

# THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED

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



**SIXTY NINTH  
ANNUAL REPORT AND STATEMENT OF ACCOUNTS  
MARCH 31, 2018**

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## Board of Directors

as on 04.12.2018

1. **Thiru K. Gnanadesikan, IAS.,**  
Additional Chief Secretary to Government / Chairman, TIIC  
Industries Department, Government of Tamilnadu
2. **Dr. (Tmt.) M. Aarthi, IAS.,**  
Managing Director  
The Tamilnadu Industrial Investment Corporation Limited
3. **Thiru Dharmendra Pratap Yadav, IAS.,**  
Secretary to Government,  
Micro, Small and Medium Enterprises Department  
Government of Tamilnadu
4. **Dr. R. Anandakumar, IAS.,**  
Additional Secretary to Government  
Finance Department  
Government of Tamilnadu
5. **Thiru K. Balasubramaniam, IAS.,**  
Deputy Secretary to Government  
Industries Department, Government of Tamilnadu
6. **Tmt. Chitra Alai**  
General Manager  
Small Industries Development Bank of India (SIDBI)
7. **Thiru S. Sunil**  
Deputy General Manager  
Small Industries Development Bank of India (SIDBI)
8. **Thiru S. Gunasegaran**  
Retired Bank Executive
9. **Thiru N. Xavier Thomas**  
Retired Bank Executive
10. **Thiru C. Babu**  
President, Tamilnadu Small & Tiny Industries Association (TANSTIA)

## Auditors

**M/s. Vardhaman & Co.**  
Chartered Accountants  
Chennai

## Principal Bankers

Indian Bank  
Union Bank of India  
Canara Bank  
State Bank of India

**SYNOPSIS OF BALANCE SHEET**

|                              |                         | Rs. in lakhs     |
|------------------------------|-------------------------|------------------|
| As on 31.03.2017             | CAPITAL & LIABILITIES   | As on 31.03.2018 |
| 32,100                       | Paid up Capital         | 32,100           |
| 20,106                       | Reserves & Surplus      | 22,243           |
| 1,250                        | Loan in lieu of capital | 1,250            |
| 51,545                       | Deposits                | 45,793           |
| 15,000                       | Bonds                   | 15,000           |
| 19,855                       | Refinance from SIDBI    | 15,744           |
| 46,378                       | Line of Credit – Banks  | 31,305           |
| 16,348                       | Other Liabilities       | 19,837           |
| <u>2,02,582</u>              | Total                   | <u>183,272</u>   |
| <b>PROPERTY &amp; ASSETS</b> |                         |                  |
| 8,617                        | Cash & Bank Balances    | 8,276            |
| 4,895                        | Investments             | 4,862            |
| 1,62,848                     | Loans & Advances        | 141,971          |
| 17,231                       | Fixed Assets            | 17,190           |
| 8,991                        | Other Assets            | 10,973           |
| —                            | Profit & Loss A/c       | —                |
| <u>2,02,582</u>              | Total                   | <u>183,272</u>   |

**YEARS AT A GLANCE**

Rs. in lakhs

| RESOURCES   | As on March 31st |                  |           |         |
|---|------------------|------------------|-----------|---------|
|   | 2017             | 2018             |           |         |
| Share Capital   | 32,100           | 32,100           |           |         |
| Reserves & Surplus                                    | 20,106           | 22,243           |           |         |
| Loan in lieu of Capital                               | 1,250            | 1,250            |           |         |
| Bonds   | 15,000           | 15,000           |           |         |
| Deposits  | 51,545           | 45,793           |           |         |
| Refinance from SIDBI                                  | 19,855           | 15,744           |           |         |
| Line of Credit – Banks                                | 46,378           | 31,305           |           |         |
| <b>FINANCIAL HIGHLIGHTS</b>                           | <b>2016-2017</b> | <b>2017-2018</b> |           |         |
| Gross Income  | 25,800           | 23,739           |           |         |
| Financial cost  | 13,118           | 10,825           |           |         |
| Establishment and administrative expenses             | 5,055            | 5,895            |           |         |
| Other provisions / writeoff                           | 3,624            | 3,815            |           |         |
| Net Profit before tax                                 | 4,003            | 3,204            |           |         |
| Net Profit after tax                                  | 3,097            | 2,523            |           |         |
| OPERATIONS  | 2016-2017        |                  | 2017-2018 |         |
|   | No.              | Amount           | No.       | Amount  |
| (i) Total assistance sanctioned<br>(All types gross)  | 1,582            | 1,23,415         | 1,274     | 79,871  |
| (ii) Amount of assistance disbursed                   |                  | 1,06,535         |           | 70,812  |
| (iii) Amount of assistance outstanding<br>(All types) |                  | 1,66,977         |           | 146,922 |

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

**NOTICE** is hereby given that the 69th Annual General Meeting of the Company will be held at the Registered Office at No.692, Anna Salai, Nandanam, Chennai 600 035 on Friday, the 28<sup>th</sup> December, 2018 at 4.00 pm to transact the following business.

**1. ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statement of the Corporation for the Financial Year ended 31st March, 2018 and Reports of the Board of Directors and Auditors thereon.
2. Declaration of dividend @ 1% for the year 2017-18.
3. To transact other business of which due notice is given to the Corporation.

(By order of the Board)

Place : Chennai-35

Dated : 04<sup>th</sup> December, 2018

**D. DURAIRAJ**

COMPANY SECRETARY

**N.B.** 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. The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting.

## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors takes immense pleasure in presenting the 69th Annual Report of the Corporation along with Audited Balance Sheet as on 31.03.2018 and Profit & Loss Account for the financial year ended 31st March 2018. The highlights of performance for the financial year 2017-18 are given below.

### Highlights

- The Corporation has registered net profit for the Fifteenth consecutive year. For the Financial year ended 31.03.2018, it has made a net profit of Rs. 25.23 crores against Rs. 30.97 crores last year.
- The Operating Profit (profit before write-off of loans and Taxes) for the financial year 2017-18 is Rs.70.19 crores as against Rs. 76.26 crores during the last year.
- The total loan portfolio for the financial year 2017-18 is Rs.1469.22 crores as against Rs. 1669.77 crores during last year.
- Standard Assets for the financial year 2017-18 is Rs.1326.55 crores as against Rs.1533.70 crores during last year.
- The Gross NPA as on 31/03/2018 increased to 9.71% from 8.15% during the last year. Likewise, the net NPA as on 31/03/2018 increased to 6.56% from 5.82 % during the last year.
- The Capital Adequacy Ratio has increased to 27.05 % as on 31.03.2018 as against 23.13 % in previous year i.e. 31.03.2017.
- Establishment expenses, expressed as a percentage to total income, has increased to 21.40 % in 2017-18 from 16.96 % during the last year.
- Gross recoveries is Rs.1090.41 crores, for 2017-18 as against Rs.1304.69crores during 2016-17.

### Business Environment

#### Economic Scenario:

#### Global:

- The International Monetary Fund (IMF) has reported that Global economic activity continues to firm up. Global output is estimated to have grown by 3.7 percent in 2017, which is ½ percentage point higher than in 2016. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9 percent. The revision reflects increased global growth momentum and the anticipated impact of the recently approved U.S. tax policy changes which are expected to stimulate activity. In growth terms in 2017, the broadest synchronized global growth upsurge has happened since 2010.
- Emerging and developing Asia will grow at around 6.5 percent over 2018-19, broadly the same pace as in 2017. The region continues to account for over half of world growth. Growth is expected to moderate gradually in China, pick up in India, and remain broadly stable in the ASEAN-5 region.
- The International Monetary Fund (IMF) remains bullish on India's growth potential and has retained its GDP



*Plastic Injection Moulding Unit at Tambaram*

forecast for the country at 6.7 per cent in 2017 and 7.4 per cent in 2018. In its World Economic Outlook Update, IMF also estimated that the Indian economy would grow by 7.8 per cent in 2019, which make the country the world's fastest-growing economy in 2018 and 2019.

### **National:**

- Central Statistics Office (CSO), reported GDP growth of 7.1 percent in 2016-17. The pre-Budget Economic Survey 2018 predicted that India's GDP growth will accelerate from 6.75% in the fiscal year ending March 31, 2018 to 7-7.5% in 2019. India will recover from the double impacts of demonetization and goods and services tax (GST), enjoy an export surge arising from the global economic boom, and reap the fruits of reforms.
- The economic survey says the launch of the Goods and Services Tax (GST), resolution of long-festering bad loans under the Bankruptcy Code, the implementation of a bank recapitalization package for public sector banks and further liberalization of the foreign direct investment regime will lift GDP growth, which began to accelerate from the second half of the current fiscal year. The survey has however said that risks from rising oil prices could have dampening effect on GDP growth in the coming year.
- India's rank inched up by one place to 130 in the 2017 World Bank Survey that



*Readymix Concrete Unit at Thanjavur*

measures the ease of doing business in various countries. The government is optimistic regarding the improvement in India's rank in the 2018 survey (to be released on October 31 2018) on the back of reforms taken to improve the efficiency in granting construction permits, starting a business and resolving insolvency.

- GST has had a transformative effect on the Indian economy and there has been a 50% increase in the number of indirect taxpayers which portends well for tax compliance and revenue growth.
- Deposits grew at the rate of 6.66% to Rs.11,474,989 crore till March 2018 while the bank credit growth grew at 10.32% over the previous year to Rs.86,50,714 crore over the same period, according to the Reserve Bank of India (RBI) data.
- Credit to major sub-sector such as textiles, chemical and chemical products, engineering, food processing, rubber, plastic and their products accelerated. However, credit to infrastructure, basic metal and metal products, cement and cement products, and petroleum, coal products and nuclear fuels contracted, said the central bank.
- Credit to the services sector increased by 13.8% during FY 2017-18, as compared with an increase of 16.9% in March 2017, while that to agriculture and allied activities increased by 3.8% against a credit growth of 12.6% in March 2017. Credit to industry increased by 0.7% in March 2018 as compared with a contraction of 1.9% in March 2017.
- Gross NPAs of Indian banks, after staying below the Rs.1 lakh crore mark between FY06 and FY11, began to gallop from FY12. Jumping to Rs.1.4 lakh crore in March 2012, gross NPAs proceeded to rise almost six fold over the next five years to Rs.7.9 lakh crore by March 2017.
- Therefore, as banks' NPAs soared in the last five years, bad loan provisions rose in

tandem. This has directly dented their reported profits. Aggregate net profits of Indian banks have slumped from about 91,000 crore in FY13 to 43,900 crore by FY17.

- According to the Reserve Bank of India's Financial Stability Report of December 2017, NPAs in the banking system currently stand at 10.2% of all assets. Related frauds amounting to INR 612.6 billion in the last five financial years and governance failures on account of integrity and competence issues plague the banking system.
- Crisil expects the stock of gross NPAs for Indian banks to stand at 10.5% by March 2018 and stressed assets to top out at 14%. But provisioning and losses from these NPAs are expected to stretch on for the next year or two.

#### At the State Level:

- The Gross State Domestic Product growth has been estimated at 8.03% during 2017-2018 and State is expected to surpass 9% during the year 2018-19 (Source: Government of Tamilnadu Budget 2018-19).
- The State endeavour to retain its position as a top investment destination by creating favourable eco-system.
- A major structural reform initiative - a single-window portal, which will enable investors to obtain the required clearances and renewals across 11 departments has been launched.
- The State has also enacted the Tamil Nadu Business Facilitation Act, 2018, to strengthen the single-window system by stipulating timelines for each approval and providing for deemed approval in respect of certain clearances.
- Concerted efforts are being taken to improve the ranking of the State on the ease of doing business index.
- SIPCOT will develop additional land-bank of 9,030 acres to allot sufficient land to new investors with special focus in the

southern parts of Tamil Nadu, especially along the Chennai - Kannyakumari Industrial Corridor and the Madurai-Thoothukudi Industrial Corridor. This will open business avenues in the MSME sectors.

- The Government is to promote Aero Space Park at Vallam Vadagal in Kancheepuram District, TICEL Bio-Park at Coimbatore, Plastic Industrial Park at Ponneri, Medi Park at Chengalpattu and a defence industrial production corridor.
- The first Global Investors Meet was successfully conducted in September 2015.
- The State Government has proposed to conduct the second Global Investors Meet on 23rd and 24th January 2019.
- SIDCO will construct multi-storeyed work sheds for micro units at a cost of Rs.30 crores in Ambattur Industrial Estate.

#### PERFORMANCE OF TIIC:

The performance of TIIC in terms of various Financial Parameters is furnished below:-

##### Profit:

The Total income of the Corporation for the Financial Year 2017-18 is Rs.237.39 crores as against Rs.258.01crores, achieved during the Financial Year 2016-17. The Corporation has registered a net profit of Rs. 25.23 crores in the financial year 2017-18 as against the net profit of Rs.30.97 crores recorded during last year.

##### Dividend:

The Board has recommended a Dividend of 1% for the financial year 2017-18, which is same as that of previous year viz 2016-17.

##### Capital/ Reserves:

- Net Capital and Reserves was Rs.522.06 crores as on 31-03-2017 and it has increased to Rs.543.43 crores as on 31-03-2018 due to increase in net profit during the current year.
- Capital Adequacy Ratio has increased from 23.13% in 2016-17 to 27.05% in 2017-18.

## Loans and Advances:

The Corporation has achieved the following performance in respect of sanction and disbursement for the FY ending 2017-18 as against the performance in the FY 2016-17:

**Table-1. Operational Performance of the Corporation**

(Rs. in crores)

| LOAN          | 2017-18 | 2016-17  |
|---------------|---------|----------|
| SANCTIONS     | 798.71  | 1,234.15 |
| DISBURSEMENTS | 708.12  | 1,065.35 |
| RECOVERY      | 1090.41 | 1,304.69 |

- The shortfall in performance in 2017-18 was due to various factors like
  - Decline in work orders given by TWAD as well as TANGEDCO to their suppliers / contractors during that year resulted in decreased performance of Bill Financing facilities extended by the Corporation.
  - Temporary impact of demonetization and GST
  - Due to stiff competition in the market from the Banks - As the commercial banks are offering loans with lower rate of interest and with longer repayment periods as they are flush with funds.
  - Higher rate of interest to the end users on comparing the market trend is the main issue affecting the business of the Corporation.

## Strategy to improve the performance:

- With a view to offer loans at sub 10% rates, TIIC also effected 0.25% reduction in the Prime Lending Rate (PLR) from 12.95% to 12.70% to all existing loans and new sanctions. The effective rate of interest now stands at 9.70% to 10.95% only after taking into consideration of 3% interest subvention scheme and it is 9.95% for the new clients/first generation entrepreneurs.

- With a view to increase the Sanction and Disbursement of loans and to achieve higher loan portfolio size, it has been decided to make concerted and focused business promotion efforts by conducting field level business campaigns to attract more loan enquiries / applications.
- To overcome the constraints of having multiple working capital term loan per unit and the need to repay working capital when it is actually required for regular/continuous operations, increased installments of repayment etc., a new scheme viz. "Flexi Working Capital Term Loan Scheme" was introduced during March 2018.

**Table-1A. Performance in Working Capital Term Loan and Bill Finance Scheme**

(Rs. in crores)

|              | WCTL    |         | BFS     |         |
|--------------|---------|---------|---------|---------|
|              | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Sanction     | 67.63   | 95.33   | 312.14  | 576.21  |
| Disbursement | 64.39   | 86.07   | 312.14  | 576.21  |

- The shortfall in performance in 2017-18 was due to various factors as discussed under Table-1 of Operational Performance of Corporation.
- Intensive Business Development Campaigns were organized during June / July 2017 at all Branches and Field Offices of the Corporation to give thrust for sanction and disbursement from the beginning of the financial year. As an outcome of this, we have received 211 applications for Rs.135.66 crores. Of this 128 application were sanctioned to the tune of Rs.62.97 crores.
- Once again during third quarter of the financial year, in select branches where there is scope for business growth, Business Boost Campaigns (BBC), were organized during which Rs.128.26 crores worth of applications were received. Of this, 101 application to the tune of Rs.66.28 crores sanctions have been effected.

- To specially focus on improving sanctions under NEEDS Scheme, October, November & December 2017 were observed as NEEDS months. Concession was given to the applicants by way of waiver of processing fee during this period. During this period, 46 applications to the tune of Rs.23.98 crores were received.
- The Corporation's schemes were showcased and senior level representation / participation were made in various events/exhibitions / annual conferences organized EDII-TN, TN-MSME SUMMIT, TAPMA, MSME-DI's National Vendor Development Programme, INTEC, EROINTEC, EEPCC, WEWA and WEAT (organized by various industry bodies).
- Advertisements were released in industry magazines and industries association journals to improve the Corporation's visibility amongst entrepreneurs.
- Awards were given to the best performing Branches and Field Offices for their performance during the year 2016-17 to motivate the personnel and encourage their involvement in achieving the goals of the Corporation.

**New Schemes introduced during the year 2017-18:**

- Flexi Working Capital Term Loan, a new scheme was introduced to extend working capital term loan with flexible norms to all types of manufacturing and processing units.



Extrusion Unit at Hosur

**Other initiatives during the year 2017-18:**

- Based on the request from BFS customers, changes were made so as to reduce penal interest applicable for delayed period.
- Interest rates were reduced by 0.25%.

**Flow of Loan Applications:**

The Statement of Flow of Loan Applications disposed of during the year is furnished in Table-2 below:

**Table-2. Disposal of loan applications**

(Rs. in crores)

| Sl. No. | Particulars                                       | Sanctions   |                | Sanctions   |                |
|---------|---|-------------|----------------|-------------|----------------|
|         |   | 2017-18     | 2016-17        | 2017-18     | 2016-17        |
|         |   | No.         | Amt            | No.         | Amt.           |
|         | Applications pending at the beginning of the year | 58          | 69.38          | 90          | 121.16         |
|         | Applications received during the year             | 1531        | 1053.80        | 1724        | 1406.24        |
|         | <b>TOTAL</b>                                      | <b>1589</b> | <b>1123.18</b> | <b>1814</b> | <b>1527.40</b> |
|         | Applications disposed off during the year         |             |                |             |                |
|         | a) Gross Sanctions (All types)                    | 1274        | 798.71         | 1582        | 1234.15        |
|         | b) Closed, Withdrawn etc.                         | 254         | 276.89         | 174         | 223.87         |
|         | Applications pending at the end of the year       | 61          | 47.58          | 58          | 69.38          |
|         | <b>TOTAL</b>                                      | <b>1589</b> | <b>1123.18</b> | <b>1814</b> | <b>1527.40</b> |

**Scheme-wise performance**

The Corporation has formulated many Loan Schemes to fulfill the requirements of various categories of beneficiaries. The Table-3 below, furnishes data on Scheme wise Sanction and Disbursement during the year 2017-18.



Rice Mill Unit at Pudukottai

**Table-3. Scheme-wise Sanctions and Disbursement during 2017-2018**

(Rs. in Crores)

| Description   | Sanctions (Gross) |               | Disbursement Amt. |
|---|-------------------|---------------|-------------------|
|   | No.               | Amt.          |                   |
| Micro / Small Enterprises Funding scheme                    | 27                | 6.19          | 4.97              |
| Equipment Finance Scheme                                    | 112               | 67.50         | 74.03             |
| Textile Industry Under Technology Upgradation (RTUF) scheme | —                 | —             | 2.27              |
| Wind Mills  | —                 | —             | 2.13              |
| Generator   | 8                 | 0.40          | 0.67              |
| Transport operators   | 16                | 1.47          | 1.24              |
| Medical Practitioners / Hospitals                           | 2                 | 0.80          | 2.13              |
| Single Window Scheme Term Loan                              | 12                | 3.64          | 5.53              |
| Hotels  | —                 | —             | 2.31              |
| Working Capital Loans                                       |                   |               |                   |
| a. WCTL General /Single Window                              | 24                | 14.65         | 7.48              |
| b. Working Capital Term Loan Scheme                         | 164               | 50.81         | 53.28             |
| c. Job Work   | 9                 | 2.17          | 3.63              |
| d. Bill Finance Scheme                                      | 227               | 312.14        | 312.14            |
| Open Term Loans   | 164               | 91.58         | 38.96             |
| New Entrepreneur & Enterprise Scheme (NEEDS)                | 63                | 30.97         | 27.52             |
| Others  | 446               | 216.39        | 169.83            |
| <b>TOTAL</b>  | <b>1274</b>       | <b>798.71</b> | <b>708.12</b>     |

### DISTRICT-WISE DEPLOYMENT OF CREDIT

The Table-4 below, furnishes data on distribution of TIIC's credit in the districts wherein it is observed that the Districts of Chennai, Coimbatore, Kancheepuram and Thiruvallur recorded high credit absorption cumulatively.



