



**TELANGANA INDUSTRIAL
HEALTH CLINIC LTD.**

ANNUAL REPORT 2017-18



Revival & Rehabilitation
Sick & Struggling MSEs



Prevent NPAs
Who wants to
prevent NPA



Credit Advances
Who needs credit advances
on bills discounted



Guidance & Advisory
Who needs guidance
and advices



Credit Facilities
New/existing enterprises



Equity
Who wants to grow business
with equity rise

To be the preferred
Mentor for MSEs

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K. TARAKA RAMA RAO

Minister for IT, Municipal Administration &
Urban Development, Industries &
Commerce, Public Enterprises,
Mines & Geology and NRI affairs
Government of Telangana



Message

The newly born Telangana State that introduced world acclaimed industrial policy instruments to place it firmly on the industrial map of India like TSiPASS, T-PRIDE, T-HUB to name a few, had also to grapple with the legacy sickness of the MSME sector and sinking Industrial Estates.

Revival and restructuring of enterprises, despite RBI and GoI guidelines continues to be a refrain with the commercial banks. Assets worth crores of rupees and loss of revenue was staring at us. Realizing that the existing institutional mechanisms failed to deal with incipient sick and sick enterprises, we were determined to do something innovative.

Such innovation lead to the establishment of Telangana Industrial Health Clinic Ltd. We were keen that Government should lend minimal capital and maximum policy support to ensure that the revival process would not end up in additional risks either to the borrowers or primary lenders.

If NPAs of MSEs were to be cleaned up with some doses of additional capital, it would have been easier. But this would not be sustainable. The sector forming one of the goals of Sustainable Development of the UN, required more than cash. This 'more' involves responsible and timely diagnostics, consulting services to the Micro and Small Enterprises, deciding on viability criteria and rebuilding the lost trust with the primary lending institution.

Well-designed structure of this enterprise has been registered with the RBI as a non-deposit taking Non-Banking Finance Company. Persons of high integrity have been put on its board to ensure good corporate governance. We have provided autonomy, accountability and transparency in all its activities.

Government is happy to notice that it started delivering the promise it made to the people in ushering in Golden Telangana. Out of over 100 entrepreneurs that knocked its doors, eliminating nearly 30 wilful defaulters and unviable enterprises, it has successfully revived 33 enterprises and the rest are in various stages of diagnostic exercise. The units hail just not from Hyderabad but from all the districts.

The institutional model approved by the Government would also cater to start-up micro enterprises receiving equity support up to 20% and those profitable small enterprises to scale up their activity to medium through IPOs on SME platform up to Rs.501akhs for about 10 of them a year subject to their due diligence.

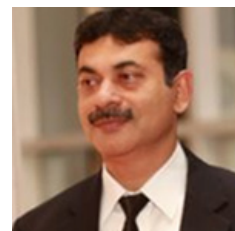
It is a matter of pride for Telangana Government that this institutional innovation that got Skoch Platinum Award in 2017 also merited the attention of Government of India for inclusion in the Draft Industrial Policy, 2018 awaiting clearance of the Cabinet.

I wish the TIHCL team Godspeed and very best.

Sd/-
(K. Taraka Rama Rao)

Jayesh Ranjan IAS

Principal Secretary to Government
Commissioner for Industrial Promotion &
Mines Industries & Commerce Department,
Government of Telangana



Message

MSME sector in Telangana occupies prime place in the industrial development agenda. Government's attention on the sector became more focused with very effective policy instruments like TSiPASS, T-PRIDE, WeHUB, cluster development around food processing, textiles, handlooms, power looms and apparels, leather products etc. Our experience in the State Level Inter-Institutional Committee set up by the RBI had been very disappointing. We noticed that mere anointment would not resolve the problems of incipient sick and sick enterprises. Revival and restructuring of sick and incipient sick industries in general and MSEs, in particular, has been a refrain with the banks. Barely 7% were put on revival with just around Rs.4.51akhs per unit on average. Pared with this is the flow of credit to the micro manufacturing enterprises even in clusters that recorded the lowest level of NPAs in banks' books, around just 5.5%. The other issue is the scaling up efforts of these enterprises from micro to small and small to medium even among the most successful. Government thought it expedient to create extra institutional mechanism to address these issues on firm footing with the establishment of Industrial Health Clinic as a non-deposit taking NBFC registered with the RBI. This institution has to work in close coordination with the existing lending institutions and rebuild the lost trust between them and the beleaguered entrepreneurs. It has to supplement and not supplant the existing lending institutions. It is actively pursuing with the leading commercial banks of the State to enter into MOUs to become fully operational. In order that it moves in tandem with the tech-savvy banks, TIHCL is endeavouring to be a fintech company with clear deliverables monitorable online. This young company with veteran top management and young executives, working as a Consultation and Resolution Company has been able to win the confidence of the clientele for whom it is intended within a short time. Disruptive technologies always threaten the existence and sustainability of the micro and small manufacturing firms. In order to address such threats and prevent enterprises becoming incipient sick, its consultation and knowledge arm would offer the right solutions at the right time. Its model of margin funding coupled with handholding after proper due diligence and diagnostics would stabilize in the coming year. I wish them all the best in their future endeavours.

Sd/-
(Jayesh Ranjan)

Message from Adviser



This Annual Report covers activity for barely nine months since inception as a Public Limited Company set up by the Government of Telangana with great vision and foresight to serve the stressed asset firms in Micro and Small Enterprise (MSE) Manufacturing space. The main activity during this period has been an effort to transform the Company into non-deposit taking Non-Banking Finance Company. RBI accorded approval for registration in January 2018. NBFC started its operations from 2nd April 2018.

Micro and small enterprises in the emerging context have to gear up for facing a highly competitive environment. The ecosystem is moving away fast from protection-oriented policies to promotional and development policies. Interdependence between large and medium at one end to the micro and small at the other end as also between these two broad categories is moving away from suspicion to stability and trust. New generation taking over the MSEs have different perspective governed by knowledge and technology.

Disruptive technologies pose severe challenges and different type of risks and costs to hedge such risks. MSEs because of their size and ownership pattern (92% are proprietary) have thus far been unorganized. Indirect Tax Reforms through Goods and Services Tax (GST) demanded change from old ways of running their enterprises. Principal change has been occurring in the way they run their finances. Both technology and fiscal regimes therefore pose severe challenges and have the prospect of making several of them incipient sick. Lenders can no longer afford to be lax and they keep sharpening their hacksaws for withdrawing their umbrella when it rains worries.

It is this emerging situation that requires the enterprises to look for mentors, guidance and responsible but affordable consulting to overcome the difficulties as and when they occur instead of precipitating them into a crisis like situation. When the risks of enterprises run amok hedging has to come from either cross-holding opportunities or institutions. Three to four years down the line, sickness could wean away but incipient sickness should be prevalent more than the current. This is where the future of TIHCL lies.

Next three to four years, TIHCL main attention would be on resolving the pent-up stress due to endemic power failures of the bygone years leaving a trail of stupendous unrecoverable losses; obsolete technologies; undependable government markets where they have become captive suppliers; unorganised and unstructured finances worrying the primary lender etc., with resolute revival and recovery package in coordination with the banks, FIs and NBFCs. Experience during the last few months of its existence demonstrated that responsible consulting, mentoring and handholding would resolve most of their current worries giving them some comfort. It is impossible to expect the lending institutions to devote such precious time with the entrepreneurs facing stress even to trace their origin. Banks can tweak their working capital limits here and there; they may elongate the life of a term loan for repayment, but they are chained by stringent regulation to classify them away from non-performing asset status and provisioning norms until their post revival balance sheets turn green.

Self-discipline among micro and small enterprises is hard to come by as most of them start with small capital and big zeal. Their capacity to learn from hindsight needs coaching, mentoring, counselling and handholding that the TIHCL is well equipped to provide at affordable cost. TIHCL looks for ushering an era of non-NPA in the sector ere long and is committed to turnaround of manufacturing MSEs. It understands long promises would not hold in short journeys.

This Report is more of environment and aspiration than achievement.

Sd/-

(Dr. B. Yerram Raju)

Message from MD & CEO



MSMEs are critical to the nation's economy. They contribute approximately 40% of India's domestic production, 42% of total exports and 45% of industrial employment. They are the second largest employer of manpower, after agriculture. MSMEs in India operate mostly in the unorganized sector and are the source of livelihood for millions of people. The social contribution made by MSMEs is even more significant as they serve as seed-bed for nurturing entrepreneurial talent and originating units to eventually grow into medium and large enterprises. Despite their economic significance and adequate policy attention, MSMEs face a number of bottlenecks that prevent them from achieving their full potential. Although many schemes have been announced by GOI and several State Governments, their reach to the MSMEs needs speed of execution.

These MSEs, mostly started by first generation entrepreneurs, face economic and non-economic challenges and unable to get any support, turn sick and become NPAs in the books of the primary lender. They face SARFAESI action and go out of business and in most cases for no fault of theirs despite RBI instructions and directions, resulting in considerable loss not only to the entrepreneur and people employed by the industry but also to economy as a whole.

Your company has been setup with passion for the MSME sector and compassion for the incipient sick and sick enterprises. TIHCL primary objective is to help in and act as catalyst in the revival and rehabilitation of these sick and incipient sick, non-wilful defaulter enterprises. To this end TIHCL provides diagnostic, mentoring, advisory services along with financial support in deserving cases apart from hand-holding in their path to recovery.

Established with start-up capital support from the Telangana State Government, your company is incorporated on June 7, 2017 as a public limited company and obtained the registration as NBFC from the Reserve Bank of India in January 2018. TIHCL commenced its operations as an NBFC with effect from April 2, 2018.

The first year of its formation was spent in fulfilling all the regulatory requirements, establishment of the office, procurement of required hardware and recruiting of suitable human resources.

The leadership of the Company has varied experience in banking and regulation. Your Board is very broad based and have very experienced members. All the independent directors are well connected and well-versed with the MSME sector. We have aimed at and achieved a good balance of experience and youth and energy in our recruitment with good gender-balance. We have trained the direct recruit employees through our own experienced Senior Executives and Consultants. Human Resource development to deliver results based on knowledge, skill and right attitude is the focus.

Technology and financial risks on terms of credit market and operational risk management are the driving forces for decision tree in your Organisation. Transparency and accountability will be the operating platform.

In order to provide smooth and seamless service to our clients, we have decided that your company will be a fin-tech company providing on-line and faster service to the sick and incipient sick enterprises. Digital delivery will be the corner stone of our business strategy. To achieve this objective, we are engaging Microsoft as our technology partner for developing your company's software so that all our operations will be transparent, fast and easy for our clients.

We have also empanelled experienced consultants, who have love and affection towards MSEs, for providing the Diagnostic services, carryout viability studies and provide hand-holding quickly and efficiently.

As our business gathers speed and scale, it is important we ensure work flows are simple, secure and safe, so that we can leap forward as an organisation and build a highly customer-centric service and delivery organisation.

TIHCL started its journey in May 2017 and since then it is playing a catalytic role in reaching the under-served MSME segment. We shall continue our efforts to reach a deeper understanding of different customer segments/ activities and to fulfil their financial needs through customized products and simple processes

We at TIHCL have created niche in the financial services industry. We are the only financial institution who listens and addresses the Financial and non-financial stress faced by manufacturing MSEs. We support them in marketing, branding, value addition, ease of doing business, and also guide them in availing various incentives and support from Government.

Sd/-
(Maruvada Sanjaya)

Our Official Directors



Shri Jayesh Ranjan, I.A.S.

He is the Principal Secretary of the Industries & Commerce (I&C) and Information Technology (IT) Departments of the Telangana government. His assignment involves developing policy frameworks, attracting new investments, identifying opportunities for utilizing IT in various government processes, and promoting digital empowerment of the citizens.

Shri Ahmad Nadeem, I.A.S.,

He is the Commissioner of Industries, and is holding additional charge of Commissioner of Labour, Employment Training and Factories.



Shri E.V. Narasimha Reddy

He is the Vice Chairman & Managing Director, Telangana State Industrial & Infrastructure Corporation (TSIIC), Hyderabad and Jt.Managing Director of Telangana State Industrial Development Corporation.

Dr Yerram Raju Behara

He is Adviser, Government of Telangana, (TIHCL). After nearly three decades of banking experience with SBI, and Dean of Studies, ASCI he devoted his attention to the growth of MSME sector both nationally and globally. He was member of Jury, SME's, Asia Pacific Banker's Congress, Manila (2004-05).



Shri Sanjaya Maruvada

A Career Central Banker, he had 33 years of commandable service with Reserve Bank of India and is the Managing Director & CEO of TIHCL.

Our Independent Directors



Dr. B. Kinnera Murthy

She is a Strategy Consultant, Director of Corporate Boards and Academic Governing Councils and a Founder Member of a Woman Support NGO, since her superannuation from The Administrative Staff College of India in 2012, where she held the posts of Dean and Professor, Strategic Management.

