S.R. BATLIBOI & CO.
Chartered Accountants

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Limited Review Report

To

The Board of Directors

Panacea Biotec Limited

1. We have reviewed the accompanying statement of unaudited financial results of Panacea Biotec Limited ('the Company') for the quarter ended September 30, 2012 (the "Statement"), 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 reviewed 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 provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. Without qualifying our conclusion, we draw attention to:

a.) Note 9 (i) of accompanying unaudited financial results regarding expenditure on Pre-clinical development studies which are under progress amounting to Rs. 1,865 lacs as at September 30, 2012. Expenditure during the current quarter on such studies is Nil. The ultimate approval of such products, which has been considered as highly likely by the management, is not within direct control of the Company. Pending such final approval, no adjustments have been made to the accompanying statement of unaudited financial results.

b) Note 9 (ii) of accompanying unaudited financial results regarding the managerial remuneration of Rs.659.6 lacs for the financial year ending March 31, 2012, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs.419.6 lacs. The Company had filed application to obtain approval from Central Government in respect to excess remuneration paid and has obtained the approval from Central Government in respect to excess remuneration paid amounting to Rs.163.9 lacs. The requisite approval for the balance excess remuneration amount of Rs.255.7 lacs is still awaited. Pending outcome of the application filed with respect to the balance excess remuneration, no adjustments have been made to the accompanying statement of unaudited financial results.

c) Note 9 (iii) of accompanying unaudited financial results regarding delisting of Company's DTP-based combination vaccines by concerned authorities. Company has stock of raw material and finished goods inventory of Rs.4,289 lacs and Rs.3,283 lacs respectively as at September 30, 2012 of the above said vaccines. Related impact if any, on fixed assets relating to the delisting of above products cannot be

S.R. BATLIBOI & CO. GURGAON

Panacea Biotec Ltd.

separately quantified. As represented to us by the management , the Company has initiated steps in order to get these products re-listed in the list of prequalified vaccines with respective authorities and also is negotiating with other parties for sale of these products at value higher than its cost. Pending outcome of the above measures, no adjustments have been made to the accompanying statement of unaudited financial results.

d) Note 10 (i) of accompanying unaudited financial results regarding the managerial remuneration of Rs. 90.5 lacs for the quarter ended September 30, 2012, which is likely to exceed the limits specified by the relevant provisions of the Companies Act, 1956, on account of losses incurred during the current quarter. As represented to us by the management, the Company will file application to obtain approval from Central Government in respect to excess remuneration paid, if the remuneration amount will exceed the limits specified by the relevant provisions of the Companies Act, 1956 based on the actual losses/profits for the year ending March 31, 2013. Pending resolution of the same, no adjustments have been made to the accompanying statement of unaudited financial results.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended) and other recognized 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.

For S. R. Batliboi & Co.

Firm registration number: 301003E

Chartered Accountants

per Rajiv Goyal

Partner

Membership No.: 94549

Place: Gurgaon, Haryana

Date: November 9, 2012