

**TAMILNADU TELECOMMUNICATIONS LIMITED**

(A Joint Venture of TCIL, Govt. of India Enterprise & TIDCO, Govt. of Tamilnadu Enterprise)

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Statement of Unaudited Financial Results for the Quarter and six months ended 30th September 2014

Sl. No	Particulars	(Amounts in Lakhs of Rupees)					
		Three Months ended			Six months ended		Year ended
		30th Sep 2014 (Unaudited)	30th June 2014 (Unaudited)	30th Sep 2013 (Unaudited)	30th Sep 2014 (Unaudited)	30th Sep 2013 (Unaudited)	31st March 2014 (Audited)
<b>1</b>	<b>Income from Operations</b>						
	(a) Net Sales / Income from Operations (Net of Excise Duty)	393.63	267.01	788.80	660.64	1,069.30	1,361.26
	(b) Other Operating income	1.19	0.04	1.29	1.23	1.30	4.11
	<b>Total Income from Operations (Net)</b>	<b>394.82</b>	<b>267.05</b>	<b>790.09</b>	<b>661.87</b>	<b>1,070.60</b>	<b>1,365.37</b>
<b>2</b>	<b>Expenses</b>						
	(a) Cost of materials consumed	325.70	200.14	438.17	525.84	637.24	882.24
	(b) Purchase of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock in trade	(111.39)	(30.15)	103.31	(141.54)	185.49	155.40
	(d) Employee benefits expense	104.20	104.44	101.74	208.64	199.49	408.66
	(e) Depreciation and amortisation expense	14.95	17.10	13.31	32.05	26.50	52.94
	(f) Other expenses	70.50	49.82	81.76	119.35	126.04	231.65
	<b>Total expenses</b>	<b>403.96</b>	<b>341.35</b>	<b>738.29</b>	<b>744.34</b>	<b>1,174.76</b>	<b>1,730.89</b>
<b>3</b>	<b>Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)</b>	(9.14)	(74.30)	51.80	(82.47)	(104.16)	(365.52)
<b>4</b>	<b>Other income</b>	0.97	0.30	5.60	0.30	6.91	11.84
<b>5</b>	<b>Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)</b>	(8.17)	(74.00)	57.40	(82.17)	(97.25)	(353.68)
<b>6</b>	<b>Finance costs</b>	190.16	174.95	165.61	365.11	328.40	663.91
<b>7</b>	<b>Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)</b>	(198.33)	(248.95)	(108.21)	(447.28)	(425.65)	(1,017.59)
<b>8</b>	<b>Exceptional items</b>	(0.88)	(0.04)	(0.11)	(0.92)	(0.39)	5.64
<b>9</b>	<b>Profit/(Loss) from ordinary activities before tax (7-8)</b>	(197.45)	(248.91)	(108.10)	(446.36)	(425.26)	(1,023.23)
<b>10</b>	<b>Tax expense</b>	-	-	-	-	-	-
<b>11</b>	<b>Net profit / (Loss) from ordinary activities after tax (9-10)</b>	(197.45)	(248.91)	(108.10)	(446.36)	(425.26)	(1,023.23)
<b>12</b>	<b>Extraordinary items (net of tax expense)</b>	-	-	-	-	-	-
<b>13</b>	<b>Net Profit / (Loss) for the period (11+/-12)</b>	(197.45)	(248.91)	(108.10)	(446.36)	(425.26)	(1,023.23)
<b>14</b>	<b>Paid-up equity share capital (Face Value Rs.10 each)</b>	4,567.62	4,567.62	4,567.62	4,567.62	4,567.62	4,567.62
<b>15</b>	<b>Reserves excluding revaluation reserves as per Balance Sheet of previous accounting year</b>	(7,899.23)	(7,701.77)	(6,854.89)	(7,899.23)	(6,854.89)	(7,452.86)
<b>16</b>	<b>Earnings per share (before extraordinary items) ( in Rupees)</b>	(0.43)	(0.54)	(0.24)	(0.98)	(0.93)	(2.24)
<b>17</b>	<b>Public shareholding</b>						
	- Number of shares	16613300	16613300	16613300	16613300	16613300	16613300
	- Percentage of shareholding	36.37%	36.37%	36.37%	36.37%	36.37%	36.37%
<b>18</b>	<b>Promoters and Promoter group shareholding</b>						
	(a) Pledged / Encumbered						
	- Number of shares	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares	Nil	Nil	Nil	Nil	Nil	Nil
	(b) Non Encumbered						
	- Number of shares	29067700	29067700	29067700	29067700	29067700	29067700
	- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	100%	100%	100%	100%	100%	100%
	- Percentage of shares (as a % of the total sharecapital of the company)	63.63%	63.63%	63.63%	63.63%	63.63%	63.63%
<b>19</b>	<b>Investor complaints</b>						
	Pending at the beginning of the quarter	NIL					
	Received during the quarter	NIL					
	Disposed off during the quarter	NIL					
	Remaining unsolved at the end of the quarter	NIL					