*Garments Unit at Dharmapuri*

Table-4. District-wise deployment of Credit

(Rs. in Crores)

| Sl. No.      | Name of the District        | Sanctions   |               | Cumulative Sanctions |                |               |                 |
|--------------|-----------------------------|-------------|---------------|----------------------|----------------|---------------|-----------------|
|              |                             | 2017-2018   | 2016-2017     | Upto 31.03.2018      |                |               |                 |
|              |                             | No          | Amt.          | No                   | Amt.           | No            | Amt.            |
| 1            | Ariyalur                    | 0           | 0             | 1                    | 0.13           | 103           | 31.40           |
| 2            | Chennai                     | 47          | 50.01         | 68                   | 169.91         | 16159         | 2840.39         |
| 3            | Coimbatore                  | 114         | 55.61         | 135                  | 96.36          | 13691         | 2037.73         |
| 4            | Cuddalore                   | 53          | 9.86          | 70                   | 18.57          | 4636          | 238.83          |
| 5            | Dharmapuri                  | 26          | 9.97          | 28                   | 9.05           | 5276          | 325.08          |
| 6            | Dindigul                    | 29          | 10.18         | 42                   | 22.30          | 2656          | 433.11          |
| 7            | Erode                       | 67          | 137.95        | 71                   | 91.57          | 3625          | 961.85          |
| 8            | Kancheepuram                | 105         | 72.99         | 114                  | 152.86         | 9327          | 1679.95         |
| 9            | Kanyakumari                 | 35          | 20.70         | 74                   | 46.48          | 3878          | 561.62          |
| 10           | Karur                       | 18          | 10.41         | 20                   | 13.85          | 863           | 210.54          |
| 11           | Krishnagiri                 | 109         | 55.48         | 111                  | 62.93          | 1060          | 467.58          |
| 12           | Madurai                     | 66          | 29.96         | 78                   | 40.81          | 10040         | 646.84          |
| 13           | Nagapattinam                | 10          | 4.12          | 4                    | 2.42           | 712           | 53.35           |
| 14           | Namakkal                    | 26          | 12.89         | 22                   | 12.77          | 1052          | 180.87          |
| 15           | Perambalur                  | 3           | 2.04          | 6                    | 1.82           | 157           | 23.41           |
| 16           | Pudukkottai                 | 12          | 4.59          | 19                   | 9.63           | 3469          | 284.57          |
| 17           | Ramanathapuram              | 11          | 4.98          | 16                   | 4.11           | 3792          | 146.26          |
| 18           | Salem                       | 48          | 30.99         | 68                   | 44.15          | 6154          | 591.61          |
| 19           | Sivaganga                   | 25          | 7.90          | 36                   | 12.91          | 1931          | 173.03          |
| 20           | Thanjavur                   | 25          | 10.25         | 26                   | 11.15          | 4208          | 238.07          |
| 21           | The Nilgiris                | 0           | 0.00          | 0                    | 0.00           | 170           | 8.12            |
| 22           | Theni                       | 7           | 2.75          | 9                    | 2.60           | 731           | 78.00           |
| 23           | Thiruvallur                 | 149         | 90.78         | 186                  | 162.08         | 3233          | 1400.70         |
| 24           | Thiruvannamalai             | 9           | 1.90          | 15                   | 3.12           | 1172          | 89.05           |
| 25           | Tirunelveli                 | 45          | 26.65         | 59                   | 30.49          | 4940          | 365.69          |
| 26           | Tiruppur                    | 36          | 19.25         | 58                   | 37.52          | 525           | 288.90          |
| 27           | Thiruvarur                  | 7           | 1.92          | 7                    | 2.97           | 366           | 39.14           |
| 28           | Tiruchirappalli             | 43          | 42.04         | 35                   | 39.46          | 6097          | 606.44          |
| 29           | Thoothukudi                 | 54          | 26.93         | 62                   | 66.02          | 3132          | 502.20          |
| 30           | Vellore                     | 16          | 4.95          | 26                   | 12.67          | 4530          | 284.31          |
| 31           | Villupuram                  | 40          | 17.83         | 47                   | 21.76          | 1135          | 234.82          |
| 32           | Virudhunagar                | 39          | 22.83         | 69                   | 31.68          | 3756          | 552.73          |
| 33           | Pondicherry Union Territory | 0           | 0.00          | 0                    | 0.00           | 47            | 6.46            |
| <b>TOTAL</b> |                             | <b>1274</b> | <b>798.71</b> | <b>1582</b>          | <b>1234.15</b> | <b>122623</b> | <b>16582.66</b> |

## SANCTIONS during last 5 years

Rs. in Crores



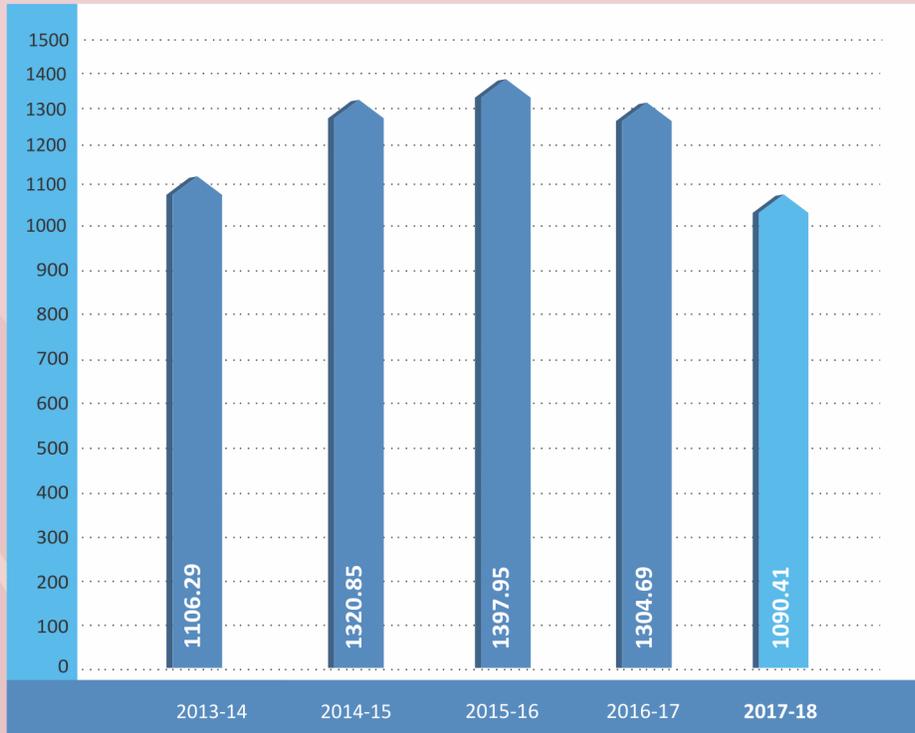
## DISBURSEMENTS during last 5 years

Rs. in Crores



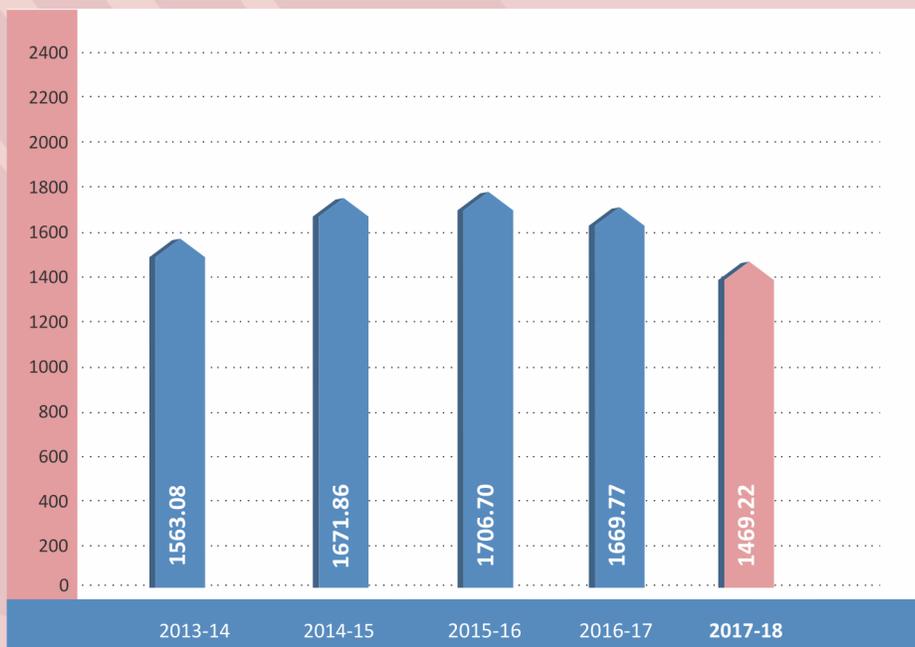
**RECOVERIES during last 5 years (Gross)**

Rs. in Crores

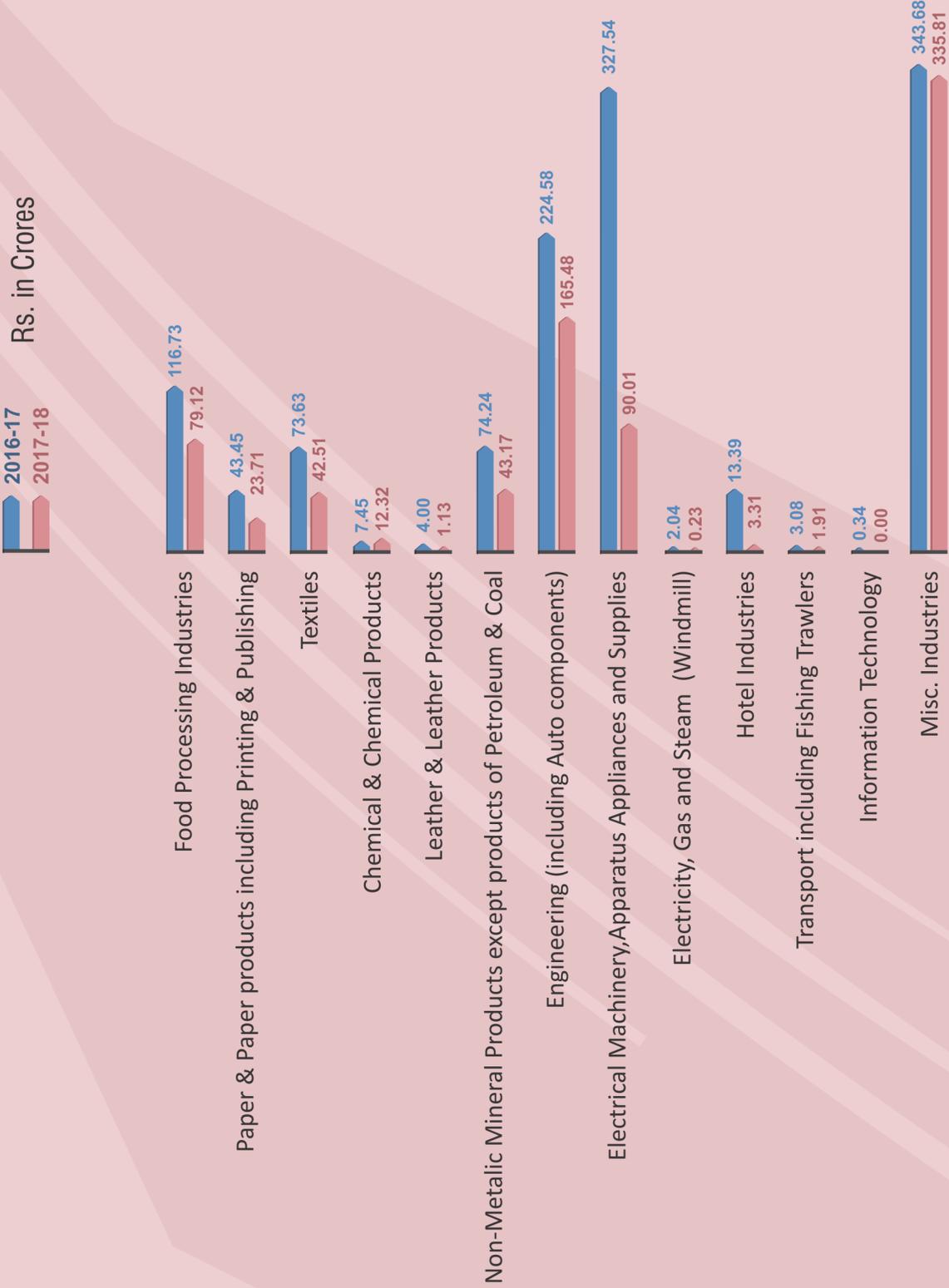


**OUTSTANDING during last 5 years (Gross)**

Rs. in Crores



## INDUSTRY-WISE CLASSIFICATION OF SANCTIONS FOR 2 YEARS



**INDUSTRY-WISE DISTRIBUTION OF CREDIT**

The Table-5 below, shows industry-wise distribution of credit in the Corporation's advances:

**Table-5. Industry-wise distribution of Credit**

| Description  |   | Sanctions (Gross) |               |               |             |                |               | Cumulative Sanctions upto 31.03.2018 |                 |               |
|--------------|---|-------------------|---------------|---------------|-------------|----------------|---------------|--------------------------------------|-----------------|---------------|
|              |   | 2017-18           |               |               | 2016-17     |                |               | No.                                  | Amt.            | %             |
|              |   | No.               | Amt.          | %             | No.         | Amt.           | %             | No.                                  | Amt.            | %             |
| 1            | Food Processing Industry  | 201               | 79.12         | 9.91          | 240         | 116.73         | 9.46          | 11494                                | 1647.88         | 9.94          |
| 2            | Sugar Factories & Refineries                                      | 0                 | 0.00          | 0.00          | 0           | 0.00           | 0.00          | 37                                   | 154.86          | 0.93          |
| 3            | Paper & Paper Products including Printing & Publishing            | 55                | 23.71         | 2.97          | 90          | 43.45          | 3.52          | 5620                                 | 674.80          | 4.07          |
| 4            | Textiles  | 82                | 42.51         | 5.32          | 120         | 73.63          | 5.97          | 8736                                 | 1828.99         | 11.03         |
| 5            | Chemical & Chemical Products                                      | 16                | 12.32         | 1.54          | 18          | 7.45           | 0.60          | 4327                                 | 306.52          | 1.85          |
| 6            | Leather & Leather Products  | 5                 | 1.13          | 0.14          | 7           | 4.00           | 0.32          | 1103                                 | 192.50          | 1.16          |
| 7            | Non-metallic Mineral Products except products of Petroleum & Coal | 100               | 43.17         | 5.41          | 104         | 74.24          | 6.02          | 1926                                 | 681.67          | 4.11          |
| 8            | Engineering (incl. Auto Components)                               | 336               | 165.48        | 20.72         | 400         | 224.58         | 18.20         | 8724                                 | 2360.36         | 14.23         |
| 9            | Electrical Machinery, Apparatus Appliances and Supplies           | 93                | 90.01         | 11.27         | 124         | 327.54         | 26.54         | 1612                                 | 2200.28         | 13.27         |
| 10           | Electricity, Gas and Steam (Windmill)                             | 2                 | 0.23          | 0.03          | 2           | 2.04           | 0.17          | 146                                  | 502.13          | 3.03          |
| 11           | Transport Equipments  | 0                 | 0.00          | 0.00          | 0           | 0.00           | 0.00          | 474                                  | 45.71           | 0.28          |
| 12           | Hotel Industries  | 7                 | 3.31          | 0.41          | 23          | 13.39          | 1.08          | 1084                                 | 310.76          | 1.87          |
| 13           | Transport including Fishing Trawlers                              | 14                | 1.91          | 0.24          | 18          | 3.08           | 0.25          | 47524                                | 708.57          | 4.27          |
| 14           | Information technology  | 0                 | 0.00          | 0.00          | 1           | 0.34           | 0.03          | 81                                   | 26.59           | 0.16          |
| 15           | Misc. Industries not elsewhere classified                         | 363               | 335.81        | 42.04         | 435         | 343.68         | 27.85         | 29726                                | 4603.04         | 27.76         |
| 16           | Loans to Govt. Corporations                                       | 0                 | 0.00          | 0.00          | 0           | 0.00           | 0             | 9                                    | 338.00          | 2.04          |
| <b>TOTAL</b> |   | <b>1274</b>       | <b>798.71</b> | <b>100.00</b> | <b>1582</b> | <b>1234.15</b> | <b>100.00</b> | <b>122623</b>                        | <b>16582.66</b> | <b>100.00</b> |



Pharmaceutical Products Unit at Villupuram



Diesel Genset Manufacturing Unit at Hosur

## DISBURSEMENT:

During the year under report, the Corporation disbursed Rs.708.12 crores. The cumulative disbursement upto 31.03.2018 (since inception) is Rs.12927.79 crores, extended under various schemes.

### Subsidy:

TIIC, being the operating agency for many incentive schemes of the Central and State Governments, actively processed and released subsidies effectively to eligible entrepreneurs in 2017-18 as detailed below:

### Details of Government Scheme on 3% Interest Subsidy to TIIC borrowers:

During the year 2017-18, the Corporation disbursed a sum of Rs.24.02 crores under 3% Interest Subvention Scheme for MSME loans from TIIC and Rs.1.74 crore under 3% Interest Subvention Scheme for NEEDS.

### Details of subsidy claim disbursed during 2017-18:

| (Rs. in crores)                        |     |        |
|--|-----|--------|
|  | No. | Amount |
| <b>State Government Subsidy:</b>       |     |        |
| State Capital Subsidy                  | 269 | 30.50  |
| Generator Subsidy                      | 31  | 0.48   |
| NEEDS Subsidy                          | 119 | 7.71   |
| <b>Central Government Subsidy:</b>     |     |        |
| Credit Linked Capital Subsidy (CLCS)   | 114 | 7.61   |
| Textile Upgradation Fund Subsidy (TUF) |     |        |
| - Capital Subsidy                      | 2   | 0.72   |
| - Interest Subsidy                     | 14  | 1.16   |

### Mega Subsidy:

- Corporation has been nominated as the Nodal Agency for sanction and disbursement of incentives / subsidies for Mega / Large Scale Industries in Tamilnadu whose investments are upto Rs.300 crores. Operational Guidelines are awaited.

### ASSET QUALITY:

The Corporation accords utmost priority to maintain the quality of Loan Portfolio. As on 31-03-2018, the share of Standard Assets stood

at 90.29 % of the Loan Portfolio. Despite the stresses witnessed in National Banking Scenario on account of growing NPAs, TIIC by strenuous recovery efforts and persistent monitoring has been successful in maintaining its Standard Assets components in its Loan Portfolio.

**Table-6. Loan Portfolio**

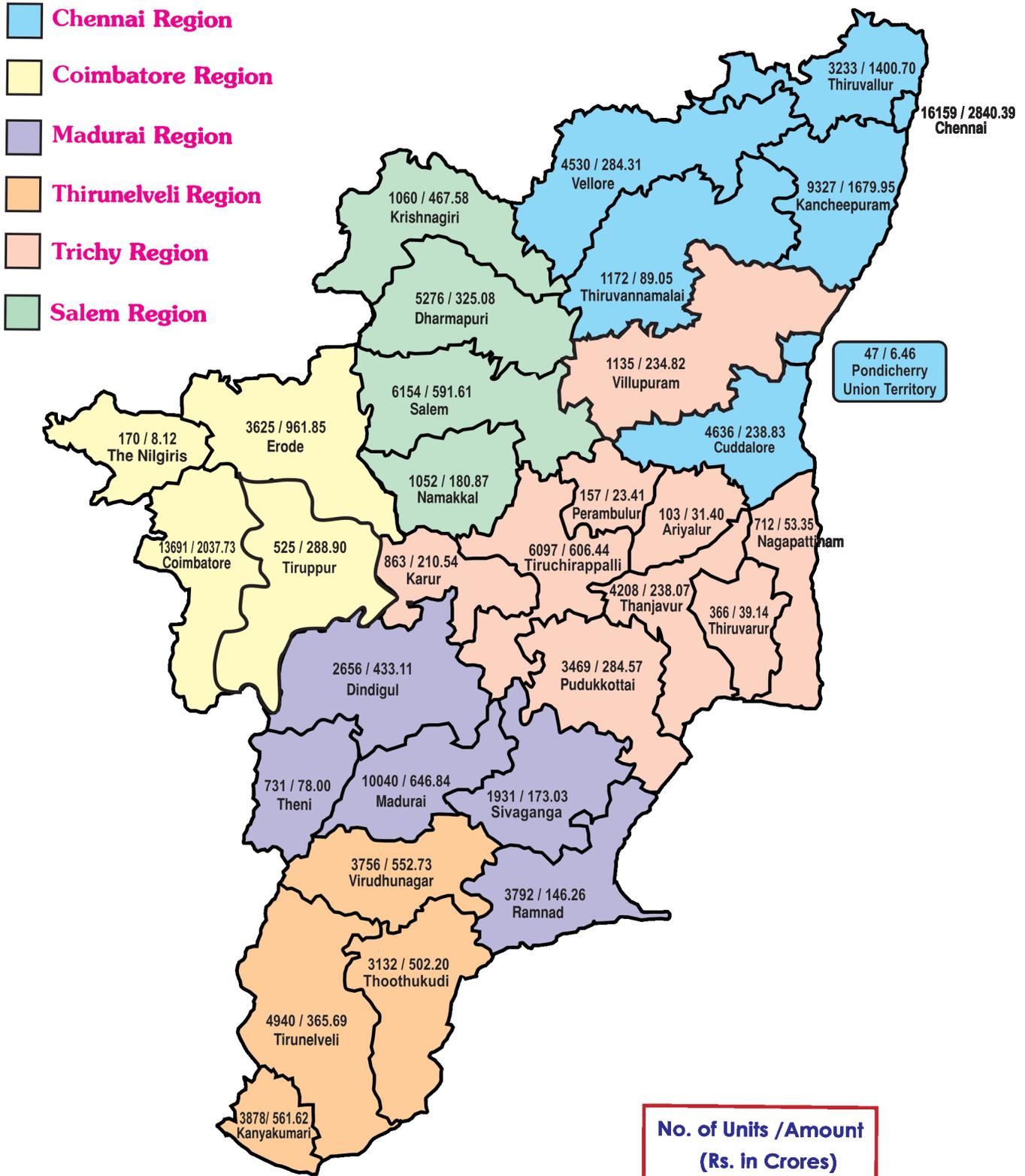
| (Rs. in Crores)                          |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| ASSETS                                   | 2017-18        | 2016-17        | 2015-16        | 2014-15        |
| STANDARD                                 | 1326.55        | 1533.70        | 1549.83        | 1517.21        |
| SUB-STANDARD                             | 50.76          | 31.25          | 76.21          | 64.02          |
| DOUBTFUL                                 | 76.56          | 101.08         | 78.34          | 88.50          |
| LOSS ASSETS                              | 15.35          | 3.74           | 2.32           | 2.13           |
| <b>TOTAL</b>                             | <b>1469.22</b> | <b>1669.77</b> | <b>1706.70</b> | <b>1671.86</b> |
| WRITTEN OFF                              | 236.77         | 214.02         | 185.55         | 160.18         |
| Total Performing Assets (PA)             | 1326.55        | 1533.70        | 1549.83        | 1517.21        |
| Total Non-Performing Assets (NPA)        | 142.67         | 136.07         | 156.87         | 154.65         |
| % of Performing Assets to total advances | 90.29          | 91.85          | 90.81          | 90.75          |
| % of NPA to Total advances (Gross NPAs)  | 9.71           | 8.15           | 9.19           | 9.25           |
| % of Net NPA to (Net) advances           | 6.56           | 5.82           | 7.03           | 6.17           |

### Strategies for Enhancing Asset Quality:

Maintaining a qualitative credit portfolio being the top priority for successful operations, the Corporation vigorously pursues the following strategies:

- Emphasis on comprehensive Risk Management.
- Improving appraisal system for qualitative sanctions.
- Monitoring of special mention accounts and focused follow up of larger advances.
- Introduction of a Comprehensive Credit Management and Recovery Manual to enhance Branch Credit Control Systems.
- Continuous training for its personnel for skill development.
- An Exclusive Department for monitoring the Asset Quality.

