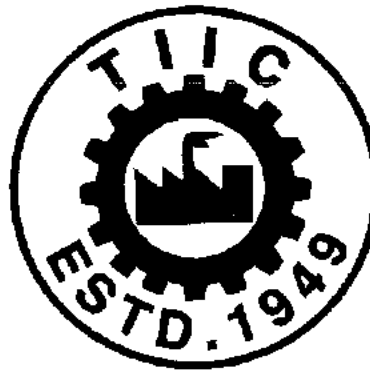


THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED

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



**SIXTY SECOND
ANNUAL REPORT AND STATEMENT OF ACCOUNTS
MARCH 31, 2011**



தமிழ்நாடு தொழில் முதலீட்டுக்கழகம்

Board of Directors

(as on 8.8.2011)

1. **Dr. T. Prabhakara Rao, I.A.S.,**
Principal Secretary / Chairman &
Managing Director, TIIC.
2. **Dr. T.S. Sridhar, I.A.S.,**
Principal Secretary to Government,
Micro, Small & Medium Enterprises Department
Government of Tamilnadu.
3. **Thiru M.S. Shanmugam, I.A.S.,**
Joint Secretary to Government,
Industries Department,
Government of Tamilnadu.
4. **Thiru K. Nantha Kumar, I.A.S.,**
Deputy Secretary to Government,
Finance Department,
Government of Tamilnadu.
5. **Thiru Namglai**
Chief General Manager,
Small Industries Development Bank of India (SIDBI),
Chennai.
6. **Thiru V. Sridharan**
General Manager,
Small Industries Development Bank of India (SIDBI),
Chennai.
7. **Thiru S. Sundar**
Chief General Manager (Retired)
State Bank of India.
8. **Thiru D.S.M. Jayarajan**
General Secretary,
Tamilnadu Small and Tiny Industries Association (TANSTIA),
Chennai.

Auditors

M/s. PONRAJ & CO.
Chartered Accountants
Chennai.

Principal Bankers

INDIAN BANK
UNION BANK OF INDIA
CANARA BANK



SYNOPSIS OF BALANCE SHEET

		Rs. in lakhs
As on 31.03.2010	CAPITAL & LIABILITIES	As on 31.03.2011
28,350	Paid up Capital	28,350
15,723	Reserves & Surplus	15,723
1,250	Loan in lieu of capital	1,250
13,997	Deposits	12,667
13,610	Bonds	7,868
45,944	Refinance from SIDBI	58,760
9,487	Line of Credit – Banks	25,484
25,157	Other Liabilities	17,646
1,53,518	Total	1,67,748
PROPERTY & ASSETS		
10,204	Cash & Bank Balances	9,884
1,182	Investments	1,275
1,01,910	Loans & Advances	1,22,075
17,333	Fixed Assets	17,333
2,773	Other Assets	2,348
20,116	Profit & Loss A/c	14,833
1,53,518	Total	1,67,748

YEARS AT A GLANCE

Rs. in lakhs

RESOURCES	As on March 31st	
	2010 Rs.	2011 Rs.
Share Capital	28,350	28,350
Reserves & Surplus	15,723	15,723
Loan in lieu of Capital	1,250	1,250
Bonds	13,610	7,868
Deposits	13,997	12,667
Refinance from SIDBI	45,944	58,760
Line of Credit - Banks	9,487	25,484

FINANCIAL HIGHLIGHTS	2009-2010		2010-2011	
	Rs.		Rs.	
Gross Income	18,956		22,220	
Financial cost	6,978		8,765	
Establishment and administrative expenses	3,493		3,938	
Other provisions / writteoff	4,001		4,235	
Net Profit before tax	5,649		5,552	
Net Profit after tax	4,484		5,282	

OPERATIONS	2009-2010		2010-2011	
	No.	Amount Rs.	No.	Amount Rs.
(i) Total assistance sanctioned (All types gross)	1,908	66,813	4,190	93,925
a) Micro and Small Enterprises	1,715	40,438	3,941	58,989
(ii) Amount of assistance disbursed	—	57,027	—	73,559
(iii) Amount of assistance outstanding (All types)	—	1,17,135	—	1,32,065



தமிழ்நாடு தொழில் முதலீட்டுக்கழகம்

THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED
692, Anna Salai, Nandanam, Chennai - 600 035

NOTICE FOR THE 62ND ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE CORPORATION

NOTICE is hereby given that the 62nd Annual General Meeting of the Company will be held at the Corporate Office at No.692, Anna Salai, Nandanam, Chennai 600 035 on Thursday, the 8th September, 2011 at 11.00 A.M to transact the following business.

I. ORDINARY BUSINESS:

- 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 31.03.2011.
- b) To receive, consider and adopt the audited Balance Sheet, as at 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011 and the report of the auditors
2. To consider the Report of the Directors.
3. To elect a director in the place of Dr. T.S. Sridhar, IAS., Principal Secretary to Government, Micro, Small & Medium Enterprises 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 M.S.Shanmugam, IAS., Joint Secretary to Government, Industries Department, Government of Tamilnadu who retires at this meeting. The retiring director is eligible for re-election
5. To transact other business of which due notice is given to the Corporation

II. SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution.

"The board of directors of the company be and is hereby authorised under Section 293 (1) (d) of the Companies Act, 1956 to borrow over and above the paid-up capital and free reserves in such a manner and on such terms as they deem fit, whether with or without security, such monies as may be required from time to time or at any time for the business of the corporation, subject to the condition that the aggregate of such borrowings does not exceed at any time a sum of Rs.1800 crores (Rupees one thousand eight hundred crores only)".

(By order of the Board)

R. JAYAPRAKASAM
COMPANY SECRETARY

Place : Chennai-35

Dated : 8th August, 2011

- N.B.**
1. A member entitled to attend and vote, may appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company.
 2. Explanatory statement as required under Section 173 (2) of the Companies Act 1956 is enclosed.

THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED
692, Anna Salai, Nandanam, Chennai - 600 035

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2)
OF THE COMPANIES ACT 1956.**

As per Section 293 (1) (d) of the Companies Act, 1956, the board of directors of a company are empowered to borrow in excess of the aggregate of the paid-up capital and its free reserves with the consent of the company in general meeting. Under the provisions of this section, the board of directors of the corporation have been empowered to borrow upto Rs.1200 crores in the Extra-ordinary General Body Meeting held on 15.07.1996.

The major borrowings of the corporation are by way of refinance from SIDBI, borrowing from banks and by issue of bonds. The borrowings as on 31.03.2011 amounted to Rs.1,053 crores (excluding Loan in lieu of capital). Further the corporation has diversified its line of activity like bill discounting, etc. The ceiling limit on investment in plant & machinery for the SSI has also been raised to Rs.500 lakhs. So the level of disbursement would increase in future and as such the existing borrowing limit has to be increased. The corporation has also projected in the business plan that resources to the extent of Rs.375 crores would be raised during the current financial year for meeting its commitments / disbursements.

Considering the above facts it is suggested that the borrowing power may be increased from Rs.1200 crores to Rs.1800 crores and hence a proposal is placed before the Annual General Meeting for approval.



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors takes pleasure in presenting the 62nd Annual Report of the Corporation for the financial year ended 31st March 2011. This year also the Corporation continued its trend of delivering a strong performance in all core business areas through customer centric strategies, despite unsteady external economic parameters of India/Tamilnadu.

HIGHLIGHTS

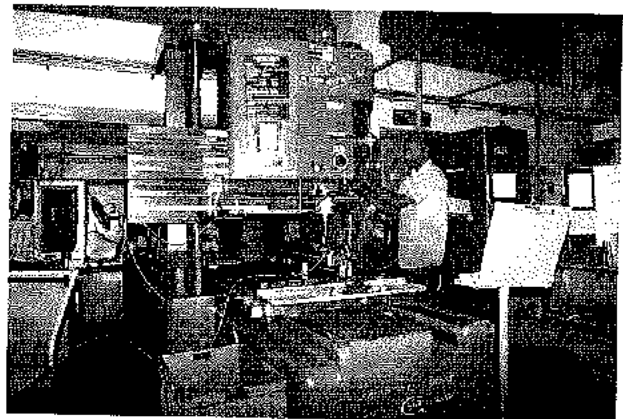
- The Corporation has registered net profit for the Eighth consecutive year. For the year ended 31.03.2011 it achieved Rs. 52.82 crores, the highest ever in recent years.
- The profit before write-off and write-back of provisions on non-performing assets, for the financial year 2010-11, is Rs.34.10 crores as against Rs.16.10 crores during the last year, thus recording an increase of 111.80%.
- The loan sanctions are at Rs.939.25 crores as compared to Rs.668.13 crores of last year.
- Standard Assets have increased from Rs.984.94 crores to Rs.1177.93 crores this year, a growth rate of 19.60%.
- The Total loan portfolio has increased to Rs.1320.65 crores from Rs.1171.35 crores last year.
- The Gross Non-performing Assets (NPA) fell from 15.91% of last year to 10.80% this year. However the net NPA increased to 3.51% from 3.35% last year.
- Profit per employee grew from Rs.7.59 lakhs to Rs. 9.95 lakhs.
- The Capital Adequacy Ratio Improved from 13.72% of last year to 15.88%, this year.
- Establishment expenses, expressed as a percentage to total income, came down to 15.31% from 16.00% of last year.
- Gross recoveries jumped from Rs.494.88

crores to Rs.709.27crores, recording a rise of 43.32%.

- All this has been achieved despite the moderate pace of global recovery and its impact on the industrial scenario in India.
- The Corporation has registered robust growth in a challenging environment through pro active marketing, identification of worthy projects for financing and excellent customer service besides a robust credit monitoring and recovery mechanism.

1.1 Global Economy

The global economy continued its slow recovery from the global crisis of 2008-09. The recovery, has been weak and uneven between advanced countries and emerging markets, with uncertainty continuing to prevail over the economic conditions in Europe and USA. Some of the countries like Greece, Portugal, Ireland and Spain are going through throes of economic turmoil. Japan, which has not yet shown definite signs of recovery from its long slowdown, has been further grievously affected by the earthquake and tsunami, which hit it in March 2011. Global economy was estimated to have grown by 5.00% in 2010. The International Monetary Fund (IMF) in their World Economic Outlook (WEO) forecasts World real Gross Domestic Product (GDP)



Dies & Moulding Unit

growth is to be about 4.5% in 2011 and 2012, down modestly from 5% in 2010.

1.2 National Economy

Despite the risks of global events, such as volatility in commodity prices like crude oil exacerbated by political turmoil in the Middle-East, the Indian economy seems poised to scale greater heights in terms of macro economic indicators. The growth rate has been 8.6 per cent in 2010-11. The real GDP growth is expected to reach the 9 per cent mark in 2011-12. The growth during 2010-11 has been broad based with a rebound in the Agriculture sector with an estimated growth of around 5.4 per cent. The industrial output growth rate was 8.6 percent while the manufacturing sector registered a growth rate of 9.1 percent in 2010-11. Annual figures for 2010-11 show that exports have touched an all time high of US\$ 246 billion and mark a robust growth of 37.5 percent over US\$ 179 billion achieved in 2009-10. Imports too registered a strong growth of 21.2 percent in 2010-11 and touched US\$ 350.3 billion. Inflation, however, continues to be a cause for concern. The RBI committed itself to contain inflation through its calibrated monetary policy. Despite some tightness in money markets, financial conditions have been orderly with a pick up in credit growth, vibrant equity market activity and a stable foreign exchange market. Credit to Industry, including infrastructure, metals, food processing, rubber, plastic and their products and engineering shows 23.6 per cent in 2010-11 as compared with 24.4 per cent in

the previous year. Credit to the services sector, led by NBFCs, professional services, transport operators and tourism, hotels and restaurants, grew by 23.9 per cent during 2010-11 as compared with 12.5 per cent in the previous year.

1.3 Tamilnadu Economy

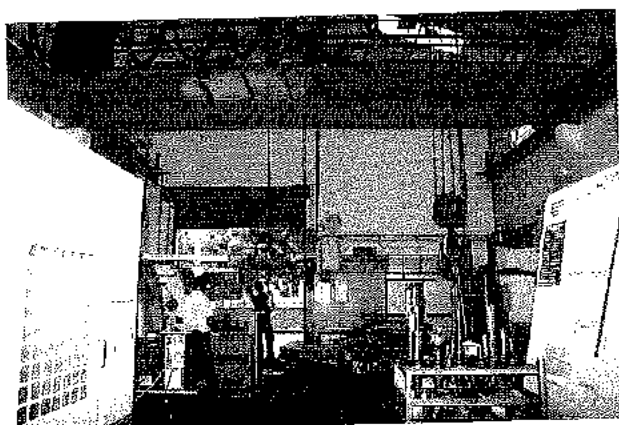
At an estimated GDP growth of 10% per annum during 2010-11, Tamilnadu is the fifth largest contributor to India's GDP. The state's manufacturing sector has grown during 2010-11 at 12%. Industrial Investment in the last 5 years in the State by leading industries is Rs.52,195 crores. Industrial parks are being established at Tuticorin, Cheyyar, Tindivanam, Tirumangalam(Madurai), Valakal (Sriperumbudur). Under Integrated Textile Park Scheme of Government of India, work has commenced at Madurai, Karur, Cuddalore and Andipatti. Chennai is likely to become one of the world's largest automobile hubs with a total production capacity of 2.2 million vehicles per annum. This is possible due to expanding operations of existing auto majors in the state and the proposed investment plans of other new investors. Tamilnadu is second in terms of licensed food processing units after Maharashtra. Tamil Nadu has the largest installed capacity in wind with installed capacity upwards of about 5887MW of which about 997MW was installed in the year 2010-11. Investments to generate 1,000 MW more is expected to come in 2011-12. Suzlon, Gamesa, Vestas, Leitner, Sterling Infotech are setting up manufacturing bases in the State. Trichy is already a hub for Windmill/Tower manufacturing.

