

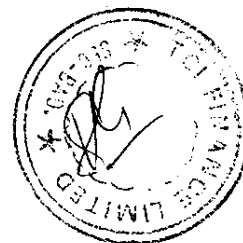
S.B. Billimoria & Co.

Chartered Accountants
1-B 384 & 385,
3rd Floor, Gowra Grand,
S. P. Road, Begumpet,
Secunderabad 500 003
INDIA

Tel: +91 (040) 4031 2600
Fax: +91 (040) 4031 2714

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TCI FINANCE LIMITED

1. We have reviewed the accompanying statement of "UNAUDITED FINANCIAL RESULTS OF TCI FINANCE (the "Company") LIMITED FOR THE NINE MONTHS ENDED DECEMBER 31, 2010" (the "Statement"). This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an opinion.
3. Attention is invited to the following:
 - (a) Loans aggregating to Rs. 1600 lakhs were rescheduled during the quarter for repayment. In terms of the "Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directors, 2007, the aforesaid loans, in view of the re-schedulement become "sub-standard assets" and a general provision of 10% of total outstanding is required to be made. The unaudited financial results for the quarter and nine months period ended December 31, 2010 do not reflect the provision of Rs. 160 lakhs which is required to be made in accordance with the Reserve Bank of India requirement stated above;
 - (b) As explained in 6(b) of the Statement, the unaudited financial results do not take into consideration the effect of the provision of 0.25% on standard assets required to be made in terms of Notification No. DNBS.222/CGM(US)-2011 dated January 17, 2011;
 - (c) Had provisions been made for the matters set out in sub-paragraphs (a) and (b) above, the loss for the quarter ended and nine months period ended would have been Rs. 159.65 lakhs and Rs. 168.65 lakhs respectively as against the disclosed profits in the Statement of Rs. 9 lakhs and Rs. 14 lakhs for the quarter ended and nine months period 31st December 2010 respectively.
 - (d) Note 5 of the Statement regarding the status of the advance of Rs. 762.60 lakhs given towards purchase of land.



**S.B. Billimoria
& Co.**

4. Based on our review conducted, and subject to para 3 (c) above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the Registrars.

For S.B. Billimoria & Co.,
Chartered Accountants
(Registration No. 101496W)

K Rajsekhar

K Rajsekhar
Partner
(Membership No. 23341)

Secunderabad

December 31, 2011.

