



தமிழ்நாடு தொழில் முதலீட்டுக்கழகம்

The Tamilnadu Industrial Investment Corporation Limited

61st Annual Report 2009-2010

அறுபத்தி ஒன்றாம் ஆண்டு அறிக்கை

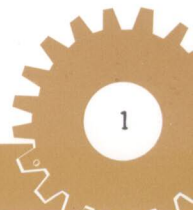
In pursuit of Industrial Excellence...

THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED

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



SIXTY FIRST ANNUAL REPORT AND STATEMENT OF ACCOUNTS MARCH 31, 2010



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BOARD OF DIRECTORS

(as on 18.06.2010)

1. **Tmt. Sheela Rani Chunkath, I.A.S.,**
Principal Secretary / Chairperson &
Managing Director, TIIC
2. **Thiru P. Selvam, I.A.S.,**
Addl. Chief Secretary to Government,
Micro, Small & Medium Enterprises Department
Government of Tamilnadu.
3. **Selvi Apoorva, 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
Small Industrial Development Bank of India (SIDBI)
Chennai.
6. **Thiru Randolph Edmund Rowe**
General Manager
Small Industrial Development Bank of India (SIDBI)
Chennai.
7. **Thiru S. Sundar**
Chief General Manager (Retired)
State Bank of India (SBI)
8. **Thiru D. Gandhikumar**
President
Tamilnadu Small and Tiny Industries Association (TANSTIA)

AUDITORS

M/s. VISWANATHAN & SWAMINATHAN

Chartered Accountants
Chennai.

PRINCIPAL BANKERS

RESERVE BANK OF INDIA
INDIAN BANK
UNION BANK OF INDIA
CANARA BANK

SYNOPSIS OF BALANCE SHEET

		Rs. in lakhs
As on 31.03.2009	CAPITAL & LIABILITIES	As on 31.03.2010
28,350	Paid up Capital	28,350
15,723	Reserves & Surplus	15,723
1,250	Loan in lieu of capital	1,250
7,373	Deposits	13,997
14,995	Bonds	13,610
33,462	Refinance from SIDBI	45,944
13,325	Line of Credit – Banks	9,487
24,781	Other Liabilities	25,157
1,39,259	Total	1,53,518
PROPERTY & ASSETS		
12,739	Cash & Bank Balances	10,204
992	Investments	1,182
79,446	Loans & Advances	1,01,910
17,326	Fixed Assets	17,333
4,156	Other Assets	2,773
24,600	Profit & Loss A/c	20,116
1,39,259	Total	1,53,518

YEARS AT A GLANCE

Rs. in lakhs

RESOURCES	As on March 31st	
	2009 Rs.	2010 Rs.
Share Capital	28,350	28,350
Reserves & Surplus	15,723	15,723
Loan in lieu of Capital	1,250	1,250
Bonds	14,995	13,610
Deposits	7,373	13,997
Refinance from SIDBI	33,462	45,944
Line of Credit – Banks	13,325	9,487

FINANCIAL HIGHLIGHTS	2008-2009 Rs.	2009-2010 Rs.
Gross Income	14,742	18,956
Interest paid	5,945	6,845
Administrative expenses	5,672	6,478
Operational Profit	3,125	5,633
Profit before tax	3,125	5,633
Profit after tax	2,936	4,484

OPERATIONS	2008-2009		2009-2010	
	No.	Amount Rs.	No.	Amount Rs.
(i) Total assistance sanctioned (All types gross)	1,262	53,837	1,908	66,813
a) Micro and Small Enterprises	1,204	41,931	1,715	40,438
(ii) Amount of assistance disbursed	—	41,622	—	57,027
(iii) Amount of assistance outstanding (All types)	—	99,782	—	1,17,135

THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED

692, Anna Salai, Nandanam, Chennai - 600 035

NOTICE FOR THE 61ST ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE CORPORATION

NOTICE is hereby given that the 61st Annual General Meeting of the Company will be held at the Registered Office at No.692, Anna Salai, Nandanam, Chennai 600 035 on Wednesday, 14th July, 2010 at 11.30 A.M to transact the following business.

ORDINARY BUSINESS:

1. a) To consider the comments, if any, of the Comptroller and Auditor General of India on the audit of the company's accounts for the year ended 31st March, 2010.
b) To receive, consider and adopt the audited Balance Sheet, as at 31st March, 2010 and the Profit and Loss Account for the year ended 31st March, 2010 and the report of the auditors.
2. To consider the Report of the Directors.
3. To elect a director in the place of Dr. Vijay M. Pingale, I.A.S., Deputy Secretary to Government, Finance Department, Government of Tamilnadu who retires at this meeting. The retiring director is eligible for re-election.
4. To elect a director in the place of Thiru S. Sundar, Chief General Manager (Retd.), State Bank of India who retires at this meeting. The retiring director is eligible for re-election.
5. To enhance the remuneration payable to M/s.Viswanathan & Swaminathan, Statutory Auditors and if thought fit to pass, with or without modifications, the following resolution as an ordinary resolution:
"RESOLVED THAT to enhance the remuneration payable to M/s.Viswanathan & Swaminathan, Statutory Auditors from Rs.1,00,000/- p.a. to Rs.1,56,250/- p.a. (Rupees one lakh fifty six thousand two hundred and fifty only) and tax audit fee from Rs. 25,000/- p.a. to Rs. 35,000/- p.a. (Rupees thirty five thousand only) plus the actual expenses to meet travelling allowances and out of pocket expenses."
6. To transact other business of which due notice is given to the company

(By order of the Board)

R. JAYAPRAKASAM
COMPANY SECRETARY

Place : Chennai-35

Dated : 18th June, 2010

N.B. A member entitled to attend and vote, may appoint a proxy to attend the vote instead of himself and a proxy need not be a member of the company.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has pleasure in presenting the 61st Annual Report of the Corporation for the financial year ended 31st March 2010. You will be happy to know that during this year, the several strategic initiatives taken by the Corporation have led to significant improvement in performance in all key business areas, despite the continuous adverse external environment and recessionary conditions in the economy.

HIGHLIGHTS

- The Corporation has registered net profit for the seventh consecutive year. For the year ended 31.03.2010 it achieved Rs. 44.84 crores, the highest ever in recent years.
- The profit before write-off and write-back of provisions on non-performing assets, for the financial year 2009-10, was Rs.16.10 crores as against Rs.5.65 crores during the last year, thus recording an increase of 184.95%.
- The loan sanctions were at Rs.668.13 crores as compared to Rs.538.37 crores of last year.
- Standard Assets increased from Rs.753.99 crores to Rs.984.94 crores this year registering a growth rate of 30.63%.
- The Total loan portfolio crossed the Rs.1000 crores mark to Rs.1171.35 crores from Rs.997.82 crores last year.
- The Gross Non-performing Assets (NPA) fell from 24.44% of last year to 15.91% this year. The net NPA decreased to 3.35% from 5.29% last year.
- None of the Corporations' branches registered any increase in NPA during the current year, indicating good monitoring by the officials.
- Profit per employee grew from Rs.4.88 lakhs to Rs.7.59 lakhs.
- The Capital Adequacy Ratio improved from 7.66% of last year to 13.72%, this year.
- Establishment expenses, expressed as a percentage to total income, came down

to 16.00% from 20.22% of last year.

- Gross recoveries jumped from Rs.380.84 crores to Rs.494.88 crores, recording a rise of 29.94%.
- It may be noted that all this has been achieved despite global recession and consequent industrial slowdown in India.
- The Corporation could brave the recessionary environment to record good performance through flexibility, customer service and personal approach.

BUSINESS ENVIRONMENT

After witnessing a harsh economic slowdown in 2008-09, business picked up momentum during the 3rd quarter of 2009-10. Recovery was led by the emerging market economies like India, with recovery being largely led by domestic demand, improving exports and return of capital flows. There are still continued uncertainties on the shape and pace of global recovery. The economic recovery in advanced countries continues to be limited, with further fiscal and monetary stimuli in these economies. Concomitantly, Central banks have also started phasing out their accommodative monetary policies, in view of improvements seen and to bolster anti-inflationary measures.

In India, economic recovery, which began around the second quarter of 2009-10, has shown sustained improvement. Industrial recovery has become broad-based and is expected to take firmer hold on the back of rising domestic and external demand. After a continuous decline for nearly a year, exports and imports have expanded since October/November 2009. Flow of resources to the commercial sector, from both bank and non-bank sources, has picked up and business optimism has improved. In balance, under the assumption of a normal monsoon and sustained good performance of the industry and services sectors, for policy purposes, the Reserve Bank has projected real GDP growth for 2010-11 at 8.0 percent with an upside bias.

The Wholesale Price Index inflation

accelerated from 1.5 percent in October 2009 to 9.9 percent by March 2010. Inflation, initially a process driven by food prices, has now become more generalized.

There was strong growth in automobiles, rubber and plastic products, wool and silk textiles, wood products, chemicals and miscellaneous manufacturing, modest growth in non-metallic mineral products, no growth in paper, leather goods and jute textiles and slump in beverages and tobacco products in 2009-10. In terms of user based classification, there was strong growth in consumer durables and intermediate goods, moderate growth in basic and capital goods and sharp deceleration in consumer non-durables.

Tamilnadu has emerged strongly as among the leading States where a large number of new industries are being established. 37 large industries, with an investment of Rs.46,091 crores, have come forward to set up new industries in the last four years. To encourage dispersal of new industries throughout Tamilnadu, additional incentives are being extended for setting up industries in backward districts, particularly, in the southern districts.

Chennai's position as an automobile hub has been further reinforced by the entry of more international auto majors to set up their plants near Chennai. Incentives and subsidies announced in the Tamilnadu Government's MSME Policy 2008 continue to be the catalyst in the industrial sector. The I.T sector, though shorn of the glitter of past years, has been recording steady growth.



CNC Turning Centre

FINANCIAL PERFORMANCE

The Corporation's Profit

The total income of the Corporation for the financial year 2009-10 was Rs.189.40 crores (Rs.147.42 crores in 2008-09). The Corporation registered a net profit of Rs.44.84 crores, the highest in recent years and a 52.72% of growth over last year's Rs.29.36 crores. This was mainly due to increase in interest income (17.73% over last year) and other income (41.01% over last year) caused by increase in advances, recovery of bad debts (39.69% increase over last year) and the write-back of provisions.

Capital and Reserves

Capital and Reserves increased from Rs.194.73 crores in 2008-09 to Rs.239.57 crores in 2009-10.

The capital adequacy ratio has improved from 7.66% in 2008-09 to 13.72% in 2009-10 calculated on the same basis.

Loans and Advances

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

Table-1 (Rs. in Crores)

Loan	2009-10	2008-09
Sanctions	668.13	538.37
Disbursements	570.27	416.22
Recovery	494.88	380.84

The Corporation's strategies in improving customer service through speedy sanctions, and disbursements, including subsidy, during the implementation period, and quick response to requests of clients, enabled the Corporation to attract more customers. The Corporation introduced new schemes like Take Over of High Cost borrowings, modification in Bill Finance Scheme, widening the scope of working capital schemes to cover all manufacturing industries, a Liquidity stimulus package to overcome the short term liquidity problems of clients etc. These services, provided in a client- friendly atmosphere, have attracted more business to the Corporation.

Thrust was given to the windmill sector, in view of the acute power shortage problem in the State.

There has been a substantial jump in gross recoveries, over last year's performance, due to improved collections in the NPA portfolio and substantial increase in collections from Standard Asset portfolio.

Encouraging Young Entrepreneurs

The Corporation's scheme to encourage first generation entrepreneurs from socially and economically disadvantaged backgrounds viz., "Grow an Entrepreneur Scheme" was further liberalized to extend margin-free loans where needed. Maximum loan amount considered in the scheme is Rs.5.00 lakhs. The proposals are being considered under Credit Guarantee Trust Fund Scheme. The Corporation has so far sanctioned Rs.1.03 crores to 41 clients under this scheme.



Areca Leaf Plate making machine under Grow an Entrepreneur Scheme

Promoting entrepreneurial sensitivity to energy efficiency

As a stimulus to promote entrepreneurial energy efficiency consciousness, the Corporation lent, this year, loans aggregating Rs.50 crores, at a concessional rate of interest (reduction upto 1% p.a. below the usual rate) to 150 clients who opted for equipment which have high energy efficiency. This was done thanks to SIDBI's "Japan International Co-operation Agency (JICA) Scheme.



Robot Welding Machine

Working Capital Assistance

The Corporation extended its working capital assistance scheme to all industries. Likewise, financing supply bills on TNEB/TWAD was given a further boost by enhancing the ceiling and supporting not only bills but also the entire cycle of manufacture and erecting products made.

Table-2. DISPOSAL OF LOAN APPLICATIONS

(Rs. in Crores)

Sl. No.	Particulars	Sanctions			
		2009-10		2008-09	
		No.	Amt.	No.	Amt.
1	Applications pending at the beginning of the year	33	37.75	26	70.59
2	Applications received during the year	2048	814.21	1361	648.39
	Total	2081	851.96	1387	718.98
3	Applications disposed off during the year				
a.	Gross Sanctions (All types)	1908	668.13	1262	538.37
b.	Closed, withdrawn etc.	147	165.29	92	142.86
4	Applications pending at the end of the year	26	18.54	33	37.75
	Total	2081	851.96	1387	718.98

Business Strategies

The Corporation's strategies included the following:

- Improving morale and motivation among staff to maximise performance without sacrificing quality.

