

**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 June 30, 2014 (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:  
  
Note 10 of accompanying unaudited financial results. The Company during the quarter ended June 30, 2014 has incurred losses of Rs. 2,354 lacs (Previous year Rs. 42 lacs, including exceptional income of Rs. 29,702 lacs) and as of that date, the Company has net current liabilities of Rs. 57,055 lacs (Previous year Rs. 54,101 lacs). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.
4. *The Company has received advance research fees of Rs. 1,499 lacs from a party which has been accounted for as income from R&D. The recognition of such fees as income does not comply with the revenue recognition criteria as per Accounting Standard - 9. Had these fees not been recorded as income, revenue as reported would decrease by Rs. 1,499 lacs and net loss would increase by Rs. 1,499 lacs.*
5. Based on our review conducted as above, *subject to impact of our observation in para 4 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", [specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014)] and other recognised accounting practices and policies has not disclosed the

*(Signature)*



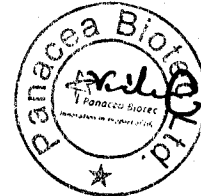
information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For S. R. Batliboi & Co. LLP**

**ICAI Firm registration number: 301003E**

Chartered Accountants

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per

**Vikas Mehra**

Membership No.: 94421

Place: New Delhi

Date: August 1, 2014