



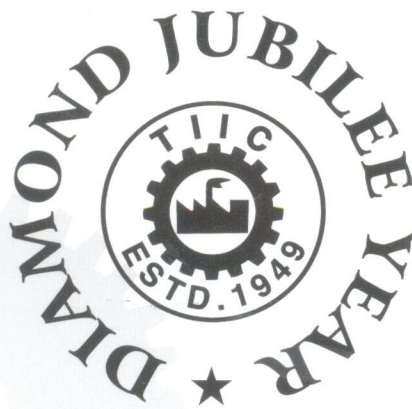
தமிழ்நாடு தொழில் முதலீட்டுக்கழகம்
The Tamilnadu Industrial Investment Corporation Limited



Nurturing Industrial growth...

THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED

REGD. OFFICE: 'MHU' COMPLEX, 692, ANNA SALAI,
NANDANAM, CHENNAI - 600 035.



SIXTIETH ANNUAL REPORT AND STATEMENT OF ACCOUNTS MARCH 31, 2009

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Board of Directors

(as on 10.07.2009)

1. **Tmt. Sheela Rani Chunkath**, I.A.S.,
Principal Secretary / Chairperson &
Managing Director, TIIC
2. **Thiru P. Selvam**, I.A.S.,
Principal Secretary to Government,
Micro, Small & Medium Enterprises Department
Government of Tamilnadu.
3. **Thiru P. Sivasankaran**, I.A.S.,
Spl. Secretary to Government,
Industries Department,
Government of Tamilnadu.
4. **Dr. Vijay M. Pingale**, I.A.S.,
Deputy Secretary to Government,
Finance Department,
Government of Tamilnadu.
5. **Thiru Namgial**
Chief General Manager, SIDBI,
Chennai.
6. **Thiru Randolph Edmund Rowe**
General Manager, SIDBI,
Chennai.
7. **Thiru S. Sundar**
CGM, SBI (Retired)
8. **Thiru D. Gandhikumar**
President, TANSTIA.

Auditors

M/s. Viswanathan & Swaminathan
Chartered Accountants
Chennai.

Bankers

Reserve Bank of India
Indian Bank
Union Bank of India
Canara Bank

Synopsis of Balance Sheet

Rs. in lakhs

As on 31.03.2008	CAPITAL & LIABILITIES	As on 31.03.2009
13,350	Paid up Capital	28,350
15,000	Share Application Money	—
15,723	Reserves & Surplus	15,723
1,250	Loan in lieu of capital	1,250
6,524	Deposits	7,373
16,805	Bonds	14,995
21,889	Refinance from SIDBI	33,462
19,313	Line of Credit – Banks	13,325
24,684	Other Liabilities	24,781
1,34,538	Total	1,39,259
PROPERTY & ASSETS		
20,886	Cash & Bank Balances	12,739
938	Investments	992
63,367	Loans & Advances	79,446
17,299	Fixed Assets	17,326
4,512	Other Assets	4,156
27,536	Profit & Loss A/c	24,600
1,34,538	Total	1,39,259

Year at a glance

RESOURCES	Rs. in lakhs	
	As on March 31st	
	2008 Rs.	2009 Rs.
Share Capital	13,350	28,350
Share Application Money	15,000	—
Reserves & Surplus	15,723	15,723
Loan in lieu of Capital	1,250	1,250
Bonds	16,805	14,995
Deposits	6,524	7,373
Refinance from SIDBI	21,889	33,462
Line of Credit – Banks	19,313	13,325

FINANCIAL HIGHLIGHTS	2007-2008	2008-2009
	Rs.	Rs.
Gross Income	12,215	14,742
Interest paid	5,888	5,945
Administrative expenses	4,050	5,672
Operational Profit	2,277	3,125
Profit before tax	2,277	3,125
Profit after tax	1,946	2,936

OPERATIONS	2007-2008		2008-2009	
	No.	Amount Rs.	No.	Amount Rs.
(i) Total assistance sanctioned (All types gross)	1,090	63,879	1,262	53,837
a) Small scale	1,045	36,947	1,204	41,931
(ii) Amount of assistance disbursed	—	37,728	—	41,622
(iii) Amount of assistance outstanding (All types)	—	63,367	—	99,782

Report of the Board of Directors

The Board of Directors has pleasure in presenting the **60th Annual Report** of your Corporation for the financial year ended 31st March, 2009.

It is a landmark year - the 60th; you will be happy to know that, during this year, the Corporation's several strategic initiatives resulted in improved performance in all key business areas.

HIGHLIGHTS

The Corporation registered net profit for the sixth consecutive year and for the year ended 31.3.2009, it is Rs.29.36 Crores which is the highest recorded in recent years. The State Government's warm gesture of infusing Rs. 150 crores, in March 2008, towards share capital greatly bolstered this movement. Loan sanctions were at Rs. 538.37 crores this year as compared to Rs.488.79 crores of last year. Gross NPAs fell from 30.44% of last year to 24.44% this year. Net NPA's to net advances grew marginally from 4.65% to 5.29% mostly due to fine tuning of asset classification by withdrawal of additional provision made for certain specific sectors. Had the additional provision been retained the net NPA would have been 4.02% as compared to 5.29%. Operating profit per employee grew from Rs. 3.12 Lakhs last year to Rs. 4.88 lakhs this year.

BUSINESS ENVIRONMENT

Leading financial markets, across the globe, remained highly stressed in 2008-'09, as an impact of the sub-prime crisis and the

financial meltdown. The downward spiral from advanced nations spilled over to almost all countries; economic growth, international trade, and the manufacturing and services sectors were extensively affected; unemployment grew in scary proportions. Strong policy measures and capital infusion at never-seen-so-far dimensions, into financial institutions and key industries were taken up by all governments and central banks - particularly in the developed countries - which led to some amelioration.

India, comparatively, suffered less, though its international trade, Industrial Production, IT exports, capital market, thinning of capital inflow, etc. were severely affected. The Government's supportive measures and the basic resilience of Indian industry and agriculture made the country to withstand the global assault. Indian economy has started showing signs of revival.

The GDP growth, as per the revised estimates of the Central Statistical Organisation was around 6.7% during 2008-'09 compared to 9.0% of 2007-'08. Though at sharp decline, India's GDP growth is, as at now, among the fastest in the emerging markets.

Inflation rose from 7.7% at end March 2008 to a high of 12.97% in August 2008, reflecting, mostly the high international crude oil and commodity prices. Easing from November 2008, it touched 0.26% by end March 2009, reflecting again the decline in Crude oil and commodity prices.

Revival is being witnessed now, across different sectors, like Transport, Telecom, Personal services, FMCG, Cement, etc. The Planning Commission foresees brightening of the economy during the current year.

Tamilnadu continued to attract foreign investment. It continued its focus on the IT Industry, with the establishment of IT parks in non-metro centres too. It evolved, last year, a special policy on Micro, Small and Medium enterprises with accent on infrastructure, industrial estates, growth centres in districts, rehabilitation, subsidy for select growth centers



Diesel Pump Service Machine

and industries, etc. During the last quarter of the year, a large number of MSME units, hit by the global downtrend, went through quick financial restructuring under RBI guidelines. Spurts have been seen recently in industrial activity in some pockets.

FINANCIAL PERFORMANCE

PROFIT

The total income of the Corporation for the financial year 2008-'09 was Rs. 147.42 crores. (Rs. 122.15 Crores in 2007-'08). The year's expenses included increased cost of funds, reduction in available spread and increase in salaries etc. Notwithstanding this, the Corporation registered a net profit of Rs. 29.36 Crores, the highest in recent years; a 50.87% growth over last year's Rs. 19.46 Crores.

This was mainly due to increase in interest income (16.75% over last year) and other income (i.e. fees etc.) (36.10% over last year); caused by increase in advances ; and also sharp recovery of bad debts (46.92% over last year) and the write back of provisions.

CAPITAL AND RESERVES

Capital and Reserves increased from Rs. 165.37 crores in 2007-'08 to Rs. 194.73 crores in 2008-'09.

The capital adequacy ratio improved from 1.72% in 2007-'08 to 7.66 % in 2008-'09 calculated on the same basis.

LOANS AND ADVANCES

Sanctions, disbursements and recovery of advances showed improvement over the past year.



PVC Door and Window Preparing Machine

TABLE - 1

(Rs. in Crores)

Loan	2008-'09	2007-'08
Sanctions	538.37	*488.79
Disbursements	416.22	377.28
Recovery	380.84	378.14

*excludes one time sanction of Rs. 150 crores to sugar mills from the capital infused by the State Government.

The Corporation's strategies like intensive customer meets by the management and staff, quick response to and disposal of applications, enhancing product content, fine tuning of interest-rates and quick disbursement of subsidies helped overcome the stiff market competition in the depressed manufacturing scenario.

TABLE - 2

DISPOSAL OF LOAN APPLICATIONS (Rs. In Crores)

Sl. Particulars No.	Sanctions			
	2008-09		2007-08	
	No.	Amt	No.	Amt.
1 Applications pending at the beginning of the year	26	70.59	38	71.16
2 Applications received during the year	1361	648.39	1154	856.67
Total	1387	718.98	1192	927.83
3 Applications disposed off during the year				
a. Gross Sanctions (All types)	1262	538.37	1090	638.79
b. Closed, withdrawn etc.	92	142.86	76	218.45
4 Applications pending at the end of the year	33	37.75	26	70.59
Total	1387	718.98	1192	927.83

BUSINESS STRATEGIES

The Corporation's approaches included -

- determined motivation among all staff to step up business and profits ; concomitantly to have a cautionary business approach in view of the market conditions.
- financing of wind mills, as a fillip to the state power needs.
- focus on working capital to add comprehensiveness in support to entrepreneurs

- fresh advances to transport in view of the increased demand in this sector
- strategies like open term loans (to meet future needs of clients), taking over of loans.
- assistance for entrepreneurial initiatives for infra-structure improvement like warehouses, hotels and clinics.
- improvement in the Corporations bill finance scheme, (funding bills drawn on TNEB) to include a 'turn-key' approach - i.e., in addition to funding the sale of equipment, to meet

expenses in their erection at site also, as done by quite a few clients.

- Funding NBFS, under RBI guidelines, to help their on-lending to SMES/transport as also to widen the corporation's portfolio.
- Step-up in the recovery of bad debts, to reduce NPAs ; as also to release the locked up funds and to help write back of provisions to add to profits.

The Corporation made use of its various schemes to gather advances. Table 3 below, furnishes data.

TABLE - 3
SCHEME WISE SANCTION AND DISBURSEMENT

		(Rs. in crores)		
S.No.	Description	Sanctions (Gross)		Disbursement Amt.
		No.	Amt.	
1	Micro / Small Enterprises Funding scheme	58	10.74	9.55
2	Equipment Finance Scheme	76	34.46	29.71
3	Textile Industry Under Technology Upgradation (RTUF) scheme	25	11.31	12.24
4	National Equity Fund	—	—	2.26
5	Wind Mills	9	43.48	18.33
6	Transport operators	275	6.13	4.14
7	Medical Practitioners / Hospitals	6	3.87	2.45
8	Hotels	1	2	0.33
9	Business Rental Scheme	2	1.69	—
10	Non Banking Finance Company (NBFC)	1	7.50	3.00
11	Loans to Sugar Mills	—	—	42.73
12	Working Capital Loans			
	a. Single Window Scheme	17	5.00	3.97
	b. General Working Capital Scheme	98	18.13	13.55
	c. Bill Finance Scheme	79	127.45	127.45
13	Open Term Loans	101	27.81	19.90
14	Clean Term Loans	15	3.12	2.62
15	Switch-over Loans	4	2.77	1.27
16	Others	495	232.91	122.72
Total		1262	538.37	416.22



Lab Machine: Auto Dispensing System

Schemes like Leasing and Hire Purchase, advances against shares / debentures and the issue of deferred payment guarantees etc. are no longer in vogue in the Corporation in view of deficiencies / or complexities in each. Likewise, the Corporation is also not now in the direct funding of the electricity board, the civil supplies department and the telecom department etc,

Fresh Loans under the National Equity Fund scheme were not sanctioned during the

year, as the scheme has been withdrawn by SIDBI. Disbursement relates to sanctions made in the previous years.

Working capital sanctions during the year aggregated Rs. 151 Crores.

DISTRICT-WISE DEPLOYMENT OF CREDIT

Table 4, below, furnishes data on TIIC's distribution of credit in the districts.

The Districts of Chennai, Coimbatore, Kancheepuram, Thiruvallur, Madurai and Trichy showed high credit absorption.

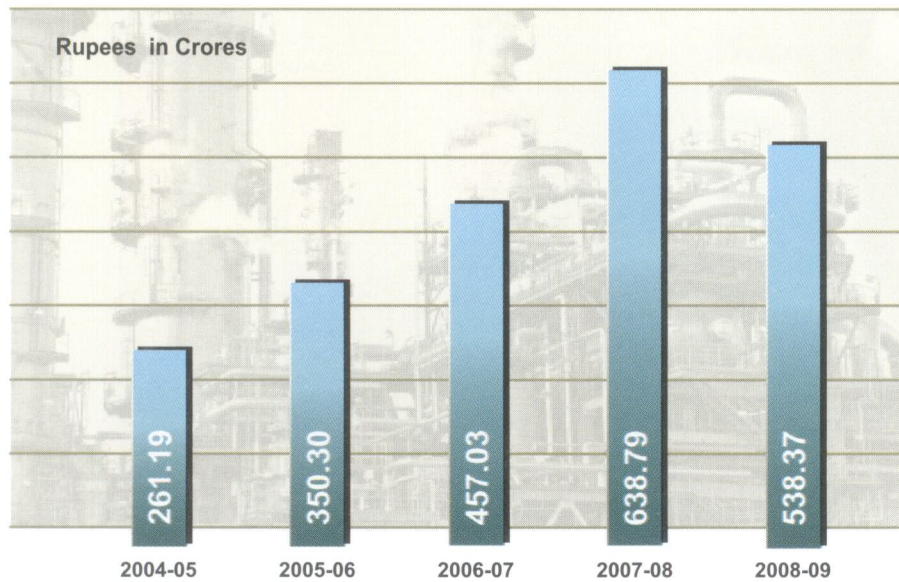
TABLE - 4
DISTRICT-WISE DEPLOYMENT OF LOANS

(Rs. in Crores)

