TELANGANA INDUSTRIAL HEALTH CLINIC LTD

Telangana Industrial Health Clinic Ltd, an innovative institution was promoted by Government of Telangana in the year 2017 to provide holistic help to the stressed Micro and Small enterprises in Manufacturing space (MSEs) suffering from various problems, particularly in the areas of inadequate financial support, financial stress and incipient sickness. Its long-term goal is to improve the eco system surrounding this segment of the industry so that the incidence of stress and sickness can be brought down over a period of time. The Company is registered as Non-Banking Finance Company with RBI.

TIHCL is supported by an experienced team of Management, younger operational executives and experienced consultants and alliances committed to contribute for the purpose. TIHCL believes that timely handling of financial stress and preventing Industrial sickness is an integral part of the development process. Majority of micro and small manufacturing enterprises face issues, because they are unorganized and are constrained by stricter regulatory, financial and recovery norms along with lack of awareness.

This institution engages and coordinates with the lending institutions and the stressed entrepreneurs to help find solutions acceptable to both of them. TIHCL strives to provide solution for financial and non-financial stress faced by MSEs, in the State of Telangana within the gamut of industry ecosystem comprising Entrepreneurs, Banks, FIs /Industries Department and other stake holders.

Non-financial Services:

- Consultation services such as Diagnostic studies, financial viability reports, Revival plans including dealing with Banks and FIs.
- Account Monitoring and Hand holding services of stressed and Restructured units
- Priority release of sanctioned subsidies / investments by the State Government
- On boarding services to electronic Platforms like GeM / TReDS

Financial Services:

- Loans by way of Margin Money, Critical Account Funding for stressed entrepreneurs
- Bridge Loans against sanctioned Investment subsidy

CONTENTS

Message from Shri. K Taraka Rama Rao, Honorable Minister For I & C	2
Message from Shri. Jayesh Ranjan, Principal Secretary	3
Message from Advisor, Dr. Yerram Raju	4
Message from MD & CEO, Shri D.V Suresh Kumar	5
Profiles of Directors	6
Report on Corporate Governance	8
Economy Overview	14
MSMEs In Telangana State	16
Company Overview	22
Directors Report	26
Auditors Report (C& AG)	31
Independent Auditors Report	33
Financial Statements	41
NBFC Auditor's Report	59

Shri K Taraka Rama Rao

Minister of IT, Municipal Administration & Urban Development, Industries & Commerce, Government of Telangana

MESSAGE

The progressive and innovative steps taken by the Telangana State over the years in various fronts including MSME have resulted in overall development in the State in terms of its economy and GDP. Telangana's GDP expanded at a CAGR of 11.10% to reach Rs. 9.78 trillion between 2015-16 and 2020-21.(Source: MOSP)

The outbreak of COVID-19 forced the entire country into a lockdown with unprecedented disruptions to economic activities across states, and Telangana is no exception. The MSME sector long known to be facing its own set of problems has suffered the worst, particularly Micro and Small enterprises in manufacturing sector (MSMEs). The disruption caused by the pandemic has brought enormous stress and even made many units to close down operations.

The State has taken various policy initiatives including enhancement in the budget allocation of incentives to around Rs.1,500 cr. Meetings have been conducted with the top management of the Banks and sought their involvement to provide required financial help to address the stress. The MSME Ministry has been specifically requested to enhance the stimulus to help the industry to recover.

The Micro and Small manufacturing enterprises play an important role in providing employment to skilled and semi-skilled people in rural and urban areas. They help in sustaining and nurturing the traditional skill sets of the State. Their resources are meagre to modest and thereby the ability to withstand the dynamics of business environment is limited. Therefore, assistance by way of financial / non-financial help on a sustained basis and policy initiatives are key to their continuous survival.

TIHCL is established to provide such assistance in a balanced way with continuous and meaningful engagement with the stake holders and help revival of enterprises. Banks and other FIs that play a crucial role in financing MSEs will benefit by utilizing the services of TIHCL so that stressed enterprises can be revived, and employment sustained and economy improved.

I wish all the best in their future endeavors.

Sd/-

Shri K Taraka Rama Rao

Shri Jayesh Ranjan I.A.S

Principal Secretary of the Industries & Commerce (I&C) and Information Technology (IT) Departments of the Telangana Government

MESSAGE

It is no news that the Micro and Small enterprises play a pivotal role in providing employment opportunities at comparatively lower capital cost and contribute considerably to the economy and exports of the country. The segment employs skilled and semi-skilled apart from facilitating rural and urban industrialization which helps in inclusive growth and balanced development of the State.

Since formation of the state there is a steady growth in the number of MSME with 13,379 units commencing operations and registering in TSiPASS. The Government is committed to generate employment by focusing on increasing the number of MSMEs and improving the scale of the existing enterprises in the state.

The Covid-19 Pandemic caused an unprecedented stress to the overall economy and the Micro and Small enterprises bore a major brunt of it due to the inherent inadequacies of this segment to face any kind of shocks or stress.

The Government has recognized that efficient delivery of credit is crucial in alleviating the additional stress caused by the pandemic and have continuously and constantly engaged and followed up with the Banks/ FIs to ensure that the schemes formulated under Atma Nirbhar Bharat Abhiyan reach the beneficiaries to a maximum extent in the State. The results were satisfactory with more than 80% of the eligible enterprises have been benefitted.

However, many enterprises are getting into stress due to various reasons. As per the SLBC statistics, 16.50% of the outstanding loans and 15.64% of accounts of this segment are overdue, which are under various stages of stress as at the end of 31.3.2021. This is in addition to the NPAs of 9.89% of the outstanding loans as on 31.03.2021. Its very critical for Bankers/FIs to proactively deal with such a large level of stress in the State.

The option of seeking third party involvement / outsourcing for revival and rehabilitation appears to be inevitable as this level of stress has debilitating impact on the economic assets of the enterprises and thereby industrial employment and economy of the State at large. TIHCL is well poised to provide the required support and help diagnosing the stress of the Micro and Small manufacturing enterprises and assist lenders for a sustainable revival and rehabilitation.

TIHCL has strived to better the performance and strengthened their operations in this Financial Year. I wish them all the best in their future endeavors.

Sd/-

Shri Jayesh Ranjan I.A.S

MESSAGE FROM ADVISOR

Growth rate of Telangana has been eyesore to many as even in the pandemic, it has turned out as investors' paradise. The welcome environment is buttressed by the supportive institutions like our Industrial Health Clinic, WeHub, T-Hub, RICH, TASK, and the promotional efforts at innovation. The confidence was driven by frequent webinars that kept the administration in constant touch with the grassroots investor community of different sizes and sectors.

TIHCL's efforts were more towards scaling up, strategy. Consulting and handholding throughout the year. TIHCL dd have sleepless nights over the recovery path that the sector will hold for Telangana. The State is home for innovation, enterprise creation, technology drive, and creative abilities. One wonders in this backdrop the reasons for the shrinking share of banks in the manufacturing micro and small enterprises. It is also equally surprising that several banks have not jumped at the clarion call of co-lending initiative announced by the RBI during this year of an otherwise despair. The count of enterprise exit in the wake of Covid-19 due to owners falling prey to the pandemic is yet to be out.

"To rebound from the coronavirus pandemic, industrials must undertake a journey that begins with resolve and ends with fundamental reform. Success in the long run will require a journey across five stages: Resolve, Resilience, Return, Reimagination, and reform" (McKinsey, March 2020). The same research study a year later says: "Though the pandemic overshadows other risks to growth, optimism about the economy persists and company prospects continue to brighten, especially on the hiring front" TIHCL took the lead in announcing the first Covid pre-pack for revival fully consistent with the RBI guidelines. The fear of revival is so strong that not many have come forward to take advantage of the initiative. The staff have worked from home. The Company took every effort to inquire into their wellbeing and the support they needed to work in comfort.

The ever-supporting Board spared no effort in guiding the Company to the best practices and selective foothold in keeping the risk appetite well in its belly. This investor welcoming state has its task well laid with a strong value chain through the MSME sector and emerging technologies like the AI and ML.

The years ahead should move with confidence; scaling up drive of the firms it handles; better coordination with the banks and other NBFCs both as co-lender and keep the flag of uniqueness to extend timely support to the stressed MSEs, to work with resilience, transparency, and integrity. It has to keep revisiting the vision and strategy for always doing different things, differently. I wish the entire staff and leadership all success and smiles on their faces.

I thank the entire staff and the Department of Industries for all the support extended to me during my last few years as Adviser of the Company and bow in all humility before the Board and its outstanding leader- ship.

Sd/-
Dr. Yerram Raju

MESSAGE FROM MD & CEO

The year 2020-21 has been a difficult year due to Covid Pandemic as most of the operations were adversely impacted in every sector in general and MSE segment in particular. TIHCL continued to help provide consulting services to our clients through virtual / physical mode depending on area of Emergency Credit Guaranteed Loans. We have initiated the process of entering into MOUs with Banks and Industry bodies during the year.

Regarding client interface, the pace of activity increased in this year compared to last year despite Covid caused constraints. The number of cases handled during this year were 140 compared to 84 cases last year. The company has helped in conducting diagnostic study of 66 cases compared to 47 last year.

The Government affirmed its commitment to help the MSE sector through the TIHCL and provided a grant in aid of Rs. 10 crores.

The team at your company has put in its concentrated efforts to improve the financials and has helped in reducing the loss to an extent of 54%. Revenue has increased by 80% over last year. Efforts will continue to make the company s balance sheet better.

The Industries and Commerce Department of the Government and Office of the Commissioner of Indus- tries have continued their cooperation and help. We have also conducted a Training on banking and financial matters for the Officials of DICs.

Our experience during the year confirmed that the issues continue to be challenging, particularly in view of severity of the Covid. It requires a sustained and patient approach towards building trust, confidence and interest among the stake holders and the journey is long enough to get results.