## District-wise Sanctions (Cumulative)



- Comprehensive set of one time settlement schemes for elimination of NPAs at the earliest.

### Loan Monitoring and Rehabilitation:

- 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. The review reports of SMA accounts of the respective Committees are analysed, on monthly basis and closely monitored to arrest slippage.
- The department also notifies the borrowers/units about the arrears along with current demand of interest/principal through SMS on their mobiles for timely remittances to avoid slippage.

- The department also monitors the implementation of TLSP ("TIIC's Liquidity Stimulus Package") which was introduced to help the industries to come out of liquidity crisis.
- The department monitors the Inspection of the units by the officials and also availability of Insurance for the assisted units and report to the Audit Committee of the Corporation periodically.
- The department has put in place a mechanism to enable Stressed Assets Monitoring at Branch, Regional and Head Office level to prevent slippages and to maintain assets quality.
- A Loans Monitoring Committee headed by Managing Director reviews the loans above Rs. 100 lakhs and initiates suitable recovery action wherever necessary.
- During 2017-18, the loan accounts of 14 deserving units were rescheduled involving revision in repayment of principal to the tune of Rs. 7.10 crores to help them tide over their constraints.
- Besides reschedulement, TIIC's Liquidity Stimulus Package (TLSP) has been cleared in principle to 143 borrowers to the extent of Rs. 20.05 Crores.



*Ruling Machine for Note Book at Salem*



*Cold Forging for Automobile Components at Vellore*

**Insurance Business:**

- The Corporation earned a sum of Rs.28.45 lakhs as commission for the insurance premium during the financial year 2017-18 which is higher than the last year income of Rs.19.49 lakhs.

**Recovery:**

- The Recovery Department monitors the achievement of principal and interest collection targets of the Corporation.
- It focuses on the major NPA accounts by reviewing the cases and taking suitable action either through OTS (or) Legal Route.

- Approval is accorded for proceeding legally to recover the dues under SFCs Act/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.
- By the above activities, level of NPAs and write-off cases have been reduced considerably over the years and contained in recent years.
- Recovery of Principal Rs.18.44 lakhs and Interest Rs.9.26 lakhs made out of OTS during the FY 2017-18

- Amount and No. of units granted waiver in respect of Principal / Simple Interest / Penal / Compound Interest for the year 2017-18.**

(Rs. in lakhs)

|                                  | No. of Cases | Prl.        | Int.           | Other Dues  | Penal Int.   | Compound Int. | Simple Int.  | Total          |
|----------------------------------|--------------|-------------|----------------|-------------|--------------|---------------|--------------|----------------|
| Principal waiver involved cases  | 4            | 2.42        | 117.61         | 0.47        | 0.00         | 0.00          | 0.00         | 120.50         |
| Interest waiver alone            | 5            | --          | 1867.65        | --          | 0.00         | 0.00          | 0.00         | 1867.65        |
| Penal Interest waiver alone      | 1            | 0.00        | 0.00           | 0.00        | 4.46         | 0.00          | 0.00         | 4.46           |
| Penal & Compound Interest        | 1            | 0.00        | 0.00           | 0.00        | 7.61         | 8.97          | 0.00         | 16.58          |
| Penal Compound & Simple Interest | 1            | 0.00        | 0.00           | 0.00        | 10.85        | 19.36         | 24.84        | 55.05          |
| <b>TOTAL</b>                     | <b>12</b>    | <b>2.42</b> | <b>1985.26</b> | <b>0.47</b> | <b>22.92</b> | <b>28.33</b>  | <b>24.84</b> | <b>2064.24</b> |

- The details of unit taken possession and subsequently returned possession after receiving of concrete proposal are given below:

- No. of units taken possession for the year 2017-18 179
- No. of units returned to the owners after receiving concrete proposal for revival and repayment of dues 16

- Details of Principal Waiver/Interest waiver and Recovery (both Principal & Interest) in fully settled - Cases during the year 2017-18

(Rs. in lakhs)

| No. of Units | Principal Waiver | Interest Waiver | Recovery |      |
|--------------|------------------|-----------------|----------|------|
|              |                  |                 | Prl.     | Int. |
| 7            | 1.21             | 1655.84         | 7.44     | 5.23 |

### Quality Certification:

- The Corporation has obtained Quality Management System certification Licence as per IS/ISO 9001:2008 from Bureau of Indian Standards (BIS) for covering sanction and disbursement of loans including documentation for Head Office, Chennai Regional Office and Chennai Branch Office. The Licence is valid upto November 2019 subject to a condition of implementation of changeover to revised standard IS/ISO 9001:2015 by 31st August 2018.

Internal Quality Audit (IQA) is conducted once in three months covering (select) Head Office Departments coming under QMS, Chennai Regional Office and Chennai Branch Office. The Internal Quality Audit is completed for all the 4 quarters of 2017-2018 by the Officials of ISO Department.

- Management Review Committee comprising of all HoDs, Regional Manager and Branch Manager, Chennai meet once in a quarter to review the QMS process and its satisfactory operation. The

committee also issue instructions for continual improvement.

- Annual Surveillance Audit has been carried out by Bureau of Indian Standards (BIS) during November 2017 and noted that "Operation of license was concluded to be satisfactory". It was decided to recommend continuation of license till end of validity period.

### Employment generation:

The financial assistance extended by the Corporation has resulted in generation of additional employment for about 8150 persons during the year 2017-2018.

### Funds & Resources:

- The Corporation mobilizes its funds, apart from share capital, through issue of Bonds with Government guarantee, Inter corporate Deposits, Bank Loans and SIDBI Refinance.
- SIDBI had gradually phased out refinance from 2012 onwards and has stopped refinance totally from 2017-18 onwards.

**Table-7. Details of applications made to SIDBI for Refinance**

| Year    | (Rs. In Crores)   |                                   |                 |                |                             |
|---------|-------------------|-----------------------------------|-----------------|----------------|-----------------------------|
|         | 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.                        |
| 2015-16 | 20.80             | 418.86                            | 20.80           | 104.01         | 335.65                      |
| 2016-17 | 10.64             | 335.65                            | 5.13            | 142.23 **      | 198.55                      |
| 2017-18 | –                 | 198.55                            | –               | 41.10          | 157.45                      |

\*\* includes prepayment of Rs.39.01 crores.

- During September 2015, the then Honourable Chief Minister of Tamilnadu made an announcement in the Legislative Assembly for infusion of Capital of Rs.50 Crores each by TIDCO and SIPCOT in TIIC. SIPCOT has agreed to contribute Rs.50 crores in 2018-19 and TIDCO has agreed to contribute Rs.5 crores in 2018-19 and the balance in future years.

**Corporate Governance:**

- The Corporation, is a Public Sector undertaking under the Government of Tamilnadu. It supports industrial growth in the State, with focus on Micro, Small and Medium Enterprises (MSME). It follows regulations as laid down by SIDBI.
- The Corporation has adequate focus on Corporate Governance to meet the requirements of different stake holders and compliance to regulatory requirements and to integrate them into its functioning.
- To this end, the Corporation has, structurally,
  - ➔ a Chairman and a Managing Director
  - ➔ 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 COMPOSITION:**

The Board has –

- ➔ Chairman
- ➔ Managing Director
- ➔ Director representing MSME Department
- ➔ Director representing Industries Department
- ➔ Director representing Finance Department
- ➔ Two Directors representing SIDBI and
- ➔ Three Independent Directors

As on 31.03.2018, the following Directors were in the Board:

| Sl. No. | Name of the Director   | Designation                               | Nature of Directorship | Date of appointment |
|---------|--|---|------------------------|---------------------|
| 1.      | Thiru K.Gnanadesikan, IAS.   | Addl. Chief Secretary to Govt. / Chairman | Non-Executive          | 07.03.2018          |
| 2.      | Dr.(Tmt) M. Aarthi, IAS.,  | Managing Director                         | Executive              | 05.01.2018          |
| 3.      | Thiru Dharmendra Pratap Yadav, IAS.,<br>Secretary to Government,<br>MSME Department, Government of Tamilnadu         | Director                                  | Non-Executive          | 04.12.2017          |
| 4.      | Dr. R. Ananda Kumar, IAS.,<br>Addl. Secretary to Government,<br>Finance Department, Government of Tamilnadu          | Director                                  | Non-Executive          | 26.07.2017          |
| 5.      | Thiru K. Balasubramaniam, IAS.,<br>Dy. Secretary to Government,<br>Industries Department,<br>Government of Tamilnadu | Director                                  | Non-Executive          | 04.12.2017          |
| 6.      | Tmt. Chitra Alai<br>General Manager, SIDBI   | Director                                  | Non-Executive          | 17.09.2014          |
| 7.      | Thiru V. Sridhar<br>General Manager, SIDBI   | Director                                  | Non-Executive          | 03.07.2015          |
| 8.      | Thiru S. Gunasegaran<br>Retired Bank Executive   | Independent Director                      | Non-Executive          | 29.08.2017          |
| 9.      | Thiru N. Xavier Thomas<br>Retired Bank Executive   | Independent Director                      | Non-Executive          | 29.08.2017          |
| 10.     | Thiru C. Babu<br>President, TANSTIA  | Independent Director                      | Non-Executive          | 18.01.2018          |

Directors who served on the Board during 2017-18 and relinquished their posts due to change in assignment:

| Sl. No. | Name of the Director<br>Tvl./Tmt.   | Period of Time           |
|---------|---|--------------------------|
| 1.      | Thiru Satyabrata Sahoo, IAS.,<br>Chairman & Managing Director, TIIC   | 08.03.2017 to 05.01.2018 |
| 2.      | Thiru Mangat Ram Sharma, IAS.,<br>Principal Secretary to Govt.,<br>Micro, Small & Medium Enterprises Dept.<br>Government of Tamilnadu | 19.08.2016 to 04.12.2017 |
| 3.      | Thiru N. Venkatesh, IAS.,<br>Dy. Secretary to Government,<br>Finance Department, Government of Tamilnadu                              | 26.09.2013 to 26.07.2017 |
| 4.      | Thiru R. Venkatesan, IAS.,<br>Managing Director, Tamilnadu Minerals Ltd.  | 16.06.2017 to 04.12.2017 |
| 5.      | Thiru S. Sundar<br>Retired Bank Executive<br>Independent Director   | 20.09.2005 to 29.07.2017 |
| 6.      | Thiru C. Muthusami<br>President, TANSTIA<br>Independent Director  | 14.11.2014 to 29.07.2017 |

No director on the Board is in any way related 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.

| Sl. No. | Committee                | Members   | Chairman of the Committee | Main responsibility areas  |
|---------|--------------------------|---|---------------------------|--|
| 1.      | Executive Committee (EC) | 1. Managing Director, TIIC<br>2. Tmt. Chitra Alai<br>General Manager, SIDBI<br>3. Thiru N. Xavier Thomas<br>(Independent Director)<br>4. Director representing<br>Industries Department to<br>the Govt. of Tamilnadu<br>Thiru Dharmendra Pratap<br>Yadav, IAS., | The MD, TIIC              | All areas relating to loans and advances utilizing the overall powers of the Board, above that of the Corporation's Regional Committee.  |
| 2.      | Audit Committee          | 1. Thiru N. Xavier Thomas<br>Independent Director<br>2. Tmt. Chitra Alai<br>General Manager, SIDBI<br>3. Thiru S. Gunasegaran<br>Independent Director<br>4. Thiru C. Babu<br>Independent Director   | Thiru N. Xavier Thomas    | 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. |

| Sl. No. | Committee  | Members  | Chairman of the Committee                         | Main responsibility areas   |
|---------|--|--|---|---|
| 3.      | Default Review Committee (DRC)                     | 1. Managing Director, TIIC<br>2. Tmt. Chitra Alai<br>General Manager, SIDBI<br>3. Thiru N. Xavier Thomas<br>(Independent Director)<br>4. Director representing<br>Finance Department<br>to the Govt. of Tamilnadu<br>Dr. R. Ananda Kumar, IAS.,              | The MD, 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-I<br>(for AGM & above cadres)      | 1. Managing Director, TIIC<br>2. Director representing<br>Finance Department to the<br>Govt. of Tamilnadu<br>Dr. R. Ananda Kumar, IAS.,<br>3. Director representing<br>Industries Department to the<br>Govt. of Tamilnadu<br>Thiru K. Balasubramaniam, IAS.  | The MD, TIIC                                      | H.R. areas like recruitment, promotions for the post of Assistant General Manager and above   |
|         | Staff Committee-II<br>(for Senior Manager & below) | 1. Managing Director, TIIC<br>2. Director representing Finance<br>Department to the Govt. of<br>Tamilnadu<br>Dr. R. Ananda Kumar, IAS.,<br>3. Director representing Industries<br>Department to the Govt. of<br>Tamilnadu<br>Thiru K. Balasubramaniam, IAS., | The MD, TIIC                                      | HR areas like recruitment, promotions for the post of Senior Managers and below.  |
| 5.      | Corporate Social Responsibility (CSR) Committee    | 1. The Managing Director, TIIC<br>2. Director representing Industries<br>Department to the Govt. of<br>Tamilnadu<br>Thiru K. Balasubramaniam, IAS.,<br>3. Thiru N. Xavier Thomas,<br>(Independent Director)  | The MD, TIIC                                      | i) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company<br>ii) Recommend the amount of expenditure to be incurred on the Corporate Social Responsibility activities<br>iii) Monitor the Corporate Social Responsibility Policy of the Company from time to time |
| 6.      | Nomination & Remuneration Committee (NRC)          | 1. The Chairman, TIIC<br>2. The Managing Director, TIIC<br>3. Director representing Industries<br>Department to the Govt. of<br>Tamilnadu<br>Thiru K. Balasubramaniam, IAS.<br>4. Thiru S. Gunasegaran,<br>(Independent Director)                            | The Chairman, TIIC                                | NRC shall identify persons who are qualified to become directors and recommend to Board their appointment & removal and remuneration to directors.  |
| 7.      | Stakeholders Relationship Committee (SRC)          | 1. Director representing<br>Industries Department<br>to the Govt. of Tamilnadu<br>Thiru K. Balasubramaniam, IAS.   | Director representing<br>Industries<br>Department | SRC shall consider and resolve the grievances of security holders of the company  |

| Sl. No. | Committee                              | Members  | Chairman of the Committee | Main responsibility areas   |
|---------|--|--|---------------------------|---|
|         |  | 2. Thiru N.Xavier Thomas,<br>Independent Director<br>3. Thiru S.Gunasegaran<br>Independent Director                          |                           |   |
| 8.      | Tender Committee                       | 1. The MD, TIIC<br>2. Director representing<br>Finance Department to the<br>Govt. of Tamilnadu<br>Dr. R. Ananda Kumar, IAS., | The MD, TIIC              | To evaluate the report of tender screening committee and forward its recommendations to the Board for its decision  |
| 9.      | Review Committee for Wilful Defaulters | 1. The MD, TIIC<br>2. Thiru N. XavierThomas,<br>Independent Director<br>3. Thiru S. Gunasegaran<br>Independent Director      | The MD, TIIC              | To review the cases confirms with the decisions of Identification Committee which constitutes for classifying the borrowers / guarantors as willful defaulters.   |
| 10.     | Risk Management Committee              | 1. The MD, TIIC<br>2. Tmt. Chitra Alai<br>General Manager, SIDBI<br>3. Thiru S.Gunasegaran<br>Independent Director           | The MD, TIIC              | To consider high and medium risks periodically and give executive directions for risk mitigation and to monitor the implementation of risk management strategies. |

#### MEETINGS:

The Board of Directors met five times during 2017-18. The Annual General Meeting (AGM) was held in Chennai on the 27th September, 2017. The Extra Ordinary General meeting of the shareholders held on 18th January 2018.

During the year, the Executive Committee of the Board met two times, the Audit Committee met three times and the Default Review Committee and the Staff Committee met once.

#### Corporate Social Responsibility committee

Particulars of Corporate Social Responsibility activities carried out by the Company in terms of Section 135 of the Companies Act, 2013.

#### Composition of the CSR Committee for the year 2017-18:

| Sl.No | Designation  | Status   |
|-------|--|----------|
| 1.    | The Managing Director, TIIC  | Chairman |
| 2.    | Director representing the Industries Department to the Government of Tamilnadu<br>Thiru K. Balasubramaniam, IAS. | Member   |
| 3.    | Independent Director - Thiru N. Xavier Thomas  | Member   |

- The Corporation is eligible to spend on their ongoing projects/programmes, falling within the CSR activities specified under the act 2013, as mandated by the Ministry of Corporate Affairs for carrying out the CSR activities
- The Committee formulated and recommended a CSR Policy in terms of Section 135 of the Act, 2013 along with a list of projects/programmes to be undertaken for CSR spending in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy of CSR is available in the website.

- Based on the recommendation of the CSR Committee, the board normally approves the projects/programmes carried out as CSR activities by any non-profitable organizations having an established track record for more than the prescribed years in undertaking similar programmes/projects, constituting more than 2% of average net profits, made during the three immediately preceding financial years as below:
  - Average Net Profit of the Company for last three financial years: Rs. 4025.87 lakhs (4036.15+4037.61+4003.84)/3 Approx.
  - Prescribed CSR Expenditure: (2% of the amount of Rs. 4025.87 lakhs) Rs. 80.52 lakhs
- As required under Sec 135 of the Companies Act 2013 read with Rule 8, the annual report on CSR containing the particulars of the projects/programs are given in the annexure. The details of CSR amount spent, amount unspent and the reason for amount unspent for the financial year 2017-18 are given below:
- Amount spent for the financial year : Nil
  - Amount unspent: Rs. 80.52 lakhs

#### Reasons for amount unspent:

The Corporation is mainly thriving on borrowed funds i.e. Term Loans from Commercial Banks and had to meet huge interest & principal commitments. The Corporation also does not have pile of built-up reserves. Hence, the Corporation could not meet the CSR obligations.

#### Compliance function:

TIIIC has a robust policy on compliance and the related reports are reviewed by the Board and the Audit Committee periodically. As per the policy of the regulatory, statutory and internal compliance are being monitored and periodical reports are placed before the competent authority.

#### Compliance with the provisions of the Companies Act, 2013:

Most of the sections of the Companies Act 2013 and the related rules and the schedules have been made effective. TIIIC have already complied with the revised provisions of the Act to the extent they are applicable to the Corporation. Various provisions applicable to the listed companies are applicable to our Corporation. Some other provisions that are applicable based on certain benchmarks in terms of turnover, capital and borrowings like the provision on appointment of key managerial persons are also applicable to us.

Some other compliance made during the year are written below:

#### Appointment of Independent Directors:

At the Extra ordinary General Meeting (EGM) of the Corporation held on 29.08.2017 Tvl.S.Gunasegaran and N. Xavier Thomas were reappointed as independent Directors for the second term. Thiru C. Babu, President, TANSTIA is also appointed as Independent Director in the EGM held on 18.01.2018 for one year in the place of Thiru C.Muthusami and whose office shall not be liable for retirement.

#### Compliance in respect of appointment of Woman Director in the Board:

TIIIC is also required to appoint a woman director pursuant to the provisions of section 149(1) of the companies Act 2013. Hence, the Corporation is in compliance with the requirement of appointing woman director.

