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Chartered Accountants

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
TAMIL NADU TELECOMMUNICATIONS LTD
Chennai.

Introduction

We have reviewed the accompanying Balance Sheet of Tamil Nadu Telecommunications Ltd as of September 30, 2011 and the related statements of Profit & Loss and Cash Flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The disclosures regarding "Public Shareholding" and "Promoter and Promoter Group Shareholding" have been traced from disclosures made by the management and have not been reviewed by us. The Management is responsible for the preparation and fair presentation of this interim financial information in accordance with generally accepted accounting principles in India. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

1. *The company has not provided for deferred tax liability to the extent of Rs.2, 01, 98,959/- in respect of the timing difference on the depreciation of fixed assets. This information indicates that if the deferred tax liability was provided on September 30, 2011, deferred tax liability would increase by Rs. 2, 01, 98,959/- and the net loss for the*

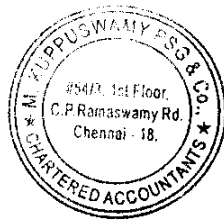


six months ended 30th September 2011, would increase by Rs. 2, 01, 98,959/-. Consequently the Earnings per Share would increase to Rs. (1.71).

2. After taking in to account the net loss for the period under review, the accumulated losses of the company has exceeded its net worth. The company has however prepared the Financial Statements on the basis of a "Going Concern".

Qualified Conclusion

Based on our review conducted as above, *subject to the effects of our observations in paragraphs 1 and 2*, nothing has come to our attention that causes us to believe that the accompanying interim financial information prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", [notified pursuant to the Companies (Accounting Standards) Rules, 2006,] and other recognized accounting practices and policies does not give a true and fair view of the State of Affairs of the entity as at September 30, 2011, and of its Results of Operations and its cash flows for the six month period then ended.



For **M.KUPPUSWAMY PSG & CO**

Chartered Accountants

FRN: 001616S


M.K. Krishnan

Partner

M.No: 020116

Place: Chennai

Date: 14-11-2011