

52nd
ANNUAL REPORT
2008 - 2009



ORISSA STATE FINANCIAL CORPORATION



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PERFORMANCE AT A GLANCE

(Rs. in crore)

PARTICULARS	2007-08	2008-09	AS ON 31.03.09
OPERATIONS			
1. Sanction	-	-	1305.33
2. Disbursement	-	-	1305.12
3. Recovery	64.78	46.57	1805.10
4. Outstanding	434.54	403.70	403.70
SHARE CAPITAL			
5. Paid-Up	271.05	23.16	381.78
6. Loan in Lieu of Share Capital	-	-	6.22
BONDS			
7. Issued	-	-	424.44
8. Repaid	19.64	26.07	423.54
9. Outstanding (Principal)	26.97	0.90	0.90
REFINANCE			
10. Availed	-	-	691.03
11. Repaid	15.00	15.00	546.38
12. Outstanding(prin.)	159.65	144.65	144.65
FINANCIAL SUMMARY			
13. Gross Income	26.07	23.28	
14. Total Expenditure	24.86	21.41	
15. Operating Profit/Loss	1.21	1.87	
16. Appropriation Expenditure / Income (provn. written back)	1.36	0.87	
17. Provision For Taxation	0.02	0.02	
18. Net Profit/Loss	2.55	2.71	
19. Reserve	1.02	0.54	

- Recovery of Rs.46.57 crore in 2008-09 includes Recovery against Agency Loan of Rs 0.95 crore.
- Outstanding of Rs.403.70 crore as on 31.03.09 includes commercial loan to employees of Rs.0.25 crore and difference between G.L. and Loan ledger of Rs.0.49 crore.



BANKERS

AS ON 31.03.2009

Central Bank of India

Union Bank of India

Canara Bank

State Bank of India

Syndicate Bank

Andhra Bank

Indian Overseas Bank

ICICI Bank

Bank of Baroda

Allahabad Bank

AXIS Bank Limited

IDBI Bank Limited

AUDITORS

**M/s Rajesh K. Jhunjhunwala & Co.
Chartered Accountants
Bangali Sahi, Cuttack**



THE MANAGEMENT (AS ON 31.03.2009)

BOARD OF DIRECTORS

Sri P.R.Das,
Ex-Executive Director, SIDBI,
Chairman.

Shri Kabindra Nath Khatai, IAS,
Managing Director,
Orissa State Financial Corporation,
O.M.P.Square, Cuttack

Shri A.K.K.Meena, IAS,
Managing Director,
IPICOL, IPICOL House,
Janapath, Bhubaneswar.

Shri Hemant Sharma, IAS,
Director of Industries,
Orissa, Cuttack.

Shri M.N.Rao,
Chief General Manager,
State Bank of India,
Local Head Office, Bhubaneswar.

Shri Kirpal Singh,
General Manager,
Small Industries Development Bank of India,
4th floor, OCHC Building, Bhubaneswar.

Shri B.K.Tripathy,
Sr. Divisional Manager,
LIC of India, Cuttack Division,
Cuttack.

Dr. D.V.Ramanna,
Professor Finance,
Xavier Institute of Management,
XIM Campus, Bhubaneswar.

Sri Subhendu Kumar Mishra,
Special Secretary to Government,
Finance Department,
Government of Orissa, Bhubaneswar.

MEMBERS OF THE EXECUTIVE COMMITTEE

Shri Kabindra Nath Khatai, IAS,
Managing Director,
Orissa State Financial Corporation,
O.M.P.Square, Cuttack-753003.
Chairman.

Shri Hemant Sharma, IAS,
Director of Industries, Orissa,
Kila Maidan, Cuttack-1.

Shri Kirpal Singh,
General Manager,
Small Industries Development Bank of
India, 4th floor, OCHC Building,
Bhubaneswar.

Shri B.K.Tripathy,
Sr. Divisional Manager,
LIC of India, Cuttack Division,
Cuttack.



ORISSA STATE FINANCIAL CORPORATION
O.M.P. SQUARE, CUTTACK-753003.

NOTICE

Notice is hereby given in pursuance of Regulation 45 of the Orissa State Financial Corporation General Regulation 2003 that the 52nd Annual General Meeting of the share holders of the corporation for the year 2008-09 will be held on 11.09.2009 at 11.00 A.M at the Registered Office of the Corporation located at O.M.P Square, Cuttack-3 to transact the following business:-

1. To read the audited balance sheet as on 31.03.2009 and Profit & Loss account of the Corporation for the year ending 31st March 2009 together with the Report of the Board of Directors on the working of the Corporation during the FY-2008-09.
2. Appointment of statutory auditors for the FY- 2009-2010.
3. Any other item with the permission of the chair.

The share register of the corporation will remain closed and the registration of the transfer of share(s) shall be suspended from 28.08.2009 to 11.09.2009 (both days inclusive).

Cuttack,
Dt.19.08.2009

Sd/-
(R.N.Majhee)
Corporate Secretary

Notes:-

1. Copies of the Resolution appointing representatives of the shareholders (which are companies/Bodies Corporate) duly certified to be true copy by the Chairman of the meeting at which it was passed should reach the Head Office of the corporation on or before 01.09.2009.
2. Any proxy shall be executed in terms of Orissa State Financial Corporation (Voting rights) Rules, 2003 and shall be deposited at the Head office of the Corporation on or before 01.09.2009 along with the documents in compliance with Rule 7 of the said rules.



DIRECTORS' REPORT

The Board of Directors have the pleasure in presenting 52nd Annual Report on the functioning of the Corporation together with the audited statement of accounts for the year ended 31st March 2009.

OSFC : ITS RELEVANCE & PERFORMANCE

OSFC has nurtured Industrialization in the State for more than five decades & has fulfilled some of the critical socioeconomic obligations of State like generation of employment opportunities, removal of poverty & bridging regional imbalances and also contributed to national economy by forex earnings through mineral, marine & handicraft export.

The performance of the Corporation in the key operational areas of sanction and disbursement since inception aggregated to Rs.1305.33 crore and Rs.1305.12 crore respectively to 28207 units. The total cumulative recovery of the Corporation as on 31.03.09 stood at Rs.1805.10 crore.

The cost of borrowing and lending of the Corporation are comparatively high in comparison to other Financial Institutions and Commercial Banks. The Non Performing Assets (NPA) of the Corporation has gone up in recent years. This is due to non-creation of new loan portfolio, major chunk of the investment to first generation entrepreneurs having low equity base, low profitability of the assisted units, high interest rate, inadequate and untimely sanction of working capital by the Commercial Banks followed by repeated natural calamities in the recent past. The embargo on fresh investment of the Corporation continued year after year, as a result of which the Corporation has failed to achieve qualitative loan portfolio. The MoU with SIDBI is going to be signed to avail SME line of credit at a comparatively low rate, which is market competitive.

During the year under review, the principal collected has increased to Rs.32.50 crore against Rs.29.90 crore in the previous year registering a growth of 8.70%. The interest income increased from Rs.17.08 crore during 2007-08 to Rs.19.24 crore during 2008-09 registering a growth of 12.65% over the previous year. The interest income during the year includes the accrued interest of Rs.1.27 crore on standard assets added as per the accrual system of accounting adopted by the Corporation in the year 2008-09.

PROSPECT OF OSFC

During the past few decades the crucial role played by OSFC in providing financial assistance to first generation entrepreneurs in decentralized sector, an activity which no other financial institution had under taken. In Orissa the commercial Banks having free access to cheap public deposits have not invested up to the desired level in these risky areas in comparison to deposits received.

In the post liberalization & globalization scenario, the relevance of OSFC is discussed in the line of profitability leaving aside the contribution of OSFC to the State as well as to national economy. The percentage of net NPAs to net loan and advances stood at 95%. In the past OSFC raised high cost fund to repay low cost borrowing on maturity and fell in to debt trap. The lending activities of OSFC declined progressively and ultimately stopped since 2004. Its cumulative loss amounted to Rs.377.74 crore. It is worthwhile to mention that the net-worth has grown from (-) Rs.7.95 crore to Rs.8.03 crore and capital adequacy has become 7.60 % from (-) 0.80 %.



Recently the State Government has realized the importance of OSFC for development of MSME sector in the State & is trying to revive it. Without the development of MSME sectors, the desired economic growth of the State can not be achieved & therefore apart from focusing on large & Mega projects, efforts are being made by the State Govt. to develop MSME sectors in the State & after revival, OSFC can take up this challenging job once again. With the upcoming of several Mega Projects in the State, there is ample scope for further investment in ancillary/ down stream industry. In addition, the Corporation is giving priority for revival of potentially viable sick units.

RESTRUCTURING OF OSFC

Knowing very well the serious financial crisis of OSFC and anticipating its undeserved extinction, an inter departmental committee was set up by the State Govt. in January 2003 to examine the pros and cons of restructuring of OSFC. The Committee selected UTI Bank Ltd, as consultant for developing a restructuring package for revival of OSFC. After examining all aspects, the UTI Bank Ltd. furnished the report by the end of March 2004.

The restructuring package was placed & approved by Board of OSFC. SIDBI and IDBI have also approved the package. The financial & organizational restructuring of the Corporation have also got approval of State cabinet during December'06 and February'09.

PROGRESS OF APPROVED RESTRUCTURING PACKAGE OF OSFC.

ORGANIZATION RESTRUCTURING

- ❑ Staff strength has been reduced from 914 to 299 by introduction of suitable VR/VS Scheme. 588 nos. of employees have availed voluntary retirement under VR/VS Scheme declared by the Corporation from time to time. The State Government has provided Rs.15.25 crore as assistance for payment of voluntary retirement benefit.

DEBT. RESTRUCTURING.

- ❑ IDBI Refinance has been settled at Principal Outstanding only and fully repaid with waiver of interest outstanding of Rs. 21.05 crore.
- ❑ Share Capital of Rs. 38.89 Crore held by IDBI has been transferred to SIDBI with notification by the Central Government U/s 4 (H) of SFCs (Amendment) Act, 2000.
- ❑ SIDBI has waived 50 % of interest dues up to 30.09.05 (Rs.48.09 crore) and funded the balance interest of Rs. 48.09 Crore at 0% interest.
- ❑ Interest on SIDBI outstanding reduced to 8% per annum from average cost of 12.20 %. Agreed to further reduce it to 7.5% per annum on signing of MoU with SIDBI by the State Govt. & OSFC.
- ❑ Outstanding refinance rephased / rescheduled is being repaid in monthly installment @ Rs.1.25 Crore per month. In addition, interest dues are also being paid on monthly basis @ Rs.1.25 Crore per month as per agreed terms on the restructuring of SIDBI Refinance dues. OSFC is regular in paying SIDBI dues in time. Principal Outstanding of SIDBI as on 31.03.09 stood at Rs.144.65 crore.
- ❑ Government has infused of Rs.254.00 crore towards settlement of SLR Bonds under OTS as per approved Restructuring Package. Bond liabilities to the extent of only Rs. 0.90 crore are remaining for settlement. Persuasion is being taken for early settlement of Bonds.



FINANCIAL RESTRUCTURING

- ❑ Authorized Share Capital has been raised to Rs.500 crore from Rs.100 crore by the Government.
- ❑ Government has converted Rs 40.21crore (LoanRs19.76, LISC Rs.6.23 & Subvention (Rs14.22) to Share Capital.
- ❑ Government has waived Rs.49.39 crore (Guarantee Commission to the extent of Rs 5.59 crore, interest on Loan in lieu of share capital Rs.9.64 crore, Dividend Rs.10.69 crore, interest on loan Rs.23.46 crore).
- ❑ State Cabinet has approved to convert Rs 254.00 crore to share capital and waive interest of Rs.48.97 crore for which necessary notification from Government is awaited.
- ❑ Government has funded Rs15.25 crore for VRS/VSS.
- ❑ The Govt. has already agreed to allow resumption of investment subject to signing of MoU with SIDBI. Negotiation to that effect is going on.

FUTURE PLAN

- ❑ OSFC has already framed new credit policy in line with suggestion of SIDBI and subsequently approved by the State Government.
- ❑ New credit risk module is kept in place to ensure safe investment.
- ❑ Existing standard accounts, fully repaid units have been identified for fresh investment.

PROFITABILITY

(i) NET PROFIT

The Corporation's net profit during the year 2008-09 stood at Rs.2.71 crore as against net profit of Rs.2.55 crore during 2007-08 reflecting the marginal growth of 6.27 %. The increase in net profit during the year is driven by increase in interest income.

(ii) NET WORTH

The net worth of the Corporation has become positive and stood at Rs.7.94 crore as on 31.03.09 compared to negative net worth of Rs. (-) 17.92 crore as on 31.3.08 and thereby recording a growth of 144.31 %. The growth in net worth during the year is attributable to the increase in equity contribution of Government of Orissa & net profit earned by the Corporation during the year.

(iii) CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio has also become positive and stood at 7.60% as on 31.03.09 compared to (-) 0.80% as on 31.03.08 against the benchmark of 9 % set by SIDBI.

FINANCIAL PERFORMANCE

■ INCOME & EXPENDITURE

The Gross income earned by the Corporation during 2008-09 amounted to Rs.23.28 crore comprising of interests on loan and advance of Rs.20.28 crore which includes interest accrued on standard loan amounting



to Rs. 1.27 crore and excludes interest income of Rs.0.23 crore on agency loan and other income of Rs.3.00 crore as against Rs. 26.07 crore in 2007-08 registering declines of 10.70%. The personnel and administrative expenses, which were Rs.7.45 crore in 2007-08 has gone up to Rs. 8.30 crore during 2008-09, registering a growth of 11.40%. During the year the Corporation switched over from Cash System of Accounting to Accrual System of Accounting as per SIDBI guidelines. Interest income during the year includes interest accrued but not due up to 31.03.09 on standard assets and staff advances. The financial expenses includes accrued interest on all borrowing not due for payment but accounted for while personnel and administrative expenses includes the expenses for full year chargeable under cash system and all expenses due up to 31.03.09. From the F.Y.2008-09, the Corporation has also changed the method and policy of charging depreciation as per guidelines of SIDBI i.e. changed from charging at the rate as per I.T. Rules 1962 to the rate as per provisions of Indian Companies Act, 1956. Thus due to change in the method of Accounting from cash to accrual system and the change in depreciation policy the total income for the year has reduced to Rs.23.28 crore (previous year Rs.26.07 crore) while total expenses has also reduced to Rs.21.40 crore (previous year Rs.24.86 crore).

■ **ENHANCED CAPITAL BASE**

Recognizing the proactive role of the Corporation in the development of SME Sector and to strengthen the capital base of the Corporation the Government of Orissa has extended its helping hand to the Corporation by way of infusion of additional capital. During the year the Corporation received Share Capital contribution of Rs.23.16 crore from Government.

FEE BASED BUSINESS ACTIVITIES.

In the Business plan of the Corporation for 08-09, emphasis is given to diversify the business activities to non-fund based area through better deployment of its existing human capital and to recognize additional income from the new activities to improve the viability of the Corporation. The Corporation has decided to take up the following fee based activities from the current financial year and to explore new avenues on a continuous manner.

- Marketing of Insurance products.(Life & General)
- Valuation of assets.
- Preparation of Project Profile.
- Advisory services to MSME Sector.

■ **Marketing of Insurance Product:**

The Corporation with a view to augment fee based income had tied up with M/s HDFC Standard Life Insurance Company and M/s ICICI Lombard General Insurance Company to market both Life Insurance and General Insurance products to its borrowers and others on commission basis. Strategy has been drawn up to boost up the business from the new activities, which would be complementary to the core activities in future.

■ **Valuation of assets:**

The Corporation, leveraging its rich experience with the pool of technocrat from various disciplines, is providing asset valuation service at a reasonable fee. Therefore, the Corporation is taking up valuation of the asset at a pre-determined fee structure.



■ **Preparation of Project Profile:**

The Corporation is in the business of Project Identification, Loan appraisal, Monitoring, Follow-up activities for the last five decades. It has successfully achieved its goal for the industrialization of the State. The manpower available with the Corporation is well versed with the finer minutes of loan management to MSMEs. Therefore, OSFC took up the responsibility of preparation of the project profile for MSMEs at an affordable fee. During the current year, the Corporation received encouraging response from perspective entrepreneurs for preparation of project Profiles of various products and process. The Corporation has been able to accomplish the job to the best satisfaction of the customers.