Dr. S. V. Prabhath

He is an accomplished Civil Servant with over 38 years of varied experience and exposure in Administration, Institution Building, General management with proven experience of giving strategic direction and policy support to several Government establishments and programmes. Currently he is involved in promoting a Global Scientific Research and Development platform based at Hyderabad.



Dr. N. Krishna Mohan

He has more than 30 years' experience in RBI and held various positions in the Bank before retiring as the Banking Ombudsman for the States of Andhra Pradesh and Telangana. He was the Regional Director of RBI offices at Trivandrum and Hyderabad.



Shri S. Srinivasa Rao

He retired as MD, APITCO, an organisation involved in SME sector. A practical industrialist, he started his career as an entrepreneur starting an SSI unit in 1972. Later he joined APITCO as Consultant and rose to head the institution as MD.



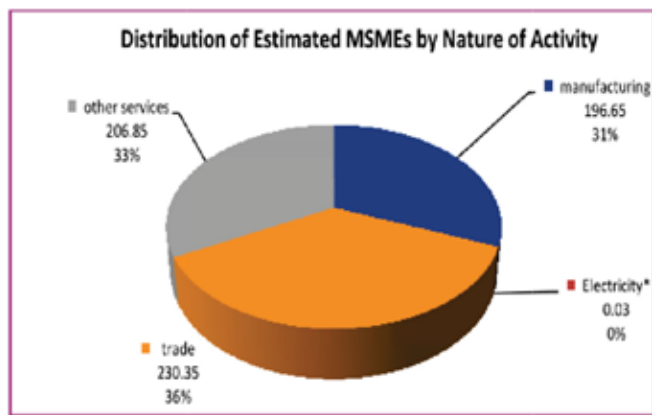
INTRODUCTION



The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly to the economic and social development of the country by fostering entrepreneurship and generating largest employment opportunities at comparatively lower capital cost.

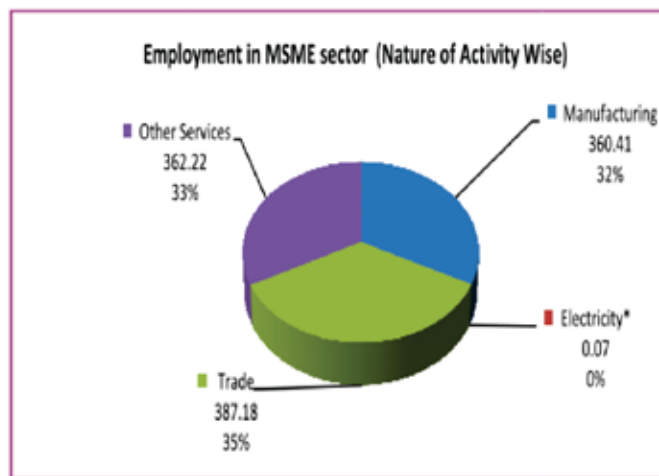
As per the data available with Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation, the contribution of MSME Sector to country's Gross Domestic Product (GDP) is 28.77% at current prices and Gross Value Addition (GVA) is 31.60% for the year 2015-16.

Micro sector with 630.52 lakh estimated enterprises provides employment to 1076.19 lakh persons, which accounts for around 97% of total employment in the sector. Small sector with 3.31 lakh and Medium sector with 0.05 lakh estimated MSMEs provides employment to 31.95 lakh (2.86%) and 1.75 lakh (0.14%) persons of total employment in MSME sector, respectively.



*Non-captive electricity generation and transmission
Source : Ministry MSME Annual Report 2017-18

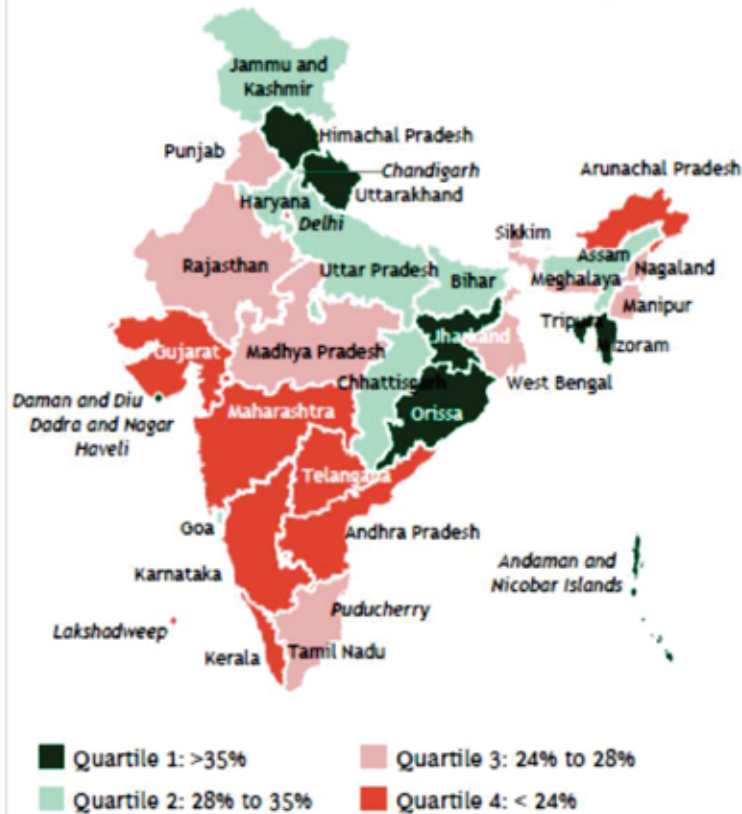
Micro, Small and Medium Enterprises (MSMEs) are one of the strongest drivers of economic development, innovation and employment. Access to finance is frequently identified as a critical barrier to the growth of MSMEs. Creating opportunities for MSMEs in emerging markets is the key to advance economic development and reduce poverty. The private and public sector can better address this matter if they have better insights about the magnitude and nature of the finance gap. Hence, sizing MSME finance gap is crucial for the governors, financiers and other private sector players to target high potential growth areas and hence more efficiently support MSME sector development.



*Non-captive electricity generation and transmission
Source : Ministry MSME Annual Report 2017-18



MSME credit as % of total credit (FY18)



Source : CIRIL India

KEY CHALLENGES IN MSME FINANCING

Collateral and Documentation

- Lack pledgeable collateral
- Lack formal accounting system
- Tax compliance issues

Cost

- High Interest Rates
- High servicing/ process costs

Process

- Lengthy TAT
- Complex and inflexible procedures

HUGE UNTAPPED MARKET

DEMAND: Rs.32.5 Trillion
Entrepreneur's Equity: Rs.4.6 Trillion
External Sources: Rs. 27.9 Trillion
Total finance requirement: Rs.27.9 Trillion
Formal credit access: Rs.10 Trillion
CREDIT GAP: Rs.17.9 Trillion

The cascading effect of Corporate and Non-performing loans has upset the vendor framework that lies in Micro and Small enterprises. Consistent failure to address the challenges involved in providing the root capital, working capital and export credit required for special institutional requirements with innovative approaches.

MSMEs in TELANGANA



Telangana State has recorded significantly higher growth rates than those at the national level. According to the Directorate of Economics and Statistics, the State recorded 14.1% growth at current prices and 10.4% at constant prices in GSDP as against the corresponding all-India growth of 9.8% and 6.6% respectively. Credit for the MSME sector from commercial banks is also moving up consistently though base effect of negative growth for the last five years continues.

Sectoral growth rates in Telangana State for 2017-18 are likely to grow. Primary sector is 9.2%, Secondary sector is 16.4% and Tertiary is 65.4% at current prices. The Total GVA comprising all the three broad sectors is likely to register an impressive growth of 13.1%, which is 3.5% higher than that of All India GVA growth. GVA from Manufacturing sector is 10.5% in Telangana State.

The Government of Telangana encourages MSMEs with investment support, incentives and training.

DIGITAL MSME Initiative

- Conducted 5 sessions in 2017-18, to educate MSMEs regarding usage of digital technologies in business
- The kick-off session was organized to provide a platform for participating companies such as Google, Microsoft, O2O Now, Tiger Sheets, Zoho, Osoft Labs .etc to understand the requirements from MSME's and design solutions that are suitable to them.
- In the 2nd and 3rd sessions, the participating companies presented case studies based on their experiences of working on pilot projects with MSMEs
- The 4th session conducted jointly with DICCI was instrumental in educating MSMEs about the advantages of digital technology in business.
- The COWE Session featured eminent speakers who promoted the usage of cloud computing technologies for managing data and expounded the benefits of digital marketing through social media platforms and websites
- The above sessions were well attended by entrepreneurs across Telangana and were instrumental in educating MSMEs about the usage of technology in their daily functions.
- The Industries Department has formed collaborative networks with CITD and several prominent companies such as Google in order to build a roadmap for complete digitization of MSME'S in Telangana.

MOUs

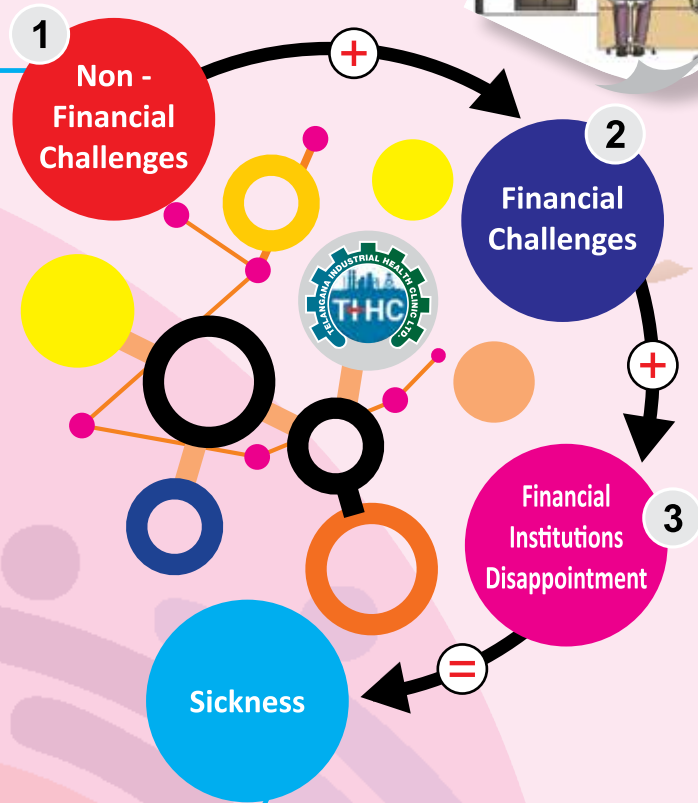
- MOU signed with the Quality council of India for state-wide propagation of Zero Defect Zero Effect (ZED) Campaign and to leverage QCI's accredited system of creating a Zero-Defect Industrial culture in MSMEs in the State
- MOU signed with National Productivity Council (NPC) to aid MSME'S in understanding and applying lean manufacturing practices, development of Smart Manufacturing Index for Industries and Pilot of Industry 4.0
- MOU signed with Central Institute of tool Design (CITD), Balanagar to provide support to MSMEs with regard to Design, Manufacturing, Inspection and skill enhancement programmes for employees.

State's infrastructure in terms of power, industrial water, dry port facility on the anvil, better logistics, better anti-pollution measures, monitoring mechanisms and the setting up of large industries to anchor the micro and small enterprises ensure enough the sustainable development of downstream manufacturing enterprises. It is, therefore, important that the legacy sickness of the MSEs in and around the upcoming industrial parks and clusters shall not cast their shadow on the latter. Telangana is the first State to invent a special institutional mechanism to address seriously the issue of incipient sick and sick MSEs to a degree that NPAs in the banks from this segment would be a distant probability and part of general risk of lending and not specific to this State.

EVOLUTION OF TELANGANA INDUSTRIAL HEALTH CLINIC LTD



Micro and small manufacturing enterprises, 92% of which are owner-driven, are known to suffer from certain inadequacies of their own making. During the last five years the cascading effect of their elder brothers groaning under heavy unsustainable institutional debt made their very existence a serious issue. As largest employers, next to agriculture and textile sectors, if this sector bleeds, the entire industrial ecosystem suffers. The sector has both financial and non-financial problems that require timely redressal. TIHCL has been set up precisely to address these concerns.



1

Marketing

- Ownership and Management
- Knowledge on banking Facilities
- Accounting knowledge
- Delay in release of subsidies and realisation of bills
- And many more

2

- Lack of awareness of Credit Facilitation
- Non-compliance of the lenders' stipulations
- Excessive hand loans at higher interest rates
- Inappropriate utilization of allocated funds
- And many more

3

- Bank's disinterest in the revival of viable enterprises and conducting prejudicial TEV studies only to deny the potentially viable enterprises to turn around
- Declining and delaying credit
- Lack of support for equity
- Banks were found to be overanxious in proceeding under SARFAESI Act 2000, disregarding the instructions of the RBI in this regard

This is where, alternative institutional mechanism is required for MSEs to address problems. The Minister for Industries, Govt of Telangana received the presentation relating to the institutional interventions and the supports required for resolving the incipient sickness and sickness of MSEs. The readily lapped up the innovative institutional mechanism to deal with the most contentious issues. His suggestions were incorporated in the business model. Government of Telangana has funded with Corpus Fund of Rs.10 crore and promoted Telangana Industrial Health Clinic Ltd (TIHCL). TIHCL identifies such enterprises, which have potential to revive and restructure diagnose the reasons for sickness and co-finance margin money along with the concerned Banks, wherever required. TIHCL's unique contribution to these enterprises involves responsible consulting at affordable cost, mentoring, handholding and providing a constant support in all aspects of their business until the enterprise turns around. TIHCL also lends policy support to the State Government. Its knowledge portal supports both the enterprises and lending institutions through E-lessons and regular policy updates, periodical updates on the climate for lending to certain sectors significant to the industrial growth district-wise as it moves along.

