

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF "INDIA TRADE PROMOTION ORGANISATION" (ITPO)

Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of INDIA TRADE PROMOTION ORGANISATION ("the company"), which comprises of the Balance Sheet as at 31st March, 2015, the Statement of Income and Expenditure for the year ended 31st March, 2015, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit .We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements subject to following qualification.

6. Basis for Qualified Opinion

- (i) Company has made a provision of Rs 2,19,00,000 during the year (cumulative upto 31.03.2015 - Rs 29,46,00,000) for Performance Related Pay (PRP) and released payments of Rs. 13,94,84,131 to employees included in long term loans and advances upto 31st March, 2015 without approval of the scheme by the competent authority as explained in Note 9. Accordingly the excess of income over expenditure during the year has been understated by Rs. 2,19,00,000 and reserve and surplus has been understated by Rs.29,46,00,000 and short term provision under the head current liability have been overstated by Rs.29,46,00,000.
- (ii) Contingent liability includes a service tax demand cum show cause notice of Rs 25,73,69,609 out of which Rs 8,81,30,922 has been paid during the year against the order passed by Commissioner of Custom and Central Excise and the balance amount of Rs 16,92,38,687 is payable, as explained in Note No 32. In our opinion, provision of Rs 8,81,30,922 has not been made as per AS 29 "Provision, Contingent Liability and Contingent Assets". Accordingly the excess of income over Expenditure is overstated and the reserves and surplus has been overstated by this amount and short term provision under current liability has been understated by the same amount.
- (iii) The physical verification of assets as on 31st March, 2015 has not been conducted, in accordance with the policy of the company, as explained in Note 10(ii). Further, discrepancies of shortages/excesses reported in the previous physical verification as on 31st March, 2013 were not accounted for. The consequential financial impact on excess of income over expenditure and on assets could not be ascertained as it has not been quantified.

The net impact of qualifications mentioned at Para 6(i) to 6(iii) above, is overstatement of excess of income over expenditure by Rs 6,62,30,922 for the year, overstatement of current liabilities and provisions by Rs 20,64,69,078 and understatement of reserve and surplus by Rs 20,64,69,078 on 31st March 2015 to the extent quantified as stated above in basis for qualified opinion.

Qualified Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in the Basis for Qualified opinion paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and of the Excess of Income over Expenditure and of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. The Companies (Auditor's Report) Order, 2015 ("the order"), issued by the Central Government in terms of sub-section (11) of section 143 of the Companies Act, 2013, is not applicable to India Trade Promotion Organisation, as it is registered under Section 8 of the Companies Act, 2013).
9. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations except for the points mentioned in the basis of qualified opinion which to the best of our knowledge and belief were necessary for the purposes 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 those books
 - (c) The Balance Sheet, the Statement of Income & Expenditure and Cash Flow statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except As 29, " Provision, Contingent Liability and Contingent Assets" as mentioned in Para 6 (ii) of basis of qualification.
 - (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - (f) On the basis of notification No GSR 463(E), Serial No. 19 issued by Ministry of Corporate Affairs, Government Company is exempted under section 164(2) of Companies Act, 2013.
 - (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice as explained in Notes No. 30 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. Provision regarding Investor Education and Protection Fund doesn't apply to Company.

For Bansal &Co
Chartered Accountants
Firm's Registration No. 0113N

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D.S.Rawat
(Partner)
(Membership No.083030)

Place of Signature: New Delhi

Date: 28th August, 2015