

Panacea Biotec

Innovation in support of life

14th November, 2018

The Manager, Listing Department
The National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051
NSE Symbol : PANACEABIO

BSE Limited
Corporate Relationship Department,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001
BSE Scrip Code: 531349

Reg.: Unaudited Financial Results (Provisional) along with Limited Review Report for the quarter and half year ended 30th September, 2018

Dear Sir,

In continuation to our letter dated 1st November, 2018 and pursuant to Regulations 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), we would like to inform you that the Board of Directors of the Company has, at its meeting held today, i.e. 14th November, 2018, inter-alia, considered and approved the Unaudited Financial Results (Provisional) of the Company (which have been subjected to Limited Review by the Statutory Auditors) for the quarter and half year ended 30th September, 2018. The same were also reviewed by the Audit Committee in its meeting held on 13th November, 2018. A copy of the same along with the Limited Review Report is enclosed herewith as **Annexure - A**.

Further, pursuant to Regulation 46(2)(l) of SEBI LODR Regulations, the abovesaid financial results are being uploaded on the website of the Company i.e. www.panacea-biotec.com.


Further, pursuant to Regulation 47(1)(b) of SEBI (LODR) Regulations, the Extract of Statement of Unaudited Financial Results (Provisional) for the quarter and half year ended 30th September, 2018 in the Format as prescribed in Annexure I of SEBI Circular No. CIR/CFD/FAC/62/2016 dated 05.07.2016 is being sent for publication in newspapers.

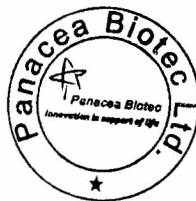
The meeting of the Board of Directors commenced at 11:30 A.M. and concluded at 04:30 P.M.

We request you to kindly bring the above information to the notice of your members.

Thanking you,

Sincerely yours,
for **Panacea Biotec Ltd.**


Vinod Goel
Group CFO and Head Legal
& Company Secretary



Encl: As above.

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Panacea Biotec Ltd.

CIN: L33117PB1984PLC022350

Registered Office: Ambala-Chandigarh Highway, Lalru - 140 501, Punjab, India. Ph.: +91-1762-505900, Fax: +91-1762-505906.
e-mail: corporate@panaceabiotec.com website: www.panaceabiotec.com

(Rs. in Lakh except per share)

Particulars	Extract of Standalone Financial Results (Unaudited) for the Quarter and Half year ended September 30, 2018					
	Quarter ended			Half Year ended		Year Ended
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total income from operations	11,858	9,511	15,257	21,369	26,021	57,993
Net Profit / (Loss) for the period (before tax, exceptional and/or extraordinary item)	(4,733)	(5,483)	(221)	(10,216)	(4,853)	(6,124)
Net Profit / (Loss) for the period before tax (after exceptional and/or extraordinary item)	(9,483)	(3,417)	(221)	(12,900)	(4,853)	(6,124)
Net Profit / (Loss) for the period after tax (after exceptional and/or extraordinary item)	(9,749)	(3,683)	(563)	(13,432)	(5,362)	(7,188)
Total comprehensive income for the period (comprising of profit/(loss) for the period (after tax) and other comprehensive income (after tax))	(9,785)	(3,718)	(563)	(13,503)	(5,362)	(7,330)
Equity Share Capital (face value of Re.1 per share)	613	613	613	613	613	613
Earning per Share (of Re. 1 each (annualised, other than Quarter)						
Basic :	(15.92)	(6.01)	(0.92)	(21.93)	(8.75)	(11.74)
Diluted:	(15.92)	(6.01)	(0.92)	(21.93)	(8.75)	(11.74)

Notes:

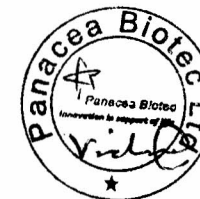
- The above is an extract of the detailed format of Quarterly and Half Yearly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly and Half Yearly Financial Results is available on the Stock Exchanges websites, NSE- <http://www.nseindia.com>, BSE- <http://www.bseindia.com> and is also available on the Company's website, <http://www.panaceabiotec.com>.
- 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, 2018 and November 14, 2018 respectively. Further, the limited review of Financial Results for the Quarter and Half Year ended September 30, 2018, in terms of Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, has been carried out by the statutory auditors.
- The financial results have been prepared in accordance with the recognition and measurement principles of applicable Indian Accounting Standard ("IND-AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013.
- Previous period / year amounts have been regrouped/ reclassified to make them comparable with those of current period/year.