Innovation
First ever
in the
Country

Diagnostic
Studies

Co-Lending

MSEs are found to be lacking responsible and responsive consulting support for resolving the problems encountered by them



UNIDO Sustainable Development Goals

- Goal 9 relates to SME Development
- **Inclusive & Sustainable Industrial Development**
- Entrepreneurship & Employment Generation

UNTAPPED OPPORTUNITY

STRESSED ASSETS- MICRO AND SMALL MANUFACTURING UNITS IN TELANGANA

The Sector is key to manufacturing growth-Employs 60 million people creating 1.3 million jobs each year in India

More than 8000 products are produced by 13 million MSME units (According to the ministry of MSME).

Sick units – Telangana 2655 MSMEs (SLBC, September 2017) –Rs.642cr

Only 654 or 25% considered potentially viable-Rs. 21cr

Under Nursing: 279 – Rs.12cr

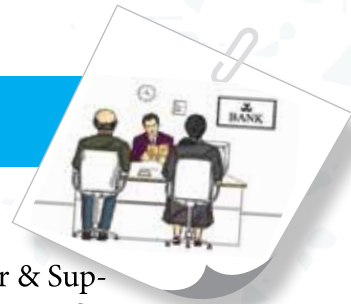
Source: 1. Union Ministry of MSMEs – Policy Note September 2017

2. Telangana Socio Economic Outlook 2017

Entrepreneur in blind alley - M/s. Surya Paper Industries Problem

The unit was funded by a bank under CGTMSE scheme. It had received enough financial support from the government in the form of subsidies. The reasons for account becoming stressed are shortage of working capital due to inappropriate estimations made in the project plan and the unit was operating at 50% of its capacity. Part of working capital has been utilized in construction of fixed assets. Sale proceeds are not being routed through bank account and entrepreneur was unaware of the procedure of routing his funds through the account.

VISION AND MISSION



VISION



To Build and Develop Sustainable entrepreneurial ecosystem dealing with challenges of Manufacturing MSEs in the state of Telangana.

To Guide, Mentor & Support Manufacturing MSEs.



MISSION



VALUE

- ✓ *Dharma - Righteousness*
- ✓ *Loka Sangraha - Public Good*
- ✓ *Kaushalyam - Skill & Efficiency*
- ✓ *VaiVidhyatha - Innovation*
- ✓ *Jignasa - Learning*

OBJECTIVES

- To ENSURE healthy manufacturing MSEs through responsive counseling and responsible consulting and other mentoring services
- To ENGAGE Manufacturing MSE's with a strong and consistent in financial performance through better compliance standards
- To SUPPORT and ENRICH sustainable working environment that attracts, retains and develops committed team sharing common values
- To play the role of ADVOCACY in assuring prompt payment by the vendees of MSEs
- To PROPEL potential MSE's to equity platforms like NSE and BSE.

Entrepreneur in blind alley - M/s. Surya Paper Industries

Solution by TIHCL

Based on diagnostic plan and the suggestions given by TIHCL, the banker agreed to enhance the limits to cater to the full needs of the unit. TIHCL supported the borrower in the form of margin loan of 20% as a part of borrower's contribution. Now, the unit is running under 80% of capacity and giving employment to 25 people in that locality.

WHAT WE OFFER?



REVIVAL AND REHABILITATION

We revive and rehabilitate the sick and incipiently sick micro and small manufacturing enterprises in the State. We are committed to ensure a disciplined and sustainable growth of MSEs. We enhance the value of the industrial ecosystem. Our objective is to shrink NPA size in the State. We present a continuous monitoring and mentoring support by experts for the entrepreneur to endure the competition.

Diagnostic Study :

Identify the causes leading to financial problem

Eliminates the gaps between bank and entrepreneur with TIHCL intervention

Revive and restructure : provide solution in revival and restructure process

Handholding the enterprises and monitor their performance

CREDIT FACILITATION

Providing the supplementary finance or part-equity required by new enterprises in cluster locations at the stage of business commencement. Unsecured loans with high interest component upfront play a significant role in enterprises becoming incipient sick. Our objective is to curtail this practice, by providing credit facilitation at a very nominal rate of interest and ensuring at the same time that the entrepreneur has adequate stake in the enterprise. Clusters have the advantage of forward and backward integration, thus having a higher benefit than units set up elsewhere.

Credit for margin to new micro manufacturing units in cluster location

Support the entrepreneur in project plan and implementation

Provide margin loan at softer rate of interest

Handholding the enterprises and monitor their performance

OVERDUE BILL PURCHASE

We support the micro and small units by preventing them from becoming sick by rediscounting the bills drawn on PSUs and Government departments and providing finance on time. The availability of the cash in the company helps it to fill working capital gap and improve cashflows. Having cash on hand can result in payment to suppliers swiftly and improve the credibility of the enterprise.

Purchase Discounted Overdue Bill drawn on Government and PSU for more than 90days

Protect Enterprises and banks from NPAs

Follow up with concerned departments/PSU for release of bills

Handholding the enterprises and monitor their performance

Soaps washed away - M/s. NJP Chemicals

Problem

NJP Chemicals was a well-established unit which was into manufacturing of detergents and soaps. Bank also witnessing the remarkable performance of the unit enhanced the limits of - - higher than needed. The entrepreneur then used the excessive finance to construct a huge building. The operating cycle of the entrepreneur thus faced a cash crunch resulting slowing down of the activity. Added to these woes, the entrepreneur depended only on Government orders for sales. Once the order period was over, the entrepreneur was left with no orders resulting in closure of unit.

KEY DIFFERENTIATORS



TIHCL is the first Co-financing NBFC in the country which provides margin money facility up to 20% of the sanctioned amount with a maximum limit of Rs. 25 lakh to sick manufacturing enterprises.

Beneficiaries can become shareholders of TIHCL by investing 1% of total funded sanction limits with maximum of Rs. 2.00 Lakhs.

Innovative concept

TIHCL also provides Handholding services with mandatory ERP solutions at a concessional price for a period of 6 months to 1 year wherever margin loan facility is extended.

Microsoft and Syscon Solutions are its technology partners.

Technology platform for MSEs

TIHCL also finances margin loans for establishment of new manufacturing enterprise in Clusters up to Rs. 25 lakh or 20% of the margin.

Nominal and discounted rate of interest

Co-Lending model

Highly experienced Board of Directors, Consultants providing valuable guidance to the Organisation.

Constant developments to meet evolving requirements.

Best Practices through good governance

Fintech driven organisation and innovation which aims to compete with traditional financial methods in the delivery of financial services.

Digital Organisation

Customer centric is the foundation of this organisation and commitment to foster a deep relationship of trust with our customers and bankers.

Wide range of products offered to all micro and small manufacturing enterprise

Customer Relations

Soaps washed away - M/s. NJP Chemicals

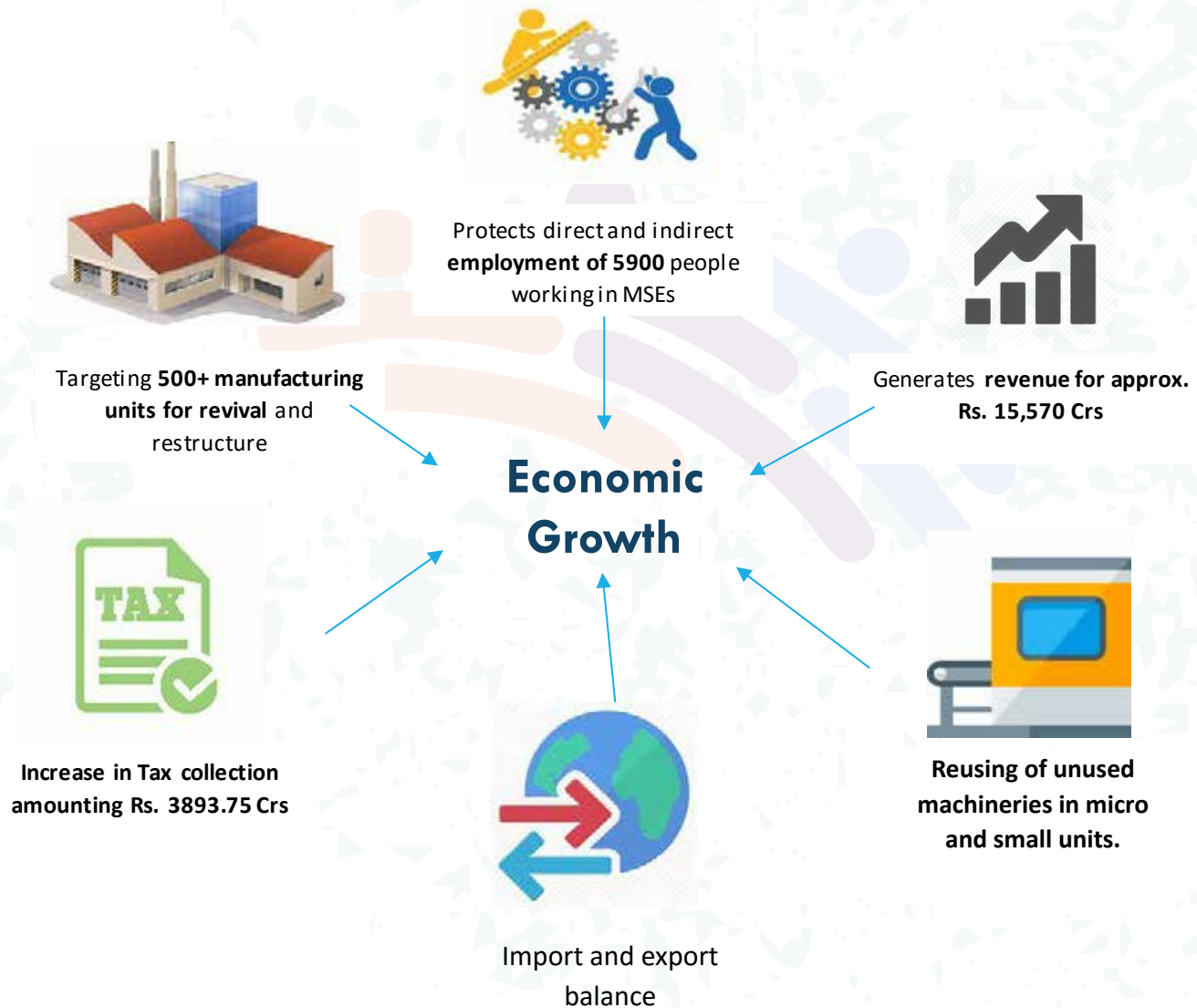
Solution by TIHCL

TIHCL after discussing with the borrower and visiting the unit had given critical suggestions like setting up a stall in the local markets sell off the existing stock to lessen the inventory, getting back the machinery to working condition, procuring various small non-government orders to improve sales, part sale and part lease of his vast factory premises etc. Now the unit is back on track.

SOCIAL IMPACT



AT LEAST 15000-20000 FAMILIES WILL BE HAPPIER.
HAPPINESS INDEX AND INDEX OF INDUSTRIAL
PRODUCTION MOVE UP.



Sobs to cheers -- Sri Harita Industries

Problem

Entrepreneur approached TIHCL and had complained that the bank issued SARFAESI notice without initial demand notice for non-payment 3 instalments. Customer was sanctioned subsidies of ₹22.90 lakhs from Commissioner of Industries and out of that amount ₹8 lakhs were pending. Despite providing a comfort letter from the Government, she was not allowed any further operations in the account.

Solution Page No. 16

RISK MANAGEMENT



The Company, a Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking – is basically promoted to revive and rehabilitate stressed Micro and Small manufacturing units with co-financing as its lending model. The company is promoted and owned by Government of Telangana as of now. Since we have not commenced our operations for the FY ending March 2018, we haven't witnessed any of risks.