Your company will continue to strive towards fulfillment of the mission and all the employees of the company are committed to achieve.

Sd/-

Suresh Kumar D

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 K. Manicka Raj I.A.S.

He is the Commissioner of Industries, a key assignment involving industrial development through effective implementation of policies and help improvement of industrial eco system in the State.

Shri E. Venkat Narsimha Reddy

He is the Vice Chairman & Managing Director, Telangana State Industrial Development Corporation (TSIDC), Hyderabad. He plays a key role in supporting the industrial development in the state.

Dr. Yerram Raju Behara

He is the Founder Director of TIHCL. A multi-faceted personality with experience and exposure in Banking, MSME and Academics. He is an Economist and Risk Management Expert, penned many books, publications, articles on Agriculture, MSME, Banking, Risk management and Governance. His work experience spans SBI, ASCI as Dean of Studies and Lal Bahadur Shastri National Academy of Administration. His work is known and acclaimed nationally and globally.

Shri Suresh Kumar D. V.

He had 34 years of experience in State Bank Group. He has extensive experience in the field of banking covering areas of retail and corporate banking including MSME lending. He has exposure in banking technology, risk management and treasury both forex and money markers including a stint in SBI Chicago as CEO. He retired as Chief General Manager, Internal Audit from State Bank of India in the year 2019 and took up the present assignment as CEO of TIHCL in June 2020.

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. N. Krishna Mohan

He is a retired Chief General Manager from RBI with more than 30 years of experience and held various positions in the Central 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. Srinivas Rao

He retired as MD, APITCO, an organization 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 Managing Director.

Shri Rama Sastry

He retired as director of IDRBT (established by Reserve Bank of India), he had actively led the development and growth in the areas of relevance to banking like Cyber Security, Analytics, Cloud Computing and Payment Systems. Earlier he was the Chief General Manager-in-Charge of Department of Information Technology at Reserve Bank of India and was the founder Chairman of IFTAS, a company promoted to provide technology services to banking and financial sectors.

Shri Srinivas Garimella

He has rich entrepreneurial experience involving **marketing & operations strategy and has expertise in building frameworks for performance improvement**. He is the **Managing Director** of Vega Conveyors & Automation Pvt Ltd., a 100% subsidiary of Daifuku Co Ltd, Japan.

REPORT ON CORPORATE GOVERNANCE

TIHCL's Governance Philosophy

TIHCL defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their sustainability and profitability. TIHCL believes that the governance process should ensure that, companies' resources are utilized in a manner that meets stakeholders' aspirations and societal expectations. This belief is reflected in the Company's deep commitment to contribute to the "triple bottom line", namely conservation and development of the state's economic, social and environmental capital.

TIHCL Corporate Governance structure, systems and processes are based on five core principles:

1. Protecting and enhancing the 'values' of the organization
2. Regulatory compliance oversight
3. Strategic direction
4. Preserving the independence, autonomy and transparency within the Board defined frame work
5. Ensuring ethical practices in the Organization

The Governance Structure

TIHCL has adopted best corporate practices and is committed to conduct its business in accordance with the applicable laws, rules and regulations. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and proper constitution of committees of the Board. Company's Board of Directors comprise of professionals having vast experiences in relevant fields numbering 10 including five Independent Directors.

The company has been complying with all the requirements of

- A Non-Banking Financial Institution without accepting public deposits subject to the conditions of the Reserve Bank.
- All applicable corporate governance norms in relation to the constitution of the Board and Committees

The practice of Corporate Governance in TIHCL takes place at three interlinked levels:

A	Strategic Supervision	By Board of Directors
B	Strategic Management	By Managing Committee (MC)
C	Execution	By the Managing Director assisted by Chief Operating Officer

The three-tier governance structure ensures that :

A. Strategic supervision is free from involvement in the task of strategic management of the Company. The strategic supervision is conducted by the Board with objectivity, thereby sharpening accountability of management.

Composition of the Board as on 31st March 2021

Category	No. of directors	Names
Whole-time Directors	2	Shri Suresh Kumar D. V. Dr. Yerram Raju Behara
Official Directors	3	Shri Jayesh Ranjan Shri K. Manicka Raj Shri E. Venkat Narsimha Reddy
Independent Directors	5	Dr. B. Kinnera Murthy Dr. N. Krishna Mohan Shri S. Srinivas Rao Shri A Ramasatri (From 16th March 2020) Shri Srinivas Garimella (From 16th March 2020)
Total	**10**	

Details of Board Meetings during the financial year

As against 4 meetings to be conducted, all the 4 have been conducted during the year as per details below:

Sl.	Date	Board Strength	No. of Directors Present
1	29.08.2020	10	07
2	06.11.2020	9	08
3	04.12.2020	9	08
4	16.03.2021	9	08

Attendance at Board Meetings and at Annual General Meeting (AGM) during the FY

Director	No. of Board Meetings attended	Attendance at AGM
Shri Suresh Kumar D. V.	04	01
Dr Yerram Raju Behara	04	01
Shri Jayesh Ranjan	04	01
Shri K. Manicka Raj	03	01
Shri Venkat Narsimha Reddy	04	01
Dr. B. Kinnera Murthy	03	-
Dr. N. Krishna Mohan	04	-
Shri S. Srinivas Rao	03	-
Shri Kondaveeti Sudhir Reddy ((His term ended))	02	-

Leave of absence is granted to-	On the dates
Shri Manicka Raj	29.08.2020; 04.12.2020
Dr. B. Kinnera Murthy	16.03.2021
Dr. S. Srinivas Rao	29.08.2020
Shri Kondaveeti Sudhir Reddy	6.11.2020

B. Strategic management of the Company's business vested with Management Committee within Board approved direction and realization of Company goals. The primary role of the MC is to act as brains behind the business model to realize the objectives in accordance with Board approved plan. The MC also assesses the performance of the company, on an ongoing basis.

Composition of Management Committee

The committee was constituted on -19.03.2018

Category	No. of Directors	Names
Whole - time Directors	2	Shri Suresh Kumar D. V. Dr Yerram Raju Behara
Non - Executive Independent Directors	2	Dr. N. Krishna Mohan Shri S. Srinivas Rao
Total	4	

Details of Management Committee Meetings during the financial year

Sl. No	Date	MC Strength	No. of Directors Present
1	28.05.2020	4	4
2	21.08.2020	4	4
3	24.11.2020	4	4
4	06.03.2021	4	4

Director	No. of Meetings attended
Shri Suresh Kumar D. V.	4
Dr. Yerram Raju Behara	4
Dr. N. Krishna Mohan	4
Shri S. Srinivas Rao	4

C. There are well-established set of policies and procedures followed in lending processes in revival of the MSE units. The products offered in revival package and their features, terms and conditions, including those related to effective interest rates, processing fees and other charges, penalties for delays in repayment or for prepayment/pre-closure, are clearly mentioned in the loan agreement and/or sanction letter, as per RBI's Fair Practices Code for NBFCs. All the customer level and loan level information are being stored both electronic and as physical formats to ensure smooth functioning of the business.

WHISTLE BLOWER POLICY

TIHCL has incorporated Whistle Blower Policy in the 2nd Board Meeting of the year 2018-2019. The

Blower Policy of TIHCL would involve the following:

1. Keeping in view the substantial personal and professional risk involved in the process, TIHCL mandatorily keeps the confidentiality of the person and information revealed in the process, within the bounds of laws of the country.
2. The Independent Director would keep the Chairman of the Board informed through a strictly confidential note in a sealed cover the information so received.
3. The Independent Director would escalate the issue through the Chairman to the Serious Fraud Investigation Office of Government of India within 24 hours of completing the preliminary inquiry with such information as warranted.
4. Under no circumstances, such information shall be discussed in media or public glare.
5. Internal Compliance Programs would encourage whistle blowers to report fraud or other wrongdoing.
6. Provide for compensation for lost backpay and other damages, as well as reinstatement if the whistle blower suffers retaliation in his/her employment.
7. It shall be the responsibility of the Managing Director & CEO to ensure that the architect of fraud would not qualify for any award through concealment or postponement of the act of punishment.

ECONOMY OVERVIEW

The economy has witnessed an unprecedented adverse impact during the Financial Year 2020-21 due to the Covid-19 pandemic. As per the ‘World Economic Outlook Report’ by IMF, “Although recent vaccine approvals have raised hopes of a turnaround later this year, renewed waves and new variants of the virus pose concerns for the outlook. Amid exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. Some regions and countries will get to low local transmission sooner than others depending on country specific circumstances. As per the World economic report, Jan’21, the financial conditions for emerging markets and developing economies are expected to improve gradually, inflation is expected to remain subdued and projected to be just over 4 percent and large number of people are still unemployed and underemployed in many countries.

The scars of the pandemic in our Country are deep and the economy continues to witness stress until there is revival in all the sectors. Restrictions imposed by the country due to the outbreak of Covid-19 and the inability of the economy to absorb the sudden shock of the pandemic has resulted in a loss of millions of jobs and is pushing up the country’s unemployment rate. The Governments have taken a number of steps fighting the situation throughout the year except a small respite before the dawn of 2nd wave. The IMF has projected an impressive 12.5 per cent growth rate for India in 2021, while S&P Global Ratings has said the Indian economy is projected to grow at 11 per cent in the current fiscal. RBI, in its last policy review, had projected a GDP growth rate of 10.5 per cent for FY22. The Economic Survey 2020-21 sees 11 per cent growth in 2021-22.

MSMEs

MSMEs are vital for the economy in terms of their contribution to the market and generation of employment in the country. As per the expert Committee Report of RBI dated 25.06.2019, MSEMs are amongst the strongest drivers of economic development, innovation, and employment. The MSME sector with a vast network of about 63.38 million enterprises contributes about 45% to manufacturing output, more than 40% of exports, over 28% of the GDP while creating employment for about 111 million people, which in terms of volume stands next to agricultural sector. To provide impetus to the manufacturing sector, the recent National Manufacturing Policy envisaged raising the share of manufacturing sector in GDP from 16% at present to 25% by the end of 2022.

