

**AUDITOR'S REPORT**

**TO THE BOARD OF DIRECTORS OF PTC INDIA LIMITED**

1. We have audited the attached Consolidated Balance Sheet of PTC India Limited (the Company) and its subsidiaries, its associates and a joint venture (collectively referred to as "the Group") as at 31st December 2008, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the nine months period ended on that date annexed thereto. These interim financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate interim financial statements and other financial information regarding components. Our responsibility is to express an opinion on these interim financial statements based on our audit, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211 (3C) of the Companies Act, 1956 and other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the 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 a 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 for our opinion.
3. We did not audit the consolidated financial statements of one of **subsidiaries**, whose financial statements reflect total assets of Rs. 3060.55 millions as at 31st December 2008, the total revenue of Rs. 76.44 millions and cash flows amounting to Rs. 51.33 millions for the nine months period then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on such reports. The auditors of the subsidiary company have stated in their report that:-
  - a) *In respect of three associates, namely RS India Wind Energy Private Limited, Indian Energy Exchange Limited and Ind-Barath Power Gencom Limited, in the absence of audited financial statements thereof, the unaudited financial information has been used for consolidation purpose. The management has explained to them that RS India Wind Energy Private Limited and Ind-Barath Power Gencom Limited have not commenced their respective commercial operations and hence no Profit & Loss Account has been prepared by them. Consequently, the group's share of profit / loss from these associates amounts to Rs Nil and Investments in these associates have been stated at cost in the consolidated Balance Sheet. In respect of Indian Energy Exchange Limited, group's share of loss for the nine months period ended December 31, 2008 amounting to Rs 8.32 millions has been included in the consolidated Financial Statements.*
  - b) they did not audit the financial statement of the associate company Varam Bio Energy Private Limited which does not have a Profit and Loss Account since its power project is still under implementation and accordingly the group's share of profit / loss from this associate amounts

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to Rs Nil and Investments in this associate has been stated in the consolidated Balance Sheet at cost. These financial statements have been audited by other auditor whose report has been furnished to them by the Company's management, and their opinion, insofar as it relates to the amounts included in respect of this associate is based solely on the report of the other auditor.

- c) *The comparative figures for the previous nine months period ended December 31, 2007 in the consolidated Profit and Loss Account are unaudited.*
4. *In respect of three **associates**, namely Athena Energy Ventures Private Limited, Krishna Godavari Power Utilities Limited and Teesta Urja Limited, in the absence of audited financial statements thereof, the unaudited financial information has been used for consolidation purpose. The management has explained to us that Krishna Godavari Power Utilities Limited and Teesta Urja Limited have not commenced their respective commercial operations and hence no Profit and Loss Account has been prepared by them. Consequently, the group's share of profit / loss from these associates amounts to Rs Nil and Investments in these associates have been stated at cost in the consolidated Balance Sheet. In respect of Athena Energy Ventures Private Limited, group's share of profit for the nine months period ended December 31, 2008 amounting to Rs 0.34 millions has been included in the consolidated Financial Statements. Our report is based solely on such unaudited financial statements.*
5. *We have relied on the unaudited financial information of **joint venture**, namely Barak Power Private Limited. The group's share of total assets of Rs. 0.48 millions as at 31<sup>st</sup> December, 2008 and group's share of loss of Rs. 0.02 million for the nine months period ended December, 2008 have been included in the consolidated Financial Statements. Our report is based solely on such unaudited financial statements.*
6. *The comparative figures for the previous nine months period ended December 31, 2007 in the consolidated Profit and Loss Account and consolidated Cash Flow Statements are unaudited and have been reviewed by us.*
- *We did not review the unaudited financial results of the subsidiary, whose unaudited financial results reflect a loss of Rs. 14.02 millions for the nine months ended on 31<sup>st</sup> December 2007. These unaudited financial results have been reviewed by other auditors whose report has been furnished to us, and our opinion is based solely on such report.*
  - *We have relied on the unaudited financial results of associate namely, Athena Energy Ventures Private limited made available to us by the Company's management. Group's share of loss for the nine months period ended December 31, 2007 amounting to Rs 0.05 million has been included in the unaudited consolidated financial results. Our report is based solely on such unaudited financial results.*
7. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 25, Interim Financial Reporting, Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and (AS) 27 Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India.

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8. Based on our audit as aforesaid and to the best of our information and according to the explanations given to us, and on consideration of report of other auditors on the financial statements and on the other financial information of the components as explained in paragraphs 3 and *subject to comments in para 3(a)&(c) , 4, 5 and 6 above the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*

- (i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st December 2008;
- (ii) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the nine months period ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the nine months period ended on that date.

**For T.R. Chadha & Co.**  
**Chartered Accountants**

**Place:** New Delhi  
**Date:** 5<sup>th</sup> April, 2009

**(Ajesh Tuli)**  
**Partner**  
**M.No.86424**