Under the incentives and subsidies offered by the State Government sectors such as Plastic, Rubber and Food Processing have been added among the thrust sectors enabling them to avail special subsidy irrespective of location, helping in their growth.

FINANCIAL PERFORMANCE

The Corporation's Profit

The total income of the Corporation for the financial year 2010-11 was Rs.222.20 crores (Rs.189.56 crores in 2009-10). The Corporation



Aluminium Die-casting



registered a net profit of Rs.52.82 crores, and a 17.80% of growth over last year's Rs.44.84 crores. This was mainly due to increase in interest income (27.00% over last year) and other income caused by increase in advances and the write-back of provisions.

Capital and Reserves

Net Capital and Reserves increased from Rs.239.57 crores in 2009-10 to Rs.292.39 crores in 2010-11.

The capital adequacy ratio has improved from 13.72% in 2009-10 to 15.88% in 2010-11 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)

	2010-11	2009-10
SANCTIONS	939.25	668.13
DISBURSEMENTS	735.59	570.27
RECOVERY	709.27	494.88

The Corporation's strategies in analysing customer needs and developing new schemes besides modifying existing schemes contributed to improving customer base. Sustained marketing efforts through business meets and loan melas at all branches improved visibility of the Corporation profile and attracted new customers to its fold. The close track monitoring of loans and the diligent recovery measures besides the efforts to improve the morale and motivation quotient of human resources of the Corporation have led to improvement in the business.

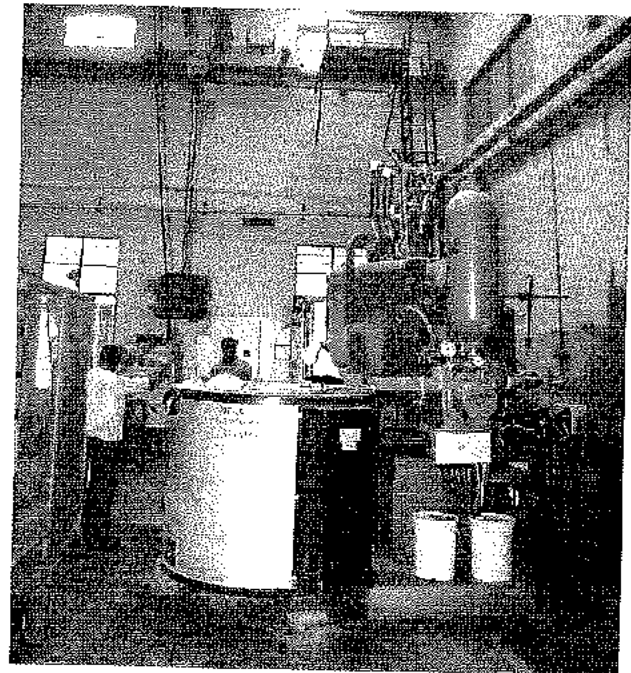
A new scheme was introduced for the purchase of Generators to member units of Bharat Heavy Electricals Ltd Industries Association (BHELSIA) Trichy on soft terms which has resulted in attracting new clients. Taking advantage of the acute power crisis faced by industry, thrust was given to windmill financing both for captive consumption and sale to the TNEB.

The Corporation has modified the Scheme for Take Over of High Cost borrowings facilitating the takeover of Working Capital loans from Banks. Suitable modifications and extended coverage of products were made to Bill Finance Scheme to widen the scope of working capital schemes.

There has been a significant improvement in gross recoveries over last year's performance, due to effort in collections both in NPA and Standard Asset portfolio.

Social accountability of Corporation

The Corporation's scheme to encourage first generation entrepreneurs from socially and economically disadvantaged backgrounds viz., "Grow an Entrepreneur Scheme" (GES) gained momentum during the year. Under the scheme, loan amount is considered upto Rs.5.00 lakhs for entrepreneurs who cannot offer collateral security but have viable projects that needs to be encouraged. A beneficiary can be considered for additional loan provided he/she has successfully completed one year with all prompt repayments. The total quantum of loan, taking into account all the additional releases, should not exceed Rs.10.00 lakhs. The implementation



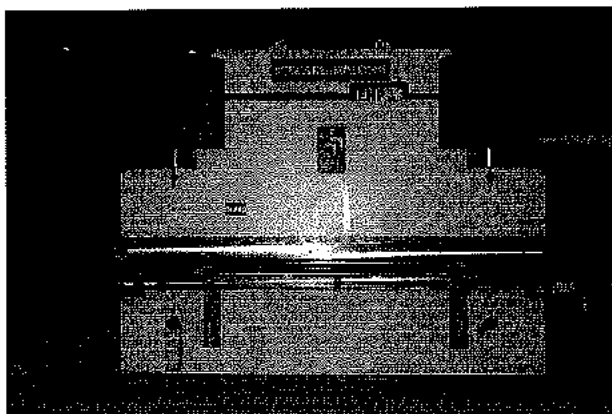
Forging Unit

of this scheme is leveraged on the mentor concept and the vigilant monitoring by the TIIC officials. The proposals are being considered under Credit Guarantee Trust Fund Scheme. The Corporation has sanctioned Rs.38.46 crores to 2134 clients under this scheme during this Financial year taking the cumulative sanctions to 2186 clients to the tune of Rs 39.81 crores. The repayment performance under the scheme has been exemplary. The scheme has been documented - a book and a short film on the origin, concept, implementation issues, future vision and profiles of select clients across the State whose lives have been transformed by this financial assistance from TIIC were prepared during the year.

Working Capital Assistance

The Corporation continued to extend its working capital assistance scheme to all industries - viz manufacturing, processing and service sectors. Further the Scheme for extending Working Capital Term Loan to the existing assisted & non-assisted Modern Rice Mill Units was modified to enhance the quantum of assistance from Rs.50 lacs to Rs.1.00 crore. The schemes for taking over of loans from other Banks / Financial Institutions as also high cost borrowings -were also formulated.

Repairing and reconditioning of sick transformers for TNEB besides Civil Contractors under Turnkey projects, were added to the range of products covered under the Bill Finance Scheme of TNEB.



Fabrication Unit

Table-2. Disposal of loan applications

Sl. Particulars No.	(Rs. in crores)			
	Sanctions			
	2010-11 No.	Amt	2009-10 No.	Amt.
1 Applications pending at the beginning of the year	26	18.54	33	37.75
2 Applications received during the year	4356	1149.34	2048	814.21
TOTAL	4382	1167.88	2081	851.96
3 Applications disposed off during the year				
a) Gross Sanctions (All types)	4190	939.25	1908	668.13
b) Closed, Withdrawn etc.	156	199.00	147	165.29
4 Applications pending at the end of the year	36	29.63	26	18.54
TOTAL	4382	1167.88	2081	851.96

BUSINESS STRATEGIES

Our Customer centric features are

- Our commitment towards continuously improving and deepening our relationship with our existing customers and pro actively pursuing good accounts.
- Frequent review of customer requirements with quick response in meeting the same.
- Capitalising on the emerging opportunities to enable portfolio growth through new customers
- Tailor-made new products both for service and manufacturing units
- Focus on balancing our asset and liability mix and reducing credit costs.
- Accessing and disbursing eligible subsidy of Central and State Governments to customers on fast track mode, thus making the units more viable.
- Systematic efforts to provide quality training in improving and enhancing the competencies of the staff.



- Incentives for rewarding performance and motivating staff at Branches and Head Office.
- Concerted marketing initiatives through, advertisements, participation in the industrial exhibitions organized by various associations like TANSTIA/CODISSIA besides organising business promotion meets and loan melas

at all branches

- Thrust is given on non-fund based income, through Insurance agency etc.

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 2010-2011

Sl. No.	DESCRIPTION	Sanctions (Gross) No.	Amt.	Disbursement Amt.
1	Micro / Small Enterprises Funding scheme	57	10.20	6.76
2	Equipment Finance Scheme	135	61.81	45.49
3	Textile Industry Under Technology Upgradation (RTUF) scheme	6	10.68	10.18
4	Wind Mills	14	41.87	47.27
5	Transport operators	323	10.52	6.42
6	Medical Practitioners / Hospitals	8	6.71	3.66
7	Hotels	2	2.98	0.47
8	Working Capital Loans			
a.	Single Window Scheme	89	23.39	7.96
b.	Modern Rice Mill	38	15.46	26.39
c.	General Working Capital Scheme	6	10.64	7.88
d.	Bill Finance Scheme	542	268.74	268.74
e.	Short Term Loan (TANGEDCO)	1	50.00	50.00
10	Open Term Loans	207	58.77	36.02
11	Clear Term Loans	1	0.30	0.30
12	Switch-over Loans	2	10.06	39.03
13	Grow an Entrepreneur Scheme	2134	38.46	30.77
14	Funding of Second Hand Machinery	3	2.09	0.52
15	Others	622	316.57	147.73
TOTAL		4190	939.25	735.59

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 and Kanyakumari showed high credit absorption.

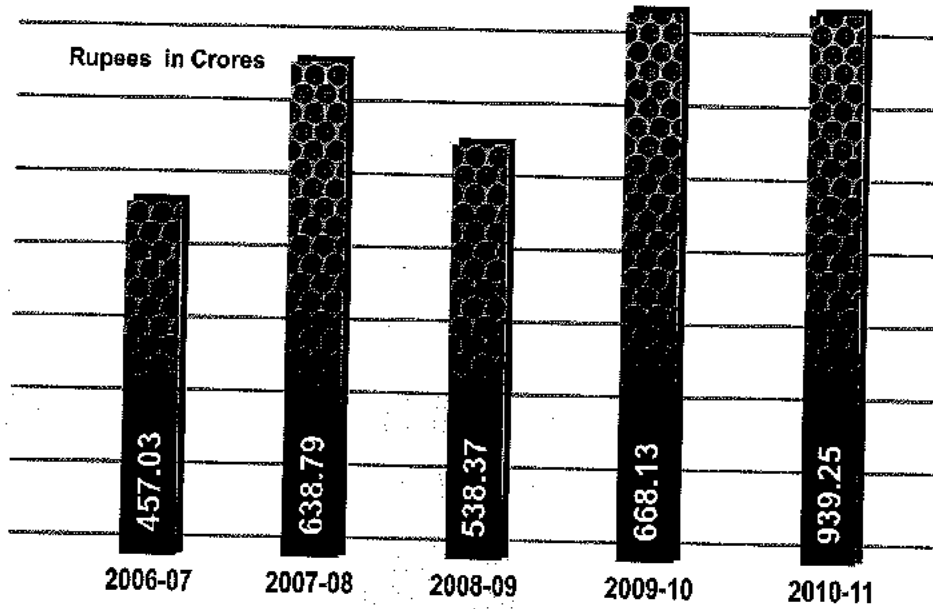
Table 4. Districtwise deployment of loans

(Rs. in Crores)

