Panacea Biotec

Statement of unaudited financial results for the quarter/ half year ended 30th September ,2012

(Rs. In Lacs)

Particulars	For quarter ended			For Half Year ended		For year ended
	30.9.2012	30.6.2012	30.09.2011	30.09.2012	30.09.2011	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)	9,667	8,310	22,442	17,977	44,541	68,838
b. Other operating income	3,611	563	361	4,174	831	1,220
Total income from operations (net)	**13,278**	**8,873**	**22,803**	**22,151**	**45,372**	**70,058**
2. Expenditure						
a. Cost of materials consumed	8,326	1,909	11,754	10,235	26,352	30,239
b. Purchase of stock in trade	907	508	845	1,415	1,452	2,452
c. (Increase)/Decrease in inventories	(5,006)	567	820	(4,439)	(5,729)	2,056
d. Employees benefits expense	3,397	3,437	4,053	6,834	7,717	15,045
e. Depreciation and amortisation expese	2,094	2,000	2,001	4,094	3,633	7,539
g. Other expenses	7,027	4,313	5,203	11,340	10,147	24,973
Total expenses	**16,745**	**12,734**	**24,676**	**29,479**	**43,572**	**82,304**
3. (Loss)/Profit from operations before other income, finance cost, foreign exchange fluctuation gain/ (loss) & exceptional items (1-2)	**(3,467)**	**(3,861)**	**(1,873)**	**(7,329)**	**1,800**	**(12,246)**
4. Other income	2	7	173	9	340	746
5. (Loss)/Profit from ordinary activities before finance cost, foreign exchange fluctuation gain / (loss) & exceptional items (3+4)	**(3,465)**	**(3,854)**	**(1,699)**	**(7,320)**	**2,140**	**(11,500)**
6. Finance cost	1,555	2,751	1,897	4,305	3,785	9,539
7. Foreign exchange fluctuation (gain)/loss	(798)	1,371	438	574	316	1,041
8. (Loss)/Profit from ordinary activities after finance cost before exceptional items (5-6-7)	**(4,222)**	**(7,976)**	**(4,033)**	**(12,199)**	**(1,961)**	**(22,080)**
9. Exceptional income/(expense) - Refer note 7(i) & (ii)	1,640	-	-	1,640	-	(4,214)
10. Profit / (loss) from ordinary activities before tax (8+9)	**(2,582)**	**(7,976)**	**(4,033)**	**(10,559)**	**(1,961)**	**(26,294)**
11. Tax expenses	(671)	(1,379)	(669)	(2,050)	(269)	(5,516)
12. Net profit / (loss) from ordinary activities after tax (10-11)	**(1,911)**	**(6,597)**	**(3,364)**	**(8,509)**	**(1,692)**	**(20,778)**
13. Extraordinary items (net of tax expenses)	-	-	-	-	-	-
14. Net profit / (loss) for the period (12-13)	**(1,911)**	**(6,597)**	**(3,364)**	**(8,509)**	**(1,692)**	**(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.)	(3.12)	(10.77)	(5.49)	(13.89)	(2.76)	(33.92)
- Diluted (in Rs.)	(3.12)	(10.77)	(5.49)	(13.89)	(2.76)	(33.92)
PART - II						
A. Particulars of shareholding						
1. Public shareholding						
- No. of shares	15,426,992	15,426,992	15,389,192	15,426,992	15,389,192	15,427,192
- Percentage of shareholding	25.19	25.19	25.12	25.19	25.12	25.19
2 Promoters and promoter group Shareholding						
a) Pledge / encumbered						
- No. of shares	-	-	38,000	-	38,000	-
- % of Shares (as a % of the total shareholding of promoter & promoter group)	-	-	0.08	-	0.08	-
- % of Shares (as a % of the total share capital of the Company)	-	-	0.06	-	0.06	-
b) Non-encumbered						
- Number of shares	45,823,754	45,823,754	45,823,554	45,823,754	45,823,554	45,823,554
- % of Shares (as a % of the total shareholding of promoter & promoter group)	100.00	100.00	99.92	100.00	99.92	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	-

Unaudited Segment-wise Revenue , Results, and Capital Employed for the quarter/half year ended on 30.09.2012

