

Panacea Biotec*Innovation in support of life*14th November, 2013

The Manager, Listing Department
 Bandra (E),
 Mumbai – 400 051
 Fax No.:022-26598237 / 38
 NSE Symbol : PANACEABIO

Bombay Stock Exchange
 Mumbai – 400 001
 Fax No.:022-22721919, 3121
 BSE Scrip Code: 531349

- Reg.: i. Unaudited Financial Results (Provisional) for the quarter and half year ended 30th September, 2013
 ii. Limited Review Report from the Statutory Auditors

Dear Sir,

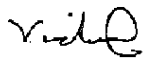
This is to inform you that the Board of Directors of the Company has, at its meeting held today, i.e. 14th November, 2013, inter-alia, considered and approved the Unaudited Financial Results (Provisional) for the quarter and half year ended 30th September, 2013. The same were also reviewed by the Audit Committee in its meeting held on 13th November, 2013.

A copy of the Statement of Unaudited Financial Results (Provisional) for the quarter and half year ended 30th September, 2013, approved by the Board pursuant to Clause 41 of the Listing Agreement is enclosed for your reference and record. A number of Statutory Auditors of the Company have carried out the limited review of the said Unaudited Financial Results and the Board would please, kindly acknowledge the receipt.

Thanking you,

Yours truly,

for Panacea Biotec Ltd.



Vinod Goel & Company Secretary

Encl. : As above.

- Corporate Relationship Department
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 1st Floor, New Trading Ring,
 Rotundu Building, P J Towers,
 Dalal Street, Fort, Mumbai – 400 001
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Panacea Biotec Ltd.

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Panacea Biotech		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 (Unaudited)	30.06.2013 (Unaudited)	30.09.2012 (Unaudited)	30.09.2013 (Unaudited)	30.06.2012 (Unaudited)	For year ended 31.3.2013 (Audited)	
PART - I							
1. Income from operations							
a. Net sales / income from operations (net of excise duty)	10,972	10,446	9,667	20,519	17,977	53,042	
b. Other operating income	936	1,317	3,811	7,267	17,977	53,042	
Total income from operations (net)	11,908	11,763	13,478	27,786	35,954	106,084	
2. Cost of materials consumed	7,212	6,393	8,326	13,602	10,235	23,837	
3. Purchase of stock in trade	594	549	907	1,283	1,412	2,326	
4. (Increase)/Decrease in inventories	(6,328)	(3,139)	(5,006)	(8,467)	(4,439)	28	
5. Employees' benefits expense	3,593	3,672	3,397	7,265	6,834	13,723	
6. Depreciation and amortisation expense	1,850	1,896	2,004	3,746	4,094	8,354	
7. Other expenses	5,871	5,054	7,027	10,935	11,340	26,333	
Total expenses	12,792	14,572	16,745	27,364	23,475	74,402	
3. (Loss)/Profit from operations before other income, finance cost, foreign exchange fluctuation gain/ (loss) & exceptional items (1-2)	(784)	(2,809)	(3,267)	(578)	(7,521)	(33,318)	
4. Foreign exchange fluctuation gain/ (loss)	182	2,214	1,555	6,894	4,305	10,574	
5. (Loss)/Profit from ordinary activities after finance cost before exceptional items (5-6-7)	(602)	(595)	(1,712)	6,316	(3,216)	(22,744)	
6. Exceptional income/(exp) - Refer note 10 & 11	-	-	1,640	(11,719)	(12,195)	(25,646)	
7. Profit / (loss) from ordinary activities before tax (8-9)	(602)	(595)	(572)	(5,403)	(15,411)	(48,388)	
8. Tax expenses	(5,627)	(6,092)	(2,582)	(11,719)	(1,640)	582	
9. Net profit / (loss) from ordinary activities after tax (10-11)	(11,229)	(12,687)	(3,154)	(16,122)	(17,051)	(47,806)	
10. Extraordinary items (net of tax expenses)	(5,627)	(6,092)	(1,911)	(11,719)	(2,050)	(2,050)	
11. Net profit / (loss) for the period (12-13)	(16,856)	(18,779)	(5,065)	(27,841)	(19,101)	(49,856)	
12. Particulars of shareholding	613	613	613	(11,719)	(3,569)	(23,013)	
13. Reserves excluding revaluation reserves	613	613	613	613	813	613	
14. Earning per share (EPS)							
- Basic (in Rs.)	(9.18)	(9.95)	(3.12)	(19.13)	(13.88)	(18.282)	
- Diluted (in Rs.)	(9.18)	(9.95)	(3.12)	(19.13)	(13.88)	(18.282)	
PART - II							
A. Particulars of shareholding							
1. Public shareholding							
- No. of shares	15,427,192	15,427,192	15,426,982	15,427,192	15,426,982	15,427,162	
- 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 & promoter group)	-	-	-	-	-	-	
- % 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 & promoter group)	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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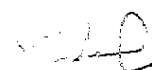
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Unaudited Segment-wise Revenue, Results, and Capital Employed for the quarter/ half year ended on 30.09.2013