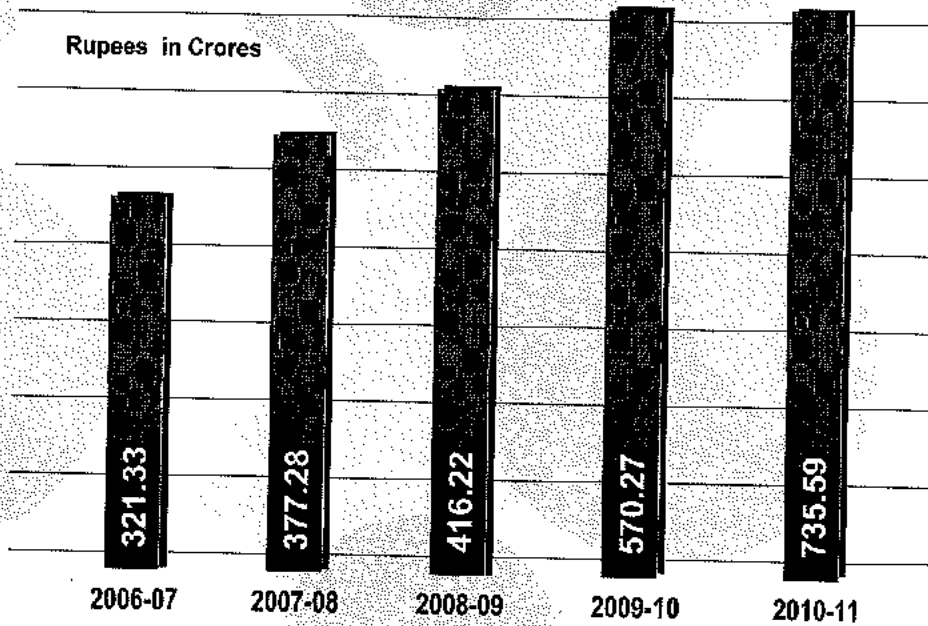
Sl. No.	Name of the District	Sanctions 2010-2011		2009-2010		Cumulative Sanction Upto 2010-2011	
		No	Amt.	No	Amt.	No	Amt.
1	Ariyalur	21	7.57	5	2.99	30	10.92
2	Chennai	318	177.10	119	102.29	15520	1680.09
3	Coimbatore	264	86.43	183	52.59	12522	1367.37
4	Cuddalore	141	14.05	25	3.77	4044	130.78
5	Dharmapuri	88	12.81	30	6.36	5039	247.70
6	Dindigul	132	34.50	61	31.12	2255	268.38
7	Erode	135	34.54	61	38.14	3127	429.16
8	Kancheepuram	80	60.36	65	56.31	8498	852.13
9	Kanyakumari	142	66.58	111	34.82	3397	280.53
10	Karur	79	12.31	34	11.18	656	99.88
11	Krishnagiri	172	28.89	62	17.83	356	112.36
12	Madurai	198	29.14	109	16.58	9355	369.80
13	Nagapattinam	25	3.24	6	0.47	636	28.65
14	Namakkal	84	8.11	31	5.29	822	99.36
15	Perambalur	6	0.79	7	1.32	109	7.71
16	Pudukkottai	155	28.72	76	19.39	3131	171.41
17	Ramnad	53	4.74	16	2.99	3636	91.50
18	Salem	149	16.30	58	12.20	5688	341.23
19	Sivagangai	86	12.85	54	6.08	1616	89.43
20	Thanjavur	113	22.41	45	12.31	3939	118.15
21	The Nilgiris	2	0.29	2	0.13	146	7.63
22	Theni	55	2.23	12	6.92	635	47.94
23	Thiruvallur	344	85.50	198	61.38	1933	470.72
24	Thiruvannamalai	58	3.58	11	1.42	918	42.09
25	Tirunelveli	194	25.68	116	21.55	4442	184.03
26	Tiruppur	96	28.84	80	26.64	176	55.48
27	Tiruvarur	25	2.16	8	2.51	271	13.16
28	Trichy	256	41.43	81	32.34	5550	261.84
29	Tuticorin	120	17.98	64	28.08	2623	164.74
30	Vellore	222	14.35	17	18.93	4295	212.93
31	Villupuram	129	19.00	34	7.97	668	75.36
32	Virudhunagar	248	36.77	127	26.23	3133	273.10
33	Pondicherry & Other States	—	—	—	—	47	6.46
TOTAL		4190	939.25	1908	668.13	109213	8612.02



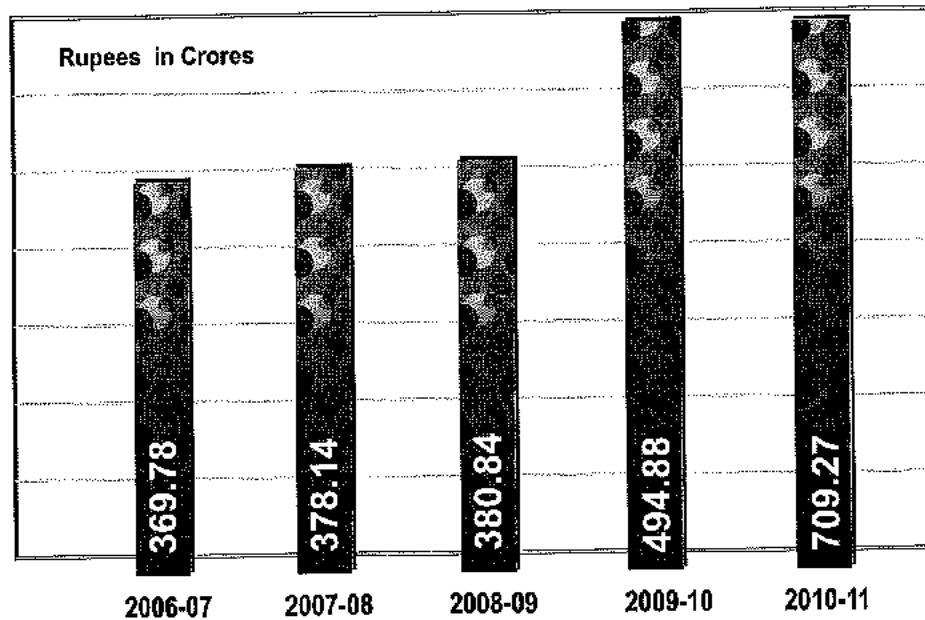
SANCTIONS DURING LAST 5 YEARS



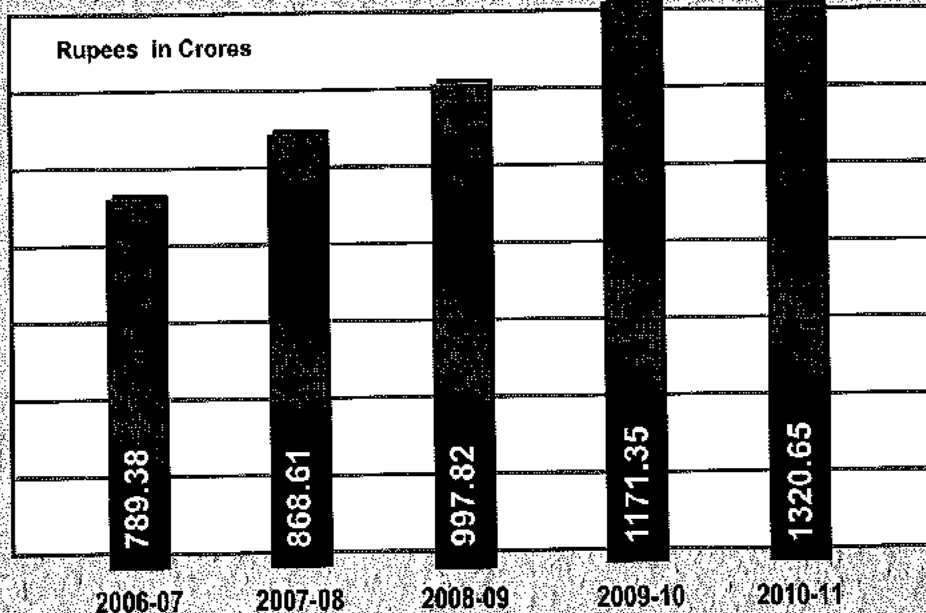
DISBURSEMENTS DURING LAST 5 YEARS



RECOVERIES DURING LAST 5 YEARS

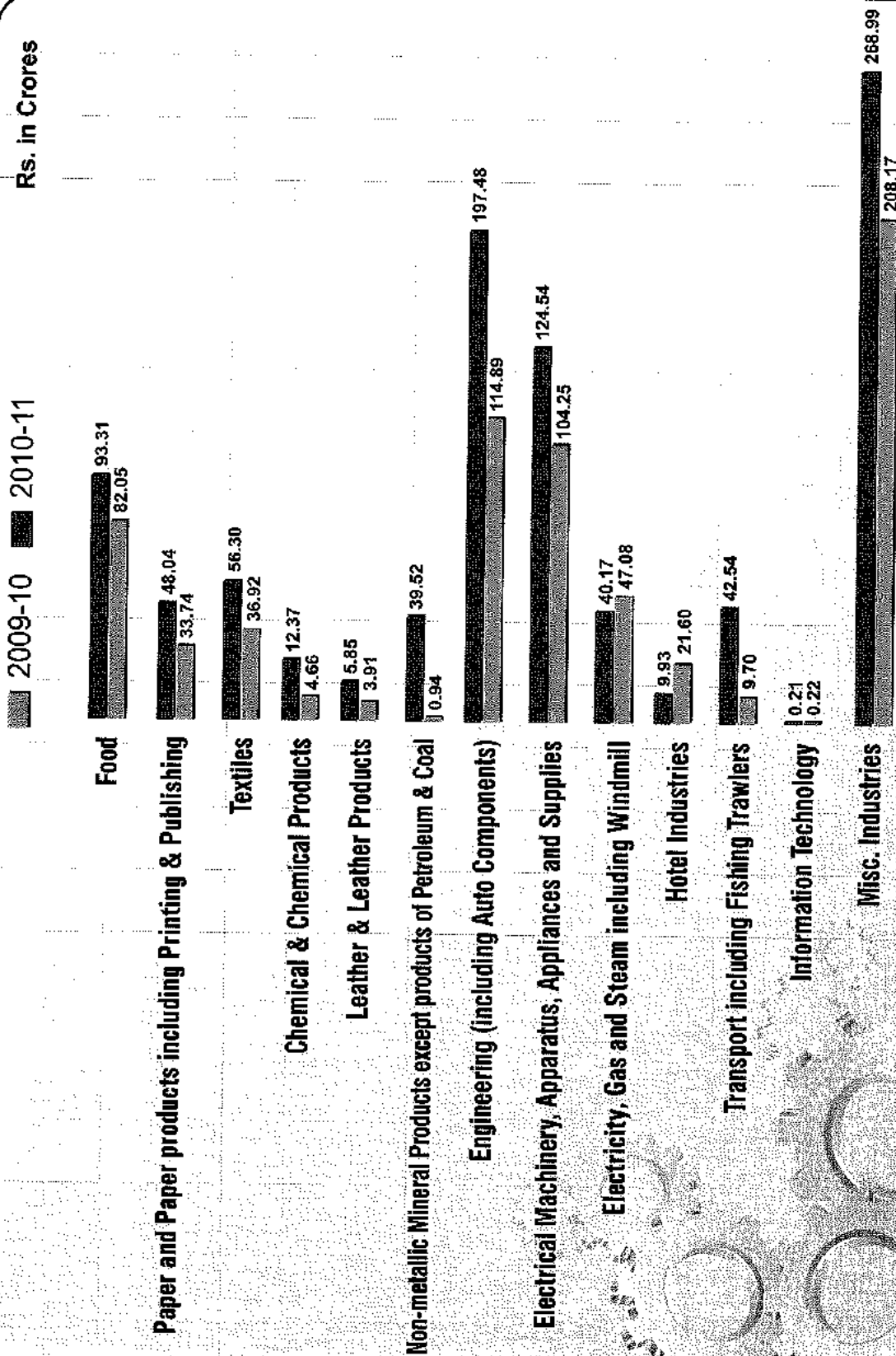


OUTSTANDING DURING LAST 5 YEARS





INDUSTRY-WISE CLASSIFICATION OF SANCTIONS FOR 2 YEARS



INDUSTRY-WISE DISTRIBUTION OF CREDIT

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

Table-5. Industry-wise distribution of Credit

(Rs.in Crores)

S. No.	Description	Sanctions (Gross)			Cumulative Sanctions upto 31.03.2011		
		2010-11			2009-10		
		No.	Amt.	%	No.	Amt.	%
1	Food Processing Industry	311	93.31	9.93	291	82.05	12.28
2	Sugar Factories & Refineries	—	—	—	—	—	—
3	Paper & paper products including printing & publishing	117	48.04	5.11	88	33.74	5.05
4	Textiles	147	56.30	5.99	106	36.92	5.53
5	Chemical & Chemical Products	25	12.37	1.32	10	4.66	0.70
6	Leather and Leather products	14	5.85	0.62	12	3.91	0.59
7	Non metallic mineral products except products of Petroleum & coal	115	39.52	4.21	2	0.94	0.14
8	Engg. (Incl. Auto components)	530	197.48	21.03	451	114.89	17.20
9	Electrical Machinery, Apparatus, Appliances and supplies	83	124.54	13.26	79	104.25	15.60
10	Electricity, Gas & Steam (incl. Windmill)	15	40.17	4.28	16	47.08	7.05
11	Transport Equipment	—	—	—	—	—	—
12	Hotel Industries	30	9.93	1.06	24	21.60	3.23
13	Transport incl. Fishing Trawlers	2013	42.54	4.53	327	9.70	1.45
14	Information Technology	4	0.21	0.02	3	0.22	0.03
15	Misc. industries not elsewhere classified	785	218.99	23.32	499	208.17	31.16
16	Loans to Govt. Corporations	1	50.00	5.32	—	—	—
TOTAL		4190	939.25	100.00	1908	668.13	100.00



Plastic Components Unit







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.

