

**61<sup>st</sup>** वार्षिक रिपोर्ट - 2020-21  
**Annual Report - 2020-21**



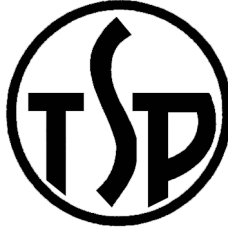
## तुंगभद्रा स्टील प्रोडक्ट्स लिमिटेड

(भारत सरकार, कर्नाटक सरकार तथा आंध्र प्रदेश सरकार का संयुक्त उपक्रम)

### **Tungabhadra Steel Products Limited**

*(A Joint Undertaking of the Government of India & Governments of Karnataka & Andhra Pradesh)*





# 61<sup>st</sup> Annual Report 2020-21

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**BOARD OF DIRECTORS:**

(Shriyuths)

S. Girish Kumar	Chairman & Managing Director (Additional Charge) (upto 31.07.2021)
Y. K. Vaish	Chairman & Managing Director (Additional Charge) (from 01.08.2021)
Madan Pal Singh	Director (upto 11.11.2020)
Sunil Kumar Singh	Director
S. K. Venkatacharyulu	Director
Anil Kumar	Director (upto 31.05.2021)
Lakshmana Rao Peshve	Director (from 01.06.2021 to 30.09.2021)
Krishnamurthy B. Kulkarni	Director (with effect from 27.10.2021)

**AUDITORS:**

S R & M R Associates	Chartered Accountants, Bengaluru
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**BANKER:**

State Bank of India

**REGISTERED OFFICE:**

“HMT BHAWAN”, 59, Bellary Road, Bengaluru-560 032

**CORPORATE IDENTITY NUMBER:**

U74210KA1960PLC001379

## DIRECTORS' REPORT 2020-21

To

**The Shareholders,  
Tungabhadra Steel Products Ltd.**

The Directors of TSPL have pleasure in presenting the 61st Annual Report of your Company together with the Audited Annual Accounts for the year 2020-21.

### HIGHLIGHTS OF PERFORMANCE

The Cabinet Committee on Economic Affairs (CCEA) approved closure of the Company on 22.12.2015. The CCEA approved to relieve all the employees on VRS on 9.3.2016. There were no sales during the year as there are no operations since long time. The income in 2020-21 is only towards interest. Declared Income for the year was Rs.4.70 lakhs as compared to Rs.23.15 lakhs in 2019-20. Consolidated profit before tax for the year was Rs. (32.70) lakhs (loss) as compared to Rs. (468.51) lakhs (loss) in 2019-20. Consolidated Loss after tax for the year was Rs.777.93 lakhs as compared to Rs. 168.74 lakhs in 2019-20.

### FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	Current Year 31.03.2021	Previous Year 31.03.2020
Total income	4.70	23.15
Profit before interest, depreciation & tax	(29.64)	(468.49)
LESS: Interest	3.06	0.02
LESS: Depreciation	0.00	0.00
Profit before tax	(32.70)	(468.51)
Provision for Tax	745.23	(299.77)
Profit after tax	(777.93)	(168.74)
Add : Balance carried from profit and loss a/c	0.00	0.00
Less : Transfer to General Reserves	0.00	0.00
Net profit after tax and adjustment	(777.93)	(168.74)

### CHANGE IN NATURE OF BUSINESS

There was no business income during the year 2020-21, the Company had received income towards interest of Rs.4.70 lakhs.

### STATE OF THE COMPANY'S AFFAIRS

The CCEA in its meeting held on 22.12.2015 had approved the closure of TSPL with VRS/VSS package to employees. As per DHI letter dated 07.01.2016, the Company relieved all the employees on VRS, disposed movable and immovable assets of the Company and waived off Govt loans of Rs.467.31 Crores and came out of BIFR on 06.09.2016. The Company also made OTS with creditors and SBI. The Shareholders in their 59th meeting accorded its consent to the Board of Directors to make an application to the Registrar of Companies, Bengaluru under the provisions of Section 248 of the Companies Act 2013 for striking off the name of the Company from the Register of Company and Authorized the Board of Directors of the Company to do all such matters, deeds and things as may be required under the provisions of the Companies Act , 2013 and rules made thereunder. The Company has taken necessary steps to clear the Liabilities and pending Legal cases of the Company and on the basis of Indemnity furnished by the Dept. of Heavy Industry filed application with ROC on 7<sup>th</sup> January 2021 to remove the name of the Company from the Register of members. The Registrar of Companies Karnataka has advised to clear all the Liabilities. Company is taking efforts to clear Liabilities with the Support of Govt. of India to comply with directions of ROC, Karnataka.

### SHARE CAPITAL

The paid-up Equity Share Capital of the Company as on 31st March 2021 was Rs. 843.50 Lakhs. There is no change in the share capital. During the year, the Company has not issued shares or granted stock options or sweat equity.

**THE PROPOSED AMOUNTS TO CARRY TO ANY RESERVES**

The Company transferred current year Loss of Rs.(777.93) lakhs to General Reserves and the Company has Rs. (11681.42) lakhs on account of Reserve as on 31st March 2021. The Company's net-worth as on 31.03.2021 is Rs. (10837.92) lakhs.

**DIVIDEND**

The Company is dependent for funds from GOI and no dividend is being recommended by the Director for the year 2020-21.

**DEPOSITS**

The Company has not accepted deposit from the members or the general public as on 31st March 2021. There are no small depositors in the Company.

**NUMBER OF MEETINGS OF THE BOARD**

The following Meetings of the Board of Directors were held since April 2020:

Sl. No.	Date of Meeting	Board Strength	No. of Directors Present
1	16.07.2020	4	4
2.	07.12.2020	4	3

**DIRECTOR AND KEY MANAGERIAL PERSON RETIRE BY ROTATION****APPOINTMENT**

- i) DHI Vide order No. 7(3)/98-PE.IV dated 11.11.2020 appointed Shri Sunil Kumar Singh (DIN: 08043768), Director, DHI as Part time Director of the Company in place of Shri Madanpal Singh w.e.f 11.11.2020.
- ii) Shri Anil Kumar, (DIN: 08888282) Secretary, Water Resources Department, Government of Karnataka was appointed as part time Director of the Company in place of Shri Lakshmanarao Peshve w.e.f 14.10.2020 vide Govt. of Karnataka letter dated 14.10.2020.

- iii) Shri Lakshmanarao Peshve (DIN:02543038), Secretary, Water Resources Department, Government of Karnataka was appointed as part time Director of the Company in place of Shri Anil Kumar w.e.f 01.06.2021 vide Govt. of Karnataka letter dated 27.07.2021.
- iv) Shri S. Girish Kumar (DIN: 03385073) was appointed as Chairman & Managing Director (Additional charge) under the provisions of the Companies Act, 2013 vide DHI order No. 6(3)/2008-PE.IV dated 22.03.2021 for a period of six months w.e.f 31.01.2021 to 31.07.2021 or till closure of TSPL or till further order whichever is earlier.
- v) Shri Y. K. Vaish (DIN: 09260752) was appointed as Chairman & Managing Director (Additional charge) under the provisions of the Companies Act, 2013 w.e.f 01.08.2021 vide DHI order No. 6(3)/2008-PE.IV dated 03.09.2021 for a period of one year or until further order whichever is earlier. Shri Y. K Vaish assumed the additional charge of the post of Chairman & Managing Director of TSPL w.e.f 03.09.2021(F/N).
- vi) Shri Krishnamurthy B. Kulkarni (DIN: 09426657), KES, Secretary, Water Resources Department, Government of Karnataka was appointed as part time Director of the Company in place of Shri Lakshmanarao Peshve, w.e.f 27.10.2021 vide Govt. of Karnataka letter dated 27.10.2021.

