

**Panacea Biotec wins financial assistance award for
PandyFlu™ (Swine Flu vaccine)**

Signs agreement with Department of Biotechnology for financial assistance for development of vaccine

New Delhi, March 22, 2010: Panacea Biotec, India's 3rd largest biotechnology company has been awarded financial assistance of Rs.10 Crore under the Biotechnology Industry Partnership Programme (BIPP), an initiative of the Department of Biotechnology (DBT), Ministry of Science & Technology, Govt. of India, for the development of pandemic influenza vaccine. Biotech Consortium India Ltd. (BCIL), the BIPP Management Agency, advertised on 8th August, 2009 inviting applications from interested companies.

DBT has approved Panacea Biotec's proposal and awarded financial assistance of Rs.10 Crore in the form of a long-term loan on concessional rate of interest of 2% p.a. The Company has recently signed an agreement with DBT in this regard and got the first installment of Rs.3 Crore.

This grant of financial assistance by Govt. of India through DBT is in addition to the grant of Advance Market Commitment (AMC) of Rs.10 Crore by Ministry of Health & Family Welfare (MoHFW), Govt. of India given to Panacea Biotec to encourage development, manufacture and supply of the said vaccine of paramount national importance.

Panacea Biotec will be giving the world, indigenously produced Pandyflu™, its vaccine against the H1N1 virus (Swine flu). Panacea Biotec is developing the conventional inactivated split virion vaccine using egg-based technology which is a sure shot path for developing flu vaccine with more than 40 years experience and well established regulatory pathways to ensure faster production of swine flu vaccine matching international standards to fulfill the global need.

In view of recent onset of influenza A (H1N1) pandemic, DBT took a unique initiative to nurture R&D and innovation in biotech industry under Biotechnology Industry Research Assistance Programme (BIRAP) and invited proposals from Indian biotechnology companies for indigenous development of influenza A (H1N1) and / or other pandemic flu vaccines under BIPP.

Commenting on the development **Mr. Soshil Kumar Jain – Chairman, Panacea Biotec said, "The award of assistance by DBT for development of Pandyflu™ vaccine is another positive development for the Company closely following the grant of AMC by MoHFW, Govt. of India in connection with supply of Pandyflu™ vaccine. Vaccine development and production has been a great strength with Panacea Biotec and the Company has been on the forefront in responding to global vaccine requirements besides coming forward to contribute towards protection against the pandemic. I am delighted that the efforts of our scientists have again been recognized by Govt. of India by accepting our proposal and grant of said assistance for such development."**

Mr. Sumit Jain, Director Operations & Projects, Panacea Biotec reflects, "the award of above financial assistance by Govt. of India reinforces their commitment to promote innovation and public private partnership."

Vaccine Development Update

Panacea Biotec has set up a state of the art BSL2 level manufacturing unit (high-containment facility) with BSL3 practices on its sprawling campus spread over 75 acres of land at Lalru, Punjab for manufacturing of Pandyflu™ vaccine. This facility has an annual capacity to manufacture 45 million doses* of the vaccine.

The Company has developed a unique virus purification strategy that has yielded satisfactory results in trial runs. The company used the seed virus to produce three consecutive batches of the vaccine using embryonated chicken eggs. To develop this technology, the Company had procured a classical reassortant virus from CDC, Atlanta in June 2009. With unprecedented speed, the Company has completed all key steps in development process of H1N1 vaccine.

Phase I trials in healthy adult volunteers indicate excellent safety and encouraging immunogenicity after two doses. It is expected that Phase I studies would be completed by March 2010 to be followed by Phase II/III studies in adult and pediatric population.

Panacea Biotec has been working very closely with, MoHFW, DCGI and the Indian Council of Medical Research (ICMR) to develop this vaccine in an accelerated manner. It is expected that process of licensing with Govt. of India will be over by July, 2010. Panacea Biotec is hopeful that Pandylu™ vaccine would be available by April 2010 for emergency use authorization, subject to EUA clearance by DCGI on completion of Phase I trials.

** based on 7.5mcg/dose calculation*

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- June 2009) 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, gastrointestinal 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 International Regulatory requirements like 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.

Disclaimer

Except for the historical information contained herein, statements in this Release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future business plans, our growth and expansion in business, the impact of any acquisitions, our financial capabilities, technological implementation and changes, the actual growth in demand for our products and services, cash flow projections, our exposure to market risks as well as other general risks applicable to the business or industry. Panacea Biotec undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

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