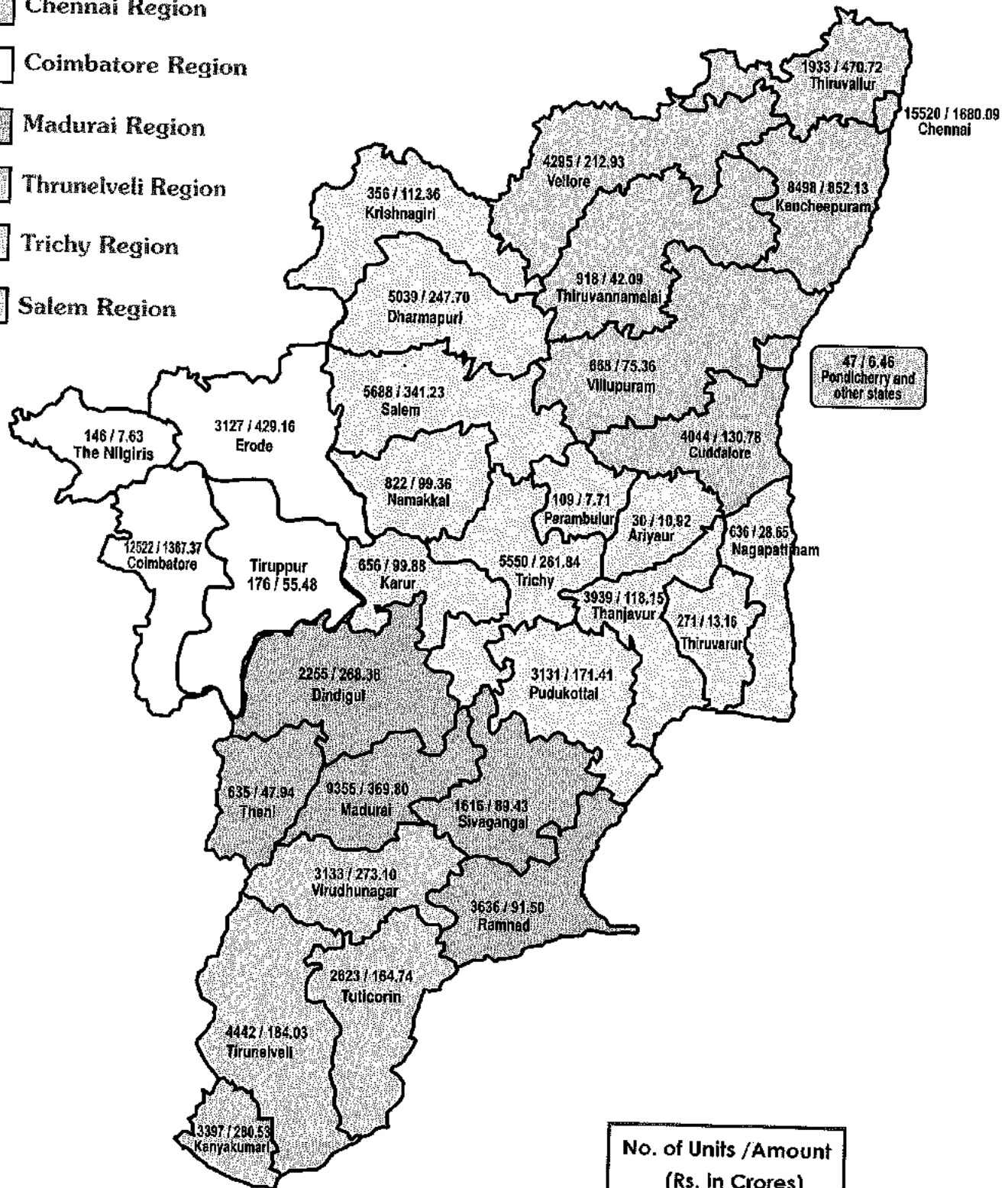
Disbursement

During the year under report, the Corporation disbursed Rs.735.59 Crores. The cumulative disbursement upto 31.3.2011 (since inception) is Rs.6178.17 crores, extended under various schemes.



District-wise Sanctions (Cumulative)

-  Chennai Region
-  Coimbatore Region
-  Madurai Region
-  Thrunelveli Region
-  Trichy Region
-  Salem Region



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.

Table-6. Loan Portfolio

(Rs. in Crores)

ASSET	2010-11	2009-10	2008-09	2007-08
Standard	1177.93	984.94	753.99	604.22
Sub-standard	42.74	24.26	30.34	22.23
Doubtful	99.98	160.97	188.48	209.93
Loss Assets	—	1.18	25.01	32.23
TOTAL	1,320.65	1,171.35	997.82	868.61
Written-off	90.89	74.65	70.81	64.81
Total Performing Assets (PA)	1177.93	984.94	753.99	604.22
Total Non-performing Assets (NPA)	142.72	186.41	243.83	264.39
% of performing assets to total advances	89.20	84.09	75.56	69.56
% of NPA to total advances (Gross NPAs)	10.80	15.91	24.44	30.44
% of Net NPA to (Net) advances	3.51	3.35	5.29	4.65

Strategies for Asset Quality

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

- appraisal and follow-up are done on realistic basis
- Human resources considered as an asset, with continuation updation of skills.
- Recovery, loan monitoring and rehabilitation are headed by the Senior Officer of the Corporation.
- 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:

Monitoring:

The Loans Monitoring & Rehabilitation Department headed by a Deputy General Manager, monitors the health of the assisted units, performance of the units, slippage and timely rehabilitation/restructuring and revival of potentially viable sick units.

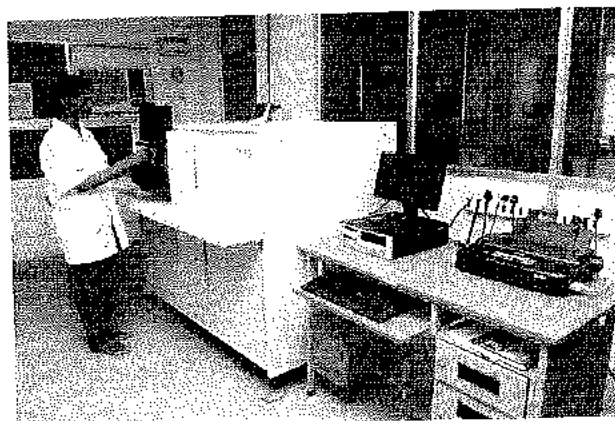
The department analyses the Assets Portfolio of the Corporation on regular intervals and reports to the management on the status of NPA level. As monthly demands are also raised, first time defaulters are identified to initiate remedial action on monthly basis and closely monitored to prevent slippage.

Inspection and Coverage of Insurance of assisted units:

As a risk-mitigation effort, inspection and insurance coverage of assisted units are periodically monitored by this department and reported to Audit Committee of the Corporation.

Income Generation through Cross Selling

The Corporation has become a corporate agent for Oriental Insurance Co. Ltd. from 22.11.2010 and efforts are being taken to sell insurance to the assisted units and others through our branch network. The Corporation has earned a sum of Rs.9.89 lakhs as commission for the Insurance premium of Rs.156.45 lakhs for the year 2010-11 and



Metallurgical Testing Unit



expects this to grow further.

Rehabilitation:

As per the policy of the Govt. of Tamilnadu, TILCO has evolved the application format for applying for the rehabilitation and also evolved preliminary assessment format to be processed by TILCO. Loans Monitoring & Rehabilitation Dept. has been co-ordinating with Industries Commissioner & Directorate of Industries and Commerce in the implementation of this Policy.

In respect of the viable units where rehabilitation could not be extended, the Corporation reschedules the principal outstanding. During 2010-11, the loan accounts of 42 units which were facing genuine difficulties, have been rescheduled involving postponement of principal to the tune of Rs.13.00 crores. Besides, BIFR / AAIFR cases are followed up by the Department for appropriate action. Moreover, in respect of those units taking shelter under BIFR proceedings, action under SARFAESI Act are initiated and further follow up action for recovery of dues is made.

The Recovery Department:

The Recovery Department monitors the achievement of principal and interest targets of the Corporation. It focuses on the major NPA account by reviewing the cases and taking suitable action either through OTS or reschedulement. It also maximizes the recovery by negotiating with the highest bidder in the auction sale. Approval is accorded for proceeding legally to recover the dues under Section 31 of SFC/SARFAESI Act/DRT. Emphasis is placed on Compromise/ negotiated Settlement Schemes for loans above Rs.10.00 lakhs and on various OTS Schemes in vogue for loans upto Rs.10.00 lakhs

Quality Certification

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

Now the Corporation switched over to IS/ISO 9001:2008 Standards for the process of sanction and disbursement of loans for Head Office and Chennai-Kancheepuram Branch Office. The ISO Certification after renewal audit by Bureau of Indian Standards was renewed accordingly for further period of three years upto November 2013.

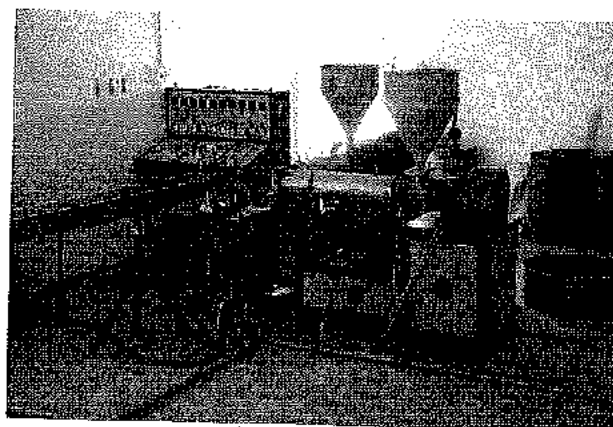
Employment Generation

The financial assistance extended by the Corporation has generated an estimated additional employment for about 20,140 persons during the year 2010-11.

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.

SIDBI had released Rs.150 crores towards Refinance limit for the financial year 2010-11. Besides this Rs.25 crores towards Micro & Small enterprises under Special Refinance Scheme was also received from SIDBI. The Corporation also availed Rs.200 crores as medium term loan from Indian Bank.



Plastic Flexible Hoses Unit

Table-7. Details of applications made to SIDBI

(Rs. In Crores)

Year	Amount sanctioned	O/s. at the beginning of the year	Refinance drawn	Repayment made	O/s. at the end of the year
	Amt.	Amt.	Amt.	Amt.	Amt.
2009-10	225.00	374.62	225.00	115.18	484.44
2010-11	175.00	484.44	175.00	74.24	585.20

Treasury

The Corporation redeemed SLR bonds, on maturity, to the extent of Rs. 57.42 crores during the year.

Fixed Deposits:

As on 31.03.2011, fixed deposits aggregated Rs.67.62 crores. Besides that, the Corporation gathered inter-corporate deposits of Rs 59.05 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 has -

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



Alloy Steel Castings Unit



தமிழ்நாடு தொழில் முதலீட்டுக்கழகம்

- A nominee director of the State Government and
- The President, TANSTIA

As on 31.03.2011, 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 Department	Director	Non-Executive	09.07.2007
3.	Selvi Apoorva, IAS., Spl. Secretary to Government, Industries Department	Director	Non-Executive	26.02.2010
4.	K. Nanthakumar, IAS., Dy. Secretary to Government, Finance Department	Director	Non-Executive	09.09.2010
5.	Thiru Namgial, Chief General Manager, SIDBI	Director	Non-Executive	28.11.2008
6.	Tmt Chitra Alai, General Manager, SIDBI	Director	Non-Executive	22.06.2010
7.	Thiru S. Sundar, CGM(Retd.) State Bank of India	Independent Director	Non-Executive (Govt. Nominee)	20.09.2005

Directors who served on the Board during 2010-11 and relinquished their posts due to change in assignment:

Sl. No.	Name of the Director	Period of Time
Tvl.		
1.	Randolph Edmund Rowe, General Manager, SIDBI	26.06.2009 to 22.06.2010
2.	Dr. Vijay M. Pingale, IAS., Dy. Secretary to Government, Finance Department	10.07.2009 to 09.09.2010
3.	Thiru D. Gandhikumar, President, TANSTIA	28.11.2008 to 02.12.2010

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. 1. The MD., TIIC 2. Director representing Government Industries Dept. 3. Director representing Government Finance Dept.	The Chairman, TIIC The MD., TIIC	H.R. areas like recruitment, promotions for the post of Assistant General Manager and above HR areas like recruitment, promotions for the post of Manager and below.

MEETINGS:

The Board of Directors met seventeen times in 2010-11. The Annual General Body Meeting was held in Chennai on the 14th July, 2010.

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

Grievance Cell

The Grievance Cell of the Corporation received 88 petitions through the Chief Minister's Special Cell during the year 2010-11 and disposed 80 petitions.

Internal Audit**Improvements made under the audit procedures:**

Internal Audit Department, formed in 1983 audits activities of branches at random



widened its scope with passage of time. In 2004, its functions were decentralized; Regional Audit Teams were formed at all Regional Offices. The Head Office audit team besides surprise inspections of Branches audits the functions of Regional Offices and Head Office departments. Comprehensive changes have been envisaged under a revised policy of May 2010. These are being implemented in phases.

The new policy, encompassing several changes to make the Corporation's Audit-function deeper and comprehensive was finalized after several rounds of internal discussions.

The document was discussed and approved at the Board Meeting held on the 31st May, 2010. The changes envisaged in the document are being operationalised in stages.