The ongoing COVID-19 pandemic has severely affected and continues to disrupt supply chains, manufacturing and movement of goods, trade, services and more specifically the MSMEs thereby affecting overall growth. The complete as well as partial lockdown have both demand and supply side effects on the MSME sector and the economy of the country. The economic impact of COVID-19 is extensive across all sectors and businesses.

New Definition of MSME

Redefinition of MSMEs is effective from 1st July 2020, a Micro Enterprise is reclassified as one in which Investment in plant and machinery does not exceed Rs. 1 crore and Turnover does not exceed Rs. 5 crores, a Small Enterprise would be that in which Investment does not exceed Rs.10 crores with turnover up to Rs. 50 crores and in a Medium Enterprise the Investment does not exceed Rs 50 crore with turnover at Rs 250 crores

Atma Nirbhar Bharat Abhiyaan

Central Government announced Atma Nirbhar Bharat Abhiyaan Economic Package wherein certain helpful and healing measures were taken such as liquidity infusion and direct cash transfers for the needy. Under this scheme the Government has announced following packages for MSMEs in the country.

1. Collateral Free Loans

- Rs. 3 Lakh crores to collateral free automatic loans for businesses, including MSMEs
- Borrowers with up to Rs. 25 Cr. Outstanding and Rs. 100 Cr. Turnover are eligible
- Loans to have 4 year tenor with 12 months moratorium on principal repayment.
- Interest rate from can be from 9.25% to 9.75%, and from NBFC is 14%.
- 100% credit guarantee cover to banks and NBFCs on principal.
- Scheme can be availed till **31st Oct, 2020.**

2. Debt for Stressed MSMEs

- Rs. 20,000 crores subordinate Debt for stressed MSMEs
- Functioning MSMEs which are NPA or are stressed will be eligible
- Govt will provide a support of Rs. 4000 crore to CGTMSE
- CGTMSE will provide partial credit Guarantee support to Banks
- Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the unit.

3. **Equity Infusion for MSMEs**

- Rs. 50,000 crores equity infusion for MSMEs through Fund of Funds
- Will provide equity funding for MSMEs with growth potential and viability
- Fund of funds will be operated through a Mother Fund and few daughters funds
- Will help to expand MSMEs in size & capacity, encourage MSMEs to get listed on main board of Stock Exchanges.

While the stimulus ensured liquidity to tide over the current adverse situation, the challenges that the sector, particularly Micro and Small enterprises, is facing continue. The majority of the MSME sector comprising of the micro players do not get the required finance at reasonable rates. On the bright side domestic MSMEs are known for producing expensive but better-quality products in comparison to the low-quality Chinese products which dominate the unorganized retail sector. Despite the many issues that the sector is facing, a committed credit provision, simpler compliance framework and technology upgradation will succeed in rebooting India as there is a potential for large manufacturing companies to shift to India.

MSMEs in Telangana State

According to MSME Ministry's Annual Report of 2020-21 Telangana State is home to about 26.05lacs MSMEs out of which 56% are in rural areas and 44% are in urban areas. More than 95% of them are in micro and small sector. In view of the recent change in the definition of MSME enterprise, there would be change in the composition.

Category	No.Of Units	Investment Value (in INR Cr)	Employment Generated
Micro	8,094	2,600	81,121
Small	4,923	11,865	1,31,942
Medium	362	4,000	30,493
TOTAL	**13,379**	**18,465**	**2,43,556**

Source: https://invest.telangana.gov.in/msme-full/

Infrastructure for MSMEs in Telangana

- There are 28 Industrial parks developed by TSIIC which are available for MSMEs across 2500 acres of land. 6 new parks have been proposed and 12 are under upgradation.
- Green Industrial park for MSMEs in Yadadri – Industries Minister inaugurated Dandumalkapur TSIIC-TIF-Micro Small and Medium Enterprises (MSMEs) Green Industrial Park in Nov 2019. MSME Park is expected to attract 1,553 crore investments, house more than 450 industries and generate about 35,000 jobs. This is the first model industrial park to be set up for the MSME sector after the formation of Telangana. The government provided the infrastructure and basic amenities in the park and also laid a road from the park to the national highway.

Following are upcoming clusters for MSMEs in Telangana

- Plastic Cluster, Thummalur, Rangareddy
- Leather Cluster, Station Ghanpur, Warangal Urban
- Seed Processing Cluster, Bandamailaram, Siddipet
- National Investment and Manufacturing Zone (NIMZ), Zhaeerabad, Sangareddy
- Kakatiya Mega Textile Cluster, Warangal Rural
- Spice Cluster, Nizamabad

Flow of credit to MSMEs in the state as on 31.3.21 (Rs. In Crs)

S.No	Particulars	Outstanding as on 31-03-2020		Outstanding as on 31-12-2020		Outstanding as on 31-03-2021	
		A/c.	Amt.	A/c.	Amt.	A/c.	Amt.
1	Micro	634422	24446.08	819809	25250.47	861638	25786.59
2	Small	99649	28566.43	100551	29867.39	108947	28128.40
	Total MSE	**734071**	**53012.51**	**920360**	**55117.86**	**970585**	**53914.99**
	% micro enterprises to total MSE	**86.43%**	**46.11%**	**89.07%**	**45.81%**	**88.78%**	**47.83%**
	% Small enterprises to total MSE	**13.57%**	**53.89%**	**10.93%**	**54.19%**	**11.22%**	**52.17%**
3	Medium	10028	8963.39	14447	12930.56	13943	12593.57
	% Medium enterprises to total Advances	1.35%	14.46%	1.55%	19.00%	1.42%	18.93%
	Total MSME	**744100**	**61976.9**	**934808**	**68049.42**	**984529**	**66509.56**

Source : SLBC Telangana , 29th Meeting-Quarter Ended March 2021

Overdues and NPAs in MSME in the state as on 31.3.21 (Rs. In Crs)

S.No	Particulars	Outstanding as on 31-03-2021		Overdue as on 31-03-2021			NPA as on 31-03-2021		
		A/c.	Amt.	A/c.	Amt.	% to outstanding	A/c.	Amt.	% to outstanding
1	Micro	861638	25786.59	132756	4252.86	16.49%	124319	2366.00	9.18%
2	Small	108947	28128.4	19110	4642.87	16.51%	7250	2966.97	10.55%
	Total MSE	**970585**	**53914.99**	**151866**	**8895.73**	**16.50%**	**131569**	**5332.97**	**9.89%**
3	Medium	13943	12593.57	2749	2235.59	17.75%	680	1043.00	8.28%
	Total MSME	**984528**	**66508.56**	**154615**	**11131.32**	**16.74%**	**132249**	**6375.97**	**9.59%**

Source : SLBC Telangana , 29th Meeting-Quarter Ended March 2021

The status of overdue and NPAs of the sector does not show healthy picture. Innovative measures such as close engagement with the entrepreneur, empathetic involvement of third party organization are the need of the hour to improve the position. The position of MSMEs in the country is given below

Estimated Number of MSMEs (Activity Wise)

Activity Category	Estimated Number of Enterprises (in lakh)			Share (%)
	Rural	Urban	Total	
(1)	(2)	(3)	(4)	(5)
Manufacturing	114.14	82.50	**196.65**	**31**
Electricity*	0.03	0.01	**0.03**	**0**
Trade	108.71	121.64	**230.35**	**36**
Other Services	102.00	104.85	**206.85**	**33**
All	**324.88**	**309.00**	**633.88**	**100**

Source: MSME Ministry annual report 2020-21

Distribution of Enterprises (Rural and Urban area wise) (Numbers in lakh)

Sector	Micro	Small	Medium	Total	Share (%)
(1)	(2)	(3)	(4)	(5)	(6)
Rural	324.09	0.78	0.01	324.88	51
Urban	306.43	2.53	0.04	309.00	49
All	**630.52**	**3.31**	**0.05**	**633.88**	**100**

Source: MSME Ministry annual report 2020-21

T-IDEA and T-PRIDE

Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA)

The Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA) scheme, launched in 2014, seeks to encourage industrial entrepreneurship.

Incentives sanctioned under T-IDEA 2014-2020

	Industrial investment promotion		Power cost reimbursement		Interest reimbursement (pavala vaddi)	
	No. of claims sanctioned	Amount sanctioned (Rs. crore)	No. of claims sanctioned	Amount sanctioned (Rs. crore)	No. of claims sanctioned	Amount sanctioned (Rs. crore)
2014-15 to December 2020	4,079	1,262	7,216	661	6,690	469
2020-21 (up to December)	454	97	821	38	805	53

Source: Commissionerate of Industries

Telangana State Program for Rapid Incubation of Dalit Entrepreneurs (T-PRIDE) :

To encourage entrepreneurship among the Scheduled Castes (SCs) and Scheduled Tribes (STs), the Government launched a special incentive package scheme called Telangana State Program for Rapid Incubation of Dalit Entrepreneurs (T-PRIDE) in 2014. In 2020-21, around Rs. 109 crore was sanctioned to 2,352 ST entrepreneurs and Rs. 95.9 crore was sanctioned to 2,354 SC entrepreneurs (as on 2nd December, 2020).

Incentives sanctioned under T-PRIDE 2014-2020

	Subsidy sanctioned		Subsidy released	
	No. of Units	Amount (Rs. crore)	No. of Units	Amount (Rs. crore)
2014-15 to December 2020	37,818	1,839	24,493	1,112
2020-21 (up to December)	4,706	205	1,387	95

Source: Commissionerate of Industries

MSME Support

There has been a steady growth in the number of MSME registrations over the years, with 13,379 units commencing operations and registering on the TSiPASS database since the formation of the state. Category wise details of MSME units established, capital invested, and employment generated is shown in Figure. Small units account for the highest share of MSME investment (64.3%) and the highest share of MSME employment (54.2%). In order to support MSMEs, a variety of initiatives have been put in place, ranging from MSME priority sector lending to the Telangana Industrial Health Clinic which works on revival of sick units.