#### Compliance in respect of conducting of Secretarial Audit:

The Companies Act 2013, under section 204 read with Rule No. 9 of Company Rules (Appointment and remuneration of managerial personnel) 2014 requires every listed company and a public company having a paid-up capital of Rs. 50 crores or more or a turnover of Rs. 250 crores or more to annex with its board report a Secretarial Audit report in Format (MR-3). TIIIC being a listed company and having a share capital of Rs.321 crores is also required to comply with the secretarial audit requirements.

M/s. Sandeep Associates, a practicing Company Secretary was appointed to conduct

the Secretarial Audit for 2017-18. The copy of the secretarial audit report in the prescribed Form MR-3 of the Companies Act 2013 is annexed to this report. There were no adverse remarks in the secretarial audit report for the year 2017-18.

### Compliance Officers

1. The Key Managerial Personnel as per Companies Act 2013 are i) Managing Director, TIIC ii) Thiru G. Srinivasan, Deputy General Manager (Funds & Resources) iii) Thiru D. Durairaj, Company Secretary.
2. Thiru D. Durairaj, Company Secretary, is the Compliance Officer for complying with the various provisions of SEBI and the provisions of the Listing Agreement with the Bombay Stock Exchange. He reports to the CMD/MD.
3. Thiru D. Durairaj, Company Secretary, is the Public Information Officer as required under the Right to Information Act. He reports to the CMD/MD.
4. Thiru R.B. Ganesarajaram, Deputy General Manager (LM&R/Rec.), is the Chief Risk Officer. He identifies the risk factors in the loan proposals to be placed before the Executive Committee & Board and submit the same to Head Office Screening Committee.
5. Thiru G. Srinivasan, Deputy General Manager (F&R/SYS), is the Chief Information Security Officer (CISO) for implementing, enforcing and supporting the E-Security Policy, 2010. He reports to the CMD/MD.
6. Thiru G. Srinivasan, Deputy General Manager (F&R/SYS), is the Chief Financial Officer. He reports to CMD/MD.
7. Thiru K.V. Subramanian, Deputy General Manager (HRM/Legal/IA&ISO), is the Nodal Officer for Know Your Customer (KYC) and Anti-Money Laundering (AMC) compliance, as per RBI / SIDBI directions. He reports to CMD/MD.
8. Thiru D. Durairaj, Company Secretary is the Corporate Social Responsibility Officer. He will prepare and submit CSR proposals to MD/CSR Committee/Board.

No unsatisfactory report was generated by the Corporation in 2017-18.

### Listing on the Stock Exchange

Non-SLR Bonds issued by Corporation are listed in the Bombay Stock Exchange.

### Risk Management Policy

"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 maximizing returns and minimizing risks"

The Corporation has appointed a Chief Risk Officer, who identifies the Risk Factors in the loan proposals and submit the same to Head Office Screening Committee constituted for prima facie clearance of the loan proposals to be placed before the Executive Committee and Board. The Risk factors identified by Chief Risk Officer are incorporated in the Appraisal Memorandum along with the mitigating compliance remarks of the Project Department for consideration of the appropriate Sanctioning Authority.

The Corporation is continuously taking various measures to mitigate the risks involved in its lending activity.

### Human Resource

#### A brief note on the Department for compilation of Annual Report:

- a) The Corporation believes that our human resources have a direct and significant impact on the overall performance. The Corporation has undertaken initiative to strengthen the workforce in the wake of a large number of superannuation besides addressing training needs and leadership development.
- b) The Board of the Corporation approved the proposal for recruiting 20 Senior Officers (Technical), 23 Senior Officers (Finance), 9 Senior Officers (Legal) and 48 Assistants and in the First phase 20 Senior Officers (Technical) and 17 Senior Officers (Finance) have been recruited.

- c) The Corporation has conducted an awareness camp on "Prevention and control of Dengue" for the employees.
- d) As per the Government orders, Corporation has implemented revision of scales of pay with notional effect from 01.01.2016 and with monetary benefit from 01.10.2017.

#### Details of Number of Persons Recruited During The Year:

The Corporation has not recruited during the financial year 2017-18.

#### Staff Strength:

As on 31.03.2018, the staff strength in the Corporation was as follows:

| Management                              | Total strength |
|---|----------------|
| Chairman                                | 1              |
| Managing Director                       | 1              |
| Officers and above                      | 146            |
| Junior Officers/Assistants              | 145            |
| Record Clerks/Drivers/Office Assistants | 59             |
| <b>Total</b>                            | <b>352</b>     |

#### Training:

Knowledge updation and upgradation of skills of staff members at every level is given due importance by the Corporation. Training is imparted on various aspects like Project Appraisal, Disbursement, Recovery and Monitoring Slippage/NPA Management/Legal etc. by In-House Training programmes and deputing selected candidates to training programmes conducted by reputed institutions like Reserve Bank of India, Micro & Small Enterprise Facilitation Council, Hyderabad, National Institute of Financial Management, Faridabad and Anna Institute of Management. The Number of Staff trained externally is 30 and internally 334 during 2017-18.

#### Grievance Cell:

During the FY 2017-18, the Grievance Cell of the Corporation received 50 petitions through the Hon'ble Chief Minister's Special Cell and disposed all the petitions. There were no petitions pending at the end of FY 2017-18.

#### Internal Audit:

Internal Audit Department at Head office is having a team of officials presently headed by General Manager who is directly reporting to the Managing Director.

- Regional Internal Audit Team functions at each Regional Office of the Corporation as a de-centralized set-up.
- Internal Audit Department approves the tour programme of the Regional Internal Audit Team to undertake audit on quarterly basis for the branches falling under their jurisdiction.
- Based on the Regional Audit findings, compliance is obtained from the branches and a summary is put up to the Managing Director.
- Head Office Audit Team also carries out audit of Branches and Regional offices once in two years.
- Status position of all the above audit is placed before "Audit Committee of the Corporation" on quarterly basis, and instruction(s) for improvements for effectiveness of the audit system are adhered to.
- The HO Audit Department gathers data on cash transaction of Rs.10 lakhs and above from the branches in keeping with the provision of Prevention of Money Laundering Act (PLMA) and reports are sent to Director, FIU-INDIA, New Delhi on monthly basis.
- Pre-disbursement Credit Audit (including legal audit) is being conducted for all the cases, where Term Loan sanction exceeds Rs.200.00 lakhs. The status of this audit is being placed before Audit Committee once in 3 months.
- Regulatory Inspection by SIDBI is conducted every year and the compliance is reported to SIDBI after placing the same before Board.

#### ISO Audit:

- The ISO Department conducts Audit of Chennai Branch in the areas of Sanction/ Documentation / Disbursement and

Audit of Head Office in the departments of Project, Development & Marketing, Administration, MIS, Legal & Internal Audit as per norms prescribed by the ISO 9001-2008 standards and issues conformance / non-conformance reports as per the findings on quarterly basis.

**Improvement/ changes made under the audit procedures:**

- a) Based on the decision of Audit Committee in its meeting held on 31/12/2013, HO, Internal Audit Department started issuing Audit Closure Certificate (ACC) since 2nd quarter of FY 2013-14, after ensuring full compliance.
- b) HO, Internal Audit Department is doing comprehensive rating of branches from June 2014.
- c) KYC/AML Manual was updated and booklet in this regard issued to all branches and Heads of Departments at HO.
- d) Monthly report from branches is obtained on Pre-disbursement Credit Audit undertaken for loans above Rs.2.00 Crores.
- e) The copy of reports of Branch Audits done by HO IA officials are sent to the respective branches, after getting approval from CMD/MD, for taking corrective measures by the branches on the queries raised and for avoiding recurrence of lapses reported in the Audit report.
- f) One day re-orientation Training programme was conducted on 22/09/2017 for all Regional Audit Team members on Audit Policy and procedures to be followed.

**Computerisation**

The development of the new Web Centric Solution to computerise the operations of the Corporation is in advance stages of implementation.

The Phase-I of the Web Centric Application package comprising of Human Resource Management (HRM), Fixed Deposit

(FD), Bonds, Insurance, Company Affairs (BCL) and Physical Assets Management (PAM) was rolled-out in Head Office and all Branches from September 2015.

The Phase-II modules comprising of the Loan related modules viz., Loan Module (transaction part), Bill Finance Scheme and Subsidy were rolled-out in Head Office and Branch Offices from December 2016. Data entry is being carried out simultaneously in both existing package and new Web Centric Application. Errors / Issues identified in the package are being analysed and rectified then and there. In a few months, after new Web Application stabilizes, the existing Power Builder Application will be withdrawn after checking the correctness of the new web software application in all respects.

Connectivity between Head Office and all Branch Offices has been established through Tamilnadu State Wide Area Network (TNSWAN). This will ensure safe and speedy branch connectivity.

Regarding Disaster Recovery Set-up, Daily backup of both the Servers are being taken daily in the Server / designated systems / external devices. The database backups in DVD are being sent to two remote location Branches (Coimbatore and Trichy) and stored there safely in Fire Proof Cabinets. The same can be restored, in case of any contingent situations.

**Directors' Responsibility Statement:**

In accordance with the provisions of Sec. 134(5) of the Companies Act 2013, with respect to Directors responsibility statement, it is hereby stated 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 2018.
- 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. Varadhman & Co., Chartered Accountants, the Statutory Auditors. Their report is appended.
- The Corporation has a proper and adequate internal control system to ensure that all the assets of the Corporation are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded. Information provided to management is reliable and timely and statutory obligations are adhered to.
- The Company has an established internal Financial Control framework including internal controls over financial reporting, operating controls and anti-fraud framework. The framework is reviewed regularly by the management and tested by internal audit team and presented to the Audit Committee. Based on the periodical testing, the framework is strengthened from time to time, to ensure adequacy and effectiveness of internal Financial Controls.

#### Statutory Statements:

#### Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

#### Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company and its future operations.

#### Extracts of Annual Return:

An extract of Annual Return as referred under Section 92(3) and section 134(3A) in form MGT-9 of Company (Management and Administration) rules 2014 is given and annexed to this report.

#### Details of material related party transactions

Details of material related party transactions under Sec. 188 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 is - Nil -

#### 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 Tamilnadu 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

THE TIIC LIMITED  
CHENNAI 600 035

Date : 04.09.2018

**Dr. M. AARTHI**  
MANAGING DIRECTOR

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

| Sl. No. | Name of the Director   | Designation                               | Other Directorships  |
|---------|--|---|--|
| 1.      | <b>Thiru K. Gnanadesikan, IAS.</b>   | Addl. Chief Secretary to Govt. / Chairman | <p><b>DIRECTOR:</b></p> <ol style="list-style-type: none"> <li>1. Tamilnadu Industrial Development Corporation Limited</li> <li>2. Tamilnadu Generation and Distribution Corporation Board</li> </ol> <p><b>CHAIRMAN:</b></p> <ol style="list-style-type: none"> <li>1. State Industries Promotion Corporation of Tamilnadu Ltd.</li> <li>2. Tamilnadu Cements Corporation Ltd.</li> <li>3. Titan Industries Ltd.</li> <li>4. TIDEL Park Ltd.</li> <li>5. Tamilnadu Petroproducts Ltd.</li> <li>6. Tamilnadu Minerals Ltd.</li> <li>7. Tamilnadu Newsprint and Paper Ltd.</li> </ol>               |
| 2.      | <b>Dr. (Tmt.) M. Aarathi, IAS.,</b>  | Managing Director                         | <p><b>DIRECTOR:</b></p> <ol style="list-style-type: none"> <li>1. Tamilnadu Small Industries Development Corporation Limited (SIDCO)</li> <li>2. Seshasayee Paper &amp; Boards Limited</li> <li>3. State Industries Promotion Corporation of Tamilnadu (SIPCOT)</li> <li>4. ITCOT Consultancy and Services Limited (ITCOT)</li> <li>5. Guindy Industrial Estate Infrastructure Upgradation Company (GIEIUC)</li> </ol>   |
| 3.      | <b>Thiru Dharmendra Pratap Yadav, IAS.,</b><br>Secretary to Government,<br>Micro, Small & Medium<br>Enterprises Dept.<br>Government of Tamilnadu | Director                                  | <p><b>DIRECTOR:</b></p> <ol style="list-style-type: none"> <li>1. Tamilnadu Small Industries Development Corporation Limited (SIDCO)</li> <li>2. Tamilnadu Small Industries Corporation Limited (TANSI)</li> <li>3. State Engineering and Servicing Co. of Tamilnadu Ltd. (SESCO)</li> <li>4. Tamil Nadu Skill Development Corporation</li> </ol>  |
| 4.      | <b>Dr. R. Anandakumar, IAS.,</b><br>Addl. Secretary to Government,<br>Finance Department,<br>Government of Tamilnadu                             | Director                                  | <p><b>DIRECTOR:</b></p> <ol style="list-style-type: none"> <li>1. Tamilnadu State Transport Corporation Limited (Kumbakonam)</li> <li>2. Tamilnadu Fisheries Development Corporation Limited</li> <li>3. Tamilnadu Forest Plantation Corporation Ltd.</li> <li>4. State Express Transport Corporation Tamilnadu Ltd.</li> <li>5. Tamilnadu Medicinal Plant Farms &amp; Herbal Medicines Corporation Limited (TAMPCOL)</li> <li>6. Tamilnadu Corporation for Development of Women Ltd.</li> <li>7. Arasu Rubber Corporation Ltd.</li> <li>8. Tamilnadu Medical Services Corporation Ltd.</li> </ol> |

| Sl. No. | Name of the Director  | Designation             | Other Directorships   |
|---------|---|-------------------------|---|
|         |   |                         | 9. The Tamilnadu Tea Plantation Corporation Limited<br>10.Salem Smart City Limited<br>11.Madurai Smart City Limited   |
| 5.      | <b>Thiru K. Balasubramaniam, IAS.,</b><br>Dy. Secretary to Government,<br>Industries Department,<br>Government of Tamilnadu | Director                | <b>DIRECTOR:</b><br>1. Tamilnadu Industrial Explosives Ltd.<br>2. Tamilnadu Sugar Corporation Ltd.<br>3. Power Finance & Infrastructure Development Corporation Ltd.<br>4. Tamilnadu Cements Corporation Ltd.<br>5. Software Technology Parks of India<br>6. Nilakkottai Food Park Ltd.<br>7. Perambalur Sugar Mills Limited<br>8. Tamilnadu Salt Corporation Limited<br>9. Tamilnadu Forest Plantation Corporation Limited<br>10.Tamilnadu Electricity Board |
| 6.      | <b>Chitra Alai</b><br>General Manager,<br>Small Industries Development<br>Bank of India(SIDBI)                              | Director                | <b>Nil</b>  |
| 7.      | <b>C. Babu</b><br>President, TANSTIA  | Independent<br>Director | <b>DIRECTOR:</b><br>1. Tamilnadu Small Industries Development Corporation Limited<br>2. Tamilnadu Skill Development Corporation   |
| 8.      | <b>S. Gunasegaran</b><br>Retired Bank Executive   | Independent<br>Director | <b>DIRECTOR:</b><br>Tamilnadu Industrial Development Corporation Limited  |
| 9.      | <b>N. Xavier Thomas</b><br>Retired Bank Executive   | Independent<br>Director | <b>Nil</b>  |

**Form No.MGT-9****Extract of ANNUAL RETURN as on the Financial Year ended 31.03.2018**

**(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014)**

**I. REGISTRATION AND OTHER DETAILS :**

- i) CIN : U93090TN1949SGC01458
- ii) Registration Date : 26-03-1949
- iii) Name of the Company : Tamilnadu Industrial Investment Corporation Limited
- iv) Category / Sub-category of the company : —
- v) Whether listed company : Yes
- vi) Name, address and contact details of Registrar and Transfer agent, if any : M/s. Karvy Computershare Pvt. Ltd.,  
46, Avenue, 4th Street,  
No.1, Banjara Hills,  
Hyderabad – 500 034.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :**

Term Loan lending

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

- NIL -

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise share holding

| Category of Shareholders                              | No. of shares held at the beginning of the year |                |                |                   | No. of shares held at the end of the year |                |                |                   | % change during the year |
|---|---|----------------|----------------|-------------------|---|----------------|----------------|-------------------|--------------------------|
|   | Demat   | Physical       | Total          | % of Total shares | Demat                                     | Physical       | Total          | % of Total shares |                          |
| <b>A. Promoter</b>                                    |   |                |                |                   |   |                |                |                   |                          |
| (1) Indian  |   |                |                |                   |   |                |                |                   |                          |
| i) State Government                                   | --  | 3035228        | 3035228        | 94.56             | --  | 3035228        | 3035228        | 94.56             | --                       |
| (2) Foreign   | --  | --             | --             | --                | --  | --             | --             | --                | --                       |
| <b>B. Public Shareholding</b>                         |   |                |                |                   |   |                |                |                   |                          |
| (1) Institutions                                      |   |                |                |                   |   |                |                |                   |                          |
| i) Small Industries Development Bank of India (SIDBI) | --  | 170000         | 170000         | 5.30              | --  | 170000         | 170000         | 5.30              | --                       |
| ii) Government of Puducherry                          | --  | 1500           | 1500           | 0.04              | --  | 1500           | 1500           | 0.04              | --                       |
| iii) Insurance Companies                              | --  | 1160           | 1160           | 0.04              | --  | 1160           | 1160           | 0.04              | --                       |
| iv) Other Banks including Co-op. Banks                | --  | 2068           | 2068           | 0.06              | --  | 2068           | 2068           | 0.06              | --                       |
| (2) Non-Institutions                                  | --  | --             | --             | --                | --  | --             | --             | --                | --                       |
| <b>Grand Total</b>                                    | --  | <b>3209956</b> | <b>3209956</b> | <b>100.00</b>     | --  | <b>3209956</b> | <b>3209956</b> | <b>100.00</b>     |                          |

ii) Shareholding of promoters

| Sl. No. | Shareholder's Name  | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding during the year |
|---------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|         |   | No. of shares                             | % of total shares of the company | % of shares pledged/encumbered to total shares | No. of shares                       | % of total shares of the company | % of shares pledged/encumbered to total shares |   |
| 1       | Govt. of Tamilnadu  | 3035228                                   | 94.56                            | --   | 3035228                             | 94.56                            | --   | --  |
| 2       | Govt. of Puducherry   | 1500                                      | 0.046                            | --   | 1500                                | 0.046                            | --   | --  |
| 3       | Small Industries Development Bank of India                            | 170000                                    | 5.296                            | --   | 170000                              | 5.296                            | --   | --  |
| 4       | Punjab National Bank  | 60  | 0.0018                           | --   | 60                                  | 0.0018                           | --   | --  |
| 5       | Indian Bank, Chennai  | 233                                       | 0.0073                           | --   | 233                                 | 0.0073                           | --   | --  |
| 6       | Kumbakonam City Union Bank, Kumbakonam                                | 10  | 0.0003                           | --   | 10                                  | 0.0003                           | --   | --  |
| 7       | Syndicate Bank, Manipal   | 50  | 0.0016                           | --   | 50                                  | 0.0016                           | --   | --  |
| 8       | Andhra Bank, Hydredabad-1   | 25  | 0.0008                           | --   | 25                                  | 0.0008                           | --   | --  |
| 9       | Bank of India, Mumbai-21  | 200                                       | 0.0062                           | --   | 200                                 | 0.0062                           | --   | --  |
| 10      | Indian Overseas Bank, Chennai   | 117                                       | 0.0036                           | --   | 117                                 | 0.0036                           | --   | --  |
| 11      | Canara Bank, Bangalore  | 25  | 0.0008                           | --   | 25                                  | 0.0008                           | --   | --  |
| 12      | State Bank of India, Chennai  | 1167                                      | 0.036                            | --   | 1167                                | 0.036                            | --   | --  |
| 13      | Corporation Bank, Mangalore-1   | 25  | 0.0008                           | --   | 25                                  | 0.0008                           | --   | --  |
| 14      | Tamilnadu State Co-operative Bank, Chennai                            | 12  | 0.00037                          | --   | 12                                  | 0.00037                          | --   | --  |
| 15      | Ramachandran Co-operative Central Bank Ltd., Ramachandrapuram (AP)    | 1   | 0.00003                          | --   | 1                                   | 0.00003                          | --   | --  |
| 16      | Prakasapuram Co-operative central Bank Ltd, Prakasapuram, Tirunelveli | 2   | 0.00006                          | --   | 2                                   | 0.00006                          | --   | --  |
| 17      | Karur town Co-operative Bank Ltd., Karur                              | 1   | 0.00003                          | --   | 1                                   | 0.00003                          | --   | --  |
| 18      | The Saraswat Co-op. Bank Ltd., Mumbai                                 | 5   | 0.00015                          | --   | 5                                   | 0.00015                          | --   | --  |
| 19      | Co-operative Central Bank Ltd., Nellore                               | 2   | 0.00006                          | --   | 2                                   | 0.00006                          | --   | --  |
| 20      | Tamilnadu Co-operative State Land Development Bank Ltd, Chennai-4     | 100                                       | 0.0031                           | --   | 100                                 | 0.0031                           | --   | --  |
| 21      | Rajampet Co-operative Town Bank Ltd., Rajampet                        | 1   | 0.00003                          | --   | 1                                   | 0.00003                          | --   | --  |
| 22      | Mannargudi Co-operative Urban Bank Ltd., Mannargudi                   | 5   | 0.00015                          | --   | 5                                   | 0.00015                          | --   | --  |
| 23      | Co-operative Central Bank Ltd., Vizianagaram                          | 2   | 0.00006                          | --   | 2                                   | 0.00006                          | --   | --  |