- Staff welfare measures like Fitness Centre, Yoga classes, conducting tournaments, providing educational books to children of staff members, encouraging group picnics, etc.
- An incentive system for rewarding performance and motivating staff at Branches and Head Office.
- Micro credit finance—through a new “grow an entrepreneur scheme”; it aims at upliftment of socially and economically weaker sections. Liberalisations relating to margin were added this year.
- Tailor-made working capital loan products for professionals and manufacturing units were devised and implemented.
- A unique product “TIIIC’s Liquidity Stimulus Package for MSMEs” (TLSP) for overcoming Liquidity crisis, was introduced to help units impacted by industrial recession.
- Loan fairs and Entrepreneurial Development Programmes organized for promoting entrepreneurship.
- Becoming a Corporate Agent for the Oriental Insurance Company Limited, to generate non-fund based income and for product diversification.
- Growth has been achieved by aggressively pursuing good accounts, loan diversification/deepening in areas like working capital, ware-housing, pharmaceutical and windmills, takeover of loans, quick processing, quick setting of interest rates to meet market competition etc.
- The continuance of CLCS and TUF Scheme and the appointment of TIIIC as a Nodal Agency in the Central and State Government Schemes have added strength.
- The bill discounting schemes relating to TNEB, TWAD and TANSI being enhanced to cover not only the discount of bills on TNEB but also for the entire project of erection and commissioning, including civil works at site.
- Participation in the industrial exhibitions organized by various associations like TANSTIA/CODISSIA.

Scheme-wise performance

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

Table-3. SCHEME-WISE SANCTION AND DISBURSEMENT DURING 2009-2010 (Rs. in Crores)

S.No.	Description	Sanctions (Gross) No.	Amt.	Disbursement Amt.
1	Micro / Small Enterprises Funding scheme	21	3.94	3.69
2	Equipment Finance Scheme	72	33.63	15.44
3	Textile Industry Under Technology Upgradation (RTUF) scheme	23	11.08	17.40
4	Wind Mills	16	47.08	51.01
5	Transport operators	289	8.42	6.05
6	Medical Practitioners / Hospitals	8	4.49	5.55
7	Hotels	2	0.49	0.84
8	Working Capital Loans			
	a. Single Window Scheme	75	16.58	12.14
	b. General Working Capital Scheme	291	30.24	33.56
	c. Bill Finance Scheme	347	192.91	192.91
	d. Drawee Bill Finance Scheme	1	2.00	—
9	Open Term Loans	136	38.32	22.40
10	Clean Term Loans	12	1.80	1.33
11	Switch-over Loans	9	31.25	27.40
12	“Grow an Entrepreneur” Scheme	41	1.03	0.71
13	Others	565	244.87	179.84
Total		1908	668.13	570.27

DISTRICT-WISE DEPLOYMENT OF CREDIT

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

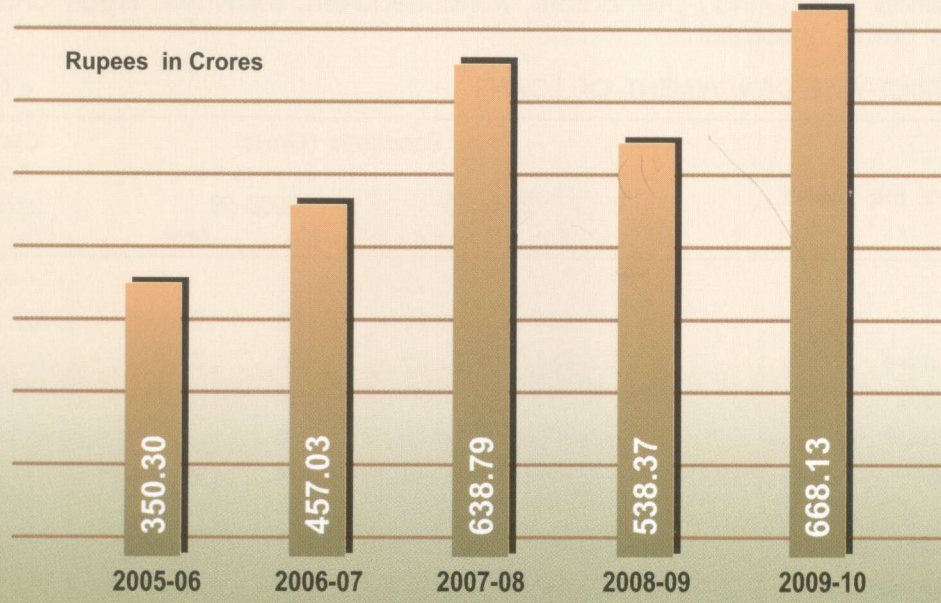
The Districts of Chennai, Coimbatore, Kancheepuram, Thiruvallur, Erode and Kanyakumari showed high credit absorption.

Table-4. DISTRICT-WISE DEPLOYMENT OF LOANS

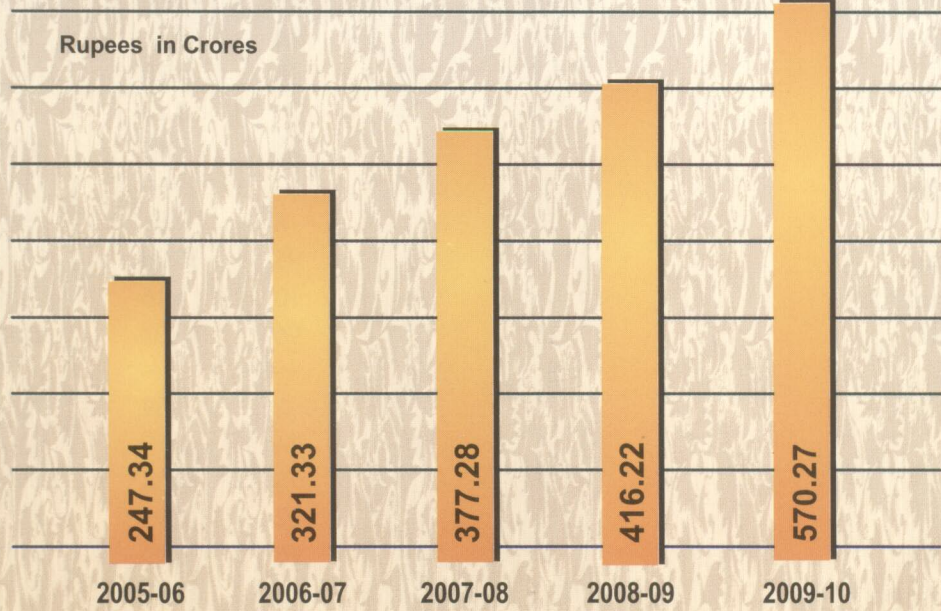
(Rs. in Crores)

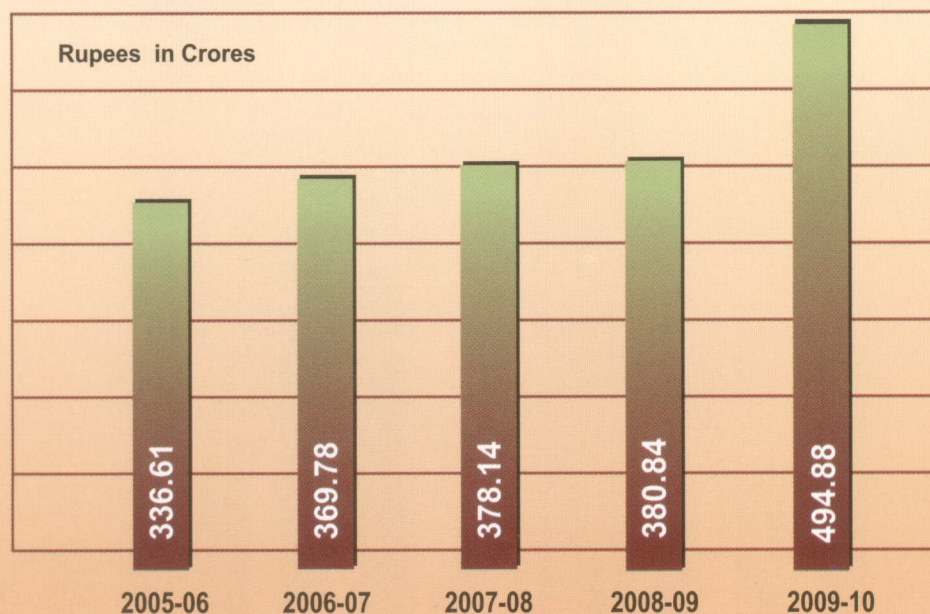
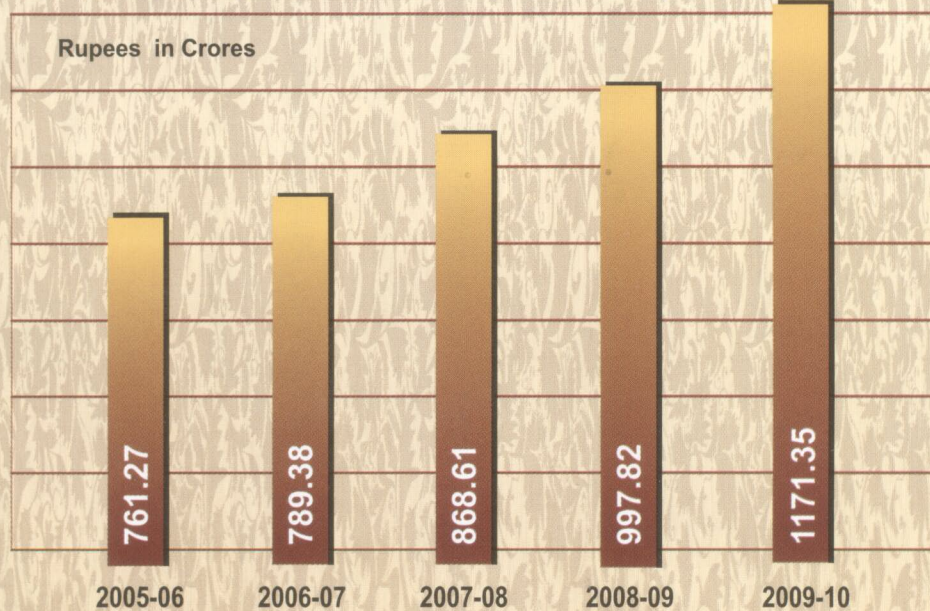
S.No.	Name of the District	Sanctions (Gross)				Cumulative Sanctions upto 2009-10	
		2009-10		2008-09			
		No.	Amt.	No.	Amt.	No.	Amt.
1	Ariyalur	5	2.99	1	0.12	9	3.35
2	Chennai	119	102.29	83	93.73	15202	1502.99
3	Coimbatore	183	52.59	135	80.75	12258	1280.94
4	Cuddalore	25	3.77	19	2.73	3903	116.73
5	Dharmapuri	30	6.36	6	1.92	4951	234.89
6	Dindigul	61	31.12	42	10.97	2123	233.88
7	Erode	61	38.14	31	7.35	2992	394.62
8	Kancheepuram	65	56.31	51	68.07	8418	791.77
9	Kanyakumari	111	34.82	100	22.70	3255	213.95
10	Karur	34	11.18	17	7.28	577	87.57
11	Krishnagiri	62	17.83	19	14.80	184	83.47
12	Madurai	109	16.58	70	30.43	9157	340.66
13	Nagapattinam	6	0.47	1	0.10	611	25.41
14	Namakkal	31	5.29	17	3.50	738	91.25
15	Perambalur	7	1.32	3	0.59	103	6.92
16	Pudukottai	76	19.39	58	18.84	2976	142.69
17	Ramnad	16	2.99	24	3.17	3583	86.76
18	Salem	58	12.20	16	4.83	5539	324.93
19	Sivagangai	54	6.08	26	3.27	1530	76.58
20	Thanjavur	45	12.31	23	7.64	3826	95.74
21	The Nilgiris	2	0.13	—	—	144	7.34
22	Theni	12	6.92	4	0.86	580	45.71
23	Thiruvallur	198	61.38	95	35.76	1589	385.22
24	Thiruvannamalai	11	1.42	10	1.16	860	38.51
25	Tirunelveli	116	21.55	96	15.07	4248	158.35
26	Tiruppur	80	26.64	—	—	80	26.64
27	Thiruvarur	8	2.51	2	0.38	246	11.00
28	Trichy	81	32.34	74	33.79	5294	220.41
29	Tuticorin	64	28.08	75	15.36	2503	146.76
30	Vellore	17	18.93	23	4.91	4073	198.58
31	Villupuram	34	7.97	25	6.49	539	56.36
32	Virudhunagar	127	26.23	116	41.80	2885	236.33
33	Pondicherry & Other States	—	—	—	—	47	6.46
Total		1908	668.13	1262	538.37	105023	7672.77