**APPOINTMENT OF AUDITORS**

The Comptroller and Auditor General of India appointed M/s SR & MR Associates, Chartered Accountants, Bangalore as Statutory Auditors of the Company for the accounting year 2020-21 under Section 139 of the Companies Act, 2013.

**PARTICULARS OF EMPLOYEES**

There is no employee in the Company whose remuneration was paid by the Company or was in excess of the limits prescribed under section 134(3)(q) of the Companies Act, 2013 read with Rule 5(2) & (3) of rules. The Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

### COMPTROLLER & AUDITOR GENERAL OF INDIA REPORT

The comments of the Comptroller & Auditor General of India are attached to this report along- with the reply from the Board of Director/Statutory Auditors of the Company.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

There are no permanent employees in the Company. Industrial Relations are Cordial during the review period.

### SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has not received any complaint during the year under review.

### EXTRACT OF ANNUAL RETURN

In terms of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management & Administration) Rules, 2014, an extract of the Annual Return in the prescribed MGT - 9 form is enclosed.

### CORPORATE GOVERNANCE REPORT

In compliance with the Guidelines on Corporate Governance for Central Public Sector Enterprises framed by the Department of Public Enterprises, GOI as applicable to Government Companies and as per the applicable provisions of the Companies Act, 2013 the Company is committed to maintain the highest standards of Corporate Governance and initiated appropriate action for compliance of the Guidelines on Corporate Governance. The Company have not carried on any operations for a long time and is in the Processes of removing its name from register of Companies maintained by the registrar of Companies, Karnataka.

### IMPLEMENTATION OF OFFICIAL LANGUAGE

The efforts towards implementation of official language Act, Rules and policy as per the directions of Govt. of India is continuous in the Company.

### VIGILANCE ACTIVITIES

Since the Company is closing down and there are no employees in the Company, provisions pertaining to vigilance activities are not applicable to the Company.

### EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENT

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which this financial statement relates and the date of this report. The company has filed application for rectification for the A Y 2017-18 for the brought forward loss of Rs.4,52,61,583/- u/s 154 of IT Act, 1961 and unabsorbed depreciation of Rs. 1,55,12,448/- u/s 264 of IT Act, 1961 before PCIT, Gulbarga/Hubli. The PCIT heard the company's appeal and allowed the claims. The Assessment Order for the A Y 2017-18 has been received and got a refund of Rs.9.72 crore in TSPL Bank Account on 02.11.2021. The said amount has been placed in short term deposit and will be utilized for settling liabilities on approval of the Board/MHI.

### RELATED PARTY TRANSACTIONS

There are no related party transactions during the Financial year 2020-21

### PARTICULARS OF LOANS, GURANTEES AND INVESTMENT

Details of loans, guarantee and investment covered under Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement.

### THE DETAILS IN RESPECT OF INTERNAL FINANCIAL CONTROL SYSTEM

The company have not carried on any operations for a long time, minimal expenditure is incurred and not appointed any Internal Auditor. However, the company has availed the services of M/s Anand Kulkarni & Associates, Chartered Accountants to prepare the financial statements as per Companies Act, 2013.

### CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Company is entirely depending on budgetary support from Government of India for payment of its liabilities and hence Company is not in a position to spend on CSR activities. There are no profits from operations.



#### **DIRECTORS' RESPONSIBILITY STATEMENT**

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) The directors had 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 at the end of the financial year and of the profit and loss of the Company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts considering that Company is not a going concern.
- (e) The directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Shri Y. K. Vaish, Chairman & Managing Director.

Shri Sunil Kumar Singh, Director

Shri Krishnamurthy B. Kulkarni, Director

Shri S. K. Venkatacharyulu, Director

#### **DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE**

The Company is not falling under the eligibility criteria for constitution of Audit Committee as per Section 177 of the Companies Act, 2013.

#### **RISK MANAGEMENT POLICY**

There are no material assets of the Company. Since the Company is under closure, Risk Management Policy has not implemented.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**

The Company has not engaged in any manufacturing activity. However the Company has taken efforts in Conservation of Energy and Technology absorption during the year 2020-21.

#### **ACKNOWLEDGMENT:**

Your Directors are thankful to the various Departments and Ministries in the Government of India, particularly the Ministry of Heavy Industries, Ministry of Corporate Affairs, Comptroller and Auditor General of India, Principal Director Commercial Audit, Statutory Auditors, Internal Auditors, State Governments of Karnataka and Andhra Pradesh, Banks for their continued co-operation and patronage. Your Directors would also like to wish to record their appreciation for good teamwork rendered by employees in performance of their duties.

On order of the Board of Directors  
**Tungabhadra Steel Products Limited**

Sd/-

**(Y. K. Vaish)**

Chairman & Managing Director

Place : Bangalore

Date : 08.03.2022

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2021

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

#### I. REGISTRATION AND OTHER DETAILS:

- i. CIN : U74210KA1960PLC001379
- ii. Registration Date : 20/02/1960
- iii. Name of the Company : Tungabhadra Steel Products Limited
- iv. Category/Sub-Category of the Company : Public Company Limited by Shares / Indian Non Government Company
- v. Address of the registered office and contact details : HMT Bhavan, 59, Bellary Road, Bengaluru - 560 032.  
Ph.: 91- 9611108874  
Email : tsptbdam@gmail.com
- vi. Whether listed company : No
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any : Not Applicable  
# 59, Bellary Road, Bengaluru - 560 032.

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main Products/ Services	NIC Code of the Product/ service	% total turnover of the company
1	The Company stopped operations since 09.03.2016, when all employees were relieved on VRS.	NA	NA

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding Subsidiary Joint Venture	% of shares held associate
	NA	NA	NA	NA





**IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)**

**i) Category-wise Share Holding**

Cate- gory Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/State Government(s)	0	84350	84350	100.00	0	84350	84350	100.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>0</b>	<b>84350</b>	<b>84350</b>	<b>100.00</b>	<b>0</b>	<b>84350</b>	<b>84350</b>	<b>100.00</b>	<b>0.00</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
	<b>INSTITUTIONS</b>									
(a)	Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(2)	<b>NON-INSTITUTIONS</b>									
(a)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Individual holding nominal share capital upto Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Individual holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Others									
	CLEARING MEMBERS	0	0	0	0.00	0	0	0	0.00	0.00
	NBFC	0	0	0	0.00	0	0	0	0.00	0.00
	NON RESIDENT INDIANS	0	0	0	0.00	0	0	0	0.00	0.00
	NRI NON-REPATRIATION	0	0	0	0.00	0	0	0	0.00	0.00
	TRUSTS	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total B=B(1)+B(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total (A+B) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C) :</b>	<b>0</b>	<b>84350</b>	<b>84350</b>	<b>100.00</b>	<b>0</b>	<b>84350</b>	<b>84350</b>	<b>100.00</b>	<b>0.00</b>

**ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Govt. of India	66900	79	NIL	66900	79	NIL	NIL
2.	Govt. of Andhra Pradesh	10050	12	NIL	10050	12	NIL	NIL
3.	Govt. of Karnataka	7400	9	NIL	7400	9	NIL	NIL

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

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the End of the year	NIL	NIL	NIL	NIL