| Sl. No. | Shareholder's Name   | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding during the year |
|---------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|         |  | No. of shares                             | % of total shares of the company | % of shares pledged/encumbered to total shares | No. of shares                       | % of total shares of the company | % of shares pledged/encumbered to total shares |   |
| 24      | Co-operative Central Bank Ltd., Thanjavur                            | 2   | 0.00006                          | --   | 2                                   | 0.00006                          | --   | --  |
| 25      | Malabar District Co-operative Bank Ltd, Calicut                      | 1   | 0.00003                          | --   | 1                                   | 0.00003                          | --   | --  |
| 26      | Co-operative Central Bank Ltd, Elluru                                | 1   | 0.00003                          | --   | 1                                   | 0.00003                          | --   | --  |
| 27      | Co-operative Central Bank Ltd., Kumbakonam                           | 5   | 0.00015                          | --   | 5                                   | 0.00015                          | --   | --  |
| 28      | Srikakulam District Co-operative Central Bank Ltd, Srikakulam        | 6   | 0.00018                          | --   | 6                                   | 0.00018                          | --   | --  |
| 29      | Ramanathapuram District Co-operative Central Bank Ltd., Madurai      | 1   | 0.00003                          | --   | 1                                   | 0.00003                          | --   | --  |
| 30      | Karaikudi Co-operative Urban Ltd., Karaikudi                         | 1   | 0.00003                          | --   | 1                                   | 0.00003                          | --   | --  |
| 31      | Vishakapatnam District Co-operative Central Bank Ltd., Vishakapatnam | 2   | 0.00006                          | --   | 2                                   | 0.00006                          | --   | --  |
| 32      | Madurai District Central Co-operative Bank Ltd., Madurai             | 6   | 0.00018                          | --   | 6                                   | 0.00018                          | --   | --  |
| 33      | United India Insurance Company Ltd., Mumbai                          | 375                                       | 0.012                            | --   | 375                                 | 0.012                            | --   | --  |
| 34      | Oriental Fire & General Insurance Company Ltd., Mumbai               | 250                                       | 0.008                            | --   | 250                                 | 0.008                            | --   | --  |
| 35      | The Kaiser-I Hind Insurance Company Ltd., Mumbai                     | 10  | 0.00031                          | --   | 10                                  | 0.00031                          | --   | --  |
| 36      | New India Assurance Company Ltd., Mumbai                             | 150                                       | 0.0047                           | --   | 150                                 | 0.0047                           | --   | --  |
| 37      | LIC of India, Mumbai   | 375                                       | 0.012                            | --   | 375                                 | 0.012                            | --   | --  |
|         | <b>Total</b>   | <b>3209956</b>                            |                                  |  | <b>3209956</b>                      |                                  |  |   |

iii) Change in Promoter's shareholding (please specify, if there is no change)

| Sl. No. | Particulars                         | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|---------|-------------------------------------|---|----------------------------------|---|----------------------------------|
|         |                                     | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         | <b>At the beginning of the year</b> | 3035228                                   | 94.56                            | 3035228                                 | 94.56                            |
| 1.      | NIL                                 | —   | —                                | —                                       | —                                |
|         | <b>At the end of the year</b>       | <b>3035228</b>                            | <b>94.56</b>                     | <b>3035228</b>                          | <b>94.56</b>                     |

iv) Shareholding pattern of top ten shareholders (other than Directors, promoters and holders of GDRs and ADRs)

| Sl. No. | For each of the Top 10 shareholders                    | At the beginning of the year |                                  | Cumulative shareholding during the year |                                  | At the end of the year |                                  |
|---------|--|------------------------------|----------------------------------|---|----------------------------------|------------------------|----------------------------------|
|         |  | No. of shares                | % of total shares of the company | No. of shares                           | % of total shares of the company | No. of shares          | % of total shares of the company |
| 1       | Government of Tamilnadu                                | 3035228                      | 94.56                            | 3035228                                 | 94.56                            | 3035228                | 94.56                            |
| 2       | Small Industries Development Bank of India             | 170000                       | 5.296                            | --                                      | --                               | 170000                 | 5.296                            |
| 3       | Govt. of Puducherry                                    | 1500                         | 0.046                            | --                                      | --                               | 1500                   | 0.046                            |
| 4       | State Bank Of India, Chennai                           | 1167                         | 0.036                            | --                                      | --                               | 1167                   | 0.036                            |
| 5       | United India Insurance Company Ltd., Mumbai            | 375                          | 0.012                            | --                                      | --                               | 375                    | 0.012                            |
| 6       | LIC of India, Mumbai                                   | 375                          | 0.012                            | --                                      | --                               | 375                    | 0.012                            |
| 7       | Oriental Fire & General Insurance Company Ltd., Mumbai | 250                          | 0.008                            | --                                      | --                               | 250                    | 0.008                            |
| 8       | Indian Bank, Chennai                                   | 233                          | 0.0073                           | --                                      | --                               | 233                    | 0.0073                           |
| 9       | Bank of India, Mumbai                                  | 200                          | 0.0062                           | --                                      | --                               | 200                    | 0.0062                           |
| 10      | New India Assurance Company Ltd., Mumbai               | 150                          | 0.0047                           | --                                      | --                               | 150                    | 0.0047                           |

v) Shareholding of Directors and Key Managerial Personnel : Nil

|                          |                       |
|--------------------------|-----------------------|
| vi) <b>INDEBTEDNESS:</b> | Rs.                   |
| Bonds                    | 150,00,00,000         |
| SIDBI                    | 157,44,56,233         |
| Banks                    | 313,04,68,719         |
| Deposits                 | 457,93,48,831         |
| <b>TOTAL</b>             | <b>1078,42,73,783</b> |

**vii) Remuneration of Directors and Key Managerial Personnel:**

- A) Remuneration to Managing Director — Rs. 14.09 lakhs
- B) Remuneration to other Directors — Nil
- C) Remuneration to Key Managerial Personnel other than MD/Manager/Whole time Directors

(Rs. in lakhs)

| Sl. No. | Particulars of Remuneration   | Key Managerial Personnel |                         | Total        |
|---------|---|--------------------------|-------------------------|--------------|
|         |   | Company Secretary        | Chief Financial Officer |              |
| 1.      | Gross Salary  |                          |                         |              |
|         | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 |                          |                         |              |
|         | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961                             |                          |                         |              |
|         | (c) Profits in lieu of salary under section 17 (3) Income Tax Act, 1961             | 16.15                    | 17.82                   | 33.97        |
| 2.      | Stock option  |                          |                         |              |
| 3.      | Sweat Equity  |                          |                         |              |
| 4.      | Commission  |                          |                         |              |
| 5.      | Others, specify   |                          |                         |              |
|         | <b>TOTAL</b>  | <b>16.15</b>             | <b>17.82</b>            | <b>33.97</b> |

**viii) Penalties / Punishment / Compounding of offences: Nil**

**S SANDEEP & ASSOCIATES****Company Secretaries**

No. 20, "F" Block, Ground Floor, Gemini Parsn Apts.  
New No. 448, Old No. 599, Cathedral Garden Road  
(Behind Hotel Palmgrove), Anna Salai  
Chennai - 600 006. Tel: 044-43057999  
sandeep@sandeep-cs.in  
www.sandeep-cs.in

**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018**

(Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014)

**To****The Members****THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED****CIN : U93090TN1949SGC001458**

No. 692, Anna Salai, Nandanam, Chennai - 600 035

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of M/s TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED ("the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the Corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2018, has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit Period)
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act")
  - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (c) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable to the Company during the Audit Period)**;
  - (e) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 **(Not Applicable to the Company during the Audit Period)**;
  - (f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**;
  - (g) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable to the Company during the Audit Period)**;
  - (h) The Securities and Exchange Board of India (Delisting of equity shares regulations), 2009 **(Not Applicable to the Company during the Audit Period)**; and
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)**
- (vi) and laws specifically applicable in case of a State Finance Corporation.

We have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards issued by The Institute of Company Secretaries of India.
- b. The listing agreements entered into by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions were taken unanimously and dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period, there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc. having a major bearing on the Company's affairs.

**For S Sandeep & Associates**

**S Sandeep**

Managing Partner

FCS No. 5853

Place : Chennai

Date : 16<sup>th</sup> August 2018

**This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.**

## ANNEXURE 'A'

To

**The Members**

**THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED**

**CIN : U93090TN1949SGC001458**

No. 692, Anna Salai, Nandanam, Chennai - 600 035

**Our report of even date is to be read along with this letter.**

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliances of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai

Date : 16<sup>th</sup> August 2018

**For S Sandeep & Associates**

**S Sandeep**

Managing Partner

FCS No. 5853

C P No. 5987

## ANNEXURE - DETAILS OF CSR SPENT DURING 2017-18

- a) Total amount to be spent for 2017-18 : Rs. 80.52 lakhs  
 b) Amount unspent if any : Rs. 80.52 lakhs  
 c) Manner in which the amount spent :

| S.No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs(1)<br>Local area or other(2)<br>Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs subheads (1)<br>Direct expenditure on projects or programs (2)<br>Overheads | Cumulative expenditure upto the reporting period | Amount spent through implementing agency |
|-------|------------------------------------|--|---|---|--|--|--|
| 1     |                                    |  | NIL   |   |  |  |  |
|       | TOTAL                              |  |   |   |  |  |  |

## Reasons for amount unspent:

The Corporation is mainly thriving on borrowed funds i.e. Term Loans from Commercial Banks and had to meet huge interest & principal commitments. The Corporation also does not have pile up reserves. Hence the Corporation could not meet the CSR obligations.

(sd/-)

Company Secretary

(sd/-)

Managing Director

**VARDHAMAN & CO**  
CHARTERED ACCOUNTANTS

New No. 12 (Old No. 31-A)  
Krishna Street  
T. Nagar, Chennai – 600 017  
Tel : 044-24344627 / 24342596  
Email id : vardhaman\_1973@hotmail.com

## INDEPENDENT AUDITORS' REPORT

To the Members  
Tamil Nadu Industrial Investment Corporation Limited

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Tamil Nadu Industrial Investment Corporation Limited** (“the Company”), as on 31st March, 2018, which comprise the Balance Sheet as at 31st March, 2018, Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the matters stated in Section 134(5) (and other applicable provisions) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit

also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

#### **BASIS FOR QUALIFIED OPINION**

We draw attention of the Members to note D(iv) and note D(v) of the financial statements:

##### **i) NOTE D-(iv)**

*Ministry of Labour and Employment, Government of India on March 29, 2018 has enhanced the gratuity ceiling to an employee under Payment of Gratuity Act, 1972 to Rs. 20 lakhs from earlier limit of Rs. 10 lakhs (as per recommendations of Central VIIth Pay Commission vide Gazette Notification SO No. 1419 (E) and SO No. 1420(e) dated 29.03.2018 and has been adopted and notified by the Tamilnadu State Government vide Letter No. 17051/Finance(BPE)/2018 dated 05.04.2018). As per the actuarial valuation for gratuity for the year ended 31.03.2018, the gratuity obligation comes to Rs. 20.75 Crores, but the Board, has decided to spread the gratuity expenditure of Rs. 20.75 crores in a span of 3 years in the Books of Accounts and accordingly Rs. 6.95 Crores have been provided in the Books of Accounts for the Financial Year 2017-18 and the unamortized gratuity expenditure as on March 2018 is Rs. 13.80 Crores.*

##### **ii) NOTE D-(v)**

*The Corporation has proposed dividend of Rs. 3.21 crores for the financial year ended 31st March 2018, which is not in conformity with the GO Ms. No. 123 issued by the Finance Department dated 19th May 2014 regarding the common dividend policy for the State PSUs in Tamil Nadu leaving a short fall of Rs. 4.36 Crores in provision of proposed dividend.*

#### **QUALIFIED OPINION**

In our opinion and to the best of our information and according to the explanations given to us, except for effects of the matter described in the basis for qualified opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2018;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As the Company is defined as a Banking Company by Company Law Board vide its Letter dated 28.06.1960, the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 (the Act) is not applicable to the Company.
2. As required by section 143(3) of the Act, we report that:

- a. we have sought and 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 it appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014;
- e. being a Government company, pursuant to the Gazette Notification dated 5th June 2015, issued by the Ministry of Corporate Affairs, Government of India, provisions of section 164(2) of the Act are not applicable.
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure"; and
- g. with respect to the other matters to be included in the auditor's report in accordance with the rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has no pending litigations which warrants impact on its financial statements.
  - (ii) The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **VARDHAMAN & CO**  
Chartered Accountants  
Firm Registration No. 004522S

**V. BASKARAN**  
Senior Partner  
Membership No: 012202

Place : Chennai  
Date : 04-09-2018

**VARDHAMAN & CO**  
**CHARTERED ACCOUNTANTS**

New No. 12 (Old No. 31-A)  
Krishna Street  
T. Nagar, Chennai – 600 017  
Tel : 044-24344627 / 24342596  
Email id : vardhaman\_1973@hotmail.com

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Tamil Nadu Industrial Investment Corporation Limited (“the Company”)**, as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards of Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **VARDHAMAN & CO**  
Chartered Accountants  
Firm Registration No. 004522S

**V. BASKARAN**  
Senior Partner  
Membership No: 012202

Place : Chennai  
Date : 04-09-2018

**ACCOUNTS**

**BALANCE SHEET  
AND  
PROFIT AND LOSS ACCOUNT**

## BALANCE SHEET AS ON MARCH 31, 2018

| Particulars   | Schedule Ref. | As on 31.03.2018 (Rs.) | As on 31.03.2017 (Rs.) |
|---|---------------|------------------------|------------------------|
| <b>CAPITAL AND LIABILITIES</b>                        |               |                        |                        |
| Capital   | A             | 3,209,956,000          | 3,209,956,000          |
| Reserves and Surplus                                  | B             | 2,224,310,255          | 2,010,654,183          |
| Bonds   | C             | 1,500,000,000          | 1,500,000,000          |
| Borrowings  | D             | 4,829,924,952          | 6,748,269,025          |
| Deposits  | E             | 4,579,348,831          | 5,154,515,001          |
| Other Liabilities and Provisions                      | F             | 1,983,659,793          | 1,634,854,761          |
| <b>TOTAL</b>  |               | <b>18,327,199,831</b>  | <b>20,258,248,970</b>  |
| <b>ASSETS</b>   |               |                        |                        |
| Cash and Bank Balances                                | G             | 827,626,726            | 861,732,590            |
| Investments   | H             | 486,232,873            | 489,542,974            |
| Loans and advances                                    | I             | 14,197,117,122         | 16,284,713,260         |
| Fixed assets  | J             | 1,718,945,255          | 1,723,130,166          |
| Other assets  | K             | 1,097,277,855          | 899,129,980            |
| <b>TOTAL</b>  |               | <b>18,327,199,831</b>  | <b>20,258,248,970</b>  |
| Significant accounting policies and Notes to Accounts | S             |                        |                        |

**D. DURAIRAJ**  
Company Secretary

**G. SRINIVASAN**  
Chief Financial Officer

**Dr. M. AARTHI**  
Managing Director

**S. GUNASEGARAN**  
Director

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

Place : Chennai  
Date : 04-09-2018

**V. BASKARAN**  
Senior Partner

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018**

| Particulars   | Schedule Ref.  | For the year ended 31.03.2018<br>Rs. | For the year ended 31.03.2017<br>Rs. |
|---|----------------|--------------------------------------|--------------------------------------|
| <b>INCOME (A)</b>   |                |                                      |                                      |
| Income from operations  | L              | 2,078,878,519                        | 2,350,587,879                        |
| Other income  | M              | 295,046,056                          | 229,511,005                          |
| <b>Total Income (A)</b>   |                | <b>2,373,924,575</b>                 | <b>2,580,098,884</b>                 |
| <b>EXPENDITURE (B)</b>  |                |                                      |                                      |
| Interest expended   | N              | 1,073,354,490                        | 1,301,505,474                        |
| Other financial expenses  | O              | 9,149,531                            | 10,310,797                           |
| Personnel expenses  | P              | 508,167,826                          | 437,674,702                          |
| Administrative expenses   | Q              | 81,279,691                           | 67,856,013                           |
| Depreciation  | J              | 8,815,887                            | 10,732,163                           |
| Waiver and Write offs   | R              | 297,611,493                          | 351,514,443                          |
| <b>Total Expenditure (B)</b>  |                | <b>1,978,378,918</b>                 | <b>2,179,593,592</b>                 |
| <b>PROVISIONS (C)</b>   |                |                                      |                                      |
| Provision for Advances / (Written back)                               |                | 71,785,457                           | 436,349                              |
| Depreciation on investments (Written back)                            |                | 3,310,100                            | (315,088)                            |
| Provision for Taxes   |                | 68,096,307                           | 90,639,507                           |
| <b>Total Provisions (C)</b>   |                | <b>143,191,864</b>                   | <b>90,760,768</b>                    |
| <b>Net Profit carried to P&amp;L Appropriation A/c</b>                | <b>A-(B+C)</b> | <b>252,353,793</b>                   | <b>309,744,524</b>                   |
| Significant accounting policies and Notes to Accounts                 | S              |                                      |                                      |
| EARNINGS PER SHARE - Basic/Diluted<br>(Face value of Rs.1,000/- each) |                | 78.62                                | 96.49                                |

**D. DURAIRAJ**  
Company Secretary

**G. SRINIVASAN**  
Chief Financial Officer

**Dr. M. AARTHI**  
Managing Director

**S. GUNASEGARAN**  
Director

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

Place : Chennai  
Date : 04-09-2018

**V. BASKARAN**  
Senior Partner

## PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018

| Particulars   | For the year ended<br>31.03.2018<br>Rs. | For the year ended<br>31.03.2017<br>Rs. |
|---|---|---|
| Balance as per last Balance Sheet- General Reserve/<br>(Accumulated losses) | 450,651,367                             | 179,541,231                             |
| <b>Add:</b><br>Profit for the year as per Profit and Loss Account           | 252,353,793                             | 309,744,524                             |
| <b>Less:</b> Proposed Dividend for FY 2017-18<br>and Dividend Tax           | 38,697,721                              | 38,634,388                              |
| <b>Profit transferred to Reserves and Surplus/<br/>(Accumulated losses)</b> | <b>664,307,439</b>                      | <b>450,651,367</b>                      |

**D. DURAIRAJ**  
Company Secretary

**G. SRINIVASAN**  
Chief Financial Officer

**Dr. M. AARTHI**  
Managing Director

**S. GUNASEGARAN**  
Director

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

Place : Chennai  
Date : 04-09-2018

**V. BASKARAN**  
Senior Partner

## SCHEDULES TO BALANCE SHEET

| Particulars  | As on 31.03.2018<br>(Rs.) | As on 31.03.2017<br>(Rs.) |
|--|---------------------------|---------------------------|
| <b>Schedule-A: Capital</b>   |                           |                           |
| <b>1. Authorised Capital</b>   |                           |                           |
| 42,50,000 (35,00,000) Equity Shares of Rs.1000 each  | 4,250,000,000             | 3,500,000,000             |
| <b>2. Issued</b>   |                           |                           |
| Equity Share Capital:  |                           |                           |
| 32,10,000 Equity Shares (Previous year<br>32,10,000 numbers) of Rs.1,000 each  | 3,210,000,000             | 3,210,000,000             |
| <b>3. Subscribed and paid up</b>   |                           |                           |
| 31,24,956 Equity Shares of (Previous year<br>31,24,956 numbers) of Rs.1,000 each fully paid  | 3,124,956,000             | 3,124,956,000             |
| 85,000 (Previous year 85,000)<br>Special Equity Shares of Rs.1,000/- each<br>(issued u/s 4A of State Financial<br>Corporations' Act, 1951)                                   | 85,000,000                | 85,000,000                |
| <b>Total</b>   | <b>3,209,956,000</b>      | <b>3,209,956,000</b>      |
| <b>Schedule B: Reserves and Surplus</b>  |                           |                           |
| i) Reserves  |                           |                           |
| Revaluation Reserve:   |                           |                           |
| Revaluation of lands held  | 1,535,003,100             | 1,535,003,100             |
| ii)a) SPECIAL RESERVE FUND<br>(In terms of Sec.35A of the State Financial<br>Corporations' Act, 1951 representing<br>dividend foregone by the Govt.of Tamilnadu<br>and IDBI) | 24,999,716                | 24,999,716                |
| iii) Transfer from Profit & Loss Appropriation Account   | 664,307,439               | 450,651,367               |
| <b>Total</b>   | <b>2,224,310,255</b>      | <b>2,010,654,183</b>      |
| <b>Schedule-C: Bonds</b>   |                           |                           |
| <b>Non SLR Bonds</b>   |                           |                           |
| Guaranteed by Government of<br>Tamilnadu as to principal and<br>interest.  | 1,500,000,000             | 1,500,000,000             |
| <b>Total</b>   | <b>1,500,000,000</b>      | <b>1,500,000,000</b>      |