SANCTIONS DURING LAST 5 YEARS

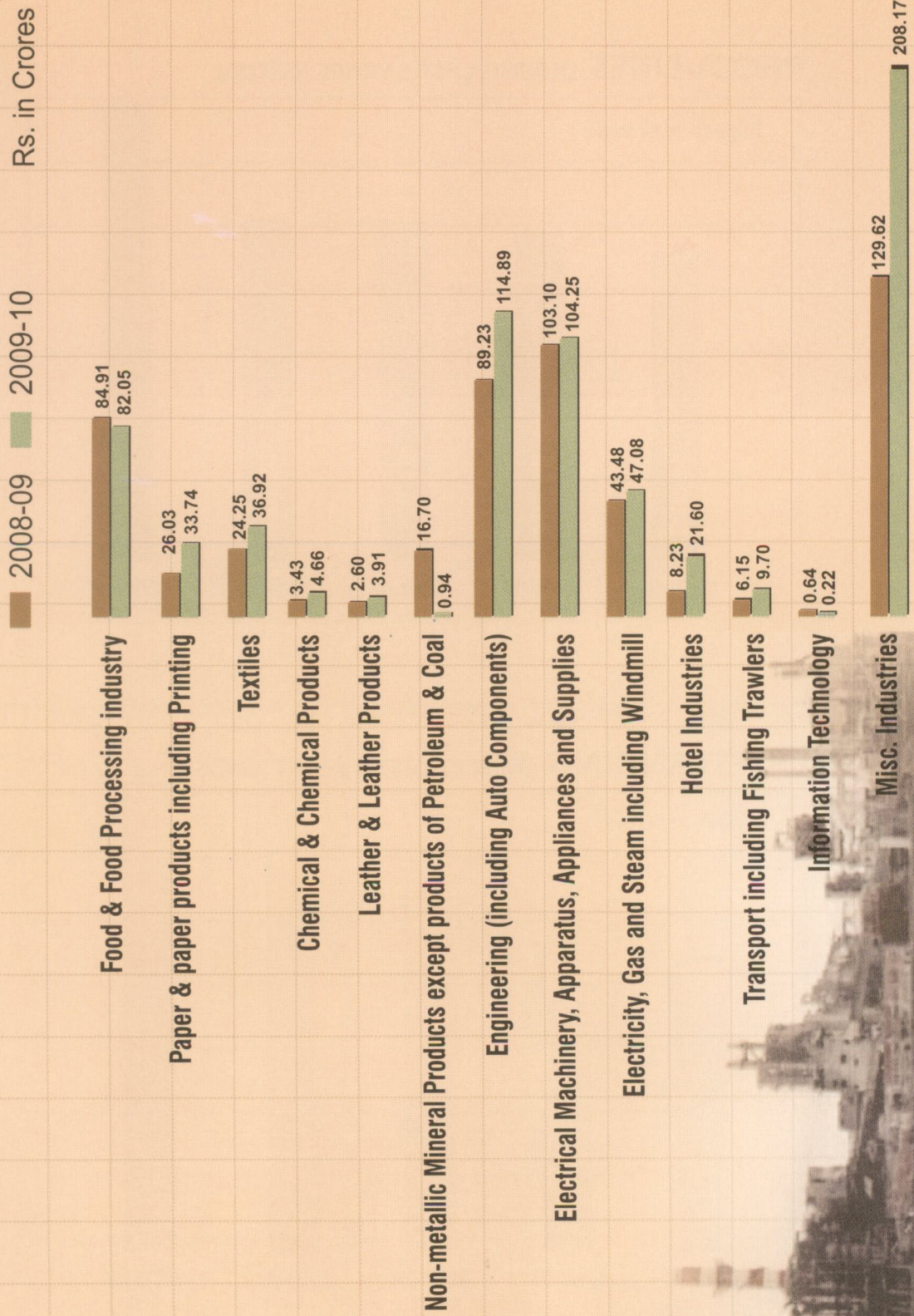


DISBURSEMENTS DURING LAST 5 YEARS



RECOVERIES DURING LAST 5 YEARS (GROSS)**OUTSTANDING DURING LAST 5 YEARS (GROSS)**

INDUSTRY-WISE CLASSIFICATION OF SANCTIONS FOR 2 YEARS





Wave Soldering System

INDUSTRY-WISE DISTRIBUTION OF CREDIT

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

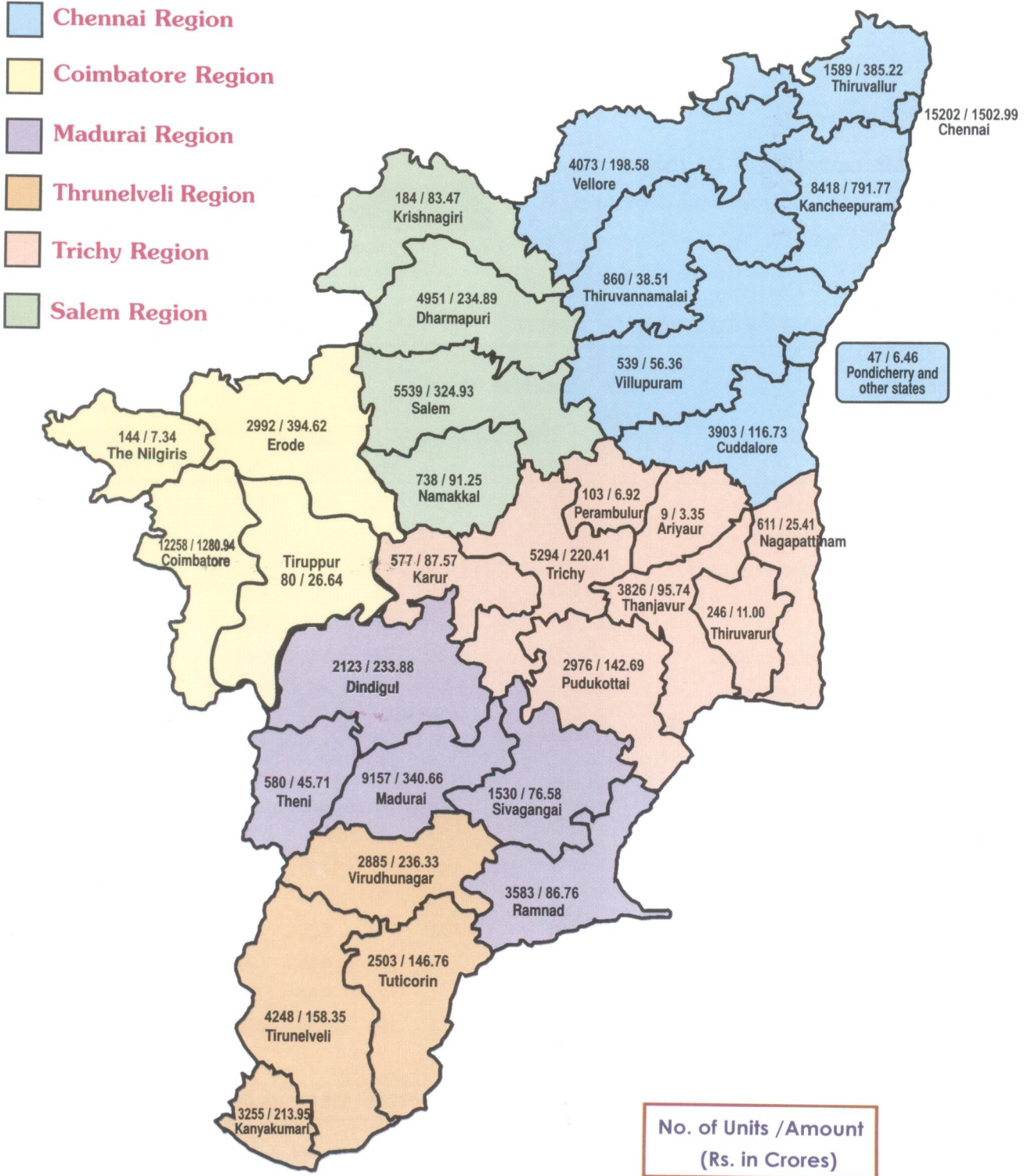
Table-5. INDUSTRY-WISE DISTRIBUTION OF CREDIT

(Rs.in Crores)

S. No	Description	Sanctions (Gross)						Cumulative Sanctions upto		
		2009-10			2008-09			31.03.2010		
		No.	Amt.	%	No.	Amt.	%	No.	Amt.	%
1	Food Processing Industry	291	82.05	12.28	311	84.91	15.77	9152	700.92	9.14
2	Sugar Factories & Refineries							37	154.86	2.02
3	Paper & paper products including printing & publishing	88	33.74	5.05	52	26.03	4.83	4842	343.08	4.47
4	Textiles	106	36.92	5.53	52	24.25	4.50	7839	1275.45	16.62
5	Chemical & Chemical Products	10	4.66	0.70	11	3.43	0.64	4157	206.65	2.69
6	Leather and Leather products	12	3.91	0.59	7	2.60	0.48	1017	156.12	2.03
7	Non metallic mineral products except products of Petroleum & coal	2	0.94	0.14	49	16.70	3.10	794	63.74	0.83
8	Engg. (Incl. Auto components)	451	114.89	17.20	244	89.23	16.57	5122	802.92	10.46
9	Electrical Machinery, Apparatus, Appliances and supplies	79	104.25	15.60	60	103.10	19.15	869	371.14	4.84
10	Electricity, Gas & Steam (incl. Windmill)	16	47.08	7.08	9	43.48	8.08	85	236.82	3.09
11	Transport Equipment							474	45.71	0.60
12	Hotel Industries	24	21.60	3.23	17	8.23	1.53	871	193.15	2.52
13	Transport incl. Fishing Trawlers	327	9.70	1.45	276	6.15	1.14	44826	626.10	8.16
14	Information Technology	3	0.22	0.03	1	0.64	0.12	63	24.35	0.32
15	Misc. industries not elsewhere classified	499	208.17	31.13	173	129.62	24.08	24867	2183.76	28.46
16	Loans to Govt. Corporations							8	288.00	3.75
TOTAL		1908	668.13	100.00	1262	538.37	100.00	105023	7672.77	100.00

The sectoral growth in advances was in sync with the general growth in different sectors registered during 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.570.27 Crores. The cumulative disbursement upto 31.3.2010 (since inception) is Rs.5442.58 crores, extended under various schemes.

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, comprehensively.

Table-6. LOAN PORTFOLIO

(Rs. in Crores)

ASSET	2009-10	2008-09	2007-08	2006-07
Standard	984.94	753.99	604.22	458.56
Sub-standard	24.26	30.34	22.23	27.63
Doubtful	160.97	188.48	209.93	251.76
Loss Assets	1.18	25.01	32.23	51.43
Total	1171.35	997.82	868.61	789.38
Written-off	74.65	70.81	64.81	58.10
Total performing assets (PA)	984.94	753.99	604.22	458.56
Total Non-performing Assets (NPA)	186.41	243.83	264.39	330.82
% of performing assets to total advances	84.09	75.56	69.56	58.09
% of NPA to total advances (Gross NPAs)	15.91	24.44	30.44	41.91
% of Net NPA to (Net) advances	3.35	5.29	4.65	13.44

Strategies for Asset Quality

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

- sharper appraisal and follow-up
- personnel training for skills build-up
- the positioning of a loan 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; enhancing the scope and depth of inspections in the new Internal audit policy and process.

The Loan Monitoring and Rehabilitation Department:

The department

- tracks portfolio health; slippage
- acts to upgrade Asset status
- analyses NPA situation and reports to Board on quarterly basis.
- provides timely rehabilitation/ restructuring programmes for the revival of potentially viable sick units. During 2009-10, the loan accounts of 48 units facing difficulties were restructured which involved, inter-alia, postponement of principal to the tune of Rs.10.40 Crores.
- follows up requests of the clients like release and substitution of collateral; resolution of special problems
- follows up BIFR cases

The department co-ordinated work in connection with the clearance of loans under "TIIC's Liquidity Stimulus Package Scheme", a special scheme formulated to mitigate liquidity problems faced by the Micro, Small and Medium Enterprises clients in Standard Asset Category due to industrial recession. Loans ranging from Rs.25,000 to Rs.15 lakhs were



High Temperature Liquid Painting Plant

accorded to 304 clients, the total sum being Rs.13.90 crores. This was a significant sickness-preventive measure.

A significant role:

As per the New Policy of the Govt. of Tamilnadu for rehabilitation of sick MSMEs, TIIIC has been given a vital role. TIIIC evolved an application format for applying for rehabilitation and preliminary assessment formats for processing by the General Manager, District Industries Centre. It has been co-ordinating with the Industries Commissioner and the Director of Industries and Commerce in the implementation of the Policy.

The Recovery Department:

The department

- focuses on recovery.
- oversees the functioning of the Special Recovery Branches; monitors and reviews NPA position.
- while all legal remedies, including those available under the DRT structure, SFC Act and the SARFAESI Act, are followed, the department places emphasis on the compromise (OTS / Negotiated settlement) route, In view of its inherent advantages in time and costs.
- apart from the modified settlement schemes for NPA accounts upto Rs.10.00 lakhs, under the Small Loans Settlement Scheme (SLSS) in operation since December 2008, the following stratified programmes were evolved during this year.