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

Sr. No	Name of the Share Holder	Shareholding at the beginning of the year		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Government of India	66900	79	-	-	-	66900	79
2.	Govt. of Andhra Pradesh	10050	12	-	-	-	10050	12
3.	Govt. of Karnataka	7400	9	-	-	-	7400	9

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

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>None of the Directors or Key Managerial Personnel is holding any shares in the company</b>				
At the beginning of the year	-NIL-	-NA-	-NIL-	-NA-
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-NA-		No change	
At the End of the year	-NIL-	-NA-	-NIL-	-NA-

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<i>Indebtedness at the beginning of the financial year as on 01.04.2020</i>				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in Indebtedness during the financial year				
- Addition	0	5392.00	0	5392.00
- Reduction	0	0	0	0
<b>Net Change</b>	<b>0</b>	<b>5392.00</b>	<b>0</b>	<b>5392.00</b>
<i>Indebtedness at the end of the financial year 31.03.2021</i>				
i) Principal Amount	0	5392.00	0	5392.00
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>5392.00</b>	<b>0</b>	<b>5392.00</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Director and/or Manager : NIL****B. Remuneration to other Directors : NIL****C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD : NIL****VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENSES : NIL**On order of the Board of Directors  
**Tungabhadra Steel Products Limited**Sd/-  
(Y. K. Vaish)  
Chairman & Managing Director

Place : Bangalore

Date : 08.03.2022

## INDEPENDENT AUDITOR'S REPORT

To  
The members of  
**TUNGABHADRA STEEL PRODUCTS LIMITED**  
HMT Bhavan, #59, Bellary Road, Bengaluru – 560 032

### Report on the Financial Statements

We have audited the financial statements of **TUNGABHADRA STEEL PRODUCTS LIMITED** (the "Company") having **CIN:U74210KA1960PLC001379**, which comprise the Balance Sheet as at March 31, 2021 and the Statement of Profit and Loss, the Cash flow statement for the year then ended and notes to financial statement including a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

- a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2021:
- b. In the case of statement of Profit & Loss, of the **Loss** for the year ended on that date: and
- c. In the case of Cash Flow Statement, of the 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 ICAI together with the ethical requirements that are

relevant to our audit of the financial statements under the provisions of the act and rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management for the Financial Statements

The Company's Board of Directors are 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 Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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, management 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 management either



intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole free from material misstatements, 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. Misstatements 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.

A further description of our responsibilities for the audit of financial statements is included in Annexure A of this auditor's report.

### **Material uncertainty relating to Going Concern**

We draw attention to the following matters in the Notes to the Financial Statements:

Regarding preparation of the accounts of the Company, the "Going Concern Assumption" is **not adopted** as the Company is in the process of winding up and the net worth of the Company has been totally eroded.

### **Emphasis of Matter**

1. Reference to Note No.3(c),

The Company has made full and final payments to the Creditors as per settlement agreements which were written off in the earlier years. However, in case of Steel Authority of India Limited (SAIL) and

its subsidiary IISCO, it has a claim of Rs.1,352.46 lakhs and the same has been acknowledged by the Company and disclosed as contingent liability.

2. As explained in Significant Accounting policies – Sl. No.13.18, the amount realized from sale of land to Karnataka Housing Board (January 2019) is shown as payable to Government of India (GOI). The Company had offered capital gain on notional basis, on the same land, in the FY 2016-17 and accordingly, the Company had also paid applicable taxes on the same (as per the GO dt.07.01.2016). Hence, the sale proceeds on disposal of land are classified as unsecured loan from Government of India, as per their directions dated 7th January 2016.
3. Comptroller and Auditor General of India (CAG), had given comments stating that, the amount of Rs.55.22 Crores realised from sale of land is wrongly shown as payable to Government of India (GOI) and the same should have been offered to tax in the FY 2016-17. We had replied stating that since, the transaction was already declared on Notional basis, in the year 2016-17, the same cannot be declared as Income again in the year of sale (2018-19) on actual sale basis.

During the previous year, the Company has got a special audit conducted by a firm of Chartered Accountants, wherein they have stated in their audit report – under Sl.No.12 – Other Notes – (iv) – Sale of Land to KHB

"Since there cannot be two sale of a same property in different year and the fact that the company has inadvertently recognised the transfer in the year 2016-17, there cannot be any capital gain taxes in the current year. This matter may be disputed by the lower Tax authorities."

4. The Company has discharged the liability of Rs.10.89 lakhs towards Employees' Provident Fund (EPF) dues as per the order / letter dated 03/01/2020 and has filed a letter seeking for waiver of

interest and penalty on the delayed payment of the dues. The interest and penalty claim of Rs.16.86 lakhs have been acknowledged by the Company and disclosed as contingent liability.

### Other Matter

1. The Company does not have a qualified company secretary as required under the provisions of section 203 of Companies Act, 2013 read with the notification No. G.S.R 390(E) on 9<sup>th</sup> June 2014 of the Companies (Appointment and Remuneration to Managerial personnel) Rules, 2014 with effect from 03.04.2003, as the earlier incumbent had resigned.

### 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 Act, we give in the Annexure -B, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 and the statement of Profit and Loss dealt with by this Report are in agreement with the books of accounts maintained by the company;
  - (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 31<sup>st</sup> March 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> 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 under Clause (1) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act"), refer to our separate Report in "Annexure C" and
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There are no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



3. As required by Section 143(5) of the Act, we report that:
1. The Company has system in place to process all the accounting transactions through IT system supported by evidence of documents and there is no process of accounting transaction outside the IT system and therefore, no financial implications on the Company.
  2. The Company has no loans and there no such cases of waiver / write off of debts / loans / interest etc., made by the lender to the Company.
  3. The Company had received funds from the Central Govt. of India for specific schemes and the same were properly accounted for / utilised as per terms and conditions and there was no situation of deviation of fund.

**For S R & M R Associates**  
Chartered Accountants  
(Firm Reg. No. 008094S)

**CA. M. R. Venkatesh Babu**  
Partner  
Membership No.206878  
UDIN : 21206878AAAPA4913

Place : Bangalore

Date : 26/10/2021

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS****ANNEXURE A : Auditor's Responsibilities for the audit of financial statements**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **S R & M R Associates**  
Chartered Accountants  
(Firm Reg. No. 008094S)

**CA. M. R. Venkatesh Babu**  
Partner  
Membership No.206878  
UDIN : 21206878AAAPA4913

Place : Bangalore

Date : 26/10/2021



**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS****ANNEXURE B : Report under the Companies (Auditor's Report) Order, 2016**

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2021, we report that:

1. In view of decision of Govt. of India, the Company has disposed all the movable assets through MSTC E-auctions.
  - a. The Company doesn't have any fixed assets.
  - b. Since the Company doesn't have any fixed assets, a regular programme of physical verification is not applicable.
2. The Company doesn't have any inventory. Accordingly, physical verification of inventory by the management is not applicable.
3. During the year, the Company had not granted any loans, secured or unsecured, to any companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, the Company does not have any transactions to which the provisions of Section 185 apply. The Company has complied with the provisions of Section 186 of the Act, with respect to the loans, investments, guarantees and security.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
7. According to the information and explanations given to us and on the basis of our
  - a. Examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by company with the appropriate authorities.