■ **Advisory Services:**

During the year, the Corporation was empanelled as category-II 'Udyami Mitra' under 'Rajiv Gandhi Udyami Mitra Yojana' under the Ministry of MSME, Govt. of India for extending hand holding services to 1st generation entrepreneurs. With the professionally trained persons available, the Corporation is poised to take up various advisory services to SME sector.

OPERATIONAL REVIEW:

SANCTION

The Corporation during F.Y.2008-09 engaged its entire manpower in Recovery in order to reduce its high level of NPA portfolio as well as to build up its resource mobilization up to a desired level. The cumulative sanction as on dt. 31.03.09 stood at Rs.1305.33 crore.

DISBURSEMENT

The cumulative disbursement as on 31st March 2009 stood at Rs.1305.12 crore to 28207 units.

RECOVERY

Recovery of the loan dues has become the thrust area of operation and has been given prime importance by the Corporation to achieve the twin objective of reduction of NPA as well as desired level of resource mobilization. Keeping an eye on these objectives, the Corporation had reactivated the existing system in the preceding years by decentralizing most of the activities for timely decision coupled with better NPA management. The annual recovery target has been distributed on monthly basis among the 17 branches basing on their loan portfolios and all the employees of the branch offices were involved in the process.

During the year the overall recovery of Rs.46.75 crore has become possible due to dedicated team spirit of the employees of the corporation, continuous monitoring by the management and more specifically due to introduction of Modified OTS 07 Schemes, in spite of prolonged industrial recession in the economy. A comprehensive OTS 2007 Policy was launched during F.Y.06-07. As on dt.31.03.09, the Corporation approved 1523 number of cases having outstanding amount of Rs.353.47 crore for a settlement amount of Rs.92.18 crore under OTS - 07 Scheme. During the year 08-09 under OTS -07 Scheme, the Corporation has approved 73 nos. of cases having outstanding amount of Rs. 40.30 crore for a settlement amount of Rs.6.82 crore. Similarly out of 73 nos. of HP loan, 56 cases have been approved under OTS for a settlement amount of Rs.4.10 crore. Further, 41 cases out of 57 nos. of STWC loan accounts have been approved under OTS for a settlement amount of Rs. 10.78 crore. During the year 392 nos. of loan accounts were settled under OTS and Rs.24.93 crore has been realized. The Corporation waived / sacrificed interest / penal interest amounting to Rs.49.26 crore and Principal of Rs.0.01 lakh for settling these accounts under OTS.



During the year, 9 nos. of DDAC and 88 nos. of BLDC meetings were held in which the Corporation had advertised for sale of assets in respect of 253 nos. of units. Out of these, 86 nos. of units could be sold for a total amount of Rs.7.08 crore (principal dues from these units amounted to Rs.17.61 crore). Against this sale only 64 cases could be materialized for Rs.5.26 crore (principal balance dues against these cases stands at Rs.12.55 crore as on 31.03.09). The Corporation could not yield the desired result on this front due to continuous industrial recession, deterioration in the value of security and obsolescence of technology. Moreover, there is lack of interest on the part of the prospective buyers to purchase seized assets taken over U/s. 29 of the State Financial Corporations Act, 1951 due to huge arrears dues and other statutory liabilities.

The recovery particulars of the year are shown in **Table- 1**.

TABLE - 1		Rs. in crore			
		Principal	Interest	Others	Total
1	Term Loan	27.19	9.44		36.63
2	Flood /Cyclone Loan	1.43	1.33		2.76
3	Soft Loan	0.02	-		0.02
4	Funded Interest Term Loan (FITL)	0.70	0.81		1.51
5	Funded Capital Loan (FCL)	-	0.69		0.69
6	Short Term Working Capital Loan (STWC)	1.77	0.21		1.98
7	Working Capital Loan (WCL)	0.27	0.01		0.28
8	Hire Purchase Loan (H.P.Loan)	0.13	1.16		1.29
9	L.I.S./Marketing Loan/,Bridge Loan/ M.M for W.C	0.27	5.36		5.63
10	Agency operation Loan	0.72	0.23		0.95
11	Unadjusted Recovery through OTS/ Seizure & Sale*	-	-	(-) 5.17	(-) 5.17
	Total	32.50	19.24	(-) 5.17	46.57

* Excludes Rs. 5.17 crore (Advance against OTS Rs. (-) 8.02 cr., Repayment Rs. (-) 0.34 cr. SDDP Rs.2.29 cr., others Rs.0.90 cr.).

The percentage of net demand to loan outstanding (Principal) is 37.96 % and the percentage of amount collected to recoverable is 5.13 %. The Corporation has therefore, decided to streamline its procedures further and also to adopt new strategies for the purpose of making improvement on the recovery front.



The position of recovery for the year is given in **Table-2**.

TABLE-2			Rs. In crore
Particulars	Principal	Interest	Total
Outstanding default in the beginning of the year	383.92	1798.15	2182.07
FITL as on 01.04.08	-	42.33	42.33
Sub Total	383.92	1840.48	2224.40
Current demand during the year	7.51	366.89	374.40
Gross Total	391.43	2207.37	2598.80
Less i) Waiver through deferment / OTS	-	49.26	49.26 *
ii) Recovery (Normal)	25.34	20.28	45.62
Gross Demand	366.09	2137.83	2503.92
Add/less for adjustment arising out of reconciliation	-	51.27	51.27
Total	366.09	2086.56	2452.65
Less Prin./ Interest on account of loss assets & doubtful assets (iii)	213.14	1350.48	1563.62
Net Demand as on 31.03.09	152.95	736.08	889.03
Closing outstanding as on 31.03.09	402.96	2086.56**	2489.52
Percentage of recovery against net demand (Pri.)			16.57
Percentage of recovery against net demand (Int.)			2.76
Percentage of recovery from recoverable			5.13
Percentage of net demand to loan O/s (Pri.)			37.96

* It excludes recovery from agency operation of Rs.0.95 crore.

** Interest outstanding of Rs.2086.56 crore includes FITL outstanding of Rs. 39.33 crore as on 31.03.09.

SEIZURE AND SALE

The position regarding seizure of units under section 29 of the SFCs Act and their disposal during 2008-09 is given in **Table-3**.

TABLE - 3		Rs. in Crore	
Particulars (U/s 29) 2008- 09	No.	O/s Amt.	
		Pri.	Total
Cases pending for disposal at the beginning of the year	670	63.28	347.73
Cases taken over u/s 29 during the year	132	12.16	84.31
Total	802	75.44	432.04
Cases disposed through DDAC & BLDC (sale price Rs.7.36 Cr.)	109	13.24	70.21
Cases released to original loanee	61	6.69	23.11
Total	170	19.93	93.32
Cases pending for disposal at the end of the year	632	55.51	338.72



During the year, the Corporation took over 132 units U/s 29 involving arrears of Rs.84.31 crore (Pri.Rs.12.16 crore) similarly, 170 cases were disposed off involving an outstanding amount of Rs.93.32 crore (Pri. Rs.19.93 crore).

■ COURT CASES

The position regarding section 29 cases is given in **Table-4**.

TABLE -4	Rs. In crore	
	Outstanding	
Particulars	No.	Amt.
Pending at the beginning of the year	257	76.80
Filed during the year	49	30.61
Disposed of during the year	107	47.50
Pending for disposal at the end of the year	199	59.91

The Corporation usually takes recourse to section 31 when application of section 29 still leaves an unrealized amount against a unit's total outstanding or when for some reason or the other it is not possible for the Corporation to take action under section 29. Besides, the Corporation for recovery of its dues has filed cases under section 31 of SFCs Act and before DRT. Details in respect of cases filed by the Corporation under section 31 of the SFCs Act are given in **Table -5**.

TABLE -5	Rs. In crore	
Particulars (u/s 31)	No.	Amt.
Pending at the beginning of the year	745	64.48
Filed during the year	21	49.73
Disposed of during the year	11	4.75
Pending for disposal at the end of the year	755	109.46

FOLLOW-UP

Follow-up of the project is done with the twin objectives of ensuring their timely completion and monitoring their post-implementation performance. For projects under implementation, the progress is ascertained during the inspection for valuation. The promoters are advised to take necessary steps for timely completion of the project in order to avoid time and cost overrun. So also, periodical inspections are conducted after the projects are commissioned in order to ascertain the health of the enterprise and to ensure timely repayment. Cases of incipient sickness are detected while conducting follow up inspections and the Corporation is taking up prompt remedial measures in close coordination with bankers for smooth running of enterprise.



■ REVIVAL OF SICK UNITS

The detailed position regarding identification and rehabilitation of sick industries is given in **Table - 6**.

TABLE - 6		
Particulars	As on 31.03.2008	As on 31.03.2009
Identified as sick	1690	1690
Viability study completed	1683	1683
Prima-facie not viable including cases approved under OTS	1016	1016
Rehabilitation package approved		
- with additional loan	322	322
- without additional loan	345	345
Cases under study	7	7
Modernization Package Sanctioned	27	27

AUTHORISED AND PAID-UP SHARE CAPITAL

The authorized share capital of the Corporation has been enhanced from Rs.100 crore to Rs. 500 crore. The State Govt. has agreed to convert LISC outstanding of Rs. 6.22 crore to share capital and proposal has been submitted to SIDBI for conversion of balance outstanding loan in lieu of share capital of Rs.6.23 crore to share capital.

The position of share capital and loan in lieu of share capital is indicated in **Table-7**

Particulars	Rs. in Crore	
	As at 31.03.2008	As at 31.03.2009
Issued		
- Ordinary	96.00	136.00
- Special	4.00	4.00
- Preference	-	260.00
Total	100.00	400.00
Subscribed and paid-up		
- Fully allotted (Ordinary)	84.57	84.57
- Fully allotted (Special)	3.00	3.00
- pending for allotment	271.05	294.20
Total	358.62	381.77
Loan in lieu of Share Capital(SIDBI)	6.23	6.23
Sub Total	6.23	6.23
Grand Total	364.85	388.00



RESOURCE MANAGEMENT

Apart from opening cash balances, the Corporation mobilized Rs.80.38 crore from major sources during 2008-09 as against Rs.99.89 crore in the previous year. The details of resource mobilization during the year are indicated in **Table-8**.

Particulars	2007-08	2008-09
Increase in paid-up capital pending allotment		
- State Govt.	-	23.16
- SIDBI	-	-
Sub-total	-	23.16
Refinance	-	-
- SIDBI	-	-
Sub-total	-	-
Bonds	-	-
Recovery (Net)	64.78	46.57
Borrowing from RBI	-	-
State Govt. loan	18.74	-
Others	16.37	10.65
Total	99.89	80.38

The overall sources and uses of funds during the year are given in **Table -9**.

Sources	2008-09	Uses	2008-09
Opening Cash/Bank	34.32	Disbursement	-
SIDBI refinance	-	SIDBI repayment (Prin.)	15.00
Bonds (SLR)	-	Repayment of Bonds (Prin.)	26.07
S.I.S.	4.12	S.I.S.	3.73
Recovery	51.74 *	Int. & Other charges paid	12.77
Subvention	-	Admn. Exp.	8.63
Share money deposits Pending allotment from State Govt.	23.16	Interest & Expenditure made for prior years	10.95
State Govt. loan	-	Repayment of Govt. loan	-
Others	6.53	Other cash outgo - Loanee	5.17
		Others	4.04
		Closing balance	33.51
Total	119.87	Total	119.87

* Include Rs. 5.17 cr. i.e. (Advance against OTS Rs. (-) 8.02 cr., Rephasement Rs. (-) 0.34 cr. SDDP Rs.2.29 cr., & others Rs.0.90 cr.).



PROFIT & LOSS POSITION

The Corporation has earned net profit consecutively for the 4th years and the net profit for the year under report is Rs.2.71 crore. The interest income increased by 19.65% i.e (Rs.16.95 crore during the previous year to Rs.20.28 crore this year). Non-interest income decreased by 31.03 % i.e. by Rs.1.35 crore (from Rs.4.35 crore during previous fiscal to Rs.3.00 crore this year). Personnel expenses have been increased from Rs.6.58 crore in 2007-08 to Rs.7.39 crore in 2008-09 i.e. raised marginally by Rs. 0.81 crore due to payment of regular increments in salary and allowances. Other expenses increased by 2.30 % i.e. by Rs.0.04 crore (from Rs.0.87 crore during 2007-08 to Rs.0.91 crore in 2008-09). Increases in expenses are due to adoption of mercantile system of accounting.

K.Y.C NORMS

SIDBI has circulated policy guidelines on Know Your Customer (KYC) norms and Anti Money Laundering (AML) standard compiled on the basis of RBI guidelines issued to commercial banks, for compliance by SFCs. The guidelines were issued with the aim to develop and evolve a robust system to prevent abuse of financial institutions as conduit for money laundering and align SFCs operations with the standards and practices being followed by other players in the industry for combating financing of terrorism. The Corporation is taking steps for implementation and adherence of these guidelines.

COMMITTEES

The Committee approach for decision making was continued ensuring efficiency and transparency in working system. Committees set up for various purposes functioned well during the year. For better governance, the Corporation re-centralized the process of decision making with an appropriate delegation of power to committees namely Executive Committee (EC), Default Cum Disposal Advisory Committee (DDAC), Branch Level Disposal Committee (BLDC), One Time Settlement Advisory Committee (OTSAC) & Branch Level One Time Settlement Advisory Committee (BLOTSAC).

AUDIT COMMITTEE

The Corporation has a full-fledged Audit Committee with Sri A.K.K.Meena, IAS (Ex. M.D. IPICOL) Director as its Chairman. During the F.Y.2008-09, the committee met once on 05.09.08 and reviewed Action Taken Report on Internal Audit observations, Annual Accounts including Profit & Loss Account and Balance Sheet for F.Y. 2007-08.C & AG report of 2006-07 and compliance there of.

RISK MANAGEMENT COMMITTEE

The Corporation has developed two in-house credit risk rating modules in order to improve the quality of in-house credit appraisal and to mitigate credit risk. One module is for term loans (new units) and the other one is for additional term loan for existing projects in lines with other SFCs credit rating modules.

DEFAULT REVIEW COMMITTEE / MANAGEMENT OF NPAs

One of the important functions of Recovery is managing the Non Performing Assets (NPAs). Appropriate and



timely action is of utmost importance in reducing NPAs. The Corporation has introduced performance benchmarks for various areas of recovery which inter-alia includes month wise as well as quarter wise recovery target, assets wise collection, collection by sale of units and settlement through OTS etc. By stringent monitoring process, the Corporation has been able to arrest further deterioration in the assets base.

HUMAN RESOURCES

One of the key features for success of an organization is availability of highly skilled and committed human resources. The Corporation is bestowed with the professionals backed by rich experiences in their initiative coupled with the dedication and commitment in discharging duties by all employees have contributed for the efficiency growth increased performance and image of the Corporation. The Corporation had staff strength of 299 (including sub staff) comprising from various disciplines as on 31.03.09.

TRAINING

The Corporation has nominated three Officers for External Training Programme conducted by various reputed training institute like College of Agriculture & Banking, Pune, Gopabandhu Academy, Bhubaneswar to equip the Officers/staff to maintain high standard of customer service.

During the year training programme was conducted twice by the Insurance Companies for marketing of Life Insurance and General Insurance Products wherein seventy three officers/staff of the Corporation at various levels have participated.

ROAD AHEAD

The Corporation continued to operate in a highly competitive environment during the year under report. Lending operation is not in force since last 5 years due to embargo imposed by the State Government. The lending Policy has already been framed to explore the avenues of new business activities. The Corporation is aiming to capture considerable business in the ensuing year from the proven customers after the lifting of ban by the Government and signing of MoU with SIDBI.

In the coming year the Corporation will continue to work towards further improving operational and financial parameters, reduction of NPAs and overall improvement in profitability with the continued support from Government of Orissa, SIDBI, Committed Management and dedicated services of the Staff, the Corporation will turn around in F.Y. 2009-10.