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)	30.06.2012 (Unaudited)	31.3.2013 (Audited)
1. Segment revenue						
(a) Vaccines	573	2,904	1,044	3,377	1,698	17,582
(b) Formulations	9,884	9,158	13,837	18,922	19,013	38,546
(c) Research & development	575	798	1,251	1,175	1,291	2,717
(d) Unallocated	(9)	-	(146)	-	246	647
Gross sales/income from operations	11,009	11,763	13,278	22,772	22,451	53,592
Less: Inter segment revenue	-	-	-	-	-	-
Net sales/income from operations	11,009	11,763	13,278	22,772	22,451	53,592
2. Segment results						
Profit (+) loss (-) before tax and interest	(287)	(1,452)	(1,125)	(3,498)	(2,893)	(7,712)
Less: Finance cost	(287)	(1,452)	(1,125)	(3,498)	(2,893)	(7,712)
Other unallocated expenditure net off unallocated income	3,682	3,212	1,554	(1,739)	(3,268)	(6,793)
Total profit before tax	1,658	1,425	(219)	6,894	4,205	16,574
3. Capital Employed	(5,627)	(6,092)	(7,687)	(11,719)	(10,559)	(25,063)
(Segment assets - segment liabilities)						
(a) Vaccines	59,186	55,354	69,700	59,195	69,700	55,595
(b) Formulations	25,096	25,226	27,513	25,086	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)	(48,560)	(60,011)	(45,880)	(45,268)
Total capital employed	42,126	48,622	72,154	42,126	72,154	56,126

Statement of Assets & Liabilities

Particulars	(Rs. in Lacs)	
	September 30, 2013 (Unaudited)	March 31, 2013 (Audited)
Equity and liabilities		
Shareholders' funds		
Share capital	613	510
Reserves and surplus	41,513	46,318
Non-current liabilities	42,726	50,126
Long term borrowings		
Government securities (Net)		
Long term provisions	55,713	60,720
Other long term liabilities	256	260
Current liabilities	224	236
Short term borrowings	56,193	61,208
Trade payables		
Other current liabilities	36,939	23,014
Short term provisions	18,705	15,349
	13,094	4,047
	1,143	965
Total	70,881	50,648
Assets		
Non-current assets	169,200	167,952
Fixed assets		
Tangible assets		
Intangible assets	86,092	91,858
Capital work-in-progress	3,628	4,180
Intangible assets under development	1,901	1,614
Non-current investments	258	2,363
Loans and advances	26,461	29,355
Other non-current assets	5,152	10,264
Current assets	7	
Trade receivables	130,119	135,644
Inventory		
Cash and bank balances	7,328	6,875
Loans and advances	26,587	1,250
Other current assets	521	1,635
	2,407	256
Total	30,681	32,538
	169,200	167,952

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 Biotech FZE in UAE has been closed down and amount of Rs. 4.9 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 financial statements of the Company, the Managing Joint Managing and Whole Time Director had taken the following steps:
 - i) The observations 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 Laitu (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 Biotech 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 Laitu 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 & rebuild 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. 1,170 Lac) (previous year Rs. 1,170 Lac) is due to Rees Investments Ltd. Pursuant to the said loan, the Company has received 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.panaceabiotech.com>.

For and on behalf of the Board

New Delhi
November 14, 2013Panacea Biotech Limited
Regd. Office : Ambala-Chandigarh Highway, Laitu- 140501, Punjab
<http://www.panaceabiotech.com>Dr. Rajesh Jain
Joint Managing Director


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 LYR based combination vaccine, 'traw' & '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



[Signature]
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S. R. Batliboi & Co. LLP
Chartered Accountants

above development, Company is confident to receive orders from WHO/other customers for the supply of those 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". 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 T1), 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 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



