

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), its subsidiaries, its associates and a joint venture (collectively referred to as "the Group") as at 31st March 2009, the Consolidated Profit and Loss Account and the Consolidated 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, which have been prepared in accordance with Accounting Standards, 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, namely PTC India Financial Services Ltd (PFSL), whose consolidated financial statements reflect total assets of Rs. 6296.34 millions as at 31st March 2009, the total consolidated revenue of Rs. 116.00 millions and consolidated cash flows amounting to Rs. 4085.50 millions for the year then ended. These financial statements and other financial information have been audited by another auditor whose report has been furnished to us, and our opinion is based solely on such report. The auditor of the subsidiary company have stated in their report that:-
 - a) "they did not audit the financial statement of the associate companies for the year ended March 31, 2009. These financial statements have been audited by other auditors whose reports have been furnished to them by the Company's management, and their opinion, insofar as it relates to the amounts included in respect of those associates is based solely on the reports of the other auditors.
 - b) in respect of two associates, namely Ind-Barath Power Gencom Limited (IBPGL), PTC Bermaco Green Energy Systems Ltd (PTC Bermaco), the management has explained to them that IBPGL and PTC Bermaco have not commenced their respective commercial operations and hence no Profit & Loss Account has been prepared by them. Consequently, PFSL'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 other associates, whose financial statements made available to them reflect an accumulated loss of Rs. 39.49 millions, the PFSL's cumulative share of Rs. 9.12 millions as at the March 31, 2009 and PFSL's share of loss of Rs. 9.35 millions for the year then ended has been included in the consolidated financial statements".

T. R. CHADHA & CO.
Chartered Accountants

4. We did not audit the financial statement of the associate companies for the year ended March 31, 2009. These financial statements have been audited by other auditors whose reports have been furnished to us by the Company's management, and our opinion, insofar as it relates to the amounts included in respect of these associates is based solely on the reports of the other auditors.
5. Two associates, namely Krishna Godavari Power Utilities Limited (KGPUL) and Teesta Urja Limited (TUL) 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 other associates, whose financial statements made available to us reflects an accumulated loss of Rs. 39.35 millions, the Group's cumulative share of loss of Rs. 7.82 millions as at the March 31, 2009 and group's share of loss of Rs. 8.96 millions for the year then ended has been included in the consolidated financial statements.
6. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of 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 prescribed by the Companies (Accounting Standards) Rules 2006.
7. 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, 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 March 2009;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group 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