Garden hose manufacturing unit

- One-Time Settlement Scheme for loans upto Rs.1.00 lakh with asset backup.
- One-Time Settlement scheme for loans above Rs.1.00 lakh and upto Rs.10.00 lakhs where the advances had some security in the form of machinery/vehicles.
- One-Time Settlement scheme policy for semi-automatic powerlooms, with loans upto Rs.5.00 lakhs.

The above approaches helped the reduction of 364 NPA units, with the relative amount being Rs.57.42 crores.

Generation of additional income:

With a view to generating additional income and for optimal utilization of available manpower, the Corporation has been exploring avenues for non-fund based income. An initiative was taken, consequently, to act as corporate agent for general insurance business.

Since January this year, the Corporation has been working as a corporate agent for The Oriental Insurance Company Limited, after getting an executive trained to comply with the requirements of the Insurance Regulatory Development Authority (IRDA). Selected officials at Head Office have been designated to promote business. The Corporation commenced referring underwriting proposals to OICL since February, 2010.

Quality Certification

The Corporation obtained IS/ISO 9001:2000 Certification from Bureau of Indian Standards (BIS) for its Quality Management Systems in December 2004 for a period of three years for the process of sanction and disbursement of loans including Documentation for Chennai & Kancheepuram Branch and Head Office.

The ISO Certification, after Surveillance and Renewal Audits by Bureau of Indian Standards, was renewed for a further period of three years upto November 2010.

Employment Generation

The financial assistance extended by the Corporation has generated an estimated additional employment for about 16,640 persons during the year 2009-10.

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. It obtained a stand-by overdraft facility of Rs. 50 crores from Indian Bank to meet the short term temporary liquidity mismatch in funds flow, in addition to the existing Rs.15 crores facility. The Corporation has, however, been resorting mostly to SIDBI's Refinance and loan facilities, in view of the cost advantage and quick response.



Desiccated Coconut Powder Unit

Such refinance stood at Rs.150 crores in 2009-10 as against Rs.120 crores in 2008-09. In addition, the Corporation also obtained short term refinance of Rs.75 crores repayable in 3 months. Out of this, Rs. 50 crores was repaid during the year.

Table-7. DETAILS OF APPLICATIONS MADE TO SIDBI

(Rs. in Crores)

Year	Amount sanctioned Amt.	O/s. at the beginning of the year Amt.	Refinance drawn Amt.	Repayment made Amt.	O/s. at the end of the year Amt.
2008-09	128.01	218.89	128.01	12.28	334.62
Short Term	40.00	—	40.00	—	40.00
2009-10	150.00	334.62	150.00	25.18	459.44
Short Term	75.00	40.00	75.00	90.00	25.00

Treasury

The Corporation redeemed SLR bonds, on maturity, to the extent of Rs. 13.85 crores during the year.

Fixed Deposits:

As on 31.03.2010, fixed deposits aggregated Rs.62.27 crores. Besides that, the Corporation gathered inter-corporate deposits of Rs.77.70 crores.

Corporate Governance :

The Corporation, established in 1949 and incorporated under the Indian Companies Act, 1913, was promoted by the Government of Tamilnadu with an objective 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.

The 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.

TIIC's BOARD OF DIRECTORS:

The Board addresses itself to all policy and major operational areas and appoints sub- committees for selected areas.

The Board has, as competent and experienced members,

- TIIC's full- time Chairman
- TIIC's full-time Managing Director (since November 2008 the Corporation has a

combined post of Chairman and Managing Director as CEO).

- Addl. Chief Secretary to the Government for Micro, Small and Medium Enterprises Department.
- Special Secretary to the Government, Industries Department.
- The Deputy Secretary to the Government of Tamilnadu, Finance 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

As on 31.03.2010, the Corporation's Board had the following Directors:

Sl. 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., Addl. Chief Secretary to Government, Micro, Small and Medium Enterprises Dept.	Director	Non-Executive	09.07.2007
3.	Selvi Apoorva, IAS., Spl. Secretary to Government, Industries Department	Director	Non-Executive	26.02.2010
4.	Dr. Vijay M. Pingale, IAS., Dy. Secretary to Government, Finance Department	Director	Non-Executive	10.07.2009
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 Chief General Manager, SIDBI	Director	Non-Executive	28.11.2008
8.	Randolph Edmund Rowe General Manager, SIDBI	Director	Non-Executive	26.06.2009

Notes:

1. Tmt.Sheela Rani Chunkath,I.A.S., 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 subsequently appointed as Managing Director on the 11th August, 2008 and relinquished that post on 3rd November, 2008 on his transfer.

Tmt. Sheela Rani Chunkath, IAS resumed charge as TIIC's CMD, from that date.

Directors who served on the Board during 2009-10 and relinquished their posts due to change in assignment:

Sl. No. Tvl.	Name of the Director	Period of Time
1.	R.M. Nair, General Manager, SIDBI	28.11.08 to 26.06.2009
2.	V. Arun Roy, I.A.S., Deputy Secretary to Govt. Finance Department	14.09.07 to 10.07.2009
3.	P. Sivasankaran, I.A.S., Special Secretary to Govt., Industries Department	08.05.08 to 12.08.2009
4.	R. Kirlosh Kumar, I.A.S., Deputy Secretary to Govt., Industries Department	12.08.09 to 26.02.2010

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

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 utilising the overall powers of the Board, above that of the Corporation's Regional Committee.
2. Audit Committee	1. Independent Director (Nominee of the State Government) 2. Director representing SIDBI 3. The CMD., TIIC	The independent Director	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 & bad loans.
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 directing 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. 4. The MD., TIIC 2. Director representing Government Industries Dept. 3. Director representing Government Finance Dept.	The Chairman, TIIC The MD., TIIC	HR areas like recruitment, promotions for the post of Assistant General Manager and above H.R. areas like recruitment, promotions for the post of Manager and below.

MEETINGS:

The Board of Directors met eleven times in 2009-10. The Annual General Body Meeting was held in Chennai on the 6th August, 2009.

The Executive Committee of the Board met fourteen times during the year; the Default Review Committee met twelve times, the Audit Committee met four times and the Staff Committee met twice.

Grievance Cell

The Grievance Cell of the Corporation received 127 petitions through the Chief Minister's Special Cell during the year 2009-10 and disposed 118 petitions.

Internal Audit

During the year, the Internal Audit Department covered 29 branch offices, on a quarterly basis. It also audited the Regional Offices at Salem, Coimbatore, Madurai and Trichy during the year.

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.



Fetting Process of Aluminium Die Casting unit

Compliance Officers

1. Thiru R. Jayaprakasam, Company Secretary, has been appointed as the Compliance Officer for complying with the various provisions of SEBI and the provisions of the Listing Agreement with the Madras Stock Exchange. He reports to the Corporation's Chairman.

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 Chairman.

The Corporation received 120 requests during 2009-10 and provided information in respect of all the cases, within the stipulated time.

3. Thiru M.Muthukrishnan (Dy.General Manager, IA), has been appointed as the Nodal Officer for Know Your Customer (KYC) and Anti-Money Laundering (AML) compliance, as per RBI /SIDBI directions.

No unsatisfactory report was generated by the Corporation in 2009-10.

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 new AML and KYC policy was issued in May 2009.

The KYC policy has been implemented fully. The requisite forms for all 'Live' cases (Standard, Sub-standard and D1 cases) have been obtained and verified by the Internal Audit Department.

The AML policy has also been implemented fully. The Nodal Officer receives, regularly, monthly statements on AML from all branches and sends consolidated AML statements containing details of each remittance Rs.10.00 lakhs and above to the

Financial Intelligence unit – India (FIU), New Delhi.

3. Internal Audit Policy

A fresh internal audit policy with revamped inspection systems and procedures has been finalised. It will be issued by the beginning of the next financial year. It will enhance the scope and depth of the Corporation's internal audit process, with appropriate risk management enhancements, to further improve the Corporation's structural efficiency and portfolio health.

Human Resource

The Corporation considers its human resource as a critical component for its governance and business.

As on 31.03.2010, the Corporation's staff strength was as follows :

Management	Total Strength
Chairperson & Managing Director (Full time)	—
Senior Officers	232
Junior Officers	276
Office Assistants	83
Total	591

The Corporation is highly sensitized to environmental changes and competition from a multitude of institutions. Managing and motivating the workforce, towards confident, competent and aggressive marketing and providing exemplary service to customers, continues to be the Corporation's focus area. To improve physical health, the Corporation provided a Gymnasium for its personnel and facilities for checking Blood-pressure and Sugar level, yoga classes for employees in the office itself to help meet work stress; organized staff picnics, sports tournaments, and incentives for performance.

The Corporation also organized a special training program for all its 60 Senior Executives, at a halcyon location in Yercaud Hills, on Team Building, Motivation and Leadership skills. The training program included solving real life situations and improving core competencies, followed by a self-assessment; all participants

reported immense benefit from the program. A program for retirement counseling was also conducted.

Training programmes for skills covered Recovery management, Project appraisal & Finance, Team Building, Service orientation, Corporate governance & business ethics, Credit appraisal for woman managers, Managerial effectiveness, Risk management, NPA management & legal aspects, Asset liability management & resource mobilization.

In all, soft as well as functional skill updation was imparted to 483 employees through various external and in-house training programmes.

Corporate Social Responsibility

The corporation donated Rs.0.25 lakh to the Department of Women Studies, Bharathidasan University and Women Entrepreneurs Association of Tamilnadu, for jointly organizing a 2-days seminar on Entrepreneurial Opportunities for Women.

An amount of Rs.0.50 lakh was donated to Tamilnadu Science Forum, Pudukottai, to host the Tamilnadu State Childrens' Science Congress of the 17th National Childrens' Science Congress 2009.

Rs. 1.00 lakh was donated to Land for Tillers' Freedom (LAFTI), towards contribution for the project to provide dependable shelter to the Tsunami affected poor at Nagapattinam.

Rs.10,000 was donated to the Secretary, Urumu Dhanalakshmi College Council, Trichy, towards its Women's day celebrations.

Rs. 5.40 lakhs was contributed, as a compassionate measure, to the Government General Hospital for the purchase of Cochlear implants, to help the poor, especially children, with impaired hearing.

Computerisation

The IT infrastructure has been continuously upgraded to match the Corporation's contemporary needs. The project is being implemented in a phased manner. An amount of Rs. 30 Lakhs was spent during the year towards the purchase of

Desktops, Laptops, Laser Printers & UPS Systems and providing server based endpoint security in all the systems in LAN.

A study of IT needs and solutions, by ELCOT, through a third party has been partly completed. A full thrust will be made on completion of the System Requirement Specification Study and for the development and implementation of a Centralised Database & Web-centric Solution, similar to Core Banking Solutions, during the next financial year. All required connectivity and hardware will be organized concomitant to implementation.

In the year 2010-2011, the Corporation will work aggressively towards migrating to web-centric solution and expects the pilot implementation to be completed by December 2010 and rolled out to all branches by 1st April 2011.

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 customer's industry and management, increased usage of agencies like CIBIL, CRISIL, ICRA etc., to strengthen executive appraisal, 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 to sophisticate it further. Security norms are strong in the Corporation's policy to help risk coverage.

Personnel skills are being constantly improved upon to enhance awareness and exposure to risk management concepts and process. 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 teams 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, in tracking client performance and ensuring regulatory compliance areas, with its proposed enhancement.

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 quick changes made in line with market risks.

Operational Risks

In anticipation of the introduction of Basel II norms relating to operational risks TIIIC proposes to examine its possible impact on areas like provisioning and capital and initiate necessary action.

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

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, 2010.
- 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 the SLR Bonds issued by the Corporation are listed with the Madras Stock

Exchange, as stipulated by RBI. The Corporation complies with clause 49 of the listing agreement.

Acknowledgements

The Board of Directors wishes to thank the Government of Tamilnadu, Small Industries Development Bank of India (SIDBI), the Reserve Bank of India, Commercial Banks, MSME Development Institute and 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 and Services Ltd., the Electronics Corporation of Tamilnadu (ELCOT) and the Tamil Nadu Small and Tiny Industries Association (TANSTIA) for their continuous co-operation and assistance.