## SCHEDULE OF BONDS AS ON 31.03.2018

| SERIES NO.   | BOND DESCRIPTION         | AS ON.<br>31.03.2018<br>Rs. | AS ON<br>31.03.2017<br>Rs. |
|--------------|--------------------------|-----------------------------|----------------------------|
| 1            | 9.85% Non-SLR Bonds 2014 | 1,500,000,000               | 1,500,000,000              |
| <b>TOTAL</b> |                          | <b>1,500,000,000</b>        | <b>1,500,000,000</b>       |

**D. DURAIRAJ**  
Company Secretary

**G. SRINIVASAN**  
Chief Financial Officer

**Dr. M. AARTHI**  
Managing Director

**S. GUNASEGARAN**  
Director

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

Place : Chennai  
Date : 04-09-2018

**V. BASKARAN**  
Senior Partner

## SCHEDULES TO BALANCE SHEET

| Particulars  | As on 31.03.2018<br>(Rs.) | As on 31.03.2017<br>(Rs.) |
|--|---------------------------|---------------------------|
| <b>Schedule-D: Borrowings</b>                              |                           |                           |
| 1. By way of refinance from SIDBI                          | 1,574,456,233             | 1,985,522,658             |
| 2. Loan in lieu of capital - IDBI (Unsecured)              | 125,000,000               | 125,000,000               |
| 3. Term Loan from Banks<br>(Sec. by book debts)            | 3,130,204,151             | 4,478,746,312             |
| 4. Overdraft from banks<br>(Sec. by book debts)            | 264,568                   | 159,000,055               |
| <b>Total</b>   | <b>4,829,924,952</b>      | <b>6,748,269,025</b>      |
| <b>Schedule-E: Deposits</b>                                |                           |                           |
| 1. Deposits from Temples,<br>Educational institutions etc. | 2,012,797,244             | 2,112,772,315             |
| 2. Inter-Corporate Deposits                                | 2,566,551,587             | 3,041,742,686             |
| <b>Total</b>   | <b>4,579,348,831</b>      | <b>5,154,515,001</b>      |

## SCHEDULES TO BALANCE SHEET

| Particulars   | As on 31.03.2018<br>(Rs.) | As on 31.03.2017<br>(Rs.) |
|---|---------------------------|---------------------------|
| <b>Schedule-F: Other Liabilities and Provisions</b> |                           |                           |
| 1. Seed Capital from SIDBI                          | 384,000                   | 384,000                   |
| 2. Advances & Deposits from Constituents & others   | 315,427,379               | 279,676,775               |
| 3. Liability for others                             | 891,287,989               | 636,559,044               |
| 4. Provision on Standard Assets                     | 85,707,530                | 96,564,918                |
| Add: Provision for Current Year                     | (11,854,410)              | (10,857,388)              |
|   | <b>73,853,120</b>         | <b>85,707,530</b>         |
| 5. Subvention from Government                       |                           | 14,146,440                |
| 6. Wealth Tax                                       | 4,792,584                 | 4,792,584                 |
| 7. Income Tax                                       | 574,954,000               | 454,100,000               |
| Add: Provision for the year                         | 84,263,000                | 120,854,000               |
|   | <b>659,217,000</b>        | <b>574,954,000</b>        |
| 8. Provision for Proposed Dividend                  | 32,099,560                | 32,099,560                |
| Provision for Dividend Tax                          | 6,598,161                 | 6,534,828                 |
|   | <b>38,697,721</b>         | <b>38,634,388</b>         |
| <b>Total</b>  | <b>1,983,659,793</b>      | <b>1,634,854,761</b>      |
| <b>Schedule-G: Cash and Bank Balances</b>           |                           |                           |
| 1. Cash in hand                                     | 10,595,318                | 4,686,096                 |
| 2. Balance with banks                               |                           |                           |
| i) Reserve Bank of India                            | 505,794                   | 257,634                   |
| ii) Current A/c with scheduled Banks                | 720,376,370               | 851,701,534               |
| iii) Term Deposits with Banks                       | 96,149,244                | 5,087,326                 |
| <b>Total</b>  | <b>827,626,726</b>        | <b>861,732,590</b>        |
| <b>Schedule-H: Investments</b>                      |                           |                           |
| Investment in shares                                |                           |                           |
| Quoted  | 457,802,824               | 461,181,655               |
| Non-Quoted  | 28,430,049                | 28,361,319                |
| <b>Total</b>  | <b>486,232,873</b>        | <b>489,542,974</b>        |

**SCHEDULES TO BALANCE SHEET**  
**SUMMARY FOR QUOTED / NON-QUOTED SHARES AS ON 31ST MARCH 2018**

|  | Current year<br>(Rs.) | Previous year<br>(Rs.) |
|--|-----------------------|------------------------|
| <b>COST OF FULLY PAID SHARES</b>                     |                       |                        |
| <b>QUOTED</b>  |                       |                        |
| EQUITY   | 476,531,140           | 476,531,140            |
| <b>NON QUOTED</b>                                    |                       |                        |
| EQUITY   | 47,929,365            | 47,929,365             |
| REDEEMABLE PREFERENCE                                | 15,412,868            | 15,412,868             |
| <b>TOTAL</b>   | <b>539,873,373</b>    | <b>539,873,373</b>     |
| MARKET / BOOK VALUE                                  | 486,232,873           | 489,542,974            |
| DEPRECIATION REQUIRED                                | 53,640,500            | 50,330,400             |
| DEPRECIATION HELD                                    | 53,640,500            | 50,330,400             |
| <b>NET VALUE OF INVESTMENTS AS PER BALANCE SHEET</b> | <b>486,232,873</b>    | <b>489,542,974</b>     |

**D. DURAIRAJ**  
Company Secretary

**G. SRINIVASAN**  
Chief Financial Officer

**Dr. M. AARTHI**  
Managing Director

**S. GUNASEGARAN**  
Director

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

Place : Chennai  
Date : 04-09-2018

**V. BASKARAN**  
Senior Partner

## SCHEDULE FOR INVESTMENT IN SHARES AS ON 31<sup>ST</sup> MARCH 2018

### I. FULLY PAID EQUITY SHARES (QUOTED)

| Sl. No.                       | Name of the Company   | No. of Shares | Face Value | Book Cost          | Market Rate / Balance Sheet Value | Market Value/ Balance Sheet Value | Net Value (Lower of (5) or (7)) |
|-------------------------------|---|---------------|------------|--------------------|-----------------------------------|-----------------------------------|---------------------------------|
| (1)                           | (2)   | Rs. (3)       | Rs. (4)    | Rs. (5)            | Rs. (6)                           | Rs. (7)                           | Rs. (8)                         |
| <b>I-Market value</b>         |   |               |            |                    |                                   |                                   |                                 |
| 1                             | NLC India Ltd   | 5,970,126     | 10         | 358,207,560        | 83.75                             | 499,998,053                       | 358,207,560                     |
| 2                             | IDBI Bank Ltd.(Formely Industrial Development Bank Of India)            | 35,680        | 10         | 2,899,000          | 72.20                             | 2,576,096                         | 2,576,096                       |
| 3                             | Kothari Sugars & Chemicals Ltd.   | 10,350        | 10         | 4,485,000          | 11.90                             | 123,165                           | 123,165                         |
| 4                             | Rallis India Ltd.   | 801,150       | 1          | 667,660            | 236.55                            | 189,512,033                       | 667,660                         |
| 5                             | Sakthi Sugars Ltd.  | 495,099       | 10         | 11,254,130         | 16.15                             | 7,995,849                         | 7,995,849                       |
| 6                             | Seshasayee Paper & Boards Ltd.  | 1,800,000     | 10         | 16,000,000         | 859.40                            | 1,546,920,000                     | 16,000,000                      |
| 7                             | Sical Logistics Ltd (Formerly South India Corporation (Agencies) Ltd    | 160,467       | 10         | 16,368,640         | 215.85                            | 34,636,802                        | 16,368,640                      |
| 8                             | Sicagen India Ltd   | 160,467       | 10         | —                  | 35.80                             | 5,744,719                         | —                               |
| 9                             | Tamilnadu News Print & Papers Ltd.                                      | 400,000       | 10         | 44,000,000         | 344.75                            | 137,900,000                       | 44,000,000                      |
| 10                            | Elgi Rubber Company Ltd   | 1,179,696     | 1          | 158,000            | 42.80                             | 50,490,989                        | 158,000                         |
| 11                            | Vedanta Ltd (Formerly Sesa Sterlite, Madras Aluminium Company Ltd)      | 2,450,000     | 1          | 7,000,000          | 277.85                            | 680,732,500                       | 7,000,000                       |
| <b>II-Balance Sheet Value</b> |   |               |            |                    |                                   |                                   |                                 |
| 12                            | Reed Relays and Electronics India Ltd.                                  | 41,956        | 10         | 2,097,850          | 330.50                            | 13,866,458                        | 2,097,850                       |
| 13                            | Ambattur Enterprises Ltd. (Formely T & R Welding Products (India) Ltd.) | 3,680         | 100        | 368,000            | 1396.88                           | 5,140,518                         | 368,000                         |
| 14                            | Kamar Chemicals & Industries Ltd.                                       | 137,550       | 10         | 1,834,000          | —                                 | —                                 | —                               |
| 15                            | M I L Industries Ltd.   | 168,000       | 10         | 1,680,000          | 69.00                             | 11,592,000                        | 1,680,000                       |
| 16                            | Sree Maruthi Marine Industries Ltd., (Maruthi Crystal Salt Co., Ltd)    | 20,000        | 10         | —                  | 3.27                              | 65,400                            | —                               |
| 17                            | Wavin India Ltd.  | 59,275        | 10         | —                  | —                                 | —                                 | —                               |
| 18                            | Sivanandha Pipe Fittings Ltd.   | 33,600        | 10         | 560,000            | 26.63                             | 894,768                           | 560,000                         |
| <b>III-Others</b>             |   |               |            |                    |                                   |                                   |                                 |
| 19                            | Indian Steel Rolling Mills Ltd.   | 46,620        | 10         | 310,800            | —                                 | 1                                 | 1                               |
| 20                            | MICO Farm Chemical Ltd.   | 7,480         | 100        | 748,000            | —                                 | 1                                 | 1                               |
| 21                            | Seshasayee Industries Ltd.  | 241,750       | 10         | 2,417,500          | —                                 | 1                                 | 1                               |
| 22                            | Bokiyu Tanneries Ltd.   | 41,900        | 10         | —                  | —                                 | —                                 | —                               |
| 23                            | Secals Ltd.   | 125,000       | 10         | 5,475,000          | —                                 | 1                                 | 1                               |
| <b>TOTAL</b>                  |   |               |            | <b>476,531,140</b> |                                   |                                   | <b>457,802,824</b>              |

## SCHEDULES TO BALANCE SHEET

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

| Sl. No.          | Name of the Company             | No. of Shares | Face Value Rs. | Book Cost Rs.     | Net Value after Depreciation Rs. |
|------------------|---------------------------------|---------------|----------------|-------------------|----------------------------------|
| (1)              | (2)                             | (3)           | (4)            | (5)               | (6)                              |
| 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 Structural Ltd.        | 44,392        | 10             | 177,568           | 1                                |
| 5                | Sleek 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             | —                 | —                                |
| <b>TOTAL (A)</b> |                                 |               |                | <b>15,412,868</b> | <b>5</b>                         |

## III FULLY PAID EQUITY SHARES (NON-QUOTED)

| Sl. No.          | Name of the Company   | No. of Shares | Face Value | Book Cost         | BV            | Market Value/ Balance Sheet Value (BV) | Net value (Lower of (5) or (7)) |
|------------------|---|---------------|------------|-------------------|---------------|--|---------------------------------|
| (1)              | (2)   | (3)           | (4)        | (5)               | (6)           | (7)                                    | (8)                             |
| 1                | Chettinad Cement Corporation Ltd                            | 61            | 200,000    | 25,864,000        | 10,088,248.64 | 615,383,167                            | 25,864,000                      |
| 2                | Pandyan Hotels Ltd.   | 4,985         | 100        | —                 | 573.04        | 2,856,604                              | —                               |
| 3                | ITCOT Consultancy and Services Ltd.                         | 2,000         | 100        | 200,000           | 5,627.48      | 11,254,960                             | 200,000                         |
| 4                | Lakshmi Precision Tools Ltd.                                | 34,900        | 10         | 523,500           | 57.99         | 2,023,851                              | 523,500                         |
| 5                | Malladi Drugs & Pharmaceuticals Ltd.                        | 770,000       | 5          | 500,000           | 31.27         | 24,077,900                             | 500,000                         |
| 6                | Guindy Industrial Estate Infrastructure Upgradation Company | 2,500         | 10         | 25,000            | —             | 1                                      | 1                               |
| 7                | India Forge & Drop Stampings Ltd.                           | 71,179        | 10         | 907,535           | 108.96        | 7,755,664                              | 907,535                         |
| 8                | Sun Paper Mill Ltd.   | 43,500        | 10         | 435,000           | 10.22         | 444,570                                | 435,000                         |
| 9                | Industrial Venture Capital Ltd.                             | 1,000,000     | 10         | 10,000,000        | —             | —                                      | 1                               |
| 10               | Marshall & Sons (India) Ltd.                                | 79,372        | 10         | 198,430           | —             | —                                      | 1                               |
| 11               | Devi Spinning Mills Ltd.                                    | 1,000         | 1,000      | 1,000,000         | —             | —                                      | 1                               |
| 12               | Kumaragiri Electronics Ltd.                                 | 35,000        | 10         | 350,000           | —             | —                                      | 1                               |
| 13               | Rockfort Fastners Ltd.                                      | 25,000        | 10         | 250,000           | —             | —                                      | 1                               |
| 14               | Forge Mech Private Ltd.                                     | 3,900         | 10         | 39,000            | —             | —                                      | 1                               |
| 15               | Madras Forgings & Allied Industries(CBE)                    | 4,849         | 100        | 484,900           | —             | —                                      | 1                               |
| 16               | Sivanandha Steels Ltd.                                      | 357,600       | 10         | 7,152,000         | —             | —                                      | 1                               |
| 17               | Southern Castings Ltd.                                      | 46,310        | 10         | —                 | —             | —                                      | —                               |
| 18               | Sakthi Pipes Ltd.   | 14,850        | 100        | —                 | —             | —                                      | —                               |
| 19               | Trac Industries & Components Ltd.                           | 9,960         | 100        | —                 | —             | —                                      | —                               |
| 20               | Ramasayee Agro Industries Ltd.                              | 2,500         | 100        | —                 | —             | —                                      | —                               |
| 21               | Upper India Bearings & Bushings Ltd.                        | 20,000        | 10         | —                 | —             | —                                      | —                               |
| 22               | Tuber Pharma Chemicals Ltd.                                 | 20,000        | 10         | —                 | —             | —                                      | —                               |
| 23               | Tamilnadu Alloy Foundry Co Ltd.                             | 90,000        | 10         | —                 | —             | —                                      | —                               |
| 24               | Omega Cables Ltd  | 10,330        | 100        | —                 | —             | —                                      | —                               |
| 25               | Micro Tools Ltd.  | 11,135        | 100        | —                 | —             | —                                      | —                               |
| <b>TOTAL (B)</b> |   |               |            | <b>47,929,365</b> |               |  | <b>28,430,044</b>               |

Non-quoted shares (A) + (B)

28,430,049

## SCHEDULES TO BALANCE SHEET

| Particulars  | As on 31.03.2018<br>(Rs.) | As on 31.03.2017<br>(Rs.) |
|--|---------------------------|---------------------------|
| <b>Schedule-I: Loans and Advances</b>  |                           |                           |
| Loans and Advances<br>(After adjusting cumulative provision<br>of Rs. 495,116,799 (Rs. 412,978,699)) | 14,197,117,122            | 16,284,713,260            |
| <b>Different types of loans</b>  |                           |                           |
| 1. General Loan  | 9,986,327,357             | 10,605,139,833            |
| 2. Working Capital Term Loan   | 2,489,272,573             | 2,679,114,098             |
| 3. Generator   | 19,519,615                | 26,354,454                |
| 4. Transport loans   | 145,071,634               | 149,811,570               |
| 5. Bill Finance  | 900,966,460               | 1,987,578,798             |
| 6. Bridge loans  | 1,030,932,893             | 1,082,989,230             |
| 7. GES   | 79,151,898                | 82,527,523                |
| Add: Interest accrued  | 40,991,491                | 84,176,453                |
| Less: NPA Provision  | (495,116,799)             | (412,978,699)             |
| <b>Total</b>   | <b>14,197,117,122</b>     | <b>16,284,713,260</b>     |

**SCHEDULES SHOWING PARTICULARS OF LOANS AND ADVANCES REFERRED IN THE BALANCE SHEET AS AT 31.03.2018****1. Asset classification:**

| Asset        | Term Loans and Hire Purchase Loans               |  |                                      |  |
|--------------|--|--|--------------------------------------|--|
|              | Gross<br>(Rs.)                                   | NPA<br>Provisioning<br>(Rs.)               | Restructure<br>Provisioning<br>(Rs.) | Net<br>(Rs.)                                     |
| Standard     | 13,265,532,563<br>(15,336,972,873)               | —<br>—                                     | —<br>(19,676)                        | 13,265,532,563<br>(15,336,953,197)               |
| Sub-Standard | 507,620,306<br>(312,505,040)                     | 77,738,868<br>(47,292,541)                 | —<br>—                               | 429,881,438<br>(265,212,499)                     |
| Doubtful     | 765,602,117<br>(1,010,763,437)                   | 281,857,639<br>(327,707,018)               | —<br>(508,855)                       | 483,744,478<br>(682,547,564)                     |
| Loss Assets  | 153,478,935<br>(37,450,609)                      | 135,520,292<br>(37,450,609)                | —<br>—                               | 17,958,643<br>—                                  |
| <b>TOTAL</b> | <b>14,692,233,921</b><br><b>(16,697,691,959)</b> | <b>495,116,799</b><br><b>(412,450,168)</b> | <b>—</b><br><b>(528,531)</b>         | <b>14,197,117,122</b><br><b>(16,284,713,260)</b> |

(Previous year figures are in brackets)

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

**D. DURAIRAJ**  
Company Secretary

**G. SRINIVASAN**  
Chief Financial Officer

**Dr. M. AARTHI**  
Managing Director

**S. GUNASEGARAN**  
Director

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

Place : Chennai  
Date : 04-09-2018

**V. BASKARAN**  
Senior Partner

**Schedule-J: SCHEDULE OF FIXED ASSETS AS ON 31.03.2018**

(In Rupees)

| Sl. No | Description of Asset                            | GROSS BLOCK                   |                     |                     |                                | DEPRECIATION               |                     |                     |                           | NET BLOCK                     |                                |
|--------|---|-------------------------------|---------------------|---------------------|--------------------------------|----------------------------|---------------------|---------------------|---------------------------|-------------------------------|--------------------------------|
|        |   | Cost as on 1.4.2017 (Rs.) (1) | Additions (Rs.) (2) | Deletions (Rs.) (3) | Cost as on 31.3.2018 (Rs.) (4) | As on 01.04.2017 (Rs.) (5) | Additions (Rs.) (6) | Deletions (Rs.) (7) | As on 31.3.2018 (Rs.) (8) | WDV as on 31.3.2018 (Rs.) (9) | WDV as on 31.3.2017 (Rs.) (10) |
|        | <b>TANGIBLE ASSETS</b>                          |                               |                     |                     |                                |                            |                     |                     |                           |                               |                                |
| 1      | Land  |                               |                     |                     |                                |                            |                     |                     |                           |                               |                                |
|        | - Freehold*                                     | 1,617,792,828                 | 49,102              | —                   | 1,617,841,930                  | —                          | —                   | —                   | —                         | —                             | 1,617,841,930                  |
| 2      | Building  | 130,218,829                   | 138,266             | 4,590               | 130,352,505                    | 41,484,451                 | 2,098,501           | —                   | 43,582,952                | 86,769,553                    | 88,734,378                     |
|        | Wooden Partition                                | 13,135,094                    | —                   | 29,000              | 13,106,094                     | 12,618,251                 | 326,439             | 29,000              | 12,915,690                | 190,404                       | 516,843                        |
|        | - Leased Assets                                 | 24,138,374                    | —                   | —                   | 24,138,374                     | 24,138,374                 | —                   | —                   | 24,138,374                | —                             | —                              |
|        | - Office Equipments, Electrical Fittings, etc., | 35,192,271                    | 827,042             | 303,320             | 35,715,993                     | 31,850,414                 | 803,273             | 265,025             | 32,388,662                | 3,327,331                     | 3,341,857                      |
|        | - Computer, UPS, Network & Server               | 59,520,370                    | 603,466             | 254,176             | 59,869,660                     | 55,770,836                 | 1,971,749           | 246,330             | 57,496,255                | 2,373,405                     | 3,749,534                      |
|        |   | <b>118,851,015</b>            | <b>1,430,508</b>    | <b>557,496</b>      | <b>119,724,027</b>             | <b>111,759,624</b>         | <b>2,775,022</b>    | <b>511,355</b>      | <b>114,023,291</b>        | <b>5,700,736</b>              | <b>7,091,391</b>               |
| 4      | Furniture & Fittings                            | 18,564,281                    | 134,051             | —                   | 18,698,332                     | 17,408,356                 | 351,632             | —                   | 17,759,988                | 938,344                       | 1,155,925                      |
| 5      | Vehicles  | 29,173,009                    | 2,938,918           | 1,506,643           | 30,605,284                     | 22,609,663                 | 2,762,455           | 1,429,053           | 23,943,065                | 6,662,219                     | 6,563,346                      |
|        | <b>Total Tangible Assets</b>                    | <b>1,927,735,056</b>          | <b>4,690,845</b>    | <b>2,097,729</b>    | <b>1,930,328,172</b>           | <b>205,880,345</b>         | <b>8,314,049</b>    | <b>1,969,408</b>    | <b>212,224,986</b>        | <b>1,718,103,186</b>          | <b>1,721,854,711</b>           |
| 6      | INTANGIBLE ASSETS                               |                               |                     |                     |                                |                            |                     |                     |                           |                               |                                |
|        | Computer Software                               | 4,186,973                     | 68,452              | —                   | 4,255,425                      | 2,911,518                  | 501,838             | —                   | 3,413,356                 | 842,069                       | 1,275,455                      |
|        | <b>Total Intangible Assets</b>                  | <b>4,186,973</b>              | <b>68,452</b>       | <b>—</b>            | <b>4,255,425</b>               | <b>2,911,518</b>           | <b>501,838</b>      | <b>—</b>            | <b>3,413,356</b>          | <b>842,069</b>                | <b>1,275,455</b>               |
|        | <b>GRAND TOTAL</b>                              | <b>1,931,922,029</b>          | <b>4,759,297</b>    | <b>2,097,729</b>    | <b>1,934,583,597</b>           | <b>208,791,863</b>         | <b>8,815,887</b>    | <b>1,969,408</b>    | <b>215,638,342</b>        | <b>1,718,945,255</b>          | <b>1,723,130,166</b>           |
|        | <b>Previous Year</b>                            | <b>1,920,429,005</b>          | <b>14,493,381</b>   | <b>3,000,357</b>    | <b>1,931,922,029</b>           | <b>200,878,892</b>         | <b>10,732,163</b>   | <b>2,819,192</b>    | <b>208,791,863</b>        | <b>1,723,130,166</b>          | <b>1,719,550,113</b>           |

