

For Immediate Release

**Panacea Biotec reports unaudited financial results
for the Quarter & Nine Months Ended December 31, 2008**

New Delhi, January 29, 2009: Panacea Biotec today announced its unaudited financial results for the quarter and nine months ended December 31, 2008. The Company's Board met here on Thursday, January 29, 2009 to consider and approve its unaudited financial results for the quarter and half year ended December 31, 2008. The results were also reviewed by the Company's Audit committee in their meeting held on January 28, 2009.

Quarter Ended December 31, 2008: The Company registered net turnover of Rs.1,759 million during the Quarter Ended December 31, 2008 as compared to Rs.2,264 million for the corresponding period of previous financial year. The Formulations segment registered growth of 7.5% in its net turnover at Rs.531 million as compared to Rs.494 million during the corresponding quarter of previous financial year. The total vaccine segment registered turnover of Rs.1,228 million as against Rs.1,770 million during corresponding quarter of previous financial year. The Company registered EBITDA (excluding exchange fluctuation differences) of Rs.427 million as compared to Rs.590 million during the corresponding quarter of previous financial year. The EBITDA margins (excluding exchange fluctuation differences) of the company improved to 24.3% during the quarter under review from 21.3% during the Quarter Ended September, 2008 due to operational efficiencies.

The Company has restated its long term foreign currency debts including the outstanding FCCBs at the prevailing exchange rate on December 31, 2008 and made a provision of Rs.180 million as notional forex loss during the Quarter Ended December 31, 2008, as compared to exchange fluctuation gain of Rs.26 million during the corresponding period of previous year. As a result of this, the PBT and PAT for the quarter under review turned negative at Rs.205 million and Rs.189 million respectively as compared to profits of Rs.437 million and Rs.289 million respectively during the corresponding quarter of previous financial year. In absence of the provisioning for the notional exchange fluctuations, the negative PBT and PAT would get reduced to Rs.25 million and Rs.9 million only for the quarter under review.

Dr. Rajesh Jain, Joint Managing Director, said, "Despite the global economic slowdown, the revenues and EBITDA margins during Q3 have improved as compared to Q2 FY 2008-09. However, the growth has not been as strong as seen in the corresponding quarter of previous year due to deferment of institutional vaccine sales to the next quarter. The company continues to be on strong foothold operationally. We expect to see a better Q4 growing close to 15-20% as compared to previous year Q4, The quarterly profits of the company suffered on account of notional exchange fluctuation loss due to reinstatement of the foreign currency debts in compliance with Accounting Standards. Once the global liquidity eases, we expect the dollar to depreciate in mid to long term. As a result, our current notional foreign exchange losses would get reinstated".

Highlighting Vaccine sales, Dr. Rajesh Jain said, "There has been a fall in OPV Sales as Government of India has procured the Vaccine (tOPV) from WHO non-prequalified manufacturers at much lower prices. However, the company has prepared a new form of Bivalent Vaccine which is under clinical trials with WHO at present. Upon successful clinical evaluation this will become a product of choice for eradication drive of Polio in India, Pakistan, Afghanistan and other countries internationally. Panacea Biotec will be the first company to bring this product to the market early next financial year. With this new form of Bivalent Vaccine we expect to regain the lost market share in the next financial year".

"In addition, we had introduced our innovative, fully liquid, pentavalent combination vaccine-EasyFive, for which we received WHO prequalification and subsequently the award from UNICEF in the last quarter, for supply of the same in the next 3-6 months. During the quarter under review, the Company successfully delivered the first consignment of EasyFive to UNICEF", **he added.**

Talking about Panacea Biotec's redefined product portfolio, Dr. Rajesh Jain mentioned, "In terms of product spread, we are in a much healthier situation. Introduction of EasyFive; steady growth of domestic pharmaceutical formulations and international business have reinforced our product portfolio. Its positive impact on our top and bottom line would be clearly visible in the next 12 months. With strong fundamentals, innovative

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product pipeline, increased focus on launching products in developed markets coupled with steps being taken by Indian Government for arresting the impact of global recession on Indian Economy, we believe that we would grow at a faster pace and become a leading health management company in line with its long term vision”.

Nine Months ended December 31, 2008: During the nine months ended December 31, 2008, the Company registered net turnover of Rs.5,458 million as against Rs.6,349 million during the corresponding period of previous financial year. The Formulations segment turnover grew by 16.8% at Rs.1,738 million as against Rs.1,488 million during the corresponding period of previous financial year. The vaccine segment registered net turnover of Rs.3,718 million as compared to Rs.4,858 million during the corresponding period of previous financial year. The company registered EBITDA (excluding exchange fluctuation differences) Rs.1,555 million as compared to Rs.1,790 million during the corresponding period of previous financial year. The PBT and PAT for the period under review turned negative at Rs. 62 million and Rs. 289 million respectively as compared to profits of Rs. 1589 million and Rs. 1083 million respectively. The decline in profitability is mainly on account of fall in turnover due to deferment of vaccine sales to next quarter and provisioning of notional forex loss of Rs.841 million due to reinstatement of the foreign currency debts including FCCBs as against forex gain of Rs.188 million during the corresponding period of previous financial year. In absence of the provisioning for the notional exchange fluctuation loss, the PBT and PAT would have been Rs.779 million and Rs. 552 million respectively during the period under review. The combined operating margins of the vaccine and pharmaceuticals formulations segment improved to 40% during the nine months under review from 36% during the corresponding period of previous financial year due to operational efficiencies.

New Product Launches

The company, during the quarter under review launched new products, **Diclogold 50, Diclogold SR, Diclogold Plus** (Diclofenac) under its SBU Value India and **Nimulid HF DT** (for acute pain) under its SBU PRO.

About Panacea Biotec

Panacea Biotec is one of India's leading research-based health management companies with established research, manufacturing and marketing capabilities. Panacea Biotec is the 2nd largest vaccine producer in India. Panacea Biotec has been ranked as the 3rd largest biotechnology company (ABLE Survey 2008) and is also amongst the top 50 pharmaceutical companies in India. The product portfolio of the Company includes highly innovative prescription products in important therapeutic areas such as pain management, diabetes management, renal-disease management, anti-osteoporosis, anti-tubercular, gastro-intestinal care products and vaccines. The company has collaborations and tie-ups with leading national and international research organizations and corporations. The company's state of the art manufacturing facilities for vaccines and pharmaceutical formulations comply with the US-FDA, UK-MHRA, SA-MCC and WHO-cGMP standards. Panacea Biotec has five dedicated research and development centers. The company has around 3200 employees including over 300 scientists. The company also has 24 product patents, valid in more than 60 countries worldwide.

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