Category wise MSME details from 2014 to December 2020

	No. of units	Investment (Rs. crore)	Employment generated
Micro	8,094	2,600	81,121
Small	4,923	11,865	1,31,942
Medium	362	4,000	30,493
Total	13,379	18,465	2,43,556

Source: TS-iPASS

Priority Sector Credit to MSMEs (2020-21) The State Level Bankers' Committee (SLBC) has planned a credit outlay of Rs 1.22 lakh crore on priority sector lending in 2020-21. MSME disbursals are projected at Rs. 35,197 crore, accounting for 28.85% of the priority sector credit outlay. **Prime Minister's Employment Generation Programme (PMEGP)** PMEGP is a credit linked subsidy programme targeted at newly established micro enterprises. At the state level, it is implemented by three agencies: Telangana Khadi and Village Industries Board, Khadi and Village Industries Commission, and District Industries Centers. During the period 1st April to 18th December 2020, Rs. 8.1 crore worth of margin money was disbursed to 836 units.

Telangana State Collaborations to support MSMEs

SAP

The Government of Telangana partnered with SAP on 23rd Dec 2020. Under the MoU, the State MSMEs will get easy access to the marketplace, skilling and ERP solutions of SAP. They will have open access to SAP Ariba Discovery where any buyer can post sourcing needs and any of the four million suppliers on Ariba Network can respond with their ability to deliver the goods and services required. The MSMEs will also be provided accessibility to 240 courses, under SAP India's Golden Peacock Award winning digital skilling initiative – Code Unnati. The focus of these courses would be Digital, Financial, Soft Skills and Productivity Technologies that will digitally skill the workforce and help them adapt to the new working environments. MSMEs will be provided with affordable and accessible enterprise technology. With the help of Bharat ERP initiative, they will be able to adopt SAP's world-class ERP, Business One Starter Pack on the cloud. "SAP is committed to align with the nation's digital agenda by supporting MSMEs with the best suite of solutions to embrace innovation and make them globally competitive," said Kulmeet Bawa, President and MD, SAP Indian Subcontinent. Sapio Analytics

Sapio Analytics

The Government of Telangana along with GlobalLinker, partnered with Sapio Analytics for their Accloud platform on 9th Nov 2020. Under this collaboration Sapio Analytics provided 20,000 free licenses of Accloud software for one year for the use of local SMEs in Telangana through the GlobalLinker platform. The cloud-based accounting & automation software (Accloud) will help MSMEs in ease of carrying out business functions like sales, purchase, inventory management etc. Mr. Ashwin Srivastava, CEO, Sapio Analytics, said "We are pleased to partner with the Government of Telangana and present this comprehensive and easy to use software to the businesses in the state of Telangana. We believe that this will help businesses digitize their operations and nd simple ways to be compliant with GST, while not giving too much time away from the core business."

BSE SME Index

Government of Telangana along with Global Linker, signed an MoU with BSE (Bombay Stock Exchange) on 19th Oct 2020. The partnership with BSE, India's premier exchange came into picture to address vital challenge of access to increasing credibility of the MSME. BSE will provide intellectual & manpower support to create awareness about the importance and benefits of listing. Lack of awareness around this subject has led to a lot of preconceived notions that listing involves increased compliance levels, increased costs and more. Shri. Ajay Thakur, Head BSE SME & Startups, said, "MSMEs are the backbone of the economy and therefore their growth is a prerequisite for the growth of the state and the country. This association will help in creating greater awareness about benefits of listing amongst MSMEs of Telangana." CII MSME Summit Confederation of Indian Industry organized Telangana MSME Summit, a Conference on 'Empowering MSMEs and Bringing the Growth Back amidst the Changing Trade Dynamics' on 7 Nov 2020. Mr Jayesh Ranjan, IAS, Principal Secretary, I&C, ITE&C depts, Govt. of Telangana in his inaugural address suggested that making effective use of digitalization, targeting newer domestic as well as export market and collaboration among MSMEs working in same sectors are the three key success mantras to achieve sustainable growth post COVID-19.

COMPANY OVERVIEW

Telangana Industrial Health Clinic has started its journey on 17.01.2018 as Non-Banking Finance Company promoted by Government of Telangana. The Company's objective is to provide a holistic help to the stressed Micro and Small enterprises in Manufacturing space (MSEs) suffering from incipient sickness and sickness as majority of micro and small manufacturing enterprises face innumerable problems, because they are unorganized and are strangulated by stricter regulatory, financial and recovery norms. Its long-term goal is to improve the eco system surrounding this segment of the industry so that the incidence of sickness can be brought down over a period of time.

Founded on the principles Empathy for MSEs, Improvement of eco system and Lean management institutional practices, with expert leadership at the helm of its affairs, TIHCL is supported by an expert team of Management, younger operational executives and experienced consultants and alliances committed to contribute for the purpose. Our innovative institution has been set up to address the challenges of MSEs. TIHCL believes preventing Industrial sickness is an integral part of the development process.

This institution works in close coordination with the existing lending institutions and rebuild the trust between them and the stressed entrepreneurs. It supplements and works with the existing lending institutions. TIHCL strives to provide solution for financial and non-financial problems faced by MSEs, it has been established to be a preventive as well as curative clinic for stressed MSEs in the State of Telangana within the gamut of industry ecosystem comprising Entrepreneurs, Industries Department/ DICs, Ministry/Government, Banks, Financial Institutions, and other stake holders

Vision	Mission	Values
• To Build and Develop Sustainable entrepreneurial ecosystem dealing with challenges of Manufacturing MSEs in the State of Telangana.	• **To Guide, Mentor and Support Manufacturing MSEs.**	• Dharma - Righteousness • Loka Sangraha- Public Good • Kaushalyam - Skill & Efficiency • VaiVidhyatha- Innovation • Jignasa – Learning

What we provide

1.Credit Facilitation

Providing the supplementary finance or part-equity required by new enterprises in cluster locations at the stage of business commencement. Our objective is to provide credit facilitation at concessional 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 setup elsewhere.

2.Overdue Bill Purchase

TIHCL will provide finance to entrepreneur on bills which are overdue for payment after discounting with bank. The bill if not paid beyond 90 days after due date will lead to account being classified as NPA. TIHCL will provide finance to such bills by purchasing and help entrepreneur to distance from NPA trap. TIHCL will finance only bills drawn on PSU and government departments.

3.Critical Amount Funding (CAF)

TIHCL Provides loan facility for repayment of critical amount to stressed enterprises, which would prevent them slipping into NPA. In diagnostic study if the enterprise is viable for revival, a loan for the repayment of critical amount will be provided by TIHCL for onward payment to the bank to bail out unit from becoming NPA by taking Pari- Passu charge from the bank.

4.Stressed Asset Financing (SAF)

Based on the diagnostic study buttressed by TEV study where felt necessary, by TIHCL, if the applicant unit is found potentially viable, we would approach the unit's Bank to off-load the asset along with the collateral securities if any held by them towards that account.

5.Bridge Finance

TIHCL will provide finance against sanctioned investment subsides / incentives (T-ldea). TIHCL will provide finance up to 75% of sanctioned investment subsidy / incentive generally and other subsidies on a case-to-case basis.

6.NARI (Nari Assistance Revival of Industry)

This product is devised for offering to Women Entrepreneurs at concessional rates. We identify the problems of the enterprise in diagnostic study and support them along with handholding

7.WE (Women Enterprise) Loans

TIHCL will provide financial assistance to existing manufacturing enterprises managed and owned by women entrepreneurs in providing Counselling and guidance to run and/or expand the business.

8. SWASHAKTI

TIHCL will provide financial assistance to new manufacturing enterprises managed and owned by women entrepreneurs in providing Pre-entry project assistance, counselling and helping hand and guidance in compliance to start and run a Manufacturing Industrial enterprise with our understanding while dealing with MSEs and stress caused by lockdown imposed to curb Novel COVID Virus, TIHCL has expanded its product offerings to meet the sector requirements to deal with post lockdown issues

9. Priority Sanction

TIHCL studies and recommends early release of sanctioned investment subsidy (T-ldea). On enquiry received from Industries and commerce department, TIHCL will conduct a study on the Enterprise & provide recommendations to the I&C dept in its Study Report.

Operations of TIHCL

The company so far (up to September 2021) handled 334 clients providing them consultancy and advisory services thereby providing resolution to their problems, in the last 4 years. It has also provided funding assistance in certain cases. So far, 34 units are funded amounting Rs.407.28 Lacs. TIHCL has provided Diagnostic study reports for 143 units helping for priority release of incentives in the last 3 years.

MOUs s have been entered with 4 organizations including State Bank of India and Federation of Telangana Chambers of Commerce.

Marketing Strategy

(a) TIHCL has continued their efforts to engage with Banks and MSMEs involving considerable time in awareness and identifying the potential enterprise, apart from this TIHCL also engaged with Industrial association and IALAs.

(b) TIHCL has spread its wings by conducting training session to IPOs and Additional Director of COI department to make them familiarized with Banking terminology and which in turn helps MSEs

(c) A new initiative of Doorstep engagement with the Micro and Small entrepreneurs who are facing stress at the industrial clusters has been started with a view to enhance our involvement so that adequate help can be provided. This engagement intends to resolve the issues, financial or non-financial, faced the businesses at the ground level. Initially started with Patancheru and Pasa mailaram clusters.

