

Walker Chandiook & Co LLP

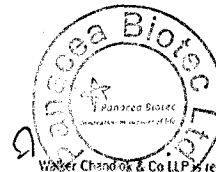
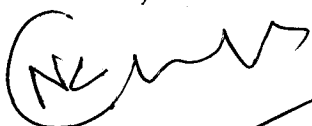
Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
L-41 Cornaught Circus
New Delhi 110001
India

T +91 11 4278 7070
F +91 11 4278 7071

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 30 September 2014 and the year to date results for the period 1 April 2014 to 30 September 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 4(a) to the Statement, during the quarter ended 30 June 2014, the Company had received an advance research fees from a customer amounting to Rs. 1,499 lacs which had been accounted for as income from research and development during the said quarter. The recognition of such advance 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 this amount, the revenue and loss for the quarter and six months ended 30 September 2014 would have been lower by Rs Nil and Rs. 1,499 Lacs respectively. Further, the reserves and surplus as at that date would have been lower by Rs. 1,499 lacs and current liabilities as at that date would have been higher by Rs. 1,499 lacs (June 2014: Rs 1,499 lacs). The report of the previous auditor on the unaudited financial results of the Company for the quarter ended 30 June 2014 was also qualified in respect of this matter.*
4. Based on our review conducted as above, *except for the effects of qualification 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.



Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Cornaught Circus, New Delhi, 110001, India

Chartered Accountants

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

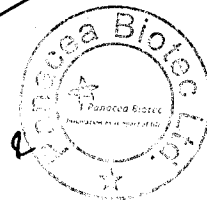
Walker Chandiook & Co LLP

Review Report to the Board of Directors of Panacea Biotech Limited on the unaudited financial results for the period ended 30 September 2014 (Cont'd)

5. We draw attention to note 4(b) to the Statement which indicates that the Company has incurred a net loss of Rs. 682 lacs and Rs. 3,036 lacs during the quarter and six months ended 30 September 2014 respectively and as of that date, the Company's current liabilities exceeded its current assets by Rs. 61,783 lacs. Further, as detailed in note 3, the Company's Corporate Debt Restructuring ("CDR") scheme has been approved by the CDR Empowered Group, however, the detailed master restructuring agreement is yet to be executed. These conditions along with other matters as set forth in aforesaid notes 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.
6. We draw attention to note 4(c) to the Statement regarding payment of managerial remuneration of Rs. 375 lacs and Rs. 372 lacs for the financial years ended 31 March 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.
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 1 August 2014, whose review report has been furnished to us and which has 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

NC



Anupam
per Anupam Kumar
Partner
Membership No. 501531



Place : New Delhi
Date : 31 October 2014