ASSET CLASSIFICATION & PROVISIONING THEREOF

The assets classification and provisioning thereof is made as follows:

(Rs. in Crore)

Asset Category	Outstanding Loans		Rate of Provisions		Provision (Loan)		Net Assets (Loan) Outstanding	
	As on 31.03.09	As on 31.03.08	Current Year	Previous Year	As on 31.03.09	As on 31.03.08	As on 31.03.09	As on 31.03.08
Standard								
Direct Loan	7.00	10.77	0.25%	0.25%	0.02			
Personal Loan	0.25	0.24	2%	2%	0.01			
Housing Loan	0.65	0.59	0.40%	0.40%				
	7.90	11.60			0.03	0.03	7.90	11.60
Sub Standard	23.96	33.21	10%	10%	2.40	3.32	21.56	29.89
Doubtful - I	47.39	54.93	20%	20%	9.48	10.49	37.91	43.94
Doubtful - II	111.95	97.46	30%	30%	33.58	29.24	78.37	68.22
Doubtful - III	63.69	78.72	100%	100%	63.69	78.72		-
Loss	149.45	159.23	100%	100%	149.45	159.23		-
Total	404.34	435.15			258.63	281.53	145.74	153.65
Deferred Provisioning						(11.07)		11.07
Net Outstanding	404.34	435.15			258.63	270.46	145.74	164.72

- Standard Assets as on 31.03.09 includes Rs.0.65 Cr. representing House Building Advance to employees disclosed under Advance to Employees - Other Assets - Schedule M.
- Loan outstanding and Net Assets as on 31.03.09 includes Principal + Other Charges.
- AS per RBI/ SIDBI norms, no netting required for provision for standard assets.

Provisioning has been made in conformity with prudential requirement. There is 6.14 % decrease in loss assets (reduced from Rs.159.23 crore as on 31.03.08 to Rs.149.45 crore as on 31.03.09) and decrease in doubtful assets by 3.50 % (decreased from Rs.231.11 crore as on 31.03.08 to Rs.223.03 crore as on 31.03.09). Similarly the standard asset has been decreased by 31.90 % and substandard category decreased to the extent of 27.85 % due to re-classification of assets as on 31.03.09 basing on recovery & Accounts position. There is deterioration in asset quality on discontinuation of investment since last four years. Total required provisioning as on 31.03.2009 has been assessed & estimated at Rs.258.63 Cr.

AUDIT

INTERNAL AUDIT

The Internal Audit and Inspection Department of the Corporation has focused its attention mainly on review and evaluations of NPA accounts of the loan portfolio and suggested remedial measures for boosting up recovery and up-gradation of the status of NPA accounts. The audit department acts as a tool in the hands of the management



to assess and provide meaningful feedback on the achievement of specified goal and corporate objectives by adhering to the pre-determined policies and procedures. It acts as a significant constituent of the corporate governance mechanism. Over and above, Internal Audit conducts verification of loan accounts settled under various OTS Schemes on random basis and finding thereon are incorporated in the audit report. In addition, to new segments namely "Critical Observation" and "Internal Control Lapses" have been included. The former segment analyses and highlights critical issues, which need to be brought to the notice of Management whereas the later segment points out lapses in key function areas, resulting in leakage of revenue. During the current year, the Internal Audit and Inspection Department has covered 13 Branches. The internal audit reports were placed to the audit committee and submitted 16 Reports covering operational and accounting aspects. The Management has already initiated necessary action on the observation made in the audit reports.

The position of audit conducted and reports submitted during the year is given below:

1	No. of reports pending for submission at the beginning of the year	4
2	No. of audits completed during the year	13
3	No. of audit reports submitted during the year	16
4	No. of audit reports pending for submission at the end of the year	1

■ STATUTORY AUDIT

The Corporation appointed M/s. Rajesh Kumar Jhunhunwalla & Company, Chartered Accountants, Bangalisahi, Cuttack as Statutory Auditor in the Annual General Meeting held on 30.09.2008 to conduct the Audit of the Books of Accounts of the Corporation for F.Y.2008-09 basing on the recommendation of the Reserve Bank of India Under Section 37 (1) of SFC Act. The auditors have completed the Statutory Audit for the F.Y. 2008-09.

■ A.G.AUDIT

Each year C & A.G. of India has been conducting audit of the Corporation under section 37 (6) of SFCs Act, 1951. Audit report of the C & AG of India on the accounts of the Corporation needs to be placed before the Legislative Assembly of the State along with the Annual Accounts and Auditor's Report U/s 37 (7) of SFCs Act. Basing on the observation of Audit Report of C & AG, Industries Deptt. of Govt. of Orissa has advised the Corporation to include the available report of C & AG in the Annual Report of the Corporation separately. Accordingly, the audit report of C & AG in respect of FY 2007-08 with compliance thereof is appended separately in this report.

COMPUTERISATION

Today employees of the Corporation are computer savvy and able to handle the day to day work of the Corporation using computer. The Computer Section of the Corporation is also taking care to update the computer Knowledge and skill of the employees by circulating brief write ups on various aspect of IT and imparting in-house training from time to time. The Corporation has plan to replace the existing age old Application Software with a web enabled interactive Application Software or ERP (Enterprise Resource Planning) software of reputed software firm for anywhere, anytime access to the central database of the Corporation by entrepreneurs, executives and employees for transparency and better service to customer with an objective to process centrally and service at doorstep.



ORGANISATIONAL RE-ENGINEERING

The internal re-structuring measures like Budgetary Control System, Austerity Measures, and Reduction in Personnel expenses were initiated. The corporate target fixed for the year was distributed among the branches, which were further sub-divided among the individual officer and staff working in the branches.

GRIEVANCE REDRESSAL CELL

In order to expedite quick redressal of the grievance petitions/representations received from the entrepreneurs, a Grievance Cell at the Corporate Office is functioning. During the year, the cell has received 26 nos. grievance petitions and disposed of 12 cases including the cases of previous year. Besides, the Cell is taking prompt action with regard to redressal of grievances published in various Newspapers relating to activities of O.S.F.C.

RIGHT TO INFORMATION CELL

The Corporation following the operational guidelines of Orissa Right to Information Rules, 2005, has implemented Right to Information Act 2005. In accordance to the said Act & Rules, the Corporation has appointed Public Information Officer, Asst. Public Information Officer and Appellate Authority at its Head Office. In addition, one Public Information Officer and one Appellate Authority for each Branch Office has also been appointed to enable the Citizen to secure access to information under the control of the Organization. With a view to promote transparency and accountability, necessary information for public has been placed in the web site of the Corporation, which are being up-dated in regular interval. Names of the Appellate Authority and Public Information Officers and Asst. Public Information Officer stationed at Head Office and 17 nos. of Public Information Officers along with equal nos. of Appellate Authority stationed at Branch offices have been notified. During the year, 101 nos. of applications have been received, out of which 64 applications have been disposed of and 21 nos. of cases rejected, leaving 16 applications as pending. All the appeals received have also been disposed of within the stipulated period.

CORPORATE GOVERNANCE

The Corporation is committed to upholding high level of ethical standard of Corporate Governance in all its operations. The effective implementation of the philosophy of the Corporate Governance depends upon adoption of the cardinal principles which inter-alia include independence, credibility, accountability, responsibility, transparency, fair and timely decision making etc. The Board of the Corporation is constituted as per the provisions of SFCs (Amendment) Act, 2000. The directors on the Board are professionally qualified having vast experience in the areas of banking and Industry. The Board of Directors meets regularly, provides effective leadership, and monitors executive performance and review management policies. During the year, the Board adopted a calendar of review, which enable flow of critical information to the Board periodically. Various aspects like investment policy, OTS Policy, Recovery Policy, Annual Business Plan, cash flow statements, overall assessment of financial position, actual performance vis-à-vis target in key result areas, Status of NPAs etc. were periodically reviewed and appropriate policy directives were given by the Board during the year under report, which helped the Corporation in many ways during the year under review.



BOARD OF DIRECTORS

1. **Chairman :**

Sri P.R.Das, Ex-Executive Director of SIDBI has been nominated as a non-official Chairman of the Corporation and assumes the charge of Chairman, OSFC from 02.07.08 in place of Sri Chinmoy Basu, IAS.

2. **Managing Director :**

Sri K.N.Khatai, IAS was appointed as the Managing Director of the Corporation by the Government of Orissa w.e.f. 31.01.08. He continued as the Managing Director during the year 2008-09.

3. **Board of Directors :**

The Corporation is managed by a Board of Directors constituted under Section-10 of the SFC's (Amendment) Act.2000.

The Board of Directors places on record high appreciation of the valuable services and acknowledged the contribution made by Sri Chinmoy Basu, IAS. The Board also expressed its deep appreciation to the outgoing Directors Shri S. Mohanty, Sr. Divisional Manager, LIC of India, Cuttack Division, Cuttack.

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its gratitude to the Government of Orissa in the Departments of Industries, Finance and Public Enterprises for their continuous support and guidance. The Board also wishes to express its gratitude to RBI, IDBI, SIDBI and Banks for their continuous support for OTS/restructuring of institutional dues.

The Board also places on record its appreciation for the co-operation and encouragement received from the Directorate of Industries, Industrial Promotion and Investment Corporation of Orissa Ltd., Orissa Industrial Infrastructure Development Corporation, Orissa Small Industries Corporation, District Industries Centers, Life Insurance Corporation of India, State Bank of India and other Scheduled Commercial Banks.

The Board also expresses its gratitude to the Shareholders of the Corporation for their confidence and support reposed in the Corporation.

The Board of Directors avail themselves of the opportunity to thank the entrepreneurs for their contribution to the industrial growth of Orissa. The Board takes this opportunity to convey their appreciation for commitment, hard work, dedicated efforts and positive energy put by the Managing Director, officers and staff of the Corporation in the overall development of the Corporation and look forward to their continued support and co-operation in future.

Sd/-

Managing Director



Statement of Accounts



RAJESH K. JHUNJHUNWALA & CO.

CHARTERED ACCOUNTANTS

HEAD OFFICE

BANGALISAHI, CUTTACK -753 009

Phone : (0671) 2617528

E-mail: rkjcuttack@yahoo.co.in

To

The Shareholders,
Orissa State Financial Corporation,
Cuttack-753 003

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of Orissa State Financial Corporation as at 31st March 2009 and the Profit and Loss Account annexed thereto for the year ended on that date in accordance with the provisions of section 37 of the State Financial Corporations Act, 1951 as amended by SFCs (Amendment) Act, 2000.
2. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

On the basis of our audit and subject to our observation/ comments as mentioned in point no.8 below, we report that:

4. We have obtained all the information and explanations both from Head Office and Branches which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
5. In our opinion, proper books of accounts have been kept by the Corporation so far as it appears from our examination of those books .
6. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
7. In our opinion, the Balance Sheet and Profit and Loss Account are in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India.



RAJESH K. JHUNJHUNWALA & CO.

CHARTERED ACCOUNTANTS

HEAD OFFICE

BANGALISAHI, CUTTACK -753 009

Phone : (0671) 2617528

E-mail: rkjcuttack@yahoo.co.in

8. The following are our observations/ comments :
- i) With reference to Note No.9.1, fixed assets also include those assets where ownership is yet to be transferred to the Corporation in view of the restraint order from different courts.
 - ii) During the year the Corporation has strengthened its internal audit system through its own Internal Audit Department by covering more branches under the scope of Internal Audit.
 - iii) With reference to clause No.1.2 of Schedule-U i.e. significant accounting policies the Corporation has changed its method of accounting from cash basis to mercantile basis w.e.f. 01.04.2008. The effect of change in accounting policy is charged to profit and loss account as per detail given in Schedule-T and Clause -1.2 of Schedule-U and 12 of Schedule-V.
9. In our opinion and to the best to our information and according to the explanations given to us, the said accounts of the Corporation read with the Schedule and above observations give the information required by the State Financial Corporation Act, 1951 as amended by the State Financial Corporation (Amendment) Act, 2000 and are properly drawn up in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i) In the case of said Balance Sheet, of the State of Affairs of the Corporation as at 31st March, 2009.
 - ii) In the case of Profit and Loss Account, the profit for the year ended on that date.
 - iii) The Cash Flow statement gives a true and fair view of the cash flows for the year ended on that date.

Cuttack

Dated : 19th , August, 2009

**FOR RAJESH K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS**

Sd/-

**(RAJESH K. JHUNJHUNWALA, FCA DISA)
PARTNER, Membership No.055762**

BRANCHES: - NEW DELHI & KOLKATA



ORISSA STATE FINANCIAL CORPORATION
BALANCE SHEET AS ON 31st MARCH, 2009

Particulars	Schedule Ref.	As on 31st March 2009 (Rs.)	As on 31st March 2008 (Rs.)
CAPITAL AND LIABILITIES			
CAPITAL	A	3,81,77,80,400	3,58,61,55,400
Loan pending conversion to Share Capital	B	6,22,50,012	6,22,50,012
Reserves and Surplus	C	23,43,07,071	22,90,77,937
Bonds and Debentures	D	1,25,68,000	26,97,50,000
Deposits	E	15,25,859	18,73,683
Borrowings	F	2,00,69,63,520	2,19,42,47,894
Other Liabilities and Provisions	G	96,18,86,167	104,04,38,800
TOTAL		7,09,72,81,029	7,38,37,93,726
ASSETS			
Cash and Bank Balances	I	33,51,46,710	34,31,68,099
Investments	J	3	3
Loans and Advances(Net of provisioning for NPA)	K	1,45,09,38,797	1,64,11,91,686
Fixed Assets	L	22,23,09,541	22,52,83,090
Other Assets	M	1,06,15,15,717	1,12,50,32,169
Dividend Deficit		25,53,24,955	25,53,24,955
Profit and Loss Appropriation Account		3,77,20,45,306	3,79,37,93,724
TOTAL		7,09,72,81,029	7,38,37,93,726

SIGNIFICANT ACCOUNTING POLICIES U

NOTES ON ACCOUNTS V

THE SCHEDULES REFERRED TO ABOVE FORM AN
INTEGRAL PART OF THE BALANCE SHEET

As per our Report of even date

For RAJESH K. JHUNJHUNWALA & CO.
Chartered Accountants

Sd/-
(P.C. MOHAPATRA)
J.G.M. (FINANCE)
OSFC

Sd/-
(K.N. KHATAI)
MANAGING DIRECTOR
OSFC

Sd/-
(HEMANT SHARMA)
DIRECTOR
OSFC

Sd/-
(RAJESH KUMAR JHUNJHUNWALA)
(PARTNER)



ORISSA STATE FINANCIAL CORPORATION
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

Particulars	Schedule Ref.	2008-09 (Current year) (Rs.)	2007-08 (Previous year) (Rs.)
INCOME (A)			
Income from Operations (Interest)	R	20,27,85,588	16,94,60,233
Other Incomes	S	2,99,77,310	4,34,75,788
Expenses Written Back		-	4,77,69,479
Total Income (A)		23,27,62,898	26,07,05,500
EXPENDITURES (B)			
Interest Expended	N	12,75,41,407	16,33,76,317
Other Financial Expenses	O	1,69,165	1,15,179
Personnel Expenses	P	7,39,48,367	6,58,10,630
Administrative Expenses	Q	91,05,512	87,18,757
Depreciation	L	32,83,582	68,83,266
Refund of VR Assistance to Govt.		-	3,680,833
Total Expenditure (B)		21,40,48,033	24,85,84,982
OPERATING PROFIT (C = A - B)		1,87,14,865	1,21,20,518
PROVISIONS (D)			
Provisions for NPAs / (Provision for NPA Added Back) Current Year (Rs.110739000 - Rs.228822855)		(11,80,83,855)	(1,35,26,936)
Provision against Standard Assets (Added back)		(89,000)	(55,000)
Total Provisions (D)		(11,81,72,855)	(1,35,81,936)
Profit / (Loss) before tax (C) - (D)		13,68,87,720	2,57,02,454
Less: Provision for Taxation/ Fringe Benefit Tax		2,48,806	1,87,920
Profit after Tax		13,66,38,914	2,55,14,534
Less: prior period expenditure over income (143885124 - 34431732)	T	10,94,53,392	-
Profit/(Loss) Carried to P & L Appropriation A/C		2,71,85,522	2,55,14,534

THE SCHEDULES REFERRED TO ABOVE FORM AN
INTEGRAL PART OF THE PROFIT AND LOSS ACCOUNT

As per our Report of even date

For **RAJESH K. JHUNJHUNWALA & CO.**
Chartered Accountants

Sd/-
(P.C. MOHAPATRA)
J.G.M. (FINANCE)
OSFC

Sd/-
(K.N. KHATAI)
MANAGING DIRECTOR
OSFC

Sd/-
(HEMANT SHARMA)
DIRECTOR
OSFC

Sd/-
(RAJESH KUMAR JHUNJHUNWALA)
(PARTNER)