As a step towards implementation of Credit Audit, Post Disbursal Credit Audit, Branch Audit under New Audit Policy new formats/ checklists are introduced. Credit Audit and Post Disbursal Credit Audit as per new formats/ checklists will be conducted in the financial year 2011-12. A preliminary audit of branches under the new design for Branch Audit has been conducted at six branches.

During the year, the Internal Audit Department covered 29 branches offices, for 4 times on a quarterly basis. It also audited the Regional Offices at Salem and Tirunelveli 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.

Compliance Officers

1. Thiru R. Jayaprakasam, Company Secretary, is 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, is the Public Information Officer as required under the Right to Information Act. He reports to the Corporation's Chairman.

The Corporation received 152 requests during 2010-11 and provided information in respect of all the cases, within the stipulated time.

3. Thiru S.Gopalakrishnan (Asst. General Manager, IA/ISO), has been appointed as the Nodal Officer for Know Your Customer (KYC) and Anti-Money Laundering (AMC) compliance, as per RBI / SIDBI directions.

No unsatisfactory report was generated by the Corporation in 2010-11.

POLICY AND PROCESSES

1. Credit Policy

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

Risk Management:

"The Corporation is fully committed to identify all categories of risks involved in its business of lending or other activities, evolve suitable measuring and monitoring mechanism and adopt appropriate risk management and risk mitigation strategies to achieve the twin objectives of maximising returns and minimising risks". The Corporation is continuously taking various measures to mitigate the risks involved in its lending activity as given below:

Credit Risk:

- Credit rating of individual borrowers in the appraisal of project itself and suitable risk mitigation measures like obtaining additional collateral security are taken. Proposals below certain ratings are not considered.
- Sector-wise exposure limits / Group exposure limits
- It also has loans monitoring department which monitors the quality of credit portfolio as well as slippage and conducts periodical analysis of sectoral performance.
- It also considers restructuring of loan accounts and rehabilitation of sick units wherever necessary.
- It also takes credit guarantee cover from CGTMSE for eligible cases.

Market Risk:

- The Corporation has moved over from fixed interest rate regime to periodical review of interest in line with the market trends.
- It also keeps a constant vigil over asset liability mismatches, liquidity issues & market related securities and takes suitable measures.

Operational Risk:

- The Corporation strictly adheres to KYC norms as prescribed by RBI.
- The Corporation has an internal audit policy which includes physical verification of assets by Regional audit teams and for audit of security documents by legal department.
- The Corporation constantly endeavours to have a strong MIS reporting system.
- It also has well established procedures / systems in place.

Corporation is in the process of formulating Risk Management Policy in tune with its size of operations and in line with the draft Risk Management Policy for SFCs suggested by SIDBI.

Human Resource

The Corporation considers its human resource as an asset for its governance and business.

During the year 2010-11, the Corporation has made direct recruitment to the post of Senior Officer (previously called Officer (Finance)) by calling for a list of suitable candidates from the Professional & Executive Employment office, Chennai, and issued Letters of Appointment to three candidates appointing them as Senior Officers.

As on 31.03.2011, the Corporation's staff strength was as follows :

Management	Total Strength
Chairperson & Managing Director (Full time)	1
Senior Officers	205
Junior Officers	249
Office Assistants	105
Total	560

The Corporation continued to impart the special programme on Team Building, Service Orientation and Leadership Skills for its Senior Officers at Yercaud, Salem as was done last year. Also the Corporation organized a recourse training programme on Conflict Management, at MGM Beach Resort, Chennai for the Officials who had already participated the specialized training programme at Yercaud, Salem.

The above programmes included solving real life situations and improving core competencies, followed by a self assessment and all participants reported immense benefit from these programmes.

Training programme for skill development covered international Exposure on Financing MSMEs at Thailand and Malaysia also. The employees were nominated to attend the external training programmes on Effective implementation of Right to Information Act, Ethics in Administration, Visual Basic, Introduction to Linux and Open Office conducted by Anna Institute of Management, Chennai and also for training programmes on



Service Tax, TDS, Provisions, Advance Tax and Minimum Alternate Tax conducted by Southern India Regional Council of ICWAI, Chennai.

Further, business oriented In-house Training Programmes on project Appraisal, Legal Documentation and Dot Net Applications for Systems Staff were also conducted for the benefit of its employees.

In all, soft as well as functional skill updation was imparted to 480 employees through various external and In-house training programmes.

Computerisation

Our Corporation is currently having a decentralized database setup, with each of the branch having its own database and head office maintaining a consolidated database used for reporting/ analysis. It is updated once in a week through Compact Disk (CD) backup received from branches or through FTP Server.

During the year 2010-11, concrete steps have been initiated to upgrade the IT infrastructure in a big way by moving into web centric solution and centralized data processing.

A detailed System Requirement Specification Study for development of Web Centric Solution based on the existing application, present and future requirements was carried out by engaging the services of a vendor registered with ELCOT.

Based on the above, our Board has approved the Computerisation proposal for Web Centric Solution at an overall budget of Rs.4.70 Crores to be implemented through ELCOT.

ELCOT has since floated the tender and received bids. Due to Electoral Code of Conduct, the evaluation has been delayed.

In the year 2011-2012, the Corporation will work aggressively towards migrating to Web Centric Solution.

Corporate Social Responsibility

Corporate Social Responsibility refers to the activities by organizations with an objective of rendering services for the benefit of the

society with a non-profit motive. In accordance with the directives of the State Government, the Corporation evolved a formal corporate social responsibility policy during the year. Historically it has been contributing to the betterment of the society in diverse ways. Now, with a CSR policy framework in place and a specific annual CSR plan, it continues this endeavour for the betterment of the society in general and the less-fortunate in particular.

Support worthy projects were chosen keeping the paramount objective of catering to different sections of the society. Accordingly, the Corporation has supported projects as under.

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 CARE Earth for purchase of computers for field station.

A fish cart costs Rs.10,500/- was donated to Selvi C.Vijayalakshmi for income generating activity.

An amount of Rs. 2.88 lakhs was donated to Dr. T. Thirunarayanan in two equal instalments during August 2010 and February 2011, towards project for public health intervention through AYUSH for healthy living - Centre for traditional medicine and research (CTMR)

Rs.8,125/- was donated for distribution of sports equipment to under privileged children

Rs.8,350/- was donated for distribution of illustrated books, note books, pencils to under privileged children.

Rs.1.50 lakhs was donated to Master K.C.Ganapathy to participate in Asian Games and IODA - World Championship sailing competitions 2010.

The Corporation donated Rs.15,000/- to Periyar Technology Business Incubator for organizing a 2-days conference for woman

entrepreneurs.

An amount of Rs.1.00 lakh was donated to Tamilnadu Science Forum, Pudukottai, to host the Tamilnadu State Childrens' Science Congress of the 18th National Childrens' Science Congress 2010.

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, 2011.
- 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. PONRAJ & CO., 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), 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

Dr. T. PRABHAKARA RAO
PRINCIPAL SECRETARY /
CHAIRMAN & MANAGING DIRECTOR

THE TIIC LIMITED
CHENNAI 600 035

Date : 21.07.2011



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	Designation	Other Directorships
1.	Tvl. Sheela Rani Chunkath, I.A.S., Principal Secretary	Chairperson & Managing Director	DIRECTOR: 1. Guindy Indl. Estate Infrastructure Upgradation Company(GIEIUC) 2. Chettinad Cement Corporation Ltd. 3. Seshasayee Paper and Boards Ltd. 4. State Industries Promotion Corporation of Tamilnadu (SIPCOT) 5. Tamilnadu Small Industries Development Corporation Limited (TANSIDCO) 6. ITCOT Consultancy & Services Limited (ITCOT) MEMBER: 7. 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: 1. Tamilnadu Small Industries Development Corporation Limited (TANSIDCO) 2. Tamilnadu Small Industries Corporation (TANSI)
3.	Apoorva, I.A.S., Special Secretary to Government, Industries Department, Government of Tamilnadu	Director	DIRECTOR: 1. Tamilnadu Industrial Explosives Limited (TIEL) 2. TANFAC Industries Limited 3. TICEL Bio-park Limited 4. Tamilnadu Cements Corporation Limited (TANCEM) 5. Tamilnadu Salt Corporation Limited (TANSALT) CHAIRMAN & MANAGING DIRECTOR-IN CHARGE: 6. Southern Structurals Limited (SSL) MEMBER: 7. Chennai Environmental Management Company of Tanners(CEMCOT)
4.	K. Nantha Kumar, I.A.S., Deputy Secretary to Govt., Finance Department, Government of Tamilnadu	Director	DIRECTOR: 1. Tamilnadu Adi-Dravidar Housing and Development Corporation Ltd. (TAHDCO) 2. Tamilnadu Salt Corporation Limited 3. Tamilnadu Tea Plantation Corporation Limited 4. Tamilnadu Road Infrastructure Development Corporation (TNRIDC) 5. Tamilnadu Cements Corporation Limited (TANCEM) 6. Tamilnadu Industrial Explosives Limited

Sl. No.	Name of the Director	Designation	Other Directorships
			MEMBER: 7. IT Incubation Centre. 8. Tamilnadu Khadi and Village Industries Board (TNKVIB)
5.	Namgial, Chief General Manager, Small Industries Development Bank of India (SIDBI)	Director	DIRECTOR: 1. Kerala Venture Capital Trust Pvt. Ltd. 2. Kerala Venture Capital Fund Limited 3. Punjab Venture Capital Ltd. 4. Punjab Venture Investors Trust Ltd.
6.	Chitra Alai, General Manager, Small Industries Development Bank of India (SIDBI)	Director	DIRECTOR: 1. Madura Micro Finance Limited 2. ITCOT Consultancy and Services Limited
7.	S. Sundar, Chief General Manager (Retd), State Bank of India	Director	DIRECTOR: Tamilnad Mercantile Bank Limited



தமிழ்நாடு தொழில் முதலீட்டுக்கழகம்

PONRAJ & CO.,
CHARTERED ACCOUNTANTS

H.O. TRADE CENTRE, II FLOOR
108, WALLAJAH ROAD
CHENNAI - 600 002
PH: 044-2854 9953
FAX : 044-2852 8443
CELL : 94440 49953
EMAIL : ponrajca@gmail.com
WEBSITE : www.ponrajandco.com

AUDITORS' REPORT

**TO THE MEMBERS OF THE TAMILNADU 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, 2011, 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 statements. An audit also includes assessing the accounting principles 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 (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, 2011, and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2011 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 give a true and fair view in conformity with the accounting principles generally accepted in India;
- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- ii. In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **PONRAJ & CO**
Chartered Accountants

Name : **S. KEERTHIRAJAN**
(Partner)

Membership No: 014784
Firm Registration No. 02672S

Place : Chennai - 35
Date : 25.07.2011



தமிழ்நாடு தொழில் முதலீட்டுக்கழகம்

ACCOUNTS

**BALANCE SHEET
AND
PROFIT AND LOSS ACCOUNT**



BALANCE SHEET

AS AT 31.3.2010	CAPITAL AND LIABILITIES	Sch Ref.	AS AT 31.3.2011
Rs.			Rs. Rs.
	1 CAPITAL		
	Authorised		
	30,00,000 Equity		
<u>3,000,000,000</u>	Shares of Rs.1,000 each		<u>3,000,000,000</u>
	Issued:		
	28,35,000 (L.Y.28,35,000) Equity shares of		
<u>2,835,000,000</u>	Rs.1000 each		<u>2,835,000,000</u>
	Subscribed and Paid-up:		
<u>2,749,956,000</u>	a) 27,49,956 (L.Y.27,49,956)	2,749,956,000	
	Equity Shares of Rs.1000 each		
	fully paid		
<u>85,000,000</u>	b) 85,000 (L.Y.85,000) Spl.Equity	85,000,000	2,834,956,000
	Shares of Rs.1000 each		
	(Issued under Sec. 4-A of the State		
	Financial Corporation's Act 1951)		
2,834,956,000			
	2 RESERVES & RESERVE FUND		
	i) RESERVES:		
	Revaluation Reserve:		
1,535,500,000	Revaluation of lands held		1,535,500,000
<u>4,370,456,000</u>	Carried over		<u>4,370,456,000</u>

AS AT MARCH 31, 2011

AS AT 31.3.2010	PROPERTY AND ASSETS	Sch Ref.	AS AT 31.3.2011
Rs.			Rs.
	1 CASH & BANK BALANCES		
7,425,799	a) Cash-in-hand		7,301,148
	b) Balance with banks:		
938,447	i) Reserve Bank of India	364,593	
190,459,487	ii) Current A/c with Scheduled Banks	151,682,336	
339,674	iii) Term Deposits with Banks	341,832	
828,700,000	iv) P.D. A/c with RBI	828,700,000	981,088,761
	2 INVESTMENTS		
	Investment in shares	2	
109,072,905	Quoted	118,386,036	
9,156,048	Non Quoted	9,156,047	
	Market value of quoted shares		
	Rs. 1,261,669,028		
	LY Rs. 1,195,670,863		127,542,083
1,146,092,360	Carried over		1,115,931,992



