

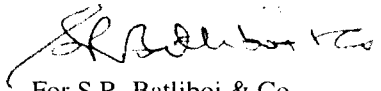
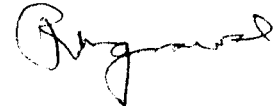
To the Members of
ALSTOM India Limited:

1. We have audited the attached balance sheet of ALSTOM India Limited ('the Company') as at March 31, 2006 and also the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company'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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') (as amended), issued by the Central Government of India, in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i 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;
 - ii In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
 - iv In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v On the basis of the written representations received from the directors, as on March 31, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi 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 Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

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S.R. BATLIBOI & Co.

- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2006; and
- b) in the case of the profit and loss account, of the Profit for the year ended on that date.


For S.R. Batliboi & Co.
Chartered Accountants


New Delhi
May 02, 2006

per Raj Agrawal
Partner
Membership no.: 82028



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S.R. BATLIBOI & Co.**Annexure referred to in paragraph [3] of our report of even date**

Re: ALSTOM India Limited

- (i) (a) There are no fixed assets. Accordingly clauses 4 (i)(a) (b) and (c) of the Order are not applicable to the Company
- (ii) (a) There is no inventory. Accordingly clauses 4 (ii)(a) (b) and (c) of the Order are not applicable to the Company.
- (iii) (a) According to the information and explanations provided by the management, there are no companies, firms, or other parties listed in the Register maintained under section 301 of the Act., Accordingly, clauses 4 (iii)(b) (c) and (d) of the Order are not applicable to the Company
- (e) According to the information and explanations provided by the management, there are no companies, firms, or other parties listed in the Register maintained under section 301 of the Act. Accordingly, clauses 4 (iii)(f) and (g) of the Order are not applicable to the Company.
- (iv) Based upon the audit procedures performed and information and explanations given by the management, there is no purchase of inventory, fixed assets or sale of finished goods and services during the year. Accordingly, clause 4(iv) of the order is not applicable to the Company.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements referred to in section 301 of the Act, that need to be entered into the register maintained under section 301 of the Act . Accordingly, clause (v)(b) of the Order is not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) *We are informed that the Company is covered by the internal audit system applicable to the ALSTOM Group of Companies in India. However, no internal audit has been carried out during the year.*
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it, have been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, customs duty and excise duty were outstanding, at the year end for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues outstanding of sales tax, income tax, custom tax, wealth tax, service tax, excise duty, cess on account of any dispute.

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