

AUDITOR'S REPORT

TO THE MEMBERS OF PTC INDIA LIMITED

1. We have audited the attached Balance Sheet of PTC India Limited as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

3. As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of books and records of the company as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in the report are in agreement with the books of account.
- d. In our opinion, the Balance sheet, Profit and Loss account and Cash Flow Statement, dealt with by this report comply with Accounting Standards as referred to in Section 211(3) (c) of the Companies Act, 1956.
- e. On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

T. R. CHADHA & CO.
Chartered Accountants

- f. In our opinion and to the best of our information and according to explanations given to us the Balance Sheet, Profit and Loss Account and Cash Flow Statement read together with significant accounting policies and notes on the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
- i) In the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2009,
 - ii) In the case of Profit and Loss Account of the Profit for the year ended on that date, and
 - iii) In the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

For T.R. Chadha & Co.
Chartered Accountants

Place: New Delhi
Date: 30th July, 2009

(Ajesh Tuli)
Partner
M.No.86424

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. According to the explanations given to us, all the fixed assets have been verified by the management during the year, which in our opinion is considered reasonable having regard to the size of the company and the nature of its assets and no material discrepancy was noticed on such verification as compared to book records.
3. The company has not disposed off substantial part of the fixed assets during the year.
4. The company does not have any inventory hence paragraphs 4 (ii) (a) to (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
5. The company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and hence paragraphs 4 (iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
6. The company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 hence paragraphs 4 (iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
7. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purpose of purchase of fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
8. In our opinion and according to the information and explanations given to us, during the year under audit there have been no transactions which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
9. In view of our comments at para 8 above paragraph 4 (v) (b) of the Companies (Auditor's Report) Order, 2003 is not applicable to it.
10. According to the information and explanations given to us, the company has not accepted any deposit from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
11. The company is having an internal audit system commensurate with nature and size of its business.

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12. We have broadly reviewed the records maintained by the company for generation of power pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete.
13. The company has been regular in depositing undisputed statutory dues including provident fund, income-tax, service tax, cess and any other statutory dues with the appropriate authorities though on one occasion Work Contract Tax of Rs. 5089 was deposited with some delay.
14. According to the records of the company, the dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty which have not been deposited on account of disputes and the forum where dispute is pending, is as under:

S. No	Name of the Statute	Nature of dues	Period to which amount relates	Amount (Rs. in Millions)	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax	Assessment year 2004-05	0.35	Income Tax Appellate Tribunal
2	Income Tax Act, 1961	Income Tax	Assessment year 2005-06	0.48	Income Tax Appellate Tribunal
3	Income Tax Act, 1961	Income Tax	Assessment year 2006-07	6.88	Commissioner of Income Tax (Appeals)

15. The company has neither accumulated losses as at 31st March 2009, nor it has incurred any cash loss during the financial year ended on that date or in the immediately preceding financial year.
16. According to the information and explanation given to us the company has not defaulted in repayment of dues to a bank. The company does not have any loan from any financial institution and has not issued any debentures.
17. According to the information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provision of paragraph 4 (xii) of the Companies (Auditor's Report) Order, 2003 is not applicable to it.
18. The company is not a chit fund, or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

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19. The company is not dealing or trading in shares, securities and debentures except in respect of investments made under Portfolio Management Scheme as disclosed in Note 27 in Schedule K of the accounts. Since investments are made by the Portfolio Managers, the company is not maintaining separate records of the transactions and contracts.
20. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
21. According to information and explanations given to us, the company has not obtained any term loan from any bank/ financial institution during the year. Therefore, the provisions of paragraph (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
22. According to the information and explanations given to us and based on our examination of the books of account of the company we have not observed any instance of funds raised for short term basis which were used for long term investment.
23. According to the information and explanations given to us the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of paragraph 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
24. The Company has not issued any debentures during the year covered by our audit therefore the provisions of Clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
25. As per the information and explanations given to us, the company has not raised any money by public issue during the year.
26. As per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year except a misappropriation of Rs. 1.18 million by an employee. However the full amount has been recovered from the concerned employee.

For T.R.Chadha & Co.
Chartered Accountants

Place : New Delhi
Date: 30th July, 2009

(Ajesh Tuli)
Partner
M. No. 086424