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

For and on behalf of Board of Directors

SHEELA RANI CHUNKATH

PRINCIPAL SECRETARY /

CHAIRPERSON & MANAGING DIRECTOR

THE TIIC LIMITED
CHENNAI 600 035

Date : 28.05.2010

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: <ol style="list-style-type: none"> Guindy Indl. Estate Infrastructure Upgradation Company (GIEIUC) Chettinad Cement Corporation Ltd. Seshasayee Paper and Boards Ltd. State Industries Promotion Corporation of Tamilnadu (SIPCOT) Tamilnadu Small Industries Development Corporation Limited (TANSIDCO) ITCOT Consultancy & Services Limited (ITCOT) MEMBER: <ol style="list-style-type: none"> Industrial Guidance & Export Promotion Bureau (GUIDANCE)
2.	P. Selvam , I.A.S., Additional Chief Secretary to Government, Micro, Small and Medium Enterprises Department, Government of Tamilnadu	Director	DIRECTOR: <ol style="list-style-type: none"> Tamilnadu Small Industries Development Corporation Limited (TANSIDCO) Tamilnadu Small Industries Corporation (TANSI)
3.	Apoorva , I.A.S., Special Secretary to Government, Industries Department, Government of Tamilnadu	Director	DIRECTOR: <ol style="list-style-type: none"> Tamilnadu Industrial Explosives Limited (TIEL) TANFAC Industries Limited TICEL Bio-park Limited Tamilnadu Cements Corporation Limited (TANCEM) Tamilnadu Salt Corporation Limited (TANSALT) CHAIRMAN & MANAGING DIRECTOR - IN CHARGE <ol style="list-style-type: none"> Southern Structurals Limited (SSL) MEMBER: <ol style="list-style-type: none"> Chennai Environmental Management Company of Tanners (CEMCOT)
4.	Dr. Vijay M. Pingale , I.A.S., Deputy Secretary to Government, Finance Department, Government of Tamilnadu	Director	DIRECTOR: <ol style="list-style-type: none"> Tamilnadu Adi-Dravidar Housing and Development Corporation Ltd. (TAHDCCO) Tamilnadu Industrial Explosives Limited (TIEL) Tamilnadu Small Industries Development Corporation Limited (TANSIDCO) Tamilnadu Road Infrastructure Development Corporation (TNRIDC)

- | | | |
|----|--|----------|
| 5. | Namgial
Chief General Manager,
Small Industries Development
Bank of India (SIDBI) | Director |
| 6. | Randolph Edmund Rowe
General Manager,
Small Industries Development
Bank of India (SIDBI) | Director |
| 7. | S. Sundar
Chief General Manager (Retd),
State Bank of India | Director |
| 8. | D. Gandhi Kumar
President,
Tamilnadu Small & Tiny Industries
Association (TANSTIA) | Director |

5. Tamilnadu Cements Corporation Limited (TANCEM)
6. Tamilnadu Police Housing Corporation Ltd.

MEMBER:

7. Tamilnadu Industrial Guidance & Export Promotion Bureau (GUIDANCE)
8. Information Technology (IT)
9. Tamilnadu Khadi and Village Industries Board (TNKVIB)

DIRECTOR:

1. Kerala Venture Capital Trustee Limited
2. Kerala Venture Capital Fund Limited
3. Punjab Venture Capital Ltd.
4. Punjab Venture Investors Trust Ltd.

DIRECTOR:

1. SICOM Trustee Company Private Limited
2. SICOM Capital Management Private Limited

DIRECTOR:

- Tamilnad Mercantile Bank Limited

DIRECTOR:

1. Tamilnadu Small Industries Development Corporation Ltd. (TANSIDCO)

PROPRIETOR:

2. Gandhi Kumar Foundry

GROW AN ENTREPRENEUR SCHEME

As a part of our commitment to social obligations, the Corporation introduced, during the year 2008-09, modified in 2009-10, a new financing scheme to help first generation entrepreneurs with experience in a particular field and relevant qualification in implementing viable projects. The scheme aims at promoting entrepreneurship among the economically and socially disadvantaged section who are unable to offer collateral security / adequate promoter's contribution. The assistance under the scheme will be upto the maximum loan amount of Rs.5.00 lakhs for a single proposal. The promoter's contribution has been fixed at 10% of the project cost. The rate of interest to be charged is 14.5% p.a. Neither Collateral security nor personal guarantee are stipulated for the loans. The scheme will be covered under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).

The promoter should be introduced by a mentor who will undertake to guide the promoter in implementation and successful operation of the venture besides encouraging the promoter to repay the loan promptly. The mentor should be an individual who has a good reputation and has not defaulted to any Bank / Financial Institution. The role of the mentor is critical to the successful implementation of the "Grow an Entrepreneur" scheme.



Kuzhi Paniyaram Making Unit

Normally, Financial Institution and Banks assist this category of new entrepreneurs through Non Governmental Organisations (NGOs) and Micro Finance Institutions (MFIs) with the resultant effect of beneficiary receiving the funds at a higher interest rate ranging from 20 to 24%. Moreover banks and FIs are apprehensive about lending directly to this segment of clientele in view of the higher administration/transaction cost involved and the absence of an adequate recovery mechanism. The Corporation proposes to overcome this aspect by adopting a chain linked structure with the first mentor at the apex. The mentor can introduce the applicant and each applicant in turn can



Woman Auto Driver cum Owner



Narikuravas Making Ornamental Beads



Hose Crimping Job Work Unit

assume the role of a mentor and introduce two applicants to the Corporation after proving his / her integrity in repayment. Each member of the chain will be responsible not only for the prompt repayment of his / her loan but also that of the other members introduced by them.

The scheme has been visualized to cover a large number of women to empower them through entrepreneurship. Hence, women entrepreneurs with potential are identified and benefited under the scheme.

During the year 2009-10, 52 loans were sanctioned under the scheme to the tune of Rs.134.71 lakhs. Entrepreneurs from segments such as fast food eateries, engineering,



Solar Emergency Lamp Manufacturing Unit

tailoring, electricals, processed food and transport vehicles have also been covered under this **“Grow an Entrepreneur”** scheme. The repayment performance has been highly satisfactory with 100% prompt repayment by the clients under the Scheme. This has helped in breaking the myth that granting of small sized loans to individuals for micro projects largely result in NPAs.

It has been demonstrated that significant transformation has been brought into the lives of the clients who have been extended financial assistance under the scheme so far. In view of this, TIIC shall fix ambitious targets for the portfolio to be built under the scheme for the year 2010-11.

* * * * *

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, 2010, 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 misstatements. An audit includes examining, on 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. As your company is defined as a Banking company for the purpose of this Act by Company Law Board vide its Letter dated 28.06.1960, the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together, the "Order"), issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, of India (the Act) is not applicable for your company.
4. Further to our comments referred to in Paragraph 3 above, 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, 2010, and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2010 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 and attached thereto, give in the prescribed manner the information required by the Act and gives 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, 2010;
 - 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.

Place : Chennai
Date : 31.05.2010

For **Viswanathan & Swaminathan**
Chartered Accountants
Name : **S.RAMA KUMAR**
(Partner)
Membership No: **20405**
Firm Registration No. **004763 dt.1/9/85.**

ACCOUNTS

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

**THE TAMILNADU INDUSTRIAL
BALANCE SHEET**

AS AT 31.3.2009	CAPITAL AND LIABILITIES	AS AT 31.3.2010
Rs.		Rs. Rs.
	1 CAPITAL	
	Authorised	
	30,00,000 Equity	
3,000,000,000	Shares of Rs.1,000/- each	3,000,000,000
	Issued	
2,835,000,000	28,35,000 (L.Y.28,35,000) Equity shares of	2,835,000,000
	Rs.1,000/- each	
	Subscribed and Paid-up	
2,749,956,000	a) 27,49,956 (L.Y.27,49,956) Equity Shares of	
	Rs.1,000/- each fully paid	2,749,956,000
85,000,000	b) 85,000 (L.Y.85,000) Spl.Equity Shares of	
	Rs.1,000/- each	85,000,000
	(Issued under Sec. 4-A of the State	
2,834,956,000	Financial Corporation's Act 1951)	2,834,956,000
	2 RESERVES & RESERVE FUND	
	i) RESERVES	
	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

**INVESTMENT CORPORATION LIMITED
AS AT MARCH 31, 2010**

AS AT 31.3.2009	PROPERTY AND ASSETS	Sch. Ref.	AS AT 31.3.2010
Rs.			Rs.
	1 CASH & BANK BALANCES		
5,330,262	a) Cash-in-hand		7,425,799
	b) Balance with banks		
1,067,706	i) Reserve Bank of India		938,447
238,443,544	ii) Current A/c with Scheduled Banks		190,459,487
200,354,984	iii) Term Deposits with Banks		339,674
828,700,000	iv) P.D. A/c with RBI		828,700,000
			<hr/> 1,020,437,608
	2 INVESTMENTS		
	Investment in shares	2	
97,938,960	Quoted		109,072,905
1,248,513	Non Quoted		9,156,048
	(Market value of quoted shares Rs. 1,195,670,863) (LY Rs. 1,208,174,413)		<hr/> 118,228,953
<hr/> 1,373,083,969	Carried over		<hr/> 1,146,092,360

**THE TAMILNADU INDUSTRIAL
BALANCE SHEET**

AS AT 31.3.2009	CAPITAL AND LIABILITIES	Sch. Ref.	AS AT 31.3.2010
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
			36,771,527
	3 BONDS		
	(Guaranteed by the Govt. of Tamilnadu both as to principal and interest)		
1,499,519,000	Bonds	1	1,361,010,000
	4 DEPOSITS		
	(Guaranteed by the Govt. of Tamilnadu)		
366,290,647	Fixed Deposits		622,712,563
371,000,000	Inter Corporate Deposit		777,000,000
			1,399,712,563
6,644,037,174	Carried over		7,167,950,090

INVESTMENT CORPORATION LIMITED
AS AT MARCH 31, 2010

AS AT 31.3.2009	PROPERTY AND ASSETS	Sch. Ref.	AS AT 31.3.2010
Rs.			Rs.
1,373,083,969	Brought forward		1,146,092,360
	3. <u>LOANS AND ADVANCES</u>	3	
	(After adjusting cumulative provision of Rs. 1,522,525,462 (L.Y Rs. 2,033,696,041)		
7,944,552,651			10,191,006,920
1,732,584,903	4. <u>NET FIXED ASSETS</u>	4	1,733,314,700
11,050,221,523	Carried over		13,070,413,980

**THE TAMILNADU INDUSTRIAL
BALANCE SHEET**

AS AT 31.3.2009	CAPITAL AND LIABILITIES	Sch. Ref.	AS AT 31.3.2010
Rs.			Rs.
6,644,037,174	Brought forward		7,167,950,090
	5 BORROWINGS		
1,711,301,667	i) a. By way of refinance from SIDBI	3,106,750,116	
1,634,895,589	(other than NEF Scheme)		
	b. National Equity Fund Scheme	1,487,668,280	
	(Secured by declaration to hold the security of the borrowers of the Corporation in respect of refinance obtained upon trust for SIDBI)		
287,000,000	ii) Borrowing from TN Power Finance	142,000,000	
	(Secured by declaration to hold the security of the borrowers of the Corporation in respect of Refinance obtained for Wind Mills upon trust for TN Power Finance)		
125,000,000	iii) Loan in lieu of capital - IDBI (Unsecured)	125,000,000	
1,332,460,622	iv) Term Loan from Banks	948,730,965	
	(Guaranteed by the Government of Tamilnadu and secured by charge on loans released by SIDBI due to repayment)		
400,000,000	v) Short Term loan from SIDBI	250,000,000	
72,000,000	vi) Term Loan from SIDBI	48,000,000	
	(Guaranteed by Govt. of Tamilnadu)		
—	vii) Term loan from banks		
	(Secured by charge on loan released by SIDBI due to Repayment)	343,140,165	
5,562,657,878			6,451,289,526
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	
375,285,645	ii) Advances & Deposits from	410,726,754	
476,883,668	Constituents and others	455,137,722	
	iii) Liability for others		
	iv) Agency arrangement		
1,136,700,000	Funding by Govt. of Tamilnadu	1,136,700,000	
310,000,000	Less: Funds provided to Sugar Mills	310,000,000	
826,700,000	(held in P.D. A/c)	826,700,000	
15,105,452	v) Provision on Standard Assets	18,849,802	
3,744,350	Add: Provision for Current Year	5,773,619	
18,849,802		24,623,421	
			1,717,571,897
13,918,944,607	Carried over		15,350,957,953

INVESTMENT CORPORATION LIMITED
AS AT MARCH 31, 2010

AS AT 31.3.2009	PROPERTY AND ASSETS	Sch. Ref.	AS AT 31.3.2010	
Rs.			Rs.	Rs.
11,050,221,523	Brought forward			13,070,413,980
136,808,811	5 DEFERRED TAX ASSET			56,645,722
	6 OTHER ASSETS			
75,170,329	i) Staff Housing Loan		68,411,549	
33,997,071	ii) Other Advances & Deposits/ other dues recoverable from borrowers & others Cumulative provision of Rs.52,983,415) (L.Y. Rs.70,904,249)		37,026,187	
482,068	iii) Prepaid Expenses		703,858	
62,565	iv) Interest accrued /due		203	
				106,141,797
	7 ADVANCE INCOME TAX, INTEREST TAX, WEALTH TAX AND F.B.T.			
149,045,540	Income Tax		91,863,557	
1,252,709	Interest Tax		494,144	
2,293,468	Wealth Tax		-	
2,405,219	Fringe Benefit Tax		495,684	92,853,385
14,146,440	8 Dividend Deficit Account			14,146,440
11,465,885,743	Carried over			13,340,201,324

**THE TAMILNADU INDUSTRIAL
BALANCE SHEET**

AS AT 31.3.2009	CAPITAL AND LIABILITIES	Sch. Ref.	AS AT 31.3.2010
Rs.			Rs.
13,918,944,607	Brought forward		15,350,957,953
	8 PROVISION FOR INCOME TAX, INTEREST TAX AND WEALTH TAX		
	INCOME TAX		
687,158	Balance as per last Balance sheet	—	
	INTEREST TAX		
758,565	Balance as per last Balance sheet	—	
	WEALTH TAX		
2,312,281	Balance as per last Balance sheet	3,132,281	
820,000	ADD: Provision for the year	793,000	
—	LESS: Set off of earlier Year payments	3,112,697	
3,132,281			812,584
	FRINGE BENEFIT TAX		
1,735,504	Balance as per last Balance Sheet	—	
630,000	ADD: Provision for the Year	—	
2,365,504			—
13,925,888,115	TOTAL		15,351,770,537

Schedules 1 to 5 form part of the financial statements.

