



TELANGANA INDUSTRIAL HEALTH CLINIC LTD



Evolution of concept



MSMEs - key for economic growth.

New MSMEs encouraged through various government schemes.



MSMEs face financial and non-financial challenges adversely impacting the economy.



Entrepreneurs do not declare themselves sick afraid of their creditors.

Data hides more than what it reveals.



Alternative institutional mechanism imperative to address such issues



UNCERTAIN
TIMES DEMAND
EXCEPTIONAL
SOLUTIONS

**OUT-OF-THE BOX THINKING
REQUIRED**



The result



**TELANGANA INDUSTRIAL
HEALTH CLINIC LTD (TIHCL)**



TELANGANA INDUSTRIAL HEALTH CLINIC LTD (TIHCL)

An intention to actively participate in implementation of RBI & GOI instructions on revival and rehabilitation of sick and stressed micro and small manufacturing firms, led to establishment of Industrial Health Clinic in Telangana in 2017 and received NBFC license from RBI during 2018. Founded on principles of **Transparency, Autonomy, Accountability and Empathy for micro and small enterprises.**

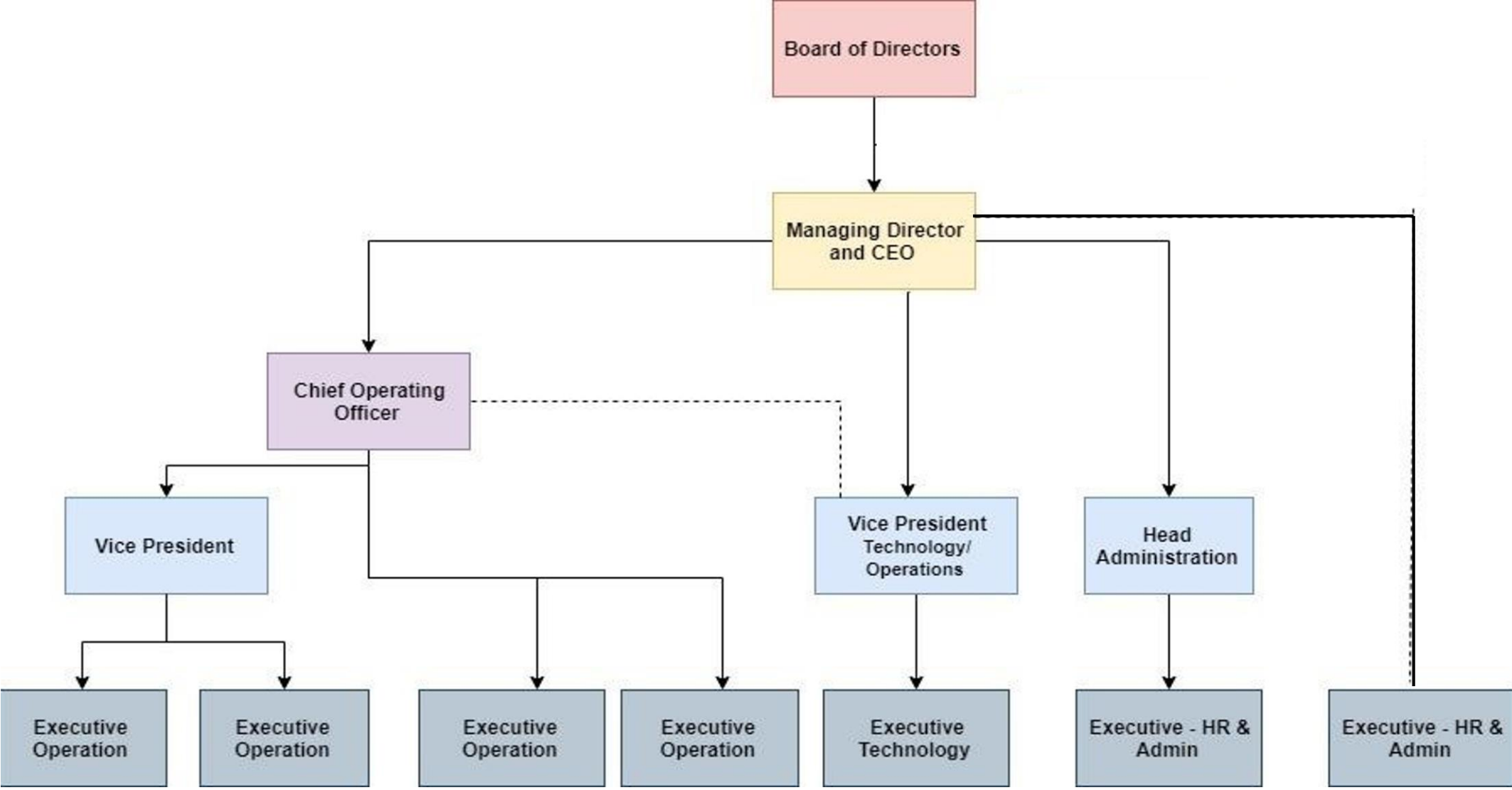
Vision

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

Values

Dharma – Righteousness
Loka Sangraha- Public Good
Kaushalyam - Skill & Efficiency
Vaividhyatha- Innovation
Jignasa - Learning

Organogram of TIHCL



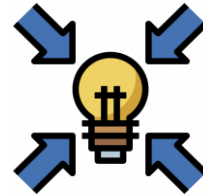
Capital and Board

CAPITAL	BOARD OF DIRECTORS
✓ Equity proposed– Rs.100.00 Cr	1. Sri Jayesh Ranjan, I.A.S., Principal Secretary (I&S), GoT
✓ Initial contribution from Government of Telangana – Rs 10.00 Cr	2. Sri Krishna Bhaskar, I.A.S., Director of Industries
✓ 22 Individual Shareholders – Rs. 0.03 Cr	3. Sri E.V. Narasimha Reddy, MD, TSIDC
	4. Dr. B. Yerram Raju, Banker-Economist, & former Dean of Studies, ASCI
GRANT	5. Dr. A.S. Ramasastri, Former Director, IDRBT
✓ Grant from Government of Telangana - Rs.10 Cr - during 2021	6. Dr. N. Krishna Mohan, Retd. Banking Ombudsman, RBI
	7. Dr. B. Kinnera Murthy, Former Dean of Studies, ASCI
	8. Sri S. Srinivasa Rao, Former MD, APITCO
	9. Sri Garimella Srinivas, Chair, Industrial Development Committee, FTCCI
	10. Sri S. Venkateswarlu, Managing Director, Chief General Manager (Retd), SBI

What we do?



Diagnostic Study for the underlying causes of sickness & to arrive at appropriate resolution through consultancy process



Coordination and Collaboration with Primary Lender: Provides financial support and other soft solutions in marketing, technology & management to the stressed manufacturing MSEs.



Handholding, monitoring & counselling through consent-based ERP solution.



New Manufacturing Enterprise Support – DPR, Projectization, TEV study and registrations

Our Products & Services

Non-Financial Intervention



Diagnostic Study for existing Units



Stress study for Priority Release of sanctioned incentives



Consultancy and advisory Services



DPR / TEV Report and projectization.