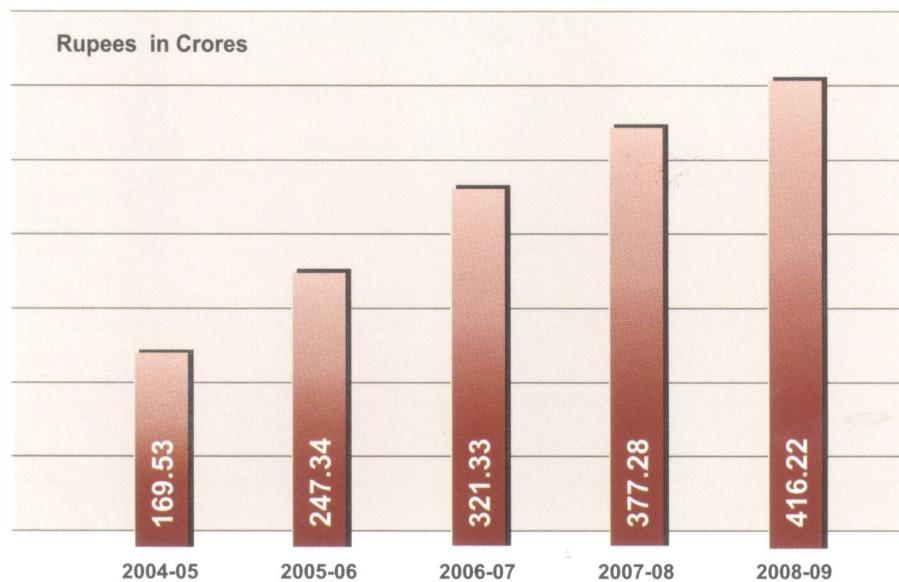
Sl. No.	Name of the District	Sanctions (Gross)				Cumulative Sanction	
		2008-2009		2007-2008		Upto 31.03.2009	
		No.	Amt.	No.	Amt.	No.	Amt.
1	Ariyalur	1	0.12	—	—	4	0.36
2	Chennai	83	93.73	94	244.39	15083	1400.70
3	Coimbatore	135	80.75	198	99.03	12075	1228.35
4	Cuddalore	19	2.73	19	3.22	3878	112.96
5	Dharmapuri	6	1.92	12	3.63	4921	228.53
6	Dindigul	42	10.97	36	26.52	2062	202.76
7	Erode	31	7.35	35	21.92	2931	356.48
8	Kancheepuram	51	68.07	51	45.07	8353	735.46
9	Kanyakumari	100	22.70	85	11.40	3144	179.13
10	Karur	17	7.28	11	10.66	543	76.39
11	Krishnagiri	19	14.80	22	17.72	122	65.64
12	Madurai	70	30.43	47	11.65	9048	324.08
13	Nagapattinam	1	0.10	2	0.39	605	24.94
14	Namakkal	17	3.50	7	2.66	707	85.96
15	Perambalur	3	0.59	—	—	96	5.60
16	Pudukottai	58	18.84	53	11.44	2900	123.30
17	Ramnad	24	3.17	18	3.06	3567	83.77
18	Salem	16	4.83	15	9.53	5481	312.73
19	Sivagangai	26	3.27	33	5.13	1476	70.50
20	Thanjavur	23	7.64	7	1.27	3781	83.43
21	The Nilgiris	—	—	—	—	142	7.21
22	Theni	4	0.86	11	3.50	568	38.79
23	Thiruvallur	95	35.76	101	51.16	1391	323.84
24	Thiruvannamalai	10	1.16	7	1.39	849	37.09
25	Tirunelveli	96	15.07	55	10.12	4132	136.80
26	Thiruvarur	2	0.38	4	0.62	238	8.49
27	Trichy	74	33.79	48	14.85	5213	188.07
28	Tuticorin	75	15.36	21	2.79	2439	118.68
29	Vellore	23	4.91	11	4.46	4056	179.65
30	Villupuram	25	6.49	27	5.05	505	48.39
31	Virudhunagar	116	41.80	60	16.16	2758	210.10
32	Pondicherry & others states	—	—	—	—	47	6.46
Total		1262	538.37	1090	638.79*	103115	7004.64

*includes Rs. 150 Crores sanctioned for Sugar Mills.

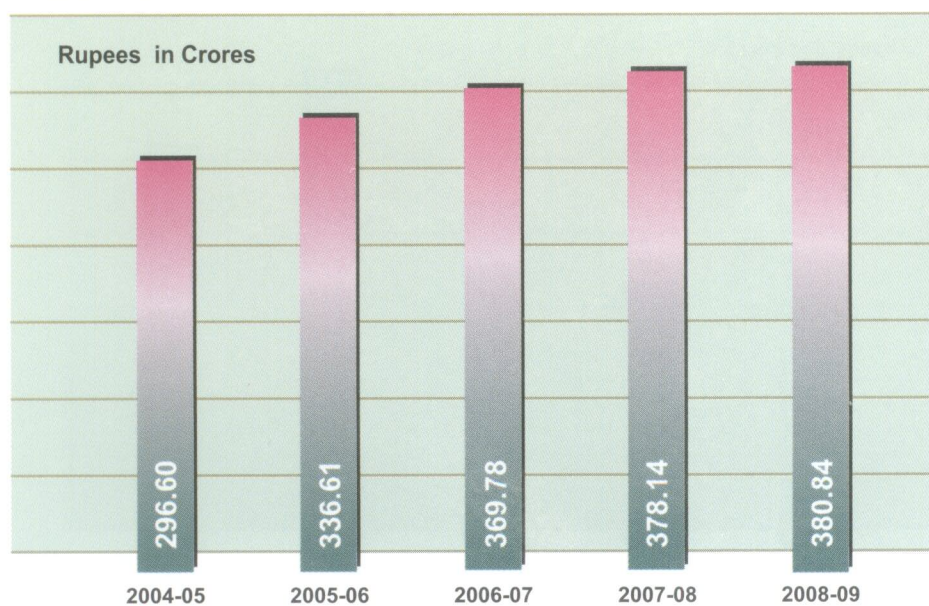
SANCTIONS DURING LAST 5 YEARS



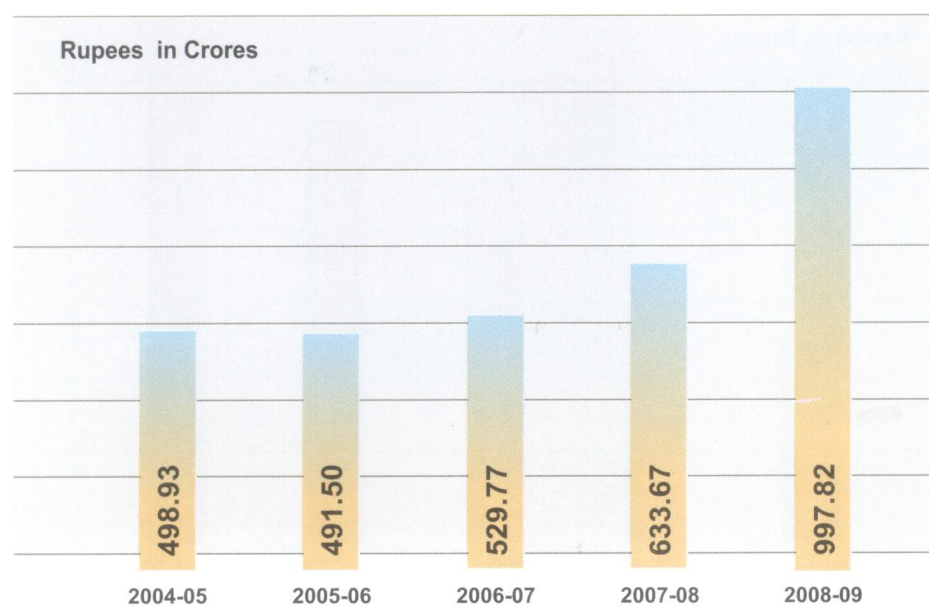
DISBURSEMENTS DURING LAST 5 YEARS



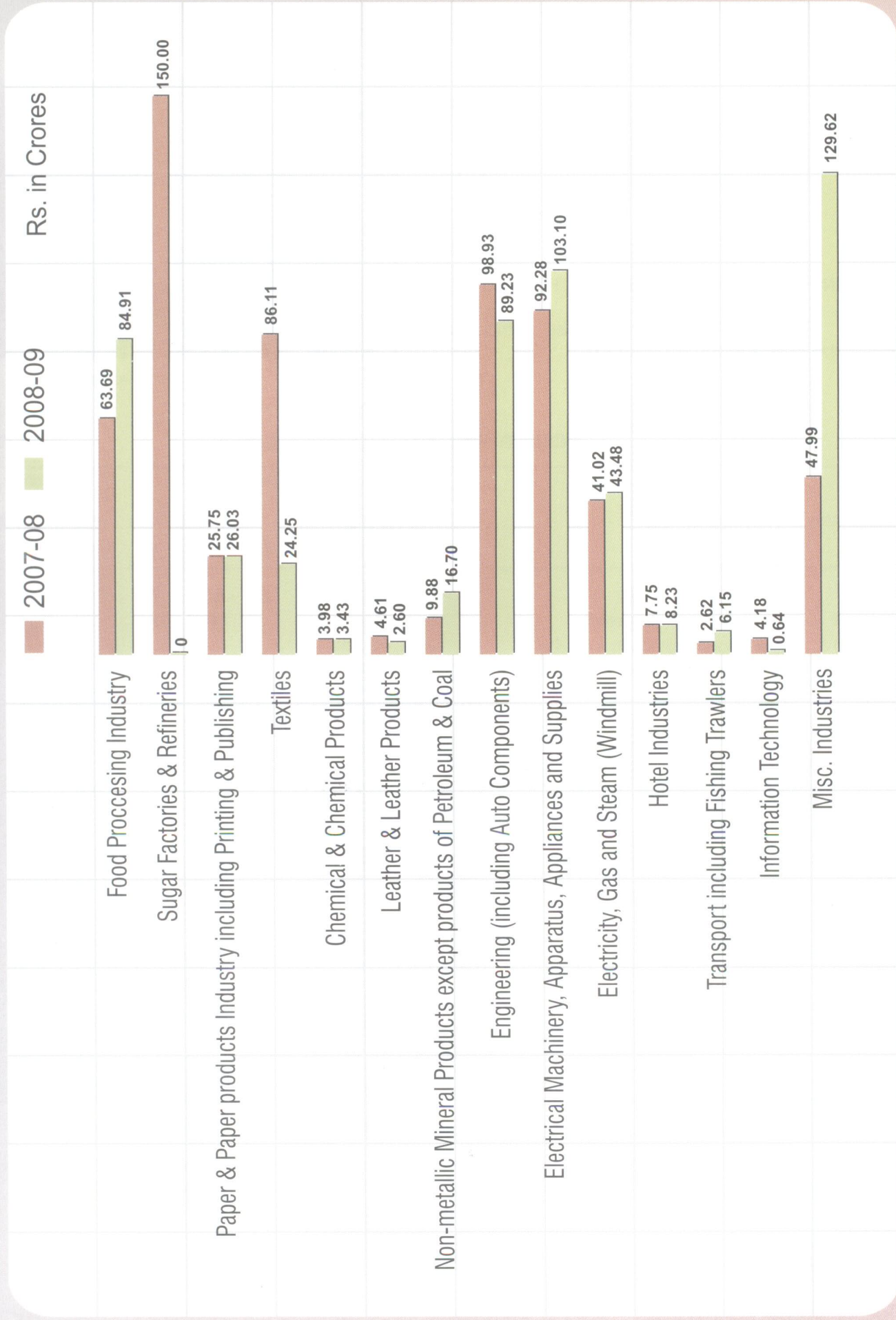
RECOVERIES DURING LAST 5 YEARS



OUTSTANDING DURING LAST 5 YEARS



INDUSTRY-WISE CLASSIFICATION OF SANCTIONS FOR 2 YEARS



INDUSTRY-WISE DISTRIBUTION OF CREDIT

Table 5 shows industry-wise distribution in the Corporation's advances :

*Relax Dryer Machine*

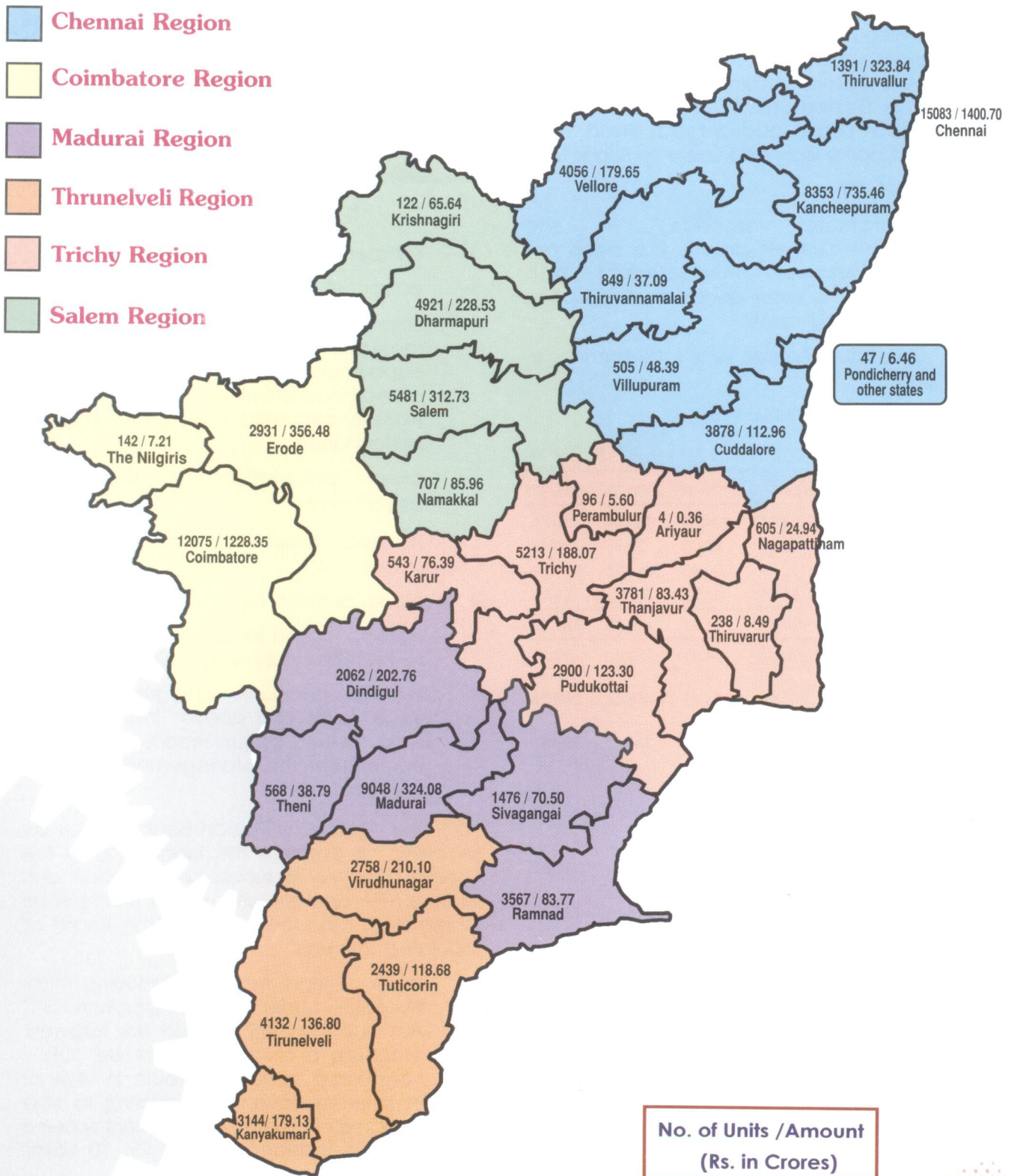
TABLE - 5
INDUSTRY-WISE DISTRIBUTION OF CREDIT (Rs. in Crores)

S.No	Description	Sanctions (Gross)						Cumulative Sanctions upto 31.03.2009		
		2008-2009			2007-2008					
		No.	Amt.	%	No.	Amt.	%	No.	Amt.	%
1	Food Processing Industry	311	84.91	15.77	231	63.69	9.97	8861	618.87	8.84
2	Sugar Factories & Refineries*	—	—	—	12	150.00	23.48	37	154.86	2.21
3	paper & paper products including printing and publishing	52	26.03	4.83	48	25.75	4.03	4754	309.34	4.42
4	Textiles	52	24.25	4.50	81	86.11	13.48	7733	1238.53	17.68
5	Chemical & Chemical Products	11	3.43	0.64	6	3.98	0.62	4147	201.99	2.88
6	Leather and Leather products	7	2.60	0.48	6	4.61	0.72	1005	152.21	2.17
7	Non metallic mineral products except products of Petroleum & coal	49	16.70	3.10	5	9.88	1.55	792	62.80	0.90
8	Engg. (Including Auto components)	244	89.23	16.57	295	98.93	15.49	4671	688.03	9.82
9	Electrical Machinery, Apparatus, Appliances and supplies	60	103.10	19.15	49	92.28	14.45	790	266.89	3.81
10	Electricity, Gas & Steam(including Windmill)	9	43.48	8.08	12	41.02	6.42	69	189.74	2.71
11	Transport Equipment	—	—	—	—	—	—	474	45.71	0.71
12	Hotel Industries	17	8.23	1.53	21	7.75	1.21	847	171.55	2.45
13	Transport including Fishing Trawlers	276	6.15	1.14	152	2.62	0.41	44499	616.40	8.80
14	Information Technology	1	0.64	0.12	2	4.18	0.65	60	24.13	0.34
15	Misc. industries not elsewhere classified	173	129.62	24.08	170	47.99	7.51	24368	1975.59	28.20
16	Loans to Govt. Corporation	—	—	—	—	—	—	8	288.00	4.11
Total		1262	538.37	100.00	1090	638.79	100.00	103115	7004.64	100.00

*Rs.150 crores to Cooperative Sugar Mills as directed by the State Government.

