

ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets owned.
- b) All the owned assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification. Leased Assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.
- c) The company has not disposed off any part of its fixed asset during the year.
- (ii) As the company is not in the business of trading, manufacturing, mining or processing, it does not hold inventory and hence did not require physical verification.
- (iii) The Company has neither taken nor granted any loan from or to companies, firms, parties covered under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control commensurate with the size of the company and the nature of its business with regard to fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted or renewed deposits from public contravening the directives issued by Reserve Bank of India and the provision of section 58A & Section 58 AA of the Companies Act, 1956 and the rules framed there under.

- (vii) In our option, the internal audit system of the company is commensurate with the size and nature of its Business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act,1956 for the industry to which the Company belongs.
- (ix) (a) According to the information and explanations given to us, the Company has been regular in depositing with appropriate authorities undisputed statutory dues, including Provident fund, investor education protection fund, employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty, excise duty and cess were in arrears as on 31, March 2007 for period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.

- (x) The company has neither accumulated losses as at 31st March,2007 nor incurred any cash losses during the year and immediately preceding year.
- (xi) In our option and according to the information and explanations given to us, the company has not defaulted any repayment of dues to a financial institution, bank or debenture holders.

- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors' report) Order (Amendment), 2004 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the companies (Auditors' report) Order (Amendment), 2004 are not applicable to the company.
- (xv) We have been informed that the company has not given any guarantee for loans taken by others from bank or financial institution; as such the clause 4 (xv) is not applicable.
- (xvi) In our opinion, the company has utilized the term loans for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short term assets.
- (xviii) According to the information given to us, the company has not made preferential allotment of shares to parties and companies covered in register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has issued 16200 bonds of Rs.10,00,000 each. The company has created security in respect of bonds issued.
- (xx) The company has not raised funds by public issue; as such the clause 4(xx) is not applicable.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For M/s O.P.TULSYAN &CO
Chartered Accountants

Dines Kumar Gupta
Partner
M.No.86824

Place: New Delhi
Date: 18th July,2007