(d) dditional New services has been introduced to help enterprises for onboarding into online por- tals such as TReDS (Trade Receivables Discounting System) , Udyam registration, and GEMs implementation

Growth strategy

Our growth strategy is to increase the productivity in terms of marketing by reaching to potential industrial parks and other areas, digital communications and close engagement providing non-financial and financial help

Risk Management

The Company recognizes the importance of Risk Management in terms of identification, measurement, mitigation and monitoring. Our risks in the areas of Credit risk, operational risk and market Risk. Besides Credit, other risks , going forward, would be liquidity, interest rate and reputational risk. With the directives of RBI as regards applicability of NBFC norms even to Government Companies, the compliance risk is also significant. TIHCL is having required systems in line with the portfolio to address and take care of the risks.

The Company has put in place certain basic measures to take care of the risks associated with its operations which are presently of low volume. It 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.

New products as and when introduced are weighted in the light of comprehensive risks associated with the product, mitigation thereof and priced suitably. While co-financing is explored first, before our banking upon sole financing products.

Way Forward

Structure driven traction with the help of existing institutional mechanism, i.e. banks, NBFCs local bodies etc., continues to prove challenging. While meeting this challenge the way forward in the space of revival will be

- ✓ Direct and continuous engagement with the enterprises
- ✓ Provision of services like consultancy, Advisory and co-ordination with the lending Institutions and funding for needy entrepreneur
- ✓ Efforts to improve the eco system

DIRECTORS' REPORT

Dear Members,

Telangana Industrial Health Clinic Limited

Your Directors have pleasure in presenting the 4thAnnual 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, 2021.

FINANCIAL HIGHLIGHTS

The Company's financial performance, for the year ended 31st March, 2021 is summarized below:

Amount in Rs

Particulars	Year ended 31st March 2021.	Year ended 31st March, 2020
Revenue from Operations	1,04,34,085	56,78,620
Other Income	19,56,453	12,00,523
Total Revenue	**1,23,90,538**	**68,79,142**
Expenses	1,76,81,414	2,06,56,156
Depreciation	18,30,140	15,15,547
Total Expenses	**1,95,11,554**	**2,21,71,703**
Profit / (loss) before exceptional and extraordinary items and Tax	(71,21,016)	(1,52,92,560)
Less: exceptional and extraordinary items	0	0
Profit/ (loss) Before Taxation	(71,21,016)	(1,52,92,560)
Less: - Current Tax - Income Tax (Earlier years) - Deferred Tax	- - (49,279)	- - 1,59,834
Profit / (loss) After Tax	(70,71,737)	(1,54,52,394)

STATE OF THE COMPANY'S AFFAIRS AND FUTURE OUTLOOK

During the financial year ended 31st March, 2021, company has earned revenue of Rs1,04,34,085/- and incurred expenses of Rs. 1,95,11,554/-.Company has incurred loss of Rs. 70,71,737/- due to incurring the expenses more than Revenue. The company has reduced its loss during this FY to Rs.70,71,560 compared to a loss of Rs. 1,52,92,560 in the last FY. However, it is expected to do better during the next financial year.

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. However, the Covid-19 pandemic has an adverse impact on the company's efforts to carry on its activities in view of nation-wide lock downs, shutting down of businesses etc.

DIVIDEND

In view of the 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, 2021.

DEPOSITS

The Company is a non-deposit taking NBFC, and thus has not accepted any public deposits during the financialYear2020-21.

SHARE CAPITAL

The Authorized Share Capital of the Company is Rs.11,00,00,000/- divided into 11,00,000 equity shares of Rs. 100/- each.

The Paid-up capital of the company is Rs.10,02,60,000/-divided into 10,02,600 equity shares of Rs. 100/- each.

MEETINGS OF THE BOARD OF DIRECTORS

During the financial year ended 31st March, 2021, 5 (Five)Meetings of the Board of Directors of the Company were convened and held on 04.06.2020, 29.08.2020, 06.11.2020, 04.12.2020 and 16.03.2021.

On account of Covid-19 pandemic and consequent lock down and relaxation provided by the Ministry of Corporate Affairs vide General Circular No. 11 /2020 dated 24th March, 2020 the Gap between the Board meeting held on 23.12.2019 and 04.06.2020 was within 180 days. Further, the maximum gap between two consecutive Board meetings held after 04.06.2020 was within the period of 120 days as prescribed under the provisions of the Companies Act, 2013.

LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the financial statements of the company.

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, 2021 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.

ANNUAL RETURN

As per Companies Amendment Act, 2017, wherein Section 92 (3) has been substituted with new provision which is as follows:

"Every Company shall place a copy of the Annual Return on the web-site of the Company, if any, and the web-link of such Annual Return shall be disclosed in the Board's Report in place of extract of Annual Return".

The copy of Annual Return in Form MGT-7 as on March 31, 2021 is available on the Company's website and can be accessed at the given web-link http://tihcl.telangana.gov.in/

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

RISK MANAGEMENT

The Company has put in place certain basic measures to take care of the risks associated with its operations which are presently of low volume. It 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.

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 change in the constitution of Board during the year under review i.e. the structure of the Board is as follows:

S.No	Name of Director	Designation
1.	Sri Jayesh Ranjan	Director
2.	Sri K Manick Raj	Director
3.	Sri Venkat Narsimha Reddy Ettireddy	Director
4.	Sri Behara Yerram Raju	Director
5.	Sri Sriramshetty Srinivasa Rao	Director
6.	Dr. Krishna Mohan Nori	Director
7.	Dr. Kinnera Murthy Bhagavatula	Director
8.	Sri Allamraju Subramanya Ramasastri	Additional Director
9.	Sri Srinivas Garimella	Additional Director
10.	Sri Suresh Kumar Devalam Venkata	CEO and Managing Director

Mr. Suresh Kumar Devalam Venkata has been appointed as Managing Director and CEO of the company w.e.f 01.06.2020.

Mr. Srinivas Garimella have been appointed as Additional Director of the company w.e.f 16.03.2020 in place of Mr. K. Sudhir Reddy.

Mr. Allamraju Subramanya Ramasastri has been appointed as Additional Independent Director of the company w.e.f 16.03.2020 in place of Mr. S V Prabath.

The term of 3 independent directors, i.e, Sri S Srinivasa Rao, Sri N. Krishna Mohan and Dr. B Kinnera Murthy, whose term got expired, has been extended for further period of 3 years w.e.f 16.03.2021.

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.

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 2020-21.

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 01.04.2020 to 31.03.2021.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, statutory auditors has not 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 tha

(a) in the preparation of the annual accounts for the year ended 31st March 2021, the Company has followed the applicable accounting standardsand 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 2021 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(5) 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.

For and on behalf of the Board of Directors

Telangana Industrial Health Clinic Limited

Sd/-	Sd/-
Suresh Kumar Devalam Venkata	Jayesh Ranjan
Managing Director & CEO	Chairman & Director
DIN: 08748499	DIN: 00003692

Date: 28-09-2021
Place: Hyderabad

महालेखाकार का कार्यालय (लेखापरीक्षा)
तेलंगाना, हैदराबाद

OFFICE OF THE ACCOUNTANT GENERAL (AUDIT)
Telangana, Hyderabad

सत्यमेव जयते

Lr. No. AG (Audit)/TS/TSC/A.A/TIHCL/2020-21/34

To
The Managing Director & CEO,
Telangana Industrial Health Clinic Limited,
#5-9-58/B, Parishrama Bhavanam, Fateh Maidan Road,
Basheerbagh, Hyderabad – 500 004.

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 the Telangana Industrial Health Clinic Limited for the year ended 31 March 2021

Sir,

I am to forward herewith Non-Review Certificate 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 31 March 2021 for necessary action.

2. The date of placing of 'Non-Review' Certificate along with Financial Statements and Auditors' Report before the shareholders of the Company may please be 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 Non-Review Certificate of the Comptroller and Auditor General of India to the State Government for the year 2020-21 for being placed before the Legislature may also be 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 2020-21 are to be furnished in due course without fail.

Sd/-

Deputy Accountant General/AMG-II

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 LINIC LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of the Telangana Industrial Health Clinic imited for the year ended 31 March 2021 in accordance with the financial reporting amework prescribed under the Companies Act, 2013 (Act) is the responsibility of the anagement of the company. The statutory auditors appointed by the Comptroller and uditor General of India under Section 139(5) of the Act are responsible for expressing pinion on the financial statements under Section 143 of the Act based on independent audit accordance with the standards on auditing prescribed under section 143(10) of the Act. his is stated to have been done by them vide their Audit Report dated 16.07.2021.

I, on behalf of the Comptroller and Auditor General of India, have decided not to onduct the supplementary audit of the financial statements of the Telangana Industrial ealth Clinic Limited for the year ended 31 March 2021 under Section 143 (6) (a) of the ct.

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

Sd/-

Accountant General (Audit)

lace: Hyderabad
ate: 7 -09-2021.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TELANGANA INDUSTRIAL HEALTH CLINIC LIMITED

Report on the Audit of the Standalone Financial Statements Opinion

We have audited the accompanying financial statements of TELANGANA INDUSTRIAL HEALTH CLIN- IC LIMITED("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 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, 2021, and its profit/loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

a. We draw attention to note 24 to the financial statements that during the FY 2019-20, loans given to Siricilla Weavers of Rs.1,61,86,952 have become Non-Performing Assets (NPA). As per MEMO No.4017/Tex.2/2015-5 referred to in the GO RT 109 dated 20-06-2019 the loan given by the Government of Telangana State is repayable as and when the loans given to the Siricilla Weavers are recovered by the company. The management of the company is of the view that the said loans forming part of NPA of the company, if not recovered, are adjustable against loan given to the company by the Government of Telangana State. Accordingly, the company has not made any provision for NPA (including provision for contingencies) and also reversed the provision made for NPA in earlier year.

b. We draw your attention to note 25 to the financial statements, relating to Input Tax Credit (ITC) claimed by the Company for GST. As per rule 38 of CGST Rules 2017, only fifty percent of the ITC shall be admissible to the non-banking financial company. The company has claimed only the el- igible ITC in the Books of Account however the company has wrongly claimed the entire 100% of ITC while filing the GST Returns. The company is in the process of rectifying the same and hence pending such rectification penalty /interest if any is not accounted in the books of account

c. Our opinion is not modified in respect of these matters.