R. JAYAPRAKASAM
Company Secretary

SHEELA RANI CHUNKATH
Principal Secretary /
Chairperson & Managing Director

Place : Chennai-35
Date : 31.05.2010

INVESTMENT CORPORATION LIMITED
AS AT MARCH 31, 2010

AS AT 31.3.2009	PROPERTY AND ASSETS	Sch. Ref.	AS AT 31.3.2010
Rs.			Rs.
11,465,885,743	Brought forward		13,340,201,324
	9 PROFIT AND LOSS ACCOUNT		
2,753,635,869	Balance as per last Balance Sheet	2,460,002,372	
293,633,497	Less: Profit transferred during the year	448,433,159	
2,460,002,372			2,011,569,213
13,925,888,115	TOTAL		15,351,770,537

S. SUNDAR
Director

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

S. RAMAKUMAR
Partner

**THE TAMILNADU INDUSTRIAL
PROFIT AND LOSS ACCOUNT FOR**

FOR THE YEAR ENDED 31.3.2009		EXPENDITURE	FOR THE YEAR ENDED 31.3.2010	
Rs.			Rs.	Rs.
	To Interest			
594,556,126	On Deposits, Bonds, Debentures & Other Borrowings			684,453,599
3,227,266	" Salaries and Allowances			
	Chairman and Managing Director	2,060,281		
378,363,699	" Others	<u>272,268,069</u>		274,328,350
302,158	" Travelling & Other Allowances			
	Chairman and Managing Director	347,387		
3,500,948	" Others	<u>4,455,756</u>		4,803,143
81,150	" Directors' Sitting Fees & Expenses			82,693
21,208,094	" Contribution to Provident Fund			28,780,229
13,434,335	" Rent, Rates, Insurance and Lighting			12,722,533
3,241,270	" Postage, Telegrams & Telephones			3,146,657
1,302,568	" Printing and Stationery			1,381,019
2,237,522	" Publicity and Advertisement & Business Promotion Expenses			1,724,838
3,248,977	" Repairs & Renewals			2,926,179
125,032	" Bank Charges			134,500
1,205,219	" Inspection & Recovery cost			1,464,190
	" Audit Fees			
110,300	For Statutory Audit	100,000		
27,575	For Tax Audit	25,000		
44,532	For Other services	113,345		
157,865	" For Travelling and Conveyance	<u>112,679</u>		351,024
986,272	" Legal & Other Professional Expenses			847,638
1,027,360,908	Carried over		1,017,146,592	

INVESTMENT CORPORATION LIMITED
THE YEAR ENDED MARCH 31, 2010

FOR THE YEAR ENDED 31.3.2009		INCOME	FOR THE YEAR ENDED 31.3.2010	
Rs.			Rs.	Rs.
	By Interest			
1,025,888,741	i) On Loans and Advances (net of Int. Rebate allowed of Rs. 389,207 (L.Y. Rs. 995,563)			1,207,818,999
12,402,921	ii) On Investments and Deposits			1,291,306
4,031,114	iii) On Advances to staff			3,820,676
1,679,998	iv) On Tax Refund			-
28,696,506	" Dividend on Shares			28,866,176
276,916	" Profit on Sale of Assets			838,989
	" Other Income			
18,262,908	Investigation Fees	24,385,695		
15,765,004	Upfront Fee	18,199,849		
11,164,046	Risk Coverage Receipts	18,594,783		
10,239,115	Miscellaneous Receipts	15,391,955		
				76,572,282
19,087,555	" Bad Debts Recovered			26,664,133
1,147,494,824		Carried over		1,345,872,561

**THE TAMILNADU INDUSTRIAL
PROFIT AND LOSS ACCOUNT FOR**

FOR THE YEAR ENDED 31.3.2009	EXPENDITURE	FOR THE YEAR ENDED 31.3.2010
Rs.		Rs.
1,027,360,908	Brought forward	1,017,146,592
	To OTHER EXPENSES	
1,682,259	i) Staff Amenities and Welfare Exps	3,246,178
239,797	ii) Books and Periodicals	278,142
4,388,099	iii) Expenses on Office Vehicles	4,627,519
15,893,883	iv) Financial Charges Paid	13,335,475
1,651,124	v) Staff Training and Seminar Exps	2,150,884
1,825,121	vi) Computer Maintenance Exps	2,087,006
—	vii) Donation	700,000
2,973,186	vii) Sundries	3,492,051
		<hr/>
		29,917,255
125,232	" Sales Tax	—
	" Waiver & Write off	
80,238,706	i) Loans Written off	243,572,878
9,392,263	ii) Other dues written off	17,127,084
3,947,092	iii) Loans waived	7,348,658
540,512	iv) Other dues waived	1,588,385
		<hr/>
		269,637,005
	" Depreciation on	
7,686,264	Fixed Assets	7,773,943
	" Provision	
—	for Employee advances	412,042
3,744,350	for Standard assets	5,773,619
		<hr/>
		6,185,661
312,468,223	Profit for the year before provision for Taxes / prior period adjustments	563,344,998
<hr/>	<hr/>	<hr/>
1,474,157,019	TOTAL	1,894,005,454

INVESTMENT CORPORATION LIMITED

THE YEAR ENDED MARCH 31, 2010

FOR THE YEAR ENDED 31.3.2009	INCOME	FOR THE YEAR ENDED 31.3.2010
Rs.		Rs.
1,147,494,824	Brought forward	1,345,872,561
	By Excess Provision Written back	
321,301,463	On NPAs	529,091,413
5,360,732	On Investments	19,041,480
		548,132,893
1,474,157,019	TOTAL	1,894,005,454

**THE TAMILNADU INDUSTRIAL
PROFIT AND LOSS ACCOUNT FOR**

FOR THE YEAR ENDED 31.3.2009	EXPENDITURE	FOR THE YEAR ENDED 31.3.2010
Rs.		Rs.
—	To Taxation earlier years	Rs. 35,546,416
	" Provision	
1,450,000	for Taxes	793,000
17,384,726	for Deferred Tax	80,163,089
		<hr/>
293,633,497	" Net profit carried to Balance Sheet	448,433,159
312,468,223	TOTAL	564,935,664

	Current year	Previous year
Earnings per share – Basic / Diluted (Face value of Rs. 1,000/- each)	Rs. 158.18	122.17

Schedule 5 of Notes to Accounts form part of the financial statements.

R. JAYAPRAKASAM
Company Secretary

SHEELA RANI CHUNKATH
Principal Secretary /
Chairperson & Managing Director

Place : Chennai-35
Date : 31.05.2010

INVESTMENT CORPORATION LIMITED
THE YEAR ENDED MARCH 31, 2010

FOR THE YEAR ENDED 31.3.2009	INCOME	FOR THE YEAR ENDED 31.3.2010
Rs.		Rs.
312,468,223	Profit for the year before provision for taxes / prior period adjustments	563,344,998
—	Prior period income	1,590,666
312,468,223	TOTAL	564,935,664

S. SUNDAR
Director

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

S. RAMAKUMAR
Partner

Schedule 1

SCHEDULE OF BONDS AS ON 31.03.2010

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.
38	11.50% Bonds 2009	41,917,000	—	—	—
39	11.50% Bonds 2009	50,000,000	—	—	—
40	11.50% Bonds 2010	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
55	13.85% Bonds 2006	5,145,000	—	—	—
56	13.75% Bonds 2007	10,447,000	—	—	—
57	12.30% Bonds 2007	8,500,000	—	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	565,000	—	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		1,499,519,000	688,382,000	672,628,000	1,361,010,000

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 : 31.05.2010

S. RAMAKUMAR
Partner

Schedule 2

SCHEDULE FOR INVESTMENT IN SHARES AS ON 31ST MARCH 2010

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	537.00	662,609,670	26,158,892
2	Elgitread (India) Ltd. (formerly ERPL)	5,898,480	10	158,000	7.91	46,656,977	158,000
3	Industrial Development Bank Of India	35,680	10	2,899,000	115.80	4,131,744	2,899,000
4	Indian Steel Rolling Mills Ltd.	46,620	10	310,800	—	1	1
5	Kothari Sugars & Chemicals Ltd.	10,350	10	4,485,000	—	1	1
6	M I L Industries Ltd.	168,000	10	1,680,000	—	1	1
7	MICO Farm Chemical Ltd.	7,480	100	748,000	—	1	1
8	Rallis India Ltd.	53,410	10	667,660	1,243.00	66,388,630	667,660
9	Reed Relays & Electronics India Ltd.	41,956	10	2,097,850	74.95	3,144,602	2,097,850
10	Sakthi Sugars Ltd.	495,099	10	11,254,130	59.30	29,359,371	11,254,130
11	Secals Ltd.	125,000	10	5,475,000	—	1	1
12	Seshasayee Industries Ltd.	241,750	10	2,417,500	—	1	1
13	Seshasayee Paper & Boards Ltd.	1,800,000	10	16,000,000	184.10	331,380,000	16,000,000
14	Sivanandha Steels Ltd.	357,600	10	7,152,000	—	1	1
15	Sivanandha Pipe Fittings Ltd.	33,600	10	560,000	—	1	1
16	Sical Logistics Ltd (formerly South India Corporation (Agencies) Ltd).	160,467	10	16,368,640	79.10	12,692,940	12,692,940
17	Sun Paper Mills Ltd.	43,500	10	435,000	20.12	875,220	435,000
18	T & R Welding Products of India Ltd.	3,680	100	368,000	568.01	2,090,277	368,000
19	Kamar Chemicals & Industries Ltd.	137,550	10	1,834,000	3.50	481,425	481,425
20	Tamilnadu News Print & Papers Ltd.	400,000	10	44,000,000	89.65	35,860,000	35,860,000
21	Sree Maruthi Marine Industries Ltd., (Maruthi Crystal Salt Co. Ltd)	20,000	10	—	—	—	—
22	Bokiyu Tanneries Ltd.	41,900	10	—	—	—	—
23	Pandyan Hotels Ltd.	4,985	100	—	—	—	—
24	Wavin India Ltd.	59,275	10	—	—	—	—
25	Sicagen Ltd	160,467	10	—	—	—	—
TOTAL			145,069,472	—	—	1,195,670,863	109,072,905

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

Sl. No.	Name of the Company	No. of Shares	Face Value	Book Cost	Net Value after Depreciation
			Rs.	Rs.	Rs.
1	Ergodyne Private Ltd.	900	100	90,000	1
2	Industrial Venture Capital Ltd.	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 (A)				15,412,868	5

III FULLY PAID EQUITY SHARES (NON-QUOTED)

Sl. No.	Name of the Company	No. of Shares	FaceValue 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
22	Madras Aluminium Company Ltd.	3,500,000	2	7,000,000	7,000,000
23	India Forge & Drop Stampings Ltd.	71,179	10	907,535	907,535

TOTAL (B)

26,227,395 9,156,043

Non-quoted Shares (A) + (B) **9,156,048**

SUMMARY FOR QUOTED / NON-QUOTED SHARES AS ON 31.03.2010

	Current year (Rs.)	Previous year (Rs.)
Cost of Fully paid Shares		
Quoted		
Equity	145,069,472	152,977,007
Non Quoted		
Equity	26,227,395	18,319,860
Redeemable Preference	15,412,868	15,412,868
Total	186,709,735	186,709,735
Market / Book Value	118,228,953	99,187,473
Depreciation Required	68,480,782	87,522,262
Depreciation held	68,480,782	87,522,262
Net Value of Investments as per Balance Sheet	118,228,953	99,187,473

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 : 31.05.2010

S. RAMAKUMAR
Partner

Schedule 3

**SCHEDULES SHOWING PARTICULARS OF LOANS AND ADVANCES REFERRED IN THE
BALANCE SHEET AS AT 31.03.2010**
1. **Asset classification:**

Asset	Term Loans and Hire Purchase Loans			
	Gross (Rs.)	NPA Provisioning (Rs.)	Re-structure Provisioning (Rs.)	NET (Rs.)
Standard	9,849,368,290 (7,539,920,963)	— —	— (15,482,192)	9,849,368,290 (7,524,438,771)
Sub-Standard	242,649,566 (303,404,587)	23,416,416 (28,791,748)	— (1,779,677)	219,233,150 (272,833,162)
Doubtful	1,609,732,697 (1,884,808,605)	1,487,327,217 (1,737,527,887)	— —	122,405,480 (147,280,718)
Loss Assets	11,781,829 (250,114,537)	11,781,829 (250,114,537)	— —	— —
TOTAL	11,713,532,382 (9,978,248,692)	1,522,525,462 (2,016,434,172)	— (17,261,869)	10,191,006,920 (7,944,552,651)