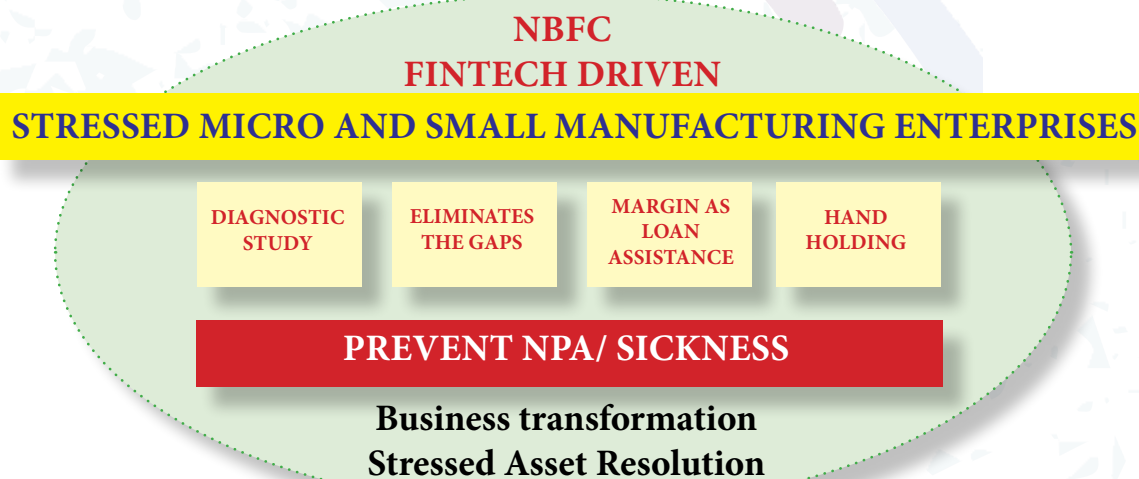
The Company's management is planning to identify, measure and monitor all the risks encompassing the organisation and report to the Board or its delegated MC once the financial operations are on. Our risk portfolio in the coming year would be credit, market risks as prime and operational risk as secondary. Besides Credit, the significant risks of the company, going forward, would be liquidity, interest rate and reputational risk, as per the extant model. With the new directives of RBI as regards applicability of NBFC norms even to Government Companies, the new compliance risk is likely to increase.

As TIHCL is a Fintech company and chosen Microsoft as our Technology Partner, the robust systems that are likely to be deployed will mitigate operational risks to a large extent as manual interventions are likely to be minimised. All the MOUs and Loan documents are being vetted by company's empanelled legal counsel to minimise legal risks.

The comprehensive Risk Management Policy of the company will be in its place soon on the foundation of proper internal control systems and processes to project integrated view of risks and ways to optimising /mitigating techniques. Risk Management Policy would specify product and process risks and map clearly the credit, market and operational risks from Basel III. perspective.



INNOVATIVE MODEL - FIRST OF ITS KIND



Sobs to cheers - Sri Harita Industries

Solution by TIHCL

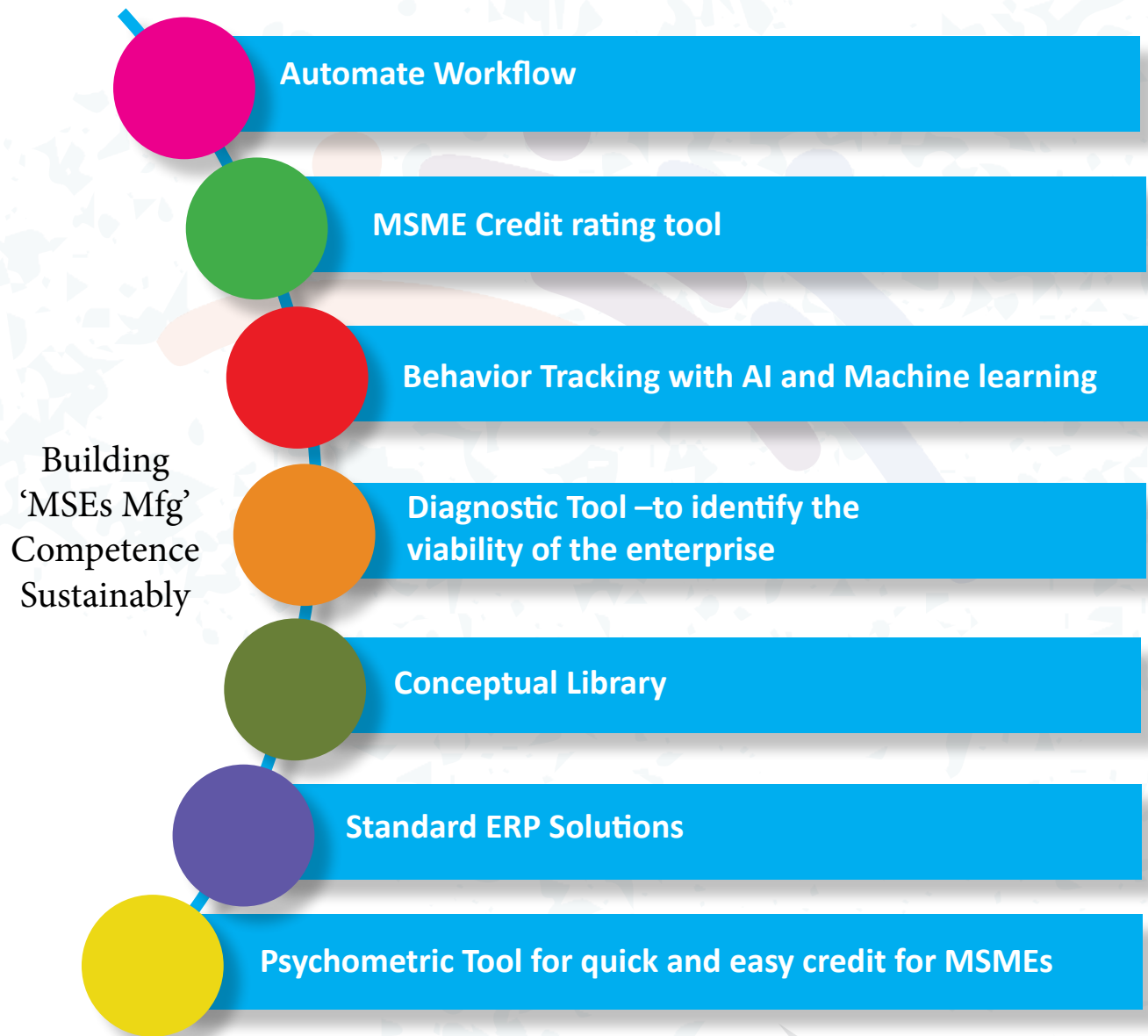
TIHCL stepped in at the request of the entrepreneur and intervened to request the Commissioner of Industries to immediately release the long pending incentive as the comfort letter would not reduce the outstanding in the account. Timely intervention worked, and subsidy got released. TIHCL also convinced the Bank that the SARFAESI notice was not in conformity with the mandatory instructions of the RBI and thus the bank had to withdraw the SARFAESI notice

FINTECH WAY



Globally, the financial services landscape is going through a FinTech revolution. Fintech helps in bringing together the partners needed to release a new product or service to fill the gaps and to satisfy entrepreneur demands by leveraging their digital distribution networks, data and insights.

The need of the hour is to innovate for the mass market and address challenges faced by the stressed units in the industry. Also, being able to sustain relations with MSEs' customers despite delinquencies is an onus that rests entirely on a fintech organization.



HUMAN RESOURCES



An evolving organization with innovative ideas, Telangana Industrial Health Clinic strives to Build and Develop a Sustainable Entrepreneurial Ecosystem dealing with challenges of stressed manufacturing MSMEs in the state of Telangana. Our main moto is to Guide, Mentor and Support the stressed manufacturing MSMEs. This activity needs highly empathetic attitude with novel thinking for the HR working in the organization as there is nothing similar in the past to bank upon. We are driven by the values of Righteousness, Efficiency, Skill, Learning and Innovation and Organizational culture represents our collective values, beliefs and principles of the members of the organization.

Telangana Industrial Health Clinic Limited is a learning organization, where the employees are empowered through skill development and upgradation in the areas of customer handling and best lending practices. It is a great challenge for a paperless fintech NBFC like us to deal with less educated customers who are already psychologically down with the stress in their unit. It strives hard to attract and retain potential talent with right attitude and aptitude who would be a value addition to the organization.

TIHCL believes in 'Knowledge is Power, and Energy is Accelerator.' Towards this, TIHCL operates with a diverse team of young and energetic workforce who are administered by knowledgeable resources retired as Senior Executives from Financial Sector. To maintain the lean structure, well experienced, competent functional specialists supplement the activity in identifying and resolving complex challenges much faster and easier. The company has provided more than equal opportunity to the female workforce in the recruitment policy and always respects and encourages them. We will continue to be a lean organization till we grow more grounded. The senior leaders will continue to play a major role in the development of an agile and a competent organization.

Our Smart Team





TELANGANA INDUSTRIAL HEALTH CLINIC LIMITED

DIRECTORS' REPORT

Dear Members

Telangana Industrial Health Clinic Limited

Your Directors have pleasure in presenting the First Annual Report on the business and operations of the Company together with the Audited Statement of Accounts of your Company for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

The Company's financial performance, for the year ended 31st March 2018 is summarized below:

(Amount in Rs.)

Particulars	Year ended 31 st March, 2018
Revenue from Operations	-
Other Income	21,95,459
Total Revenue	21,95,459
Expenses	94,46,750
Depreciation	1,04,052
Total Expenses	95,50,802
Profit / (loss) before exceptional and extraordinary items and Tax	(73,55,343)
Less: exceptional and extraordinary items	0
Profit/ (loss) Before Taxation	(73,55,343)
Less: - Current Tax - Income Tax (Earlier years) - Deferred Tax	26,911
Profit / (loss) After Tax	(73,82,254)

STATE OF THE COMPANY'S AFFAIRS AND FUTURE OUTLOOK

It being the first year of Incorporation, there was no revenue generated from operations. Company has launched its operations during the month of April, 2018 and is expected to earn revenue out of its operations during the financial year 2018-19.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report.

CIN: U74999TG2017SGC117624

For Telangana Industrial Health Clinic Ltd.

Sd/-

Managing Director & CEO

DIVIDEND

In view of the first financial year after incorporation and loss being suffered, no dividend is being recommended.

TRANSFER TO RESERVES

No amount was transferred to the reserves during the financial year ended 31st March 2018.

DEPOSITS

The Company is a non-deposit taking NBFC, and thus has not accepted any public deposits during the F.Y 2017-18.

SHARE CAPITAL

During the year under review, there has been no change in the Share Capital of the Company.

The Authorised Share Capital of the Company is Rs. 10,00,00,000 divided into 10,00,000 equity shares of ₹ 100/- each.

And the Paid-Up capital of the company is Rs. 3,00,00,000 divided into 3,00,000 equity shares of ₹ 100/- each.

MEETINGS OF THE BOARD OF DIRECTORS

During the financial year ended 31st March 2018, 4 (four) Meetings of the Board of Directors of the Company were convened and held on 14.06.2017, 26.09.2017, 28.12.2017 & 19.03.2018.

The intervening gap between the Meetings was within the period of 120 days as prescribed under the Companies Act, 2013.

LOANS, GUARANTEES AND INVESTMENTS

No Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given during the year under review.

DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or an Associate Company.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year ended 31st March 2018 were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted.

Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 is not required.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

A. Conservation of Energy, Technology Absorption

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the company during the year under review.

B. Foreign Exchange Earnings and Outgo: NIL

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in form no.MGT-9 as required under Section 92 of the Companies Act, 2013 for the financial year ending March 31, 2018 is made available on the website of the Company <http://tihcl.telangana.gov.in/>

RISK MANAGEMENT

The Company Is in the process of developing and implementing a comprehensive risk management policy which identifies major risks which may threaten the existence of the Company. The same to be adopted by your Board will also be subject to its review from time to time. Risk mitigation process and measures are also being formulated and clearly spelled out in the said policy.

For Telangana Industrial Health Clinic Ltd.

Sd/-

Managing Director & CEO

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed, nevertheless such systems are continuously and from time to time evaluated for their efficacy and improvements, if any, required are implemented.

VIGIL /WHISTLE BLOWER MECHANISM

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

There has been no change in the constitution of Board during the year under review i.e. the structure of the Board remains the same.

During the year the following directors were appointed by the Board of Directors-

1.	SHRI. S SRINIVASA RAO	Independent Director
2.	DR. B. KINNERA MURTHY	Independent Director
3.	DR. N. KRISHNA MOHAN	Independent Director
4.	DR. S.V. PRABHATH	Independent Director
5.	SHRI SRINIVAS GOWRA (ceased w.e.f. 07/09/2018)	Independent Director
6.	SHRI K.SUDHIR REDDY(appointed w.e.f. 07/09/2018)	Independent Director

Committees of the Company

1. Management Committee
2. Share Allotment Committee
3. Complaints Committee
4. Investment Committee

The Independent Directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Pursuant to MCA Notification dated 05th June 2015, the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not applicable to a Government company.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company is committed to provide a safe and conducive work environment to its employees. The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, no case of sexual harassment was reported.

For Telangana Industrial Health Clinic Ltd.
Sd/-
Managing Director & CEO

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The provisions w.r.t. CSR is not applicable to the Company. Therefore, the Company had not constituted CSR committee during the year 2017-18.

