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Limited Review Report

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 December 31, 2013 (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) (i) Note 6 of accompanying unaudited financial results regarding the managerial remuneration of Rs.372 lacs for the financial year ending March 31, 2013, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by Rs.132 lacs. The Company has filed an application to obtain approval from Central Government in respect to excess remuneration paid. 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.

(ii) Note 7(i) of accompanying unaudited financial results regarding the managerial remuneration of Rs. 92.4 lacs for the quarter ended December 31, 2013, 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 period. As represented to us by the management, the Company has filed an 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, 2014. Pending outcome of the same, no adjustments have been made to the accompanying statement of unaudited financial results.

c) Note 7(ii) of accompanying unaudited financial results. The Company has been continuously incurring losses over the past few years which were mainly due to the delisting of Company's DTP based combination Vaccine by WHO from its list of pre-qualified vaccines. Though these products have now been relisted, however the continuous losses have resulted in erosion of more than fifty percent of its peak net worth calculated as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). As a result, the Company falls under the category of 'Potentially Sick Industrial Company' in

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Panacea Biotec Ltd.

terms of Section 23 of the SICA. Further, these losses have adversely affected the cash flows of the Company and the Company has submitted a proposal for the corporate debt restructuring to its lender banks which is currently under consideration. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to generate sustainable cash flow through profitable operations, discharge its short-term and long term liabilities and continue as a going concern. The mitigating factors have been more fully discussed in the note 7(ii) to the accompanying unaudited financial results such as prequalification by WHO of company's pentavalent vaccine (Easy five TT), certain foreign collaborations for supply of vaccines and pharma products, proposal to lenders for corporate debt restructuring etc., in view of which the accompanying unaudited financial results have been prepared under the going concern assumption, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts.

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 under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, 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.

For S. R. Batliboi & Co. LLP

ICAI Firm registration number: 301003E

Chartered Accountants

per Rajiv Goyal

Partner

Membership No.: 94549

Place: Delhi

Date: February 13, 2014