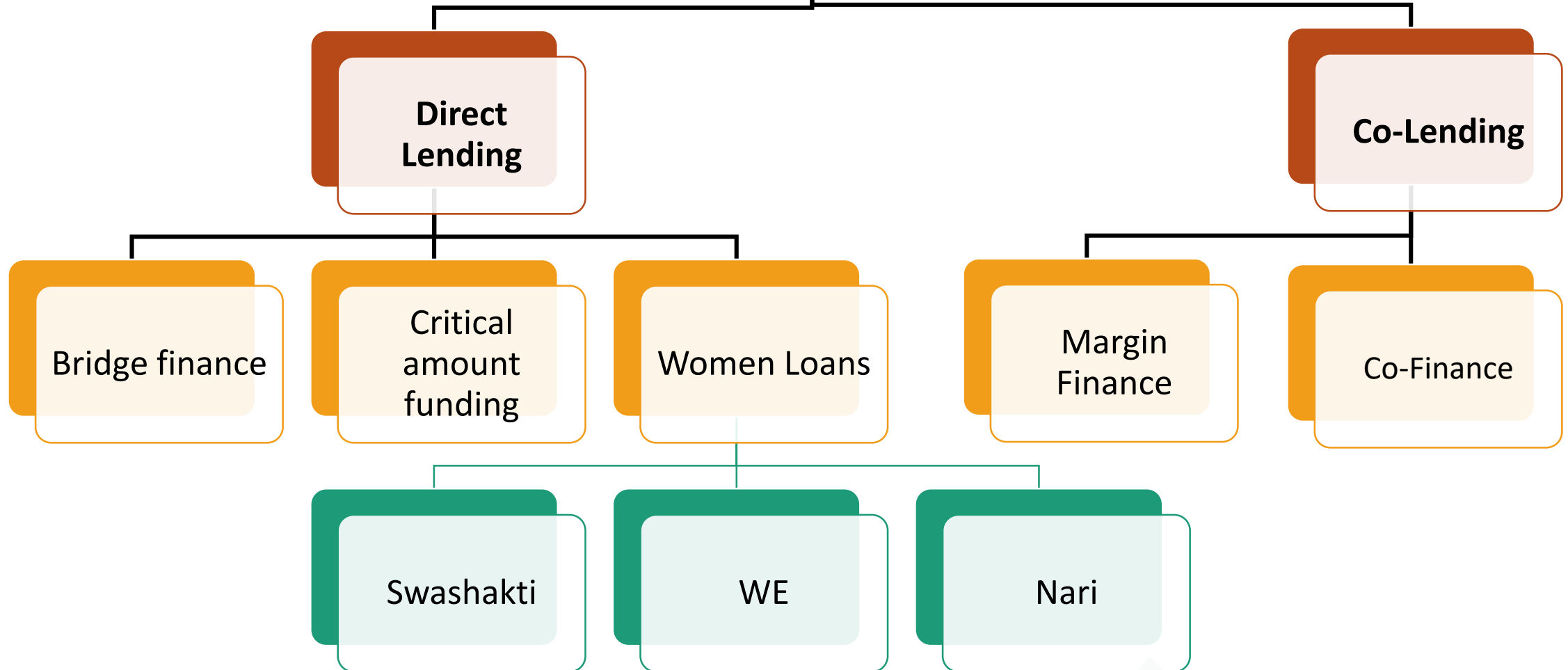


Registration services - Ts-iPass, Udyam, e-Market & GEMs



Conducting Studies /Surveys

Financial Intervention