Responsibilities of Management and Those Charged with Governance for the Stand-alone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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. In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Mis- statements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on Other Legal and Regulatory Requirements

1.As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(5) of the Act, we have considered the directions / sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the financial statements of the Company are given in the Annexure B.

3. As required by Section 143(3) and 143(5) 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 standalone 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 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 C”.

(g) As regards to Managerial Remuneration u/s197 of the Companies Act, 2013 paid to Directors, refer to note no. xi of “Annexure A” to this Report.

(h) 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: 16.07.2021

ANNEXURE 'A'REFERRED TO IN PARAGRAPH 1 'REPORT ON OTHER LEGAL AND REG-ULATORY REQUIREMENTS'OF OUR REPORT TO THE MEMBERS OF TELANGANA IN- DUSTRIAL HEALTH CLINIC LIMITED OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2021

(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.

(ii) 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, Provident Fund 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, 2021 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,

(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 re- view.

(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.

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: 16.07.2021

ANNEXURE'B' REFERRED TO IN PARAGRAPH 2 'REPORT ON OTHER LEGAL AND REGULA- TORY REQUIREMENTS' OF OUR REPORT TO THE MEMBERS OF TELANGANA INDUSTRIAL HEALTH CLINIC LIMITED OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2021.

We report that :

Sl.No.	Directions given by Comptroller & AuditorGeneral of India	Replies
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions out- side IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company is accounting all the transac tions thru its Accounting Software viz., Tally ERP. During our Audit we have not come across any transactions outside IT system.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/ loans/interest etc. made by a lender to the company due to the company's inability to re- pay the loan? If yes, the financial impact may be stated. Whether such cases are properly ac- counted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company)	Not Applicable. There are no such cases of waiver / write off debts / loans / interest etc during the year under Audit except that reversal of NPA provision created in earlier year since the management is of the view that the said loans forming part of NPA of the company, if not recovered, are adjust- able against loan given to the company by the Government of Telangana State.
3	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/ State Government or its agencies were prop- erly accounted for/utilized as per its term and conditions? List the cases of deviation.	During the year under Audit the company has received Rs.10 Crores Grant from the Government of Telangana State vide G O Rt.No.141 dtd10-12-2020 towards prevention of incipient sickness of SME's. The same is not yet utilized and pending utilization same is lying in Investments and Fixed Deposits.

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: 16.07.2021

ANNEXURE 'C' 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, 2021 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 reason- able 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 in- ternal 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 transactionsand 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 generallyaccepted accounting principles, and that receipts and expenditures of the company are being madeonly in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 controlover 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Noteon Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of CharteredAccountants of India.

For N K R & CO

Chartered Accountants

(Firm Registration No. 127820W)

Sd/-

T.N.V.Visweswara Rao Partner

(M No.204084)

Place: Hyderabad

Date: 16.07.2021

BALANCE SHEET AS AT 31ST MARCH 2021

Particulars	Note No.	As At 31st March, 2021	As At 31st March, 2020
I. EQUITY AND LIABILITIES:			
(1) Shareholder's Funds			
(a) Share Capital	2	100,260,000	100,260,000
(b) Reserves and Surplus	3	57,698,485	-35,229,778
		157,958,485	**65,030,222**
(2) Non-Current Liabilities			
(a) Long Term Borrowings	4	16,176,524	16,176,524
(b) Deferred Tax Liabilities	5	142,565	191,844
(c) Long Term Provisions	6	56,256	1,660,119
		16,375,345	**18,028,487**
(3) Current Liabilities			
(a) Trade Payables	7	278,673	625,651
(b) Other Current Liabilities	8	1,173,833	1,228,232
		1,452,506	**1,853,883**
Total Equity & Liabilities		**175,786,336**	**84,912,592**
II.ASSETS:			
(1) Non-Current Assets			
(a) Property, Plant and Equipment			
(i) Tangible Assets	9	962,281	1,272,897
(ii) Intangible Assets		4,922,728	6,442,251
(b) Long Term Loans & Advances	10	27,295,363	28,286,731
		33,180,372	**36,001,879**
(2) Current Assets			
(a) Current investments	11	112,577,744	37,800,000
(b) Cash and cash equivalents	12	28,879,060	9,172,959
(c) Short-term loans and advances	13	1,149,160	1,833,266
(d) Other Current Assets	14	-	104,488
		142,605,964	**48,910,713**
Total Assets		**175,786,336**	**84,912,592**

The Accompanying notes 1 to 29 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

For Telangana Industrial Health Clinic Limited

Sd/-
Managing Director
DIN:08748499

Sd/-
Director
DIN: 00003692

Place: Hyderabad
Date:16.07.2021

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	Note No.	Amount in Rs. Year Ended 31st March, 2021	Period Ended 31st March, 2020
Revenue from operations	15	10,434,085	5,678,620
Other Income	16	1,956,453	1,200,523
Total Revenue - (A)		**12,390,538**	**6,879,142**
Expenses:			
Employee Benefit Expenses	17	10,525,273	11,279,924
Finance Costs	18	3,957	5,294
Depreciation and Amortization Expense	9	1,830,140	1,515,547
Other Expenses	19	7,152,184	9,370,938
Total Expenses - (B)		**19,511,554**	**22,171,703**
Profit before exceptional and extraordinary items and tax - (A) -(B)		**-7,121,016**	**-15,292,560**
Exceptional and extraordinary items		-	-
Profit Before Tax		**-7,121,016**	**-15,292,560**
Tax expense:			
(a) Current Tax		-	-
(b) Deferred Tax - Liability / (Asset)		-49,279	159,834
Profit/(Loss) for the Year / Period		**-7,071,737**	**-15,452,395**
Earning per equity share:			
(a) Basic	20	**-8.14**	**-17.78**

The Accompanying notes 1 to 29 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.Viswaswara Rao
Partner
Place: Hyderabad
Date: 16.07.2021

For Telangana Industrial Health Clinic Limited

Sd/-
Managing Director
DIN: 874849

Sd/-
Director
DIN: 00003962

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2021

PARTICULARS		2020-21		2019-20
A) CASH FLOW FROM OPERATING ACTIVITIES:		(7,071,737)		(15,452,395)
Net Profit after Tax				
Adjustment for:				
Depreciation	1,830,140		1,515,547	
Deferred Tax Finance	(49,279)		159,834	
Costs Interest	3,957		5,294	
received	(337,757)		(1,060,569)	
Provision for Standard Assets				
Provision for Gratuity Provision	(2,481)		(10,803)	
for NPA	-		(133,854)	
Loss on Sale of Fixed Assets	17,313		1,630,156	
Provision no longer required written back Profit	-		19,913	
from sale mutual fund				
	(1,618,695)			
	(3,905,437)		(2,668,112)	
Operating profit before working capital changes				
Adjustment for change in Working Capital		(4,062,240)		(542,595)
		(11,133,977)		**(15,994,989)**
Decrease/(Increase) in Short Term Loans & Advances				
Increase/ (Decrease) in Trade Payables	684,106		2,335,682	
Increase/ (Decrease) in Short TermBorrowings				
Increase/ (Decrease) in Other Current Liabilities	(346,978)		(711,113)	
Decrease/(Increase) in Other Current Assets	-		-	
	(54,399)		(1,035,469)	
Cash Generated from Operations				
Less:	104,488		308,668	
Aggregate Direct Taxes paid/(Refund)				
		387,217		897,768
Net Cash from Operating Activities				
		(10,746,760)		**(15,097,222)**
B) CASH FLOW FROM INVESTING ACTIVITIES:	-		-	
Purchase of Fixed Assets				
Interest Received		-		-
		(10,746,760)		**(15,097,222)**
Bank Deposits not considered as cash and cash equivalents				
Sale of Fixed assets				
	-		(7,661,408)	
	337,757		1,060,569	
	(19,714,834)		44,230,027	
	-		2,500	

Investment in mutual funds	(74,777,744)		(37,800,000)	
Profit from sale of mutual funds	3,905,437		2,668,112	
		(90,249,383)		2,499,799
Net Cash generated through Investing Activities		**(90,249,383)**		**2,499,799**
C) CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Share Capital Including Share Premium	-		25,000,000	
Proceeds from borrowings	-		-	
Government grant received	100,000,000			
Loans & Advances given	991,369		(11,979,779)	
Finance Costs	(3,957)	100,987,412	(5,294)	13,014,927
Net cash generated through financing Activities		**100,987,412**		**13,014,927**
Net Increase/(Decrease) in Cash and equivalents (A+B+C)		**(8,732)**		**417,503**
Cash & Cash Equivalents at the Beginning of the Year		**446,943**		**29,439**
Cash & Cash Equivalents at the End of the Year		**438,211**		**446,943**

Note-:

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

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

	2020-21		2019-20
Cash and cash equivalents at the end ofthe year as per cash flow statement	438,211		446,943
Cash and cash equivalents at the endof the year as per Note:	**438,211**		**446,943**

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

T.N.V.Visweswara Rao

Partner
M.No. 204084

Place: Hyderabad
Date:16.07.2021

For Telangana Industrial Health Clinic Limited

Sd/-
Managing Director
DIN:08748499

Sd/-
Director
DIN: 00003692

Notes attached to and forming part of accounts for the year ended on 31st March, 2021

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 help Micro and Small enterprises in manufacturing sector by providing consultancy and financial services in the State of Telangana for that purpose the company lends /advances 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 accural 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. Al- though 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 recognized on accrual basis.

