

Shah Gupta & Co.

Chartered Accountants

AUDITORS' REPORT

To,
The Members
OTC EXCHANGE OF INDIA,
Mumbai

1. We have audited the attached Balance Sheet of **OTC EXCHANGE OF INDIA** ('The Exchange') incorporated under section 25 of the Companies Act, 1956 (the 'Act'), as at March 31, 2012 and Statement of Income and Expenditure for the year ended on that date annexed thereto. These financial statements are the responsibility of the Exchange'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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This report does not include a statement on the matters specified in paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Exchange.
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 purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Exchange so far as it appears from our examination of those books;
 - c. The Balance Sheet and Statement of Income and Expenditure dealt with by this report are in agreement with the books of account;



- d. In our opinion, the Balance Sheet and Statement of Income and Expenditure dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Act.
- e. On the basis of the written representations received from directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- f. Without qualifying our opinion, we draw attention to Note 3.4 in the financial statements which indicates that the Exchange has not complied with the Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006 (MIMPS Regulations) and the Exchange can commence trading only after full compliance with MIMPS Regulations. These conditions, along with the fact that negligible turnover reported in the past few years, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.
- g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
- in the case of the Balance Sheet, of the state of affairs of the Exchange as at March 31, 2012; and
 - in the case of the Statement of Income and Expenditure, of the surplus for the year ended on that date.

For **SHAH GUPTA & CO**
Chartered Accountants
Firm Registration No: 109574W

Vipul K Choksi

Vipul K Choksi
Partner
M. No.37606



Place: Mumbai
Date : June 29, 2012