Model

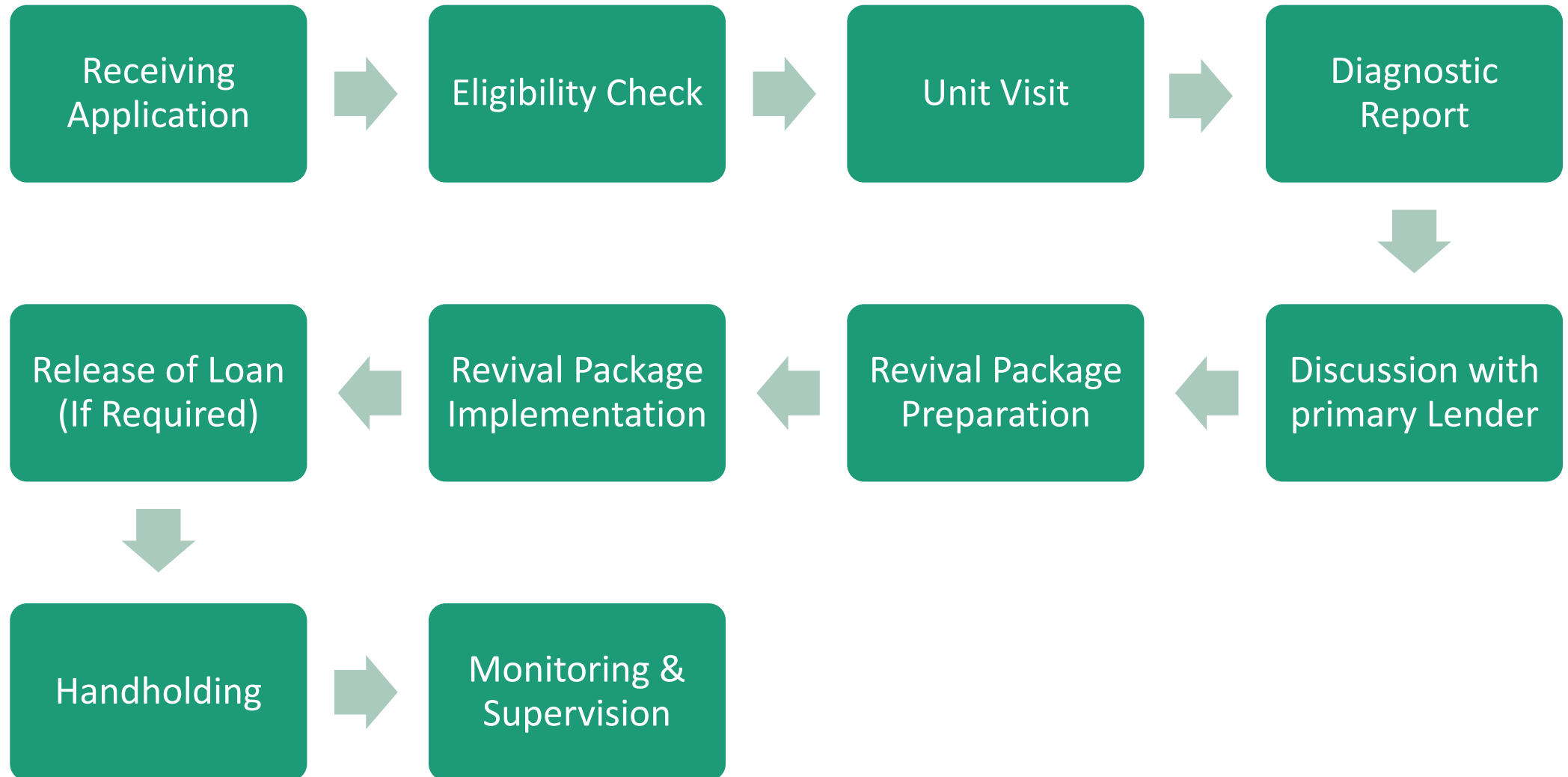
The model involves working through a team of external experts who would be process consultants.