Place: New Delhi

Date: November 14, 2018

Panacea Biotec Limited

Regd. Office : Ambala-Chandigarh Highway, Lalru- 140501, Punjab

CIN: L33117PB1984PLC022350 - Ph. No. 91-11-41679000, Fax: 91-11-41679070, Website: <http://www.panacea-biotec.com>, E-mail: Corporate@panaceabiotec.com

For and on behalf of the Board

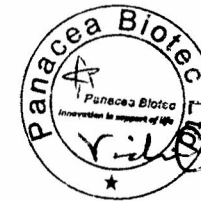
Dr. Rajesh Jain
Managing Director



Statement of Standalone Unaudited Financial Results
for the Quarter and Half Year ended September 30, 2018

(Rs. in Lakh)

S.No	Particulars	Quarter ended			Half Year ended		Year ended
		September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Income:						
	a) Revenue from operations	11,858	9,511	15,257	21,369	26,021	57,993
	b) Other income	330	333	184	663	307	1,762
	Total Income	12,188	9,844	15,441	22,032	26,328	59,755
II	Expenditure:						
	a) Cost of raw and packing materials consumed	1,906	3,134	4,088	5,040	7,690	17,941
	b) Purchase of traded goods	199	165	513	364	956	1,835
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,980	(158)	213	1,822	158	(76)
	d) Excise duty	-	-	-	-	337	337
	e) Employee benefit expenses	3,763	3,745	3,107	7,508	6,264	13,674
	f) Depreciation and amortisation expenses	1,360	1,369	1,442	2,729	2,881	5,705
	g) Finance cost	2,676	2,612	2,650	5,288	5,241	10,323
	h) Other expenditure (net)	5,037	4,460	3,649	9,497	7,654	16,140
	Total expenses	16,921	15,327	15,662	32,248	31,181	65,879
III	Profit/(Loss) before exceptional and extra-ordinary items and tax (I-II)	(4,733)	(5,483)	(221)	(10,216)	(4,853)	(6,124)
IV	Exceptional items (refer note 4)	(4,750)	2,066	-	(2,684)	-	-
V	Profit/(Loss) before Tax (III-IV)	(9,483)	(3,417)	(221)	(12,900)	(4,853)	(6,124)
VI	Tax expense:						
	a) Current tax	-	-	-	-	-	-
	b) Deferred tax	266	266	342	532	509	1,064
	Total tax expenses	266	266	342	532	509	1,064
VII	Net Profit/(Loss) for the period (V-VI)	(9,749)	(3,683)	(563)	(13,432)	(5,362)	(7,188)
VIII	Other comprehensive income:						
a)	i) Items that will not be reclassified to Profit or Loss	(55)	(54)	-	(109)	-	(218)
	ii) Income tax related to above	19	19	-	38	-	76
b)	i) Items that will be reclassified to Profit or Loss	-	-	-	-	-	-
	ii) Income Tax related to above	-	-	-	-	-	-
IX	Total comprehensive income for the period (VII+VIII)	(9,785)	(3,718)	(563)	(13,503)	(5,362)	(7,330)
X	Paid-up equity share capital	613	613	613	613	613	613
XI	Earning per share for the period (of Re. 1/- each), (not annualised)						
	Basic (in Rs.)	(15.92)	(6.01)	(0.92)	(21.93)	(8.75)	(11.74)
	Diluted (in Rs.)	(15.92)	(6.01)	(0.92)	(21.93)	(8.75)	(11.74)



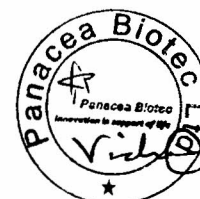
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Statement of Standalone Unaudited Financial Results for the Quarter and Half Year ended September 30, 2018

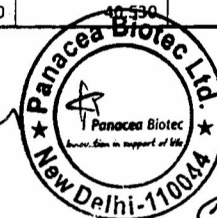
Unaudited Segment-wise Revenue, Results and Capital Employed

(Rs. in Lakh)