The growth in advances were generally in industries which showed good growths in the year. The Corporation keeps track of its credit distribution to avoid concentration risks.

District-wise Sanctions (Cumulative)



DISBURSEMENT

During the year under report, the Corporation disbursed Rs. 416.22 crores and the cumulative disbursement made upto 31.3.09 (since inception) is Rs. 4872.31 crores extended for various schemes such as Term loans, Bill Finance Scheme, Leasing & Hire Purchase, Shares & Debentures, Deferred payment guarantee, Loans guaranteed, Short Term Working Capital loan and Loans to Sugar Mills.

ASSET QUALITY

Operational emphasis in the Corporation's business activity has been not only in business enhancement but, concomitantly, in asset quality and reduction in non-performing assets.

Consequently last year's performance, was good.

TABLE - 6

Loan Portfolio

(Rs. in Crores)

ASSET	2008-'09	2007-'08	2006-'07	2005-'06
Standard	753.99	604.22	458.56	360.76
Sub-standard	30.34	22.23	27.63	39.44
Doubtful	188.48	209.93	251.76	309.29
Loss Assets	25.01	32.23	51.43	51.78
Total	997.82	868.61	789.38	761.27
Written-off	70.81	64.81	58.10	59.00
Total performing assets (PA)	753.99	604.22	458.56	360.76
Total Non-performing Assets (NPA)	243.83	264.39	330.82	400.51
% of performing assets to total advances	75.56	69.56	58.09	47.39
% of NPA to total advances (Gross NPAs)	24.44	30.44	41.91	52.61
% of Net NPA to (Net) advances*	5.29	4.65	13.44	26.60

*Additional provision made during the previous year for certain specific sectors was withdrawn during the current year resulting in marginal increase in net NPA. Had the additional provision been retained the net NPA would have been 4.02% as compared to 5.29% indicated above.

Strategies for Asset Quality

Your Corporation has been taking the following steps to reach its objective :



Soft Flow Dyeing Machine

- Sharper appraisal and follow-up
- personnel training for skills build up
- organisationally, the positioning of a loss monitoring and rehabilitation department and a recovery department at the Head office, each headed by an experienced official to closely monitor performance.

- close association of the Audit department

The Loan Monitoring and Rehabilitation Department: It

- tracks portfolio health; slippage
- acts to upgrade asset status and to revive potentially viable sick units
- inspects accounts with gross loans of Rs. 50 lakhs and above individually at fixed intervals, places reports to the Audit committee, the Management and the Board.

The Recovery Department focuses on recovery. It oversees the functioning of the Special Recovery Branches and monitors and reviews NPA position, with reports to the Audit Committee, Management and the Board at stipulated intervals.

- While all legal remedies including those available under the DRT structure, SFC Act and the SARFAESI Act are followed, emphasis is on the compromise (OTS / negotiated settlement) route in view of its inherent advantages relating to time and cost. A modified settlement scheme for NPA advances upto Rs. 10 Lakhs

(Small loans Settlement Scheme : SLSS) was evolved and operationalised last year.

Its NPA portfolio includes, 19 BIFR cases (outstandings Rs. 17.06 Crores) as on 31.03.2009. Compromise appraisals focus on clear assessment of the realisable value of the assets available, the payment capability of the borrower, and the period of time for repayment with least possible sacrifice relating to interest and principal.

- Write off is considered as the last resort
- The NPAs have been brought down from Rs. 400.51 Crores in 2005-'06 to Rs. 243.83 Crores in 2008-'09. The Gross and Net NPA percentages as on 31.03.2009 stand at 24.4% (52.6 % in 2005-'06) and 5.29% (26.6% in 2005-'06), respectively, showing the efforts made.

Classification of NPAs, recognition of income and provisioning are made strictly as per RBI/SIDBI guidelines.

A special Restructuring Exercise, as instructed by the RBI for units hit by the global melt-down was taken up in the last quarter of 2008-'09. This covered 506 units (outstanding Rs. 189.46 Crores.) This included 421 standard assets (Rs. 174.28 Crores) and 85 Sub-standard Assets (Rs. 15.18. Crores). The re-structuring provisioning was around Rs. 1.73 Crores.

QUALITY CERTIFICATION:

The IS/ISO 9001:2000 certification obtained by your Corporation in respect of sanction, disbursement and documentation of loans approved at Head Office, Chennai and Kanchipuram Districts received from Bureau of Indian Standards has been reviewed and renewed up to November, 2010.



Knitting Machine

EMPLOYMENT GENERATION:

The financial assistance extended by your Corporation is estimated to generate additional employment for about 14,225 persons.

RESOURCES:

For the funding of its lending operations the Corporation had, till 2004-'05, a special ad-hoc Bond Facility from RBI every year. After its withdrawal, the Corporation has been making adequate stand-by arrangements. During the year 2008-'09, these efforts included sanctions of facility from the Lakshmi Vilas Bank and Bank of Rajasthan. They were not availed, however, in view of the costs involved. Instead the Corporation has been resorting mostly to SIDBI's Refinance and loan facilities.

Such refinance stood at Rs. 83.01 Crores in 2008-'09 as against Rs. 65 Crores in 2007-'08. In addition the Corporation was also given a short term refinance of Rs. 40 Crores repayable in one year and a Long Term Refinance of Rs. 45 Crores.

TABLE - 7
DETAILS OF APPLICATIONS MADE TO SIDBI

(Rs. in Crores)

Year	Applications preferred		Amount sanctioned		Refinance drawn	Repayment made	Outstanding at the end of the year
	No.	Amt.	No.	Amt.	Amt.	Amt.	Amt.
2007-08	1176	83.61	1176	66.00	65.00	10.57	218.89
2008-09	855	172.61	855	168.01	168.01	12.28	374.62

TREASURY:

The Corporation redeemed SLR bonds to the extent of Rs. 18.10 Crores, including pre-payment of Rs. 3.01 Crores of the Transport Development Finance Corporation Limited.

FIXED DEPOSITS:

As on 31.03.2009 the fixed deposits gathered by the Corporation aggregated Rs. 73.73 Crores (Rs. 65.24 Crores, last year).

CORPORATE GOVERNANCE:

Your Corporation established in 1949 and incorporated under the Indian Companies Act 1913, was promoted by the Government of Tamilnadu. The objective of its formation is to support industrial growth in the State, with focus on Micro, Small and Medium enterprises (MSME). It follows regulations as laid down by RBI / SIDBI.

Your Corporation is committed to the best practices in corporate governance - not only to meet the competing desires of different stake holders and compliance to regulatory requirements - but also to weave them into the very fabric of its functioning - for management and personnel excellence, for high level of business ethics, for optimizing all stake holders' value and to move towards leadership among all State Financial Corporations.

To this end, the Corporation has, structurally,

- a Chairman and a Managing Director, both full time
 - a Board of Directors which plays a supervisory and advisory role
 - several committees charged with specific roles
 - executives with specific functionalities in the organizational process
- The Board addresses itself to all policy and major operational areas and appoints (sub) committees for selected areas.

TIIC'S BOARD OF DIRECTORS COMPOSITION:

The Board has -

- TIIC's full time Chairman
- TIIC's full time Managing Director
- Principal Secretary to the Government for Micro, Small and Medium Enterprises, The Deputy Secretary (Finance) to the Government of Tamilnadu, Special Secretary to the Government Industries Department.
- two representatives of SIDBI at the rank of its Chief General Manager / General Manager.
- A nominee director of the State Government and
- The President, TANSTIA.



Compacting Machine

As on 31.03.2009, the Corporation's Board had the following Directors:

S.No	Name of the Director	Designation	Nature of Directorship	Date of appointment
1.	Tmt. Sheela Rani Chunkath, IAS Principal Secretary	Chairperson & Managing Director	Executive	03.11.2008*
2.	Thiru P. Selvam, IAS Principal Secretary to Government MSME Department	Director	Non-Executive	09.07.2007
3.	Thiru. P. Sivasankaran, IAS Special Secretary to Government Industries Department	Director	Non-Executive	08.05.2008
4.	Thiru.V. Arun Roy, IAS Deputy Secretary to the Government Finance Department	Director	Non-Executive	14.09.2007
5.	Thiru S. Sundar CGM (Retd.) State Bank of India	Independent Director	Non-Executive (Govt. Nominee)	20.09.2005
6.	Thiru D. Gandhikumar President, TANSTIA	Independent Director	Non-Executive	28.11.2008
7.	Thiru Namgial General Manager, SIDBI	Director	Non-Executive	28.11.2008
8.	Thiru R.M. Nair General Manager, SIDBI	Director	Non-Executive	28.11.2008

* appointed as CMD

Notes :

1. Tmt. Sheela Rani Chunkath, IAS was appointed as Chairperson on 11.01.2008, when the then Managing Director, Thiru. S.K. Prabhakar, IAS was transferred, she assumed additional charge as Chairperson and Managing Director.

Thiru C. Umashankar IAS was appointed as Managing Director on the 11th August, 2008 and relinquished that post on 3rd November, 2008 on his transfer.

Tmt. Sheela Rani Chunkath who held charge as TIIC's Chairperson during this period, took over again as CMD, on 03.11.2008.

2. Thiru. D. Gandhikumar, President, TANSTIA was appointed as Director on 28th November, 2008, in the place of Thiru A. Shanmugavelayuthan, the previous TANSTIA President.

Directors who served on the Board during 2008-09 and relinquished their posts due to change in assignment:

Sl. No.	Name of Chairman / CMD / MD / Director Tvl.	Period	Reference
1.	K.M. Nair	08.09.06 to 28.11.08	SIDBI:MHO-DFID No.2701/SFCs/Nom.Dir dated 31.08.2006
2.	A. Shanmugavelayuthan	28.12.06 to 28.11.08	G.O.Rt.No.384 Industries (MIF2) Departement dated 27.11.2006
3.	S.K. Prabakar, I.A.S.	03.01.07 to 02.05.08	G.O.Ms.No.2 Public(Spl.A) Dept. dated 02.01.2007
4.	K.G. Alai	08.08.07 to 28.11.08	SIDBI MHO-DFID No.9524/SFCs/Nom.Dir dated 31.07.2007
5.	S. Gopalakrishnan, I.A.S.	20.08.07 to 07.05.08	G.O.Rt.No.234 Industries(MIF2) Dept. dated 20.08.2007
6.	C. Umashankar, I.A.S.	11.08.08 to 02.11.08	G.O.Rt.No.3131 Public (Spl.A) Dept. dated 28.07.2008
7.	R.M. Nair	28.11.08 to 26.06.09	SIDBI-DFID No.4629/SFCs/TIIC/Nom.Dir dated 20.11.2008

No director on the Board is in any way connected to any other director of the Board.



Embroidery Machine

Committees of the Board

The Board has constituted the following committees to provide specified and focused governance on key functional areas.

No.	Committee	Members	Chairman	Main responsibility areas
1.	Executive Committee	1. The Chairman, TIIC 2. The MD., TIIC 3. Director representing SIDBI 4. Independent Director (nominee of the State Government)	The Chairman, TIIC	All areas relating to loans and advances like approvals, utilising the overall powers of the Board and above that of the Corporation's Regional Committee.
2	Audit Committee	1. The Chairman, TIIC 2. The MD., TIIC 3. Director representing SIDBI 4. Independent Director (Nominee of the State Government)	The Chairman, TIIC* (The independent Director from 26.03.09)	Overseeing and directing the total audit functions of the Corporation; all internal inspections; audits by the external audits /SIDBI/AG; Periodic and Annual financial reports; write-off.
3	Default Review Committee	1. The Chairman, TIIC 2. The MD., TIIC 3. Director representing SIDBI 4. Independent Director (Nominee of the State Government)	The Chairman, TIIC	Overseeing and direct the Corporation's performance in areas relating to NPAs, compromise settlements, etc. within the overall powers of the Board and above those of the Regional Committee.
4	Staff Committee	1. The Chairman, TIIC 2. The MD., TIIC 3. Director representing Government Finance Dept.	The Chairman, TIIC	H.R. areas like recruitment, promotions for the post of Assistant General Manager and above
		1. The MD., TIIC 2. Director representing Government Industries Dept. 3. Director representing Government Finance Dept.	The MD., TIIC	HR areas like recruitment, promotions for the post of Manager and below.

*Upto 25.03.2009

MEETINGS:

The Board of Directors met 11 times in 2008-'09. The Annual General Body meeting was held in Chennai on the 25th September, 2008.

The Executive Committee of the Board met 11 times during the year ; the Default Review Committee 8 times, the Audit Committee 3 times and the Staff Committee 3 times.

ADVISORY COMMITTEE:

In addition to the above, an informal Advisory Committee has been formed by the Board to gather views of the industrialists on products and practices. The Committee has, members, persons of wisdom and experience in the MSME sector and is headed by a Former Chairman of TIIC.

GRIEVANCE CELL:

The Grievance Cell of the Corporation received 128 petitions through Chief Minister's

Special Cell and 23 petitions through other departments of the Secretariat during 2008-'09. All but 17 petitions have been cleared.

INTERNAL AUDIT:

During the year, the Internal Audit Department covered 29 branch offices, on a quarterly basis. The audit function was decentralized since November 2004, with an audit team in each region covering all branches in their region, in all areas like sanction, disbursement, follow-up, accounts and administration. It also undertook ISO lead time analysis, physical verification of assets and surprise inspection of client units. This is in addition to the audit department at Head office whose functions have been briefly described under Audit Committee details.

Hitherto officials in the cadre of Officer were heading the Regional Audit teams. They are now headed by senior officials in the cadre of Manager / Assistant Manager in view of the enhanced focus of the Corporation on business / operational quality.

STATUTORY INFORMATION REGARDING EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

Employees in receipt of remuneration in excess of Rs. 2.00 Lakhs per month or Rs. 24.00 lakhs per annum. - NIL.

LISTING ON THE STOCK EXCHANGE:

SLR Bonds issued by the Corporation are listed in the Madras Stock Exchange as stipulated by RBI. The Corporation complies with Clause 49 of the Listing Agreement.