1.4 Property, Plant and Equipment

Tangible 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 ex- pensées on tangible assets after its purchase is capitalized 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 tangible 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 amortization and impairment.

1.5 Depreciation

Depreciation on tangible 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 capitalization. Losses arising from retirement, gains or losses arising from disposal of tangible assets which are carried at cost are recognized 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 shareholders 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 aver- age number of equity shares which could have been issued on the conversion of all dilutive potential equity shares where applicable

1.7 Retirement and other Employee benefits:

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

Contributions in respect of Employees Provident Fund and Employee State Insurance which are de- fined 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.

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 **recognized** 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 realized.

1.11 Contingent Liabilities & Provisions

A Provision is recognized 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 con- firmed 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. Government grants are recognized when there is reasonable assurance that (i) the enterprise will com- ply with the conditions attached to them, and (ii) the grants will be received.

1.12 Government Grants

Government grants related to specific fixed assets are presented in the balance sheet by showing the grant as a deduction from the gross value of the assets concerned in arriving at their book value. Government grants related to revenue are recognized on a systematic basis in the profit and loss statement over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are either shown separately under ‘other income’ or deducted in reporting the related expense. Government grants of the nature of promoters’ contribution are credited to capital reserve and treated as a part of shareholders’ funds. Government grants in the form of non-monetary assets, given at a concessional rate, are accounted for on the basis of their acquisition cost. In case a non-monetary asset is given free of cost, it is recorded at a nominal value. Government grants that are receivable as compensation for expenses or losses incurred in a previous accounting period or for the purpose of giving immediate financial support to the enterprise with no further related costs, are recognized and disclosed in the profit and loss statement of the period in which they are receivable, as an extraordinary item if appropriate. Government grants that become refundable are accounted for as an extraordinary item. Government grants in the nature of promoters’ contribution that become refundable are reduced from the capital reserve.

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2021		
Note : 2 Share Capital	Amount in Rs.	
Particulars	As At 31st March, 2021	As At 31st March, 2020
AUTHORIZED CAPITAL		
11,00,000 Equity Shares of Rs. 100/- each with Voting rights	110,000,000	110,000,000
ISSUED , SUBSCRIBED & FULLY PAID UP CAPITAL		
1002600 (P.Y. 1002600) Equity Shares of Rs. 100/- each with Voting Rights	100,260,000	100,260,000
Total	**100,260,000**	**100,260,000**

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, 2021		As at 31st March, 2020	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
At the Beginning of the year	1,002,600	100,260,000	752,600	75,260,000
Issued during the year (Equity Shares each Rs.100/-)	-	-	250,000	25,000,000
Outstanding at the end of the year	1,002,600	100,260,000	1,002,600	100,260,000

b. Details of Share Holders holding More than 5% of Equity Shares in the Company				
Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	% of Holding	No. of Shares	% of Holding
H.E.Hon'ble Governor - Telangana state (togetherwith nominees)	1,000,000	99.7407%	1,000,000	99.7407%

Note : 3 Reserves & Surplus	Amount in Rs.	
Particulars	**As At 31st March 2021**	**As At 31st March 2020**
Capital Reserve		
Special Reserve (Refer Note No. 26)	100,000,000	-
	100,000,000	**-**
Surplus / (Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year / period	(35,229,778)	(19,777,383)
Add: Profit / (Loss) for the year / period	(7,071,737)	(15,452,395)
	(42,301,515)	**(35,229,778)**
Total	**57,698,485**	**(35,229,778)**

Note : 4 Long Term Borrowings	Amount in Rs.	Amount in Rs.
Particulars	**As At 31st March 2021**	**As At 31st March 2020**
Unsecured Loans - (Refer Note.23)	16,176,524	16,176,524
Total	**16,176,524**	**16,176,524**

Note : 5 Deferred Tax Liabilities	Amount in Rs.	Amount in Rs.
Particulars	**As At 31st March 2021**	**As At 31st March 2020**
Deferred Tax Liabilities on account of Depreciation	142,565	191,844
Total	**142,565**	**191,844**

Note : 6 Long Term Provisions	Amount in Rs.	Amount in Rs.
Particulars	**As At 31st March 2021**	**As At 31st March 2020**
Provision for Contingency for Standard Assets	27,483	29,964
Provision for Non-Performing Assets	28,773	1,630,155
Total	**56,256**	**1,660,119**

Note : 7 Trade Payables	Amount in Rs.	Amount in Rs.
Particul ars	**As At 31st March 2021**	**As At 31st March 2020**
Trade Payables other than Acceptances:		
Dues to micro enterprises and small enterprises	-	-
Others	278,673	625,651
Total	**278,673**	**625,651**

Note : 8 Other Current Liabilities	Amount in Rs.	Amount in Rs.
Particul ars	**As At 31st March 2021**	**As At 31st March 2020**
Statutory Liabilities	223,833	213,482
Return of proccessing fees	-	64,750
Sundry Advances	950,000	950,000
Total	**1,173,833**	**1,228,232**

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2021

Note 9 **Property, Plant and Equipment**

S.No.	PARTICULARS	GROSS BLOCK				DEPRECIATION					Net Block	
							For the Year					
		As At 1st April 2020	Additions	Deletions / Adjustments	As at 31st March, 2021	As At 1st April 2020	On opening balances	On Additions	Deletions / Adjustments	As at 31st March, 2021	As At Mar 2020	As At Mar 2021
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets												
1	Computers	559,036	-	-	559,036	399,461	127,443	-	-	526,904	159,575	32,132
2	Furniture & Fixtures	446,070	-	-	446,070	99,729	42,377	-	-	142,106	346,341	303,964
3	Printers	217,922	-	-	217,922	29,369	15,925	-	-	45,294	188,553	172,628
4	Office Equipment	212,359	-	-	212,359	68,327	40,348	-	-	108,676	144,032	103,683
5	Air Conditoners	487,012	-	-	487,012	100,021	46,266	-	-	146,287	386,991	340,725
6	UPS - Hitachi	182,970	-	-	182,970	135,564	38,257	-	-	173,821	47,406	9,149
	Total	**2,105,369**	**-**	**-**	**2,105,369**	**832,472**	**310,616**	**-**	**-**	**1,143,088**	**1,272,897**	**962,281**
In Tangible Assets												
1	Tally software	18,220	-	-	18,220	10,200	6,073	-	-	16,274	8,020	1,946
2	I -Health Software	7,567,252	-	-	7,567,252	1,133,020	1,513,450	-		2,646,471	6,434,232	4,920,782
	Total	**7,585,472**	**-**	**-**	**7,585,472**	**1,143,221**	**1,519,524**	**-**	**-**	**2,662,744**	**6,442,251**	**4,922,728**
Grand Total		**9,690,841**	**-**	**-**	**9,690,841**	**1,975,693**	**1,830,140**	**-**	**-**	**3,805,832**	**7,715,148**	**5,885,009**
Previous years figures		**2,054,009**	**7,661,408**	**24,576**	**9,690,841**	**462,309**	**378,140**	**1,137,407**	**2,163**	**1,975,692**	**1,591,700**	**7,715,149**

Note : 10 Long Term Loans and Advances (Secured Considered Good)	Amount in Rs.	
Particulars	**As At 31st March, 2021**	**As At 31st March, 2020**
Others	27,295,363	28,286,731
Rs. **Total**	**27,295,363**	**28,286,731**

Note :

1. The company has given the loans to Siricilla Weavers and Other industries. These loans are repayable in 60 equal installments in the case of Siricilla Weavers with a moratorium of 6 months.In the case of other industries the repayment is in Equal Instalments and Bullet Repayments on a case to case basis.
2. These loans are secured by Hypothecation of Plant & Machinery in the case of Siricilla Weavers and in the case of thers various Assets of those companies
3. Includes Non-Performing Assets of Rs.16,302,04

Note : 11 Current investments	**Amount in Rs.**	
Particulars	**As At 31st March, 2021**	**As At 31st March, 2020**
Investment in Franklin Templetin Mutual Funds	2,577,744	5,000,000
Investment in HDFC Short Term Debt Fund	-	5,000,000
Investment in ICICI Prudential Gilt Fund	-	7,500,000
Investment in IDFC Mutual Fund	-	1,500,000
Investment in Nippon India Gilt Securities Fund	-	6,000,000
Investment in SBI Magnum Gilt Fund	-	3,800,000
Investment in Sbi Magnum Income Fund	-	5,000,000
Investment in SBI Magnum Ultra Short Duration Fund	-	4,000,000
Investment in HDFC Money Market Fund	10,000,000	
Investment in ICICI Prudential Corporate Bond Fund	10,000,000	
Investment in ICICI Prudential Short Term Fund	10,000,000	
Investment in Kotak Bond Short Term Fund	10,000,000	
Investment in Nippon India Corporate Bond Fund	10,000,000	
Investment in Nippon India Money Market Fund	10,000,000	
Investment in SBI Corporate Bond Fund	20,000,000	
Investment in SBI Savings Fund	10,000,000	
Investment in SBI Short Term Debt Fund	20,000,000	
Total	112,577,744	37,800,000

Particulars	As At 31st March 2021	As At 31st March 2020
Cash on Hand	8,209	19,446
Balances with Banks		
-In Current Accounts with Banks	430,002	427,497
	438,211	**446,943**
Other Bank Balances		
In Deposit account with Banks	28,440,849	8,726,015
	28,440,849	**8,726,015**
Total	**28,879,060**	**9,172,959**
Of the above, the balances that meet the definition of Cash andcash equivalents as per AS 3 Cash Flow Statements	**438,211**	**446,943**