(Rs. in lakhs)

<b>Tax Head</b>	<b>Amount</b>	<b>FY for which amount relates</b>
Sales tax	8.32	2017-2018

- b. According to the information and explanations given to us, there is no disputed amounts payable in respect of excise duty, income tax, sales tax, service tax, customs duty, value added tax, cess and other material statutory dues except the following:

(Rs. in lakhs)

Tax Head	Amount	Period for which amount relates
Service tax	12.14	2007-2008 to 2011-2012

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or dues to debenture holders during the year.
9. The company has not raised moneys by way of initial public offer or further public offer (including debt instrument).
10. Based upon the audit procedures performed and according to the information and explanations given to us, 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 that causes the financial statements to be materially misstated.
11. As per information and to the best of our knowledge, the provision of Section 197 read with Schedule V of the Companies act is not applicable to the Company.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements etc. as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.
16. According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **S R & M R Associates**  
Chartered Accountants  
(Firm Reg. No. 008094S)

**CA. M. R. Venkatesh Babu**  
Partner

Membership No.206878  
UDIN : 21206878AAAPA4913

Place : Bangalore

Date : 26/10/2021



**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS**

**ANNEXURE C : Report on the Internal Financial Controls**

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 ('the Company') as of 31-Mar-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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31-Mar-2021, based on the internal financial 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 issue by the Institute of Chartered Accountants of India.

For **S R & M R Associates**  
Chartered Accountants  
(Firm Reg. No. 008094S)

**CA. M. R. Venkatesh Babu**  
Partner  
Membership No.206878  
UDIN : 21206878AAAPA4913

Place : Bangalore

Date : 26/10/2021



## Statutory Auditor's Observations and Management Reply

S. No.	Audit Observations	Management Reply
1.	Reference to Note No.3(c), The Company has made full and final payments to the Creditors as per settlement agreements which were written off in the earlier years. However, in case of Steel Authority of India Limited (SAIL) and its subsidiary IISCO, it has a claim of Rs.1,352.46 lakhs and the same has been acknowledged by the Company and disclosed as contingent liability.	As observed during the Audit, The Company has made full and final payments to the Creditors including SAIL as per settlement agreements approved by the Department of Heavy Industry vide letter F.No.6(3)/2011-PE.IV (Vol.IV) dated 23 <sup>rd</sup> October 2018. SAIL has not issued the NOC till date neither made any claim after the settlement. The Company is taking necessary action to remove the SAIL from the Contingent Liability during the year 2021-22.
2.	As explained in Significant Accounting policies - Sl. No.13.18, the amount realized from sale of land to Karnataka Housing Board (January 2019) is shown as payable to Government of India (GOI). The Company had offered capital gain on notional basis, on the same land, in the FY 2016-17 and accordingly, the Company had also paid applicable taxes on the same (as per the GO dt. 07.01.2016). Hence, the sale proceeds on disposal of land are classified as unsecured loan from Government of India, as per their directions dated 7th January 2016.	Union Cabinet has approved closure of TSPL and also sanctioned write off of GoI loan and accrued interest amounting to Rs.467.07 cores in lieu of the immovable assets of TSPL. DHI has written off the GoI loan during 2016-17. Accordingly, the company has written off the loan and accrued interest amounting to Rs.467.07 crores during 2016-17 and filed income tax return with provision for income tax at applicable rates as per income tax act 1961.
3.	Comptroller and Auditor General of India (CAG), had given comments stating that, the amount of Rs.55.22 Crores realised from sale of land is wrongly shown as payable to Government of India (GOI) and the same should have been offered to tax in the FY 2016-17. We had replied stating that since, the transaction was already declared on Notional basis, in the year 2016-17, the same cannot be declared as Income again in the year of sale (2018-19) on actual sale basis. During the previous year, the Company has got a special audit conducted by a firm of Chartered Accountants, wherein they have stated in their audit report – under Sl.No.12 – Other Notes – (iv) – Sale of Land to KHB “Since there cannot be two sale of a same	After written off the GOI loan and interest amounting to Rs.467.07 Cr. during 2016-17, the Government of India assumed the right over the immovable assets i.e. land and buildings of TSPL and the company is only a custodian of the properties. As the property belongs to GOI, the sale proceeds required to be credited to GOI account. However, the Company has kept the funds for settlement of Income tax dues i.e. capital gain tax / MAT from the FY 2016-17 (Income tax directed the bankers to remittance of Rs.55.23 crores towards income tax from TSPL account).Therefore, the financial statements of the Company are also in conformity with the generally accepted accounting principles.The company has received the Income Tax assessment order for the year 2016-17. Hence the matter has been settled as per the Income tax Act.

S. No.	Audit Observations	Management Reply
	property in different year and the fact that the company has inadvertently recognised the transfer in the year 2016-17, there cannot be any capital gain taxes in the current year. This matter may be disputed by the lower Tax authorities.”	
4.	The Company has discharged the liability of Rs.10.89 lakhs towards Employees’ Provident Fund (EPF) dues as per the order / letter dated 03/01/2020 and has filed a letter seeking for waiver of interest and penalty on the delayed payment of the dues. The interest and penalty claim of Rs.16.86 lakhs have been acknowledged by the Company and disclosed as a contingent liability.	The RPFC, Bellary issued final order No.KN/PF/RO/BLR/PD/934/2021-22/981 dated 21.12.2021 and No.KN/PF/RO/BLR/PD/934/2021-22/982 dated 21.12.2021 ( received on 29.12.2021), the company settled the PF demand during the year 2021-22.
5.	The Company does not have a qualified company secretary as required under the provision of section 203 of Companies Act, 2013 read with the notification No. G.S.R 390(E) on 9 <sup>th</sup> June 2014 of the Companies (Appointment and Remuneration to Management personnel) Rules, 2014 with effect from 03.04.2003, as the earlier incumbent had resigned.	As per Government Order No.6(3)/2011-PE.IV dated 7 <sup>th</sup> January 2016 TSPL is under closure and all the employees on roll were relieved on VRS on 09.03.2016. The company has filed e-form STK-2 with ROC Karnataka to strike off the name from the Registrar of Companies u/s 248 of the Companies Act, 2013. As per Government direction, closure companies should not have any regular employee on its roll. Accordingly Company not appointed company secretary.



**COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF TUNGABHADRA STEEL PRODUCTS LIMITED FOR THE YEAR ENDED 31 MARCH 2021.**

The preparation of financial statements of Tungabhadra Steel Products Limited for the year ended on 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by Comptroller and Auditor General of India under section 139(5) of Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on the independent audit in accordance with the Standards on Accounting prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 October 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act, of the financial statements of Tungabhadra Steel Products Limited for the year ended 31 March 2021. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

**A. Comment on Financial Position**

**Equity and liabilities**

**Current Liabilities**

**Other Current Liabilities Rs.55.44 crore**

A reference is invited to comments of the Comptroller and Auditor General of India on the financial statements of the Company for the year ended 2018-19 and 2019-20 wherein it was stated that 'Other Current Liabilities' were overstated by Rs.55.23 crore due to incorrect accounting of the amount realized from sale of land to Karnataka Housing Board (January 2019) as payable to Government of India (GOI) in view of the following:

- (i) GoI had written off the loan during 2016-17;
- (ii) The Company had already written off GoI loan and interest amounting to Rs.467.07crore during 2016-17;
- (iii) Ministry of Heavy Industries& Public Enterprises vide letter dated 18.01.2018, had directed the Company to settle the claim / liabilities owed by the Company to all entities from the sale proceeds of movable and immovable assets.

Despite being pointed out in previous years, corrective action has not been taken by the Company. Thus, the financial statements of the Company for the year 2020-21 do not reflect a true and fair view.