COMPLIANCE OFFICERS:

1. Thiru K. Chockalingam, Assistant General Manager has been appointed as the Compliance Officer for complying with various provisions of SIDBI and Thiru R. Jayaprakasam, Company Secretary is the Compliance Officer for complying the provisions of the Listing Agreement with the Madras Stock Exchange. They report to the Corporation's Chairperson.
2. Thiru R. Jayaprakasam, Company Secretary has been appointed as the Compliance Officer as required under the Right to Information Act. He reports to the Corporation's Chairperson.

3. Thiru M.Muthukrishnan, Deputy General Manager has been appointed as the Nodal Officer for Know Your Customer and Anti-Money Laundering compliance, as per RBI / IDBI directions.

No unsatisfactory report was generated by the Corporation in 2008-'09.

POLICY AND PROCESSES:

1. Credit Policy

The Corporation reviewed and issued a fresh / comprehensive credit policy on the 1st August, 2008.

2. Know Your Customer (KYC) and Anti-Money Laundering (AML) Policy

A comprehensive booklet on the Corporation's policy on KYC and AML and the various processes to be followed and complied on the basis of RBI / SIDBI guidelines was compiled and issued. It has also designed and introduced several related forms like the Application form to document KYC requirements, reports by the Branch on Cash / Unsatisfactory transactions, reports to be generated by the Audit Committee etc.

The Corporation's policy documents and operational manuals are periodically reviewed and revised.

HUMAN RESOURCE:

The Corporation considers its human resource as one of the most essential components for corporation's governance and business.

As on 31.03.2009 the Corporation's staff strength was as follows :

Management	Total Strength
Chairman	Full time
Managing Director	Full time
Officers	231
Assistants	287
Sub-staff	84
Total	602

The Corporation recognises on-going up-gradation of staff skills as an important function for human resource development. To this, end,

it resorts to both in-house training using the Corporation's training centre at Chennai and also by deputing to external agencies.

During 2008-'09, external training, the areas covered SME financing, Credit Policy and Risk Management, Productivity, Project Monitoring and Recovery, SUSE Linux Enterprise Desk Top Training. 443 employees in all cadres recieved the last, conducted by ELCOT, Chennai, in view of the new computerisation programme of the Corporation using Linux.

In all, 1 AGM, 23 in the Managerial cadre, 48 in the Officer cadre and 30 in the non-officers cadre were deputed to these external training programmes.

The Corporation's Training Centre, in addition to Orientation Programme covered areas like Law, Subsidies, etc. These covered 3 in the Manager Cadre, 72 in the officer cadre and 34 in the non-officers' cadre.

CORPORATE SOCIAL RESPONSIBILITY:

The Corporation has donated Rs.1.00 lakh to Gandhigram Santhi High School for the Deaf, Avvai Ashram, Siva Sailam, Tirunelveli Dist. towards purchase of Computers.

M/s.TANSTIA was granted Rs.5.00 lakhs for conducting survey on Micro Industries at Ambattur and Guindy.

Also Rs.3.00 lakhs was contributed to the Science city, Chennai for organizing a Mega Science Festival.

COMPUTERISATION:

The Corporation has been upgrading its I.T. infrastructure in phases. In 2008-'09, an amount of Rs.26 Lakhs was spent on the acquisition of Laptops, Laser Printers, UPS Systems; and amount of Rs. 11 Lakhs was spent on training employees on Linux.

The Corporation is examining migration, at the earliest, into core-banking in view of its advantages to business enhancement, MIS, Customer benefit etc. ELCOT, Chennai, is making a study in this regard, as requested by the Corporation.

RISK MANAGEMENT:

With the evolution of Basel I and Basel

II norms, credit and operational risks management has become significantly stringent. The Corporation recognizes good risk management as an integral component of corporate governance and business development, It has, therefore, built in risk mitigation measures as set below. These are under constant review.

CREDIT RISK:

The measures include the issuance of revised credit policy, enhanced credit appraisal with sharper risk analysis on financials, marketing, the industry and management, increased usage of agencies like CIBIL, CRISIL, ICRA etc., to strengthen executive knowledge, strict adherence to Asset recognition norms, close monitoring to detect slippages at the earliest and initiating quick rehabilitation / recovery processes.

Prudential exposure norms have been set for borrowers and will be worked upon further. While concentration risks and industry exposure caps have not been adopted at macro level, this is taken care of while drawing annual business budgets and reviews.

The Corporation has a Credit Risk Assessment System as an adjunct to project appraisal and proposes sophisticate it further.

Security norms are fairly strong in the Corporation's policy and they help risk coverage.

Personnel skills are being constantly improved upon to enhance awareness and exposure to risk management concepts and processes. The Corporation has a good mix of experienced generalists and officials with professional qualification in engineering, law, accountancy and business management.

The Internal audit capability was enhanced with the establishment of Regional Audit Committees to facilitate proximity to the operational field and with the posts of the Team leaders being upgraded. Internal Audit will have deeper coverage in inspection and follow up systems, will track client performance and will ensure regulatory compliance areas, KYC., etc.

Two special departments are functioning

at Head Office for monitoring and rehabilitation and for Recovery.

MARKET RISK:

The Corporation has very limited exposure in investment in bonds and shares with no trading.

Interest rates in the market are being kept track of and changes made in line with market risks.

The Corporation, has recently formed an Asset Liability committee during April 2009.

OPERATIONAL RISKS:

The Corporation understands that the Basel II norms relating to operational risks may be introduced in SFCs, effective next year. It, proposes to examine its possible impact on areas like provisions and capital and initiate necessary action.

Incomplete and ambiguous instructions, mis-communication, misunderstanding at different levels, deficiency in internal controls and policies lead to operational risks. The Corporation has taken cognizance of such threats and will be closely examining its internal control systems, operational manuals/ instructions, communications and receipts of instructions, etc. Spreading awareness on operational risk at the different levels in the Corporation and imparting training will be one of the focus area.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors hereby confirm that:

- All accounting standards which have to be mandatorily followed have been complied with in the preparation of accounts for the year ended 31st March, 2009.
- Significant accounting policies, consistently followed by the Corporation,

have been given as Notes annexed to and forming part of the Balance Sheet and Profit and Loss Account.

- Adequate care has been taken for the maintenance of accounting records.
- The accounts for the year have been prepared on a "going concern concept"
- The financial statements have been audited by M/s. Viswanathan & Swaminathan, the Statutory Auditors. Their report is appended.

TREASURY:

Only SLR Bonds issued by the Corporation is listed with the Madras Stock Exchange as stipulated by RBI. The Corporation complies clause 49 of the listing agreement.

ACKNOWLEDGEMENTS:

The Board of Directors wishes to thank the Government of Tamilnadu, Industrial Development Bank of India (IDBI), Small Industries Development Bank of India (SIDBI), The Reserve Bank of India, Commercial Banks, Micro Small and Medium Enterprises – Development Institute (MSMED) and the other State level institutions viz., State Industries Promotion Corporation of Tamilnadu (SIPCOT), Tamilnadu Industrial Development Corporation Limited (TIDCO), Small Industries Development Corporation Limited (SIDCO), ITCOT Consultancy & Services Ltd., the Electronics Corporation of Tamilnadu (ELCOT) and the Tamil Nadu Small and Tiny Industries Association (TANSTIA) for the continuous co-operation and assistance received from them.

The Board of Directors also take great pleasure in recording its appreciation of the dedicated services rendered by the erstwhile Board Directors and the Officers and Staff of the Corporation.

For and on behalf of Board of Directors

THE TIIC LIMITED
CHENNAI 600 035

Date : 26.06.2009

SHEELA RANI CHUNKATH
PRINCIPAL SECRETARY /
CHAIRPERSON & MANAGING DIRECTOR

Some of the Directors, by virtue of their posts, hold certain other Directorships, as appointed by the State Government.

Sl. No.	Name of the Director Tvl.	Designation	Other Directorships
1.	Sheela Rani Chunkath, I.A.S., Principal Secretary	Chairperson & Managing Director	DIRECTOR: 1. Guindy Industrl. Estate Infrastructure Upgradation Company (GIEIUC) 2. Chettinad Cement Corporation Ltd. 3. Seshasayee Paper and Boards Ltd. 4. State Industries Promotion Corporation of Tamilnadu (SIPCOT) 5. Small Industries Development Corporation Ltd. (SIDCO) 6. ITCOT Consultancy & Services Limited MEMBER 7. Industrial Guidance & Export Promotion Bureau (GUIDANCE)
2.	P. Selvam, I.A.S., Principal Secretary to Govt., MSME Department	Director	DIRECTOR: 1. Small Industries Development Corporation Limited (SIDCO) 2. Tamilnadu Small Industries Corporation (TANSI)
3.	P. Sivasankaran, I.A.S., Special Secretary to Govt., Industries Department	Director	DIRECTOR: 1. Tamilnadu Minerals Limited 2. Tamilnadu Industrial Explosives Limited 3. TANFAC Industries Limited 4. TICEL Bio-park Limited 5. Golden Jubilee Biotech Park for Women Society
4.	V. Arun Roy, I.A.S., Deputy Secretary to Govt., Finance Department	Director	DIRECTOR: 1. Tamilnadu Cements (TANCEM) 2. Tamilnadu Adi-Dravidar Housing Development Corporation (TAHDCO) 3. Tamilnadu Backward Classes Economic Development Corporation (TABCEDCO) 4. Tamilnadu Minorities Economic Development Corporation (TAMCO) 5. Tamilnadu State Transport Corporation (Villupuram) TANSTC 6. Tamilnadu Forest Plantation Corpn. (TAF CORN)
5.	Namgial, General Manager i/c, SIDBI	Director	DIRECTOR: 1. Andhra Pradesh State Financial Corporation 2. Kerala Financial Corporation 3. Punjab Venture Capital Ltd. 4. Punjab Venture Investors Trust Ltd.
6.	R.M. Nair, General Manager, SIDBI	Director	DIRECTOR: 1. Spandana Sphoorty Innovative Financial Services Ltd. 2. Madura Micro Finance Ltd. (MMFL) 3. BWDA Finance Ltd. (BFL)
7.	S. Sundar, CGM (Retd), SBI	Director	-Nil-
8.	D. Gandhikumar, President, TANSTIA	Director	DIRECTOR: 1. Small Industries Development Corpn. Ltd. (SIDCO)

VISWANATHAN & SWAMINATHAN
CHARTERED ACCOUNTANTS

JAYSHREE APARTMENTS
 NEW NO. 60, OLD NO. 39
 SECOND MAIN ROAD, R.A.PURAM
 CHENNAI-28
 PH: 24353020/24354030

AUDITOR'S REPORT

To the Members of the Tamil Nadu Industrial Investment Corporation Limited, Chennai

1. We have audited the attached Balance Sheet of the Tamil Nadu Industrial Investment Corporation Limited ("The Company") as at March 31, 2009 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 statement. An audit also includes assessing the accounting principle used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, is not applicable to the Corporation as the Corporation is defined as a Banking company for the purpose of the Company's Act, 1956 by the Company Law Board vide its Letter dated 28.06.1960.
4. We report that:
 - a. 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;
 - b. 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;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - e. On the basis of written representations received from the Directors, as on March 31, 2009 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon, give the information in the manner so required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - ii. In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **VISWANATHAN & SWAMINATHAN**
 Chartered Accountants

S. RAMAKUMAR
 (Partner)
 Membership No: 20405

Place : Chennai
 Date : 31.07.2009

ACCOUNTS

Balance Sheet and Profit and Loss Account

BALANCE SHEET

AS AT 31.3.2008		CAPITAL AND LIABILITIES	AS AT 31.3.2009	
Rs.			Rs.	Rs.
	1 CAPITAL			
	Authorised:			
	30,00,000 Equity			
1,500,000,000	Shares of Rs.1,000/- each			3,000,000,000
	Issued:			
1,335,000,000	28,35,000 (L.Y.13,35,000) Equity shares of Rs.1000/- each			2,835,000,000
	Subscribed and Paid-up:			
1,249,956,000	a) 27,49,956 (L.Y.12,49,956) Equity Shares of Rs.1000/- each fully paid	2,749,956,000		
85,000,000	b) 85,000 (L.Y.85,000) Spl.Equity Shares of Rs.1000/- each (Issued under Sec. 4-A of the State Financial Corporation's Act 1951)	85,000,000		
1,334,956,000				2,834,956,000
1,500,000,000	Share Application money (since allotted)			—
	2 RESERVES & RESERVE FUND			
	i) RESERVES:			
	a) Special Reserve:			
	(for the purpose of Sec.36(l) (VIII) of the Income Tax Act, 1961)			
370,572,771	Balance as per last Balance Sheet	370,572,771		
370,572,771	Less: Set off against Loans & Advances	370,572,771		—
	b) Reserve for Bad and Doubtful Debts:			
21,218,180	Balance as per last Balance Sheet	21,218,180		
21,218,180	Less: Set off against Loans & Advances	21,218,180		—
	c) Revaluation Reserve:			
1,535,500,000	Revaluation of lands held			1,535,500,000
4,370,456,000	Carried over			4,370,456,000

AS AT MARCH 31, 2009

AS AT 31.3.2008	PROPERTY AND ASSETS	AS AT 31.3.2009	
Rs.		Rs.	Rs.
	1 CASH & BANK BALANCES		
8,856,314	a) Cash-in-hand	5,330,262	
	b) Balance with banks:		
9,348,799	i) Reserve Bank of India	1,067,706	
307,463,128	ii) Current A/c with Scheduled Banks	238,443,544	
870,478,884	iii) Term Deposits with Banks	200,354,984	
892,422,777	iv) P.D. A/c with RBI	828,700,000	1,273,896,496
	2 INVESTMENTS		
	Investment in shares (as per Schedule 1 annexed)		
92,578,228	Quoted	97,938,960	
1,248,513	Non-quoted (Market value of quoted shares Rs. 1,208,174,413)	1,248,513	99,187,473
2,182,396,643	Carried over		1,373,083,969

BALANCE SHEET

AS AT 31.3.2008	CAPITAL AND LIABILITIES	AS AT 31.3.2009
Rs.		Rs.
4,370,456,000	Brought forward	4,370,456,000
	ii) a) SPECIAL RESERVE FUND (in terms of Sec. 35-A of the State Financial Corporation's Act, 1951 representing dividend foregone by the Govt. of Tamilnadu and IDBI)	
24,999,716	Balance as per last Balance Sheet	24,999,716
	b) VENTURE CAPITAL FUND	
11,771,811	Balance as per last Balance Sheet	11,771,811
	3 BONDS & DEBENTURES (Guaranteed by the Govt. of Tamilnadu both as to principal and interest)	36,771,527
1,680,539,000	Bonds (as per schedule 3 annexed)	1,499,519,000
	4 DEPOSITS (Guaranteed by the Govt. of Tamilnadu)	
652,384,618	Fixed Deposits	737,290,647
6,740,151,145	Carried over	6,644,037,174

AS AT MARCH 31, 2009

AS AT 31.3.2008		PROPERTY AND ASSETS	AS AT 31.3.2009	
Rs.			Rs.	Rs.
2,182,396,643	Brought forward			1,373,083,969
	3 LOANS AND ADVANCES			
	(As per schedule 2 annexed)			
	(After adjusting cumulative provision			
6,336,707,650	of Rs.2,033,696,041)			7,944,552,651
	(L.Y Rs.2,349,441,019)			
	4 PREMISES-LAND AND BUILDING			
202,554,267	Cost	202,554,267		
1,535,500,000	Addition on Revaluation of lands held	1,535,500,000		
—	Additions during the year	1,710,535		
1,738,054,267		1,739,764,802		
	Less:			
21,722,731	Depreciation upto last Balance Sheet	23,786,256		
2,063,525	Depreciation for the year	2,056,600		
1,714,268,011				1,713,921,946
	5 LEASED ASSETS			
47,437,521	Cost upto last balance sheet	45,895,773		
1,541,748	Less: Deletions during the year	—		
45,895,773		45,895,773		
	Less:			
14,500,998	Depn. upto last Balance Sheet	13,955,990		
(545,008)	Depn. on assets deleted	—		
32,936,523	Depn. equalisation reserve upto last year	31,939,783		
(996,740)	Depn. equalisation reserve on assets deleted	—		—
	6 Motor Cars, Cycles, Furniture & Fittings, Electrical & Office Equipments, Computer etc.			
102,191,190	Cost upto last Balance Sheet	106,316,092		
5,598,585	Add:			
107,789,775	Additions during the year	8,645,508		
1,473,683		114,961,600		
	Less:			
	Deletions during the year	803,711		
106,316,092		114,157,889		
10,233,372,304	Carried over	114,157,889	11,031,558,566	

