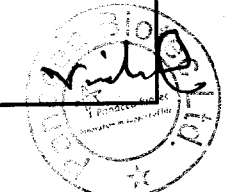


Statement of unaudited financial results for the quarter and nine months ended on December 31, 2014

(Rs. in Lacs except per share)

Particulars	For quarter ended			For nine months ended		For year ended
	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.3.2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
PART - I						
1. Income from operations						
a. Net sales / income from operations (net of excise duty)	13,815	15,564	10,580	42,528	31,099	46,714
b. Other operating income	947	294	582	3,182	2,835	3,589
Total income from operations (net)	14,762	15,858	11,162	45,710	33,934	50,303
2. Expenditure						
a. Cost of materials consumed	9,581	5,512	4,270	18,156	17,872	19,658
b. Purchase of stock in trade	454	630	514	1,831	1,797	2,239
c. (Increase)/Decrease in inventories	(3,961)	371	1,931	(2,463)	(7,536)	(1,089)
d. Employees benefits expense	3,191	3,340	3,744	9,855	11,009	14,273
e. Depreciation and amortisation expenses	1,851	1,555	1,591	4,950	5,337	6,880
g. Other expenses	4,760	4,634	4,626	13,325	15,839	24,671
Total expenses	15,876	16,042	16,676	45,484	44,318	66,632
3. (Loss)/Profit from operations before other income, finance cost & exceptional items (1-2)	(1,114)	(184)	(5,514)	256	(10,384)	(16,329)
4. Other income	608	540	17,772	1,178	17,817	1,164
5. (Loss)/Profit from ordinary activities before finance cost & exceptional items (3+4)	(506)	356	12,258	1,434	7,433	(15,165)
6. Finance cost	(158)	1,038	3,979	4,819	10,873	14,579
7. (Loss)/Profit from ordinary activities after finance cost before exceptional items (5-6)	(348)	(682)	8,279	(3,385)	(3,440)	(29,744)
8. Exceptional income/(exp)	-	-	-	-	-	29,702
9. Profit / (loss) from ordinary activities before tax (7+8)	(348)	(682)	8,279	(3,385)	(3,440)	(42)
10. Tax expenses	-	-	-	-	-	-
11. Net profit / (loss) from ordinary activities after tax (9-10)	(348)	(682)	8,279	(3,385)	(3,440)	(42)
12. Extraordinary items (net of tax expenses)	-	-	-	-	-	-
13. Net profit / (loss) for the period (11-12)	(348)	(682)	8,279	(3,385)	(3,440)	(42)
14. Paid up equity share capital (face value of Re.1 per share)	613	613	613	613	613	613
15. Reserves excluding revaluation reserves	-	-	-	-	-	17,296
16. Earning per share (EPS)						
- Basic (in Rs.)	(0.57)	(1.11)	13.51	(5.52)	(5.62)	(0.07)
- Diluted (in Rs.)	(0.57)	(1.11)	13.51	(5.52)	(5.62)	(0.07)
PART - II						
A. Particulars of shareholding						
1. Public shareholding						
- No. of shares	15,612,799	15,428,192	15,427,192	15,612,799	15,427,192	15,427,192
- Percentage of shareholding	25.49	25.19	25.19	25.49	25.19	25.19
2. Promoters and promoter group Shareholding						
a) Pledge / encumbered						
- No. of shares	16,005,600	-	-	16,005,600	-	-
- % of Shares (as a % of the total shareholding of promoter & promoter group)	35.07	-	-	35.07	-	-
- % of Shares (as a % of the total share capital of the Company)	26.13	-	-	26.13	-	-
b) Non-encumbered						
- Number of shares	29,632,347	45,822,554	45,823,554	29,632,347	45,823,554	45,823,554
- % of Shares (as a % of the total shareholding of promoter & promoter group)	64.93	100.00	100.00	64.93	100.00	100.00
- % of Shares (as a % of the total share capital of the Company)	48.38	74.81	74.81	48.38	74.81	74.81
B. Investor complaints						
Pending at the beginning of the quarter	-	-	-	-	-	-
Received during the quarter	7	-	-	-	-	-
Disposed of during the quarter	7	-	-	-	-	-
Remaining unresolved at the end of the quarter	-	-	-	-	-	-

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Unaudited Segment-wise Revenue , Results, and Capital Employed for the quarter and nine months ended on 31.12.2014