STATUTORY AUDITORS

M/s. N K R & Co, Chartered Accountants, Hyderabad, were appointed as Statutory Auditors under section 139 of the Companies Act, 2013 by the Comptroller and Auditor General of India to audit the Accounts of the Company for the period from 01.04.2017 to 31.03.2018.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the Secretarial auditor has reported to the Board, under Section 143 (12) of the Companies Act, 2013, any instance of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

BOARD'S COMMENT ON THE AUDITORS' REPORT

The observations of the Statutory Auditors, when read together with the relevant notes to the accounts and accounting policies are self-explanatory.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

- (a) in the preparation of the annual accounts for the year ended 31st March 2018, the Company has followed the applicable accounting standards and there are no material departures from the same.
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2018 and of the profit and loss of the Company for that period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a 'going concern' basis;
- (e) the Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company;
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors wish to place on record their deep sense of appreciation for the committed contribution made by the employees at all levels, to the continued growth and prosperity of the Company.

Your Directors also wish to place on record their sincere appreciation for the assistance and co-operation received from the business associates, Government authorities, customers, vendors, banks and other financial institutions and shareholders of the Company for their continued support.



Date: 07.09.2018

Place: Hyderabad

For and on behalf of the Board of Directors
Telangana Industrial Health Clinic Limited

Sd/-
(M. Sanjaya)
Director & CEO
DIN: 07840478

Sd/-
(Jayesh Ranjan)
Chairman&Director
DIN: 00003692



OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)
Telangana, Hyderabad

Lr.No. PAG (Audit)/ES(PSU)/D-IV/AA/TIHCL/2017-18/63

Date:17-12-2018.

To.

The Managing Director & CEO,
Telangana Industrial Health Clinic Limited,
5-9-58/B, Parishrama Bhavanam, Fateh Maidan Road,
Basheerbagh, Hyderabad 004

Sir

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act. 2013 on the financial Statements of Telangana Industrial Health Clinic Limited for the year ended March 2018.

I am to forward herewith comments of the Comptroller and Auditor general of India under Section 143(6) (b) of the Companies Act 2013 on the financial statements of your company for the year ended 31st March 2018 for necessary action.

2. The date of placing of comments along with Financial Statements and Auditors' Report before the shareholders of the Company may please intimated and a copy of the proceedings of the meetings furnished.
3. The date of forwarding the annual report and financial Statements of the company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government for the year 2017-18 for being placed before the Legislature may also intimated. The date on which Annual Report is tabled in the Legislature may also be intimated.
4. Ten copies of the annual report for the year 2017-18 are to be furnished in due course without fail.

Yours faithfully

Sd/-

Senior Deputy Accountant General (ES-II)

Encl: As above

Annexure-1

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF TELANGANA INDUSTRIAL HEALTH CLINIC LIMITED FOR THE YEAR ENDED 31st MARCH 2018.

The preparation of the financial statements of the Telangana Industrial Health Clinic Limited for the year ended 31 March 2018 in accordance with financial reporting framework prescribed under Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (7) of the Companies Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on auditing prescribed under “section 143 (10) of the Act. This is stated have to been done by them vide their Audit Report 07.09.2018.

1. On behalf of the Comptroller & Auditor General of India have conducted a supplementary audit of the financial statements of Telangana Industrial Health Clinic Limited for the year ended 31 March 2018 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit. I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which have in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the Financial statements of the Telangana Industrial Health Clinic Ltd. For the year ended 31st March 2018 and the reply compliance of the Management.

Financial Statements

A. Balance Sheet

Equity and Liabilities

Current Liabilities

1. Other Current Liabilities (Note No 7) – ₹ 1.75lakhs

Comment of C & AG

The Company received contribution of ₹ 750 lakh from the Government of Telangana towards Share Capital of which Equity Shares to the extent of ₹ 300 lakh were issued. The balance amount of ₹ 450 lakh was to be refunded.

The Company also received an amount ₹ 4.65 lakh towards Share Application Money from various enterprises/ individuals for which shares were not allotted. However, the company did not make provision towards interest payable on refund amount. This has resulted in understatement of "Other Current Liabilities" and Loss for the year by ₹ 16.04 lakh.

Further the share application monies were not kept in separate bank account.

For and on behalf of the
Comptroller and Auditor General of India
Sd/-

(REBECCA MATHAI)

Principal Accountant General (Audit)

Place: Hyderabad

Date: 17-12-2018

Compliance submitted by the Company:

The Company received the Government contribution in two separate tranches – the first one for ₹ 300 lakhs for which share certificates were issued on 27th September 2017. Issue of shares for second tranche was delayed because of delay in approval of Share Issuance policy by the Board. We request the Government to not to demand the interest for delayed period. The shares were issued on November 13, 2018.

The amount of ₹ 4.65 lakh was received as an advance towards processing charges and was not credited to income account as the service was not rendered. Since it was decided in the Board meeting to take it to the share capital as per the business plan of the company, it was shown by auditors as share application money. The process could not be completed due to delay in the approval of Share Issuance Policy of the Company by the Board, delay in formation of the Share Allotment Committee and also non-receipt of full information in the share applications of many of these individuals/ enterprises. Share certificates were issued on November 13, 2018 to the eligible individuals and enterprises.

Provisions, if any, required will be made in the accounts of 2018-19.

We will open another separate account, if needed, for share application monies in future, after obtaining the Board's approval.

For Telangana Industrial Health Clinic Ltd.

Sd/-

Managing Director and CEO

Hyderabad

18th December 2018



**TELANGANA INDUSTRIAL
HEALTH CLINIC LIMITED**

040 2329 8799

www.tihcl.telangana.gov.in

helpdesk-tihcl@telangana.gov.in

ANNEXURE I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) **CIN (Corporate Identity Number):** U74999TG2017SGC117624
- ii) **Registration Date:** 07/06/2017
- iii) **Name of the Company:** Telangana Industrial Health Clinic Limited
- iv) **Category / Sub-Category of the Company:** Company limited by shares/Indian Government Company
- v) **Address of the registered office :** Parisrama Bhavan, 5-9-58/8, Fateh Maidan Road, Hyderabad - 500004 Telangana
- vi) **Whether listed company Yes / No :** No
- vii) **Name, Address and Contact details of Registrar and Transfer Agent, if any:**
NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated: -

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1.	Other financial service activities, except insurance and pension funding activities	649	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. N O	NAME AND ADDRESS OF THE COMPANY	CIN/ GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% of shares held	Applicable Section
NIL					

5-9-58/B, Parishrama Bhavanam, Fateh Maidan Road, Basheerbagh, Hyderabad-500004,
CIN: U74999TG2017SGC117624.

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	D e m a t	Physical	Total	% of Total Shares	D e m a t	Physical	Total	% of Total Shares	
A.Promoters									
(1) Indian		-	-	-	-	-	-	-	-
a) Individual/HUF	-	7	7	0.002	-	7	7	0.002	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	2,99,993	2,99,993	99.99	-	2,99,993	2,99,993	99.99	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other.	-	-	-	-	-	-	-	-	-
Sub-total (A):-	-	3,00,000	3,00,000	100	-	3,00,000	3,00,000	100	-
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI									
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	3,00,000	3,00,000	100	-	3,00,000	3,00,000	100	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	D e m a t	Physical	Total	% of Total Shares	D e m a t	Physical	Total	% of Total Shares	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	3,00,000	3,00,000	100		3,00,000	3,00,000	100	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI									
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs									
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-

Telangana Industrial Health Clinic Ltd

For Telangana Industrial Health Clinic Ltd.
Sd/-
Managing Director & CEO

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	D e m a t	Physical	Total	% of Total Shares	D e m a t	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-
(B)(2):- Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		3,00,000	3,00,000	100		3,00,000	3,00,000	100	0

(ii) Shareholding of Promoters

Sl.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	JAYESH RANJAN On behalf of Government of Telangana and department of Industries and Commerce	2,99,993	99.99	NIL	2,99,993	99.99	NIL	0
2.	AHMAD NADEEM	1	0.000001	NIL	1	0.000001	NIL	0
3.	E.V.Narasimha Reddy	1	0.000001	NIL	1	0.000001	NIL	0
4.	Yerram Raju	1	0.000001	NIL	1	0.000001	NIL	0
5.	Chittaranjan Kumar Rayasam	1	0.000001	NIL	1	0.000001	NIL	0
6.	Maruvada Sanjaya	1	0.000001	NIL	1	0.000001	NIL	0
7.	Nagesh Reddy Tadasina	1	0.000001	NIL	1	0.000001	NIL	0
8.	Mavella Shrinivas	1	0.000001	NIL	1	0.000001	NIL	0
TOTAL		3,00,000	100	NIL	3,00,000	3,00,000	100	NIL

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

No Change in Promoter Shareholding During The Year

For Telangana Industrial Health Clinic Ltd.
Sd/-
Managing Director & CEO

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL**

(v) **Shareholding of Directors and Key Managerial Personnel: NIL**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
• Addition				
• Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	29,14,157	NIL	29,14,157
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	29,14,157	NIL	29,14,157

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in Rs.)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Shri M. Sanjaya	Shri B. Yerram Raju	
1.	Gross salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2)			

Telangana Industrial Health Clinic Ltd

For Telangana Industrial Health Clinic Ltd.

Sd/-
Managing Director & CEO

	Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify (Professional capacity)	17,93,772	12,00,000	29,93,772
	Total (A)	17,93,772	12,00,000	29,93,772

B. Remuneration to other directors:

(in Rs.)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		Dr. S.V. PRABHATH	Dr.. B. Kinera Murthy	S.Srinivas Rao	Dr.N Krishna Mohan	
	3. Independent Directors	Nil	Nil	Nil	Nil	NIL
	• Fee for attending board committee meetings • Commission • Others, please specify (Sitting fees)	5,000	Nil	Nil	5,000	10,000
	Total (1)	5,000	Nil	Nil	5,000	10,000
	4. Other Non-Executive Directors					
	• Fee for attending board committee meetings • Commission • Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B) = (1 + 2)	5,000	Nil	Nil	5,000	10,000
	Total Managerial Remuneration	5,000	Nil	Nil	5,000	10,000
	Overall Ceiling as per the Act	Maximum of Rs, 1,00,000 per director per meeting				

Telangana Industrial Health Clinic Ltd

For Telangana Industrial Health Clinic Ltd.
Sd/-
Managing Director & CEO

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD: **NIL**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCL T/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Not Applicable				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	Not Applicable				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	Not Applicable				
Punishment					
Compounding					



By Order Of The Board
for Telangana Industrial Health Clinic Limited

Place: Hyderabad
Date: 07/09/2018

Sd/-
M. Sanjaya
Director
DIN: 07840478

Sd/-
Jayesh Ranjan
Chairman & Director
DIN:0003692



N K R & C O
CHARTERED ACCOUNTANTS

A/17-18, Everest Building, Tardeo Road,
Tardeo, Mumbai- 400 034.
Tel: 2351 5414, Fax 2351 5527
E-mail: contact@nkrco.net
Website: www.nkrco.in

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TELANGANA INDUSTRIAL HEALTH CLINIC LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of TELANGANA INDUSTRIAL HEALTH CLINIC LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Door No. 6-2-941, Flat No. 205,
Mughal's Emami Mansion,
khairatabad,
Hyderabad - 500004
Tel: 040 8675 8388

1305, Arcadia Building,
Next to Earnest House,
NCPA Marg, Nariman point.
Mumbai - 400 021
Tel: 2204 0356

618. Swagat Business Hub;
Beside GSPC Gas station,
ONGC Cross Roads. Icchapore,
Surat - 394 510

Door No. 2-5-16.
Sriranga Nilayam,
Juvvalapalem Road.
Bhimavaram -534 202
Tel: 08816 230 388

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss and its cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”; and
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For N K R & CO
Chartered Accountants
(Firm Registration No. 127820 W)

Sd/-
T.N.V. Visweswara Rao
Partner
(Membership No. 204084)

Place: Hyderabad
Date: 07-09-2018

ANNEXURE 'A' REFERRED TO IN PARAGRAPH 1 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT TO THE MEMBERS OF TELANGANA INDUSTRIAL HEALTH CLINIC LIMITED OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2018

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification with in the books of account;
- (c) The company is not having any immovable properties in the name of the company hence this clause is not applicable.
- (ii) Since the company does not have inventory Clause (ii) is not applicable.
- (iii) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- (v) In our opinion and according to the information and explanations given to us, during the year the company has not accepted any deposits from the public within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) As informed to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues of Income Tax with the appropriate authorities. According to the records of the company, the company does not have undisputed statutory dues of employees' state insurance, sales-tax, duty of customs, duty of excise, value added tax and cess. There were no arrears of statutory dues as at March 31, 2018 outstanding for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Managerial remuneration paid / provided is within the limits prescribed under the provisions of the Companies Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the records of the company and in our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and accordingly, compliance with the provisions of Section 192 of Companies Act, 2013 does not arise.
- (xvi) The company is registered with the Reserve Bank of India as a Non Banking Finance Company.