Particulars	Quarter ended			Half Year ended		Year ended
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
a) Segment revenue						
(i) Vaccines	2,918	933	4,478	3,851	7,457	18,632
(ii) Formulations	8,940	8,577	10,691	17,517	18,393	38,395
(iii) Research & development	-	1	90	1	171	966
(iv) Unallocated	-	-	(2)	-	-	-
Sub total	11,858	9,511	15,257	21,369	26,021	57,993
Less: Inter segment revenue	-	-	-	-	-	-
Total segment revenue	11,858	9,511	15,257	21,369	26,021	57,993
b) Segment results						
Profit (+)/ loss (-) before tax and interest						
(a) Vaccines	(1,692)	(2,037)	108	(3,729)	(657)	1,471
(b) Formulations	2,367	2,373	4,522	4,740	5,982	13,103
(c) Research & development	(905)	(1,484)	(1,118)	(2,389)	(2,393)	(4,086)
Sub total	(230)	(1,148)	3,512	(1,378)	2,932	10,488
Less : i) Finance cost	2,676	2,612	2,650	5,288	5,241	10,323
ii) Other unallocated expenditure net of unallocated income and exceptional items	6,577	(343)	1,083	6,234	2,544	6,289
Total Profit before tax	(9,483)	(3,417)	(221)	(12,900)	(4,853)	(6,124)
c) Capital employed						
Segment assets						
(i) Vaccines	51,751	52,487	50,341	51,751	50,341	53,118
(ii) Formulations	38,572	39,038	42,163	38,572	42,163	41,894
(iii) Research & development	20,701	20,754	21,124	20,701	21,124	21,084
(iv) Unallocated	51,283	52,579	52,178	51,283	52,178	51,253
Sub total	162,307	164,858	165,806	162,307	165,806	167,349
Segment liability						
(i) Vaccines	7,572	7,379	3,615	7,572	3,615	7,114
(ii) Formulations	17,070	17,390	16,288	17,070	16,288	16,500
(iii) Research & development	3,054	3,182	2,738	3,054	2,738	2,573
(iv) Unallocated	109,481	102,066	102,635	109,481	102,635	102,352
Sub Total	137,177	130,017	125,276	137,177	125,276	128,539
Capital employed (Segment assets - segment liabilities)						
(i) Vaccines	44,179	45,108	46,726	44,179	46,726	46,004
(ii) Formulations	21,502	21,648	25,875	21,502	25,875	25,394
(iii) Research & development	17,647	17,572	18,386	17,647	18,386	18,511
(iv) Unallocated	(58,198)	(49,487)	(50,457)	(58,198)	(50,457)	(51,099)
Total capital employed	25,130	34,841	40,530	25,130	40,530	38,810



Rajiv



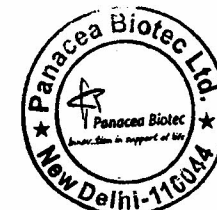
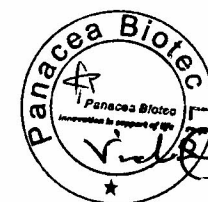
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Statement of Assets and Liabilities

(Rs. in Lakh)

Particulars	As at	As at
	September 30, 2018	March 31, 2018
	Unaudited	Audited
ASSETS		
(1) Non-current assets		
a) Property, Plant and Equipment	86,005	88,656
b) Capital work in progress	533	476
c) Investment Property	-	-
d) Other Intangible assets	358	437
e) Intangible assets under development	3,536	3,240
f) Financial Assets		
i) Investment	34,488	34,488
ii) Loans	102	99
iii) Others financial asset	95	25
g) Deferred tax asset (Net)	1,705	2,199
h) Non-Current tax asset	82	144
i) Other non-current assets	2,139	2,220
Total non-current assets	129,043	131,984
(2) Current assets		
a) Inventories	14,269	14,909
b) Financial Assets		
i) Investments	-	-
ii) Trade receivables	12,357	14,227
iii) Cash and cash equivalents	316	652
iv) Bank balance other than above	1,306	527
v) Loans	1,666	1,499
vi) Others financial assets	324	517
c) Other current assets	3,026	3,034
Total current assets	33,264	35,365
Total Assets	162,307	167,349
EQUITY AND LIABILITIES		
Equity		
a) Equity Share Capital	613	613
b) Other Equity	24,517	38,197
Total Equity	25,130	38,810
LIABILITIES		
(1) Non-current liabilities		
a) Financial Liabilities		
i) Borrowings	57,207	57,071
b) Provisions	2,865	2,512
c) Deferred tax liabilities (Net)	-	-
d) Other non-current liabilities	410	429
(2) Current liabilities		
a) Financial Liabilities		
i) Borrowings	18,953	19,382
ii) Trade payables to:		
Micro, Small and Medium Enterprises	260	347
Others	25,679	23,837
iii) Other financial liabilities	29,834	22,783
(b) Other current liabilities	1,243	1,499
(c) Provisions	726	679
Total Liabilities	137,177	128,539
Total Equity and Liabilities	162,307	167,349



Rajiv

G.P.