*WSP*  
13/11/14

Notes:

- 1 The above results have been reviewed and approved by the Committee of the Board of Directors at the meeting held on 13.11.2014.
- 2 BIFR has issued a Sanctioned Scheme for the Company on 21.07.2010 and the network became positive during 2010-11 after restructuring. The Company is under re-habilitation and is being monitored by BIFR through the Monitoring Agency. Lack of orders and dull phase of OFC market from 2010-11 onwards is the main reason for the poor performance. The accumulated losses again eroded the network during 2011-12. From the BBNL tender the Company has received APO in Feb, 2014 and has accepted 5800 KMs of 24F OFC with accessories valuing around Rs.31.9 crores. BBNL has issued PO for 2900 KMs (50%) in Apr, 2014. This order is under execution. They have extended the total period of the order to fourteen months from eight months. PO for balance 2900 KMs is expected in 2015-16. RailTel has floated two big tenders for supply of 1352 KMs of 24F ADSS OFC and 4989 KMs of 24F(A) OFC due for opening in Nov / Dec, 2014. Company is meeting the eligibility criteria. BSNL is also expected to float a big tender this year for 24F HDPE DS OFC. The Company is hopeful of getting continuous orders in future regularly since OFC market is picking up. Considering the scope during immediate future, the accounts have been prepared on Going Concern basis.
- 3 No provision is made for one long pending debtor in view of the arbitration proceeding completed against the Purchaser for which Award is received in favour of the Company but has since been challenged by the Purchaser in the Court. The Court has remitted back to the Arbitrator and further proceedings have been completed and decided in favour of the Company during Oct, 2014. Award in writing is awaited.
- 4 Provision for employee benefits has been made on estimated basis
- 5 Deferred tax: During the period the Company has not accounted / taken the credit / charge for the deferred tax assets / liabilities. The excess of timing difference over the deferred tax liability has been ignored for want of reasonable certainty of the company making taxable income in the near future. Similarly, for the same reason, certain other provisions made in the earlier years have been ignored for creation of deferred tax asset. The accumulated losses and carried forward depreciation under the tax laws have been ignored for creating the deferred tax asset considering that there is no reasonable certainty of the company making taxable income in the future in terms of para 26 of AS-22. The treatment noted above is in accordance with the Accounting Standard 22 "Taxes on Income" notified under Section 133 of the Companies Act, 2013
- 6 The evaluation of useful lives of fixed assets as prescribed in Part C of Schedule II of the Companies Act, 2013, is in progress as at 30.09.2014.
- 7 Previous period's figures have been regrouped where ever necessary during the reporting period.
- 8 Same Accounting Policies as that of corresponding period of last year has been followed and as such, there is no change in accounting policies, during the reporting period.
- 9 The financial results have been reviewed by the Statutory Auditors as required under Clause 41 of the Listing Agreement.

**Statement of Assets and Liabilities**

Particulars	As at	
	30.09.2014 (Unaudited)	31.03.2014 (Audited)
<b>A EQUITY AND LIABILITIES</b>		
<b>1 Shareholders' Funds</b>		
(a) Share Capital	4567.62	4567.62
(b) Reserves & Surplus	(7899.23)	(7452.86)
<b>Sub-total - Shareholders' funds</b>	<b>(3331.61)</b>	<b>(2885.24)</b>
<b>2 Non - Current Liabilities</b>		
(a) Long - term provisions	195.93	178.43
<b>3 Current Liabilities</b>		
(a) Short-term borrowings	1474.75	1222.83
(b) Trade payables	5698.32	4842.54
(c) Other current liabilities	244.99	246.32
(d) Short-term provisions	180.97	177.78
<b>Sub-total - Current liabilities</b>	<b>7599.03</b>	<b>6489.47</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>4463.35</b>	<b>3782.66</b>
<b>B ASSETS</b>		
<b>1 Non -Current Assets</b>		
(a) Fixed assets - Tangible	1019.45	1047.13
(b) Long term loans and advances	11.96	13.40
<b>Sub-total - Non-Current assets</b>	<b>1031.41</b>	<b>1060.53</b>
<b>2 Current Assets</b>		
(a) Inventories	1566.03	1160.42
(b) Trade Receivables	1565.14	1320.83
(c) Cash and cash equivalents	25.72	1.02
(d) Short term loans and advances	189.75	154.76
(e) Other Current assets	85.30	85.10
<b>Sub-total - Current assets</b>	<b>3431.94</b>	<b>2722.13</b>
<b>TOTAL - ASSETS</b>	<b>4463.35</b>	<b>3782.66</b>

**Segment Reporting:** The Company's business activity falls within a single primary business segment viz., telephone cables. The Company during 2012-13 as a feasibility study, executed CSR Project of TCIL by assembling and supply of 150 numbers of Tablet PCs successfully. No further business in this front during the period under review. Few outstanding exists, hence Tablet PC is disclosed as a separate segment.