(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 : 31.05.2010

S. RAMAKUMAR
Partner

Schedule 4

SCHEDULE OF FIXED ASSETS AS ON 31.03.2010

SCHEDULE OF FIXED ASSETS AS ON 31.03.2010							
SL. NO. ASSET	DESCRIPTION OF	GROSS BLOCK			DEPRECIATION		NET BLOCK
		AS ON 1.4.2009	ADDITIONS	DELETIONS	AS ON 31.3.2010	AS ON 31.3.2010	AS ON 31.3.2009
		1 (Rs.)	2 (Rs.)	3 (Rs.)	4 (Rs.)	5 (Rs.)	6 (Rs.) 7 (Rs.)
1	Land - Freehold*	1,617,671,814	—	—	1,617,671,814	—	1,617,671,814
2	Building	133,500,529	1,200,868	—	134,701,397	39,341,630	96,250,129
3	Plant & Machinery						
	- Leased Assets	45,895,773	—	—	45,895,773	—	—
	- Office Equipments, Electrical fittings etc.	29,416,838	1,775,305	6,200	31,185,943	24,715,808	5,834,875
	- Computer, UPS	37,755,075	2,626,759	-	40,381,834	34,871,339	5,019,585
	SUB TOTAL	113,067,686	4,402,064	6,200	117,463,550	105,482,920	10,854,460
4	Furniture & Fittings	15,321,834	22,285	—	15,344,119	14,466,714	1,071,313
5	Vehicles	20,256,603	3,004,739	3,048,432	20,212,910	12,787,826	6,737,187
	TOTAL	1,899,818,466	8,629,956	3,054,632	1,905,393,790	172,079,090	1,732,584,903

* Includes amount added on revaluation of Rs.1,535,500,000. (LY Rs. 1,535,500,000)

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

S. RAMAKUMAR
Partner

Place : Chennai-35
Date : 31.05.2010

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1. General:

The accompanying financial statements have been drawn by following the Going Concern Concept and on historical cost convention except where stated otherwise and conform to the statutory provision and practices prevailing in India.

2. Revenue Recognition:

- a. Income and Expenditure are generally accounted on accrual basis unless otherwise stated.
- b. Interest on non-performing assets, Investigation Fees, Upfront fees, Risk coverage receipts, lease income are accounted on cash basis.
- c. Dividend income is accounted in the year when the right to receive the payment is established.

3. Fixed Assets, Depreciation and Revaluation:

- a. Fixed Assets other than Land are stated on historical cost basis. Costs directly incurred on acquisition/take over are capitalized. Land is stated at Revalued Cost.
- b. Cost of Leased assets is amortized equally over the lease period. Accumulated lease adjustment is as per the Accounting Standard (AS-19) on leasing issued by the Institute of Chartered Accountants of India and the same 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 (other than SIDCO shed), on the 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 which was carried out 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 and favorable judicial pronouncements/legal opinion. Deferred Tax Asset and Liabilities are measured using tax rates and tax laws that have been enacted by the Balance Sheet date.

Deferred Tax Liability is recognized on timing differences, being the difference between the taxable incomes and accounting income that originates in one period and is 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 benefit, Loan loss provisioning, Provision for employee benefits, are 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 foregoing 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)

	31.03.2010	31.03.2009
Discount Rate	7.5%	7.00%
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	1,82,475	1,08,925
Interest Cost	12,546	8,455
Current service cost	11,584	10,976
Past service cost - (non vested benefits)	0	0
Past service cost - (vested benefits)	0	63,733
Benefits Paid	(6,485)	(6,486)
Actuarial loss/(gain) on obligation	4,642	(3,128)
PVO as the end of the period	2,04,762	1,82,475

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	1,18,742	1,08,925
Expected return on plan assets	12,851	9,308
Contributions	71,381	7,648
Benefits paid	(6,485)	(6,486)
Actuarial gain/(loss) on plan assets	(14,014)	(653)
Fair value of plan assets as at the end of the period	1,82,475	1,18,742

IV. ACTUAL RETURN ON PLAN ASSETS

Expected return on plan assets	12,851	9,308
Actuarial gain/(loss) on plan assets	(14,014)	(653)
Actual return on plan assets	(1,163)	8,655

V. ACTUARIAL GAIN / LOSS RECOGNIZED

Actuarial gain / (loss) for the period - Obligation	(4,642)	3,128
Actuarial gain / (loss) for the period- Plan Assets	(14,014)	(653)
Total (gain) / loss for the period	18,656	(2,475)
Actuarial (gain) / loss recognized for the period	18,656	(2,475)
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	2,04,762	1,82,475
Fair value of plan assets	1,82,475	1,18,742
Difference	22,287	63,733
Unrecognised transitional liability	0	0
Unrecognised past service cost - non vested benefits	0	0
Liability recognized in the Balance Sheet	22,287	63,733

VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

Current service cost	11,584	10,976
Interest Cost	12,546	8,455
Expected return on plan assets	(12,851)	(9,308)
Net actuarial (gain)/loss recognised in the year	18,656	(2,475)
Transitional Liability recognised in the year	0	0
Past service cost - non-vested benefits	0	0
Past service cost - vested benefits	0	63,733
Expenses recognized in the statement of Profit and Loss	29,935	71,381

VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET

Opening net liability	63,733	0
Expense as above	29,935	71,381
Contribution paid	(71,381)	(7,648)
Closing net liability	22,287	63,733

IX. AMOUNT FOR THE CURRENT PERIOD

Present Value of obligation	2,04,762	1,82,475
Plan Assets	1,82,475	1,18,742
Surplus (Deficit)	(22,287)	(63,733)
Experience adjustments on plan liabilities -(loss)/gain	(8,737)	12,252
Experience adjustments on plan assets -(loss)/gain	(14,014)	(653)

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	100.00%	100.00%
Total	100.00%	100.00%

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

0 0

1.2. EARNED LEAVE
**I. PRINCIPAL ACTUARIAL ASSUMPTIONS
(Expressed as weighted averages)**
31.03.2010 31.03.2009

Discount Rate	7.50%	7.00%
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	1,34,495	95,782
Interest Cost	8,895	7,201
Current service cost	8,094	7,187
Past service cost - (non vested benefits)	0	0
Past service cost - (vested benefits)	0	0
Benefits paid	(14,856)	(11,543)
Actuarial loss/(gain) on obligation	14,844	35,868
PVO as at the end of the period	1,51,472	1,34,495

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	14,856	11,543
Benefits paid	(14,856)	(11,543)
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	(14,844)	(35,868)
Actuarial gain / (loss) for the period- Plan Assets	0	0
Total (gain) / loss for the period	14,844	35,868
Actuarial (gain) / loss recognized in the period	14,844	35,868
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	1,51,472	134,495
Fair value of plan assets	0	0
Difference	1,51,472	1,34,495
Unrecognised transitional liability	0	0
Unrecognised past service cost - non vested benefits	0	0
Liability recognized in the Balance Sheet	1,51,472	1,34,495

VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

Current service cost	8,094	7,187
Interest Cost	8,895	7,201
Expected return on plan assets	0	0
Net actuarial (gain)/loss recognised in the year	14,844	35,868
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	31,833	50,256

VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET

Opening net liability	1,34,495	95,782
Expense as above	31,833	50,256
Contribution paid	(14,856)	(11,543)
Closing net liability	1,51,472	1,34,495

IX. AMOUNT FOR THE CURRENT PERIOD

Present Value of obligation	1,51,472	1,34,495
Plan Assets	0	0
Surplus (Deficit)	(1,51,472)	(1,34,495)
Experience adjustments on plan liabilities -(loss)/gain	(9,691)	(29,143)
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

Remuneration paid to Key Managerial Personnel Rs 20,23,217/- (LY Rs.20,32,369/-)

4. Earnings per Share:

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:

	31.03.2010	31.03.2009
Earnings for the year (Basic & diluted)	448,433,159	293,633,497
Weighted average No. of shares taken for computation	2,834,956	2,403,449
No. of shares outstanding at the year end	2,834,956	2,834,956

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

	(Amount in Rs)	
DTA/DTL COMPONENTS	31.03.2010	31.03.2009
Deferred Tax Assets		
1. Brought Forward losses	26,785,588	33,990,000
2. Loan Loss Provisioning	4,271,022	90,874,398
3. Provision for employee Benefits	47,437,977	45,714,851
Total – DTA – A	78,494,587	170,579,249
Deferred tax Liabilities on		
Account of Depreciation – B	21,848,865	33,770,438
Net Deferred Tax A - B	56,645,722	136,808,811
Deferred Tax Asset Previous year	136,808,811	154,193,537
Provision for Deferred Tax	80,163,089	17,384,726

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

- Provisions for loan losses have been made on the outstanding 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.57.74 Lacs (L.Y. Rs.37.44 Lacs) during the year.

3. MOVEMENT OF PROVISIONS

(Rs. in lakhs)

	NPA	INVESTMENTS	OTHER ASSETS	RESTRUCTURED ACCOUNTS	TOTAL
Opening Provisions for advances / Investment / Other assets	20164	875	709	173	21921
ADD :					
Addition during the year	—	—	—	—	—
LESS :					
Write off/ Write back/ Recovery during the year	4939	190	179	173	5481
Closing Balance	15225	685	530	0	16440

4. INFORMATION IN RESPECT OF RE-STRUCTURED ASSETS

(Rs. in lakhs)

		YEAR ENDED MARCH 31 st 2010			YEAR ENDED MARCH 31 st 2009		
		CDR MECHANISM	SME DEBT RE-STRUCTURING	OTHERS	CDR MECHANISM	SME DEBT RE-STRUCTURING	OTHERS
Standard Advances Re-structured	Number of borrowers		421			421	
	Amount Outstanding		14953			17428	
	Sacrifice (Diminution in fair value)		0			155	
Sub-Standard Advances Re-structured	Number of borrowers		85			85	
	Amount Outstanding		1134			1518	
	Sacrifice (Diminution in fair value)		0			18	
Doubtful Advances Re-structured	Number of borrowers		0			0	
	Amount Outstanding		0			0	
	Sacrifice (Diminution in fair value)		0			0	
TOTAL	Number of borrowers		506			506	
	Amount Outstanding		16087			18946	
	Sacrifice (Diminution in fair value)		0			173	

5. 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	9.78%	9.14%
b) Non-interest income as a percentage of average of working funds	5.5%	3.77%
c) Operating Profit as a percentage of average working funds	4.54%	2.57%
d) Operating Profit per employee	Rs. 7.59 lakhs	Rs. 4.88 lakhs
e) Net Risk Weighted Assets	Rs. 1,21,486 lakhs	Rs. 95,585 lakhs
f) Core Capital Adequacy Ratio	7.64%	3.83%
g) Tire II Capital Adequacy	6.08%	3.83%
h) Capital Adequacy Ratio (CAR)	13.72%	7.66%
i) Percentage of Net NPAs to Net Loans and Advances	3.35%	5.29%
j) Percentage of Net NPA (Sub-Standard) to Net Loans and Advances	2.15%	3.43%
k) Percentage of net NPA (Doubtful) to Net Loans and Advances	1.20%	1.86%

l) Movement in NPAs

(Rs. in Crore)

FINANCIAL YEAR	2009-10			2008-09		
LOAN CATEGORY	GROSS	PROV	NET	GROSS	PROV	NET
SUB-STANDARD	24	2	22	30	3	27
DOUBTFUL	161	149	12	189	174	15
LOSS	1	1	—	25	25	—
TOTAL	186	152	34	244	202	42

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

- The largest single borrower is Rs. 22 Crore 1.46% to total assets
- The largest single borrower group is Rs. 22 Crore 1.46% to total assets
- The 10 largest borrowers is Rs.151 Crore 9.85% to total assets
- The 10 largest borrower group is Rs. 151 Crore 9.85% to total assets

7. 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)

2009-2010	<=1 YR	>1 YR	>3 YRS	>5 YRS	>7 YRS	>10 YRS	TOTAL
PARTICULARS		& UPTO 3 YRS	& UPTO 5 YRS	& UPTO 7 YRS	& UPTO 10 YRS		
ASSET	27260	35000	23029	9510	8588	29865	133252
LIABILITIES	41143	35167	19069	9741	2820	45569	153509
GAP	-13883	-167	3960	-231	5768	-15704	-20257

D. OTHER MATTERS

a) Pay Arrears

During the year ended 31.03.2009 an amount of Rs. 754 Lacs has been provided as pay arrears for the period from 01.01.2007 to 31.03.2009 as per GO No. 250 dated 17.06.2009. During the current year first installment was paid before 31.03.2010, the second installment was paid during April 2010 and the balance will be paid in April 2011. There is no extra impact on account of the above payments in the accounts over and above the provision made in 31.03.2009 accounts.

Consequential impact on retirement benefit has also been worked out and provided in the accounts for the year ended 31.03.2009. During the current year accounts, the adhoc provision of Rs. 1046 Lacs towards retirement benefit has been withdrawn and provided on actual basis as per the actuarial valuation. However an amount of Rs. 171 Lacs (PY Rs 123 Lacs) have been provided by applying the gratuity ceiling limit as Rs. 10 Lacs as per GO No. 235 dated 01.06.2009 for the employees who have retired between 01.04.2007 to 31.03.2010.