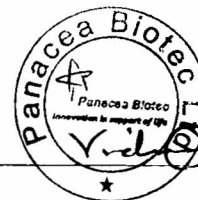
Notes:

1. The above unaudited financial results of Panacea Biotech Limited ('the Company') were reviewed by the Audit Committee of the Board and approved by the Board of Directors at their meetings held on November 13, 2018 and November 14, 2018, respectively. Further the limited review of the Financial Results for the Quarter and Half Year ended September 30, 2018, in terms of Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, has been carried out by the statutory auditors.
2. The financial results have been prepared in accordance with the recognition and measurement principles of applicable Indian Accounting Standards ("IND-AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013.
3. During the quarter under review, the Company has entered into a tripartite agreement with Natco Pharma Ltd. and Breckenridge Pharmaceutical Inc. for manufacture and supply of Azacitidine Injection for the U.S. market under Breckenridge's already-approved ANDA.
4. During the quarter under review, the Company has settled its dispute with Edelweiss Asset Reconstruction Company Limited ("EARC") as per the terms of CDR scheme. As a result of this settlement with EARC, the Company has booked exceptional loss of Rs.4,750 lakh.
5. With respect to the observations of the auditors in their report on the above results:
 - a. **Borrowings under Corporate Debt Restructuring:** During financial year 2014-15, the Company was sanctioned a Corporate Debt Restructuring ("CDR") scheme under the CDR mechanism of the Reserve Bank of India ("RBI") after attaining super-majority from its lender banks ("CDR Lenders"). The debt obligations, including interest thereon, have been measured, classified and disclosed in these financial statements in accordance with the Master Restructuring Agreement ("MRA") as per CDR scheme, to the extent agreed with the banks. In its meeting held on May 22, 2018, the CDR Lenders (other than Indian Overseas Bank) have informed the Company that they are considering the CDR scheme as failed CDR and exit from CDR. Consequently, the CDR Lenders have classified the Company's account as non-performing asset due to non-compliance with the pending conditions but not due to default for payment of principal/ interest as per agreed terms of CDR. Accordingly, management continues to recognize, measure, classify and present its debt obligations as at September 30, 2018 in accordance with the CDR scheme.

During the quarter under review, owing to cash flow constraints, the Company has been unable to repay interest and principal instalments due on borrowings from CDR Lenders. As at September 30, 2018 (March 31, 2018: Rs Nil), interest and principal instalments aggregating to Rs 2,525 lakhs remain unpaid towards CDR debts.

Other borrowings: Further, Bank of India had classified the outstanding External Commercial Borrowings ('ECB') amounting USD 25 million as non-performing in view of non-payment of the first installment of USD 8.33 million which was due on September 30, 2017. At the end of quarter under review, two annual instalments of USD 8.33 million each (Rs 6,083 lakh each) that were due respectively on September 30, 2018 and 2017 are overdue.

The Management has presented a detailed resolution plan to its lenders and requested their 'in principle' approval for a settlement, in order to achieve financial closure with potential special situation investor(s). The lenders are in active consideration of the resolution plan and have commenced their diligence procedures.



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G. D. L.

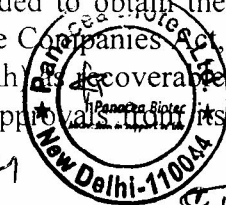
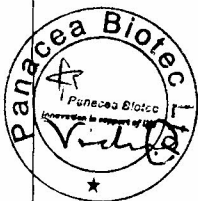
Based on the management's evaluations and assessments, the Company believes that it will be able to resolve these matters favorably in due course without materially impacting the recognition, measurement, classification and disclosures presented in these financial results for its debt obligations. Accordingly, no other adjustments are considered necessary in the books of accounts at this stage.

- b. During the financial year 2007-08, the Company had given an advance of Rs.1,768 lakh pursuant to the agreement with Ilyas & Mustafa Galadari Management Investment & Development (L.L.C.), U.A.E. ("the Developer") for purchase of certain immovable properties in Dubai. The Developer failed to deliver the said properties to the Company and offered other properties under construction in lieu of the said properties. Owing to continuous delays in completion of construction, the Company has initiated legal recourse and issued a legal notice to the Developer.