Particulars	For quarter ended			For Half Year ended		For year ended
	30.9.2012	30.6.2012	30.09.2011	30.09.2012	30.09.2011	31.3.2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment revenue						
(a) Vaccines	1,044	593	13,089	1,638	26,732	35,907
(b) Formulations	10,837	8,176	9,526	19,013	18,144	33,352
(c) Research & development	1,251	-	-	1,251	-	-
(d) Unallocated	146	104	188	249	496	799
Gross sale/income from operation	**13,278**	**8,873**	**22,803**	**22,151**	**45,372**	**70,058**
Less : Inter segment revenue		-	-	-	-	-
Net sales/income from operations	**13,278**	**8,873**	**22,803**	**22,151**	**45,372**	**70,058**
2.Segment results						
Profit (+)/ loss (-) before tax and interest from each segment						
(a) Vaccines	(2,896)	(2,274)	(299)	(5,169)	4,625	944
(b) Formulations	2,775	2,002	2,692	4,776	5,083	8,391
(c) Research & development	(1,126)	(1,767)	(2,128)	(2,893)	(3,838)	(10,414)
Total	**(1,247)**	**(2,039)**	**265**	**(3,286)**	**5,870**	**(3,079)**
Less : i) Finance cost	1,554	2,751	1,897	4,305	3,785	9,539
ii) Other un-allocated expenditure net off un-allocated income	(219)	3,186	2,401	2,968	4,046	13,677
Total (loss)/profit before tax	**(2,582)**	**(7,976)**	**(4,033)**	**(10,559)**	**(1,961)**	**(26,295)**
3. Capital Employed						
(Segment assets-segment liabilities)						
(a) Vaccines	69,700	72,374	63,882	69,700	63,882	74,570
(b) Formulations	27,513	30,370	22,326	27,513	22,326	28,384
(c) Research & development	23,521	24,411	21,144	23,521	21,144	23,666
(d) Unallocated	(48,580)	(52,820)	(45,366)	(48,580)	(45,366)	(45,420)
Total capital employed	**72,154**	**74,335**	**61,986**	**72,154**	**61,986**	**81,200**



Statement of Assets & Liabilities

(Rs. in Lacs)

Particulars	September 30, 2012 (Unaudited)	March 31, 2012 (Audited)
Equity and liabilities		
Shareholders' funds		
Share capital	613	613
Reserves and surplus	71,541	80,587
	72,154	**81,200**
Foreign currency monetary item translation difference account (net of amortisation)	-	205
Non-current liabilities		
Long term borrowings	24,815	48,303
Deferred tax liabilities (Net)	-	2,050
Long term provisions	232	206
	25,047	**50,559**
Current liabilities		
Short-term borrowings	33,813	26,934
Trade payables	11,680	11,818
Other current liabilities	39,506	13,636
Short-term provisions	931	936
	85,930	**53,324**
Total	**183,131**	**185,288**
Assets		
Non current assets		
Fixed assets		
Tangible assets	94,100	95,434
Intangible assets	4,235	4,697
Capital work-in-progress	2,081	1,207
Intangible assets under development	3,605	3,499
Non-current investments	25,845	25,847
Foreign currency monetary item translation difference account (net of amortisation)	497	-
Long-term loans and advances	10,776	10,425
Other non current assets	-	12
	141,139	**141,121**
Current assets		
Trade receivables	6,176	6,645
Inventories	32,652	33,973
Cash and cash equivalents	1,038	1,133
Short-term loans and advances	1,844	1,909
Other current assets	282	507
	41,992	**44,167**
Total	**183,131**	**185,288**

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 8, 2012 and November 9, 2012, respectively.
2	Tax expense includes income tax and deferred tax
3	During the quarter, the Company has entered into strategic alliance with Osmotica Pharmaceutical, a global pharmaceutical company specializing in drug delivery technologies, for research, development, manufacture and commercialisation of certain drugs for US and other key strategic markets across the globe
4	During the quarter, the Company has successfully got USFDA approval for its ANDA (Abbreviated New Drug Application) for Tacrolimus capsules USP 0.5 mg, 1 mg and 5 mg. For marketing this product in US, the Company has already collaborated with Kremers Urban (part of UCB Group) and the product is slated for launch during the current quarter
5	During the quarter, the Company has recommenced production of oral polio vaccines at its vaccine manufacturing plant in Okhla, New Delhi after the successful inspection by the Indian National RegulatoryAuthority.
6	During the quarter, an amount of US$ 3,50,000 (around Rs.192 Lacs) was remitted to the Company's WOS, Rees Investments Limited, Guernsey.
7	i) 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 has 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 has been 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 has been 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) has been 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 current quarter. ii) 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.
8	The Statutory Auditors have also carried out limited review of these results and have given their observations in their report in respect of para 9 (i), (ii) & (iii) below
9	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 September 30, 2012 is Rs.1865 Lacs.
ii)	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 have been received. The applications for approval of excess remuneration of Chairman and Managing Director were also filed simultaneously and requisite approval is awaited.
iii)	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.4,289 lacs and Rs.3,283 lacs, respectively as at September 30, 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.
10	As regards Auditors' observations in their limited review report on the above results:
i)	The managerial remuneration of Rs.90.5 Lac 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.
11	CARE has revised credit rating pertaining to Long term bank facilities to 'CARE B' (Single B) from 'CARE BB' (Double B) (under credit watch) and to 'CARE A4' (A Four) from 'CARE A4' (A Four) (under credit watch) in regard to Short term bank facilities.
12	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.
13	Previous period / year figures have been regrouped/ reclassified to make them comparable with those of current Quarter.
14	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 9, 2012

Dr. Rajesh Jain
Joint Managing Director