Sd/-

Place: Hyderabad

Date: 07-09-2018

Sd/-

T.N.V.Visweswara Rao
Partner
(Membership No.204084)

Sd/-

For N K R & CO
Chartered Accountants
(Firm Registration No. 127820 W)

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF TELANGANA INDUSTRIAL HEALTH CLINIC LIMITED

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

We have audited the internal financial controls over financial reporting of Telangana Industrial Health Clinic Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For N K R & CO
Chartered Accountants

(Firm Registration No. 127820 W)

T.N.V.Visweswara Rao
Sd/-
Partner

(Membership No.204084)

Place: Hyderabad

Date: 07-09-2018



Telangana Industrial Health Clinic Limited

BALANCE SHEET AS AT 31ST MARCH 2018

		Amount in Rs.
Particulars	Note No.	As At 31st March, 2018
I. EQUITY AND LIABILITIES:		
<u>(1) Shareholder's Funds</u>		
(a) Share Capital	2	30,000,000
(b) Reserves and Surplus	3	(7,382,254)
		22,617,746
<u>(2) Non-Current Liabilities</u>		
(a) Deferred Tax Liabilities	4	26,911
		26,911
<u>(3) Current Liabilities</u>		
(a) Short-Term Borrowings	5	48,379,157
(b) Trade Payables	6	991,819
(c) Other Current Liabilities	7	175,084
		49,546,060
Total Equity & Liabilities		72,190,717
II.ASSETS:		
<u>(1) Non-Current Assets</u>		
(a) Fixed Assets		
(i) Tangible Assets	8	1,315,926
		1,315,926
<u>(2) Current Assets</u>		
(b) Cash and cash equivalents	9	69,925,904
(c) Short-term loans and advances	10	400,000
(d) Other Current Assets	11	548,887
		70,874,791
Total Assets		72,190,717
Significant Accounting Policies	1	

The Accompanying notes 2 to 22 form an integral part of these financial statements.

As per our attached report of even date

For N K R & CO
Chartered Accountants
 Firm Reg. No: 127820W

Sd/-
T.N.V.Visweswara Rao
Partner
M.No. 204084

Place: Hyderabad
 Date: **07-09-2018**

For Telangana Industrial Health Clinic Limited

Sd/-
Managing Director
DIN: 07840478

Sd/-
Director
DIN: 00003692

Place: Hyderabad
 Date: **07-09-2018**

Telangana Industrial Health Clinic Limited

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH 2018

		Amount in Rs.	
	Particulars	Note No.	Period Ended 31st March, 2018
	Revenue from operations		-
	Other Income	12	2,195,459
	Total Revenue - (A)		2,195,459
	<u>Expenses:</u>		
	Employee Benefit Expenses	13	1,023,333
	Finance Costs	14	2,112
	Depreciation and Amortization Expense	8	104,052
	Other Expenses	15	8,421,305
	Total Expenses - (B)		9,550,802
	Profit before exceptional and extraordinary items and tax - (A) - (B)		(7,355,343)
	Exceptional and extraordinary items		-
	Profit Before Tax		(7,355,343)
	<u>Tax expense:</u>		
	(a) Current Tax		-
	(b) Deferred Tax - Liability / (Asset)		26,911
	Profit/(Loss) for the Year		(7,382,254)
	Earning per equity share:		
	(a) Basic	16	(2.46)
	Significant Accounting Policies	1	

The Accompanying notes 2 to 22 form an integral part of these financial statements.

As per our attached report of even date

For N K R & CO
Chartered Accountants
 Firm Reg. No: 127820W

For Telangana Industrial Health Clinic Limited

Sd/-
T.N.V.Visweswara Rao
Partner
M.No. 204084

Sd/-
Managing Director
DIN: 07840478

Sd/-
Director
DIN: 00003692

Place: Hyderabad
 Date: **07-09-2018**

Place: Hyderabad
 Date: **07-09-2018**

Telangana Industrial Health Clinic Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018

(Amount in Rs.)

PARTICULARS		2017-18
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Taxation		(7,355,343)
Adjustment for:		
Depreciation	104,052	
Finance Costs	2,112	
Interest received	(2,195,459)	
		(2,089,295)
Operating profit before working capital changes		(9,444,638)
Adjustment for change in Working Capital		
Decrease/(Increase) in Short Term Loans & Advances	(400,000)	
Increase/ (Decrease) in Trade Payables	991,819	
Increase/ (Decrease) in Short Term Borrowings	48,379,157	
Increase/ (Decrease) in Other Current Liabilities	175,084	
Decrease/(Increase) in Other Current Assets	(548,887)	
		48,597,173
Cash Generated from Operations		39,152,535
Less:		
Aggregate Direct Taxes paid/(Refund)	-	-
Net Cash from Operating Activities		39,152,535
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,419,978)	
Interest Received	2,195,459	
		775,481
Net Cash generated through Investing Activities		775,481
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Share Capital Including Share Premium	30,000,000	
Bank Deposits not considered as cash and cash equivalents	(69,444,349)	
Finance Costs	(2,112)	
		(39,446,461)
Net cash generated through financing activities		(39,446,461)
Net Increase/(Decrease) in Cash and equivalents (A+B+C)		481,555
Cash & Cash Equivalents at the Beginning of the Year		-
Cash & Cash Equivalents at the End of the Year		481,555

For Telangana Industrial Health Clinic Ltd.

Sd/-

Managing Director & CEO

Note-:

(i). The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 'Cash Flow Statements'.

(ii). Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

	2017-18
Cash and cash equivalents at the end of the year as per cash flow statement	481,555
Add: In Deposit a/c	69,444,349
Cash and cash equivalents at the end of the year as per Note:	69,925,904

As per our attached report of even date

For N K R & CO
Chartered Accountants
Firm Reg. No: 127820W

Sd/-
T.N.V.Visweswara Rao
Partner
M.No. 204084

Place: Hyderabad
Date: **07-09-2018**

For Telangana Industrial Health Clinic Limited

Sd/-
Managing Director
DIN: 07840478

Place: Hyderabad
Date: **07-09-2018**

Sd/-
Director
DIN: 00003692



Telangana Industrial Health Clinic Limited

Notes attached to and forming part of accounts for the year ended on March 31, 2018

Corporate Information

Telangana Industrial Health Clinic Limited ('the company') was incorporated on 7th June 2017 as public limited company under the Companies Act 2013. The company is primarily engaged in the business of Non-Banking Finance Company and to finance, Consultant to Finance all MSEs in the state of Telangana and for that purpose lend and advance money to entrepreneurs, promoters, industrial and other business concerns on such terms and conditions and with or without security as may be considered appropriate and also to act as a Financial Company.

Note 1

SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Accounting :

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the mandatory Accounting Standards ("AS") notified under section 133 of the companies act 2013. The financial statements are prepared on accrual basis and under historical cost conventions

1.2 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and estimated useful lives of fixed assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

1.3 Revenue Recognition

Revenue is recognised on accrual basis.

1.4 Tangible Fixed Assets

Fixed Assets are stated at actual cost, less accumulated depreciation and net of impairment. Cost includes all expenses incurred to bring the assets to its present location and condition. Subsequent expenses on fixed assets after its purchase is capitalised only if such expenses results in an increase in the future benefits from such assets beyond the previous announced standards of performances.

The cost and the accumulated depreciation for fixed assets sold, retired or otherwise disposed-off are removed from the stated values and the resulting gains and losses are included in the Statement of Profit and Loss.

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment.

1.5 Depreciation

Depreciation on fixed assets is provided on a straight-line method over their estimated useful lives at the rates as prescribed under Schedule II of the Companies Act, 2013. Depreciation is charged on pro-rata basis from the date of capitalisation. Losses arising from retirement, gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the statement of Profit and Loss.

1.6 Earnings Per Share

The company reports basic Earnings per share (EPS) in accordance with Accounting Standard 20 on "Earnings per share". Basic EPS is computed by dividing the net Profit or Loss for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

Dilutive Potential Equity shares are deemed to have been converted as of the beginning of the year, unless they have been issued at a later date. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares where applicable.

For Telangana Industrial Health Clinic Ltd.

Sd/-

Managing Director & CEO

1.7 Retirement and other Employee benefits:

Employee benefits include provident fund, employee's state insurance scheme, gratuity fund and leave encashment.

Contributions in respect of Employees Provident Fund and Employee State Insurance which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as incurred on accrual basis to the Statement of Profit and Loss.

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date based on projected unit credit method.

Actuarial gains / losses are immediately taken to the Statement of Profit and Loss.

1.8 Cash and Cash Equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.9 Segment Reporting :

The Company is primarily engaged in the business of Rendering Financial Services to SME's. The primary segment of the company is Rendering Financial Services which in the context of Accounting Standard 17 on "Segment Reporting" constitutes reportable segment.

1.10 Taxes on Income

Tax expenses comprises both current and deferred taxes. Provision for current tax is made based on the applicable tax rates and tax laws with respect to that year. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect of deferred tax assets and liabilities of a change in tax rates is recognised in the profit and loss account in the year of change. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

1.11 Contingent Liabilities & Provisions

A Provision is recognised when an enterprise has a present obligation as a result of past event i.e. it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

Telangana Industrial Health Clinic Limited

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2018

Note: 2 Share Capital	Amount in Rs.
Particulars	As At 31st March, 2018
<u>AUTHORIZED CAPITAL</u>	
10,00,000 Equity Shares of Rs. 100/- each with Voting rights	10,00,00,000
<u>ISSUED, SUBSCRIBED & FULLY PAID UP CAPITAL</u>	
3,00,000 Equity Shares of Rs. 100/- each with Voting Rights	3,00,00,000
Total	3,00,00,000

Equity Shares

The Company has only one class of equity shares having a par value of Rs. 100 per share. Each Shareholder is eligible for one vote per share. The dividend proposed if any by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

a. Reconciliation of Equity Shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March, 2018	
	No. of Shares	Amount
At the Beginning of the year	-	-
Issued during the year (Equity Shares each Rs.100/-)	3,00,000	3,00,00,000
Outstanding at the end of the year	3,00,000	3,00,00,000

b. Details of Share Holders holding More than 5% of Equity Shares in the Company

Particulars	As at 31st March, 2018	
	No. of Shares	%age of Holding
Shri Jayesh Ranjan (for and on behalf of Government of Telangana)	2,99,993	99.99767%

Note : 3 Reserves & Surplus	Amount in Rs.
Particulars	As At 31st March, 2018
Surplus / (Deficit) in Statement of Profit and Loss	
Balance at the beginning of the year	-
Add: Profit / (Loss) for the year	-73,82,254
Total	-73,82,254

Note : 4 Deferred Tax Liabilities	Amount in Rs.
Particulars	As At 31st March, 2018
Deferred Tax Liabilities on account of Depreciation	26,911
Total	26,911

For Telangana Industrial Health Clinic Ltd.
Sd/-
Managing Director & CEO

Telangana Industrial Health Clinic Limited

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2018

Note : 5 Short Term Borrowings	Amount in Rs.
Particulars	As At 31st March, 2018
Unsecured Loans	
Short term loans & advance	29,14,157
Pending Refund of Share Application Money - Ref Note 19	4,54,65,000
Total	4,83,79,157

Note : 6 Trade Payables	Amount in Rs.
Particulars	As At 31st March, 2018
Trade Payables other than Acceptances:	
Dues to micro enterprises and small enterprises	
Others	9,91,819
Total	9,91,819

Note : 7 Other Current Liabilities	Amount in Rs.
Particulars	As At 31st March, 2018
Statutory Liabilities	1,75,084
Total	1,75,084

Note 8 Fixed Assets:									
PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Block
	As At 1st April 2017	Additions	Deletions / Adjustments	As at 31st March, 2018	As At 1st April 2017	For the Year	Deletions / Adjustments	As at 31st March, 2018	As At Mar 2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets									
Computers	-	3,73,444	-	3,73,444	-	49,585	-	49,585	3,23,859
Furniture & Fixtures	-	4,08,699	-	4,08,699	-	15,501	-	15,501	3,93,198
Printers	-	1,23,516	-	1,23,516	-	5,450	-	5,450	1,18,066
Office Equipment	-	97,949	-	97,949	-	5,551	-	5,551	92,398
Air Conditioners	-	2,33,400	-	2,33,400	-	8,281	-	8,281	2,25,119
UPS - Hitachi	-	1,82,970	-	1,82,970	-	19,684	-	19,684	1,63,286
Total	-	14,19,978	-	14,19,978	-	1,04,052	-	1,04,052	13,15,926

For Telangana Industrial Health Clinic Ltd.
Sd/-
Managing Director & CEO

Telangana Industrial Health Clinic Limited

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2018

Note : 9 Cash & Cash Equivalent	Amount in Rs.
Particulars	As At 31st March, 2018
Cash on Hand	2,319
Balances with Banks	
-In Current Accounts with Banks	4,79,236
	4,81,555
Other Bank Balances	
In Deposit a/c	6,94,44,349
	6,94,44,349
Total	6,99,25,904
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	4,81,555

Note:10 Short Terms Loans and Advances (Unsecured Considered Good)	Amount in Rs.
Particulars	As At 31st March, 2018
Others	4,00,000
Total	4,00,000

Note : 11 Other Current Assets	Amount in Rs.
Particulars	As At 31st March, 2018
Balance with Revenue authorities	5,48,887
Total	5,48,887

Note : 12 Other Income	Amount in Rs.
Particulars	For Period Ended 31-03-2018
Interest on Fixed Deposits with Bank	21,95,459
Total	21,95,459

Note : 13 Employee Benefit Expenses	Amount in Rs.
Particulars	For Period Ended 31-03-2018
Salaries and Allowances	10,23,333
Total	10,23,333

Note :14 Finance Costs	Amount in Rs.
Particulars	For Period Ended 31-03-2018
Bank & Finance Charges	2,112
Total	2,112

For Telangana Industrial Health Clinic Ltd.
Sd/-
Managing Director & CEO

Telangana Industrial Health Clinic Limited

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2018

Note : 15 Other Expenses	Amount in Rs.
Particulars	For Period Ended 31-03-2018
Books,& Periodicals	18,850
Postage & Telegram	1,446
Business promotion expenses	3,19,210
Communication expenses	76,378
Printing & stationary	1,09,543
Remuneration to Advisor & C.E.O	29,93,772
Legal, professional & consultancy fee - Ref Note-17	16,04,250
Travelling expenses	5,14,821
Registration & filing fee	10,49,320
Interest on Delay in Payment of Taxes	26,894
Directors Sitting Fee	12,000
Branding & Promotional expenses	5,56,769
Electricity charges	54,694
Office Maintenance	2,45,106
Rent, Rates & Taxes	6,44,544
Repairs & Maintenance of Computers	23,040
Web Site Design Charges	48,225
General Expenses	1,22,443
Total	84,21,305

Note: 16

Earnings per Share:

The following is computation of earnings per share and a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share.