During the quarter ended December 31, 2017, with a view to restructure the Company's debt obligations and reduce its interest outlay, the board of directors had approved the assignment of its receivables from the Developer to its wholly owned subsidiary viz. Radhika Heights Ltd. (RHL) in lieu of adjustment of part of RHL's loan payable by the Company, subject to the applicable provisions of the Foreign Exchange Management Act, 1999 as amended and other applicable laws, if any. The process of assigning the said receivable to RHL is expected to be completed in due course.

In view of ongoing discussions with the Developer and on the basis of the legal advice obtained, the Group believes that it has valid rights to claim the recovery of the advance paid to the Developer, in the form of either a refund or other properties. The management believes that the advance given to the Developer is fully realisable as the market value of the properties under discussion is more than the advance given under the original agreement. Accordingly, no adjustments are considered necessary in the books of accounts.

- c. In view of absence of profits during financial years 2013-14 and 2012-13, total remuneration paid to the Managing/ Joint Managing and Whole time Directors had exceeded the ceiling prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 by Rs.291 lakh for the said years. Further, because of non-compliance to one of the conditions of part II of Section II of Schedule V to the Companies Act, 2013, the remuneration amounting to Rs. 26 lakh paid to a whole time director during the year ended March 31, 2016 and remuneration amounting to Rs. 430 lakh and Rs. 417 lakh paid to six directors (Managing/ Joint Managing and Whole time Directors) during the year ended March 31, 2017 and 2018 respectively required approval of the Central Government and the Company had filed the necessary applications in this regard. However, the Company's applications for approval of the aforesaid excess remuneration were not approved by the Central Government and consequently the Company was required to recover the excess amount thus paid for the said years unless the recovery thereof is waived by the Central Government, on applications submitted by the Company. The Company has also paid managerial remuneration amounting to Rs. 183 lakh during the half year ended September 30, 2018 for which the Company required prior approval of the Central Government. The Company submitted new applications to the Central Government for waiver of recovery of excess remuneration paid in respect of aforesaid periods. However, in view of the recent amendments in the provisions of Section 197 of the Companies Act, 2013 effective from September 12, 2018, whereby the powers of Central Government for approval of payment of managerial remuneration in excess of limits/ waiver of recovery of managerial remuneration recoverable, etc. have been transferred to the shareholders / lenders of the Company. Accordingly, the said applications stand abated at the Central Government. The Company has accordingly decided to obtain the necessary approval from its shareholders in due course in compliance with the aforesaid amended provisions of the Companies Act, 2013. Pending such approval, the Company has recorded an amount of Rs. 1,347 lakh (March 31, 2018: 1,164 lakh) as recoverable from such directors towards such excess remuneration paid. The Company is confident of obtaining necessary approvals from its shareholders/lenders.



- d. For the half year ended September 30, 2018, the Company has incurred a loss of Rs. 13,432 lakh (March 31, 2018 Loss of Rs. 7,188 lakh). The continuous losses have adversely affected the cash flows of the Company. These conditions, read with notes 4 and 5(a) above, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company has undertaken several measures to mitigate this risk, which include scaling up revenues of hexavalent vaccine EasySix™ (DTwP-HepB-Hib-IPV), initiating supply of oral polio vaccine from Baddi facility, entering into strategic alliances with domestic as well as foreign collaborators for supply of products, launch of innovative new products, launch of new products in USA/EU etc. expediting development of new products and monetization of non-core assets, raising of funds, etc. Based on above measures and continuous efforts to improve the business performance and as explained in note 5(a) above, the management believes that it would be able to generate sustainable cash flow, recover and recoup the erosion in its net worth through profitable operations, discharge its obligations as they fall due and continue as a going concern.
6. The necessary certificate/ report in respect of the above results in terms of requirement of Regulation 33 of the SEBI (Listing Obligations and Other Disclosure Requirements) Regulations, 2015, has been placed before the Board of Directors.
7. Previous period amounts have been regrouped/ reclassified in compliance with IND-AS to make them comparable with those of current period/ year.
8. The above results are also available on the Company's website <http://www.panaceabiotec.com>

