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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 2017 and the year to date results for the period 1 April 2017 to 30 September 2017, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the quarter ended 30 September 2016 and year to date results for the period 1 April 2016 to 30 September 2016, including the reconciliation of net loss under Ind AS of the corresponding quarter and year to date results with net loss reported under previous GAAP, as included in the Statement have been approved by the Board of Directors but have not been subject to limited review or audit. 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. Based on our review conducted as above, 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, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune



Walker Chandiook & 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

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

4. We draw attention to the following notes to the Statement:

- a) Note 7(a) 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.
- b) Note 7(b) to the Statement regarding the revocation of loan restructuring facility by one of the lender of the Company, which may result in reinstatement of the outstanding loan liability as per the original term of the loan agreement after adjusting the payments made till date.
- c) Note 7(c) to the Statement regarding payment of managerial remuneration for the half year ended 30 September 2017 and financial years ended 31 March 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. 961 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. 961 lakhs as recoverable from the directors towards such excess remuneration paid. Also, the Company is in the process of taking necessary steps/filing necessary applications with the Central Government in this regard.
- d) Note 7(d) to the Statement which indicates that the Company has incurred a net loss (before exceptional items) of Rs. 563 lakhs and Rs. 5,362 lakhs during the quarter and half year ended 30 September 2017 respectively and as of that date, the Company's current liabilities exceeded its current assets by Rs. 32,929 lakhs. These conditions along with other matters as set forth in note 6 of the Statement and (b) above indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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

Walker Chandio & Co LLP
For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

per Anupam Kumar
Partner
Membership No. 501531

Place: Gurugram
Date: 14 November 2017