ORISSA STATE FINANCIAL CORPORATION
PROFIT AND LOSS APPROPRIATION ACCOUNT
FOR THE YEAR ENDED 31st MARCH, 2009

Particulars	Schedule Ref.	2007-09 (Current year) (Rs.)	2006-08 (Previous year) (Rs.)
Balance as per last Balance Sheet - General Reserve/ (Accumulated Loss)		(3,79,37,93,724)	(3,80,91,02,444)
PROFIT / (LOSS) FOR THE YEAR AS PER PROFIT AND LOSS ACCOUNT		2,71,85,522	2,55,14,534
SPECIAL RESERVE (U/S 36(1) (viii) OF THE INCOME TAX ACT, 1961)		54,37,104	1,02,05,814
PROFIT TRANSFERRED TO GENERAL RESERVE/(ACCUMULATED LOSSES)		(3,77,20,45,306)	(3,79,37,93,724)

As per our Report of even date

For RAJESH K. JHUNJHUNWALA & CO.
Chartered Accountants

Sd/-
(P.C. MOHAPATRA)
J.G.M. (FINANCE)
OSFC

Sd/-
(K.N. KHATAI)
MANAGING DIRECTOR
OSFC

Sd/-
(HEMANT SHARMA)
DIRECTOR
OSFC

Sd/-
(RAJESH KUMAR JHUNJHUNWALA)
(PARTNER)



SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE A - SHARE CAPITAL

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
AUTHORISED 50000000 SHARES OF RS.100/- EACH	5000000000	5000000000
ISSUED	5000000000	5000000000
(A) 13600000 (9600000) ORDINARY SHARES OF RS.100/- EACH ISSUED U/S(4)(2) OF SFC's ACT, 1951	1360000000	960000000
(B) 400000 SPECIAL SHARES OF RS.100/- EACH ISSUED U/S 4-A OF SFC's ACT, 1951	40000000	40000000
(C) 26000000 Preference SHARES of Rs.100/- each issued U/S 4(2) of SFC's (Amendment) Act, 2000	2600000000	-
	4000000000	1000000000
SUBSCRIBED & PAID UP		
(A) 8457305 (8457305) ORDINARY SHARES OF RS.100/- EACH FULLY ALLOTTED, U/S 6(1) OF THE SFC's ACT 1951 AMENDED BY SFC's (AMENDMENT) ACT, 2000. (6120 share surrendered for retirement in pursuant to Sec-6(1) of SFC's (Amendment) Act,2000)	845730500	845730500
(B) 300000(300000) SPECIAL SHARES OF RS.100/- EACH FULLY ALLOTTED U/S(4) (A) OF THE SFC's ACT,1951 AS AMENDED BY SFC's(AMENDMENT) ACT, 2000	30000000	30000000
(C) SHARE DEPOSITS PENDING ALLOTMENT *	2942049900	2710424900
TOTAL:	3817780400	3586155400

* On completion of formalities share deposits will be allotted as share capital in favour of State Govt.



SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE B - LOAN PENDING CONVERSION TO SHARE CAPITAL

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
STATE GOVERNMENT		
(a) Loan in lieu of Share Capital	12	12
SMALL INDUSTRIES DEVELOPEMNT BANK OF INDIA (LISC)	62250000	62250000
TOTAL:	62250012	62250012

SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE C - RESERVES, FUNDS & SURPLUS

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
(A) DISTRIBUTABLE PROFITS		
1 GENERAL RESERVES (U/S 35 of SFC's ACT)	148000	148000
2 SPL. RESERVE (U/S 36(1) OF I.T.ACT,1961)	30051806	24822672
SUB TOTAL (A)	30199806	24970672
(B) NON DISTRIBUTABLE PROFITS		
i) SPECIAL RESERVE FUND (U/S 35-A OF SFC's ACT,1951)	3431872	3431872
ii) REVALUATION RESERVE	200675393	200675393
SUB TOTAL (B)	204107265	204107265
TOTAL (A+B)	234307071	229077937

SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE D - BONDS

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
(I) OSFC Bonds (Guaranteed by State Govt. U/S7(1) of SFC's Act.1951 AS AMENDED BY SFC's(AMENDMENT) ACT, 2000		
i. 37th series. (25000) nos 11% Bonds (20 years) of Rs.100/- Each redeemable on 23.06.2008	-	2500000



		As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
ii.	38th series. (7500) nos 11.5% Bonds (20 years)of Rs.100/- Each redeemable on 18.11.2008.	-	750000
iii.	40th series. (25000) nos11.5% Bonds(20 years) of Rs.100/- Each redeemable on 26.06.2009	-	2500000
iv.	41st series. 10000 (10000) 11.5% Bonds (20 years)of Rs.100/- Each redeemable on 27.10.2009	1000000	1000000
v.	43rd series. (25000) nos11.5% Bonds (20 years)of Rs.100/- Each redeemable on 03.07.2010	-	2500000
vi.	44th series. (25000) nos11.5% Bonds(20 years) of Rs.100/- Each redeemable on 14.11.2010	-	2500000
vii.	45th series. (50000) nos11.5% Bonds (20 years)of Rs.100/- Each redeemable on 13.02.2011	-	5000000
viii.	46th series. * 5000 (30000) nos. 11.5% Bonds(20 years) of Rs.100/- Each redeemable on 05.09.2011	500000	3000000
ix.	47th series. (10000) nos. 12.0% Bonds (20 years)of Rs.100/- Each redeemable on 08.01.2012	-	1000000
x.	62nd series. (1000000)nos. 12.30% Bonds(10 years) of Rs.100/- Each redeemable on 20.10.2008	-	100000000
xi.	63rd series. (310000)nos. 12.50% Bonds(10 years) of Rs.100/- Each redeemable on 18.02.2009	-	31000000



		As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
xii.	64th series. (100000)nos. 11.33% Bonds (10 years)of Rs.100/- Each redeemable on 27.06.2010	-	10000000
xiii.	65th series. (500000)nos. 10.82% Bonds(10 years) of Rs.100/- Each redeemable on 07.02.2011	-	50000000
xiv.	66th series. (300000)nos. 10.50% Bonds(10 years) of Rs.100/- Each redeemable on 28.03.2011	-	30000000
	Sub Total	1500000	241750000
(B)	Interest Accrued & Due on Bond	3568000	-
(C)	Bonds RedemptionAccrued & Due **	7500000	28000000
	Total (I) + (II)	12568000	269750000

* During the year total 1360000 nos. of Bonds worth Rs13.60 Crores covering all series (Sl. No. (iii) and Sl. No. (v) to (xiv) has been prematurely redeemed.

** Bond redemption Accrued & Due includes

Overdue of SLR Bond

13% 49th Series	Rs. 15.00 lacs
14.00% 57th Series	Rs. 50.00 lacs
12.50% 63rd Series	<u>Rs. 10.00 lacs</u>
	Rs. 75.00 Lacs



SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE E - DEPOSITS

Category	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
TERM DEPOSITS (U/S 8 OF THE SFC'S ACT 1951) AMENDED BY SFC's (AMENDMENT) ACT, 2000		
(i) Redemption accrued and due	1525859	1873683
Total	1525859	1873683

As per the RBI Guidelines the Corporation is not authorised to raise fresh deposits from public u/s 8 of SFCs Act, 1951 and accordingly acceptance of deposits has been discontinued from August'03.

Deposits are accrued and due for payment, pending for surrender of Deposit Receipts / instruments by concern depositors.

SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE F - BORROWINGS

Category	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
LONG-TERM BORROWINGS		
(A) REFINANCE (U/s 7(4) of SFC's Act, 1951 AS AMENDED BY SFC's (AMENDMENT) ACT, 2000		
i. From Small Industries Development Bank of India	1446465042	1596504864
*ii. 0% Funded Loan	480886698	480900000
iii. Interest Accrued & Due on Refinance	-	41900000
Sub Total	1927351740	2119304864
(B) INTEREST ACCRUED AND DUE (LISC)		
i. On Loan-in-lieu of Share Capital - SIDBI	79611780	74943030
Sub Total	79611780	74943030
TOTAL	2006963520	2194247894

* Interest Accrued on Refinance upto 30.09.2005 has been Funded by SIDBI to the extent of Rs.48.09 Crore as 0% Funded Loan to be repaid in phased manner.



SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE G - OTHER LIABILITIES AND CONTINGENT PROVISIONS

Category	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
A OTHER LIABILITIES		
I. SUNDRY DEPOSITS	556703137	612139897
II. AMOUNT REALISED FROM CREDIT GUARANTEE ORGANISATION	-	3396024
III. UNCLAIMED DIVIDEND	2340	2340
IV. EXCESS AMOUNT PAYABLE ON SALE OF MORTGAGED/ HYPOTHECATED ASSETS	16014239	15731863
V. STALE CHEQUES	99416	719316
VII. GRATUITY FUND	11300	11300
VIII. DIVIDEND PAYABLE	255324955	255324955
IX. LIABILITY FOR OTHER EXPENSES	664902	19704
X. EXCESS RECOVERY REFUNDABLE ON LOAN ACCOUNT	3838508	2566939
XI. SHARE OF STATE GOVT. & OTHERS PAYABLE- LOANEE	1386495	1386495
XII. AGENCY FUND		
(a) St. Govt. Seed Money Fund	17773712	17773712
(b) St. Govt. Soft Loan Fund	3313755	3313755
(c) St. Govt. M.M. Assistance Fund	5108315	5108315
(d) SIDBI Seed Capital Fund	2116215	2116215
(e) SIDBI National Equity Fund	76159407	92342555
(f) SIDBI SEMFEX Soft Loan Fund	39822	
XIII. OTHER DEPOSITS- AGENCY	21483124	27987668
XIV. LIABILITY FOR CAPITAL EXPENDITURE	135337	135337
SUB TOTAL - (A)	960174979	1040076390
B. PROVISIONS		
XV. CONTINGENT PROVISION AGAINST STANDARD ASSETS	252000	341000
XVI. PROVISION FOR FRINGE BENEFIT TAX	78113	21410
XVII. PROVISION AGAINST EXPENSES	1381075	
SUB TOTAL - (B)	1711188	362410
TOTAL (A + B)	961886167	1040438800



SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE H - PROVISIONS FOR NPA (NON PERFORMING ASSETS)

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
PROVISION FOR NPA		
i. BALANCE AS PER LAST BALANCE SHEET AGAINST NPA (Including Misc. Exp. On L/ A)	2704220000	2718865500
SUB-TOTAL RS.	2704220000	2718865500
ii. ADD: PROVISION DURING THE YEAR against NPA	110739000	100828366
SUB-TOTAL RS.	110739000	100828366
(A) TOTAL (i) + (ii)	2814959000	2819693866
iii. LESS :WRITTEN OFF DURING THE YEAR	94145	1118564
LESS: PROVISIONS WRITTEN BACK TO P & L A/C DURING THE YEAR	228822855	114355302
Sub-Total	228917000	115473866
TOTAL (i)+(ii)-(iii)	2586042000	2704220000

SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE I - CASH AND BANK BALANCES

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
(A) CASH IN HAND	5855496	14701000
(B) BALANCE WITH BANK U/S 33(2) OF THE SFC's ACT,1951. AS AMENDED BY SFC's (AMENDMENT) ACT, 2000		
i. Scheduled Banks In Current Accounts	79344333	96417401
ii. Scheduled Banks In Fixed Deposit Accounts	1720959	1720959
iii. Scheduled Banks in Flexi Deposit Accounts	23304873	67888865
iv. Fund Remittance In Transit	2432500	2285551
v. Scheduled Bank under Escrow Mechanism	222459346	160138047
(C) STAMPS IN HAND	29203	16276
TOTAL	335146710	343168099



SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE J - INVESTMENTS

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
(A) IN SHARES : UNQUOTED - AT COST		
1) M/S.BHASKAR TEXTILE MILLS LTD (400 Preference Shares of Rs.100/-Each)	40000	40000
2) M/s. Mamata Drinks & Ind.Ltd. (3370 Equity Shares of Rs. 100/- Each)	337000	337000
3) M/s.Orissa Industrial and Technical Consultancy Organisation Ltd. (87 Equity Shares of Rs.1000/-Each)	87000	87000
Sub Total	464000	464000
(B) Less provision/ depreciation reserve	463997	463997
Net value (A - B)	3	3
Total	3	3

SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE K - LOAN AND ADVANCES

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
1. PRINCIPAL AMOUNT		
(A) Direct Operation		
i. Term Loan under various schemes	3886609183	4164770231
ii. Soft loan under Special Share Capital Schemes	24151976	24393262
iii. Bridge Loan	1850227	1850227
iv. Loan against subsidy		18598713
v. Loan against Govt. Seed Money	655941	655941
vi. Loan against IDBI Seed Capital	549996	549996
INTEREST ACCRUED UPTO 31.03.83 UNDER MERCANTILE SYSTEM	-	207970
INTEREST ACCRUED ON STANDARD LOAN UNDER MERCANTILE SYSTEM	5586396	-
Sub Total :	3919403719	4211026340
(B) Loan Under Special Schemes		
i. Short Term Working Capital Loan	100184852	117908735
ii. Hire Purchase Loan	8871165	9117708
iii. Commercial Loan to Employees	2490540	2220090
Sub Total :	111546557	129246533
Total (A + B)	4030950276	4340272873
2. Misc. Expenses on Loans & Advances	6030521	5138813
Total (1 + 2)	4036980797	4345411686
3. Less NPA Provision	2586042000	2704220000
NET AMOUNT OF LOANS & ADVANCES	1450938797	1641191686



**SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE L - FIXED ASSETS**

TYPE OF ASSETS	Rate of Depreciation	COST (in Rupees)						DEPRECIATION				WRITTEN DOWN VALUE	
		As on 31.3.08 (Rs.)	Additions during the year (Rs.)	Sale/Transfer during the year (Rs.)	Addition due to Revaluation (Rs.)	As on 31.3.09 (Rs.)	Up to 31.3.08 (Rs.)	During the year (Rs.)	Adjustment during the year (Rs.)	Up to 31.3.09 (Rs.)	As on 31.3.09 (Rs.)	As on 31.3.08 (Rs.)	
LAND		167148250	7000	0		167155250	0	0		0	167155250	167148250	
OFFICE BUILDING	5%	86268857	0	0		86268857	31062263	2760330		33822593	52446264	55206594	
OTHER BUILDING	5%	3000000	0	0		3000000	2105641	44718		2150359	849641	894359	
VEHICLE	25.89%	8824155	153461	9702		8967914	8353853	126843		8480696	487218	470302	
FURNITURE & FIXTURE	18.10%	3970220	48633	9680		4009173	2966148	185200		3151348	857825	1004072	
OFFICE EQUIPMENTS	13.91%	5399449	44019	3160		5440308	5112300	42069		5154369	285939	287149	
COMPUTER	40%	11796259	76771	0		11873030	11528646	121070		11649716	223314	267613	
ELECTRICAL INSTALLATION & EQUIPMENTS	13.91%	718247	0	0		718247	713496	661		714157	4090	4751	
LIBRARY	100%	334645	2691	0		337336	334645	2691		337336	0	0	
CURRENT YEAR TOTAL		287460082	332575	22542	0	287770115	62176992	3283582		65460574	222309541	225283090	
PREVIOUS YEAR TOTAL		287288423	282059	110400	0	287460082	55293724	6883266		62176992	225283090	231994697	

1) Land and Buildings located at Cuttack, Bhubaneswar & Sambalpur were valued at Rs.2273.32 Lakh during the year 07-08 based on valuation certificates of registered valuers resulting in an increase of Rs.2006.75 Lakh in the Gross block of fixed assets and the same is transferred to revaluation reserve during that year. Depreciation for the year was provided for on the revised values of building resulting in an additional depreciation of Rs.33.62 Lakh (Previous year 39.32 lakh)



SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE M - OTHER ASSETS

		As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
i	Stationery & Stores	639700	623771
ii	Advance to Employees	9961468	10110236
iii	Travelling Advance to Managing Director	2930	-
iv	Deposit of Fees - under CPA	257136	133000
v	Other Recoverable Dues		
	(a) Deposit with State Govt. for land	1449372	1449372
	(b) Amount Recoverable from State Govt. against Deputationists	26251	26251
	(c) Advance to Advocates	2370600	2323500
	(d) Advance to Others	1738117	1738117
	(e) Advance for construction of Office building	93109	118109
	(f) EPF Administrator's Account	-	9552999
	(g) Amount Receivable from Gratuity Fund	-	82500
vi	VR - Employee's Ex-Gratia Expenses	5142031	10284062
vii	Agency Operation		
	(a) Interest on Govt. Soft Loan Recoverable	128256	-
	(b) State Govt. Seed Money Disbursed	14864176	14864176
	(c) State Govt. M.M. Asst. Disbursed	3912995	3927995
	(d) IDBI Seed Capital Disbursed	1100000	1100000
	(e) SIDBI Seed Capital Disbursed	2123378	2123378
	(f) SIDBI NEF Disbursed	74072329	92342555
	(g) State Govt. Soft Loan Disbursed	1854414	1854414
	(h) Service charges IDBI seed capital recoverable	164000	164000
	(i) Service charges SIDBI seed capital recoverable	125249	125249
	(j) SIDBI MUN Soft Loan Fund Disbursed	134600	134600
	(k) Agency commission accrued	212172	-
viii	(a) Funded Interest - SIDBI Refinance	480886698	480900000
	(b) SIDBI Refinance Interest - Govt Guarantee	-	41900000
	(c) Interest Accrued on LISC under consideration of waiver	56025000	56025000
ix	Sale of Mort. Assets Settlement Account (Jt. Finance)		
	(a) IPICOL	33861934	25896165
	(b) Banks (Joint Finance)	1669876	1669876
	(c) IDCO	198149	198149
x	Advance Taxes	5130948	4682756
xi	Disputed payments-under protest	9470485	9470485
xii	Security Deposit- OST Registration	7500	7500
xiii	Security Deposit- CST Registration	5000	5000
xiv	Deposits against Court Directives	34542677	31853787
xv	Security Deposit - Telephone	18000	18000
xvi	Security Deposit - Electrical Installation	273070	273070
xvii	Advance payment of Loan to State Govt.	319054097	319054097
	TOTAL	1061515717	1125032169



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
SCHEDULE N - INTEREST ON BONDS & OTHER BORROWINGS

	2008-09 (Rs.)	2007-08 (Rs.)
1 Interest on Bonds	297500	12625000
2 Interest on SIDBI Refinance	122424827	150000000
3 Interest on Deposits	150330	751317
4 Interest on Loan Covertion to Share Capital	4668750	-
Total	127541407	163376317

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
SCHEDULE O - FINANCIAL EXPENSES

	2008-09 (Rs.)	2007-08 (Rs.)
I Bank Charges & Commission	26987	16323
II Service Tax	-	98856
III Interest Payment as per Court Directive	142178	-
Total	169165	115179

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
SCHEDULE P - PERSONNEL EXPENSES

	2008-09 (Rs.)	2007-08 (Rs.)
i. Salaries & Allowances		
(a) Managing Director	386322	29768
(b) Others	62435701	48405090
(c) Honourium to Chairman	45000	-
ii. Employer's contribution to EPF	6702704	5425629
iii. Medical aid to staff	1581979	1694504
iv. Insurance Premium paid on GIS	157867	171432
v. Leave Encashment	848526	519966
vi. Productivity Incentives	832500	1652500
vii. Contribution to Employees Group Gratuity Fund-LIC of India	505	96391
viii Gratuity Payment	673285	620625
ix. Contribution to Employees Group Leave Encashment Fund-LIC of India	491661	315551
x. Leverage Expenses - Employees	-	375
xi. Employer's contribution to Staff Welfare Fund	24616	12163
xii. Ex-Gratia under-VRS	572960	6799588
xiii. Leave Travel Concession	-	45248
xiv. HRD Expenses	56649	16800
xv. Ex-Gratia Payment - Deceased Employees	10000	5000
Sub Total	74820275	65810630
* LESS VRS Assistance from State Govt.	871908	-
TOTAL	73948367	65810630



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
SCHEDULE Q - ADMINISTRATIVE EXPENSES

		2008-09 (Rs.)	2007-08 (Rs.)
1	Travelling Expenses		
	I. Managing Director	21455	57140
	ii. Directors and Committee Members	-	14579
	iii. Employees and others	821711	629888
2	Directors and Committee Members Sitting Fee	8000	6000
3	Rent, Electricity & Water Charges	1613705	1276139
4	Computer Stationary	226622	250759
5	Printing & Stationary	223657	290138
6	Publicity & Advertisement	28433	177505
7	Computer Software	5200	-
8	Repairs & Renewals	356702	126978
9	Audit Fees		
	(a) Statutory Audit	98315	78652
	(b) Tax Audit	17556	14045
	(c) EDP Audit	-	16854
10	Audit Expenses	42196	44028
11	Other Legal Expenses	189461	157308
12	Professional Fees & Expenses	78115	21984
13	Fees & Subscription	66090	104298
14	Newspapers & Periodicals	33670	27361
15	Rates, Taxes & Insurance	155463	163242
16	Vehicle Repair & Maintenance	137092	154339
17	Telephone Expenses	740710	712752
18	Fuel & Lubricants Expenses	664469	650581
19	Postage Stamps & Telegrams	302870	237590
20	Conveyance Expenses	1363676	1435400
21	Vehicle hire Charges	273590	284783
22	Miscellaneous Expenses	1086092	1229862
23	Fees paid to Advocates	178700	209000
24	Telex & Fax	7087	5390
25	Meeting Expenses	117629	105829
26	Computer Servicing Expenses	247246	236333
	TOTAL:	9105512	8718757



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
SCHEDULE R - INTEREST INCOME (ON LOANS & ADVANCES)

		2008-09 (Rs.)	2007-08 (Rs.)
I.	Interest on Term Loans	103557960	92984674
ii.	Interest on Soft Loans	18384	583177
iii.	Interest on FITL	8504544	2445337
iv.	Penal Interest on Loan	50846315	32382455
v.	Interest on Standard Loan	12737747	-
vi.	Interest on H.P. Loan	11588114	610685
vii.	Penal Interest on H.P. Loan	5000	419651
viii.	Interest on Short Term Loan	2052141	1358176
ix.	Interest on Commercial Loans to Employees	20233	25243
x.	Service Charge on Soft Loan from SIDBI	36734	9708
xi.	Interest on Term Loan against NEF	209954	7245741
xii.	Interest on Rephased Loan	9656013	27974180
xiii.	Pre-Payment Premium	51695	100076
xiv.	Interest on NEF Loan (OSFC Share)	3500754	3321130
	Total	202785588	169460233

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
SCHEDULE S - OTHER INCOME

		2008-09 (Rs.)	2007-08 (Rs.)
I.	Interest on term deposits with Bank	18913614	6621422
ii.	Sale of Forms	186475	110503
iii.	Right to Information Fees	4440	5351
iv.	Miscellaneous Income	9722933	34120295
v.	Interest on Staff Advances		
	(a) Interest on House Building Adv.	809594	889557
	(b) Interest on Vehicle Adv.	56565	162695
vi.	Misc. Receipt - Recovery Ad	258200	1565965
vii.	Agency Commission	13489	-
viii.	Service Charges	12000	-
	Total	29977310	43475788



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT
SCHEDULE T - INCOME & EXPENDITURES FOR PREVIOUS YEAR

(A) - Prior Year Income	2008-09
i) Interest on Refinance excess paid during October'05 to March'08, arrived on recasting of Interest dues by SIDBI at reduced rate of 8% p.a. under Restructuring Package	30497719
ii) Interest on House Building Advance accrued upto 31.03.2008 accounted under mercantile system	3154693
iii) Agency Commission Accrued upto 31.03.08 on State Aid Fund	198683
iv) Inter on Vehicle Advance Accrued upto 31.03.08	580637
TOTAL	34431732
(B) - Prior Year Expenditure	
(i) Interest on Bond paid for the period upto 31.03.08 (GMDC EPF Rs.1400000, INDIAN BANK Rs.38722459 and NAA EPF Rs.35000000)	75122459
(ii) interest on Bond accrued & due on Banks of Urban Co-Operative Bank & Kalol Nagarik Sahakari Bank) upto 31.03.08 accounted for under Accrual System	3270500
(iii) Interest Accrued on Deposits upto 31.03.08 paid in 08-09 on redueption on Deposits	97952
(iv) Interest Accrued on SIDBI Refinance on Govt. Guaranteed portion upto 30.09.05 adjusted during 08-09 out of amount paid towards interest	41889744
(v) Audit fees & Tax Audit Fees for 07-08 paid in 08-09	115871
(vi) Held up Ex-Gratia paid in 08-09 in respect of employees retired under VRS in 05-06	5142031
(vii) Medical re-imburement made in 08-09 in respect of expenditures incurred upto 31.03.08	20770
(viii) Salary & Allowances and related Expenses for the month of March'08 paid in April'08	18180997
(ix) PC received earlier at Paradeep Branch refunded as per Hon'ble High Court Order in 08-09	44800
TOTAL	143885124
NET (B) - (A)	109453392



SCHEDULE - U

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

1.1 The accompanying Financial Statements are prepared on historical cost convention (other than revalued Land & Building) by following going concern concept and conforming to the prevailing statutory provisions and practices, unless otherwise stated.

1.2 Method of Accounting:

In accordance with the norms prescribed by SIDBI for adoption of uniform Accounting Policies & practices by SFCs, the method of accounting is changed from cash basis (up to F.Y. 2007-08) to Mercantile Systems of Accounting (from F.Y. 2008-09) with the exception of recognition of income in respect of Non-performing Assets (NPA)

a) Interest income on NPA are accounted for on cash basis.

b) The Corporation follows the policy of crediting the cheques recovered on the loanee account only on realization except on 31st March. The cheque received on 31st March against NPA accounts are accounted on receipt basis of 31st March & subsequently realised. Effects in the subsidiary ledger of Loan Accounts are given from the date of realisation.

The net effect of the change made in the Accounting policy amounting to Rs.1094.53 Lakh as per details given in Schedule-T is accounted for accordingly.

2. Income Recognition

From the F.Y. 2008-09 the principles of income recognition has been changed from receipt basis to accrual basis, except interest income on NPA.

However, Interest accrued and not realized under Mercantile System for the period up to 31.3.1983 (prior to shifting to cash basis) has been adjusted against the reserve created under sec-36(1)(viii) of the Income Tax Act in accordance with SIDBI guidelines.

3. WRITING OFF LOANS

Bad debts are written off through the NPA provision Account. After adjustment of provision residual amount are charged to the Profit & Loss Account. In case of subsequent recovery of Bad debts already written off, recovered amount is recognized as other income in the year of receipt.

4. INVESTMENTS:

Investment in equity shares are considered as current investments and are valued at lower of cost / market value as per guidelines issued by SIDBI/ RBI. Investments are stated at purchase price less provisions for erosion in the value of investment made, in accordance with the guidelines prescribed by SIDBI.

5. Loans & Advances:

5.1 The assets under loans and advances have been classified as per prudential norms set by SIDBI/RBI.

5.2 The Miscellaneous Expenses on loans and advances recoverable from the loanees are being shown under Loans & Advances.



5.3 Amounts received from loanees are credited in the books of accounts and appropriated in the following order.

1st Other charges, 2nd Additional and Penal interest, 3rd Interest Accrued & due, Last Principal. However, in case of One Time Settlement(OTS), sale of Seized Assets U/s 29 of SFCs Act and rephasing / rescheduling cases appropriation are made in the following manner,

One Time Settlement (OTS) Case	Sale of Assets U/s 29 of SFC/s Act cases	Rephasing/Re-scheduling cases
Ist- Principal	Ist - Other charges	Ist Other charges
2nd Other charges	2nd- Principal	2nd Interest & Penal Interest (on funded capital & unrephased portion of loan)
		3rd principal overdues of rephased/Funded capital/ unrephased portion of Loan (1st due 1st adjustment basis)
3rd Additional& Penal Interest	3rd Additional& Penal interest	4th principal of rephased / Funded capital.
Last Interest Accrued & due	Last Interest Accrued & due	5th Principal of unrephased & portion of loan
		6th Interest on FITL
		Last Funded Interest Term loan(FITL)

6. Sharing of Sale proceeds on joint financing cases:

6.1 Sharing of sale proceeds realised on sale of assets of joint financed cases u/s 29 of SFCs Act 1951 are made on prorata basis of loan outstanding of financiers.

6.2 In the case of Joint Finance Single documentation is done at OSFC level as per the mutual understanding with the Co-Financers.

7. Fixed Assets:

7.1 Fixed assets are recorded at their historical cost and are stated at historical cost less accumulated Depreciation or at their present replaceable value wherever revalued.

7.2 Capitalisation of Assets:

The Corporation is following the practice of capitalisation of assets at the time of put to use on the basis of cost of acquisition & other expenses directly related thereto.

8. Depreciation:

Till the financial Year 2007-08, depreciation has been provided at the rate as per I.T. Rules 1962. However, with effect from the current financial year depreciation on fixed assets is provided on written down value method at the rates prescribed under Schedule - XIV of companies Act, 1956 in accordance with the guidelines set by SIDBI for SFCs as follows.



Rate of Depreciation

Building -	5%
Office Vehicle-	25.89%
Furnitures & Fixtures-	18.10%
Office Equipments-	13.91%
Library-	100%
Computers-Hardware & Software	40%
Electrical Installation & Equipments	13.91%

In case of additions to fixed assets during the year, depreciation is charged on pro-rata basis from the date of addition of the fixed assets and in case of sale/transfer/deletion of fixed assets the depreciations charged up to the date of the sale / transfer / deletion of the asset.

9 Retirement Benefits to Employees:

- Provident Fund - The Corporation is having its own P.F. Regulations. Contribution to the Provident Fund are remitted to Board of Administrator, OSFC Employees Provident Fund and charged to P & L Account.
- Gratuity and leave encasement benefits to Employees are covered by OSFC Group Gratuity-cum-life Assurance Scheme and Group leave Encashment Scheme respectively adopted by the Corporation.
- Liability towards Gratuity and Leave encashment salary payable to employee are determined by Life Insurance Corporation of India under the Group Gratuity Scheme and Group leave encashment Scheme of LIC of India. Premium paid to LIC of India against such Schemes & payments made to employees towards gratuity & Leave Encashment salary to the extent not covered by the Group Gratuity Scheme & Group Leave Encashment scheme of LIC are charged to the profit & loss account.
- Ex-gratia on Voluntary Retirement- Compensation paid to employees who have retired under VRS/VSS in 2005-06 amortized over a period of 5 years as per I.T. Act and accordingly charged to P&L Account.

10. ASSET CLASSIFICATION AND PROVISIONING

- Loan Assets are classified based on record of recovery as standard, sub-standard, doubtful and loss and accordingly provision is made as per guidelines issued from time to time to SFCs by IDBI /SIDBI as under :

Provisions

- Standard Assets @0.25% of Loan Assistance to SME, @0.40% of Housing Loan to Employees and @2% of Personal Loans to Employees.
- Sub-Standard Assets 10% of Loan Assistance
- Doubtful Assets 20% / 30% / 100% of loan assistance depending on the period for which the loan / assistance has remained doubtful. (20% in case of assets remained doubtful for up to 1 years and 30% in case of assets remained doubtful beyond 1 years and up to 3 years and @100% in case of assets remained doubtful beyond 3 years).
- Loss Assets The entire loan (i.e. 100%)



- (b) As per the guidelines issued by SIDBI vide No.592/SFCs (CELL) NPA dated.22/05/2001 provisions made against Standard Assets are not reckoned for arriving at net NPAs. Contingent Provisions against Standard Assets are shown under current liabilities & provisions and are eligible item for inclusion in Tire-II Capital.

11. CAPITAL ADEQUACY STANDARDS/ Risk weight on Assets

Capital Adequacy Ratio has been calculated based on the standards and guidelines issued by SIDBI from time to time to SFCs. Risk weight attached to Assets are as under

	Assets	Risk Weights
i)	Cash Balance, Bank Balance with RBI	Nil
ii)	Balance in Current Accounts with Scheduled Banks & fixed assets	20%
iii)	Investments in Govt. Guaranteed Securities of Govt. Undertakings	20%
iv)	Other Investments	100%
v)	Loans and Advances	100%
vi)	Fixed Assets	100%
vii)	Other Assets	100%

12. Agency Functions:

- The funds received from State Government /SIDBI are classified as liabilities.
- The Loans given from these funds are shown separately from the loans given by the Corporation from its own funds under other Assets.
- Such loans are not eligible for NPA provisioning purposes
- Recoveries made against such loans are accounted for as liabilities refundable to the principal.