Particulars	For the Year ended March 31, 2018
Profit / (Loss) for calculating the Earnings per share (Rs.)	(73,82,254)
Weighted average number of equity shares	30,00,000
Basic / Diluted Earnings per share	(2.46)

Note: 17

Payments to Auditors:

Particulars	2017-18 (Amount in Rs.)
Statutory Audit Fee (Net of GST Rs.9000/-)	50,000
Total	50,000

For Telangana Industrial Health Clinic Ltd.
Sd/-
Managing Director & CEO

Telangana Industrial Health Clinic Limited

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2018

Note: 18

The company is recognised as a Non-Banking Financial Company (NBFC) with Reserve Bank of India (RBI). However, the company can carry on the business of non-banking financial institution without accepting Public Deposits.

Note: 19

During the year the company has received contribution of Rs.750 Lakhs from the Government of Telangana towards Share Capital. The company has allotted equity shares to the extent of Rs.300 lakhs being the initial subscription for Shares and balance Rs.450 Lakhs is lying in Share Application Money. Since the allotment is not made within the prescribed time period of 60 days from the date of receipt monies, the same needs to be refunded with interest. Further the company has received Share Application Monies from various Enterprises / Individuals to the extent of Rs.4.65 Lakhs. The company could not allot the shares to these enterprises / Individuals within the prescribed time limit of 60 days and require to refund the amount with interest.

Note: 20

The Company accounts for its liability towards Gratuity / Leave Encashment based on actuarial valuation made by an independent actuary as at the balance sheet date. However as the company has recruited its employees during the end of the audit period and actuarial liabilities will be recognised in the next financial year.

Note: 21

Disclosure of Related Party Transactions as required by Accounting Standard - 18 "Related Party Disclosures".

(1) Other related parties commonly controlled or influenced by major shareholders / directors of the company - Telangana State Industrial Development Corporation Limited (TSIDC)

(2) Key Managerial Personnel

- Sh. B.Yerram Raju - Advisor & Director

- Sh. M.Sanjaya - Addl Director & C E O

Transactions with Related parties during the year

Particulars	Amount
- Rent to TSIDC	7,60,562
- Reimbursement of Expenses to TSIDC	29,14,157
- Receipt of Advance from TSIDC	2,30,00,000
- Repayment of Advance to TSIDC	(2,30,00,000)
- Remuneration to Key Managerial Personnel - Sh M.Sanjaya	17,93,772
- Remuneration to Key Managerial Personnel - Sh.B.Yerram Raju	12,00,000

For Telangana Industrial Health Clinic Ltd.
Sd/-
Managing Director & CEO

Telangana Industrial Health Clinic Limited

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2018

Note: 22

Previous year figures are not given, since this being the first financial year of the company.

As per our attached report of even date

For N K R & CO
Chartered Accountants
Firm Reg. No: 127820W

Sd/-
T.N.V.Visweswara Rao
Partner
M.No. 204084

Place: Hyderabad
Date: 07-09-2018

For Telangana Industrial Health Clinic Limited

Sd/-
Managing Director
DIN: 07840473

Place: Hyderabad
Date: 07-09-2018

Sd/-
Director Chairman
DIN: 00003692





N K R & CO
CHARTERED ACCOUNTANTS

A/17-18, Everest Building, Tardeo Road,
Tardeo, Mumbai- 400 034.
Tel: 2351 5414, Fax 2351 5527
E-mail: contact@nkrco.net
Website: www.nkrco.in

Compliance Certificate

We have conducted the Audit of Accounts of **Telangana Industrial Health Clinic Limited** for the year ended 31st March, 2018 in accordance with the directions issued to us by the C & AG of India under section 143(5) of the Companies Act, 2013 and we certify that we have complied with the directions issued to us and submitting our report in **Annexure 1** attached to this certificate.

For N K R & CO
Chartered Accountants
Firm Registration No. 127820W

T.N.V.Visweswara Rao
Partner
M.No.204084



Place: Hyderabad
Date: 07-09-2018

Door No. 6-2-941, Flat No. 205,
Mughal's Emami Mansion,
khairtaibad,
Hyderabad - 500004
Tel: 040 8675 8388

1305, Arcadia Building,
Next to Earnest House,
NCPA Marg, Nariman point.
Mumbai - 400 021
Tel: 2204 0356

618. Swagat Business Hub;
Beside GSPC Gas station,
ONGC Cross Roads. Icchapore,
Surat - 394 510

Door No. 2-5-16.
Sriranga Nilayam,
Juvvalapalem Road.
Bhimavaram -534 202
Tel: 08816 230 388

Annexure - I

(I) Corporate Governance and Audit Committee

(1) Whether the Company has been listed on the stock exchanges? If yes, the names of the stock exchanges may please be indicated? If so, whether the provisions of listing agreement of SEBI are being followed by the Company?

– Not Applicable

(2) Whether the Company has 50% independent directors on their Board as required under SEBI guidelines?

– Not Applicable. However the Board comprises 50% as Independent Directors

(3) Whether the Company has formed an Audit Committee in compliance with Section 177 of the Companies Act, 2013. If not, indicate the extent of non-compliance?

– Not Applicable

(4) Whether Audit Committee has discussed the qualifications made in the Auditor's report as well as important comments, audit paras of Government Audit and has given recommendations for taking appropriate corrective action in the next year's accounts?

– Not Applicable

(5) Whether the Audit Committee has examined the replies to paragraphs, mini reviews, sectoral reviews, comprehensive appraisals, etc included in various Audit reports of the C&AG before their submission to Government Audit / Committee on Public Undertakings?

– Not Applicable

(6) Whether the Audit Committee has reviewed and discussed with the Management, and the internal and external auditors, the adequacy and effectiveness of the accounting and financial controls, including the Company's financial and risk management policies?

– Not Applicable

(7) Whether the Board of Directors (BOD) has reported in the Director's Report to the shareholders compliance to their responsibility statement under section 134 (3)(c) of the Companies Act, 2013?

– Not Applicable

(8) Whether CEO/CFO certificate has been obtained in terms of listing agreement?

– Not Applicable

(II) Business Risk. Comment on:

(1) Any new Statutory or Regulatory requirement or change in Government policy that could impair the financial stability or profitability of the entity.

– During the year under Audit the company has not started its business operations and hence the impact of profitability is not assessed.

(2) Unusually rapid growth if any, especially compared with that of other companies in the same Industry.

– Being the New concept the company has to analyse the companies in the similar sector also the company has not started its business operations during the year under audit.

(3) The process used for identification of business risks and steps taken to mitigate it by the Management

– Yet to be identified

(4) Unrealistically aggressive sales or profitability incentive programs, if any.

– As business activity of the company is not started this clause is Not Applicable

(5) The system of making a business plan, short term/ long term & reviews of the same vis-à-vis the actual? Business plans are in place however the Business Activity yet to be started

(6) The capital expenditure/capital invested not put to use. – Not Applicable

(7) The cost benefits analysis of major capital expenditure/ expansion including IRR and payback period. Not Applicable.

(8) The existence of Macro, Sector and Operation threats that could drive fundamental changes in business model. Indicate in brief.

– Business activity yet to be started

(III) Disinvestment (if applicable) – Not Applicable

(1) What is the mode of disinvestment (i.e. Trade sale, Management & Employees Buy Out, Mass privatization, Public auction, Flotation, Liquidation, Private placement)

(2)What is the present stage of disinvestment process?

(3)If the company has been selected for disinvestment, please report:

(a)Has the company accounted for all its assets (including intangible assets), liabilities, income, and expenditure as per the requirement of relevant Accounting Standards and nothing is left out of books?

(b)Whether the assets of the company, especially land, valued at nominal cost has been revalued keeping in view the fair market rate for consideration of the net worth of the Company for the purpose of sale?

(c)Whether the committed reserves and general reserves created over the years are disclosed distinctly? If utilization of general reserves is substantial, specify the conditions of utilization and whether these conditions are covered under the byelaws/articles of the Company and provisions of the Companies Act, 1956?

(d)Whether any investment was made by the Company during the process of Disinvestment? If so, whether such investments were in the interests of the company or did they have the effect of extending undue advantage to the Bidders?

(IV) System of Accounts & Financial Control

(1)Whether the allocation of duties and responsibilities including the delegation of powers at various levels of management is fair/proper/justifiable and the same have been adequately defined? - **Yes**

(2)Examine the systems of accounts & Financial Control being followed by the company and give your views as regards their deficiencies along with suggestions for remedial measures? - **Yes. The company has taken steps for the Accounts and Financial Controls.**

(3)Please report which of the accounting policies adopted by the Company are not in conformity with the accounting policies applicable to the industry/companies in the same sector, particularly the Government Companies. What is the impact of such policies on the accounts? - **Not Applicable as the business activity of the company has not yet started.**

(4)Notes to Accounts, qualifications in Auditor's Report and comments of the C&AG may be reviewed for the last 3 years and state whether the Management has taken rectificatory action? - **Not Applicable**

(5)Whether the Company has a clear credit policy, policy for providing for doubtful debts/write offs & liquidated damages? Analyse the reasons such as non-completion of performance tests, litigation, retention sale, etc. for significant sundry debtors and report thereon. - **Not Applicable**

(6)Please report whether the system of giving discount to promote sales is fair? Whether the instructions for allowing discount are issued in writing and communicated properly to sales outlets? - **Not Applicable**

(7)Examine and indicate whether the company has a system of monitoring the timely recovery of outstanding dues? Highlight the significant instances of failure of the system, if any. - **Not Applicable**

(8)What is the system of obtaining confirmation of balances from debtors/ creditors and other parties? Indicate separately the amount of balances remained unconfirmed from Government Departments/PSUs and Private parties and their percentage to total amount under each head. - **Yes**

(9)Please report whether there are any cases of waiver of debts/loans/interest etc., if yes, the reasons therefore and the amount involved. - **Not Applicable**

(10)Is there an adequate system of timely lodging of claims with outside parties? Whether the claims are properly monitored? - **Not Applicable**

(11)Whether the credit obtained (including overdrafts) is monitored regularly and the terms of loans are not such that they have a negative impact on the earnings of the company. Examine the system of effective utilization of loans & the system of obtaining statutory benefits. - **Not Applicable**

(12)Whether any incidence involving improper use or wastage of funds was noticed - **No**

(13)Examine and comment upon the reasonableness of assumptions made by the Actuary in providing for employee benefits as per Accounting Standard 15. - **Not Applicable**

(14)Whether work flow and document flow is in place to ensure proper controls and systems commensurate with the delegation of work? - **Yes**

(V)Fraud/Risk

(1)Whether the company has an effective and delineated fraud policy consistent with regulatory requirements as well as the entity's business needs? - **Yet to be formulated**

(2) Whether the Company has formulated 'code of conduct' for senior management? – **Yet to be formulated**

(3) How the company has dealt with reported frauds and what are the remedial measures taken for preventing recurrence? **No such cases**

(4) Are there any cases of violation of delegated Financial Powers during the period under report, which warrants "in-depth audit"? If yes please give a list of such cases. – **No Such cases**

(5) Does the Company have separate Vigilance Department/ Wing? To what extent is it effective in its duty and whether its reports are submitted to the Board? **No**

(6) Whether the Management has designed and put in place an adequate Prevention and Detection Controls to prevent, reduce and discover the fraud and other irregularities? – **Yet to be formulated**

(7) Whether the Company has 'whistle blowing' policy? – **Yet to be formulated**

(8) Whether the fraud policy has been periodically reviewed and evaluated to determine whether it was designed and implemented to achieve optimal effectiveness? – **Yet to be formulated**

(VI) Assets (including Inventory)

(1) What is the position regarding maintenance of records such as fixed assets register, etc.? – **Fixed Asset Register is maintained.**

(2) Whether the company has prescribed the following in regard to the management of stores: **No Inventory hence not applicable**

(a) Maximum and minimum limits of stores and spares etc.