Sl. No	Particulars	(Amounts in Lakhs of Rupees)					
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		30th Sep 2014 (Unaudited)	30th June 2014 (Unaudited)	30th Sep 2013 (Unaudited)	30th Sep 2014 (Unaudited)	30th Sep 2013 (Unaudited)	31st March 2014 (Audited)
1	<b>Segment Revenue (Net Sales / Income from operations )</b>						
	(a) Telephone cables	394.82	267.05	787.94	661.87	1068.45	1363.22
	(b) Revenue from Tablet PC	-	-	2.15	-	2.15	2.15
	<b>Total</b>	<b>394.82</b>	<b>267.05</b>	<b>790.09</b>	<b>661.87</b>	<b>1070.60</b>	<b>1365.37</b>
	<b>Less: Inter Segment Revenue</b>	-	-	-	-	-	-
	<b>Net Sales / Income from operations</b>	<b>394.82</b>	<b>267.05</b>	<b>790.09</b>	<b>661.87</b>	<b>1070.60</b>	<b>1365.37</b>
2	<b>Segment Results: Profit / (Loss) before tax</b>						
	(a) Unallocated	(197.45)	(248.91)	(108.10)	(446.36)	(425.26)	(1023.23)
3	<b>Capital Employed:</b> (Segment Assets - Segment Liabilities)						
	(a) Telephone cables	(3153.32)	(2965.33)	(2169.64)	(3153.32)	(2169.64)	(2725.88)
	(b) Tablet PC	5.68	5.68	27.12	5.68	27.12	5.68
	<b>Total</b>	<b>(3147.64)</b>	<b>(2959.65)</b>	<b>(2142.52)</b>	<b>(3147.64)</b>	<b>(2142.52)</b>	<b>(2720.20)</b>

For and on behalf of the Board of Directors

Place: Chennai  
Date : 13.11.2014
  
**V.S. PARAMESWARAN**  
 Managing Director

**Limited Review Report  
of  
Tamilnadu Telecommunications Limited  
For the quarter ended 30<sup>th</sup> September 2014**

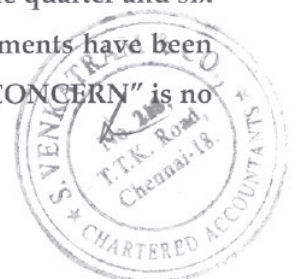
To

The Board of Directors,

Tamilnadu Telecommunications Limited,

Chennai.

1. We have reviewed the accompanying statement of the unaudited financial results of TAMILNADU TELECOMMUNICATIONS LIMITED, for the quarter ended 30<sup>th</sup> September 2014 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Director/ Committee of Board of directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" 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 financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly we do not express an audit opinion.
3. Attention is invited to Note 2 in the Statement of Unaudited Financial Results for the quarter and six months ended 30<sup>th</sup> September 2014 mentioning that the Company's financial statements have been prepared on "GOING CONCERN" basis. In our opinion, the concept of "GOING CONCERN" is no more valid as far as this Company is concerned having regard to the following:



- i. The accumulated losses as at 30.09.2014 stands at Rs. 7899.23 Lakhs as against the Share capital of Rs. 4567.62 Lakhs
  - ii. The net worth has been fully eroded and the Company has consistently made significant losses since the year 2011-12.
  - iii. The Company has incurred cash losses during the financial years ended 31.03.2013 and 31.03.2014.
  - iv. Due to single product manufacturing facility, company's growth is restricted, indicating the existence of a material uncertainty casting a doubt about the Company's ability to continue as a going concern.
  - v. The installed capacity of the Unit of the Company is 14073 (in RKM). The actual production for the year ended 31.03.2014 was 2724 (in RKM) indicating a capacity utilisation of 19.36%.
  - vi. Working capital cycle of the Company is large and those with support of backward integration to manufacture raw material will generally be able to withstand cyclic situation, which support the Company does not have.
4. In view of the above, we are of the opinion that the Company's accounts should NOT have been compiled on "GOING CONCERN" basis. Had the Company not followed GOING CONCERN ACCOUNTING, there would have been significant adjustments to the assets and liabilities as on 30<sup>th</sup> September 2014, which may result in further erosion in the net worth of the Company. The impact of above on the accounts is not ascertainable at this stage.
5. Based on our review conducted as above, except for the matter stated in paragraphs 3 and 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards notified pursuant to the Companies ( Accounting Standard) Rules ,2006 which continue to apply as per Section 133 of the Companies Act ,2013 ,read with Rule 7 of the Companies (Accounts) Rules ,2014, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Chennai  
Date: 13<sup>th</sup> Nov 2014



For S. VENKATRAM & CO.,  
Chartered Accountants  
FRN: 004656S

*R. Vaidyanathan*  
R. VAIDYANATHAN  
Partner  
M.No.18953