\* Includes amount added on revaluation Rs.1,535,003,100 PY Rs. 1,535,003,100

**D. DURAIRAJ**  
Company Secretary

**G. SRINIVASAN**  
Chief Financial Officer

**Dr. M. AARTHI**  
Managing Director

**S. GUNASEGARAN**  
Director

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

 Place : Chennai-35  
Date : 04-09-2018

**V. BASKARAN**  
Partner

## SCHEDULES TO BALANCE SHEET

| Particulars  | As on 31.03.2018<br>(Rs.) | As on 31.03.2017<br>(Rs.) |
|--|---------------------------|---------------------------|
| <b>Schedule-K: Other Assets</b>  |                           |                           |
| Deferred Tax Asset   | 221,266,532               | 205,099,839               |
| Staff housing loan   | 10,912,447                | 15,550,752                |
| Other Advances & Deposit/other dues recoverable from borrowers after adjusting cumulative provision of Rs.43,44,174 (L.Y Rs.28,42,407) | 100,456,140               | 44,405,502                |
| Prepaid Expenses   | 571,437                   | 709,629                   |
| Advance Income Tax   | 758,004,638               | 627,297,597               |
| Advance Interest Tax   | 494,144                   | 494,144                   |
| Advance Wealth Tax   | 4,756,820                 | 4,756,820                 |
| Advance Fringe Benefit Tax   | 815,697                   | 815,697                   |
| <b>Total</b>   | <b>1,097,277,855</b>      | <b>899,129,980</b>        |

## SCHEDULES TO PROFIT & LOSS ACCOUNT

| Particulars                                  | For the year ended<br>31.03.2018<br>(Rs.) | For the year ended<br>31.03.2017<br>(Rs.) |
|--|---|---|
| <b>Schedule-L : Income from operations</b>   |   |   |
| Interest on loans and advances               | 2,063,823,114                             | 2,349,053,819                             |
| Interest on investments and Deposits         | 15,055,405                                | 1,534,060                                 |
| <b>Total</b>                                 | <b>2,078,878,519</b>                      | <b>2,350,587,879</b>                      |
| <b>Schedule-M : Other Income</b>             |   |   |
| Dividend on shares                           | 148,172,161                               | 74,090,368                                |
| Profit on sale of assets                     | 667,346                                   | 640,503                                   |
| Other income                                 |   |   |
| Investigation fees                           | 29,744,328                                | 43,057,211                                |
| Upfront fee                                  | 17,279,241                                | 22,841,376                                |
| Risk Coverage Receipts                       | 16,591,565                                | 21,184,366                                |
| Miscellaneous receipts                       | 17,380,868                                | 15,090,474                                |
| Bad debts recovered                          | 64,157,268                                | 51,007,656                                |
| Interest on advances to staff                | 1,053,279                                 | 1,599,051                                 |
| <b>Total</b>                                 | <b>295,046,056</b>                        | <b>229,511,005</b>                        |
| <b>Schedule-N: Interest expended</b>         |   |   |
| Interest on borrowings from SIDBI            | 179,275,893                               | 276,816,964                               |
| Interest on borrowings from banks            | 323,700,395                               | 412,513,787                               |
| Interest on deposits                         | 413,253,202                               | 455,353,862                               |
| Interest on bonds                            | 147,750,000                               | 147,445,861                               |
| Interest on others                           | 9,375,000                                 | 9,375,000                                 |
| <b>Total</b>                                 | <b>1,073,354,490</b>                      | <b>1,301,505,474</b>                      |
| <b>Schedule-O : Other Financial expenses</b> |   |   |
| Bank charges                                 | 250,531                                   | 154,297                                   |
| Guarantee fee paid to Govt.of T.N            | 8,175,000                                 | 7,500,000                                 |
| Others                                       | 724,000                                   | 2,656,500                                 |
| <b>Total</b>                                 | <b>9,149,531</b>                          | <b>10,310,797</b>                         |
| <b>Schedule-P: Personnel Expenses</b>        |   |   |
| Salaries and allowances - CMD                | 1,970,120                                 | 1,309,697                                 |
| Salaries - others                            | 465,331,745                               | 393,587,659                               |
| Contribution to Provident Fund               | 37,131,060                                | 37,577,022                                |
| Staff Amenities and Welfare Exp              | 3,150,109                                 | 2,718,593                                 |
| Staff Training and Seminar Expn              | 584,792                                   | 2,481,731                                 |
| <b>Total</b>                                 | <b>508,167,826</b>                        | <b>437,674,702</b>                        |

## SCHEDULES TO PROFIT &amp; LOSS ACCOUNT

| Particulars   | For the year ended<br>31.03.2018<br>(Rs.) | For the year ended<br>31.03.2017<br>(Rs.) |
|---|---|---|
| <b>Schedule-Q: Administrative expenses</b>                |   |   |
| Travelling & Conveyance                                   |   |   |
| - CMD   | 218,822                                   | 103,872                                   |
| - Others  | 6,989,588                                 | 6,165,641                                 |
| Directors sitting fees & expenses                         | 184,206                                   | 188,209                                   |
| Rent, Rates, Insurance and Lighting                       | 23,873,687                                | 21,962,997                                |
| Postage & Telephones                                      | 3,954,745                                 | 4,292,477                                 |
| Printing & Stationery                                     | 1,771,782                                 | 1,812,743                                 |
| Publicity and Advertisement & Business promotion expenses | 8,156,704                                 | 3,416,472                                 |
| Repairs & Renewals  | 11,732,326                                | 6,928,095                                 |
| Inspection & Recovery cost                                | 4,312,345                                 | 3,800,179                                 |
| Audit Fees  | 353,013                                   | 469,030                                   |
| Legal & other professional expenses                       | 2,324,278                                 | 2,069,755                                 |
| Corporate Social Responsibility                           |   | 720,000                                   |
| Books and Periodicals                                     | 356,576                                   | 339,508                                   |
| Expenses on Office Vehicles                               | 7,363,924                                 | 6,797,493                                 |
| Computer Maintenance Expenses                             | 2,709,707                                 | 2,472,962                                 |
| Sundries  | 6,977,987                                 | 6,316,580                                 |
| <b>Total</b>  | <b>81,279,691</b>                         | <b>67,856,013</b>                         |
| <b>Schedule R: Waiver and Write off</b>                   |   |   |
| Loans Written off   | 286,159,649                               | 334,735,114                               |
| Other dues written off                                    | 11,450,498                                | 16,779,329                                |
| Other dues waived   | 1,346                                     | —   |
| <b>Total</b>  | <b>297,611,493</b>                        | <b>351,514,443</b>                        |

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH, 2018.**

**A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:**

**1. General**

The accompanying financial statements have been prepared on Going Concern Concept and presented under the historical cost convention except otherwise stated, conforming to the applicable provision and practices, Accounting Standards and guidelines issued by the Small Industries Development Bank of India (SIDBI).

**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 in the case of Office Premises (other than SIDCO shed) was provided under the Straight Line method and in respect of all other assets on written down value method as per the rates prescribed under Schedule II of the Companies Act, 2013 based on useful life of the asset. Depreciation is calculated on the number of days the assets have been put to use. Individual assets costing lesser than Rs.5,000/- are depreciated in full.
- d) The book value of land whose value has undergone significant change is reviewed once in 12 years, in order to relate them more closely to current fair value based on Revaluation reports. The carrying cost of the Land is increased to match with the Current Market value determined through appraisals conducted by independent qualified valuers and the resultant difference is credited to Revaluation Reserve account.

**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 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 as per the prudential norms prescribed by SIDBI and necessary provision required thereon is provided. Provision on Non-Performing Assets has been netted off against loans and advances/ other dues.

## 6. Staff 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 as 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 as at the Balance Sheet date, is provided for, based on actuarial valuation 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 account.

### e. Voluntary Retirement Scheme (VRS)

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.

## 8. Leases

The Properties taken on Lease/ rental basis are under a term of Lease/ Agreement for a period of not less than 11 months and are renewable/ cancelable 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 favourable 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 of losses, 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 the life applicable to server.

#### 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 probable outflow of resources embodying economic benefits will be required 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**

| Particulars                             | 31.03.2018 | 31.03.2017 |
|---|------------|------------|
| <b>(Expressed as weighted averages)</b> |            |            |
| Discount Rate                           | 7.13%      | 6.80%      |
| Salary Escalation Rate                  | 5.00%      | 7.50%      |
| Attrition Rate                          | 0.50%      | 4.00%      |
| Expected rate of return on Plan Assets  | 8.00%      | 8.00%      |

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

|   |          |          |
|---|----------|----------|
| PVO as at the beginning of the period     | 3159.15  | 3252.11  |
| Interest Cost                             | 192.69   | 233.20   |
| Current Service Cost                      | 19.21    | 19.78    |
| Past Service cost - (non vested benefits) | 0        | 0        |
| Past Service cost - (vested benefits)     | 2258.80  | 0        |
| Benefits paid                             | (650.75) | (367.44) |
| Actuarial (gain)/ loss on obligation      | (173.94) | 21.50    |
| PVO as at the end of the period           | 4805.18  | 3159.15  |

**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 | 3159.15  | 3264.29  |
| Expected return on plan assets                              | 226.70   | 277.93   |
| Contributions   | 0        | 15.08    |
| Benefits paid   | (650.75) | (367.44) |
| Actuarial gain/ (loss) on plan assets                       | (4.90)   | (30.71)  |
| Fair value of plan assets as at the end of the period       | 2730.20  | 3159.15  |

**IV. ACTUAL RETURN ON PLAN ASSETS**

|                                       |        |         |
|---------------------------------------|--------|---------|
| Expected return on plan assets        | 226.70 | 277.93  |
| Actuarial gain/ (loss) on plan assets | (4.90) | (30.71) |
| Actual return on plan assets          | 221.80 | 247.22  |

31.03.2018      31.03.2017  
(Rs. in lakhs)

| V. ACTUARIAL GAIN / LOSS RECOGNIZED                          |          |         |
|--|----------|---------|
| Actuarial gain/ (loss) for the period - obligation           | 173.94   | (21.50) |
| Actuarial gain/ (loss) for the period - Plan Assets          | (4.90)   | (30.71) |
| Total (gain)/ loss for the period                            | (169.04) | 52.21   |
| Actuarial (gain)/ loss recognized for the period             | (169.04) | 52.21   |
| Unrecognized actuarial (gain)/ loss at the end of the period | 0        | 0       |

VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSIS

|  |         |         |
|--|---------|---------|
| Present value of the obligation                      | 4805.18 | 3159.15 |
| Fair value of Plan Assets                            | 2730.20 | 3159.15 |
| Difference   | 2074.99 | 0       |
| Unrecognized transitional liability                  | 0       | 0       |
| Unrecognized past service cost - non vested benefits | 0       | 0       |
| Net Liability recognized in the Balance Sheet        | 2074.99 | 0       |

VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

|   |          |          |
|---|----------|----------|
| Current service cost                                    | 19.21    | 19.78    |
| Interest cost   | 192.70   | 233.20   |
| Expected return on plan assets                          | (226.70) | (277.93) |
| Net actual (gain)/ loss recognized in the year          | (169.04) | 52.21    |
| Transitional liability recognized in the year           | 0        | 0        |
| Past Service cost - (non vested benefits)               | 0        | 0        |
| Past Service cost - (vested benefits)                   | 2258.81  | 0        |
| Expenses recognized in the Statement of Profit and Loss | 2074.99  | 27.26    |

VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET

|                       |         |         |
|-----------------------|---------|---------|
| Opening net liability | 0       | (12.18) |
| Expense as above      | 2074.99 | 27.26   |
| Contribution paid     | 0       | (15.08) |
| Closing net liability | 2074.99 | 0       |

**IX. AMOUNT FOR THE CURRENT PERIOD** **31.03.2018**    **31.03.2017**  
(Rs. in lakhs)

|   | 31.03.2018 | 31.03.2017 |
|---|------------|------------|
| Present value of obligation                               | 4805.19    | 3159.15    |
| Plan Assets   | 2730.20    | 3159.15    |
| Surplus/ (Deficit)  | (2074.99)  | 0          |
| Experience adjustments on plan liabilities - (loss)/ gain | (41.83)    | 66.12      |
| Experience adjustments on plan assets - (loss)/ gain      | (4.91)     | (30.71)    |

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

|  | 31.03.2018     | 31.03.2017     |
|--|----------------|----------------|
| Government of India Securities/<br>State Government Securities | 55.00%         | 55.00%         |
| High Quality Corporate Bonds                                   | 40.00%         | 40.00%         |
| 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   | 5.00%          | 5.00%          |
| <b>Total</b>   | <b>100.00%</b> | <b>100.00%</b> |

**XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR (Rs. in lakhs)**

| Particulars                   | 31.03.2018 | 31.03.2017 |
|-------------------------------|------------|------------|
| Best Estimate of Contribution | NA         | 25.00      |

**1.2 EARNED LEAVE**

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

| Particulars                            | 31.03.2018 | 31.03.2017 |
|--|------------|------------|
| Discount Rate                          | 7.13%      | 6.80%      |
| Salary Escalation Rate                 | 5.00%      | 7.50%      |
| Attrition Rate                         | 0.50%      | 4.00%      |
| Expected rate of return on Plan Assets | 0.00%      | 0.00%      |

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

|   | 31.03.2018 | 31.03.2017 |
|---|------------|------------|
| PVO as at the beginning of the period     | 2825.15    | 2772.07    |
| Interest Cost                             | 176.50     | 199.81     |
| Current Service Cost                      | 61.02      | 59.86      |
| Past Service cost - (non vested benefits) | 0          | 0          |
| Past Service cost - (vested benefits)     | 0          | 0          |
| Benefits paid                             | (459.02)   | (285.90)   |
| Actuarial gain/ (loss) on obligation      | 94.77      | 79.31      |
| PVO as at the end of the period           | 2698.41    | 2825.15    |

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

(Rs. in lakhs)

**31.03.2018                      31.03.2017**

|   |          |          |
|---|----------|----------|
| Fair value of plan assets as at the beginning of the period | 0        | 0        |
| Expected return on plan assets                              | 0        | 0        |
| Contributions   | 459.03   | 285.90   |
| Benefits paid   | (459.03) | (285.90) |
| 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           | (94.77) | (79.31) |
| Actuarial gain/ (loss) for the period - Plan Assets          | 0       | 0       |
| Total (gain)/ loss for the period                            | 94.77   | 79.31   |
| Actuarial (gain)/ loss recognized for the period             | 94.77   | 79.31   |
| Unrecognized actuarial (gain)/ loss at the end of the period | 0       | 0       |

**VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSIS**

|  |         |         |
|--|---------|---------|
| Present value of the obligation                      | 2698.41 | 2825.15 |
| Fair value of Plan Assets                            | 0       | 0       |
| Difference   | 2698.41 | 2825.15 |
| Unrecognized transitional liability                  | 0       | 0       |
| Unrecognized past service cost – non vested benefits | 0       | 0       |
| Liability recognized in the Balance Sheet            | 2698.41 | 2825.15 |

**VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS**

|   |        |        |
|---|--------|--------|
| Current service cost                                    | 61.02  | 59.86  |
| Interest cost   | 176.50 | 199.81 |
| Expected return on plan assets                          | 0      | 0      |
| Net actual (gain)/ loss recognized in the year          | 94.77  | 79.31  |
| Transitional liability recognized 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 | 332.29 | 338.98 |

31.03.2018      31.03.2017  
(Rs. in lakhs)**VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET**

|                       |          |          |
|-----------------------|----------|----------|
| Opening net liability | 2825.15  | 2772.07  |
| Expense as above      | 332.29   | 338.98   |
| Contribution paid     | (459.03) | (285.90) |
| Closing net liability | 2698.41  | 2825.15  |

**IX. AMOUNT FOR THE CURRENT PERIOD**

|   |           |           |
|---|-----------|-----------|
| Present value of obligation                               | 2698.41   | 2825.15   |
| Plan Assets   | 0         | 0         |
| Surplus/ (Deficit)  | (2698.41) | (2825.15) |
| Experience adjustments on plan liabilities - (loss)/ gain | (401.30)  | 5.53      |
| Experience adjustments on plan assets - (loss)/ gain      | 0         | 0         |

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

|  |              |              |
|--|--------------|--------------|
| Government of India/State Govt. 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%        |
| <b>Total</b>                               | <b>0.00%</b> | <b>0.00%</b> |

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

|                               |   |   |
|-------------------------------|---|---|
| Best Estimate of Contribution | 0 | 0 |
|-------------------------------|---|---|

**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       | Period                    |
|------------------------|-------------------|---------------------------|
| Thiru Satyabrata Sahoo | CMD               | From 01.04.17 to 04.01.18 |
| Dr. (Tmt) M. Aarthi    | MD                | From 05.01.18 to 31.03.18 |
| Thiru G. Srinivasan    | GM/CFO            | From 01.04.17 to 31.03.18 |
| Thiru D. Durairaj      | Company Secretary | From 01.04.17 to 31.03.18 |

Remuneration paid to Key Managerial Personnel is Rs. 48.07 lakhs (Previous Year Rs. 40.94 lakhs).

#### 4. Earnings per Share:

The calculation on basic and diluted earning per share is given below:

|   | (Rs. in lakhs) |            |
|---|----------------|------------|
|   | 31.03.2018     | 31.03.2017 |
| Earnings for the year (Basic and Diluted)               | 2523.53        | 3097.45    |
| Weighted average number of shares taken for computation | 32,09,956      | 32,09,956  |
| Number of shares outstanding at the year end            | 32,09,956      | 32,09,956  |
| Earnings Per Share (Rs.)                                | 78.62          | 96.49      |

#### 5. Deferred Tax Assets/ Liabilities:

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

| DTA/DTL COMPONENTS                 | (Rs. in lakhs) |                |
|------------------------------------|----------------|----------------|
|                                    | 31.03.2018     | 31.03.2017     |
| Deferred Tax Assets                |                |                |
| 1. Loan Loss Provisions            | 1473.14        | 1275.07        |
| 2. Provision for employee benefits | 942.93         | 977.72         |
| <b>Total - DTA (A)</b>             | <b>2416.07</b> | <b>2252.79</b> |
| Deferred Tax Liabilities           |                |                |
| On account of Depreciation (B)     | 203.40         | 201.79         |
| Net Deferred Tax {(A) - (B)}       | 2212.67        | 2051.00        |
| Deferred Tax Asset Previous Year   | 2051.00        | 1748.85        |
| Provision for Deferred Tax         | 161.67         | 302.15         |

#### 6. Revaluation of Lands:

Revaluation of lands owned by the Corporation was done through appraisals conducted by independent qualified valuers on 31-03-2007 and the resultant appreciation held under revaluation reserve as on 31.03.2018 is Rs.15,350.03 lakhs (15,350.03 lakhs).

#### 7. Depreciation has been provided on the basis of useful life of the assets as prescribed by Schedule II to the Companies Act 2013.

The useful life of the assets in respect of Software is estimated at 6 years.

#### 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 sub standard, doubtful and loss assets based on the criteria stipulated by the Regulator and provisions are made as per the Accounting Policy.