BALANCE SHEET

AS AT 31.3.2008		CAPITAL AND LIABILITIES	AS AT 31.3.2009	
Rs.			Rs.	Rs.
6,740,151,145	Brought forward			6,644,037,174
	5 BORROWINGS			
2,188,896,413	i) By way of refinance from SIDBI (Secured by declaration to hold the security of the borrowers of the Corpn. in respect of refinance obtained upon trust for SIDBI)	3,346,197,256		
467,000,000	ii) Borrowings from TN Power Finance (Secured by declaration to hold the security of the borrowers of the Corpn. in respect of Refinance obtained for Wind Mills upon trust for TN Power Finance)	287,000,000		
125,000,000	iii) Loan in lieu of capital - IDBI (Unsecured)	125,000,000		
1,931,287,000	iv) Term Loan from Banks (Guaranteed by the Government of Tamilnadu and secured by charge on loans released by SIDBI due to repayment)	1,332,460,622		
—	v) Short Term loan from SIDBI	400,000,000		
96,000,000	vi) Term Loan from SIDBI (Guaranteed by Govt. of Tamilnadu)	72,000,000		
280,000,000	vii) Term Loan from others (unsecured)	—		
5,088,183,413				5,562,657,878
14,146,440	6 SUBVENTION FROM THE GOVERNMENT			14,146,440
	7 OTHER LIABILITIES AND PROVISIONS			
384,000	i) Seed Capital from SIDBI	384,000		
449,275,423	ii) Advances & Deposits from Constituents and others	375,285,645		
314,391,298	iii) Liability for others	476,883,668		
1,136,700,000	iv) Agency arrangement Funding by Govt. of Tamilnadu	1,136,700,000		
310,000,000	Less: Funds provided to Sugar Mills (held in P.D. A/c)	310,000,000		
826,700,000		826,700,000		
11,463,786	vi) Provision on Standard Assets	15,105,452		
3,641,666	Add: Provision for Current Year	3,744,350		
15,105,452		18,849,802		
21,418,442	vii) Provision for Bad and Doubtful debts U/s 36 (I) (vii a) of IT Act 1961	21,418,442		
21,418,442	Less: Set off against Loans and Advances	21,418,442		
				1,698,103,115
13,448,337,171	Carried over			13,918,944,607

AS AT MARCH 31, 2009

AS AT 31.3.2008		PROPERTY AND ASSETS	AS AT 31.3.2009	
Rs.			Rs.	Rs.
10,233,372,304	Brought forward		114,157,889	11,031,558,566
106,316,092	Less:			
88,046,721	Depreciation upto last Balance Sheet	90,644,895		
(1,422,730)	Depreciation on assets deleted during the year	(779,627)		
4,020,904	Depreciation for the year	5,629,664		
15,671,197				18,662,957
154,193,537	7 DEFERRED TAX ASSET			136,808,811
	8 OTHER ASSETS			
81,388,325	i) Staff Housing Loan	75,170,329		
41,050,352	ii) Other Advances & Deposits / other dues recoverable from borrowers & others (After Adjusting Cumulative provision of Rs.70,904,249) (L.Y. Rs.76,460,734)	33,997,069		
1,136,700,000	iii) Agency Arrangement Funds provided to Sugar Mills	1,136,700,000		
310,000,000	Less: Funding by Govt. of T.N. (held in P.D. A/c)	310,000,000		
826,700,000		826,700,000		
509,605	iv) Prepaid Expenses	482,068		
1,369,551	v) Interest accrued /due	62,565		
4,889,576	vi) Amount due from I.T. Department	—		109,712,031
	9 ADVANCE INCOME TAX, INTEREST TAX, WEALTH TAX AND F.B.T.			
149,039,572	Income Tax	149,045,540		
1,252,709	Interest Tax	1,252,709		
1,491,884	Wealth Tax	2,293,468		
1,819,756	Fringe Benefit Tax	2,405,219		154,996,936
14,146,440	10 DIVIDEND DEFICIT ACCOUNT			14,146,440
	11 MISCELLANEOUS EXPENDITURE			
	(to the extent not written off or adjusted)			
1,067,534	Development Expenditure	1,067,534		
1,067,534	Less: Provision for expenditure	1,067,534		—
10,700,194,808	Carried over		11,465,885,741	

BALANCE SHEET

AS AT 31.3.2008	CAPITAL AND LIABILITIES	AS AT 31.3.2009
Rs.		Rs.
13,448,337,171	Brought forward	13,918,944,607
	8 PROVISION FOR INCOME TAX, INTEREST TAX AND WEALTH TAX	
	INCOME TAX	
687,158	Balance as per last Balance sheet	687,158
	INTEREST TAX	
50,530,328	Balance as per last Balance sheet	758,565
49,771,763	Less: Adj.against adv. Tax	—
758,565		758,565
	WEALTH TAX	
1,507,281	Balance as per last Balance sheet	2,312,281
805,000	ADD: Provision for the year	820,000
2,312,281		3,132,281
	FRINGE BENEFIT TAX	
1,168,000	Balance as per last Balance Sheet	1,735,504
567,504	ADD: Provision for the Year	630,000
1,735,504		2,365,504
13,453,830,679	TOTAL	13,925,888,115

R. JAYAPRAKASAM
Company Secretary

SHEELA RANI CHUNKATH
Principal Secretary /
Chairperson & Managing Director

Place : Chennai-35
Date : 31.07.2009

AS AT MARCH 31, 2009

AS AT 31.3.2008	PROPERTY AND ASSETS	AS AT 31.3.2009
Rs.		Rs.
10,700,194,808	Brought forward	11,465,885,741

12 PROFIT AND LOSS ACCOUNT

2,948,192,959	Balance as per last Balance Sheet	2,753,635,871
194,557,088	Less: Profit transferred during the year	293,633,497
<u>2,753,635,871</u>		<u>2,460,002,374</u>

<u>13,453,830,679</u>	TOTAL	<u>13,925,888,115</u>
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S. SUNDAR
Director

As per our report of even date annexed
For **M/s. VISWANATHAN & SWAMINATHAN**
Chartered Accountants

S. RAMAKUMAR
Partner

PROFIT AND LOSS ACCOUNT FOR

FOR THE YEAR ENDED 31.3.2008	EXPENDITURE	FOR THE YEAR ENDED 31.3.2009
Rs.		Rs.
	To Interest	
588,758,393	On Deposits, Bonds, Debentures & Other Borrowings	594,556,126
	" Salaries and Allowances	
1,557,156	Chairman and Managing Director	3,227,266
203,573,662	Others	378,363,699
	" Travelling & Other Allowances	
615,314	Chairman and Managing Director	302,158
3,640,178	Others	3,500,948
58,909	" Directors' Sitting Fees & Expenses	81,150
15,947,804	" Contribution to Provident Fund	21,208,094
18,484,291	" Rent, Rates, Insurance and Lighting	13,434,335
3,587,097	" Postage, Telegrams & Telephones	3,241,270
1,158,299	" Printing and Stationery	1,302,568
2,041,906	" Publicity and Advertisement & Business Promotion Expenses	2,237,522
2,466,883	" Repairs & Renewals	3,248,977
118,272	" Bank Charges	125,032
1,276,499	" Inspection & Recovery cost	1,205,219
	" Audit Fees	
157,304	For Statutory Audit	110,300
39,326	For Tax Audit	27,575
105,612	For Travelling and Conveyance	157,865
284,643	" Legal & Other Professional Expenses	1,030,804
843,871,548	Carried over	1,027,360,908

THE YEAR ENDED MARCH 31, 2009

FOR THE YEAR ENDED 31.3.2008		INCOME	FOR THE YEAR ENDED 31.3.2009	
Rs.			Rs.	Rs.
	By Interest			
878,686,559	i) On Loans and Advances (net of Int. Rebate allowed of Rs. 9,95,563/-) (L.Y.Rs.16,14,812/-)	1,025,888,741		
3,261,493	ii) On Investments and Deposits	12,402,921		
3,328,156	iii) On Advances to staff	4,031,114		
2,441,037	iv) On Tax Refund	<u>1,679,998</u>	1,044,002,774	
19,125,223	" Dividend on Shares		28,696,506	
343,747	" Profit on Sale of Assets		276,916	
	" Other Income			
12,396,958	Investigation Fees	18,262,908		
12,298,840	Upfront Fee	15,765,004		
11,056,487	Risk Coverage Receipts	11,164,046		
4,837,081	Miscellaneous Receipts	<u>10,239,115</u>	55,431,073	
13,040,607	" Bad Debts Recovered		19,087,555	
960,816,188	Carried over		1,147,494,824	

PROFIT AND LOSS ACCOUNT FOR

FOR THE YEAR ENDED 31.3.2008	EXPENDITURE	FOR THE YEAR ENDED 31.3.2009
Rs.		Rs.
843,871,548	Brought forward	1,027,360,908
	To OTHER EXPENSES	
1,783,627	i) Staff Amenities and Welfare Exps	1,682,259
206,639	ii) Books and Periodicals	239,797
4,506,124	iii) Expenses on Office Vehicles	4,388,099
19,711,932	iv) Financial Charges Paid	15,893,883
980,730	v) Staff Training and Seminar Exps	1,651,124
1,609,677	vi) Computer Maintenance Exps	1,825,121
2,316,711	vii) Sundries	2,973,186
		28,653,469
—	” Sales Tax	125,232
	” Waiver & Write off	
88,031,843	i) Loans Written off	80,238,706
14,696,038	ii) Other dues written off	9,392,263
4,770,676	iii) Loans waived	3,947,092
1,632,874	iv) Other dues waived	540,512
		94,118,573
	” Depreciation on	
6,084,429	Fixed Assets	7,686,264
	” Provision	
1,372,504	for Taxes	1,450,000
31,754,361	for Deferred Tax	17,384,726
3,641,666	for Standard assets	3,744,350
		22,579,076
194,557,088	” Net profit carried to Balance Sheet	293,633,497
1,221,528,467	TOTAL	1,474,157,019

Earnings per share – Basic / Diluted – Rs. 122.17/- (PY Rs: 145.74/-) (Face value of Rs, 1000/- each)

R. JAYAPRAKASAM
Company Secretary

SHEELA RANI CHUNKATH
Principal Secretary /
Chairperson & Managing Director

Place : Chennai-35
Date : 31.07.2009

THE YEAR ENDED MARCH 31, 2009

FOR THE YEAR ENDED 31.3.2008	INCOME	FOR THE YEAR ENDED 31.3.2009
Rs.		Rs.
960,816,188	Brought forward	1,147,494,824
	By Excess Provision Written back	
260,712,279	On NPAs	321,301,463
—	On Investments	<u>5,360,732</u>
		326,662,195
1,221,528,467	TOTAL	1,474,157,019

S. SUNDAR
Director

As per our report of even date annexed
For **M/s. VISWANATHAN & SWAMINATHAN**
Chartered Accountants

S. RAMAKUMAR
Partner

SCHEDULE FOR INVESTMENT IN SHARES AS ON 31ST MARCH 2009**I. FULLY PAID EQUITY SHARES (QUOTED)**

Sl. No.	Name of the Company	No. of Shares	Face Value	Book Cost	Market Rate / Book Value	Market Value/ Book Value	Net Value (Lower of (5) or (7))
(1)	(2)	(3)	Rs. (4)	Rs. (5)	Rs. (6)	Rs. (7)	Rs. (8)
1	Chettinad Cement Corporation Ltd.	1,233,910	10	26,158,892	456.65	563,465,001	26,158,892
2	Elgitread (India) Ltd. (formerly ERPL)	5,898,480	1	158,000	6.20	36,570,576	158,000
3	India Forge & Drop Stampings Ltd.	71,179	10	907,535	46.18	3,287,283	907,535
4	Industrial Development Bank Of India	35,680	10	2,899,000	45.40	1,619,872	1,619,872
5	Indian Steel Rolling Mills Ltd.	46,620	10	310,800	—	1	1
6	Kothari Sugars & Chemicals Ltd.	10,350	10	4,485,000	—	1	1
7	M I L Industries Ltd.	168,000	10	1,680,000	—	1	1
8	Madras Aluminium Company Ltd.	3,500,000	2	7,000,000	111.20	389,200,000	7,000,000
9	MICO Farm Chemical Ltd.	7,480	100	748,000	—	1	1
10	Rallis India Ltd.	53,410	10	667,660	391.75	20,923,368	667,660
11	Reed Relays & Electronics India Ltd.	41,956	10	2,097,850	83.30	3,494,935	2,097,850
12	Sakthi Sugars Ltd.	495,099	10	11,254,130	22.80	11,288,257	11,254,130
13	Secals Ltd.	125,000	10	5,475,000	187.25	23,406,250	5,475,000
14	Seshasayee Industries Ltd.	241,750	10	2,417,500	—	1	1
15	Seshasayee Paper & Boards Ltd.	1,800,000	10	16,000,000	70.05	126,090,000	16,000,000
16	Sivanandha Steels Ltd.	357,600	10	7,152,000	—	1	1
17	Sivanandha Pipe Fittings Ltd.	33,600	10	560,000	—	1	1
18	Sical Logistics Ltd (Formerly South India Corporation (Agencies) Ltd.)	160,467	10	16,368,640	19.30	3,097,013	3,097,013
19	Sun Paper Mills Ltd.	43,500	10	435,000	19.96	868,387	435,000
20	T & R Welding Products of India Ltd.	3,680	100	368,000	412.17	1,516,781	368,000
21	Kamar Chemicals & Industries Ltd.	137,550	10	1,834,000	—	1	1
22	Tamilnadu News Print & Papers Ltd.	400,000	10	44,000,000	56.75	22,700,000	22,700,000
23	Sree Maruthi Marine Industries Ltd., (Maruthi Crystal Salt Co.Ltd)	20,000	10	—	—	—	—
24	Bokiyu Tanneries Ltd.	41,900	10	—	—	—	—
25	Pandyan Hotels Ltd.	4,985	100	—	—	—	—
26	Wavin India Ltd.	59,275	10	—	—	—	—
27	Sicagen Ltd	160,467	10	—	4.03	646,682	—
TOTAL				152,977,007		1,208,174,413	97,938,960

II. FULLY PAID REDEEMABLE CUMULATIVE PREFERENCE SHARES (NON-QUOTED)

Sl. No.	Name of the Company	No. of Shares	Face Value Rs.	Book Cost Rs.	Net Value after Depreciation Rs.
1	Ergodyne Private Ltd.	900	100	90,000	1
2	Industrial Venture Capital Ltd (Yet to be redeemed)	1,000,000	10	10,000,000	1
3	Mod Shoe Co. P Ltd.	1,453	100	145,300	1
4	Sakthi Pipes Ltd.	9,703	100	-	-
5	Southern Structurals Ltd.	44,392	10	177,568	1
6	Zenith Lamps & Electricals Ltd.	48,575	10	-	-
7	Sleek Textiles Industries Ltd.	500,000	10	5,000,000	1
TOTAL				15,412,868	5