AS AT 31.3.2010		BALANCE SHEET	
Rs.	CAPITAL AND LIABILITIES	Sch Ref.	AS AT 31.3.2011
4,370,456,000	Brought forward		Rs. 4,370,456,000
	II)a) SPECIAL RESERVE FUND (In terms of Sec.35-A of the State Financial Corporation's Act, 1951 representing dividend foregone by the Govt. of Tamilnadu and IDBI)		
24,999,716	Balance as per last Balance Sheet		24,999,716
	b) Venture Capital Fund:		
11,771,811	Balance as per last Balance Sheet		11,771,811
	3 BONDS (Guaranteed by the Govt. of Tamilnadu both as to principal and interest) Bonds (as per schedule annexed)	1	36,771,527
1,361,010,000			786,815,000
	4 DEPOSITS (Guaranteed by the Govt. of Tamilnadu)		
622,712,563	Fixed Deposits		676,189,302
777,000,000	Inter Corporate Deposit		590,506,933
			1,266,696,235
7,167,950,090	Carried over		6,460,738,762



BALANCE SHEET

AS AT 31.3.2010	CAPITAL AND LIABILITIES	Sch Ref.	AS AT 31.3.2011
Rs.			Rs.
7,167,950,090	Brought forward		6,460,738,762
	5 BORROWINGS		
3,106,750,116	i) a. By way of refinance from SIDBI (Other than NEF Scheme)	4,720,100,364	
1,487,668,280	b. National Equity Fund Scheme (Secured by declaration to hold the security of the borrowers of the Corporation in respect refinance obtained upon trust for SIDBI)	1,131,906,409	
142,000,000	ii) BORROWINGS FROM TN POWER FINANCE (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)	56,000,000	
125,000,000	iii) Loan In lieu of capital - IDBI (Unsecured)	125,000,000	
948,730,965	iv) Term Loan from Banks (Guaranteed by the Government of Tamilnadu and secured by charge on loans released by SIDBI due to repayment)	548,423,704	
—	v) Term Loan From Banks (Sec. by Book Debts)	2,000,000,000	
250,000,000	vi) Short Term loan from SIDBI	—	
48,000,000	vii) Term Loan from SIDBI (Guaranteed by Govt. of Tamilnadu)	24,000,000	
343,140,165	viii) Term loan from banks Secured by charge on loan released by SIDBI due to Repayment	—	
6,451,289,526			8,605,430,477
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	
410,726,754	ii) Advances & Deposits from Constituents and others	369,861,211	
455,137,722	iii) Liability for others	462,084,917	
1,136,700,000	iv) Agency arrangement Funding by Govt. of Tamilnadu	1,136,700,000	
310,000,000	Less: Funds provided to Sugar Mills (held In P.D. A/c)	310,000,000	
826,700,000		826,700,000	
18,849,802	v) Provision on Standard Assets	24,623,421	
5,773,619	Add: Provision for Current Year	9,208,508	
24,623,421		33,831,929	
			1,692,862,057
15,350,957,953	Carried over		16,773,177,736

AS AT MARCH 31, 2011

AS AT 31.3.2010	PROPERTY AND ASSETS	Sch Ref.	AS AT 31.3.2011
Rs.			Rs.
13,070,413,980	Brought forward		15,056,739,815
56,645,722	5 DEFERRED TAX ASSET		30,453,694
	6 OTHER ASSETS		
68,411,549	i) Staff Housing Loan	60,027,521	
37,026,187	ii) Other Advances & Deposits / other dues recoverable from borrowers & others Cumulative Provision of Rs.23,233,114 (L.Y. Rs.52,983,415)	35,282,787	
703,858	iii) Prepaid Expenses	612,534	
203	iv) Interest accrued /due	286	
			95,923,128
	7 ADVANCE INCOME TAX, INTEREST TAX WEALTH TAX AND F.B.T.		
91,863,557	Income Tax	92,057,370	
494,144	Interest Tax	494,144	
	Wealth Tax	792,577	
495,684	Fringe Benefit Tax	847,551	
			94,191,642
14,146,440	8 Dividend Deficit Account		14,146,440
13,340,201,324	Carried over		15,291,454,719



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BALANCE SHEET

AS AT 31.3.2010	CAPITAL AND LIABILITIES	Sch Ref.	AS AT 31.3.2011
Rs.			Rs.
15,350,957,953	Brought forward		16,773,177,736
8 WEALTH TAX			
3,132,281	Balance as per last Balance sheet	812,584	
793,000	ADD: Provision for the year	790,000	
3,112,697	LESS: Set off of earlier Year payments	—	
812,584			1,602,584
15,351,770,537	TOTAL		16,774,780,320

Schedules 1 to 5 form part of the financial statements.

R. JAYAPRAKASAM
Company Secretary

Dr. T. PRABHAKARA RAO
Principal Secretary/
Chairman & Managing Director

Place : Chennai-35
Date : 25.07.2011

AS AT MARCH 31, 2011

AS AT 31.3.2010	PROPERTY AND ASSETS	Sch Ref.	AS AT 31.3.2011
Rs.			Rs.
13,340,201,324	Brought forward		15,291,454,719
9 PROFIT AND LOSS ACCOUNT			
2,460,002,372	Balance as per last Balance Sheet	2,011,569,213	
448,433,159	Less: Profit transferred during the year	528,243,612	
2,011,569,213			1,483,325,601
15,351,770,537	TOTAL		16,774,780,320

As per our report of even date annexed
For M/s. PONRAJ & CO.
Chartered Accountants

S. SUNDAR
Director

S. KEERTHIRAJAN
Partner



PROFIT AND LOSS ACCOUNT FOR

FOR THE YEAR
ENDED 31.3.2010

EXPENDITURE

FOR THE YEAR
ENDED 31.3.2011

Rs.		Rs.	Rs.
	To Interest		
684,453,599	On Deposits, Bonds, Debentures & Other Borrowings		855,293,932
2,060,281	" Salaries and Allowances		
	Chairman and Managing Director	2,287,907	
272,268,069	Others	311,671,573	313,959,480
347,387	" Travelling & Other Allowances		
	Chairman and Managing Director	184,039	
4,455,756	Others	6,472,992	6,657,031
82,693	" Directors' Sitting Fees & Expenses		62,161
28,780,229	" Contribution to Provident Fund		26,269,988
12,722,533	" Rent, Rates, Insurance and Lighting		12,686,447
3,146,657	" Postage, Telegrams & Telephones		3,149,718
1,381,019	" Printing and Stationery		1,603,884
1,724,838	" Publicity and Advertisement & Business Promotion Expenses		2,335,275
2,926,179	" Repairs & Renewals		2,741,005
134,500	" Bank Charges		301,516
1,464,190	" Inspection & Recovery cost		1,896,721
	" Audit Fees		
100,000	For Statutory Audit	212,500	
25,000	For Tax Audit	45,000	
113,345	For Other services	74,290	
112,679	For Travelling and Conveyance	40,001	371,791
847,638	" Legal & Other Professional Expenses		2,045,270
1,017,146,592	Carried over		1,229,374,219

THE YEAR ENDED MARCH 31, 2011

FOR THE YEAR ENDED 31.3.2010	INCOME	FOR THE YEAR ENDED 31.3.2011
Rs.		Rs.
	By Interest	
1,207,818,999	i) On Loans and Advances (net of Int. Rebate allowed of Rs.38874) (L.Y.Rs.389207)	1,533,893,237
1,291,306	ii) On Investments and Deposits	1,904,597
3,820,676	iii) On Advances to staff	4,139,943
28,866,176	" Dividend on Shares	21,824,378
838,989	" Profit on Sale of Assets	383,339
	" Other Income	
24,385,695	Investigation Fees	30,981,438
18,199,849	Upfront Fee	22,077,086
18,594,783	Risk Coverage Receipts	17,816,035
16,982,621	Miscellaneous Receipts	10,641,457
26,664,133	Bad Debts Recovered	15,084,312
1,347,463,227	Carried over	1,658,745,822



PROFIT AND LOSS ACCOUNT FOR

FOR THE YEAR
ENDED 31.3.2010

EXPENDITURE

FOR THE YEAR
ENDED 31.3.2011

Rs.		Rs.	Rs.
1,017,146,592	Brought forward		1,229,374,219
	To Other Expenses:		
3,246,178	i) Staff Amenities and Welfare Exps		3,109,845
278,142	ii) Books and Periodicals		449,605
4,627,519	iii) Expenses on Office Vehicles		5,481,885
13,335,475	iv) Financial Charges Paid		21,170,178
2,150,884	v) Staff Training and Seminar Exps		1,117,104
2,087,006	vi) Computer maintenance exps.		2,423,900
700,000	vii) Donation		598,500
3,492,051	viii) Sundries		6,581,131
	" Waiver & Write off		
243,572,878	i) Loans Written off	344,473,651	
17,127,084	ii) Other dues written off	31,527,532	
7,348,658	iii) Loans waived	2,210,429	
1,588,385	iv) Other dues waived	389,975	378,601,587
	" Depreciation on		
7,773,943	Fixed Assets		8,684,544
	" Provision		
412,042	for Employee advances	—	
5,773,619	for Standard assets	9,208,508	9,208,508
1,330,660,456			1,666,801,006

THE YEAR ENDED MARCH 31, 2011

FOR THE YEAR ENDED 31.3.2010	INCOME	FOR THE YEAR ENDED 31.3.2011
Rs.		Rs.
1,347,463,227	Brought forward	1,658,745,822
	By Excess Provision Written back	
529,091,413	On NPAs	553,198,867
19,041,480	On Investments	9,756,372
—	On Employee Advance	325,585
		<u>563,280,824</u>
1,895,596,120	TOTAL	2,222,026,646



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PROFIT AND LOSS ACCOUNT FOR

FOR THE YEAR ENDED 31.3.2010	EXPENDITURE	FOR THE YEAR ENDED 31.3.2011
Rs.		Rs.
1,330,660,456	Brough forward	Rs.
35,546,416	To Taxation earlier years	1,666,801,006
	" Provision	—
793,000	for Taxes	790,000
80,163,089	for Deferred Tax	26,192,028
448,433,159	Net profit carried to Balance Sheet	26,982,028
		528,243,612
1,895,596,120	TOTAL	2,222,026,646

	Current Year	Previous Year
EARNINGS PER SHARE – Basic /Diluted (Face Value of Rs.1,000/- each)	186.33	158.18

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

R. JAYAPRAKASAM
Company Secretary

Dr. T. PRABHAKARA RAO
Principal Secretary/
Chairman & Managing Director

Place : Chennai-35
Date : 25.07.2011

THE YEAR ENDED MARCH 31, 2011

FOR THE YEAR ENDED 31.3.2010	INCOME	FOR THE YEAR ENDED 31.3.2011
Rs.		Rs.
1,895,596,120	Brought Forward	2,222,026,646
1,895,596,120	TOTAL	2,222,026,646

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

S. SUNDAR
Director

S. KEERTHIRAJAN
Partner



Schedule 1

SCHEDULE OF BONDS AS ON 31.03.2011

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.
41	11.50% Bonds 2010	30,000,000	—	—	—
42	11.50% Bonds 2010	64,250,000	—	—	—
43	11.50% Bonds 2011	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	—	—	—
48	13.00% Bonds 2007	16,200,000	—	—	—
57	12.30% Bonds 2007	8,500,000	—	—	—
58	12.30% Bonds 2008	9,730,000	—	—	—
59	12.30% Bonds 2008	565,000	—	—	—
60	11.33% Bonds 2010	411,250,000	—	7,500,000	7,500,000
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		1,361,010,000	558,882,000	227,933,000	786,815,000

