

Shah Gupta & Co.

Chartered Accountants

INDEPENDENT AUDITORS' REPORT To the Members of OTC Exchange Of India

Report on the financial statements

We have audited the accompanying financial statements of OTC Exchange Of India (the Exchange), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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 Exchange in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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.

Auditor's responsibility

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 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 Exchange's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Exchange's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a. In the case of the Balance Sheet, of the state of affairs of the Exchange as at March 31, 2013, and
- b. In the case of the Statement of Income and Expenditure, of the surplus for the year ended on that date.



Emphasis of Matter

We draw attention to Note 3.4 to the financial statements which indicates that the Exchange has not complied with the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 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 Exchange's ability to continue as a going concern. The validity of the going concern assumption would depend upon the performance of the Exchange as per its future business plan and compliance with the MIMPS Regulations. These financial statements do not include any adjustments that will give the result that the Exchange was unable to continue as a going concern. Our opinion is not qualified in respect of this matter.

We draw attention to Note 12 to the financial statements which indicates that due to continuous losses and the Board is under consideration for closure of operations of its subsidiary OTCEI Securities Ltd (OSL) and go for voluntary winding up of the company. Presently, the Exchange has made provision towards diminution in the value of its investment in subsidiary based on the Book Value of OSL. These financial statements do not include any adjustments that will result in the event of winding up of OSL. Our opinion is not qualified in respect of this matter.

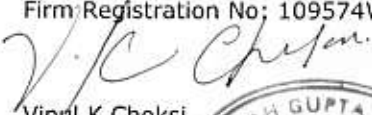
Report on other legal and regulatory requirements

1. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Department of Company Affairs, 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.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Exchange so far as appears from our examination of those books;
 - c. the Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **SHAH GUPTA & CO**

Chartered Accountants

Firm Registration No: 109574W


Vipul K Choksi

Partner

M. No.37606



Place: Mumbai

Date : 10 September, 2013