- b) Under the direction of government of Tamil Nadu (GO No.5) dated 18/08/2004 and GO No. 19 dated 07/02/2005 of Industries (MIC 1) department and followed up with GO No 35 and 36 dated 12/04/2006. The corporation has been appointed as the "NODAL" agency on behalf of the government of Tamil Nadu for providing assistance to selective sugar mills to clear the sugar cane arrears. These monies are to be paid back to the government immediately on receipt of the same from the sugar mills. Since the corporation is functioning as a channel for the fund flow – to the extent of monies received still undisbursed, they have been shown under other liabilities and are now held in PD account with RBI.

- c) Loans and advances include Rs.102.45 crores of financial assistance extended to certain sugar mills under co-operative/public sector under the directions of the State Government vide GO (MS) No.45 INDS (MIF 2) dated 07/03/2008.

- d) Confirmation of Loans and Advances:

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

- e) Dividend deficit of Rs.141,46,440 is an intangible item representing minimum guaranteed dividend paid to IDBI & others out of funds received from the Government of Tamil Nadu 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.

- f) Advance income / interest tax include the amount adjusted by the departments/ paid by the corporation in respect of certain disputed tax demands.

- g) The minimum guaranteed dividend payable to the Government of Tamil Nadu at the rate of 3.5%/7.5% amounting to Rs.317.49 Lacs for the financial years from 1997-98 to 1999-2000 has not been provided for due to carry forward losses.

E. CONTINGENT LIABILITIES

	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
(i) Claims of borrowers not acknowledged as debt	244	219
(ii) Sales Tax/Service tax/IT	0	316
(iii) Others	267	182

F. The Corporation has no "suppliers/vendors" as such to be classified as required by "The Micro, Small and Medium Enterprises Development Act, 2006".

G. Figures of the previous year have been regrouped / rearranged, wherever necessary.

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 : 31.05.2010

S. RAMAKUMAR
Partner

THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED
A) CASH FLOW FROM OPERATING ACTIVITIES:

	2009-2010 Rs.	2008-2009 Rs.
Net Profit/(Loss) before Tax	1,249,389,263	907,024,349
Adjustments for:		
Depreciation & lease charge for the year	7,773,943	7,686,264
Loan loss provisioning and writeoffs	5,773,619	3,744,350
Loss/(Profit) on Sale of Fixed Assets	(838,989)	(276,916)
	1,262,097,836	918,178,047
Adjustment for:		
(increase) decrease in Investments	(19,041,480)	(5,360,732)
(increase) decrease in advances	(2,246,454,268)	(1,607,845,001)
(increase) in other assets	3,570,235	19,495,378
Increase (decrease) in other Liabilities	13,695,163	88,502,592
	(i) (986,132,514)	(587,029,716)
Direct Taxes due / paid	(ii) 19,673,207	(1,393,015)
	(i+ii) (966,459,307)	(588,422,731)

B) CASHFLOW FROM INVESTMENT ACTIVITIES:

Purchase of Fixed Assets	(8,629,956)	(10,356,043)
Proceeds from sale of assets	965,209	301,000
	(7,664,747)	(10,055,043)

C) CASHFLOW FROM FINANCING ACTIVITIES:

Interest on Borrowings	(684,453,599)	(594,556,126)
Increase (decrease) in borrowings	750,122,648	293,454,465
Increase in Deposits	662,421,916	84,906,029
	728,090,965	(216,195,632)

Net increase/(decrease) in cash and cash equivalents	(A+B+C) (246,033,089)	(814,673,406)
Cash and cash equivalents at the beginning of the year	445,196,496	1,259,869,902
Cash and cash equivalents at the end of the year	199,163,407	445,196,496

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

Cash in hand	7,425,799	5,330,262
Reserve Bank of India	938,447	1,067,706
Current A/c with Scheduled Banks	190,459,487	238,443,544
Term Deposits with Banks	339,674	200,354,984

TOTAL 199,163,407 445,196,496

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 : 31.05.2010

S. RAMAKUMAR
Partner

THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED

HEAD OFFICE

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

TELEPHONE
24331203

GRAMS
MINDVEST

FAX
24347209

E-MAIL
tiiclttd@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

rmchennai@tiic.in

2) COIMBATORE

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

2302231

MINDVEST

2303316

rmcoimbatore@tiic.in

3) MADURAI

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

2533018

MINDVEST

2521619

rmmadurai@tiic.in

4) TIRUNELVELI

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

2502038

MINDVEST

2502182

rmtirunelveli@tiic.in

5) SALEM

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

2440444

MINDVEST

2431544

rmsalem@tiic.in

6) TRICHY

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

2414177

MINDVEST

2416625

rmtrichy@tiic.in

BRANCH OFFICES

1) CHENNAI REGION

a) CHENNAI & KANCHEEPURAM

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

24315979

MINDVEST

bmchennai@tiic.in

b) SPECIAL RECOVERY BRANCH

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

24343903

MINDVEST

bmchennaisrb@tiic.in

c) TIRUVALLUR

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

26257664

MINDVEST

bmtiruvallur@tiic.in

	TELEPHONE	GRAMS	E-MAIL
d) CUDDALORE Arcot Woodlands (Annexe), III Floor, No.1, Bharathi Road, Cuddalore - 607 001.	230831	MINDVEST	bmcuddalore@tiic.in
e) VELLORE Vasan ENT Clinic, Ist Floor, 73/A, Katpadi Main Road, Gandhi Nagar, Vellore - 632 006.	2249861	MINDVEST	bmvellore@tiic.in
f) VILLUPURAM No. 23-A, Ranganathan Road, First Floor (Hotel Woodlands Complex), Chennai - Trichy Trunk Road, Villupuram - 605 602	229131	MINDVEST	bmwillupuram@tiic.in
g) TIRUVANNAMALAI (Field Office) 4-A, Lakshmipuram I Floor, Bye Pass Road, Gandhi Nagar, Tiruvannamalai - 606 602.	253032	MINDVEST	bmtiruvannamalai@tiic.in
2) COIMBATORE REGION			
a) COIMBATORE United Shopping Complex, I Floor, 94, Dr. Nanjappa Road, Coimbatore - 641 018.	2380520	MINDVEST	bmcoimbatore@tiic.in
b) COIMBATORE (SRB) United Shopping Complex, I Floor, 94, Dr. Nanjappa Road, Coimbatore - 641 018.	2302121	MINDVEST	bmcoimbatoresrb@tiic.in
c) TIRUPUR Kumaran Shopping Complex, II Floor, Kumaran Road, Near Railway Station Tirupur - 641 601.	2207489	MINDVEST	bmtiruppur@tiic.in
d) ERODE 405/1, Dr. P. Gopinath Hospital Bldg, II Floor, Perundurai Road, Erode - 638 011.	2262080	MINDVEST	bmerode@tiic.in
3) MADURAI REGION			
a) MADURAI 1A, 2nd East Main Street, I Floor, Anna Nagar, Madurai - 625 020.	2533331	MINDVEST	bmmadurai@tiic.in

	TELEPHONE	GRAMS	E-MAIL
b) DINDIGUL			
Plot No.9, Spencer Compound (II Floor), 2433785 Tiruvalluvar Salai (Near Bus Stand), Dindigul - 624 003.		MINDVEST	bmdindigul@tiic.in
c) KARAIKUDI			
Sri P.P.K. Complex, II Floor Plot No. 58, Block No. 24 Sekkalaikottai, Karaikudi - 630 002.	238746	MINDVEST	bmkaraikudi@tiic.in
d) RAMANATHAPURAM (Field Office)			
No.77-B, Railway Feeder Road, Velipattinam, Ramanathapuram - 623 504.	220474	MINDVEST	bmrarnad@tiic.in
e) THENI (Field Office)			
2-A, 1st Floor, Jeganathan Street, Old T.V.S. Road, Bungalamedu, Theni - 625 531.	251982	MINDVEST	bmtheni@tiic.in
4) TIRUNELVELI REGION			
a) TIRUNELVELI			
Sakunthala Shopping Complex, 5C/5B, II Floor, Trivandrum Road, Vannarpettai Tirunelveli - 627 003.	2502038	MINDVEST	bmtirunelveli@tiic.in
b) NAGERCOIL			
Old No. 37, New No. 143 Cape Road, Nagercoil - 629 001.	232859	MINDVEST	bmnagercoil@tiic.in
c) TUTICORIN			
No. 4/35, N.P.S. Complex, II Floor, Polepettai, Near New Bus Stand, Tuticorin - 628 002.	2346082	MINDVEST	bmtuticorin@tiic.in
d) VIRUDHUNAGAR (Field Office)			
No. 100, Railway Feeder Road, Virudhunagar - 626 001.	243911	MINDVEST	bmvirudunagar@tiic.in
e) SIVAKASAI			
No. 1292-A, 1292-B, P.K.N. Road, Near Rathina Vilas Bus Stand Sivakasi - 626 189.	277222	MINDVEST	bmsivakasi@tiic.in

	TELEPHONE	GRAMS	E-MAIL
b) DINDIGUL Plot No.9, Spencer Compound (II Floor), 2433785 Tiruvalluvar Salai (Near Bus Stand), Dindigul - 624 003.		MINDVEST	bmdindigul@tiic.in
c) KARAIKUDI Sri P.P.K. Complex, II Floor Plot No. 58, Block No. 24 Sekkalaikottai, Karaikudi - 630 002.	238746	MINDVEST	bmkaraiikudi@tiic.in
d) RAMANATHAPURAM (Field Office) No.77-B, Railway Feeder Road, Velipattinam, Ramanathapuram - 623 504.	220474	MINDVEST	bmrarnnad@tiic.in
e) THENI (Field Office) 2-A, 1st Floor, Jeganathan Street, Old T.V.S. Road, Bungalamedu, Theni - 625 531.	251982	MINDVEST	bmtheni@tiic.in
4) TIRUNELVELI REGION			
a) TIRUNELVELI Sakunthala Shopping Complex, 5C/5B, II Floor, Trivandrum Road, Vannarpettai Tirunelveli - 627 003.	2502038	MINDVEST	bmtirunelveli@tiic.in
b) NAGERCOIL Old No. 37, New No. 143 Cape Road, Nagercoil - 629 001.	232859	MINDVEST	bmnercoil@tiic.in
c) TUTICORIN No. 4/35, N.P.S. Complex, II Floor, Polepettai, Near New Bus Stand, Tuticorin - 628 002.	2346082	MINDVEST	bmtuticorin@tiic.in
d) VIRUDHUNAGAR (Field Office) No. 100, Railway Feeder Road, Virudhunagar - 626 001.	243911	MINDVEST	bmvirudunagar@tiic.in
e) SIVAKASAI No. 1292-A, 1292-B, P.K.N. Road, Near Rathina Vilas Bus Stand Sivakasi - 626 189.	277222	MINDVEST	bmsivakasi@tiic.in

	TELEPHONE	GRAMS	E-MAIL
5) SALEM REGION			
a) SALEM			
Sri Lakshmi Complex, 1st Floor 4/22, Omalur Main Road Swarnapuri, Salem - 636 004.	2440444	MINDVEST	bmsalem@tiic.in
b) NAMAKKAL			
Sri Buvaneswari Complex II Floor, No. 2, 5/2, Dr. Sankaran Road, Namakkal - 637 001	221068	MINDVEST	bmnamakkal@tiic.in
c) DHARMAPURI			
DDDC Buildings (Upstairs) Pennagaram Road Dharmapuri - 636 702.	260866	MINDVEST	bmdharmapuri@tiic.in
d) HOSUR			
P.B. No. 49, No. 7, II Cross, II Floor Kamaraj Colony Hosur - 635 109.	222876	MINDVEST	bmhosur@tiic.in
6) TRICHY REGION			
a) TRICHY			
K.R.T. Building, II Floor, No. 33, Promenade Road, Cantonment, Trichy - 620 001.	2460498	MINDVEST	bmtrichy@tiic.in
b) PUDUKKOTTAI			
'Mena Complex', II Floor, T.S. No.2430/31, West Main Street, Pudukkottai - 622 001.	222354	MINDVEST	bmpudukkottai@tiic.in
c) THANJAVUR			
No.33, South Main Street, IOB Building, II Floor, Thanjavur - 613 009.	230465	MINDVEST	bmthanjavur@tiic.in
d) KARUR			
LIC (Unit-I) Office Building Ground Floor 526, North Pradakshanam Road, Karur - 639 001.	235581	MINDVEST	bmkarur@tiic.in

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 A. Mohan	Deputy General Manager
5.	Thiru S. Govind Swamynathan	Deputy General Manager
6.	Thiru R. Narayanan	Assistant General Manager
7.	Thiru D.D. Thomas	Assistant General Manager
8.	Thiru K. Selvakumar	Senior Manager
9.	Thiru S. Gopalakrishnan	Senior Manager
10.	Thiru R. Jayaprakasam	Senior Manager
11.	Thiru S. Varadarajan	Senior Manager
12.	Thiru N. Kalathy	Senior Manager
13.	Tmt S. Sashikala	Senior Manager



The Tamilnadu Industrial Investment Corporation Limited

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