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



(M. S. Subrahmanyam)  
Director General of Commercial Audit  
Hyderabad

Place : Hyderabad

Date : 08/03/2022

**ADDENDUM TO THE DIRECTORS REPORT FOR THE YEAR 2020-21 IN RESPECT OF OBSERVATIONS MADE BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF TUNGABHADRA STEEL PRODUCTS LIMITED FOR THE YEAR ENDED 31 MARCH 2021.**

C&AG COMMENTS	COMPANY'S REPLY
<p>A reference is invited to comments of the Comptroller and Auditor General of India on the financial statements of the Company for the year ended 2018-19 and 2019-20 wherein it was stated that 'Other Current Liabilities' were overstated by Rs.55.23 crore due to incorrect accounting of the amount realized from sale of land to Karnataka Housing Board (January 2019) as payable to Government of India (GOI) in view of the following:</p> <p>(i) GoI had written off the loan during 2016-17;</p> <p>(ii) The Company had already written off GoI loan and interest amounting to Rs.467.07 crore during 2016-17;</p> <p>(iii) Ministry of Heavy Industries &amp; Public Enterprises vide letter dated 18.01.2018, had directed the Company to settle the claim / liabilities owed by the Company to all entities from the sale proceeds of movable and immovable assets.</p> <p>Despite being pointed out in previous years, corrective action has not been taken by the Company. Thus, the financial statements of the Company for the year 2020-21 do not reflect a true and fair view.</p>	<p>Reply to the Comptroller and Auditor General of India Under Section 143(6)(b) of the Companies Act, 2013 is provided under other notes to accounts point No.13.18</p>



**BALANCE SHEET AS AT 31st MARCH, 2021**

(₹ in Lakhs)

	<b>Note No.</b>	<b>On 31.03.2021</b>	<b>On 31.03.2020</b>
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's funds</b>	<b>1</b>		
(a) Share capital		843.50	843.50
(b) Reserves and surplus		(11,681.42)	(10,903.49)
(c) Money received against share warrants		-	-
(d) Share application money received		-	-
		<u>(10,837.92)</u>	<u>(10,059.99)</u>
<b>2. Non-current liabilities</b>	<b>2</b>		
(a) Long-term borrowings		5,392.00	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	-
		<u>5,392.00</u>	<u>-</u>
<b>3. Current Liabilities</b>	<b>3</b>		
(a) Short term borrowings		-	-
(b) Trade payables		-	-
Outstanding dues to SME		-	-
Outstanding dues to other than SME		-	-
(c) Other current liabilities		5,544.28	6,340.52
(d) Short term provisions		0.35	3,799.69
		<u>5,544.63</u>	<u>10,140.21</u>
<b>TOTAL</b>		<u><b>98.72</b></u>	<u><b>80.22</b></u>
<b>II ASSETS</b>			
<b>4. Non-current assets</b>	<b>4</b>		
(a) Fixed assets			
(i) Tangible assets		-	-
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances		0.02	0.02
(e) Other non-current assets		5.28	5.28
		<u>5.30</u>	<u>5.30</u>

**BALANCE SHEET AS AT 31st MARCH, 2021**

(₹ in Lakhs)

	Note No.	On 31.03.2021	On 31.03.2020
<b>5. Current assets</b>	<b>5</b>		
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		1.99	1.99
(d) Cash and cash equivalents		90.65	70.99
(e) Short-term loans and advances		-	-
(f) Other current assets		0.78	1.94
		<u>93.41</u>	<u>74.92</u>
<b>TOTAL</b>		<u>98.72</u>	<u>80.22</u>
<b>Significant accounting policies and notes to accounts</b>	<b>13</b>		

As per our report of even date  
**For S.R. & M.R. Associates**  
 Chartered Accountants  
 Firm Regn No. 008094S

For and on behalf of Board of Directors  
**TUNGABHADRA STEEL PRODUCTS LIMITED**  
 CIN : U74210KA1960PLC001379

**CA. M. R. Venkatesh Babu**  
 Partner  
 M.No. 206878  
 UDIN : 21206878AAAPA4913

**Sunil Kumar Singh**  
 Director  
 DIN No. 08043768

**Yogendra Kumar Vaish**  
 Chairman & Managing Director  
 DIN No. 09260752

Place : Bengaluru  
 Date : 26/10/2021

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2021**

(₹ in Lakhs)

	Note No.	Upto 31.03.2021	Upto 31.03.2020
<b>Income</b>			
I.	6	-	-
II.	7	4.70	23.15
II.		<b>Total Revenue (I + II)</b>	<b>23.15</b>
IV.		<b>Expenses</b>	
	8	Purchase of Materials & Project expenses	-
	9	Changes in inventories of finished goods, work in progress and Stock-in-trade	-
	10	Employee benefits expense	-
		Depreciation and amortization expense	-
	11	Finance costs	0.02
	12	Administration & Other expenses	491.64
		<b>Total Expense</b>	<b>491.66</b>
V.		Profit before exceptional and extraordinary items and tax (III-IV)	(468.51)
VI.		Exceptional Items	-
VII.		Profit before extraordinary items and tax (V-VI)	(468.51)
VIII.		Extraordinary items	-
IX.		Profit before tax (VII-VIII)	(468.51)
X.		<b>Tax expense:</b>	
		(1) Current tax	-
		(2) Deferred tax	-
		(3) Tax pertaining to earlier years (Note 13.25)	(299.77)
		<b>745.23</b>	<b>(299.77)</b>
XI.		<b>Profit After Tax (IX - X)</b>	<b>(168.74)</b>
XII.		Profit/(Loss) for the period from discontinuing operations	-
XIII.		Tax expense of discontinuing operations	-
XIV.		Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)	-
XV.		<b>Profit/(Loss) for the period (XI + XIV)</b>	<b>(168.74)</b>
XVI.		<b>Earnings per equity share:</b>	
		(1) Basic	(0.00)
		(2) Diluted	(0.00)

See accompanying notes to the financial statements 13

As per our report of even date

**For S.R. & M.R. Associates**

Chartered Accountants

Firm Regn No. 008094S

**CA. M. R. Venkatesh Babu**

Partner, M.No. 206878

UDIN : 21206878AAAPA4913

Place : Bengaluru

Date : 26/10/2021

For and on behalf of Board of Directors  
**TUNGABHADRA STEEL PRODUCTS LIMITED**

CIN : U74210KA1960PLC001379

**Sunil Kumar Singh**

Director

DIN No. 08043768

**Yogendra Kumar Vaish**

Chairman &amp; Managing Director

DIN No. 09260752

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2021

(₹ in Lakhs)

	2020-2021	2019-2020
<b>Cash flows from operating activities</b>		
Profit Before Taxation	(777.93)	(168.74)
<b>Adjustment for:</b>		
<b>Add:</b>		
Depreciation	-	-
Provision for income tax	745.23	(299.77)
<b>Less:</b>		
Interest Income	(4.70)	(23.15)
<b>Working capital changes:</b>		
(Increase) / Decrease in trade and other receivables	-	-
(Increase) / Decrease in inventories	-	-
(Increase) / Decrease in Other current assets	1.17	68.22
(Increase) / Decrease in Short term Loans and advances	-	-
(Increase) / Decrease in Long term Loans and advances	-	(0.00)
Increase / (Decrease) in Other non current assets	-	(0.00)
Increase / (Decrease) in Other current liabilities	(796.24)	425.56
Increase / (Decrease) in trade payables	-	(1.46)
Increase / (Decrease) in Short term provisions	(3,799.33)	(356.45)
<b>Cash generated from operations</b>	<b>(4,631.81)</b>	<b>(355.80)</b>
Interest paid	-	-
Provision for income tax	(745.23)	299.77
<b>Net cash from operating activities</b>	<b>(5,377.04)</b>	<b>(56.03)</b>
<b>Cash flows from investing activities</b>		
Interest Income	4.70	23.15
<b>Net cash used in investing activities</b>	<b>4.70</b>	<b>23.15</b>
<b>Cash flows from financing activities</b>		
Proceeds from Govt. Grants received	-	-
Proceeds from long-term borrowings	5,392.00	-
<b>Net cash used in financing activities</b>	<b>5,392.00</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>19.67</b>	<b>(32.88)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>70.98</b>	<b>103.86</b>
<b>Cash and cash equivalents at end of period</b>	<b>90.65</b>	<b>70.98</b>