III FULLY PAID EQUITY SHARES (NON-QUOTED)

Sl. No.	Name of the Company	No. of Shares	Face Value Rs.	Book Cost Rs.	Net Value after Depreciation Rs.
1	India Meters Ltd.	443,242	10	4,749,030	1
2	Industrial Venture Capital Ltd.	1,000,000	10	10,000,000	1
3	ITCOT Consultancy and Services Ltd.	2,000	100	200,000	200,000
4	Lakshmi Precision Tools Ltd.	34,900	10	523,500	523,500
5	Marshall & Sons India Ltd.	79,372	10	198,430	1
6	Malladi Drugs & Pharmaceuticals Ltd.	770,000	5	500,000	500,000
7	Devi Spinning Mills Ltd.	1,000	1,000	1,000,000	1
8	Kumaragiri Electronics Ltd.	35,000	10	350,000	1
9	Rockfort Fastners Ltd.	25,000	10	250,000	1
10	Forge Mech Private Ltd.	3,900	10	39,000	1
11	Madras Forgings & Allied Industries(CBE)	4,849	100	484,900	1
12	Southern Castings Ltd.	46,310	10	-	-
13	Sakthi Pipes Ltd.	14,850	100	-	-
14	Trac Industries & Components Ltd.	9,960	100	-	-
15	Ramasayee Agro Industries Ltd.	2,500	100	-	-
16	Upper India Bearings & Bushings Ltd.	20,000	10	-	-
17	Tuber Pharma Chemicals Ltd.	20,000	10	-	-
18	Tamilnadu Alloy Foundry Co Ltd.	90,000	10	-	-
19	Omega Cables Ltd.	10,330	100	-	-
20	Micro Tools Ltd.	11,135	100	-	-
21	Guindy Industrial Estate Infrastructure Upgradation Company	2,500	10	25,000	25,000
TOTAL				18,319,860	1,248,508

SUMMARY OF INVESTMENTS AS ON 31ST MARCH 2009

	Current year (Rs.)	Last year (Rs.)
Cost of fully paid shares		
QUOTED		
EQUITY	152,977,007	152,977,007
NON QUOTED		
EQUITY	18,319,860	18,319,860
REDEEMABLE PREFERENCE	15,412,868	15,412,868
TOTAL	186,709,735	186,709,735
MARKET / BOOK VALUE	99,187,473	130,838,228
DEPRECIATION REQUIRED	87,522,262	55,871,507
DEPRECIATION HELD	87,522,262	92,882,994
NET VALUE OF INVESTMENTS AS PER BALANCE SHEET	99,187,473	93,826,741

R. JAYAPRAKASAM
Company Secretary

SHEELA RANI CHUNKATH
Principal Secretary /
Chairperson & Managing Director

S. SUNDAR
Director

As per our report of even date annexed
For **M/s. VISWANATHAN & SWAMINATHAN**
Chartered Accountants

Place : Chennai-35
Date : 31.07.2009

S. RAMAKUMAR
Partner

SCHEDULES SHOWING PARTICULARS OF LOANS AND ADVANCES REFERRED IN THE BALANCE SHEET AS AT 31.03.2009**1. Asset classification:**

Asset	Term Loans and Hire Purchase Loans			
	Gross (Rs.)	NPA Provisioning (Rs.)	Re-structure Provisioning (Rs.)	NET (Rs.)
Standard	7,539,920,963 (6,042,180,911)	—	15,482,192 —	7,524,438,771 (6,042,180,911)
Sub-Standard	303,404,587 (222,297,257)	28,791,748 (85,324,067)	1,779,677 —	272,833,162 (136,973,190)
Doubtful	1,884,808,605 (2,099,363,228)	1,737,527,887 (1,941,809,679)	—	147,280,718 (157,553,549)
Loss Assets	250,114,537 (322,307,273)	250,114,537 (322,307,273)	—	—
TOTAL	9,978,248,692 (8,686,148,669)	2,016,434,172 (2,349,441,019)	17,261,869 —	7,944,552,651 (6,336,707,650)

(Previous year figures are in brackets)

- 2 Debts due by concerns in which one or more Directors of the Corporation are interested as Directors/Partners/ Proprietors or as Share Holders in case of Private Companies. —
- 3 Total amount of loans disbursed during the year to concerns in which one or more Directors of the Corporation are interested as Directors / Partners / Proprietors or in the case of Private Companies as Members —
- 4 Loans guaranteed by the State Government and / or due by a Government Undertaking Rs. 709 lakhs

R. JAYAPRAKASAM
Company Secretary

SHEELA RANI CHUNKATH
Principal Secretary /
Chairperson & Managing Director

S. SUNDAR
Director

As per our report of even date annexed
For **M/s. VISWANATHAN & SWAMINATHAN**
Chartered Accountants

Place : Chennai-35
Date : 31.07.2009

S. RAMAKUMAR
Partner

Schedule 3

SCHEDULE OF BONDS AS ON 31.03.2009

SERIES NO.	BOND DESCRIPTION	PREVIOUS YEAR Rs.	BOND AMT. AT ORIGINAL COUPON RATE Rs.	BOND AMT. ROLLED OVER TO 7.50%, 8% & 8.50% Rs.	THIS YEAR (TOTAL) Rs.
35	11.50% Bonds 2008	40,620,000	—	—	—
36	11.50% Bonds 2008	34,500,000	—	—	—
37	11.50% Bonds 2009	53,000,000	—	—	—
38	11.50% Bonds 2009	41,917,000	21,943,000	19,974,000	41,917,000
39	11.50% Bonds 2009	50,000,000	17,500,000	32,500,000	50,000,000
40	11.50% Bonds 2010	31,000,000	14,000,000	17,000,000	31,000,000
41	11.50% Bonds 2010	30,000,000	2,500,000	27,500,000	30,000,000
42	11.50% Bonds 2010	64,250,000	16,750,000	47,500,000	64,250,000
43	11.50% Bonds 2011	40,000,000	16,500,000	23,500,000	40,000,000
44	11.50% Bonds 2011	35,255,000	28,155,000	7,100,000	35,255,000
45	12.00% Bonds 2012	56,000,000	31,000,000	25,000,000	56,000,000
46	12.00% Bonds 2012	38,500,000	21,000,000	17,500,000	38,500,000
47	13.00% Bonds 2007	1,200,000	—	1,200,000	1,200,000
48	13.00% Bonds 2007	16,200,000	—	16,200,000	16,200,000
53	14.00% Bonds 2005	5,400,000	—	—	—
54	14.00% Bonds 2005	17,400,000	—	—	—
55	13.85% Bonds 2006	5,145,000	—	5,145,000	5,145,000
56	13.75% Bonds 2007	10,447,000	—	10,447,000	10,447,000
57	12.30% Bonds 2007	38,500,000	—	8,500,000	8,500,000
58	12.30% Bonds 2008	9,730,000	—	9,730,000	9,730,000
59	12.30% Bonds 2008	665,000	—	565,000	565,000
60	11.33% Bonds 2010	411,250,000	93,750,000	317,500,000	411,250,000
61	10.50% Bonds 2011	68,235,000	22,000,000	46,235,000	68,235,000
62	8.30% Bonds 2012	256,600,000	132,002,000	124,598,000	256,600,000
63	7.92% Bonds 2012	208,000,000	208,000,000	—	208,000,000
64	6.75% Bonds 2013	116,725,000	116,725,000	—	116,725,000
TOTAL		1,680,539,000	741,825,000	757,694,000	1,499,519,000

R. JAYAPRAKASAM
Company Secretary

SHEELA RANI CHUNKATH
Principal Secretary /
Chairperson & Managing Director

S. SUNDAR
Director

As per our report of even date annexed
For **M/s. VISWANATHAN & SWAMINATHAN**
Chartered Accountants

Place : Chennai-35
Date : 31.07.2009

S. RAMAKUMAR
Partner

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1. General:

The accompanying financial statements have been drawn in accordance with the Generally Accepted Accounting Principles in India on the principle of Going concern concept and on historical cost convention basis except where stated otherwise and based on the guidelines issued by the Reserve Bank of India and other Regulatory authorities.

2. Revenue Recognition:

Revenue has been recognized on the following basis:

- a. Interest on loans is accounted on accrual basis except on advances identified as Non-Performing assets (NPAs) where it is recognized on realization as per the guidelines of the Operating Agency.
- b. Investigation Fees, Upfront fees, Risk coverage receipts etc are accounted upfront on cash basis.
- c. Dividend income is accounted in the year when the right to receive the payment is established.
- d. Lease Income is accounted in the year of receipt.
- e. All other Income which are material in nature are accounted on accrual basis.

3. Fixed Assets, Depreciation and Revaluation:

- a. Fixed Assets, including leased assets are stated on historical cost basis. Costs directly incurred on acquisition/take over are capitalized.
- b. Cost of Leased assets is amortized equally over the lease period. Accumulated lease adjustment, as per the Accounting Standard (AS-19) on leasing issued by the Institute of Chartered Accountants of India has been reduced from the leased assets.
- c. Depreciation on all other assets is provided from the date of addition at the rates and as per the method prescribed under schedule XIV of the companies Act 1956
 - I. In the case of Office Premises, on straight line method and
 - II. In the case of other assets, on Written down value method.
- d. The Corporation has evolved a policy of reviewing once in ten years the book value of land whose value has undergone significant change in order to relate them more closely to current fair value based on the Revaluation report. The carrying cost of the Land is increased to match with the Current Market value and the resultant difference is credited to Revaluation Reserve account through appraisals conducted by independent qualified valuers.

The resultant appreciation is held under Revaluation Reserve. The Corporation has carried out Revaluation as on 31.03.2007 and resultant appreciation of Rs.153.55 crores is held under revaluation reserve.

4. Investment:

All Investments are treated as Current and carried in the Financial Statements at lower of cost and fair value determined on an individual scrip basis and as per the guidelines issued by IDBI/SIDBI. Any reduction in the carrying amount and any reversal of such reduction is charged or credited to profit and loss account.

5. Advances:

Loans and Advances, including Hire Purchase Financing, are classified as Standard, Sub-standard, Doubtful and Loss based on their performance as per the prudential norms prescribed by RBI/IDBI/SIDBI. Necessary provisioning required thereon has also been arrived at taking into account individual evaluation, wherever required. Provisioning on Non-Performing Assets have been netted off against loans and advances/other dues.

6. Staff Retirement Benefits:

a. Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Short term employee benefits, including accumulated compensated absences, at the Balance Sheet date are recognized as an expense as per the Corporation's scheme based on expected obligations on undiscounted basis.

b. Long Term Employee Benefits:

The obligation for long term employee benefits such as long term compensated absence is provided for based on actuarial valuation as at the Balance Sheet date, using the Project Unit Credit Method.

c. Contribution towards Provident fund:

The Corporation's Provident Fund Scheme is a defined contribution plan.

The employees and the company make monthly contributions to a Provident Fund Trust, equal to a specified percentage of the covered employee's salary.

The contribution paid/payable under the scheme is recognized during the period in which employee renders the related services.

d. Contribution to Gratuity Fund:

The liability for Gratuity to employees as at the Balance Sheet date is determined on the basis of actuarial valuation based on Project Unit Credit Method and is funded to a Gratuity fund administered by the trustees. The contribution thereof paid/payable is charged in the books of accounts.

e. The compensation paid towards VRS is expensed in the year of incidence.

7. Borrowing Costs:

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the Assets. Other Borrowing costs are recognized as an expense in the period in which they are incurred. No expenses have been incurred by way of Borrowing Costs for acquiring Fixed assets during the year under review.

8. Leases:

The Properties taken on Lease/rental basis are under a term of Lease/Agreement for a period of less than 11 months and are renewable/cancellable by mutual consent of both parties of the agreement/Lease.

9. Accounting for Taxes On Income:

Income tax expense is the aggregate amount of current tax and deferred tax charged/adjustment. Current year taxes are determined in accordance with the Income Tax Act, 1961. Deferred Tax Assets and Liabilities are measured using tax rates and tax laws that have been enacted by the Balance Sheet date.

Deferred Tax is recognized on timing differences, being the difference between the taxable income and accounting income that originates in one period and are capable of reversing in one or more subsequent periods. The same is recognized using the rates and tax laws that have been enacted or subsequently enacted till the date of Balance sheet. Deferred Tax Asset on carry forward benefits is recognized to the extent of virtual certainty of its realization against profits.

10. Expenses on Intangible Assets:

Intangible Assets comprising of system software are stated at cost of acquisition including any cost attributable for bringing the same to its working condition less accumulated depreciation. Any expenses on such software for support and maintenance payable annually are charged to revenue account. Capitalised software is depreciated as per rates applicable to Data processors along with the computer.

11. Impairment of Assets:

The carrying costs of Assets are reviewed each year to find out whether there is any impairment on account of changes in circumstances and the same is recognized in accordance with the Accounting Standard 28.

12. Contingent Liabilities/Provisions:

Past events leading to possible or present obligations are treated as contingent liability. Provision is recognized in case of present obligations where a reliable estimate can be made and or where are probable outflow of resources forgoing of economic benefits to settle the obligation. No contingent assets are recognized in the accounts.

13. Prior Period Adjustments:

Considering the nature of Business, all prior period adjustments including those ascertained and determined during the year are accounted as prior period adjustments.

14. Appropriation of Repayments :

- a. Loan receipts are appropriated as follows:
 1. Other dues
 2. Interest
 3. Principal
- b. Receipts in the case of one time settlement/disposal of primary / collateral securities by the Corporation are appropriated as follows:
 1. Principal
 2. Other dues
 3. Interest
- c. Receipts subject to pending compliance of terms and conditions of OTS are appropriated as referred in (a) above.