(b) Economic order quantity for procurement of stores.

(3) Whether ABC analysis has been adopted to control the inventory? If not, impact on inventory may be analysed.

– **Not Applicable**

(4) Whether regulations made for the purposes of control over stores, including stock taking and valuation of stock, stores, & work-in progress at the end of the financial year are adequate and duly enforced? – **Not Applicable**

(5) Whether the work in progress contains any item, which has remained under work in progress, for an unduly long time? Attach a list of such items indicating amount, period of pendency and reasons. – **Not Applicable**

(6) Examine and comment on the system of physical verification, valuation, treatment of non-moving & slow moving items, their disposal & abnormal excess & shortages in respect of closing stock items. – **Not Applicable**

(7) Examine and comment on the system of valuation of fixed assets, survey-off procedure & provision for assets & specific capital spares surveyed-off. – **Not Applicable since being the 1st year of the company**

(8) List out the surplus/obsolete/ non-moving items of stores, raw material, finished goods lying unused at the end of last 3 years. – **Not Applicable**

(9) Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities? – **Not Applicable**

(10) Are there any lapses in the internal control system right from ordering till the consumption of stores? If yes, the same may be highlighted. – **Not Applicable**

(11) List out the assets and Plant & Machinery items, which have not been in use over a considerable period of time (say 5 years) and the reasons thereof. – **Not Applicable**

(12) Whether there are instances of huge losses incurred due to sale of goods at prices lower than the prevailing market prices, citing poor quality as a reason, immediately subsequent to the balance sheet date? – **Not Applicable**

(13) Whether the norms for storage losses have been fixed? What is the basis on which storage losses are regularized? Indicate the abnormal storage losses suffered during the year under audit and amount realized there against.

– **Not Applicable**

(14) Demurrage/Wharf age incurred during the year and reasons thereof. – **Not Applicable**

(15) Whether the company has conducted physical verification of Fixed Assets during the year and a formal report is being prepared for the same? Yes

(16) Whether there is a policy to review and implement impairment of assets? – **Yet to be formulated**

(VII) Investment – since the company is not having any Investments the reporting under this clause is not applicable

(1) Whether the company has laid down an investment policy duly approved by the competent Authority? If yes, please indicate the following:

(a) Is it in accordance with the provisions of Section 292 of the Companies Act, 1956 and other laws, rules and regulations, Government directives applicable to the company?

(b) Whether the investments made were judicious and in accordance with the investment policy?

(c) Is the shortfall in market value of the current investment and permanent diminution in the value of long-term investments reflected in the books? If not, describe the failure.

(2) Whether the deposits with banks/financial institutions and others have been in accordance with laws, rules, regulations, Government directives, etc., as applicable.

(3) Whether there has been grant of large loans to or placement of deposits with other PSUs or enterprises not related with the business of the Company.

(4) Whether the company has significant investment in an industry or product line noted for rapid change?

(5) Whether the investments made in the subsidiaries have been valued properly keeping in view the financial position of the subsidiary? If not, extent of diminution in the value of investments.

(6) Whether any surplus funds are invested? Is there any effect on availability of funds for working capital because of investments leading to borrowings at higher rates?

(7) How often market value is reviewed and whether profits are made on sale of investments?

(VIII) Liabilities and Loans

(1) Give the total amount of loans (includ-

ing interest, penal interest, & commitment charges separately) where defaults were made in repayment as at the end of the accounting period.
– **The company is not having any Loans hence this clause is not applicable however the company has not allotted the Shares against the Share Application money within the prescribed time period and the same has been classified under short term borrowings.**

(2) Whether guarantee fee payable to the Government of India as per terms of loan agreement had been accounted for properly? – **Not Applicable**

(3) Whether any part or whole of the Loans from Government and/or interest accrued thereon have been either converted into equity or waived by the Government; if so, its impact on the financial position of the Company.

– **Not Applicable**

Are the terms of the loan agreements such that they make the entity especially vulnerable to changes in the interest rates? – **Not Applicable**

(4) Check the loan profile of the Company to find out whether the high cost debts were swapped with low cost market borrowings. – **Not Applicable**

(5) Whether there have been receipts of large loans from other PSUs or enterprises not related with the business of the Company. – **Not Applicable**

(6) Whether any study was conducted to avail any other instruments or derivatives instead of high cost loans? – **Not Applicable**

(IX) Award & Execution of Contracts

(1) Whether company has devised a proper system of tendering for awarding of various contracts? – **Not Applicable**

(2) Whether the company has an efficient system for monitoring and adjusting advances to contractors/suppliers. – **Yes**

(3) Whether the Company has settled all the issues viz. Performance Guarantee (PG) Tests, recovery of Liquidity Damages (LDs) and final payments etc. soon after

the commissioning of the Project? Are there any cases of inordinate delay without sufficient justification? – **Not Applicable**

(4) Whether there are any disputes/claims unsettled for a long time? – **Not Applicable**

(5) What is the procedure followed by the Company for purchasing proprietary items? What is the procedure for ascertaining the authenticity of the propriety items certificate given by an official based on which tendering is not resorted to and goods are purchased from a particular supplier? – No such purchases during the year under Audit

(X) Costing Systems – Not Applicable to the Company

(1) Whether the Company has any cost policy?

(2) Are the cost accounts being reconciled with financial accounts?

(3) Whether the company is computing the cost of major operations, jobs, products, processes and services regularly? If not, describe the failures.

(4) Whether the company has an effective system for identification of idle labour-hours and idle machine-hours?

(5) Was cost audit ordered in the case of the company? If so, highlight the major deficiencies pointed out in the latest cost audit report.

(6) Examine the accounting treatment of rejects & scraps for determination of cost of production. State the impact of bye products and joint products in determining costs.

(7) Whether there is any system to evaluate the abnormal losses and taking remedial measures to control such losses?

(8) What is the method being followed by the company to charge overheads? How is the overhead rate being arrived at? In case of cost plus contracts, are the overheads being recovered completely or not?

(XI) Internal Audit System

(1) Whether the Company is having Internal Audit section manned by staff of their own or whether the Company has hired the services of CAs as Internal Auditors? Give your comments on the Internal Audit System stating whether its reporting status, scope of work, level of competence, etc, are adequate? If not, describe the shortcomings thereof. Is there an adequate compliance mechanism on internal audit observations? – The company yet to implement Internal Audit System. During the year under audit the company has not yet started its business activity

(2) Whether internal audit standards/manual/ guidelines have been prescribed and they are in practice? – **No such Manuals**

(3) Whether Internal Audit Reports were discussed by Audit Committee? – **Not Applicable as there is No Audit Committee in the Company**

(4) Whether internal audit is independent and reports directly to the Chairman/Head of the Company? **Not Applicable**

(5) If internal audit is outsourced then whether the selection process is fair and transparent? **Not Applicable**

(6) Whether entities which are not under the jurisdiction of the professional institute are being given the work of internal audit? – **Not Applicable**

(7) Does the Internal Audit report contain any serious irregularity which needs immediate attention of management/Government? – **Not Applicable**

(8) What is the total impact of all shortcomings/deficiencies pointed out in the latest Internal Audit Report and pending for compliance as on date? – **Not Applicable**

(9) Whether mistakes/shortcomings pointed out in the latest report is of the same kind/type as pointed out in earlier reports? – **Not Applicable**



(XII) Legal/Arbitration Cases:

(1) Number of pending legal/arbitration cases indicating the age-wise analysis and reasons for their pendency.

– **No Legal Cases pending against the company**

(2) Details of new cases and cases settled during the year.

– **No such cases**

(3) Whether any norms/procedures exist/proposed to be laid down for large legal expenses (Foreign & Local) incurred/to be incurred. **No expenses incurred**

(4) Is there any system to ensure proper documentation (like maintaining minutes of the meetings, foreseeing contingencies, foreign exchange fluctuations etc.) before Agreement with foreign parties as well as Indian parties? – **Not Applicable**

(XIII) EDP Audit – The company yet to implement the Information Technology / EDP department. We have been informed that they are in the process of implementing the customized software for its business activities.

(1) Whether the organization has an approved IT strategy or Plan?

(2) If the auditee has computerized its operations or part of it, assess and report, how much of the data in the company is in electronic format, which of the major areas such as Financial Accounting, Sales Accounting, Personnel information, Payroll, Materials / Inventory Management, etc. have been computerized.

(3) Indicate how this impacts on your work of auditing the Accounts and whether your audit is through or around the computer.

(4) Has the company evolved proper security policy for Data/Software/Hardware?

(5) Identify the areas in which the auditor is of the view that the built-in-checks and validations in the computer environment are not adequate or were not being exercised with proper authority?

(6) Comment on any problem faced in extracting information from computer files due to lack of backup of past records or due to record corruption. Is there a document retention policy?

(7) Whether any software is unutilized or underutilized due to lack of trained staff or any proper operating manual/documentation etc?

(8) Comment whether changes made in the software have the approval of Management and the same has been documented properly and the lead time given to the staff to get accustomed to it before making it fully operational?

(9) Whether the BOD is briefed regularly about the new IT Strategy, if any, proposed to be incorporated for the Company as a whole, for which large funds are sanctioned. This is particularly relevant to organizations where the entire IT activity is to be made online in due course.

(10) Whether the systems department is responsible for both hiring/buying EDP equipment Hardware & Software and also certifying their 'usability' before final payment (both functions should be separate with the user departments involved in the latter).

(11) Whether the company has detailed/comprehensive list of all reports/statements which can be generated by the system in use?

(12) Whether there is an effective IT Steering Committee?

(13) Whether there exists effective disaster recovery plan for EDP Department which is periodically reviewed and evaluated?

(14) Whether any of the findings and recommendations noted in the EDP Audit Report was considered significant and whether the issues were satisfactorily resolved?

(XIV) Environmental Management

Compliance of the various Pollution Control Acts and the impact thereof and policy of the company in this regard may be checked and commented upon.
– **Not Applicable**

(XV) Corporate Social Responsibility

(1) How is the company discharging its Corporate Social Responsibility? – **Not Applicable**

(2) Whether any Board approved policy is in place and is being properly followed? – **Not Applicable**

(3) Whether there is a system of fixation of targets for CSR activities? – **Not Applicable**

(4) Whether adequate mentoring mechanism exists for implementation of CSR activities? – **Not Applicable**

(XVI) General

(1) Indicate whether the company has entered into a Memorandum of Understanding with its administrative ministry? If yes, have the targets in MOU been split unit-wise? If so, attach a unit-wise statement of targets and achievements against the parameters in MOU. – **Not Applicable**

(2) Whether contribution of employer and employee to Provident Fund is kept separately out of business and proper safeguard of the same is taken care of? – **Not Applicable**

(3) Does the company present a case for energy audit? If yes, has the audit been conducted by a specialised agency?

– **Not Applicable**

(4) Where land acquisitions is involved in setting up new projects an enquiry as to whether settlement of dues and rehabilitation of those affected are being done expeditiously and in a transparent manner to ensure that the benefits go to the really affected people and is not diverted to agents and intermediaries including political parties

– **Not Applicable**

(5) Whether the Company has done any mergers and acquisitions during the year? Whether a thorough need analysis was done before Merger or acquisition? Whether shareholders acceptance was taken before decision on merger/acquisition was arrived at? What was the impact thereof on the profitability of the Company?

– **Not Applicable**



WAY FORWARD

MINIMISE NON- PERFORMING ASSETS IN MSME SEGMENT AND ELIMINATE THE CREDIT GAPS

2020

- Preventing Incipient Sickness in state.
- Create an impact on MSMEs environment
- Expansion to South India

2021

- Initial Public Offer (IPO)
- Save employment of more than 2 Lakh people.

2019

- One-point contact shop for Micro and Small Enterprises (MSEs)
- 70% of stressed enterprises to be reached in Telangana State
- Launch of new products for MSEs

**"STRESSED ASSET RESOLUTION
IS NOT A CHARITY
BUT A VIABLE BUSINESS PROPOSITION"**

It's only a beginning

SKOCH Platinum Award 2017

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Join Us in innovation to save MSEs

Telangana Industrial Health Clinic Limited

5-9-58/B, Parishrama Bhavanam, Fateh Maidan Road, Basheer Bagh,
Hyderabad 500 004. Tel : 040-23298799

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