For **RAJESH K. JHUNJHUNWALA & CO.**
Chartered Accountants

Sd/-
(P.C. MOHAPATRA)
J.G.M. (FINANCE)
OSFC

Sd/-
(K.N. KHATAI)
MANAGING DIRECTOR
OSFC

Sd/-
(HEMANT SHARMA)
DIRECTOR
OSFC

Sd/-
(RAJESH KUMAR JHUNJHUNWALA)
(PARTNER)



SCHEDULE 'V' NOTES ON ACCOUNTS

1. **SHARE CAPITAL:**

- 1.1 During the year, the Corporation issued 4000000 ordinary equity shares of Rs.100/- each and 26000000 preference shares of Rs.100/- each.
- 1.2 Against Special Share Capital received U/s 4(A) of the SFCs Act.1951 for Rs.300 lakh, the Corporation has disbursed Soft Loan of Rs.411.73 lakh and the outstanding amount of such soft loan as on 31.3.2009 is Rs.241.52 lakh. (Rs.243..93 lakh)
- 1.3 State Govt. has issued notification for conversion of Rs.40.20 Crore to Ordinary Share Capital and intimated for conversion of Rs.254.00 Crores provided as loan for OTS of SLR Bonds to Ordinary Share Capital in terms of State Cabinet approval. SIDBI has already given its approval U/s 4(3) for allotment of Rs.29420.50 Lakh as Ordinary Share Capital in favour of State Govt.and concurrence by State Govt.U/s-4(3) for allotment is awaited.

2. **LOAN PENDING CONVERSION TO SHARE CAPITAL:**

Loan in lieu of Share Capital of Rs.6.225 Crores transferred from IDBI to SIDBI is under negotiation for conversion to Share Capital.

3. **RESERVE FUNDS AND SURPLUS**

- 3.1 In terms of Sec-36(1)(viii) fo the Income Tax Act,1961, Corporation has transferred Rs.54.37 Lakh to Special Reserve calculated at 20% of the current year profit of Rs.271.86 Lakh. (Pr.yr.Rs.102.06 lakh at 40% of profit)

4. **BONDS**

- 4.1 During the year the Corporation has redeemed Bonds to the tune of Rs.26.075 Crore (Rs.19.64 Crore) which includes Rs.13.60 Crore as premature redemption on due negotiation with the Bond holders. Against this, fund of Rs.23.16 Crore (Rs.18.74 Crore) has been provided by State Govt.
- 4.2 During the year on settlement of Bonds under OTS, interest outstanding till the date of settlement amounting Rs.5.73 Crore (Rs.12.00 Crore), has been waived by 3 Nos. of Bond Holders.

5. **REFINANCE**

- 5.1 Reconciliation of Refinance from SIDBI.

SIDBI has recasted the interest dues on refinance @8% p.a under restructuring package and thus out of excess interest paid upto 2007-08 amounting to Rs.161.83 Lakh has been adjusted by SIDBI towards Funded Interest dues. However the Corporation has applied for waiver / further deferment to SIDBI. Hence the Corporation has treated the amount so adjusted as NEF loan repayment.

- 5.2 Further, the Corporation has not accounted for Rs.801.48 Lakh on a/c of overdue installment of funded Interest, pending waiver/further deferment request to them. The entire funded interest of Rs.4808.87 Lakh has been capitalized as 0% funded loan against creation of contra assets as on 31.3.08 and shown under borrowings Sch-F.



5.3 Loans availed from State Govt.

State Govt. has waived total interest amount of Rs.8208.09 Lakh on various loan provided in earlier year on conversion/ decision for conversion of such loans to ordinary Share Capital under Restructuring Package as under:-

(Rs. in Lakh)

On LISC	Rs. 964.68	Up to 31.3.08
On Loans	Rs. 2346.41	Up to 31.3.08
On Loans given for OTS of SLR Bonds	Rs.4897.00	Up to 30.9.08
Total:-	Rs.8208.09	

- Since the Corporation was on Cash basis of accounting till FY 2007-08 and Govt. has already decided and communicated for waiver of further interest accrued over and above the aforesaid amount till the date of actual conversions, the same has not been accounted for and it has no impact on accounts.

6. DIVIDEND PAYABLE :

6.1. Dividend payable amounting to Rs.255324955 appearing in schedule "G" represents the followings:

- (i) In respect of 'A' & 'B' class share holders
for the years 1981-82 to 1999-2000.
'B' Class - SIDBI Rs.254779847
- (ii) In respect of 'C' & 'D' class share holders
for the year 1991-92 to 1999-2000
Rs. 545108
Rs. 255324955

6.2 No dividend for the year has been declared for non-availability of surplus due to the accumulated loss as on 31.3.2009.

6.2.1 On negotiation in terms of Restructuring Package, SIDBI agreed to convert the dividend payable amount of Rs. 25.48 crores to share capital.

7 OTHER LIABILITIES:

7.1 Residual amount of DIGCGC claims Rs.33.96 Lakhs received against earlier written off Accounts is appropriated as Bad debts recovery.

7.2 LIABILITIES FOR RETIREMENT BENEFITS

For payment of Gratuity and leave encashment salary, the Corporation employees are covered under Group Gratuity Scheme & Gratuity leave encashment Scheme of LIC of India.

7.3 Guarantee Commission accrued and payable to State Govt. upto 31.3.08 amounting to Rs.559.18 Lacs has been waived by the State Govt.by notification dt.9.2.2009. Since the Corporation was on cash basis of accounting upto 31.3.08, it has no impact on accounts.



8 LOANS AND ADVANCES

- 8.1 Balance in respect of loanees accounts have been treated as confirmed where there is no dispute regarding the demand notices (which includes outstanding amount) sent by the Corporation. Continuing with the process of reconciliation and adjustment the net difference between General Ledger and Sub Ledger amounting to Rs.49.29 Lakh (Pr. Yr. Rs.70.09 Lakh) has been fully provided for.
- 8.2 The loans and advances have been shown net of funded interest term loan of Rs.39.33 crore (last year Rs.42.33 Crore)
- 8.3 During the year 392 loan(594) accounts are settled under OTS and Rs.2492.83 lakh (2164.45 lakh) has been realised. The Corporation waived/sacrificed Interest/penal interest amounting to Rs.4926.33 lakh (5764.13 lakh) and principal of Rs.0.01 lakh (Rs.0.01 lakh) for settling these accounts under OTS (which has been adjusted from provisions). The interest sacrifice /waiver is made from Loan Memorandum A/c.
- 8.4 As on 31.3.2009 Interest dues of Rs.2086.56 Cr. (Rs.1798.15 Crore) is outstanding for recovery on loan accounts of NPA Loanees as per loan memorandum account which is not recognized as income.
- 8.5 During the year, the Corporation had advertised for sale of assets in respect of 253 nos of units(173 nos) u/s 29 of the SFC Act, 1951. Out of these, 86 nos.(60 nos) of units could be sold for a total amount of Rs.7.08 crore (Principal dues from these units amounted to Rs.17.61 crore) (Pr.yr.7.25 crore) Against this, sale in 64 cases(44 cases) could be materialised for Rs.5.26 crore (Principal balance dues against these cases stands at Rs.12.55 crore as on 31.03.09)(Pr. Yr.3.78 crores)
- 8.6 Corporation filed money suit U/S 31 of SFC Act, 1951 in respect of 755 nos of units involving Rs.109.46 crore (745 nos Rs.64.48 Cr.)
- 8.7 As on 31.03.09 3395nos. of units are identified as closed units involving credit exposure of Rs.125.04 Crore (3280 nos. Rs.132.34 Cr). Total overdue against these accounts is Rs.743.17 Crore (Principal Rs.113.04 Cr. and Interest Rs.630.14 Cr.)

9. FIXED ASSETS

- 9.1 Premises also include those where ownership formalities are pending for execution due to restrain order in different Courts.
- 9.2 Land and Building shown under schedule 'L' is inclusive of Rs.32.50 lakh representing the cost of Hotel Alankar (P)Ltd., acquired by the Corporation but the possession thereof could not be taken due to dispute.

10 INCOME TAX

- 10.1 No provision for Income Tax for the year has been made, as the liability for the same does not arise.
- 10.2 Income Tax Assessment has been completed up to the Assessment Year 2005-2006. & Tax relating to A.Y. 2006-07 & 2007-08 is under the process of Assessment . No extra tax liability is expected.



11. CLASSIFICATION OF ASSETS & PROVISIONING THEREOF

11.1 The assets classification and provisioning thereof is made as follows:

(Rs. in Crore)

Asset Category	Outstanding Loans		Rate of Provisions		Provision (Loan)		Net Assets (Loan) Outstanding	
	As on 31.03.09	As on 31.03.08	Current Year	Previous Year	As on 31.03.09	As on 31.03.08	As on 31.03.09	As on 31.03.08
Standard								
Direct Loan	7.00	10.77	0.25%	0.25%	0.02			
Personal Loan	0.25	0.24	2%	2%	0.01			
Housing Loan	0.65	0.59	0.40%	0.40%				
	7.90	11.60			0.03	0.03	7.90	11.60
Sub Standard	23.96	33.21	10%	10%	2.40	3.32	21.56	29.89
Doubtful - I	47.39	54.93	20%	20%	9.48	10.49	37.91	43.94
Doubtful - II	111.95	97.46	30%	30%	33.58	29.24	78.37	68.22
Doubtful - III	63.69	78.72	100%	100%	63.69	78.72	-	-
Loss	149.45	159.23	100%	100%	149.45	159.23	-	-
Total	404.34	435.15			258.63	281.53	145.74	153.65
Deferred Provisioning						(11.07)		11.07
Net Outstanding	404.34	435.15			258.63	270.46	145.74	164.72

- Standard Assets as on 31.03.09 includes Rs.0.65 Cr. representing House Building Advance to employees disclosed under Advance to Employees - Other Assets - Schedule M.
- Loan outstanding and Net Assets as on 31.03.09 includes Principal + Other Charges.
- AS per RBI/ SIDBI norms, no netting is required for provision for standard assets.

11.2 In respect of consortium finance cases the classification of loans and advances is done based on the record of payment of borrower with the Corporation.

11.3 Loan Accounts are classified as per guidelines received from SIDBI vide Letter No.339/DFID/SFCs/Policy Dt.27.04.06 and SIDBI-MHO-DFID No-7166 Dt.23.04.06. As per instructions of SIDBI, additional provisioning for NPAs is required to be provided in three years in phased manner starting from FY 2006-07.

Accordingly, last installments of the incremental provisioning towards NPAs due to the implementation of revised guidelines up to 31.3.2007 amounting to Rs.11.07 Crore has been provided for in the year by charging to profit and loss account.

12. Effect on accounts due to change in system of Accounting

During the current year the Corporation has changed the method of Accounting from Cash System to Accrual System(at the instance of Small Industries Development Bank of India), accordingly, the interest income on Standard Assets is recognized on accrual basis and the income on NPAs is recognized on receipt basis as per the income recognition norms of SIDBI. Consequent to introduction of accrual system of



accounting, the profit and loss account and the profit and loss Appropriation Account have been affected by Rs.62814.00 (net) for the current year and Rs.22659515.00 (net) for the earlier years respectively, as per details given below:-

12.1 Expenditures

	Effect on Profit and Loss account for the year	Effect on Profit and Loss appropriation account for earlier years
a) Int.on Bonds	297500.00	3270500.00
b) Int. on Loans in lieu of Share Capital	4668750.00	–
c) Salary and allowances and related expenses	–	18180997.00
d) Other Office Expenses	1393744.00	–
e) VR benefits	–	5142031.00
Total:-	6359994.00	26593528.00

12.2 Income

a) Int. Income on Standard Assets (accrued on Standard Assets but not realized)	5586396.00	–
b) Agency Commission	13489.00	198683.00
c) Int.on H.B.Adv.and Vehicle Advances	822923.00	3735330.00
Total:-	6422808.00	3934013.00

12.3 Due to change in the method and rate of depreciation(from the rate as per I.T.Rules,1962 to rate as per Sch.XIV of Companies Act,1956) depreciation has been less charged to the extent of Rs.27.51 Lakh.Depreciation for the year has been charged on the W.D.V. as on 31.3.08 derived at rate prescribed under I.T.Rules ,1962 up to 31.3.2008 , as it is not practicable to recast the W.D.V. at the rate prescribed under Companies Act,1956 up to 31.3.2008.

12.4 Had the Corporation continued its previous accounting system(Cash system and depreciation as per I.T.Rules) , the operating Profit would have been reduced as shown below:-

Rs,in Lacs

Particulars	Calculation cash basis	Calculation Mercantile basis	Increase/decrease
Int.Income	1971.99	2027.85	(+)55.86
Other Income	313.63	299.77	(-)13.86
Expenditure written back	304.98	–	(-)304.98
Total (A)	2590.60	2327.62	(-)262.98
Int./Financial Expenses	2398.54	1277.10	(-)1121.44
Personal expenses	919.10	739.48	(-)179.62
Other Expenses	77.12	91.06	(+)13.94
Depreciation	60.34	32.83	(-)27.51
Total(B)	3455.10	2140.47	(-)1314.63
Operating Profit/(A-B)/(Loss)	(864.50)	187.15	(-)1051.65



13. SEGMENT REPORTING (AS-17)

The Corporation operates as a single unit with a single profit centre and has concentrated its activity of term lending only i.e. on Single product. There are no separate reportable segments as per AS-17.

14. DEFERRED TAX ASSETS & LIABILITIES (AS-22)

Based on Commercial Prudence and the uncertainty of sufficient future taxable income in view of available huge carry forward losses & allowances under the tax laws, Deferred Tax Assets/ Liabilities has not been recognized.

15. CONTINGENT LIABILITIES ENVISAGED BY THE CORPORATION

Estimates

- i. Arrear Salary and related expenses - Rs.6.19 Crore (from 1.1.96 to 31.10.2001)
- ii. 199 nos. of cases filed against the Corporation involves claims of Rs. 59.91 Crore (257 cases Rs.76.80 Crore)
- iii. Arrear DA and related expenses - Rs. 1.41 Cr.(up to 31.3.009)
- iv. Consultancy Fees of Rs.5.00 lac payable to AXIS Bank Ltd.
- v. Refund of EMD Rs.0.13 Cr.
- v. VR benefits held up in respect of 11 voluntary retirees Rs.0.31Cr (Pr.Yr.13nos. Rs.0.37 Cr) and interest for delay in refund of VR assistance to government Rs.0.05 Cr.

16. RELATED PARTIES DISCLOSURES

As required by the Accounting Standard-18 issued by the Institute of Chartered Accountants of India, the disclosure of details pertaining to related party transactions are as follows:

The Key Management personnel of the Corporation during the year

- (i) Sri P.R. Das , Chairman from July'08
- (ii) Sri Kabindra Nath Khatai, IAS Managing Director during the year

Gross salary including perquisites/Honorarium

- | | |
|--|---------------|
| (i) Sri P.R. Das , Chairman | Rs. 45000=00 |
| (ii) Sri Kabindra Nath Khatai, IAS, MD | Rs. 383676=00 |

Outstanding Balance on loans as on 31.03.09

in respect of above person	-	Nil
Interest on Loan granted to Key Managerial person	-	Nil

- ### 17. Disclosure Requirements in terms of chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
- | | | |
|--|---|-----|
| | - | Nil |
|--|---|-----|



18. GENERAL

18.1 COMPUTERISATION

Accounts of the Corporation are maintained and generated through Application Softwares of Financial Accounting System and Loan Accounting System. Both the systems are in operation at Branch Office and Head Office. Transfer of Data are made through Internet / Captive Email account for integration/consolidation.

18.2 Restructuring of the Corporation.

The Restructuring Package approved by IDBI, SIDBI and the State Government is under implementation being closely monitored by the State Government.