As per our report of even date

**For S.R. & M.R. Associates**

Chartered Accountants

Firm Regn No. 008094S

**CA. M. R. Venkatesh Babu**

Partner, M.No. 206878

UDIN : 21206878AAAPA4913

Place : Bengaluru

Date : 26/10/2021

For and on behalf of Board of Directors  
**TUNGABHADRA STEEL PRODUCTS LIMITED**

CIN : U74210KA1960PLC001379

**Sunil Kumar Singh**

Director

DIN No. 08043768

**Yogendra Kumar Vaish**

Chairman &amp; Managing Director

DIN No. 09260752

**NOTES TO FINANCIAL STATEMENTS**

(₹ in Lakhs)

Particulars	31.03.2021	31.03.2020
<b>NOTE No. 1 (a) - Share Capital</b>		
<b>Authorised Share Capital :</b>		
1,00,000 Equity Shares of Rs.1000 each (Previous year 1,00,000 Equity Shares of Rs. 1000/- each)	<b>1,000.00</b>	1,000.00
<b>Issued, Subscribed &amp; Paidup Share Capital :</b>		
84,350 Equity Shares of Rs.1000 each (Previous year 84,350 Equity Shares of Rs. 1000/- each)	<b>843.50</b>	843.50
<b>Total</b>	<b>843.50</b>	843.50

**Break-up of Shares**

Particulars	As on 31 March 2021		As on 31 March 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	84,350	843.50	84,350	843.50
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>84,350</b>	<b>843.50</b>	<b>84,350</b>	<b>843.50</b>

**Details of Shareholding****Equity Share Capital**

Name of the Share Holder	As on 31 March 2021		As on 31 March 2020	
	No of Shares	% holding	No of Shares	% holding
Government of India	66,900	79.32%	66,900	79.32%
Government of Andhra Pradesh	10,050	11.91%	10,050	11.91%
Government of Karnataka	7,400	8.77%	7,400	8.77%
<b>Total</b>	<b>84,350</b>	<b>100.00%</b>	<b>84,350</b>	<b>100.00%</b>

**Preference Share Capital**

Name of the Share Holder	As on 31 March 2021		As on 31 March 2020	
	No of Shares	% holding	No of Shares	% holding
NIL				
<b>Total</b>	-	-	-	-

## NOTES TO FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	31.03.2021	31.03.2020
<b>Note No. 1 (b) Reserves and surplus</b>		
<b>- Profit &amp; Loss Account</b>		
- Opening Balance	(10,903.49)	(10,734.75)
Add: Profit / (Loss) for the year	(777.93)	(168.74)
	(11,681.42)	(10,903.49)
Less : Proposed dividends	-	-
Provision for dividend distribution tax	-	-
Closing balance	(11,681.42)	(10,903.49)
Govt. Grant-in-aid	-	-
<b>Total</b>	<b>(11,681.42)</b>	<b>(10,903.49)</b>
<b>Note No. 2 (a) Long Term Borrowings</b>		
<b>- Unsecured loans</b>		
Term loans from Government of India	5,392.00	-
<b>Total</b>	<b>5,392.00</b>	<b>-</b>
<b>Note No. 2 (b) Long Term Provisions</b>		
Long term provisions	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note No. 3 (a) Short Term Borrowings</b>		
Short term borrowings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note No. 3 (b) Trade payables</b>		
Creditors - Suppliers & Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note No. 3 (c) Other Current Liabilities</b>		
<b>Other Payables</b>		
- Payable to Govt. of India	5,522.88	5,522.88
- Deposits from Contractors and others	0.03	0.03
- Other liabilities (PY - incl. CISF balance payable)	7.75	387.32
- Statutory dues	13.62	430.29
<b>Total</b>	<b>5,544.28</b>	<b>6,340.52</b>
<b>Note No. 3 (d) Short Term Provisions</b>		
Provision for income tax	-	3,799.69
Provision for audit fees	0.35	-
<b>Total</b>	<b>0.35</b>	<b>3,799.69</b>
<b>Note No. 4 (d) Long-term loans and advances</b>		
- Security Deposits	18.87	18.87
Less: Provision for doubtful advances	(18.85)	(18.85)
<b>Total</b>	<b>0.02</b>	<b>0.02</b>



## NOTES TO FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	31.03.2021	31.03.2020
<b>Note No. 4 (e) Other Non-Current Assets</b>		
Licence fee receivables	5.28	5.28
<b>Total</b>	<b>5.28</b>	<b>5.28</b>
<b>Note No. 5 (b) Inventories</b>	-	-
<b>Total</b>	-	-
<b>Note No. 5 (c) Trade receivables</b>		
- Trade receivables outstanding for a period exceeding 6 months from the date they were due for payment	484.16	484.16
- Other trade receivables - Unsecured and considered Good	-	-
Less: Provision for doubtful debts	(482.17)	(482.17)
<b>Total</b>	<b>1.99</b>	<b>1.99</b>
<b>Note No. 5 (d) Cash and cash equivalents</b>		
Cash in hand	-	-
<b>Cash at Banks :</b>		
Current Accounts	27.11	11.61
Term Deposits	63.54	59.37
<b>Total</b>	<b>90.65</b>	<b>70.98</b>
<b>Note No. 5 (e) Short term Loans and Advances</b>		
Loans and advances to employees	-	-
<b>Total</b>	-	-
<b>Note No. 5 (f) Other current assets</b>		
Balance with Government Authorities	0.20	0.20
Interest accrued on Bank & Other deposits	-	1.39
TDS receivables	0.57	0.35
<b>Total</b>	<b>0.78</b>	<b>1.94</b>
<b>Note No. 6 Revenue from operations</b>		
Sale of Products	-	-
Sale of Services	-	-
<b>Total</b>	-	-
<b>Note No. 7 Other Income</b>		
Interest income	3.00	3.81
Interest written off last year received now	-	18.99
Other receipts	1.70	0.36
<b>Total</b>	<b>4.70</b>	<b>23.15</b>
<b>Note No. 8 Purchase of Materials &amp; Project Expenses</b>		
Purchases of materials	-	-
<b>Total</b>	-	-