R. JAYAPRAKASAM
Company Secretary

DR. T. PRABHAKARA RAO
Principal Secretary /
Chairman & Managing Director

S. SUNDAR
Director

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

Place : Chennai-35
Date : 25.07.2011

S. KEERTHIRAJAN
Partner

Schedule 2

SCHEDULE FOR INVESTMENT IN SHARES AS ON 31ST MARCH 2011

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)	Rs. (3)	Rs. (4)	Rs. (5)	Rs. (6)	Rs. (7)	(8)
I-Market value							
1	Chettinad Cement Corporation Ltd.	1,233,910	10	26,158,892	478.00	589,808,980	26,158,892
2	IDBI Bank Ltd. (Formerly Industrial Development Bank of India)	35,680	10	2,899,000	146.30	5,219,984	2,899,000
3	Kamar Chemicals & Industries Ltd.	137,550	10	1,834,000	3.50	481,425	481,425
4	Kothari Sugars & Chemicals Ltd.	10,350	10	4,485,000	7.00	72,450	72,450
5	Railis India Ltd.	80,115	10	667,660	1,304.95	104,546,069	667,660
6	Sakthi Sugars Ltd.	495,099	10	11,254,130	37.05	18,343,418	11,254,130
7	Seshasayee Paper & Boards Ltd.	1,800,000	10	16,000,000	249.90	449,820,000	16,000,000
8	Sical Logistics Ltd (Formerly South India Corporation (Agencies) Ltd)	160,467	10	16,368,640	72.00	11,553,624	11,553,624
9	Skagen India Ltd	160,467	10	0	18.55	2,976,663	0
10	Tamilnadu News Print & Papers Ltd.	400,000	10	44,000,000	133.95	53,580,000	44,000,000
II-Book value							
11	Elgi Rubber International Ltd (Formerly Elgi Rubber Company Ltd)	1,179,696	1	158,000	8.19	9,661,710	158,000
12	Reed Relays & Electronics India Ltd.	41,956	10	2,097,850	77.76	3,262,499	2,097,850
13	Ambattur Enterprises Ltd. (Formerly T & R Welding Products of India Ltd.)	3,680	100	368,000	690.29	2,540,267	368,000
14	Sun Paper Mills Ltd.	43,500	10	435,000	15.11	657,285	435,000
15	M I L Industries Ltd.	168,000	10	1,680,000	19.92	3,346,560	1,680,000
16	Pandyan Hotels Ltd.	4,985	100	—	956.45	4,767,903	—
17	Sree Maruthi Marine Industries Ltd., (Maruthi Crystal Salt Co., Ltd)	20,000	10	—	12.98	259,600	—
18	Wavin India Ltd.	59,275	10	—	3.12	184,938	—
19	Sivanandha Pipe Fittings Ltd.	33,600	10	560,000	17.43	585,648	560,000
III-Others							
20	Indian Steel Rolling Mills Ltd.	46,620	10	310,800	—	1	1
21	MICO Farm Chemical Ltd.	7,480	100	748,000	—	1	1
22	Seshasayee Industries Ltd.	241,750	10	2,417,500	—	1	1
23	Boktyu Tanneries Ltd.	41,900	10	—	—	—	—
24	Secals Ltd.	125,000	10	5,475,000	—	1	1
25	Sivanandha Steels Ltd.	357,600	10	7,152,000	—	1	1
TOTAL				145,069,472		1,261,669,028	118,386,036

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	Southern Structurals Ltd.	44,392	10	177,568	1
5	Steek Textiles Industries Ltd.	500,000	10	5,000,000	1
6	Sakthi Pipes Ltd.	9,703	100	—	—
7	Zenith Lamps & Electricals Ltd.	48,575	10	—	—
TOTAL (A)				15,412,868	5



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III FULLY PAID EQUITY SHARES (NON-QUOTED)

Sl. No.	Name of the Company	No. of Shares	Face Value Rs.	Book Cost Rs.	Net Value after Depreciation Rs.
1	ITCOT Consultancy and Services Ltd.	2,000	100	200,000	200,000
2	Lakshmi Precision Tools Ltd.	34,900	10	523,500	523,500
3	Malladi Drugs & Pharmaceuticals Ltd.	770,000	5	500,000	500,000
4	Guindy Industrial Estate Infrastructure Upgradation Company	2,500	10	25,000	25,000
5	Madras Aluminium Company Ltd.	3,500,000	2	7,000,000	7,000,000
6	India Forge & Drop Stampings Ltd.	71,179	10	907,535	907,535
7	Industrial Venture Capital Ltd.	1,000,000	10	10,000,000	1
8	Marshall & Sons India Ltd.	79,372	10	198,430	1
9	Devi Spinning Mills Ltd.	1,000	1,000	1,000,000	1
10	Kumaragiri Electronics Ltd.	35,000	10	350,000	1
11	Rockfort Fasteners Ltd.	25,000	10	250,000	1
12	Forge Mech Private Ltd.	3,900	10	39,000	1
13	Madras Forgings & Allied Industries(CBE)	4,849	100	484,900	1
14	Southern Castings Ltd.	46,310	10	-	-
15	Sakthi Pipes Ltd.	14,850	100	-	-
16	Trac Industries & Components Ltd.	9,960	100	-	-
17	Ramasayee Agro Industries Ltd.	2,500	100	-	-
18	Upper India Bearings & Bushings Ltd.	20,000	10	-	-
19	Tuber Pharma Chemicals Ltd.	20,000	10	-	-
20	Tamilnadu Alloy Foundry Co Ltd.	90,000	10	-	-
21	Omega Cables Ltd.	10,330	10	-	-
22	Micro Tools Ltd.	11,135	100	-	-
TOTAL (B)				21,478,365	9,156,042
			Non-quoted Shares		(A) + (B) 9,156,047

SUMMARY FOR QUOTED / NON-QUOTED SHARES AS ON 31ST MARCH 2011

	Current year (Rs.)	Last year (Rs.)
COST OF FULLY PAID SHARES		
QUOTED		
EQUITY	145,069,472	145,069,472
NON QUOTED		
EQUITY	21,478,365	26,227,395
REDEEMABLE PREFERENCE	15,412,868	15,412,868
TOTAL	181,960,705	186,709,735
MARKET / BOOK VALUE	127,542,083	118,228,953
DEPRECIATION REQUIRED	54,418,622	68,480,782
DEPRECIATION HELD	54,418,622	68,480,782
NET VALUE OF INVESTMENTS AS PER BALANCE SHEET	127,542,083	118,228,953

R. JAYAPRAKASAM
Company Secretary

DR. T. PRABHAKARA RAO
Principal Secretary /
Chairman & Managing Director

S. SUNDAR
Director

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

S. KEERTHIRAJAN
Partner

Place : Chennai-35
Date : 25.07.2011

Schedule 3

SCHEDULES SHOWING PARTICULARS OF LOANS AND ADVANCES REFERRED IN THE BALANCE SHEET AS AT 31.03.2011**1. Asset classification:**

Asset	Term Loans and Hire Purchase Loans		
	Gross (Rs.)	NPA Provisioning (Rs.)	NET (Rs.)
Standard	11,779,291,332 (9,849,368,290)	- -	11,779,291,332 (9,849,368,290)
Sub-Standard	427,410,727 (242,649,566)	42,095,427 (23,416,416)	385,315,300 (219,233,150)
Doubtful	999,841,982 (1,609,732,697)	956,981,469* (1,487,327,217)	42,860,513 (122,405,480)
Loss Assets	- (11,781,829)	- (11,781,829)	- -
TOTAL	13,206,544,041 (11,713,532,382)	999,076,896 (1,522,525,462)	12,207,467,145 (10,191,006,920)

(Previous year figures are in brackets)

* Includes an additional provision of Rs.29,382,005 to achieve a provisioning coverage Ratio (PCR) of 70% of non-performing advances.

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

DR. T. PRABHAKARA RAO
Principal Secretary /
Chairman & Managing Director

S. SUNDAR
Director

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

S. KEERTHIRAJAN
Partner

Place : Chennai-35
Date : 25.07.2011

SCHEDULE OF FIXED ASSETS AS ON 31.03.2011

SL. NO.	DESCRIPTION OF ASSET	GROSS BLOCK			DEPRECIATION		NET BLOCK	
		AS ON 1.4.2010	ADDITIONS	DELETIONS	AS ON 31.3.2011	AS ON 31.3.2011	31.3.2011	31.3.2010
		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	1,617,671,814
2	Building	123,250,028	52,827	—	123,302,855	29,930,178	93,372,677	95,359,767
3	Plant & Machinery							
-	Leased Assets	45,895,773	—	—	45,895,773	45,895,773	—	—
-	Office Equipments, Electrical fittings etc	42,637,312	3,034,948	697,815	44,974,445	37,535,888	7,438,557	6,470,134
-	Computer, UPS	40,381,834	2,520,636	—	42,902,470	36,830,753	6,071,717	5,510,496
SUB TOTAL		128,914,919	5,555,584	697,815	133,772,688	120,262,414	13,510,274	11,980,630
4	Furniture & Fittings	15,344,119	210,864	—	15,554,983	14,657,871	897,112	877,405
5	Vehicles	20,212,910	2,946,207	1,590,300	21,568,817	13,680,015	7,888,802	7,425,084
TOTAL		1,905,393,790	8,765,482	2,288,115	1,911,871,157	178,530,479	1,733,340,678	1,733,314,700

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

R. JAYAPRAKASAM
Company Secretary

DR. T. PRABHAKARA RAO
Principal Secretary /
Chairman & Managing Director

S. SUNDAR
Director

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

S. KEERTHIRAJAN
Partner

Place : Chennai-35
Date : 25.07.2011



Schedule 5

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR
ENDED 31ST MARCH, 2011.**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 income 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 under respective heads of accounts.

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)

	31.03.2011	31.03.2010
Discount Rate	8.00%	7.5%
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	2,04,762	1,82,475
Interest Cost	12,769	12,546
Current service cost	12,903	11,584
Past service cost - (non vested benefits)	0	0
Past service cost - (vested benefits)	0	0
Benefits Paid	(69,010)	(6,485)
Actuarial loss/(gain) on obligation	66,661	4,642
PVO as the end of the period	2,28,085	2,04,762

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	1,82,475	1,18,742
Expected return on plan assets	16,054	12,851
Contributions	81,806	71,381
Benefits paid	(69,010)	(6,485)
Actuarial gain/(loss) on plan assets	(6,563)	(14,014)
Fair value of plan assets as at the end of the period	2,04,762	1,82,475

IV. ACTUAL RETURN ON PLAN ASSETS

Expected return on plan assets	16,054	12,851
Actuarial gain / (loss) on plan assets	(6,563)	(14,014)
Actual return on plan assets	9,491	(1,163)

V. ACTUARIAL GAIN / LOSS RECOGNIZED

Actuarial gain / (loss) for the period - Obligation	(66,661)	(4,642)
Actuarial gain / (loss) for the period- Plan Assets	(6,563)	(14,014)
Total (gain) / loss for the period	73,224	18,656
Actuarial (gain) / loss recognized for the period	73,224	18,656
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	2,28,085	2,04,762
Fair value of plan assets	2,04,762	1,82,475
Difference	23,323	22,287
Unrecognised transitional liability	0	0
Unrecognised past service cost - non vested benefits	0	0
Liability recognized in the Balance Sheet	23,323	22,287

VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

Current service cost	12,903	11,584
Interest Cost	12,769	12,546
Expected return on plan assets	(16,054)	(12,851)
Net actuarial (gain)/loss recognised in the year	73,224	18,656
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	82,842	29,935

VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET

Opening net liability	22,287	63,733
Expense as above	82,842	29,935
Contribution paid	(81,806)	(71,381)
Closing net liability	23,323	22,287

IX. AMOUNT FOR THE CURRENT PERIOD

Present Value of obligation	2,28,085	2,04,762
Plan Assets	2,04,762	1,82,475
Surplus (Deficit)	(23,323)	(22,287)
Experience adjustments on plan liabilities -(loss)/gain	(76,913)	(8,737)
Experience adjustments on plan assets -(loss)/gain	(6,563)	(14,014)



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)**

	31.03.2011	31.03.2010
Discount Rate	8.00%	7.50%
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	1,51,472	1,34,495
Interest Cost	10,469	8,895
Current service cost	8,445	8,094
Past service cost - (non vested benefits)	0	0
Past service cost - (vested benefits)	0	0
Benefits paid	(23,774)	(14,856)
Actuarial loss/(gain) on obligation	11,429	14,844
PVO as at the end of the period	1,58,041	1,51,472

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	23,774	14,856
Benefits paid	(23,774)	(14,856)
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	(11,429)	(14,844)
Actuarial gain / (loss) for the period- Plan Assets	0	0
Total (gain) / loss for the period	11,429	14,844
Actuarial (gain) / loss recognized in the period	11,429	14,844
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	1,58,041	1,51,472
Fair value of plan assets	0	0
Difference	1,58,041	1,51,472
Unrecognised transitional liability	0	0
Unrecognised past service cost - non vested benefits	0	0
Liability recognized in the Balance Sheet	1,58,041	1,51,472

VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

Current service cost	8,445	8,094
Interest Cost	10,469	8,895
Expected return on plan assets	0	0
Net actuarial (gain)/loss recognised in the year	11,429	14,844
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	30,343	31,833



VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET

Opening net liability	1,51,472	1,34,495
Expense as above	30,343	31,833
Contribution paid	(23,774)	(14,856)
Closing net liability	1,58,041	1,51,472

IX. AMOUNT FOR THE CURRENT PERIOD

Present Value of obligation	1,58,041	1,51,472
Plan Assets	0	0
Surplus (Deficit)	(1,58,041)	(1,51,472)
Experience adjustments on plan liabilities -(loss)/gain	(15,380)	(9,691)
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

0 0

The estimate of rate of escalation in salary considered in actuarial valuation, takes 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.21,81,645/- (LY Rs.20,23,217/-)

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:

	31.03.2011	31.03.2010
Earnings for the year (Basic & diluted)- (Rs.)	52,82,43,612	448,433,159
Weighted average No. of shares taken for Computation	2,834,956	2,834,956
No. of shares outstanding at the year end	2,834,956	2,834,956
Earnings per share (Rs.)	186.33	158.18

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

(Amount in Rs)

DTA/DTL COMPONENTS	31.03.2011	31.03.2010
Deferred Tax Assets		
1. Brought Forward losses	0	2,67,85,588
2. Loan Loss Provisioning	0	42,71,022
3. Provision for employee Benefits	5,24,97,269	4,74,37,977
Total - DTA	- A 5,24,97,269	7,84,94,587
Deferred tax Liabilities on Account of Depreciation	- B 2,20,43,575	2,18,48,865
Net Deferred Tax	A - B 3,04,53,694	5,66,45,722
Deferred Tax Asset Previous year	5,66,45,722	13,68,08,811
Provision for Deferred Tax	2,61,92,028	8,01,63,089

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.92.09 Lacs (L.Y. Rs.57.74 Lacs) during the year on the Standard Assets as per SIDBI provisioning norms.