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

18.4 Figures have been rounded up to the nearest rupee.

18.5 Figures mentioned in the brackets relate to previous year

18.6 Previous year's figures have been regrouped/rearranged and reclassified, wherever considered necessary.

19. DISCLOSURE REQUIREMENT AS PER SIDBI GUIDELINES VIDE CIRCULAR NO.355/SFC(CELL) DT.4.5.2001

CAPITAL

CAPITAL ADEQUACY

STATEMENT OF CAPITAL FUNDS RISK ASSETS AND RISK ASSET RATIO Rs.in Lacs

1	CAPITAL BASE	Core Capital	Tier-II Capital	TOTAL Capital
	Ordinary Share Capital	38177.80	-	38177.80
	Loan pending conversion to Share Capital	-	622.50	622.50
	Free Reserve & Surplus	336.32	-	336.32
	Provision on Standard Assets	-	2.52	2.52
	Assets Revaluation Reserve (Rs.2006.75 lakh discounted at 55%)	-	903.04	903.04
	Total	38514.12	1528.06	40042.18
	Accumulated loss	37720.45		37720.45
	Net Capital Base	793.67	1528.06	2321.73



2	Risk Weight Adjusted Assets	Amount as per balance Sheet (Book Value)	Risk weight % Amount	Risk Products
a)	Cash & Bank Balance			
	Cash / Stamp in Hand	58.85	0%	0.00
	Bank Balance with Nationalised/Scheduled Banks and in transit.	3275.41	20%	655.08
	Fixed Deposits with Banks	17.21	20%	3.44
	Total:-	3351.47		658.52
b)	Investments	4.64	100%	4.64
c)	Loans and Advances (including other charges)	40369.81	100%	40369.81
d)	Fixed Assets (Net)	2223.09	100%	2223.09
e)	Other Assets			
	Staff Advance	99.61	100%	99.61
	Others	10515.55	100%	10515.55
f)	Dividend Deficit	2553.25	100%	2553.25
	Total Assets	59117.42	-	56424.47

RISK BAND - RISK BASED ASSETS

Risk band	Book Value	Risk Product Value	Risk Coverage already provided in accounts	Net Risk Weighted Value
Zero Risk	58.85	0	0	0
20% Risk	3292.62	658.52	0	658.52
100% Risk	55765.95	55765.95	25862.94	29903.01
TOTAL	59117.42	56424.47	25862.94	30561.53

a) CAPITAL TO RISK ASSETS RATIOS/RISK BASED CAPITAL RATIOS

(i)	CORE CRAR	=	<u>Net Capital Base</u>	<u>793.67</u>	=	2.60% [Pr. Yr. (-) 5.41%]
			<u>Net Risk Weighted Assets</u>	30561.53		
(ii)	Supplementary CRAR	=	<u>1528.06</u>		=	5% [Pr. Yr. 4.61%]
			30561.53			
	CRAR (i+ii)		<u>2321.73</u>		=	7.60% [Pr. Yr. (-) 0.80%]
			30561.53			

b) **NET WORTH** - Rs.7.94 Cr. [Pr. Yr. -Rs.(-)17.92 Cr.]

(a) The amount of subordinate debt raised during the year as Tier-II Capital

Nil	Nil
<u>As on 31-03-09</u>	<u>Previous Year</u> (Rs.in lakh)
<u>Gross</u>	<u>Gross</u>
<u>Net</u>	<u>Net</u>

(b) Risk weighted assets 56424.47 30561.53 60173.22 33126.38



(c) Share holding pattern as on the date of the balance sheet is as follows.

	Ordinary Paid up Sahare Capital		Special Share Capital		Sub Total		Share Deposits Pending Allotment	Total
	No	Amt.	No	Amt.	No	Amt.		
State Government	4702495	4702.495	150000	150.00	4852495	4852.495	29420.499	34272.994
SIDBI (Small Industries) Development Bank of India)	3738935	3738.935	150000	150.00	3888935	3888.935	-	3888.935
Others							-	
Insurance Companies	8060	8.060	--	--	8060	8.060	-	8.060
Scheduled Banks	6300	6.300	--	--	6300	6.300	-	6.300
Co-Op.Banks	1340	1.340	--	--	1340	1.340	-	1.340
General Public	175	0.175	--	--	175	0.175	-	0.175
Total:	8457305	8457.305	300000	300	8757305	8757.305	29420.499	38177.804

Asset quality and credit concentration

(d) Percentage of net NPAs to net Loans & Advances - 97% (91.88%)

(e) Amount and % of net NPAs under the prescribed asset classification categories - (Rs in Crore)

	<u>As on 31.3.09</u>		<u>Previous Year</u>	
	Net NPA	% to total NPAs	Net NPA	% to total NPAs
	<u>Amt.</u>	<u>NPAs</u>	<u>Amt.</u>	<u>NPAs</u>
i) Sub-standard	21.57	15.65%	29.89	19.52%
ii) Doubtful	<u>116.28</u>	<u>84.35%</u>	<u>123.33</u>	80.48%
	137.85		153.12	

(f) Amount of provisions made during the year towards (Previous Year)

Standard Assets-	(-)0.01 Crore	(-) 0.01 Cr.
NPAs	11.07 Crore	10.08 Cr.
Investments-	Nil	Nil
Income Tax-	Nil	Nil

(g) Movement of Net NPAs As on 31.3.09 Previous Year

Against Sub-Standard Assets-	Rs. 8.32Cr.(Decre. by 27.83%)	Rs.4.48 Cr. (Decre. by 13.03%)
Against Doubtful Assets-	Rs. 6.95Cr.(Decre. by 5.64%)	Rs 21.76 Cr. (Decre.by 15.00%)
Total:-	Rs. 15.27 Cr. (Decr. by 9.97%)	Rs.26.24 Cr (Decre.by 14.63%)



(h) Credit exposure as % to capital funds and as % to total assets -

	<u>As on 31.03.09</u>			<u>Previous Year</u>		
	<u>Total Credit Exposure</u>	<u>% to Capital fund</u>	<u>%to total assets</u>	<u>Total Credit exposure</u>	<u>% to Capital fund</u>	<u>%to total assets</u>
i) The largest single borrower	356.52	44.92%	1.07%	356.52	(-) 19.89%	0.99%
ii) The largest borrower group	1029.81	129.75%	3.09%	1064.74	(-) 59.40%	2.96%
iii) The 10 largest single borrower	2329.98	293.57%	7.00%	2358.40	(-) 131.58%	6.57%
iv) The 10 largest borrower groups	2091.62	263.54%	6.29%	2237.91	(-) 124.85%	6.23%

As on 31.3.09

<u>Largest Industrial Sectors</u>	<u>Total Credit Exposure</u>	<u>% Total Loan Assets</u>
1. Food manufacturing	54.86 Cr.	12.60 %
1. Food manufacturing	49.96	12.37%
2. Other Chemical & Chemical Prods.	26.85	6.65%
3. Services		
Hotels	20.45	5.06%
Transport	47.44	11.75%
4. Textiles	17.75	4.40%
5. Basic Metals	28.32	7.02%

LIQUIDITY

k) Maturity pattern of Rupee

Assets & Liabilities - (Rupees in Crore)

Items	Less than or equal to 1 yr.	More than 1 yr upto 3 yrs.	More than 3 yrs upto 5yrs.	More than 5 yrs upto 7 yrs.	More than 7 yrs upto 10 yrs.	More than 10 yrs	Total
Rupee Assets	59.29	74.93	14.05	126.30	-	435.26	709.73
Rupee Liabilities	63.67	109.99	49.35	41.75	-	445.07	709.73
Difference	(-) 4.38	(-) 35.06	(-) 35.30	84.55	-	(-) 9.81	-

l) Maturity pattern of foreign currency assets and liabilities - Nil (there is no foreign currency assets and liabilities).

OPERATING RESULTS

m) Interest Income as % to average working fund	<u>2027.85</u>	=	5.86%	(Pr.Yr. 5.05%)
	34576.18			
n) Non- Interest income as a % to average working funds:	<u>299.77</u>	=	0.87%	(Pr.Yr. 2.72%)
	34576.18			



o)	Operating profit as a % to average working funds	<u>187.15</u>	=	0.54%	(Pr.Yr. 0.36%)
		34576.18			
p)	Return on average assets :	<u>271.86</u>	=	0.79%	(Pr.Yr. 0.76%)
		34576.18			
q)	Net Profit per employee	<u>271.86</u>	=	0.91 lac	(Pr.Yr. 0.77 lakh)
		299			

20. The disclosure requirements under the RBI guidelines Dt. 7.7.1999 on- Forward rate agreements and During the year the Corporation has not made any such transaction. Nil

For **RAJESH K. JHUNJHUNWALA & CO.**
Chartered Accountants

Sd/-
(**P.C. MOHAPATRA**)
J.G.M. (FINANCE)
OSFC

Sd/-
(**K.N. KHATAI**)
MANAGING DIRECTOR
OSFC

Sd/-
(**HEMANT SHARMA**)
DIRECTOR
OSFC

Sd/-
(**RAJESH KUMAR JHUNJHUNWALA**)
(PARTNER)



ANNEXURE-I

**PARTICULARS IN RESPECT OF LOANS AND ADVANCES FORMING PART OF
SCHEDULE - K**

(Rs. In lakhs)

As at 31.03.2008	PARTICUCLARS	As at 31.03.2009
1	Particulars of Loans & Advances	
27982.13	(a) Debts considered good in respect of which the Corporation is fully secured(out of this loan amounting Rs.21901.70 lakh also covered by personal guarantees)	22256.39
14128.13	(b) Debts fully secured but under litigation	16937.65
42110.26	total (a)+(b)	39194.04
-	(c) Debts due by concerns in whichy one or more Directors of the Corporation is interested as Directors, Partners or Proprietors or Mnaging Ageents or in case of Private Ltd., Companies as members excluding nominee Directors u/s. 27 of SFCs Act.	-
-	(d) Total amount of loans disbursed during the year to converns in which one or more Directors of the Corporation is interested as Directors, Partners or Proprietors of Managing Agents or in case of Private Limited Companies as members including nominee Directors U/s.27 of SFCs Act.	-
12211.98	(e) (i) Total amount of instalment whether of principal or interest of which default was made at any time during the year.	11357.14
143174.88	(ii) Total amount of instalment whether of principal or interest of which default was made at the end of the year (excluding cases U/s 31 and 29 of SFCs Act).	134584.39
6448.28	(iii) Total amount of instalment whether of princiapl or interest overdue by concerns in which the Directors of the Corpn. Are interested excluding Nominee Directors U/s. 27 of SFCs Act.	10946.28
354.30	(iv) Total amount due from industrial concerns against whom legal action has been taken for recovery of the dues U/s 31 of the SFCs Act (incl. Trawlers) taken over by the Corporation U/s of the SFC Act.	10946.28
	(v) Debts guaranteed by the State Govt. Schedule Banks or State Co-operative Banks.	347.40



(Rs. In lakhs)

As at 31.03.2008	PARTICUCLARS	As at 31.03.2009
	2 Classification of Loans and Advances according to the size of the industrial units.	
31161.60	(i) Debts due from small scale industrial concerns	28979.19
10948.66	(ii) Debts due from concerns other than those included under (I) above.	10214.85
42110.26	Total	39194.04
	3 Classification of Loans and Advances according to the Constitution of the Industrial Units.	
16833.81	(a) Proprietary	15304.46
3020.81	(b) Partnership	2477.68
222.95	(c) Hindu Undivided Family	222.95
354.30	(d) Co-operatives	347.40
20734.23	(e) Private Limited Companies	19949.60
936.87	(f) Public Limited Companies	884.66
7.29	(g) Trusts	7.29
42110.26	Total:	39194.04



**ORISSA STATE FINANCIAL CORPORATION
CASH FLOW STATEMENT**

PARTICULARS	For the Year ended on March 31 ST , 2009 (CURRENT YEAR) Rs.	For the Year ended on March 31 ST , 2008 (PREVIOUS YEAR) Rs.
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	13,68,87,720	2,57,02,454
Add: - Depreciation	32,83,582	68,83,266
Cash from Operations (i)	14,01,71,302	3,25,85,720
ADJUSTMENTS FOR OPERATING ASSETS/LIABILITIES & OTHER EXPENDITURES		
(Increase)/(decrease) in Liabilities		
Bonds	(25,71,82,000)	(19,63,75,000)
Deposits	(3,47,824)	(11,50,000)
Borrowings	(18,72,84,374)	38,83,72,521
Other Liabilities	(7,85,52,633)	6,21,73,599
Decrease / (Increase) in Assets		
Loans and Advances	19,02,52,889	31,07,34,598
Other Assets	6,35,16,452	(53,55,90,361)
Dividend Deficit	-	(4,12,99,672)
Other Expenditures		
Direct Taxes Paid	(2,48,806)	(1,87,920)
Net Prior Period Expenditure	(10,94,53,392)	-
Net Cash Used in Operating Liabilities/ Assets & Expenditures (ii)	(37,92,99,688)	(1,33,22,235)
Net Cash (Used in)/ Flow from Operating Activities. (i) + (ii)	(23,91,28,386)	1,92,63,485
B) CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(3,32,575)	(2,82,059)
Sale of fixed Assets	22,542	1,10,400
Net Cash from investment activities	(3,10,033)	(1,71,659)
C) OTHER CASH FLOWS (from financial activities)		
Increase in Share Capital/ Subordinated Debts	23,16,25,000	18,73,75,000
Adjustment of Reserve towards Int. Accrued upto 31.03.83	(2,07,970)	-
Net Cash Flow from Other/ Financial Activities	2,29,54,530	18,73,75,000
NET CASH FLOW/NET CASH USED DURING THE YEAR (A+B+C)	(80,21,389)	20,64,66,826
Net increase/ (decrease) in cash and Cash equivalents	(80,21,389)	20,64,66,826
Cash & Cash equivalents at beginning of the year	34,31,68,099	13,67,01,273
Cash & Cash equivalents at the end of the year	33,51,46,710	34,31,68,099

For RAJESH K. JHUNJHUNWALA & CO.
Chartered Accountants

Sd/-
(P.C. MOHAPATRA)
J.G.M. (FINANCE)
OSFC

Sd/-
(K.N. KHATAI)
MANAGING DIRECTOR
OSFC

Sd/-
(HEMANT SHARMA)
DIRECTOR
OSFC

Sd/-
(RAJESH KUMAR JHUNJHUNWALA)
(PARTNER)



**SUB SCHEDULES FORMING PART OF SCHEDULE-I
CASH & BANK BALANCES**

Balance with scheduled Banks in Current Accounts

Category	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
At Head Office		
SBI, Link Road (Attached)	2271703	2271703
Central Bank of India, Mahatab Road,Ctc.	8228650	2967753
Union Bank, College Square,Cuttack.(Withdrawal A/c)	2822316	4369286
Union Bank, Ch.Bazar,Cuttack.	-	9477
Canara Bank, Main Br.,Cuttack.	206975	358341
S.B.I. Link Road,Cuttack.	553685	665587
S.B.I. Main Branch,Cuttack.	362942	362942
Andhra Bank,Cuttack.	299009	148230
I.O.B., P.K.Parija Road,Cuttack.	615441	460671
Syndicate Bank,Ch.Bazar,Cuttack.	3754751	2005034
Bank of Baroda,Cuttack	-	563
ICICI Bank, Cuttack	-	53162
Allahabad Bank,Cuttack Main Branch	1607968	935101
AXIS Bank, Cuttack	9477379	652452
IDBI Bank Ltd.	1500000	-
Allahabad Bank,Madhupatna, Cuttack	1499933	-
Total----->	33200752	15260302
(1) Cuttack Branch		
AXIS Bank, Cuttack (Deposit)	2414476	10616878
AXIS Bank, Cuttack (Withdrawal)	193560	959685
Total----->	2608036	11576563
(2) Paradeep Branch		
Union Bank of India, Kendrapara	-	768561
Union Bank of India,Link Road, Ctc(Deposit)	802546	1207764
Union Bank of India,Link Road, Ctc(Withdrawal)	91528	73512
CBI, Chandikhol(Deposit)	989767	1034337
Allahabad Bank (Deposit)	812985	-
CBI, Paradeep	165976	693231
Total----->	2862802	3777405
(3) Baripada Branch		
Union Bank (Deposit A/c)	199313	313213
Union Bank (Withdrawal A/c)	131955	115481
Canara Bank, Rairangapur	187974	215385
Total----->	519242	644079