Note : 13 Short Terms Loans and Advances (Unsecured Considered Good)	**Amount in Rs.**	
Particulars	**As At 31st March, 2021**	**As At 31st March 2020**
Balance with Revenue authorities	991,306	1,568,769
Prepaid expenses	88,848	148,512
Accrued interest	69,006	50,412
Handholding Charges Receivable	-	46,479
Loan Document Charges Receivable	-	19,095
Total	**1,149,160**	**1,833,266**

Note : 14 Other Current Assets	**Amount in Rs.**	
Particulars	**As At 31st March 2021**	**As At 31stMarch 2020**
Interest receivable on Loans	-	104,488
Total	**-**	**104,488**

Note : 15 Revenue from operations	Amount in Rs.	
Particulars	**For Year Ended 31st March, 2021**	**For Year Ended 31st March, 2020**
Interest from Loans	1,757,628	268,068
Processing fee	4,449,300	2,187,430
Profit From Sale of Mutual Funds	3,905,437	2,668,112
Ancilliary Services	-	63,560
Application Fee - IHealth	-	46,120
Diagnostic Fees	-	175,000
Handholding Charges	274,153	62,211
Loan Documentation Charges	47,567	124,046
Processing fee -Others	-	84,073
Total	**10,434,085**	**5,678,620**

Note : 16 Other Income	Amount in Rs.	
Particulars	**For Year Ended 31st March, 2021**	**For Year Ended 31st March, 2020**
Interest on IT Refund	6,294	36,114
Interest on Bank Deposits	331,463	1,024,455
Incentive Release Registration Income	-	5,000
Liability No longer required written back	-	133,854
Reversal of NPA Provision no longer required	1,618,695	-
Others	-	1,100
Total	**1,956,453**	**1,200,523**

Note : 17 Employee Benefit Expenses	Amount in Rs.	
Particulars	**For Year Ended 31st March, 2021**	**For Year Ended 31st March, 2020**
Salaries and Allowances (including contract employees)	6,970,833	7,719,924
Remuneration to Managing Director & Advisor	3,554,440	3,560,000
Total	**10,525,273**	**11,279,924**

Note :18 Finance Costs	Amount in Rs.	
Particulars	For Year Ended 31st March, 2021	For Year Ended 31st March, 2020
Bank & Finance Charges	3,957	5,294
Total	**3,957**	**5,294**

Note : 19 Other Expenses	Amount in Rs.	
Particulars	For Year Ended 31st March, 2021	For Year Ended 31st March, 2020
Books & Periodicals	18,200	16,390
Postage & Telegram	9,375	8,667
Advertisement & Business promotion expenses	-	270,888
Communication expenses	122,890	106,586
Certification Expenses	35,112	34,121
Printing & stationery	125,499	126,074
Legal Expenses	494,300	489,100
Professional & consultancy fee - (including Auditors Remuneration -Ref Note-21)	885,137	1,167,471
Travelling & Conveyance expenses	922,855	792,120
Registration & filing fee	24,876	27,600
Directors Sitting Fee	196,200	277,000
Subscription expenses	31,664	26,580
Electricity charges	140,952	183,319
Office Maintenance	346,064	318,552
Rent, Rates & Taxes	1,613,116	2,414,668
Repairs & Maintenance	1,574,286	740,334
Web Maintenance Charges	58,860	54,000
Reversal of Earlier years Income due to NPA (Siricilla Weavers)	-	408,912
Provision for Contingency for Standard Assets (@0.25%)		-10,803

	(2,481)	
Provision for Non Performing Assets	17,313	1,630,156
General Expenses	164,529	269,290
Loss on sale of Asset	-	19,913
Sponsorship Expenses	54,500	-
Training Expenses	318,937	-
Total	**7,152,184**	**9,370,938**

Note: 20

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, 2021	For the Year ended March 31, 2020
Proft / (Loss) for calculating the Earnings per share (Rs.)	(7,071,737)	(15,452,395)
Weighted average number of equity shares	869,038	869,038
Basic / Diluted Earning per share	(8.14)	(17.78)

Note: 21

Payments to Auditors (Amount in Rs.)

Particulars	2020-21	2019-20
Statutory Audit Fee (Net of GST)	75,000	60,000
Certification Fee (Net of GST)	10,000	-
Total	**85,000**	**60,000**

Note: 22

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: 23

During the Financial year 2018-19 the company has received Rs. 161.76 lacs (2/3rd of 242.70 lacs) from the Government of Telangana State towards the Siricilla Weavers Loan revival and restructuring vide G.O.Rt.No.109 dtd 26/07/2018. According to the said G.O. the amount received would be adjusted against the outstanding loan balances of Siricilla Weavers payable to SBI for those approved in the scheme of revival in the said G.O. Further as per the said G.O. 10% of the outstanding loan balances will be waived by the Government of Telangana State, 60% will be waived by the SBI,10% will be contributed by the borrower and 20% will be provided as Loan thru the company by the Government of Telangana State. As there is no provision for Interest in the said G.O. the company has not considered any provision for Interest on the Outstanding amount. In the absence of details, In view of amount lent by the company to the weavers are of long term nature the amount received from Government of Telangana State (Net) is treated as Long term Borrowings in the Financial Statements.

Note: 24

During the FY 2019-20, loans given to Siricilla Weavers of Rs.1,61,86,952 have become Non-Performing Assets (NPA). As per MEMO No.4017/Tex.2/2015-5 referred to in the GO RT 109 dated 20-06-2019 the loan given by the Government of Telangana State is repayable as and when the loans given to the Siricilla Weavers are recovered by the company. The said loans forming part of NPA of the company, if not recovered, are adjustable against loan given to the company by the Government of Telangana State. Accordingly, the company has not made any provision for NPA (including provision for contingencies) and also reversed the provision made for NPA in earlier year against the loans granted by the company.

Note : 25

The company is in the process of reconciling the input credit of GST as per books of accounts with the GST portal and will adjust the differences if any along with the interest in the coming financial year.

Note: 26

During the year the Company has received government grant of Rs.10 crores towards prevention of inceipient sickness of SME's wide GO RT No.141 dated 10th December, 2020. The aforesaid government grant is towards prevention of incipient sickness of SMEs and to be utilised in future towards lending to stressed MSEs without interest or at concessional rate of interest. Accordingly, the said government grant has been considered in the nature of promoters' contribution by crediting the same to capital reserve and treated as a part of shareholders' funds.

Note: 27

The business segments have been identified based on the nature of business carried out and services provided by the Company to its clients. The Company is primarily in the business of Rendering Financial Services to SME's.

Note: 28

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

- Dr. N. Krishna Mohan - Independent Director
- Dr. B. Kinnera Murthy - Independent Director
- Sh. S.Srinivasa Rao - Independent Director
- Sh. B.Yerram Raju - Advisor & Director
- Sh. D.V.Suresh Kumar - Managing Director & C E O (W.E.F.May'20)
- Sh. M.Sanjaya - Managing Director & C E O (upto May'20)

Transactions with Related parties during the year (**Amount inRs.**)

Particulars	2020-21	2019-20
- Rent to TSIDC	1,490,388	1,241,289
- Sitting Fee paid to Independent directors	150,000	135,000
- Remuneration to Key Managerial Personnel - Shri.M.Sanjaya	333,332	2,000,000
- Remuneration to Key Managerial Personnel - Shri D.V. Suresh Kumar	1,661,108	-
- Remuneration to Key Managerial Personnel - Sh.B.Yerram Raju	1,560,000	1,560,000
Outstanding Balances - Credit	10,817	126,052

Note: 29 - Dues To Micro, Small And Medium Enterprises

The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under Micro, Small and Medium Enterprises Development Act 2006) claiming their status as micro, small or medium enterprises. Consequently, the amount paid/payable to these parties is considered to be NIL.

Note:30

Previous Year Figures have been re-grouped, wherever necessary to confirm with figures of the current year.

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: 08748499

Sd/-
Director
DIN:00003692

Place: Hyderabad
Date:16.07.2021

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

NON BANKING FINANCIAL COMPAINES AUDITORS' REPORT

To
The Board of Directors,
Telangana Industrial Health Clinic Limited,
Parishrama Bhavan, Basheerbagh,
Hyderbad-500004

We have audited the attached Balance Sheet of Telangana Industrial Health Clinic Limited (the 'Company') as at March 31,2021 and also the Statement of Profit and Loss and the Cash Flow Statement for the year then ended. As required by the Non-Banking Financial Companies Auditors Report (Reserve Bank) Directions, 2016, issued by the Reserve Bank of India ('RBI') vide Notification No. DNBS. PPD.03/66.15.001/2016-17 dated September 29, 2016 as amended from time to time; we report hereunder on the matters specified in paragraphs 3 and 4 of the said directions, to the extent applicable:

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give 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 9Accounts) Rules, 2014. This responsibility includes the design, implementation and maintenance of internal control 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

Pursuant to the requirements of Non-Banking Financial Companies Auditors Report (Reserve Bank) Directions, 2016 (the Directions) it is our responsibility to examine the books and records of the Company and report on the matters specified in the Directions to the extent applicable to the Company

We conducted our examination in accordance with the Guidance Note on Special Purpose Audit Reports and Certificates issued by Institute of Chartered Accountants of India

Based on our examination of the Books of and records of the Company as produced for our examination and information and explanations given to us:

1. We certify that the Company is engaged in the business of a Non-Banking Financial Institution and it has obtained Certificate of Registration (CoR) from RBI.

2. Based on income and asset pattern as at March 31, 2021, the Company is entitled to continue to hold the Certificate of Registration.

3. The company is meeting the required net owned fund requirement as laid down in Master Directions

4. The Board of Directors' of the company have passed a resolution for non-acceptance of any public deposit.

5. The Company has not accepted any public deposits during the year ended March 31, 2021.

6. The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts, as applicable to it in terms of Non-Banking Finance (Non-Deposit taking company) (Reserve Bank) Directions, 2016.

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

Sd/-

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

Date: 16-07-2021
Place: Hyderabad