3. MOVEMENT OF PROVISIONS

(Rs. in lakhs)

	NPA	INVESTMENTS	OTHER ASSETS	TOTAL
Opening Provisions for advances / Investment / other assets	15225	685	530	16440
ADD : Addition during the year	0	0	0	0
LESS : Write off/ Write back / Recovery during the year	5234	141	298	5673
Closing Balance	9991	544	232	10767

4. 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	11.09%	9.78%
B Non-interest income as a percentage of average working funds	4.91%	5.5 %
C Operating Profit as a percentage of average working funds	4.00%	4.54 %
D Operating Profit per employee	Rs.9.95Lacs	Rs.7.59 Lacs
E Net Risk Weighted Assets	Rs.141641 Lacs	Rs.121486 Lacs
F Core Capital Adequacy Ratio	10.47%	7.64%
G Tier II Capital Adequacy	5.41%	6.08 %
H Capital Adequacy Ratio (CAR)	15.88%	13.72 %
I Percentage of Net NPAs to Net Loans and Advances	3.51%	3.35%
J Percentage of Net NPA (Sub-Standard) to Net Loans and Advances	3.16%	2.15%
K Percentage of net NPA (Doubtful) to Net Loans and Advances	0.35%	1.20%

I) Movement in NPAs

(Rs. in Crore)

FINANCIAL YEAR	2010-11			2009-10		
LOAN CATEGORY	GROSS	PROV	NET	GROSS	PROV	NET
SUB-STANDARD	43	4	39	24	2	22
DOUBTFUL	100	96	4	161	149	12
LOSS	—	—	—	1	1	—
TOTAL	143	100	43	186	152	34

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

- The largest single borrower is Rs. 25 Crore 1.51% to total assets
- The largest single borrower group is Rs. 25 Crore 1.51% to total assets
- The 10 largest borrowers is Rs.167 Crore 9.93% to total assets
- The 10 largest borrower group is Rs. 167 Crore 9.93% 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)

2010-2011 PARTICULARS	<=1 YR	>1 YR & UPTO 3 YRS	>3 YRS & UPTO 5 YRS	>5 YRS & UPTO 7 YRS	>7 YRS & UPTO 10 YRS	>10 YRS	TOTAL
ASSET	33194	46629	29162	21487	4840	17446	152758
LIABILITIES	34139	40067	26919	16584	4220	45662	167591
GAP	-945	6562	2243	4903	620	-28216	-14833

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. First installment was paid before 31.03.2010, the second installment was paid during April 2010 and the final installment was 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. In the last two years accounts an amount of Rs. 171 Lacs has 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) Income Tax department has raised certain demands in connection with accrued interest on sticky loans and deduction u/s 36 etc., The Corporation has won the cases in the Tribunal. However the Department has gone on appeal to the High Court. No tax demand as per income tax assessment orders is pending payment as at 31.03.2011 for which the Corporation has gone on appeal.
- 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.
- h) Depreciation provided for the year includes a sum of Rs.105096 related to the previous year.

E. CONTINGENT LIABILITIES

	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
(i) Claims of borrowers not acknowledged as debt	218	244
(ii) Others	286	267

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

DR. T. PRABHAKARA RAO
Principal Secretary /
Chairman & Managing Director

S. SUNDAR
Director

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

Place : Chennai-35
Date : 25.07.2011

S. KEERTHIRAJAN
Partner

A) CASH FLOW FROM OPERATING ACTIVITIES:

	2010-2011 Rs.	2009-2010 Rs.
Net Profit/(Loss) before Tax & Interest	1,410,519,572	1,249,389,263
Adjustments for:		
Depreciation & lease charge for the year	8,684,544	7,773,943
Loan loss provisioning and writeoffs	9,208,508	5,773,619
Loss/(Profit) on Sale of Fixed Assets	(383,339)	(838,989)
	<u>1,428,029,285</u>	<u>1,262,097,836</u>
Adjustment for:		
(Increase) Decrease in Investments	(9,313,130)	(19,041,480)
(Increase) decrease in advances	(2,016,460,225)	(2,246,454,268)
(Increase)decrease in other assets	10,218,668	3,570,235
Increase (decrease) in other Liabilities	(33,918,348)	13,695,163
(i)	<u>(621,443,750)</u>	<u>(986,132,514)</u>
Direct Taxes due / paid	(ii) <u>(1,338,257)</u>	<u>19,673,207</u>
	(i + ii) <u>(622,782,007)</u>	<u>(966,459,307)</u>

B) CASHFLOW FROM INVESTMENT ACTIVITIES:

Purchase of Fixed Assets	(8,765,482)	(8,629,956)
Proceeds from sale of assets	438,300	965,209
	<u>(8,327,182)</u>	<u>(7,664,747)</u>

C) CASHFLOW FROM FINANCING ACTIVITIES:

Interest on Borrowings	(855,293,932)	(684,453,599)
Increase (decrease) in borrowings	1,579,945,951	750,122,648
Increase(decrease) in deposits	(133,016,328)	662,421,916
	<u>591,635,691</u>	<u>728,090,965</u>

Net increase/(decrease) in cash and cash equivalents	(A+B+C) (39,473,498)	(246,033,089)
Cash and Cash equivalents at the beginning of the year	199,163,407	445,196,496
Cash and Cash equivalents at the end of the year	159,689,909	199,163,407

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

Cash in hand	7,301,148	7,425,799
Reserve Bank of India	364,593	938,447
Current A/c with Scheduled Banks	151,682,336	190,459,487
Term Deposits with Banks	341,832	339,674
TOTAL	<u>159,689,909</u>	<u>199,163,407</u>

R. JAYAPRAKASAM
Company Secretary

DR. T. PRABHAKARA RAO
Principal Secretary /
Chairman & Managing Director

S. SUNDAR
Director

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

S. KEERTHIRAJAN
Partner

Place : Chennai-35
Date : 25.07.2011



தமிழ்நாடு தொழில் முதலீட்டுக்கழகம்

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(COMMERCIAL AND RECEIPT AUDIT)

TAMIL NADU

"Lekha Pariksha Bhavan"

361, Anna Salai, Chennai - 600 018

Phone : 044-2432 7922

Fax : 044-2431 1659

Email : agauTamilnadu2@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF TAMIL NADU INDUSTRIAL INVESTMENT CORPORATION LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2011.

The preparation of financial statements of Tamilnadu Industrial Investment Corporation Limited for the year ended 31st March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on Independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25.07.2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Tamilnadu Industrial Investment Corporation Limited, Chennai for the year ended 31st March 2011. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to the Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

Place : CHENNAI - 18

Date : 05.09.2011

(SUBHASHINI SRINIVASAN)
Pr. Accountant General

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

REGISTRATION DETAILS

I. REGISTRATION NO.

BALANCE SHEET DATE

				1	4	5	8	STATE CODE	1	8
3	1		0	3		2	0	1	1	

II. CAPITAL RAISED DURING THE YEAR (Amount in Thousands)

Public Issue

Bonus Issue

Rights Issue

Private Placement

				N	I	L
				N	I	L
				N	I	L
				N	I	L

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Thousands)

Total Liabilities

Total Assets

Source of Funds

Paid up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

1	5	0	8	0	3	1	5
1	5	0	8	0	3	1	5
	2	8	3	4	9	5	6
	1	5	7	2	2	7	2
	9	2	4	3	2	4	5
	1	4	2	9	8	4	2

IV. PERFORMANCE OF COMPANY (Amount in Thousands)

Turnover

Total Expenditure

Profit before tax

Profit after tax

Earning per share in Rs.

Dividend rate %

	2	2	2	2	0	2	7
	1	6	6	6	8	0	1
		5	5	5	2	2	6
		5	2	8	2	4	4
					1	8	6
					--	--	--

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF COMPANY (As per Monetary Terms)

Item Code No.
(ITC Code)

Product Description

					N	A
T	E	R	M		L	E
					L	E
					N	D
					I	N
					G	

R. JAYAPRAKASAM
Company SecretaryDR. T. PRABHAKARA RAO
Principal Secretary /
Chairman & Managing DirectorS. SUNDAR
DirectorPlace : Chennai-35
Date : 25.07.2011



	TELEPHONE	GRAMS	E-MAIL
13) NAGERCOIL 37, Cape Road, Nagercoil - 629 001,	232859	MINDVEST	bmnercoil@tlic.in
14) SIVAKASI 1292-A, 1292-B, P.K.N. Road, Near Rathina Vilas Bus Stop, Sivakasi - 626 189	277222	MINDVEST	svakasi@tlic.org
15) TRICHY KRT Building, II Floor, No. 33, Promenade Road, Cantonment, Trichy - 620 001,	2460498	MINDVEST	bmtrichy@tlic.in
16) PUDUKKOTTAI 'Meena Complex', II Floor, T.S. No.2430/31, West Main Street, Pudukkottai - 622 001,	222354	MINDVEST	bmpudukkottai@tlic.in
17) THANJAVUR 33, South Raja Street, I.O.B. Building, II Floor, Thanjavur - 613 009,	230465	MINDVEST	bmthanjavur@tlic.in
18) KARUR 526, North Pradakshanam Road, LIC Unit I Building, Karur - 639 001,	235581	MINDVEST	bmkarur@tlic.in
19) CUDDALORE Arcot Woodlands (Annex), 3rd Floor 1, Bharathi Road, Cuddalore - 607 001	230831	MINDVEST	bmcuddalore@tlic.in
20) VILLUPURAM 23A, Ranganathan Street, I Floor Woodlands Complex, Chennai-Trichy Trunk Road, Villupuram - 605 602	229131	MINDVEST	bmwillupuram@tlic.in
21) SALEM Sri Lakshmi Complex, I Floor 4/22, Ormaiur Main Road, Swarnapuri, Salem - 636 004,	2440444	MINDVEST	salem@tlic.in
22) NAMAKKAL No. 5/2, Dr. Sankaran Road, Sri Bhuvaneswari Complex, II Floor, Namakkal - 637 001	221068	MINDVEST	bmnamakkal@tlic.in

	TELEPHONE	GRAMS	FAX	E-MAIL
23) DHARMAPURI				
DDDC Building (Upstairs), Pennagaram Road, Dharmapuri - 636 702.	260866	MINDVEST		bmdharmapural@tiic.in
24) HOSUR				
No. 7, II Cross, II Floor, Kamaraj Colony, Hosur - 635 109.	222876	MINDVEST		bmhosur@tiic.in

SPECIAL RECOVERY BRANCHES

1) CHENNAI				
New No. 692, Anna Salai, Nandanam, Chennai - 600 035.	24343903	MINDVEST		bmnchennaisrb@tiic.in
2) COIMBATORE				
No. 94, Dr. Nanjappa Road, I Floor, United Shopping Complex Coimbatore - 641 018.	2302121	MINDVEST	2303316	bmcoimbatoresrb@tiic.in

FIELD OFFICES

1) TIRUVANNAMALAI				
4-A, Lakshmiapuram I Floor, Bye-Pass Road, Gandhi Nagar, Tiruvannamalai - 606 602.	253032	MINDVEST		bmtiruvannamalai@tiic.in
2) RAMANATHAPURAM				
No.1130-C, I Floor, Opp. To Sothurani, Raminad-Rameswaram Road, Bharathi Nagar, Ramanathapuram - 623 504.	232474	MINDVEST		bmrarnad@tiic.in
3) THENI				
No. 3-A, I Floor, Jegannathan Street, Old T.V.S. Road, Bungatamedu, Theni - 625 531.	251982	MINDVEST		bmtheni@tiic.in
4) VIRUDHUNAGAR				
No. 100, Railway Feeder Road, Virudhunagar - 626 001.	243911	MINDVEST		bmvirudunagar@tiic.in



PRINCIPAL OFFICERS AT HEAD OFFICE

Sl. No.	Name of the official (Thiru/Tmt.)	Designation
1.	K.P. Perumal	Deputy General Manager (MIS)
2.	S. Sakthivel	Deputy General Manager
3.	V.P. Dinakarababu	Deputy General Manager
4.	A. Mohan	Deputy General Manager
5.	S. Govind Swamynathan	Deputy General Manager
6.	T. Kirubakaran	Assistant General Manager
7.	G. Srinivasan	Assistant General Manager
8.	R. Narayanan	Assistant General Manager
9.	D.D. Thomas	Assistant General Manager
10.	S. Gopalakrishnan	Assistant General Manager
11.	K.V. Subramanian	Senior Manager
12.	R. Jayaprakasam	Senior Manager
13.	V. Mathlathagan	Senior Manager
14.	S. Varadarajan	Senior Manager
15.	S. Sashikala	Senior Manager