

INDEPENDENT AUDITOR'S REPORT	REPLIES OF THE BOARD
To the Members of India Trade Promotion Organisation, New Delhi	
<p>Report on the Financial Statements</p> <p>We have audited the accompanying financial statements of India Trade Promotion Organisation, ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Income and Expenditure and Cash Flow Statement for the year then ended and a summary of significant accounting policies and Notes to Financial statements .</p>	
<p>Management's Responsibility for the Financial Statements</p> <p>The Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.</p>	
<p>Auditor's Responsibility</p> <p>Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical</p>	

requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As per the Notes to the financial statements:

- a) making provision of Rs. 4 crore during the year (cumulative up to 31.03.2013 Rs. 23.90 crore) for Performance Related Pay (PRP) and releasing Rs. 10.27 crore thereagainst up to 31.03.2013 without approval of the scheme by the Company - Note 9 ;
- b) non -recognition and non-adjustment of discrepancies on physical verification of fixed assets, amount indeterminate - Note 10.2;

Factual Statement. Note No 9 of Notes to Financial Statements refers.

Factual Statement. Note No 10.2 of Notes to Financial Statements refers.

<p>c) non-provision of quantified liability of income-tax Rs. 86.06 crore and Rs. 36.76 crore for the Assessment years 2009-10 and 2010-11 respectively and un-quantified liability for the subsequent Assessment years 2011-12, 2012-13 and 2013-14; and showing withheld TDS refunds of Rs. 33.53 crore and deposit of Rs. 6 crore made during the year (total Rs. 39.53 crore) as asset under the head "Income tax Recoverable" on 31.03.2013, when the Income Tax Department has adjusted them against their demand for the Assessment Year 2009-10 - Note 31 ; and</p> <p>d) non-provision of service-tax demand of Rs. 10.88 crore raised last year including interest to the extent determined and penalties, if any, for the years 2006-07 to 2009-10 and further demand of Rs. 0.43 crore for the year 2011-12 raised this year excluding interest and penalties, if any, - amount indeterminate - Note 32;</p> <p>resulting in overstatement of income for the year by Rs. 130.13 crore to the extent quantified with corresponding understatement of current liabilities and provisions by equal amount on 31.03.2013 together with further consequential indeterminate impact of paras b), c) and d) above and further showing assets in excess by Rs. 39.53 crore para c).</p>	<p>Factual Statement. Note No 31 of Notes to Financial Statements refers.</p> <p>Factual Statement. Note No 32 of Notes to Financial Statements refers.</p>
<p>Qualified Opinion</p> <p>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 above, the financial statements give the information required by the Act in the matter so required and give a true and fair view in conformity with the accounting principles generally accepted in India.</p>	

<ul style="list-style-type: none"> a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; b) in the case of the Income and Expenditure Account, of the income for the year ended on that date; and c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date. 	
<p>Report on Other Legal and Regulatory Requirements</p> <ul style="list-style-type: none"> 1. The comments on matters as required by the Companies (Auditor's Report) Order 2003, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, are not being given as the same is not applicable to companies licensed to operate under Section 25 of the Companies Act, 1956. 2. As required by section 227(3) of the Act, we report that: <ul style="list-style-type: none"> 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 accounts, as required by law have been kept by the Company so far as it appears from our examination of the books of accounts of the Company and its regional offices ; c) the Balance Sheet, Statement of Income and Expenditure, and Cash Flow Statement dealt with by this Report are in agreement with the books of account. 	

- d) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Income and Expenditure and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- e) The Circular No. 2/5/2001 - CLV-General Circular No. 8/2002 dated 22.03.2002 issued by the Department of Company Affairs under Ministry of Law, Justice and Company Affairs, the provisions of section 274(1)(g) of the Companies Act, 1956, relating to disqualification of Directors are not applicable to the Company, being a Government Company.

For Kishore and Kishore
Chartered Accountants
FRN 000291 N

Sd/-
(Anshu Gupta)
Partner
M.No. 077891

Place: New Delhi
Date: 23rd August, 2013