Place: New Delhi
Date: November 14, 2018

For and on behalf of the Board of Directors



R. Jain
Dr. Rajesh Jain
Managing Director



Panacea Biotec Limited

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CIN: L33117PB1984PLC022350, Ph. No. +91-11-41679000, Fax: +91-11-41679070
Website: <http://www.panaceabiotec.com>, E-mail: corporate@panaceabiotec.com

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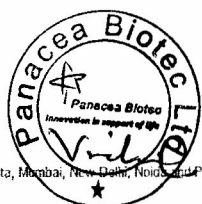
Independent Auditor's Review Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Panacea Biotech Limited

1. We have reviewed the accompanying statement of unaudited financial results ("Statement") of Panacea Biotech Limited ("the Company") for the quarter ended 30 September 2018 and the year to date results for the period 1 April 2018 to 30 September 2018, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 Engagement (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 explained in Note 5(a) to the Statement, the Company's total borrowings as at 30 September 2018 includes balances payable to various lenders amounting to Rs. 77,046 lakhs which are currently recorded based on revised terms agreed with the said lenders as part of the Corporate Debt Restructuring ("CDR") scheme, and are reconciled with the lenders. During the quarter ended 30 June 2018, the lenders had informed the Company that they are considering CDR package as failed CDR and exit from CDR. While there are further discussions, as described in the said note and paragraph 5 below, pending conclusion of the revised resolution plan, we are unable to comment upon the impact, if any, on the carrying values of borrowings and its related classification as at 30 September 2018 and the interest expense (including penal interest, if any) for the period then ended. This matter was also modified in our audit report on the financial statements for the year ended 31 March 2018.
4. Based on our review conducted as above, except for the possible effects of the matter 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 Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Chartered Accountants

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



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

Walker Chandiok & Co LLP

Independent Auditor's Review Report on Quarterly Financial Results of the Panacea Biotec Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Cont'd)

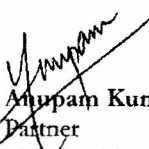
5. We draw attention to note 5(d) to the Statement which indicates that the Company has incurred a net loss (before exceptional items) of Rs. 10,216 lakhs and Rs. 4,733 lakhs during the quarter and half year ended 30 September 2018 respectively and as of that date, the Company's current liabilities exceeded its current assets by Rs. 43,431 lakhs. The Company has defaulted in repayment of borrowings from banks/ financial institutions and is in discussions with the consortium of lenders for approval of a revised resolution plan. These factors along with other matters as set forth in aforesaid note and paragraph 3 above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, management has represented that the Company is in the process of discussions with potential investors for infusing funds in the Company. Basis this and other factors mentioned in the aforesaid note 5(d) to the Statement, management is of the view that going concern basis of accounting is appropriate. Our report is not modified in respect of this matter.
6. We draw attention to:
- Note 5(b) to the Statement regarding capital advances amounting to Rs. 1,768 lakhs given to a real estate developer for acquiring certain immovable properties in Dubai where the Company has initiated legal recourse.
 - Note 5(c) to the Statement regarding payment of managerial remuneration for the period 1 April 2018 to 30 September 2018 and financial years ended 31 March 2018, 2017, 2016, 2014 and 2013 respectively, which is in excess of the limits specified by the relevant provisions of the Companies Act, 2013 /the Companies Act, 1956 by Rs. 1,347 lakhs for the said years. The Company's applications to the Central Government seeking approval for payment of such excess remuneration have not been approved and consequently the Company is required to recover the excess amount thus paid for the said years. The Company has recorded an amount of Rs. 1,347 lakhs as recoverable from the directors towards such excess remuneration paid. The Company submitted applications to the Central Government for waiver of recovery of excess remuneration paid. Further, as discussed in aforementioned note, pursuant to the notification of the effective date of section 67 of the Companies (Amendment) Act, 2017 amending section 197 - overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits, of the Companies Act, 2013, the aforesaid applications pending with the Central Government stand abated and the Company is in the process of seeking requisite approvals required in accordance with the provisions of section 197(10) of the Companies Act, 2013.

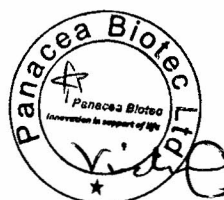
Pending the ultimate outcome of the aforesaid matters which is presently unascertainable, no adjustments have been made in the books of accounts. Our report is not modified in respect of these matters.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013


Anupam Kumar
Partner
Membership No. 501531



Place: Gurugram

Date: 14 November 2018