Particulars	For quarter ended			For nine month ended		For year ended
	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.3.2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment revenue						
(a) Vaccines	4,504	4,714	2,921	14,438	6,298	13,334
(b) Formulations	9,567	11,076	8,070	28,969	26,092	35,239
(c) Research & development	689	71	171	2,302	1,544	1,730
(d) Unallocated	1	(3)	-	1	-	-
Gross sale/Income from operation	14,761	15,858	11,162	45,710	33,934	50,303
Less : Inter segment revenue	-	-	-	-	-	-
Net sales/Income from operations	14,761	15,858	11,162	45,710	33,934	50,303
2. Segment results						
Profit (+) loss (-) before tax and interest from each segment						
(a) Vaccines	(1,150)	(1,114)	5,733	(2,073)	3,820	2,001
(b) Formulations	2,249	4,500	5,995	9,277	9,667	10,834
(c) Research & development	(884)	(1,453)	1,496	(2,134)	(2,002)	(4,752)
Total	215	1,933	13,224	5,070	11,485	8,083
Less : i) Finance cost	(158)	1,043	3,979	4,819	10,873	14,579
ii) Other un-allocated expenditure net off un-allocated income	721	1,572	966	3,636	4,052	(6,454)
Total profit before tax	(348)	(682)	8,279	(3,385)	(3,440)	(42)
3. Capital Employed						
(Segment assets-segment liabilities)						
(a) Vaccines	58,309	57,768	58,171	58,309	58,171	60,020
(b) Formulations	23,954	24,272	24,023	23,954	24,023	24,360
(c) Research & development	18,986	18,996	17,199	18,986	17,199	19,431
(d) Unallocated	(48,720)	(48,233)	(48,981)	(48,720)	(46,981)	(47,582)
Total capital employed	52,529	52,803	52,412	52,529	52,412	56,229

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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 February 12, 2015 and February 13, 2015 respectively.
- 2 Pursuant to the Letter of Approval (LOA) dated 24 September 2014 issued by Corporate Debt Restructuring (CDR) Cell approving the CDR Scheme in connection with the Company's borrowings from Consortium Banks, the Company has executed Master Restructuring Agreement (MRA) with the CDR Lenders on 27 December 2014.
In accordance with the terms of CDR Scheme, the Company's Promoters have pledged 1,60,05,600 equity shares held by them in the Company, in favor of SBICAP Trustee Company Limited (acting as an agent of Consortium Banks) in connection with the Company's borrowings from Consortium Banks. Further, the Company has allotted 1.63 Crore 0.5% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10 each aggregating Rs. 16.30 Crore to the Company's promoters against the conversion of part of their existing loan/ deposits and interest accrued thereon, to be treated as Promoters' Contribution as per the terms of CDR Scheme.
The CDR Scheme has been implemented within the stipulated time subject to reconciliations with the banks.
Consequent to above, the Company has reversed the interest amounting to Rs.5,068 lacs which was accrued in excess of the interest agreed in MRA.
- 3 Finance cost for quarter and nine months ended 31 December 2014 are stated net of reversals of excess accrual of interest of Rs.2,742 lacs and Rs.5,068 lacs respectively upon execution of MRA with lender banks. (see point No.2).
- 4 During the quarter, the Company has entered into strategic alliances with (i) Apotex Inc., the largest Canadian owned Pharmaceutical company for research, development, license and supply of drug delivery based high barrier to entry generic products for US, Canada, Australia and New Zealand, (ii) Rising Pharmaceuticals Inc., one of leading organizations involved in marketing and distribution of innovative branded and multi-source prescription and OTC pharmaceutical products in USA, for an oral controlled release product utilizing the Company's platform oral drug delivery technology, and (iii) a leading transnational Pharmaceutical Company having a global presence, for development & supply of an immunosuppressant generic product for US markets. During the quarter, the Company has received upfront research fee aggregating to Rs 2,296.69 lacs and will receive milestone payments linked with the development of the products.
- 5 Recently, the Company has been elected for supply of Pentavalent Vaccine DTP-HepB-Hib by Pan American Health Organization (PAHO) and has recently been awarded order for supply of 5.99 million doses of EasyFive-TT (DTP-HepB-Hib) fully liquid Pentavalent Vaccine for calendar year 2015 & 2016 worth USD 13.49 million (equivalent to around Rs.8,352 lacs) to meet the requirements of global immunization program.
- 6 As regards Auditors' observations in their limited review report on the above results:
 - (a) The Company has received Research & Development (R&D) Fee of Rs.1,499 lacs and Rs.473 lacs from a customer, which has been accounted for as income in quarter ended June, 2014 and December, 2014, respectively. Such R&D fee is non-refundable subject to certain pre-conditions being met by the Company. As the product is already in the domestic market, the Company is reasonably certain of meeting the pre-conditions set out in the agreement and therefore the said fee has been accounted for accordingly.
 - (b) During the 9 months period ended 31st December, 2014, the Company has incurred losses of Rs.3097 lacs (Previous year Rs.42 lacs after adjusting exceptional income of Rs.29,744 lacs). Further, 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). The fact of such erosion and measures initiated to improve financial condition have already been reported to the Board for Industrial and Financial Restructuring ("BIFR") within the stipulated period. The continuous losses have also adversely affected the cash flows of the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.
The Company has undertaken several measures to mitigate the risk of going concern which include supply to UNICEF/other customers of pentavalent vaccine; certain strategic alliances with foreign collaborators for supply of vaccines and pharma products including 3 collaboration agreements signed during quarter ended 31st December, 2014; launch of its first product 'Tacrolimus' in USA in December 2012 and filing of more ANDAs with USFDA. The Company's CDR proposal has also been approved and MRA has been signed, thereby resulting into saving on account of reversal of excess interest, moratorium for payment of installment, etc. The management is confident that with the above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow, recover and recoup the erosion in its net worth through profitable operations, discharge its short-term and long term liabilities and continue as a going concern.
 - (c) In view of absence of profits during financial year 2013-14 and 2012-13, total remuneration to 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 by Rs.135 lacs and Rs.132 lacs respectively. Accordingly, applications for protection/approval of the Central Government of such excess remuneration have been filed and requisite approvals are awaited.
- 7 The necessary certificate in respect of the above results in terms of requirement of clause 41 of the listing agreement, has been placed before the Board of Directors.
- 8 Previous period / year figures have been regrouped/ reclassified to make them comparable with those of current Quarter.
- 9 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 13, 2015