## 2) MOVEMENT OF PROVISIONS:

(Rs. in lakhs)

| PARTICULARS   | NPA  | INVESTMENTS | OTHER ASSETS | TOTAL |
|---|------|-------------|--------------|-------|
| Opening Provisions for advances/<br>investments/ other assets | 4130 | 503         | 28           | 4661  |
| Add: Addition during the year                                 | 821  | 33          | 15           | 869   |
| Less: Write Offs/ Write Backs/<br>Recovery during the year    | 0    | 0           | 0            | 0     |
| Closing Balance   | 4951 | 536         | 43           | 5530  |

## 3) 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)

| S.No. | Particulars  | Current Year | Previous Year |
|-------|--|--------------|---------------|
| A.    | Interest income as a percentage of average working funds       | 10.82%       | 11.71%        |
| B.    | Non-interest income as a percentage of average working funds   | 1.62%        | 1.15%         |
| C.    | Operating Profit as a percentage of average working funds      | 3.68%        | 3.80%         |
| D.    | Operating Profit per employee (Rs. In lakhs)                   | 20.34        | 18.74         |
| E.    | Net Risk Weighted Assets (Rs. in lakhs)                        | 1,68,864     | 1,89,457      |
| F.    | Core Capital Adequacy Ratio                                    | 21.78%       | 18.37%        |
| G.    | Tier II Capital Adequacy                                       | 5.27%        | 4.76%         |
| H.    | Capital Adequacy Ratio (CAR)                                   | 27.05%       | 23.13%        |
| I.    | Percentage of Net NPAs to Net Loans and Advances               | 6.56%        | 5.82%         |
| J.    | Percentage of Net NPA (Sub Standard) to Net Loans and Advances | 3.03%        | 1.63%         |
| K.    | Percentage of Net NPA (Doubtful) to Net Loans and Advances     | 3.53%        | 4.19%         |

## L) Movement of NPAs

(Rs. in lakhs)

| FINANCIAL YEAR | 2017-18       |              |             | 2016-17     |              |             |             |
|----------------|---------------|--------------|-------------|-------------|--------------|-------------|-------------|
|                | LOAN CATEGORY | GROSS        | PROV        | NET         | GROSS        | PROV        | NET         |
|                | SUB STANDARD  | 5076         | 777         | 4299        | 3125         | 473         | 2652        |
|                | DOUBTFUL      | 7656         | 2819        | 4837        | 10108        | 3282        | 6826        |
|                | LOSS          | 1535         | 1355        | 180         | 375          | 375         | 0           |
|                | <b>TOTAL</b>  | <b>14267</b> | <b>4951</b> | <b>9316</b> | <b>13608</b> | <b>4130</b> | <b>9478</b> |

## 4) Credit exposures as percentage to total assets, in respect of:

- The largest single borrower is Rs.1,853 lakhs, 1.01% to total assets.
- The largest single borrower group is Rs.1,853 lakhs, 1.01% to total assets.
- The 10 largest borrowers is Rs.10644 lakhs, 5.81% to total assets.
- The 10 largest borrower group is Rs.10644 lakhs, 5.81% to total assets.

## 5) 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)

| PARTICULARS | <=1 YR | >1 YR<br>& UPTO<br>3 YRS | >3 YRS<br>& UPTO<br>5 YRS | >5 YRS<br>& UPTO<br>7 YRS | >7 YRS<br>& UPTO<br>10 YRS | >10 YRS | TOTAL  |
|-------------|--------|--------------------------|---------------------------|---------------------------|----------------------------|---------|--------|
| ASSETS      | 64506  | 55700                    | 25874                     | 15345                     | 4658                       | 17189   | 183272 |
| LIABILITIES | 53990  | 37531                    | 10474                     | 15000                     | 9945                       | 56332   | 183272 |
| GAP         | 10516  | 18169                    | 15400                     | 345                       | -5287                      | -39143  | 0      |

## D. OTHER MATTERS

i) 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.

ii) 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.

iii) Income Tax department has raised certain demands in connection with accrued interest on sticky loans and deduction u/s 36, etc. The Corporation went on appeal & had earlier won the cases in the Income Tax Appellate Tribunal. However the Department went on appeal to the High Court and the High Court has now given the verdict in favour of the Corporation. Order giving effect to the High Court Judgement is yet to be received from the Income Tax Department.

No tax demand / appeal is pending as at 31 03 2018.

iv) The ceiling limit on Gratuity has been raised recently from Rs. 10.00 lakhs to Rs. 20.00 lakhs as per recommendations of Central VIIth pay commission vide Gazette notification SO No.1419(E) and SO No.1420(E) dated 29.03.2018 and the same has been adopted and notified by the Tamilnadu State Government vide letter No.17051/Finance(BPE)/2018 dated 05.04.2018. As per the actuarial valuation for gratuity, the gratuity obligation as on 31.03.2018 comes to Rs. 20.75 crores on implementation of VII th pay commission. Considering the Corporation's financial position the Board has decided that it may be provided in a span of three years in the books of accounts from 2017-2018 to 2019-2020. Accordingly, Rs. 6.95 crores has been provided in the books of accounts for the financial year 2017-18 towards gratuity obligation.

v) As per the common dividend policy evolved by the State government vide G.O.Ms.No.123 Finance Department dated 19th May 2014, the State PSUs have to declare 30% of the Net Profit (after tax) or 30% of the paid up share capital whichever is higher subject to availability of disposable profit. The Dividend payable for the Financial year 2017-2018 as per the above G.O. is Rs. 7.57 crores subject to availability of disposable profit. As the Corporation wiped out the accumulated losses only recently and in order to build reserves for the future and to meet other long term commitments, the Corporation has proposed 1% dividend amounting to Rs. 3.21 crores leaving a gap of Rs. 4.36 crores.

**E. Contingent Liabilities:**

| Particulars                                       | (Rs. in lakhs) |               |
|---|----------------|---------------|
|   | Current Year   | Previous Year |
| (i) Claims of borrowers not acknowledged as debts | 368            | 368           |
| (ii) Others                                       | 606            | 572           |

**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.

**D. DURAIRAJ**  
Company Secretary

**G. SRINIVASAN**  
Chief Financial Officer

**Dr. M. AARTHI**  
Managing Director

**S. GUNASEGARAN**  
Director

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

Place : Chennai  
Date : 04-09-2018

**V. BASKARAN**  
Senior Partner

| A) CASH FLOW FROM OPERATING ACTIVITIES:                        | 2017-2018<br>Rs.              | 2016-2017<br>Rs.     |
|--|-------------------------------|----------------------|
| Net Profit/(Loss) before Tax                                   | 320,450,100                   | 400,384,031          |
| Adjustments for:   |                               |                      |
| Depreciation & lease charge for the year                       | 8,815,887                     | 10,732,163           |
| Loan loss provisioning and writeoffs                           | -                             | -                    |
| Loss/(Profit) on Sale of Fixed Assets                          | (667,346)                     | (640,503)            |
|  | <b>328,598,641</b>            | <b>410,475,691</b>   |
| Adjustment for:  |                               |                      |
| (increase) Decrease in Investments                             | 3,310,101                     | (315,089)            |
| (increase) decrease in advances                                | 2,087,596,138                 | 385,616,357          |
| (Increase)decrease in other assets                             | (181,981,182)                 | (63,639,041)         |
| Increase (decrease) in other Liabilities                       | 310,107,311                   | 127,217,585          |
|  | <b>(i) 2,547,631,009</b>      | <b>859,355,503</b>   |
| Direct Taxes due / paid  | <b>(ii) (84,263,000)</b>      | <b>(120,854,000)</b> |
|  | <b>(i + ii) 2,463,368,009</b> | <b>738,501,503</b>   |
| B) CASHFLOW FROM INVESTMENT ACTIVITIES:                        |                               |                      |
| Purchase of Fixed Assets                                       | (4,759,297)                   | (14,493,381)         |
| Proceeds from sale of assets                                   | 795,667                       | 821,668              |
|  | <b>(3,963,630)</b>            | <b>(13,671,713)</b>  |
| C) CASHFLOW FROM FINANCING ACTIVITIES:                         |                               |                      |
| Increase(decrease) in capital                                  | —                             | —                    |
| Increase (decrease) in borrowings                              | (1,918,344,073)               | (691,663,662)        |
| Increase(decrease) in deposits                                 | (575,166,170)                 | 257,860,833          |
|  | <b>(2,493,510,243)</b>        | <b>(433,802,829)</b> |
| Net increase/(decrease) in cash and cash equivalents           | <b>(A+B+C) (34,105,864)</b>   | 291,026,961          |
| Cash and Cash equivalents at the beginning of the year         | 861,732,590                   | 570,705,629          |
| Cash and Cash equivalents at the end of the year               | 827,626,726                   | 861,732,590          |
| D) DETAILS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR |                               |                      |
| Cash in hand   | 10,595,318                    | 4,686,096            |
| Reserve Bank of India  | 505,794                       | 257,634              |
| Current A/c with Scheduled Banks                               | 720,376,370                   | 851,701,534          |
| Term Deposits with Banks                                       | 96,149,244                    | 5,087,326            |
| <b>TOTAL</b>   | <b>827,626,726</b>            | <b>861,732,590</b>   |

**D. DURAIRAJ**  
Company Secretary

**G. SRINIVASAN**  
Chief Financial Officer

**Dr. M. AARTHI**  
Managing Director

**S. GUNASEKARAN**  
Director

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

Place : Chennai  
Date : 04-09-2018

**V. BASKARAN**  
Senior Partner

**R. THIRUPPATHI VENKATASAMY, IA & AS****ACCOUNTANT GENERAL (E & RSA)**  
**TAMIL NADU****COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF TAMIL NADU INDUSTRIAL INVESTMENT CORPORATION LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.**

The preparation of financial statements of Tamilnadu Industrial Investment Corporation Limited, Chennai for the year ended 31st March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 04.09.2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Tamilnadu Industrial Investment Corporation Limited, Chennai for the year ended 31st March 2018 under Section 143(6)(a) of the Act. 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 supplementary 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 143(6)(b) of the Act.

For and on the behalf of the  
Comptroller & Auditor General of India

Place : CHENNAI  
Date : 03.12.2018

**R. THIRUPPATHI VENKATASAMY**  
Accountant General

## PATTERN OF SHAREHOLDING AS ON 31.03.2018

| S.No. | Pattern of Shareholding                                    | No. of Shares<br>(Rs. 1000 each) | % as on<br>31.03.2018 |
|-------|--|----------------------------------|-----------------------|
| 1.    | Government of Tamilnadu                                    | 3,035,228                        | 94.56                 |
| 2.    | Small Industries Development Bank of India,<br>Mumbai      | 1,70,000                         | 5.30                  |
| 3.    | Government of Puducherry                                   | 1,500                            | 0.05                  |
| 4.    | General Insurance Corporation of<br>India and Subsidiaries | 785                              | 0.02                  |
| 5.    | LIC of India   | 375                              | 0.01                  |
| 6.    | Others   | 2,068                            | 0.06                  |
|       | <b>TOTAL</b>   | <b>3,209,956</b>                 | <b>100.00</b>         |

## THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED

## HEAD OFFICE

|  | TELEPHONE  | FAX                                  | E-MAIL      |
|--|--|--------------------------------------|-------------|
| 692, 'MHU' Complex,<br>Anna Salai, Nandanam,<br>Chennai - 600 035. | 044-24331203<br>044-24306100<br>Website: <a href="http://www.tiic.org">http://www.tiic.org</a> | 044-<br>24347150<br>044-<br>24347209 | ho@tiic.org |

## REGIONAL OFFICES

- 1) **CHENNAI**  
New No. 692, Anna Salai,  
Ground Floor, Right Wing,  
Nandanam, Chennai - 600 035. 044-  
48529514 rmchennai@tiic.org
- 2) **COIMBATORE**  
No. 94, Dr. Nanjappa Road, I Floor  
United Shopping Complex,  
Coimbatore - 641 018. 0422-  
2302231 rmcoimbatore@tiic.org
- 3) **MADURAI**  
No. 1A, 2nd East Cross Street  
I Floor (Reliance Fresh Upstairs)  
Anna Nagar, Madurai 625 020. 0452-  
2533018 rmmadurai@tiic.org
- 4) **SALEM**  
Sri Lakshmi Complex, 1st Floor  
4/22, Omalur Main Road  
Swarnapuri, Salem - 636 004. 0427-  
2448315 rmsalem@tiic.org
- 5) **TIRUNELVELI**  
5C / 5B, Hotel Shakuntala Shopping Complex  
II Floor, Trivandrum Road,  
Vannarpettai,  
Tirunelveli - 627 003. 0462-  
2502721 rmtirunelveli@tiic.org
- 6) **TRICHY**  
K.R.T. Building, II Floor,  
No. 33, Promenade Road,  
Contontment,  
Trichy - 620 001. 0431-  
2414177 rmtrichy@tiic.org

## BRANCH OFFICES

- 1) **CHENNAI**  
New No. 692, Anna Salai, Ground Floor,  
Right Wing, Nandanam,  
Chennai - 600 035. 044-  
48529518 bmchennai@tiic.org
- 2) **TIRUVALLUR**  
86, C&D, II Main Road,  
Ambattur Industrial Estate,  
Chennai - 600 058. 044-  
26257664 bmtiruvallur@tiic.org
- 3) **TAMBARAM**  
No. 27, 1st Floor, Rajaji Road  
Tambaram West (Near National Theatre)  
Chennai - 600 045. 044-  
22260910 bmtambaram@tiic.org

|   | TELEPHONE        | FAX              | E-MAIL                |
|---|------------------|------------------|-----------------------|
| 4) <b>VELLORE</b><br>Vasan ENT Clinic, I Floor,<br>73/A, Katpadi Main Road,<br>Gandhi Nagar, Vellore - 632 006                            | 0416-<br>2249861 |                  | bmvellore@tiic.org    |
| 5) <b>CUDDALORE</b><br>Arcot Woodlands (Annex), 3rd Floor<br>1, Bharathi Road,<br>Cuddalore - 607 001                                     | 04142-<br>230831 |                  | bmcuddalore@tiic.org  |
| 6) <b>COIMBATORE</b><br>No. 94, Dr. Nanjappa Road, I Floor,<br>United Shopping Complex,<br>Coimbatore - 641 018.                          | 0422-<br>2380520 |                  | bmcoimbatore@tiic.org |
| 7) <b>TIRUPUR</b><br>Kumaran Shopping Complex,<br>II Floor, Kumaran Road,<br>Near Railway Station<br>Tirupur - 641 601.                   | 0421-<br>2207489 |                  | bmtiruppur@tiic.org   |
| 8) <b>ERODE</b><br>C.S. Sengottiah Complex, II Floor, No. 23,<br>Chidambaram Colony, 80 feet Road,<br>Periyar Nagar, Erode - 638 001.     | 0424-<br>2262080 |                  | bmerode@tiic.org      |
| 9) <b>KURICHI</b><br>Plot No. 91, First Floor, COSIEMA Complex<br>Kurichi SIDCO Industrial Estate (West)<br>Kurichi, Coimbatore - 641 021 | 0422-<br>2670084 |                  | bmkurichi@tiic.org    |
| 10) <b>MADURAI</b><br>No. 1A, East Cross Street (First Floor)<br>(Reliance Fresh Upstairs)<br>Anna Nagar, Madurai - 625 020.              | 0452-<br>2533331 |                  | bmmadurai@tiic.org    |
| 11) <b>DINDIGUL</b><br>Plot No.9, Spencer Compound, II Floor,<br>Tiruvalluvar Salai, Near Bus Stand,<br>Dindigul - 624 003.               | 0451-<br>2433785 |                  | bmdindigul@tiic.org   |
| 12) <b>KARAIKUDI</b><br>Shree PPKA Complex II Floor<br>Shanmugha Rafa Road,<br>Sekkalai Road<br>Karaikudi - 630 002.                      | 04565-<br>238746 |                  | bmkaraikudi@tiic.org  |
| 13) <b>SALEM</b><br>Sri Lakshmi Complex, I Floor<br>4/22, Omalur Main Road,<br>Swarnapuri, Salem - 636 004.                               | 0427-<br>2440444 | 0427-<br>4042054 | bmsalem@tiic.org      |

|   | TELEPHONE        | FAX | E-MAIL                 |
|---|------------------|-----|------------------------|
| <b>14) NAMAKKAL</b><br>No. 20/127A-5B, First Floor<br>80 Feet Road, Salem Road<br>Namakkal - 637 001  | 04286-<br>277667 |     | bmnamakkal@tiic.org    |
| <b>15) DHARMAPURI</b><br>DDDC Building (Upstairs),<br>Pennagaram Road,<br>Dharmapuri - 636 702.   | 04342-<br>260866 |     | bmdharmapuri@tiic.org  |
| <b>16) HOSUR</b><br>Plot No. 308&309, SIPCOT Housing Colony<br>SIPCOT Industrial Complex<br>(Opp. LAL), Near SBI/SIPCOT Shopping<br>Complex, Hosur - 635 126. | 04344-<br>275596 |     | bmhosur@tiic.org       |
| <b>17) TIRUNELVELI</b><br>5C/5B, Hotel Shakuntala Shopping Complex,<br>II Floor, Trivandrum Road,<br>Vannarpettai,<br>Tirunelveli - 627 003.                  | 0462-<br>2502038 |     | bmtirunelveli@tiic.org |
| <b>18) THOOTHUKUDI</b><br>No. 4/35, N.P.S. Complex, II Floor,<br>Polpettai,<br>Near Bus Stand,<br>Tuticorin - 628 002.  | 0461-<br>2346082 |     | bmtuticorin@tiic.org   |
| <b>19) NAGERCOIL</b><br>37, Cape Road,<br>Nagercoil - 629 001.  | 04652-<br>232859 |     | bmnagercoil@tiic.org   |
| <b>20) SIVAKASI</b><br>No. 98/C4, Second Floor,<br>Chairman Shanmuga Nadar Road,<br>Sivakasi - 626 123  | 04562-<br>229322 |     | bmsivakasi@tiic.org    |
| <b>21) TRICHY</b><br>KRT Building, II Floor,<br>No. 33, Promenade Road,<br>Cantonment,<br>Trichy - 620 001.   | 0431-<br>2460498 |     | bmtrichy@tiic.org      |
| <b>22) PUDUKKOTTAI</b><br>'Mena Complex',<br>I Floor, T.S. No.2430/31,<br>West Main Street,<br>Pudukkottai - 622 001.   | 04322-<br>222354 |     | bmpudukkottai@tiic.org |
| <b>23) THANJAVUR</b><br>2854, N.G.K. Apartment,<br>Opp. to Arul Theatre,<br>Nanjikottai Road,   | 04362-<br>230465 |     | bmthanjavur@tiic.org   |

|  | TELEPHONE        | FAX | E-MAIL                    |
|--|------------------|-----|---------------------------|
| Thanjavur - 613 001.   |                  |     |                           |
| <b>24) KARUR</b><br>526, North Pradakshanam Road,<br>LIC Unit I Building,<br>Karur - 639 001.  | 04324-<br>235581 |     | bmkarur@tiic.org          |
| <b>25) VILLUPURAM</b><br>23A, Ranganathan Street, I Floor<br>Woodlands Complex,<br>Chennai-Trichy Trunk Road,<br>Villupuram - 605 602            | 04146-<br>229131 |     | bmwillupuram@tiic.org     |
| <b>FIELD OFFICES</b>   |                  |     |                           |
| <b>1) TIRUVANNAMALAI</b><br>4-A, Lakshmipuram I Floor,<br>Bye-Pass Road, Gandhi Nagar,<br>Tiruvannamalai - 606 602.                              | 04175-<br>253032 |     | bmtiruvannamalai@tiic.org |
| <b>2) RAMANATHAPURAM</b><br>No.1130-C, I Floor,<br>Opp. To Sothurani,<br>Ramnad-Rameswaram Road,<br>Bharathi Nagar,<br>Ramanathapuram - 623 504. | 04567-<br>232474 |     | bmramnad@tiic.org         |
| <b>3) THENI</b><br>No. 3-A, I Floor, Jegannathan Street,<br>Old T.V.S. Road, Bungalamedu,<br>Theni - 625 531.                                    | 04546-<br>251982 |     | bmtheni@tiic.org          |
| <b>4) VIRUDHUNAGAR</b><br>No. 100, Railway Feeder Road,<br>Virudhunagar - 626 001.   | 04562-<br>243911 |     | bmvirudhunagar@tiic.org   |
| <b>5) PERAMBALUR</b><br>No. 132, I Floor, Mathanagopalapuram<br>2nd Street,<br>Perambalur - 621 212  | 04328-<br>276659 |     | bmperambalur@tiic.org     |
| <b>6) NAGAPATTINAM</b><br>Door No. 12/1, LRJ Complex,<br>II Floor, (Opp. to Military Canteen)<br>Naduvar Keela Street<br>Nagapattinam - 611 001. | 04365-<br>225656 |     | bmnapagapattinam@tiic.org |

**PRINCIPAL OFFICERS AT HEAD OFFICE**

| Sl. No. | Name of the official (Thiru/Tmt.) | Designation                                     |
|---------|-----------------------------------|---|
| 1.      | T. Kirubakaran                    | General Manager                                 |
| 2.      | G. Srinivasan                     | General Manager                                 |
| 3.      | S. Muralidharan                   | Deputy General Manager                          |
| 4.      | S. Sashikala                      | Deputy General Manager                          |
| 5.      | R. Kishore Kumar                  | Assistant General Manager                       |
| 6.      | S. Ashok                          | Assistant General Manager                       |
| 7.      | D. Durairaj                       | Assistant General Manager/<br>Company Secretary |
| 8.      | M. Rangaraju                      | Senior Manager                                  |
| 9.      | S. Chockanathan                   | Senior Manager                                  |
| 10.     | R.J. Ramesh                       | Senior Manager                                  |