Category	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
(4) Balasore Branch		
AXIS Bank, (Deposit)	1579021	1287053
AXIS Bank, (Withdrawal)	40132	6871
Union Bank of India (Balasore)	9980	10070
CBI, Bhadrak (deposit A/c)	953476	539588
Total----->	2582609	1843582
(5) Berhampur Branch		
AXIS Bank, (Deposit)	2802176	2702458
AXIS Bank, (Withdrawal)	54694	36342
Total----->	2856870	2738800
(6) Keonjhar Branch		
Union Bank of India, Keonjhar (Deposit A/c)	1456086	519768
Union Bank of India, Keonjhar (Withdrawal A/c)	29479	65791
Total----->	1485565	585559
(7) Jeypore Branch		
I.O.B., Jeypur (Deposit A/c)	57000	57000
I.O.B., Jeypur (Withdrawal A/c)	4415	2926
Andhra Bank (Deposit A/c)	3938201	2362866
Total----->	3999616	2422792
(8) Bhawanipatna Branch		
I.O.B., (withdrawal a/c)	19169	251
I.O.B. (DEPOSIT A/C)	3611008	3184830
Total----->	3630177	3185081
(9) Bolangir Branch		
Andhra Bank, Bolangir (Deposit A/C)	5888961	1782922
Andhra Bank, Bolangir (Withdrawal A/C)	179337	272716
Total----->	6068298	2055638



Category	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
(10) Rourkela Branch		
Union Bank of India, Jharsuguda (Deposit)	288272	33772158
AXIS Bank, (Deposit)	1921406	1586063
AXIS Bank, (Withdrawal)	11190	154069
C.B.I. (deposit a/c)	-	3299
C.B.I.(Withdrawal a/c)	-	11142
Total----->	2220868	35526731
(11) Bhubaneswar Branch		
AXIS Bank (Deposit)	-	300000
Allhabad Bank, Khurda(Deposit A/c)	1402339	264095
Allhabad Bank, Khurda(Withdrawal A/c)	27829	27998
Union Bank of India(Withdrawal A/c.)	360633	335971
Union Bank of India(Deposit A/c.)	47078	7347877
Canara Bank, BBSR	-	118
IOB,Nayagarh (Deposit A/c)	35670	485748
Union Bank of India (Deposit) Patia	6800924	72421
Union Bank of India (Withdrawal) Patia	91306	-
Total----->	8765779	8834228
(12) Puri Branch		
Syndicate Bank (deposit a/c)	4345352	5812518
Union Bank of India, Puri(Deposit)	5883	5972
Union Bank of India, Puri(Withdrawal)	31952	23855
Total----->	4383187	5842345
(13) Sambalpur Branch		
AXIS Bank, (Deposit)	350748	267501
AXIS Bank, (Withdrawal)	37829	80754
Total----->	388577	348255
(14) Phulbani Branch		
SBI (Deposit A/C)	89846	10099
SBI (Withdrawal A/C)	49657	35909
Allahabad Bank	921	921
Total----->	140424	46929



Category	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
(15) Rayagada Branch		
AXIS Bank (Deposit)	412303	652000
AXIS Bank (Withdrawal)	27683	38273
Andhra Bank (Deposit A/c)	-	5638
Andhra Bank (Withdral A/c)	-	3118
Total----->	439986	699029
(16) Angul Branch		
Union Bank of India(Deposit A/c)	-	9725
Union Bank (Withdral A/c)	-	5799
IOB, Dhenkanal (Deposit)	424633	20634
AXIS Bank, (Deposit)	2484174	660000
AXIS Bank, (Withdrawal)	9345	30121
Total----->	2918152	726279
(17) Baragarh Branch		
Union Bank (Deposit A/c)	2623	2623
Union Bank (withdrawal A/c.)	22097	22097
AXIS Bank (Deposit)	240894	247000
AXIS Bank (Withdrawal)	7779	32084
Total----->	273393	303804
Grand Total----->	79344333	96417401



SUB SCHEDULES FORMING PART OF SCHEDULE - G
SUB SCHEDULE - SUNDRY DEPOSITS

Category	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
Suspense	8952576	6955229
Advance Deposit towards H.P.Loan - EMIS	-	9761929
Deposit Towards fees Payable - IED	10600	10600
Deposit for Rephasement	1255450	4628978
Advance Deposit towards Interest	417494	397794
Employees Medicals Insurance Settlement	88501	108501
Security Deposit by Security Service agencies	1205639	941564
State Investment Subsidy (M & LI)	1549529	553529
Interest Subsidy from State Govt. - SPL. Enterprenuer	1223714	229
Advance Deposit towards OTS	308467810	388707954
Security Deposit & Down Payment	191802648	168913457
Central Investment Subsidy (M.S.)	3176248	3176248
State Investment Subsidy (H & T Promoters)	753961	753961
State Investment Subsidy (M & L Promoters)	27783893	26097554
EPF Administrative A/c	624386	-
Central Investment Subsidy (SSI)	111139	111139
LIC Deduction from Salary	97460	6405
Other Deduction - Terminal Dues	630261	630261
Misc. Deduction Salary	-	-
Leave Encashment claim settlement received - GLES	254491	5000
Liability for Leave Salary	1536	1536
Misc. Deduction Salary-Deputationist	14884	-
Tax Deduction at Source - Deposits	-	-
Tax Deduction at Source - Others	42543	39485
Tax Deduction at Source from Salary	1158	3158
Co-Operative Loan deduction -Salary	333430	1125
Co-Operative Thriefft Deposits	34910	800
Employees Union Fees Deduction - Salary	1235	160
Employees Gratuity Claim settled Recovered - GGS	-	-
Association Fees ded.-Salary	1500	100
Salary Deduction - Small Savings	-	-
Staff Welfare Fund	24616	24616
Professional Tax Deduction - Salary	36030	295405
Bank Loan Deduction Salary	480783	13180
Employee's Welfare Fund Deduction-Salary	1809	-
P.F Advance (Recovered)	169242	-
Deposits by Loanee as per Court Directives	2890979	-
Emplyee's Provident Fund	1050832	-
Salary & Allowances Payable	3211850	-
Total----->	556703137	612139897



**SUB SCHEDULES FORMING PART OF SCHEDULE - I
SUB SCHEDULE - STAMP IN HAND**

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
Head Office	21608	8752
Bhubaneswar Branch	789	1406
Puri Branch	592	607
Balasore Branch	1044	903
Baripada Branch	382	519
Berhampur Branch	1029	648
Bhawanipatna Branch	53	419
Bolangir Branch	343	665
Jeypore Branch	128	275
Keonjhar Branch	564	237
Phulbani Branch	972	133
Rourkela Branch	46	350
Rayagada Branch	80	476
Sambalpur Branch	546	192
Angul Branch	982	691
Baragarh Branch	45	3
Total----->	29203	16276

**ORISSA STATE FINANCIAL CORPORATION
DETAILS OF REMITTANCE OF FUND IN TRANSIT**

Name of the Branch	31.03.2009		31.03.2008	
	Amount Rs.	Date of Receipt at H.O.	Amount Rs.	Date of Receipt at H.O.
BERHAMPUR	42500	12.05.09	20496	29.05.08
BALASORE	-	-	2355	30.04.08
BOLANGIR	2000000	04.04.09	2082700	11.07.08
JEYPORE	-	-	160000	04.04.08
KEONJHAR	390000	12.05.09	20000	23.05.08
Total----->	2432500		2285551	



ORISSA STATE FINANCIAL CORPORATION
DETAILS OF FIXED DEPOSIT WITH BANK

Sl.No.	Name of the Bank	As on 31.03.09	As on 31.03.08
		Amount (Rs.)	Amount (Rs.)
1	Union Bank of India, Choudhury Bazar, Cuttack.	1188453	1188453
2	Union Bank of India, Choudhury Bazar, Cuttack.	532506	532506
	TOTAL ----->	1720959	1720959

ORISSA STATE FINANCIAL CORPORATION
DETAILS OF FIXED DEPOSIT WITH BANK

Sl.No.	Name of the Bank	As on 31.03.09	As on 31.03.08
		Amount (Rs.)	Amount (Rs.)
1	Union Bank Of India, College Square, Cuttack.	222459346	160138047
2	Union Bank Of India, Main Branch, Cuttack.	22739873	54198865
3	Union Bank of India, Nayapalli, Bhubaneswar	565000	13690000
	Total	245764219	67888865

NB: ESCROW Account

Union Bank of India, College Square, Cuttack



SUB SCHEDULES FORMING PART OF SCHEDULE - I
SUB SCHEDULE - CASH BALANCE

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
Head Office	854730	1895434
Cuttack Branch	2227	2710
Paradeep Branch	388744	649461
Bhubaneswar Branch	345868	1190380
Puri Branch	357814	1668651
Balasore Branch	498776	643906
Baripada Branch	59528	178412
Berhampur Branch	821065	2014361
Bhawanipatna Branch	628693	595136
Bolangir Branch	45945	471339
Jeypore Branch	385074	1252500
Keonjhar Branch	191517	326590
Phulbani Branch	366115	256721
Rourkela Branch	419906	491237
Rayagada Branch	55360	177801
Sambalpur Branch	138189	739523
Angul Branch	195403	1881338
Baragarh Branch	100542	265500
Total—————>	5855496	14701000

ORISSA STATE FINANCIAL CORPORATION

Details of subscriber-wise Bonds issued, Redeemed, Off-market transaction & Balance outstanding as on 31.03.2009

Rs. In lakh

Sl No.	Name of the Institution	Balance as on 31.03.08	Issued during the year	Off- market transaction		Bond Holding	Redeemed during the year	Balance as on 31.03.09	Redemption on accrued & due as on 31.03.09	Premature Redemption during the year
				Buy	Sell					
1	2	3	4	5	6	7	8	9	10	11
1	Urban Co.op Bank	80.00	0.00	0.00	0.00	80.00	0.00	80.00	65.00	0.00
2	Indian Bank	1007.50	0.00	0.00	0.00	1007.50	1007.50	0.00	0.00	760.00
3	GMDC Ltd EPF Trust	50.00	0.00	0.00	0.00	50.00	50.00	0.00	0.00	50.00
4	Kalol Nagrik Sahakari Bank	10.00	0.00	0.00	0.00	10.00	0.00	10.00	10.00	0.00
5	NAA Employees CPF Trust	1550.00	0.00	0.00	0.00	1550.00	1550.00	0.00	0.00	550.00
	Total:	2697.50	0.00	0.00	0.00	2697.50	2607.50	90.00	75.00	1360.00





SUB SCHEDULES FORMING PART OF SCHEDULE - G
SUB SCHEDULE - OTHER DEPOSITS AGENCY

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
State Govt. Seed Money Recovered-Agency	524919	149734
SIDBI NEF Recovered - Agency	8077632	17735573
Int.on State Govt. Seed Money Recovered	950632	281755
Int.on State Govt. Soft Loan Recovered-Agency	-	11744
State Govt. MM Asst. Recovered	185000	81000
Int.on State Govt. M.M. Asst.Recovered	148285	40285
Soft Loan from SIDBI - (MUN) Recovered	179087	179087
Service Charges SIDBI NEF-Agency	11185569	9496490
State Govt. Soft Loan recovered	232000	12000
Total----->	21483124	27987668

SUB SCHEDULES FORMING PART OF SCHEDULE - M
SUB SCHEDULE - ADVANCE TO EMPLOYEES

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
House Building Advance	4222765	5844611
Vehicle Advance	33959	208855
Pay Advance	341496	367479
Festival Advance	358346	261446
Medical Advance	1176624	1399182
Office Expenses Advance	754609	959521
Travelling Advance - Employees	781347	1018080
Leave Travel Concession Adv.	-	26820
Special Advance	-	24242
Interest Accrued on HB Loan	2217976	-
Interest Accrued on Vehicle Adv.	74346	-
Total----->	9961468	10110236

1. House Building Advance and Vehicle Advance outstandings are taken as Standard Assets for the purpose of provisioning as per SIDBI norms.



SUB SCHEDULES FORMING PART OF SCHEDULE - M
SUB SCHEDULE - ADVANCE TAXES, DEPOSITS & OTHERS

ADVANCE TAXES	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
Income Tax paid under protest	568243	568243
Income Tax Deducted at source	2450430	2002238
Income Tax Refundable by I.T.Dept.	2112275	2112275
Total----->	5130948	4682756

DETAILS OF DISPUTED PAYMENT UNDER PROTEST	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
Bimala Cement (P)Ltd., Rourkela	6420000	6420000
Indo East Extraction (P)Ltd., Bls	1748000	1748000
Orissa Polytex (P)Ltd., Ctc-	1302485	1302485
TOTAL	9470485	9470485

DETAILS OF DEPOSITS AGAINST COURT DIRECTIVES	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
1. Hrisikesh Das(A/c Dibakar Iron & Steel Co (P) Ltd.)	33817116	31100000
2. Hotel Prince, Jaypore	-	22361
3. The Register, Delhi High Court (28.09.96) A/c. Bombay Amonia (P) Ltd. Vrs. Premier Cold Storage case No.50/95	195224	195224
4. The Register, Delhi High Court (6/8/97) A/c. Bombay Amonia (P) Ltd. F. A. No.354/96	104537	104537
5. The Register, Delhi High Court A/c. Blue Diamond Ice Factory (29/9/99)	395800	395800
6. The Official Liquidator Orissa High Court (23/12/06) A/c. Coastal Synthetics, Balasore	30000	30000
7. Sundarray Rice Mill (Paradeep Branch)	-	5865
TOTAL	34542677	31853787

DIVIDEND DEFICIT ACCOUNT

Particulars On A/c of	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
i. SIDBI	254779847	254779847
ii. Others	545108	545108
Total----->	255324955	255324955



**STATE FUND ACCOUNT
BALANCE SHEET AS AT 31ST MARCH 2009**

LIABILITIES			ASSETS		
As at 31.03.2008		As at 31.03.2009	As at 31.03.2008		As at 31.03.2009
(Rs.)		(Rs.)	(Rs.)		(Rs.)
4,06,623	STATE FUND	4,06,623	2,83,919	BANK BALANCE	2,83,919
69	DEPOSIT TOWARDS VALUATION OF PROPERTIES	69	3,18,121	LOANS AND ADVANCES	3,18,121
			7,85,655	INT. ACCD. ON LOANS & ADVANCES	8,03,590
168	PROPERTIES RECEIVED	168	3,857	LAW CHARGES ON LOANS UNDER LITIGATION	3,857
			850	ADV. TO LEGAL ADVISOR	850
351	SUSPENSE ACCOUNT	351		INSURANCE PREMIUM PAID ON MORTGAGED ASSETS	
9,86,429	INCOME/ EXPENDITURE ACCOUNT	10,04,364	1,238		1,238
13,93,640	TOTAL	14,11,575	13,93,640	TOTAL	14,11,575

FOR ORISSA STATE FINANCIAL
CORPORATION

Sd/-
(P.C. MOHAPATRA)
JOINT GENERAL MANAGER

FOR ORISSA STATE FINANCIAL
CORPORATION

Sd/-
(K.N. KHATAI)
MANAGING DIRECTOR

FOR ORISSA STATE FINANCIAL
CORPORATION

Sd/-
(HEMANT SHARMA)
DIRECTOR



STATE FUND ACCOUNT

INCOME AND EXPENDITURE ACCOUNT UP TO THE YEAR ENDED 31ST MARCH 2009

EXPENDITURE			INCOME		
2007-2008		2008-2009	2007-2008		2008-2009
(Rs.)		(Rs.)	(Rs.)		(Rs.)
384	BANK CHARGES & COMMISSION	384	9,12,694	INT. ON LOANS & ADV.	9,30,629
			6,608	LESS REBATE	6,608
	POSTAGE STAMP		9,06,086		9,24,021
	EXCESS AMOUNT TRANSFERRED		1,250	PROCESSING CHARGES	1,250
9,86,429	TO BALANCE SHEET	10,04,364	78,537	INTEREST ON DEPOSIT WITH BANK	78,537
			940	INTEREST ON STATE FUND A/C	940
9,86,813	TOTAL	10,04,748	9,86,813	TOTAL	10,04,748

FOR ORISSA STATE FINANCIAL CORPORATION

Sd/-
(P.C. MOHAPATRA)
JOINT GENERAL MANAGER

FOR ORISSA STATE FINANCIAL CORPORATION

Sd/-
(K.N. KHATAI)
MANAGING DIRECTOR

FOR ORISSA STATE FINANCIAL CORPORATION

Sd/-
(HEMANT SHARMA)
DIRECTOR