Dr. Rajesh Jain
Joint Managing Director

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

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Review Report

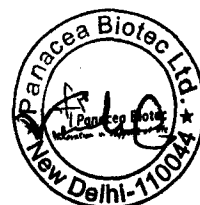
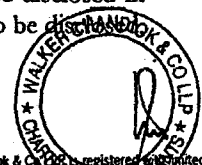
To the Board of Directors of Panacea Biotec Limited

1. We have reviewed the accompanying statement of unaudited financial results ("the Statement") of Panacea Biotec Limited ("the Company") for the quarter ended 31 December 2014 and the year to date results for the period 1 April 2014 to 31 December 2014, 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 audited 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 provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *"As stated in note 6(a) to the Statement, during the nine months ended 31 December 2014 the Company had received advance research fees from a customer amounting to Rs. 1,972 Lacs (including Rs. 473 Lacs received during quarter ended 31 December 2014) which has been accounted for as income from research and development. In our opinion, the recognition of such advances as income is not consistent with the revenue recognition principles as prescribed under the Accounting Standard - 9 (AS-9) 'Revenue Recognition'. Had the Company followed the principles of AS-9 with respect to these amounts, the revenue for the quarter and nine months ended 31st December 2014 would have been lower by Rs. 473 Lacs and Rs. 1,972 Lacs, respectively, and the prior period expense for the quarter then ended would have been Rs. 1,499 lacs. Consequently, the loss for the quarter and nine months then ended would have been higher by Rs. 473 Lacs and Rs. 1,972 Lacs, respectively (the quarter and six months ended 30 September 2014: Rs.1,499 Lacs.). Our review report on the unaudited financial results of the Company for the quarter ended 30 September 2014 was also qualified in respect of this matter.*
4. Based on our review conducted as above, *except for the effects of qualifications as described in the previous paragraph*, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Section 133 of the Companies Act, 2013 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.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is a registered firm with limited liability with identification number 20072500000 registered office at L-41 Connaught Circus, New Delhi, 110001, India



Review Report to the Board of Directors of Panacea Biotec Limited on the unaudited financial results for the period ended 31 December 2014 (cont'd)

5. We draw attention to Note 6(c) to the statement regarding payment of managerial remuneration of Rs. 375 lacs and Rs. 372 lacs for the financial years ended March 31, 2014 and 2013 respectively, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs. 135 lacs and Rs. 132 lacs respectively. The company has filed necessary application to the Central Government which is pending approval as on date. Pending the ultimate outcome of the aforesaid matter which is presently unascertainable, no adjustments have been recorded in the statement. Our report is not qualified in respect of this matter.
6. We draw attention to note 6(b) to statement which indicates that the Company has incurred a net loss of 348 Lacs and Rs. 3,385 Lacs during the quarter and nine months ended 31 December 2014 respectively. Further as of that date, the Company's current liabilities exceeded its current assets by Rs 57,354 Lacs. These conditions along with other matters as set forth in aforesaid note indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our report is not qualified in this respect of this matter.
7. The review of financial results for the three months period ended 30 June 2014, included in the Statement was carried out and reported by previous auditors, S.R.Batliboi & Co. LLP vide their qualified review report dated 01 August 2014, whose review report has been furnished to us and which have been relied upon by us for the purpose of our review of the Statement. Our review report is not qualified in respect of this matter.

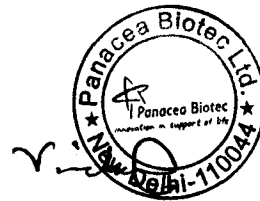
Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP
(formerly Walker, Chandiook & Co)
Chartered Accountants
Firm Registration No: 001076N/N500013

B.P. Singh
per B.P. Singh
Partner
Membership No. 70116



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Place: New Delhi
Date: 13 February 2015