B. DISCLOSURES TO COMPLY WITH THE ACCOUNTING STANDARDS:

1. Employee Benefits:

1.1 GRATUITY

I. PRINCIPAL ACTUARIAL ASSUMPTIONS

(Expressed as weighted averages)	31.03.2009	31.03.2008
Discount Rate	7.00%	8.00%
Salary escalation rate	4.00%	4.00%
Attrition rate	1.00%	1.00%
Expected rate of return on Plan Assets	8.50%	8.50%

In the following tables, all amounts are in thousands of rupees, unless otherwise stated

II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES

PVO as at the beginning of the period	1,08,925	1,00,916
Interest Cost	8,455	7,922
Current service cost	10,976	6,487
Past service cost - (non vested benefits)	0	0
Past service cost - (vested benefits)	63,733	0
Benefits Paid	(6,486)	(3,793)
Actuarial loss/(gain) on obligation	(3,128)	(2,607)
PVO as the end of the period	1,82,475	1,08,925

III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES

Fair value of plan assets as at the beginning of the period	1,08,925	1,00,916
Expected return on plan assets	9,308	8,564
Contributions	7,648	3,472
Benefits paid	(6,486)	(3,793)
Actuarial gain/(loss) on plan assets	(653)	(234)
Fair value of plan assets as at the end of the period	1,18,742	1,08,925

IV. ACTUAL RETURN ON PLAN ASSETS

Expected return on plan assets	9,308	8,564
Actuarial gain (loss) on plan assets	(653)	(234)
Actual return on plan assets	8,655	8,330

V. ACTUARIAL GAIN / LOSS RECOGNIZED

Actuarial gain / (loss) for the period - Obligation	3,128	2,607
Actuarial gain / (loss) for the period- Plan Assets	(653)	(234)
Total (gain) / loss for the period	(2,475)	(2,372)
Actuarial (gain) / loss recognized for the period	(2,475)	(2,372)
Unrecognized actuarial (gain) / loss at the end of the year	0	0

VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSIS

Present value of the obligation	1,82,475	1,08,925
Fair value of plan assets	1,18,742	1,08,925
Difference	63,733	0
Unrecognised transitional liability	0	0
Unrecognised past service cost - non vested benefits	0	0
Liability recognized in the Balance Sheet	63,733	0

VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

Current service cost	10,976	6,487
Interest Cost	8,455	7,922
Expected return on plan assets	(9,308)	(8,564)
Net actuarial (gain)/loss recognised in the year	(2,475)	(2,372)
Transitional Liability recognised in the year	0	0
Past service cost - non-vested benefits	0	0
Past service cost - vested benefits	63,733	0
Expenses recognized in the statement of Profit and Loss	71,381	3,472

VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET

Opening net liability	0	0
Expense as above	71,381	3,472
Contribution paid	(7,648)	(3,472)
Closing net liability	63,733	0

IX. AMOUNT FOR THE CURRENT PERIOD

Present Value of obligation	1,82,475	1,08,925
Plan Assets	1,18,742	1,08,925
Surplus (Deficit)	(63,733)	0
Experience adjustments on plan liabilities -(loss)/gain	12,252	2,607
Experience adjustments on plan assets -(loss)/gain	(653)	(234)

X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)

Government of India Securities	0.00%	11.47%
State Government Securities	0.00%	16.55%
High Quality Corporate Bonds	0.00%	56.24%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	15.70%
Funds managed by Insurer	0.00%	0.00%
Others	100.00%	0.00%
Total	100.00%	99.96%

XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR

0	3,612
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1.2 EARNED LEAVE

**I. PRINCIPAL ACTUARIAL ASSUMPTIONS
(Expressed as weighted averages)**

	31.03.2009	31.03.2008
Discount Rate	7.00%	8.00%
Salary escalation rate	4.00%	4.00%
Attrition rate	1.00%	1.00%
Expected rate of return on Plan Assets	0.00%	0.00%

In the following tables, all amounts are in thousands of rupees, unless otherwise stated

II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES

PVO as at the beginning of the period	95,782	63,755
Interest Cost	7,201	4,089
Current service cost	7,187	4,366
Past service cost - (non vested benefits)	0	0
Past service cost - (vested benefits)	0	0
Benefits paid	(11,543)	(25,297)
Actuarial loss/(gain) on obligation	35,868	48,869
PVO as at the end of the period	1,34,495	95,782

III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES

Fair value of plan assets as at the beginning of the period	0	0
Expected return on plan assets	0	0
Contributions	11,543	25,297
Benefits paid	(11,543)	(25,297)
Actuarial gain/(loss) on plan assets	0	0
Fair value of plan assets as at the end of the period	0	0

IV. ACTUAL RETURN ON PLAN ASSETS

Expected return on plan assets	0	0
Actuarial gain (loss) on plan assets	0	0
Actual return on plan assets	0	0

V. ACTUARIAL GAIN / LOSS RECOGNIZED

Actuarial gain / (loss) for the period - Obligation	(35,868)	(48,869)
Actuarial gain / (loss) for the period- Plan Assets	0	0
Total (gain) / loss for the period	35,868	48,869
Actuarial (gain) / loss recognized in the period	35,868	48,869
Unrecognized actuarial (gain) / loss at the end of the year	0	0

VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSIS

Present value of the obligation	134,495	95,782
Fair value of plan assets	0	0
Difference	1,34,495	95,782
Unrecognised transitional liability	0	0
Unrecognised past service cost - non vested benefits	0	0
Liability recognized in the Balance Sheet	1,34,495	95,782

VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

Current service cost	7,187	4,366
Interest Cost	7,201	4,089
Expected return on plan assets	0	0
Net actuarial (gain)/loss recognised in the year	35,868	48,869
Transitional Liability recognised in the year	0	0
Past service cost - non-vested benefits	0	0
Past service cost - vested benefits	0	0
Expenses recognized in the statement of Profit and Loss	50,256	57,324

VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET

Opening net liability	95,782	63,755
Expense as above	50,256	57,324
Contribution paid	(11,543)	(25,297)
Closing net liability	1,34,495	95,782

IX. AMOUNT FOR THE CURRENT PERIOD

Present Value of obligation	1,34,495	95,782
Plan Assets	0	0
Surplus (Deficit)	(1,34,495)	(95,782)
Experience adjustments on plan liabilities -(loss)/gain	(29,143)	(48,869)
Experience adjustments on plan assets -(loss)/gain	0	0

X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)

Government of India Securities	0.00%	0.00%
State Government Securities	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%
Funds managed by Insurer	0.00%	0.00%
Others	0.00%	0.00%
Total	0.00%	0.00%

XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and relevant factors including supply and demand in the employment market.

The above information is certified by the actuary.

2. Segment Reporting:

The Corporation is engaged primarily in the business of financing and there are no separate reportable segments as per AS-17 (Segment Reporting)

3. Related Party Disclosures (AS-18)

Key Managerial Personnel

Name	Designation
Tmt. SHEELA RANI CHUNKATH	CHAIRPERSON & MD
Thiru. C. UMASHANKAR	MD

Remuneration paid to Key Managerial Personnel Rs 2032369/- (PY Rs.1553842/-)

4. The calculation of basic and diluted earning per shares are adjusted for all the periods presented for the movement of shares on account of fresh allotment, the details of which are given below:

	31.03.2009	31.03.2008
Earnings for the year (Basic & diluted)	293,633,497	194,557,088
Weighted average No. of shares taken for computation	2,403,449	1,334,956
No. of shares outstanding at the year end	2,834,956	1,334,956

5. The major components of Deferred tax Assets/Deferred tax Liabilities are as follows:

(Amount in Rs)

DTA/DTL COMPONENTS	31.03.2009	31.03.2008
Deferred Tax Assets		
1. Brought Forward losses	33,990,000	8,869,564
2. Loan Loss Provisioning	90,874,398	132,610,724
3. Provision for employee Benefits	45,714,851	33,146,496
Total -DTA - A	170,579,249	174,626,784
Deferred tax Liabilities on		
Account of Depreciation -B	33,770,438	20,433,247
Net Deferred Tax A- B	136,808,811	154,193,537
Deferred Tax Asset Previous year	154,193,537	185,947,898
Provision for Deferred Tax	17,384,726	3,175,4361

C. DISCLOSURE TO COMPLY WITH THE REQUIREMENT OF CONTROLLING AUTHORITIES OF THE CORPORATION

- Provisions for loan losses have been made on the outstandings after considering monies held under deposits. All credit exposures are classified as per the Regulator's guidelines into performing and non-performing assets. NPAs are further classified into substandard, doubtful and loss assets based on the criteria stipulated by the Regulator and provisions are made as per the Accounting Policy.
- To meet the additional provision requirement towards Standard Assets, the Corporation has provided Rs. 37.44 lakhs (L.Y. Rs. 36.42 lakhs) during the year.

3. MOVEMENT OF PROVISIONS

(Rs. in lakhs)

	NPA	INVESTMENTS	OTHER ASSETS	RESTRUCTURED ACCOUNTS	TOTAL
Opening Provisions for advances / Investment / Other assets	23494	929	765	—	25188
ADD :					
Addition during the year	288	—	—	173	461
	23782	929	765	173	25649
LESS :					
Write off/ Write back/ Recovery during the year	3618	54	56	—	3728
Closing Balance	20164	875	709	173	21921

4. INFORMATION IN RESPECT OF RE-STRUCTURED ASSETS

(Rs. in lakhs)

		YEAR ENDED MARCH 31 st 2009			YEAR ENDED MARCH 31 st 2008		
		CDR MECHANISM	SME DEBT RE-STRUCTURING	OTHERS	CDR MECHANISM	SME DEBT RE-STRUCTURING	OTHERS
Standard Advances Re-structured	Number of borrowers		421			NIL	
	Amount Outstanding		17428			NIL	
	Sacrifice (Diminution in fair value)		155			NIL	
Sub-Standard Advances Re-structured	Number of borrowers		85			NIL	
	Amount Outstanding		1518			NIL	
	Sacrifice (Diminution in fair value)		18			NIL	
Doubtful Advances Re-structured	Number of borrowers		NIL			NIL	
	Amount Outstanding		NIL			NIL	
	Sacrifice (Diminution in fair value)		NIL			NIL	
TOTAL	Number of borrowers		506			NIL	
	Amount Outstanding		18946			NIL	
	Sacrifice (Diminution in fair value)		173			NIL	

5. ADDITIONAL DISCLOSURES REGARDING RE-STRUCTURED ACCOUNTS

(Rs. in lakhs)

PARTICULARS	Number	Amount
1 Applications received upto March 31st 2009 for restructuring in respect of accounts which were standard as on September 1st 2008. (Standard as on 1/9/08 and also as on 31/3/09)	403	16916
2 Of (1), proposals approved and implemented as on March 31st 2009, which thus became eligible for special regulatory treatment and were classified as standard assets as on the date of the Balance Sheet. (Standard as on 1/9/08 but Sub-standard on 31/3/09)	18	512
3 Of (1), proposals approved and implemented as on March 31st 2009 but could not be upgraded to standard category (Sub-standard as on 1/9/08 and also Sub-standard as on 31/03/09)	85	1518
Total	506	18946
4 Of (1), proposals under progress, implementation which were standard as on March 31st 2009.	Nil	Nil
5 Of (1), proposals under progress, implementation which turned NPA as on March 31st 2009 but were expected to be classified as standard assets on full implementation of the package.	Nil	Nil

6. DATA ON WORKING RESULTS AND FINANCIAL POSITION (Disclosure made to the extent possible in compliance with SIDBI's guidelines vide Circular dated 04.05.2001)

	Current Year	Previous Year
a) Interest income as a percentage of average working funds	9.14%	8.58%
b) Non-interest income as a percentage of average of working funds	3.77%	3.22%
c) Operating Profit as a percentage of average working funds	2.57%	1.88%
d) Operating Profit per employee	Rs. 4.88 lakhs	Rs. 3.12 lakhs
e) Net Risk Weighted Assets	Rs. 95,585 lakhs	Rs. 79,761 lakhs
f) Core Capital Adequacy Ratio	3.83%	0.86%
g) Tire II Capital Adequacy	3.83%	0.86%
h) Capital Adequacy Ratio (CAR)	7.66%	1.72%
i) Percentage of Net NPAs to Net Loans and Advances	5.29%*	4.65%
j) Percentage of Net NPA (Sub-Standard) to Net Loans and Advances	3.43%	2.16%
k) Percentage of net NPA (Doubtful) to Net Loans and Advances	1.86%	2.49%

* Additional provision made during the previous year for certain specific sectors was withdrawn during the current year resulting in marginal increase in net NPA. Had the additional provision been retained the net NPA would have been 4.02% as compared to 5.29% indicated above.

I) Movement in NPAs

(Rs. in Crore)

FINANCIAL YEAR	2008-09			2007-08		
LOAN CATEGORY	GROSS	PROV	NET	GROSS	PROV	NET
SUB-STANDARD	30	3	27	22	9	13
DOUBTFUL	189	174	15	210	194	16
LOSS	25	25	—	32	32	—
TOTAL	244	202	42	264	235	29

7. Credit exposures as percentage to total assets, in respect of:

- The largest single borrower is Rs. 19.96 Crore 2% to total assets
- The largest single borrower group is Rs.19.96 Crore 2% to total assets
- The 10 largest borrowers is Rs.129.70 Crore 13 % to total assets
- The 10 largest borrower group is Rs.129.70 Crore 13% to total assets

8. **LIQUIDITY**

MATURITY PATTERN OF ASSETS AND LIABILITIES

In compiling the information of Maturity pattern, certain estimates and assumptions have been made by the Management, which have been relied upon by the auditors.

(Rs. in lakhs)

	<=1 YR	>1 YR & UPTO 3 YRS	>3 YRS & UPTO 5 YRS	>5 YRS & UPTO 7 YRS	>7 YRS & UPTO 10 YRS	>10 YRS	TOTAL
2008-09							
ASSET	25096	26207	19208	8067	18482	17388	114448
LIABILITIES	27819	35100	19875	7259	3484	45511	139048

D. **OTHER MATTERS**

Pay Arrears

1. The Tamil Nadu Government under the Tamil Nadu revised scales of pay rules 2009 vide G.O.No.250 dated 17.06.2009 revised the pay structure of the employees of the Corporation with effect from 01.01.2006 with monetary benefit from 01.01.2007. An amount of Rs.754 lakhs has been provided for the period from 01.01.2007 to 31.03.2009 in the accounts for the year.

Consequential impact on retirement benefits has also been worked out on a proportionate incremental basis by applying the Gratuity ceiling limit as Rs.10 lakhs based on the Govt. G.O. 235 dated 01/06/2009. The break up of which is given as under:

Gratuity : Rs.760 Lakhs

Leave Encashment : Rs.286 Lakhs

2. IDBI has been approached for conversion of loan in lieu of Capital of Rs. 12.50 crores into equity.
3. A) Under the direction of the Government of Tamilnadu (G.O.No.51 dated 18/8/2004 & G.O.No.19 dated 7/2/2005 of Industries (MIC 1) Dept. and followed up with G.O.No. 35 & 36 dated 12/4/2006, the Corporation has been appointed as the

"Nodal Agency" on behalf of the Govt. of Tamilnadu for providing financial assistance to selective Sugar Mills to clear the sugarcane arrears. These monies are to be paid back to the Govt. immediately on receipt of the same from the Sugar Mills. Since the Corporation is functioning only as a Channel for the funds flow:

- (i) to the extent of monies given to the Sugar Mills under Agency arrangements, the same has been shown under "Other Assets" with the corresponding due to the Govt; and
 - (ii) to the extent of monies received still undisbursed, they have been shown under "Other Liabilities" and is now held in P.D. Account with RBI.
- B) Loans and advances include Rs.102.45 crores of financial assistance extended to certain Sugar Mills under Co-operative/Public sector as per the directions of the State Government vide G.O. (M.S) No. 45 Inds (MIF2) Dept. dated 7th March 2008.

4. Term Deposits with banks include a sum of Rs.12,600/- (L.Y.Rs.133682) towards Bank Guarantee for Sales Tax.

5. Confirmation of Loans and Advances

Balance in respect of loanee accounts have been treated as confirmed, since there is no dispute regarding the demand notice (which includes outstanding amount) sent by the Corporation.

6. Dividend deficit of Rs.14,146,440 is an intangible item representing minimum guaranteed dividend paid to IDBI & others out of funds received from the Government of Tamilnadu by way of subvention. The deficit would be absorbed and the liability paid back on the Corporation generating adequate profits after recovery of losses carried forward.
7. Advance income/interest tax include the amounts adjusted by the Departments/paid by the Corporation in respect of certain disputed tax demands.
8. The minimum guaranteed dividend payable to the Government of Tamilnadu at the rate of 3.5%/7.5% amounting to Rs.317.49 lakhs for the financial years from 1997-98 to 1999-2000 has not been provided for due to carry forward losses.

9. Contingent Liabilities

	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
(i) Claims of borrowers not acknowledged as debt	219	219
(ii) Sales Tax/Service tax/IT	316	29
(iii) Others	182	177

10. The Corporation has no "suppliers/vendors" as such to be classified as required by "The Micro, Small and Medium Enterprises Development Act, 2006".
11. Figures of the previous year have been regrouped / rearranged, wherever necessary.
12. The Accounts have been revised based on the Preliminary Comments of the Accountant General. The impact is that the fixed deposit has decreased by Rs. 0.53 lakhs and liability for others has increased by Rs. 0.53 lakhs.