## NOTES TO FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	31.03.2021	31.03.2020
<b>Note No. 9 Changes in inventories of finished goods, work in progress and Stock-in- trade</b>		
Opening Stock :		
- Raw Materials	-	-
- Work in Progress	-	-
- Finished goods	-	-
	-	-
Closing Stock		
- Raw Materials		
- Work in Progress	-	-
- Finished goods	-	-
	-	-
<b>Increase / (Decrease)</b>	-	-
<b>Note No. 10 Employee benefits expense</b>		
Employee benefits	-	-
<b>Total</b>	-	-
<b>Note No. 11 Finance Costs</b>		
Interest on		
GOI Loans	-	-
Others	3.00	-
Bank charges	0.06	0.02
<b>Total</b>	<b>3.06</b>	<b>0.02</b>
<b>Note No. 12 Administration &amp; Other Expenses</b>		
<b>Administration Expenses</b>		
Rent, rates and taxes	10.10	6.99
Rates and taxes (Sales tax dues)	11.91	446.31
Statutory Audit fees	0.65	0.35
Power charges	-	0.09
Legal & professional charges	1.49	6.66
Deposits & Licence fees written off	-	-
Book keeping charges	-	0.25
Statutory dues (EPF)	-	10.90
Postage and telephone expenses	0.06	0.12
Printing and stationery	0.12	1.63
Honourarium fees	-	0.83
Consultancy expenses	6.61	7.81
Conveyance and canteen allowance	1.68	5.52
Reversal of GST receivables on cancellation of RC	-	2.70
Accrued income no longer receivable - now written off	-	-
Misc expenses	1.72	1.49
<b>Total</b>	<b>34.34</b>	<b>491.64</b>



## Statement of Depreciation for the F.Y. 2020-21 as per Companies Act, 2013

## NOTE NO. 4 - Non Current Assets - (a) Fixed Assets - (i) Tangible Assets and (ii) Intangible Assets

(₹ in Lakhs)

NAME OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2020	Additions/ (Deletions)	As at 31.3.2021	Upto 31.3.2020	For the year	Upto 31.03.2021	As at 31.03.2020	As at 31.3.2021
<b>Tangible Fixed Assets</b>								
Free Hold Land	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Plant and Machinery	-	-	-	-	-	-	-	-
Mini Hydel Power Plant	-	-	-	-	-	-	-	-
Electrical installations & Equipment	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-
Office & Design Equipments	-	-	-	-	-	-	-	-
Furniture & Fixtures	-	-	-	-	-	-	-	-
Data Processing Equipments	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-	-	-
<b>Intangible Fixed Assets</b>	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-	-	-
<b>Total Net Block</b>	-	-	-	-	-	-	-	-

For and on behalf of Board of Directors  
**TUNGABHADRA STEEL PRODUCTS LIMITED**  
CIN : U74210KA1960PLC001379

**Yogendra Kumar Vaish**  
Chairman & Managing Director  
DIN No. 09260752

Place : Bengaluru  
Date : 26/10/2021

**NOTE NO. – 13 – SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNTS****13.1 GRANTS-IN-AID**

Capital / Revenue Grant-in-aid received is shown under general reserves of the Company.

**13.2. FIXED ASSETS****a) CAPITALISATION :**

- i. Gross Block is stated at historical cost.
- ii. Internally fabricated equipments are valued at factory cost.
- iii. Buildings are capitalized on the basis of completion certificate. All other assets are capitalized on issue to the user.
- iv. Additions to Fixed Assets of individual value of Rs.5,000/- and below each are written off to expenditure.
- v. Gain / Loss from disposal of assets are credited / charged to Profit and Loss Account.

**b) DEPRECIATION:**

Depreciation on fixed assets is provided on Straight Line Method as per revised Schedule II to the Companies Act, 2013.

**13.3 VALUATION OF INVESTMENTS**

The carrying amount for Investments is the lower of cost and fair value / quoted value and in respect of long term investments, where there is permanent decline in the value of such investments, the carrying amount is reduced to recognize the decline.

**13.4 VALUATION OF INVENTORY****a) RAW MATERIALS, COMPONENTS, STORES AND SPARE PARTS AND OTHER MATERIALS**

- i. Raw materials, components, stores and spares and useful off-cuts are valued at the lower of cost and net realizable value.
- ii. The cost comprises all costs of purchase; cost of conversion and other costs incurred in bringing the inventories to their present location and condition and are arrived at by the weighted average method.
- iii. Scrap and residuals such as zinc ash, zinc dross, shearings and borings etc., are valued at net realizable value.
- iv. Materials issued by customers on recovery basis for execution of their orders are brought on the Company's inventory and accounted as consumption on issue. The materials received on free issue basis are not brought on the Company's inventory.

- v. Spares received along-with purchase of machinery are taken into inventory at cost. Where break-up of cost of such spares is not available only numerical account is maintained.
- vi. Stationery and medicines are charged as expenditure on purchases.
- vii. Provision towards non-moving inventory is made based on the recommendations of the Technical Evaluation Committee.

**b) LOOSE TOOLS:**

Loose tools costing individually Rs.250 or less are charged off on issue and those whose individual value exceeds Rs.250 are charged off equally in five years including the year of issue.

**c) CONTRACT WORK-IN-PROGRESS:**

Value of Contract Work-in-progress at the close of the accounting period is based on technical evaluation with reference to the stage of progress of work and is expressed as percentage completion of the contracted activity. The WIP is stated at lower of the cost plus estimated profit or assessed sale value. Cost includes all expenditure that relate directly to a specific contract activity and those that are attributable to the contract activity in general and can be allocated to specific contracts.

Minor contracts up-to Rs.5 lakhs are not evaluated as above but stated at lower of the cost or assessed sale value

**13.5. TRADE RECEIVABLE:**

Trade Receivables are mainly State Governments and Government Undertakings. The balances are reviewed periodically for their realisability. In respect of debts outstanding for more than 15 years, provision for doubtful debts are made in the books of account in the respective years.

**13.6. PREPAID EXPENSES**

Expenses are accounted under prepaid expenses only when the amounts relating to un-expired period exceed Rs.10,000/- in each case.

**13.7 FOREIGN CURRENCY TRANSACTIONS**

- a. Revenue, expenses and cash-flow items denominated in foreign currencies are translated into reporting currency using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized on settlement of foreign currency transactions are included in determining net profit for the profit or loss for the period in which the transaction is settled.
- b. Monetary items designated in foreign currency which includes money held, assets and current liabilities to be received or paid in fixed or determinable amounts of money are stated at exchange rate prevailing on the Balance Sheet date by recognizing net income / expenses arising on account of exchange rate variation. Non-monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the transaction.

### 13.8 MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

#### TECHNICAL KNOW-HOW FEE

Technical know-how fee paid under collaboration agreement for the technology obtained for development and manufacture of new / diversified products are treated as Deferred Revenue expenditure to be written off over a period of its expected use, commencing from the year in which the first commercial production is taken up with the help of such technology.

### 13.9 REVENUE RECOGNITION ON CONTRACTS :

#### (A) ON CONTRACT

Revenue is recognized in accordance with AS-7: Accounting for Construction Contracts issued by the Institute of Chartered Accountants of India. The revenue is ascertained on the basis of 'Percentage of completion method'. Profit computed on the following basis is taken credit for every accounting year:

Percentage completion of contract activity	Percentage Profit recognized
0 - 29	Nil
30 - 49	45
50 - 89	80
90 - 99	95
100	97.5

- (i) Claims preferred on customers as per terms of the contract are accounted as sales.
- (i) Escalation claims up-to the completion dates stipulated in the contract are accounted on accrual basis as sales. Other claims on contracts are accounted on receipt basis.

#### (B) ON SALE OF POWER GENERATION

Claims preferred on Hubli Electricity Supply Company Ltd., (Previously Karnataka Power Transmission Corporation Ltd) for the power units generated during the month are accounted as sales.

### 13.10 CLAIMS

#### a. BY THE COMPANY:

Claims by the Company for export incentives, duty draws back and on insurance / carriers are accounted as and when they are preferred.

#### b. CLAIMS AGAINST THE COMPANY:

Claims against the Company are accounted on acceptance of claim by the Company.