Interacts with Commissioner of Industries, DIC, IALA, TSIIC etc.

TIHCL enters MoU with the Banks/Industrial associations concerned for this purpose.

Associating with Industrial Bodies and Industrial Area Local Authority (IALA)

Process



What converted Sobs to Smiles

- Trust in the stressed enterprise
- Bridging the understanding gap between the Banks and FIs and the Entrepreneurs
- Regulatory Compliance culture
- Compassion for the MSEs
- Discerning Data
- Confidence to resolve

Case Studies

Surya Industries



Surya Industries, Pashamylaram: Woman Entrepreneur- Small industry mfg. **PVC Pipes, PVC Spiral Wire, PP Sheet** and Book Binding Products with 9 workers

Project Term Loan of Rs.2.25 cr sanctioned by APSFC in 2014; Availed Rs.1.50cr only; Family firm with Promoter's husband Mr.Srinivasa Rao helping in marketing

Sanctioned Investment Subsidy of Rs.25 lakhs promised could not be released till 2020

During 2019-20, the Account became NPA due to low-capacity utilization of 50% and resultant cash flow mismatches / cash deficit.

Approached the TIHCL for help at the instance of APSFC

After due diligence in five days, TIHCL sanctioned a Bridge Loan to regularize the EMIs with APSFC, upgrade the Asset Status to "Standard", there by protecting the Unit's assets from auction.

Incentive release expedited and the borrower did not look back. Reached 80% capacity in six months and confident to move to 100% capacity utilization



M/s. Deccan Pulverizers Private Ltd

Manufacturing of Silica/potash powder from quartz/feldspar mineral stones.

Employed 27

Problem : shortage of working capital funds due to increased Investment on construction of factory premises, Natural Calamity damaged factory shed and there is Delay in delivery of machinery and delayed the commencement of operations. Unit became NPA.

Resolution: TIHCL's sanctioned Critical Asset Funding (CAF) loan which reduced the interest burden for the enterprise by 4% and provided much needed relief in working capital cycle. Upgraded to Standard asset.



Key indicators	Pre Revival	Post TIHCL intervention
Overdue amount with Primary lender APSFC	Rs.24.90 Lakhs	Rs.0 .00
Capacity Utilization	50%	100% (additional machinery is purchased)
Turnover	90 Lakhs	145 Lakhs

Suresh Textiles

- Manufacturing of cotton and synthetic fabric
- **Problem :** Working capital funds utilized to pay GST on machinery purchased which was not part of sanctioned amount. Resultantly unit could not start its operations. Account became NPA.
- **Resolution:** Revival package was implemented which included restructuring of the loan, increase in moratorium period and additional margin funding from TIHCL, providing enough cushion for working capital.



Key indicators	Pre Revival	Post TIHCL intervention
No of EMIs pending with primary lender	6	1
Capacity Utilization	0	50%
Turnover	0	\$0.03 million
Employment	0	6

M/s. ReGe Engredea Private Limited



The company is into manufacture of Herbal Extracts which are used in Ayurvedic medicines, Nutraceuticals and cosmetics

Availed Term Loan from SFC and WC from Syndicate Bank. Implementation got delayed and the project cost increased. Amount availed for WC was used in CAPEX.

Due to delay the production couldn't start on scheduled time and the repayment started. Due to no repayment SFC has ceased the unit.