R. JAYAPRAKASAM
Company Secretary

SHEELA RANI CHUNKATH
Principal Secretary /
Chairperson & Managing Director

S. SUNDAR
Director

As per our report of even date annexed
For **M/s. VISWANATHAN & SWAMINATHAN**
Chartered Accountants

S. RAMAKUMAR
Partner

Place : Chennai-35
Date : 31.07.2009

INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE ACCOUNTANT GENERAL
(COMMERCIAL AND RECEIPT AUDIT)
TAMIL NADU
"Lekha Pariksha Bhavan"
361, Anna Salai, Chennai - 600 018
Phone : 044-2432 7922
Fax : 044-2431 1659
Email : agautamilnaduz@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF TAMIL NADU INDUSTRIAL INVESTMENT CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2009.

The preparation of financial statements of Tamilnadu Industrial Investment Corporation Limited for the year ended 31st March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 31.07.2009.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Tamilnadu Industrial Investment Corporation Limited for the year ended 31st March 2009. This supplementary audit has been carried out independently without access to the working papers (in case of non-review of working papers) of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. In view of the revisions made in the financial statements by the management, as result of my audit observations highlighted during supplementary audit as indicated in the Note No. 12 of the Notes forming part of Accounts, I have no further comments to offer upon or supplement to the Statutory Auditor's Report under Section 619(4) of the Companies Act, 1956.

Place : CHENNAI - 18
Date : 05.08.2009

(S. RAJANI)
Accountant General

THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED

A) CASH FLOW FROM OPERATING ACTIVITIES:

	2008-2009 Rs.	2007-2008 Rs.
Net Profit/(Loss) before Tax	312,468,223	227,683,953
Adjustments for:		
Depreciation & lease charge for the year	7,686,264	6,084,429
Loan loss provisioning and writeoffs	3,744,350	3,641,666
Loss/(Profit) on Sale of Fixed Assets	(276,916)	(343,747)
	<u>323,621,921</u>	<u>237,066,301</u>
Adjustment for:		
(increase) Decrease in Investments	(5,360,732)	114,000
(increase) decrease in advances	(1,607,845,001)	(1,039,025,465)
Increase (decrease) in borrowings	293,454,465	(167,569,884)
Increase in deposits	84,906,029	356,600,972
Increase in other assets	19,495,378	(5,366,474)
Increase (decrease) in other Liabilities	88,502,592	8,001,040
	<u>(i) (803,225,348)</u>	<u>(610,179,510)</u>
Direct Taxes due / paid	<u>(ii) (1,393,015)</u>	<u>950,927</u>
	<u>(i+ii) (804,618,363)</u>	<u>(609,228,583)</u>

B) CASHFLOW FROM INVESTMENT ACTIVITIES:

Purchase of Fixed Assets	(10,356,043)	(5,598,585)
Proceeds from sale of assets	301,000	394,700
	<u>(10,055,043)</u>	<u>(5,203,885)</u>

C) CASHFLOW FROM FINANCING ACTIVITIES:

Increase (decrease) in Share Capital	—	1,500,000,000
Net increase/(decrease) in cash and cash equivalents	(A+B+C) (814,673,406)	885,567,532
Cash and Cash equivalents at the beginning of the year	2,088,569,902	1,203,002,370
Cash and Cash equivalents at the end of the year	1,273,896,496	2,088,569,902

D) DETAILS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR:

Cash in hand	5,330,262	8,856,314
Reserve Bank of India	1,067,706	9,348,799
Current A/c with Scheduled Banks	238,443,544	307,463,128
Term Deposits with Banks	200,354,984	870,478,884
P.D. A/c with RBI	828,700,000	892,422,777

TOTAL	<u>1,273,896,496</u>	<u>2,088,569,902</u>
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R. JAYAPRAKASAM
Company Secretary

SHEELA RANI CHUNKATH
Principal Secretary /
Chairperson & Managing Director

S. SUNDAR
Director

As per our report of even date annexed
For **M/s. VISWANATHAN & SWAMINATHAN**
Chartered Accountants

S. RAMAKUMAR
Partner

Place : Chennai-35
Date : 31.07.2009

THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LTD. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

REGISTRATION DETAILS

I. REGISTRATION NO.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 4 5 8	STATE CODE	<input type="text"/> 1 <input type="text"/> 8
BALANCE SHEET DATE	<input type="text"/> 3 <input type="text"/> 1 <input type="text"/> <input type="text"/> 0 3 <input type="text"/> <input type="text"/> 2 0 0 9		
II. CAPITAL RAISED DURING THE YEAR (Amount in Thousands)			
Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L		
Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L		
Rights Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L		
Private Placement	<input type="text"/> 1 5 0 0 0 0 0		
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Thousands)			
Total Liabilities	<input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 2 <input type="text"/> 2 0 8 9 4		
Total Assets	<input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 2 <input type="text"/> 2 0 8 9 4		
Source of Funds			
Paid up Capital	<input type="text"/> 2 8 3 4 9 5 6		
Reserves & Surplus	<input type="text"/> 1 5 7 2 2 7 2		
Secured Loans	<input type="text"/> 6 8 6 5 1 7 6		
Unsecured Loans	<input type="text"/> 9 4 8 4 9 0		
Application of Funds			
Net Fixed Assets	<input type="text"/> 1 7 3 2 5 8 5		
Investments	<input type="text"/> 9 9 1 8 7		
Net Current Assets	<input type="text"/> 7 9 1 4 9 7 4		
Misc. Expenditure	<input type="text"/> 1 4 1 4 6		
Accumulated Losses	<input type="text"/> 2 4 6 0 0 0 2		
IV. PERFORMANCE OF COMPANY (Amount in Thousands)			
Turnover	<input type="text"/> 1 4 7 4 1 5 7		
Total Expenditure	<input type="text"/> 1 1 6 1 6 8 9		
Profit before tax	<input type="text"/> 3 1 2 4 6 8		
Profit after tax	<input type="text"/> 2 9 3 6 3 3		
Earning per share in Rs.	<input type="text"/> 1 2 2		
Dividend rate %	<input type="text"/> -- -- --		
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF COMPANY (As per Monetary Terms)			
Item Code No. (ITC Code)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N A		
Product Description	<input type="text"/> T <input type="text"/> E <input type="text"/> R <input type="text"/> M <input type="text"/> <input type="text"/> L <input type="text"/> E <input type="text"/> N <input type="text"/> D <input type="text"/> I <input type="text"/> N <input type="text"/> G		

R. JAYAPRAKASAM
Company Secretary

SHEELA RANI CHUNKATH
Principal Secretary /
Chairperson & Managing Director

S. SUNDAR
Director

Place : Chennai-35
Date : 31.07.2009

HEAD OFFICE

692, 'MHU' Complex,
Anna Salai, Nandanam,
Chennai - 600 035.

TELEPHONE
24331203

GRAMS
MINDVEST

FAX
24347209

E-MAIL
tiicltd@vsnl.com

Website: <http://www.tiic.in>

REGIONAL OFFICES**1) CHENNAI**

692, Anna Salai,
Ground Floor, Right Wing,
Nandanam, Chennai - 600 035.

24315989 MINDVEST 24315161 chn_ro@tiic.org

2) COIMBATORE

United Shopping Complex,
94, Dr. Nanjappa Road, I Floor
Coimbatore - 641 018.

2302231 MINDVEST 2303316 cbe_ro@tiic.org

3) MADURAI

Plot No. 3,
Vaigai Colony, Anna Nagar,
Madurai 625 020.

2533018 MINDVEST 2521619 mdu_ro@tiic.org

4) TIRUNELVELI

Sakunthala Shopping Complex
5C / 5B, II Floor, Trivandrum Road
Vannarpettai, Tirunelveli - 627 003

2502038 MINDVEST 2502182 tirunelveli_ro@tiic.org

5) SALEM

Sri Lakshmi Complex, 1st Floor
4/22, Omalur Main Road
Swarnapuri, Salem - 636 004.

2440444 MINDVEST 2431544 salem_ro@tiic.org

6) TRICHY

K.R.T. Building, II Floor,
33, Promenade Road,
Contontment,
Trichy - 620 001.

2414177 MINDVEST 2416625 trichy_ro@tiic.org

BRANCH OFFICES**1) CHENNAI REGION****a) CHENNAI & KANCHEEPURAM**

692, Anna Salai, Ground Floor,
Right Wing, Nandanam,
Chennai - 600 035.

24315979 MINDVEST chennai@tiic.org

b) SPECIAL RECOVERY BRANCH

692, Anna Salai, Ground Floor,
Left Wing, Nandanam,
Chennai - 600 035.

24343903 MINDVEST srb@tiic.org

c) TIRUVALLUR

86, C&D, II Main Road,
Ambattur Industrial Estate,
Chennai - 600 058.

26257664 MINDVEST tiruvallur@tiic.org

	TELEPHONE	GRAMS	E-MAIL
d) CUDDALORE Arcot Woodlands (Annexe), III Floor, No.1, Bharathi Road, Cuddalore - 607 001.	230831	MINDVEST	cuddalore@tiic.org
e) VELLORE T.K.M. Complex, II Floor, 45, Katpadi Road, Vellore - 632 004.	2222174	MINDVEST	vellore@tiic.org
f) VILLUPURAM (Field Office) No. 23-A, Ranganathan Road, First Floor (Hotel Woodlands Complex), Chennai - Trichy Trunk Road, Villupuram - 605 602	229131	MINDVEST	villupuram@tiic.org
g) TIRUVANNAMALAI (Field Office) 4-A, Lakshmipuram I Floor, Bye Pass Road, Gandhi Nagar, Tiruvannamalai - 606 602.	253032	MINDVEST	tv_malai@tiic.org
2) COIMBATORE REGION			
a) COIMBATORE United Shopping Complex, I Floor, 94, Dr. Nanjappa Road, Coimbatore - 641 018.	2380520	MINDVEST	cbe@tiic.org
b) COIMBATORE (SRB) United Shopping Complex, I Floor, 94, Dr. Nanjappa Road, Coimbatore - 641 018.	2302121	MINDVEST	cbe_srb@tiic.org
c) TIRUPUR Kumaran Shopping Complex, II Floor, Kumaran Road, Near Railway Station Tirupur - 641 601.	2207489	MINDVEST	tiruppur@tiic.org
d) ERODE 405/1, Dr. P. Gopinath Hospital Bldg, II Floor, Perundurai Road, Erode - 638 011.	2262080	MINDVEST	erode@tiic.org
3) MADURAI REGION			
a) MADURAI 1A, 2nd East Main Street, I Floor, Anna Nagar, Madurai - 625 020.	2533331	MINDVEST	mdu_ssi@tiic.org

	TELEPHONE	GRAMS	E-MAIL
b) MADURAI (SRB) Plot No. 3, Vaigai Colony, Anna Nagar, Madurai - 625 020.	2523758	MINDVEST	mdu_srb@tiic.org
c) DINDIGUL Plot No.9, Spencer Compound (II Floor), 2433785 Tiruvalluvar Salai (Near Bus Stand), Dindigul - 624 003.		MINDVEST	dindugal@tiic.org
d) KARAİKUDI Sri P.P.K. Complex, II Floor Plot No. 58, Block No. 24 Sekkalaikottai, Karaikudi - 630 002.	238746	MINDVEST	karaikudi@tiic.org
e) RAMANATHAPURAM (Field Office) No.77-B, Railway Feeder Road, Velipattinam, Ramanathapuram - 623 504.	220474	MINDVEST	ramnad@tiic.org
f) THENI (Field Office) 2-A, 1st Floor, Jeganathan Street, Old T.V.S. Road, Bungalamedu, Theni - 625 531.	251982	MINDVEST	theni@tiic.org
4) TIRUNELVELI REGION			
a) TIRUNELVELI Sakunthala Shopping Complex, 5C/5B, II Floor, Trivandrum Road, Vannarpettai Tirunelveli - 627 003.	2502038	MINDVEST	tirunelveli@tiic.org
b) NAGERCOIL Old No. 37, New No. 143 Cape Road, Nagercoil - 629 001.	232859	MINDVEST	nagercoil@tiic.org
c) TUTICORIN No. 4/35, N.P.S. Complex, II Floor, Polepettai, Near New Bus Stand, Tuticorin - 628 002.	2346082	MINDVEST	tuticorin@tiic.org
d) VIRUDHUNAGAR No. 100, Railway Feeder Road, Virudhunagar - 626 001.	243911	MINDVEST	v_nagar@tiic.org

	TELEPHONE	GRAMS	E-MAIL
e) RAJAPALAYAM (BCO) D.No. 59A/17, I Floor, P.P. Velayutha Raja Complex, Pannayar Street Rajapalayam - 626 117.	2502038	MINDVEST	v-nagar@tiic.org
5) SALEM REGION			
a) SALEM Sri Lakshmi Complex, 1st Floor 4/22, Omalur Main Road Swarnapuri, Salem - 636 004.	2440444	MINDVEST	salem@tiic.org
b) NAMAKKAL Sri Buvaneswari Complex II Floor, No. 2, 5/2, Dr. Sankaran Road, Namakkal - 637 001	221068	MINDVEST	namakkal@tiic.org
c) DHARMAPURI DDDC Buildings (Upstairs) Pennagaram Road Dharmapuri - 636 702.	260866	MINDVEST	dharmapuri@tiic.org
d) HOSUR P.B. No. 49, No. 7, II Cross, II Floor Kamaraj Colony Hosur - 635 109.	222876	MINDVEST	hosur@tiic.org
6) TRICHY REGION			
a) TRICHY K.R.T. Building, II Floor, No. 33, Promenade Road, Cantonment, Trichy - 620 001.	2460498	MINDVEST	trichy@tiic.org
b) PUDUKKOTTAI 'Mena Complex', II Floor, T.S. No.2430/31, West Main Street, Pudukkottai - 622 001.	222354	MINDVEST	p_kottai@tiic.org
c) THANJAVUR No.33, South Main Street, IOB Building, II Floor, Thanjavur - 613 009.	230465	MINDVEST	thanjavur@tiic.org
d) KARUR Ground Floor 526, North Pradakshanam Road, Karur - 639 001.	235581	MINDVEST	karur@tiic.org

PRINCIPAL OFFICERS AT HEAD OFFICE

Sl.No.	Name	Designation
1.	Thiru K.P. Perumal	Deputy General Manager (MIS)
2.	Thiru S. Sakthivel	Deputy General Manager
3.	Thiru V.P. Dinakarababu	Deputy General Manager
4.	Thiru M. Muthukrishnan	Deputy General Manager
5.	Thiru A. Mohan	Deputy General Manager
6.	Thiru S. Govind Swamynathan	Deputy General Manager
7.	Thiru K. Chockalingam	Assistant General Manager
8.	Thiru V. Chandrasekaran	Assistant General Manager
9.	Thiru R. Narayanan	Assistant General Manager
10.	Thiru K. Gurusurthy	Assistant General Manager
11.	Thiru D.D. Thomas	Manager
12.	Thiru K. Selvakumar	Manager
13.	Thiru S. Muralidharan	Manager
14.	Thiru N. Krishnamurthy	Manager
15.	Selvi M.S. Vijayalakshmi	Manager
16.	Thiru R. Jayaprakasan	Manager
17.	Thiru S. Varadarajan	Manager
18.	Thiru N. Kalathy	Manager



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