Promoter approached TIHCL. We diagnosed the project and the assessed the reasons for the failure of the project.

TIHCL approached Banker requesting time to implement the revival plan. Initially banker was reluctant. TIHCL pursued the and banker agreed with a few conditions.

Suggested the company to reduce debt by selling a part collateral, get the job works and slowly increase the own production.

6 months of handholding we found the current utilization around 75% with 50% as job works and 25% as own production. TIHCL enabled the unit to continue manufacturing activity without diminishing the value of the asset



Our Progress

Our Progress - Non – Financial

	Total Up to 2021-22	Total during 2022-23	Total
Total Application received	682	299	981
Resolved	499	279	778
In Process	0	18	18
Units found to be unviable for revival	15	0	15
Units found to be Willful Defaulters	12	0	12
Non-Potential	156	2	158

Financial – Disbursement Details

Loans Disbursed	
No of Loan Accounts	57
Total Loan Amount (Rs. In lakh)	776.10

Highlights of Financial Statement

(Rs. in thousands)

PARTICULARS	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022	Year Ended 31 st March, 2021
Paid-up Capital	10,02,60	10,02,60	10,02,60
Reserves & Surplus	5,92,31	5,70,45	5,76,98
Net Worth	15,94,91	15,73,05	15,79,58
Revenue from Operations	1,55,97	94,96	65,29
Other income	66,96	65,23	58,61
Total Income	2,22,93	1,60,19	1,23,90
Establishment Exp	97,55	83,24	1,08,55
Depreciation	16,69	16,64	18,30
Other Expenditure	88,68	67,94	68,27
Total Expenditure	2,02,92	1,67,82	1,95,12
Profit / Loss before Taxation	20,01	(7,63)	(71,21)
Current Year's Tax	-	-	-
DTA / DTL	(1,84)	(1,10)	(49)
Net Profit	21,85	(6,53)	(70,72)

Way Forward

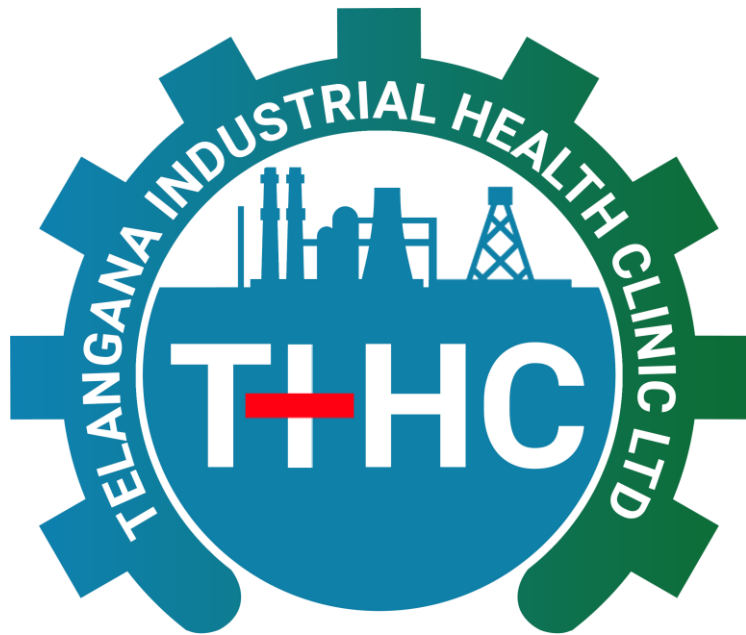
- ✓ Co-Lending – Banks/SFB & NBFC
- ✓ Cluster Finance
- ✓ Funding Equity to small and micro manufacturing units
- ✓ Developing Credit rating Tool
- ✓ Data Mining & Analysis
- ✓ Application of AI & ML in enterprise assessment & enhancing the reach

WAY FORWARD STRATAGIES

- In line with available resources, we are maintaining low profile in the market despite huge potential / requirement for revival / rehabilitation of MSEs. and we are selectively accepting the business.
- With increased resources, we will be able to penetrate more into the market and increase our share and will be able to serve more needy MSEs.
- So far we have our presence only in Hyderabad
- Now we are engaging consultants/marketing people in Districts particularly focusing on DICs
- Will go for co-lending with commercial banks
- Will focus on clusters to popularize our products
- Use of social media like Face Book, Twitter, You Tube etc.

We are at the tipping point; “It is a great challenge and opportunity.
We should be part of solution and not problem”.

-Sadguru



THANK YOU