**13.11. RESEARCH AND DEVELOPMENT EXPENDITURE**

Research & Development expenditure is charged to Profit & Loss Account in the year such expenditure is incurred. However, expenditure on fixed assets relating to Research and Development is treated in the same way as other fixed assets.

**13.12. RETIREMENT BENEFITS****a. GRATUITY:**

Present liability of gratuity to employee's payable at future date is provided on actuarial basis.

**b. LEAVE ENCASHMENT ON RETIREMENT:**

Present liability towards encashment of leave on retirement of employees is provided on actuarial basis.

**c. SETTLEMENT ALLOWANCE:**

Present liability towards settlement allowance to employee's payable at future date is provided on estimated basis.

**d. VOLUNTARY RETIREMENT EXPENSES**

The expenditure incurred in respect of payment towards Voluntary Retirement Scheme (VRS) is accounted during the year itself.

**13.13. WARRANTY:**

Warranty provision for contractual obligations if any, in respect of fabricated parts supplied will be provided in the year of supply.

**13.14. PRIOR PERIOD TRANSACTIONS**

- (i) Income/Expenditure relating to prior period in the nature of error or omission, which do not exceed Rs.50,000/- in each case, are treated as Income/expenditure of the current year.
- (ii) Direct expenses/income relating to the jobs in progress is charged to the jobs irrespective of the amount.

**13.15. CASH FLOW STATEMENT**

The cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

As per our report of even date

**For S.R. & M.R. Associates**

Chartered Accountants

Firm Regn No. 008094S

**CA. M. R. Venkatesh Babu**

Partner, M.No. 206878

UDIN : 21206878AAAPA4913

Place : Bengaluru

Date : 26/10/2021

For and on behalf of Board of Directors  
**TUNGABHADRA STEEL PRODUCTS LIMITED**

CIN : U74210KA1960PLC001379

**Sunil Kumar Singh**

Director

DIN No. 08043768

**Yogendra Kumar Vaish**

Chairman & Managing Director

DIN No. 09260752

## OTHER NOTES TO ACCOUNTS

	31-03-2021 (Rs. in lakhs)	31-03-2020 (Rs. in lakhs)
<b>13.16 Contingent Liabilities in respect of</b>		
a. Claims against the Company pending judicial decisions	NIL	NIL
b. Other claims which the Company has not acknowledged	1463.47	1446.61
c. Counter Guarantees given to bank against Bank Guarantee	NIL	NIL

Brief note on other claims which the company has not acknowledged

- i. The Company was served with a demand notice by the service tax authorities for a claim of Rs.12,14,021/- towards interest and penalty for delayed payment and filing of service tax returns for the financial years from 2007-08 to 2011-12. Further, the Company made a request to service tax authorities for waiver of interest and penalty.
- ii. The Company had written off all the Creditors in the FY 2016-17. However, the Company creditors have every right to claim from the Company or from the Directors of the company (after dissolution) for their dues. Some of the creditors went to the court and attached the property of TSPL for their claim. The Board, in its 292<sup>nd</sup> Meeting held on 7<sup>th</sup> Sep, 2018 had taken a decision to settle dues of creditors and to remove the creditors which are outstanding for more than 3 years from its books of accounts. Further, the Company has initiated negotiations with the creditors whose balances were written off earlier for onetime settlement and resultant liability were accounted in the books as and when the agreement was made with these creditors. However, the Company do not have 'No Due Certificate / Agreement' for the following creditors and this may result in a contingent liability.

Rs. In lakhs

Creditor Name	Claimed by the party	Paid during the year	Outstanding amount
Steel Authority of India (SAIL) and Its Subsidiary-IISCO.	1,352.46	-	1,352.46

- iii. The Company has three pending cases relating to employees in the court of Allahabad and Dharwad. The Cases have been adjudged and Standing Order for Writ Petition 29472/2016 is required to be issued for post 2007 retirees. The Company will settle the matters as per Court Orders. However, the Company does not anticipate any additional liabilities on these pending matters.

**13.17** The Company has discharged the liability of Rs.10.89 lakhs towards Employees' Provident Fund (EPF) dues as per the order / letter dated 22/03/2021. The Company has filed a letter seeking for waiver of interest and penalty of Rs.16.86 lakhs on the delayed payment of the dues, hence the interest and penalty claimed in the order / letter has not been accounted nor paid.

**13.18** The land bought by the Company vide conveyance deed entered in December 1973, is a conditional right as per which the Company could hold the land only for the purpose for which it was acquired i.e., to carry on the business. Any breach of the conditions would result in resumption of land together with buildings erected thereon to Government of Karnataka. However, the Govt. of India assumed the right to transfer immovable assets of TSPL in lieu of write off of GOI loan amounting to Rs.151.15 crores along with interest of Rs.315.99 crores as per the minutes of the meeting. Under the Chairmanship Chief Secretary of Karnataka held on 27-03-2017 have decided in principle that, the Government of Karnataka will convey its interest in taking over the land and M/s Karnataka Housing Board has conveyed vide its letter KHB/HC/TSP land/Hospet/171/2017-18/530 dtd 14-06-2017 its agreement in purchasing the land at the prevailing market rate at Rs.66.00 lakhs per acre.



The land was in possession of the Company and is acting as a custodian to Govt. of India. During the year 2018-19, the Company has sold the land to KHB (Karnataka Housing Board) for a sale consideration of Rs.55,22,88,000/- and the same has to be disbursed to Govt. of India or shall be utilized for the purpose/s as stated in the Govt. order.

During the financial year (FY) 2016-17, the Company has offered capital gains on the same land on notional basis, based on the value indicated in the Government order dated 07.01.2016. During the current financial year, the company has sold the land as detailed above and has realized an amount of Rs.55.22 Crores. The said amount is currently grouped under other liabilities of the Company.

The Comptroller and Auditor General (CAG), has given comments in the year 2018-19 and 2019-20 that the amount of Rs.55.22 crores realised from sale of land is wrongly shown as payable to Government of India (GOI) instead the same should have been adjusted against dues/liabilities owed by the company. The Company has obtained an opinion by conducting a special audit by a firm of Chartered Accountants, on the above matter. The special auditor has stated that the filing of revised income tax returns was time barred and the Company cannot file the revised returns now and rectify the same.

Further, since the transaction pertaining to the sale of land has already been accounted on notional basis in the year 2016-17 and the accounts has been approved by the Board. The Approved accounts has been filed with the DHI and other statutory authorities, and hence the Company cannot incorporate these rectifications in the books of accounts.

- 13.19** The BIFR on its hearing held on 12-06-2016 has confirmed its earlier opinion to wind up the Company in terms of section 20(1) of SICA and had directed that the opinion be forwarded to the concerned High court. However, in view of write off of GOI loan and interest, the net worth of company has become positive, the Company appealed the decision of BIFR before the AAIFR and the AAIFR in its order dated 6-9-2016 discharged TSPL from the purview of Sick Industrial Company's Act,1985.
- 13.20** The Company has received an amount of Rs.53.92 crores to meet the statutory dues & other liabilities. The above amount was sanctioned vide letter F No.6(3)/2011-PE-IV (Vol.IV) dated 29/07/2020. As per the above-mentioned letter from Department of Heavy Industries this amount was to be treated as grant in aid. However based on the company's request Department of Heavy Industries Vide its letter No.6(3)/2008-PE.IV/CPSE-II dated 09.08.2021 has deferred the conversion of loan to grant till the closure of the company.
- 13.21** Creditors / Trade payable, other liabilities, Trade receivables, claims recoverable, Deposits and Advances include some old / unlinked balances for more than three years and no confirmations received, such balances have been written off / provided / removed from the books of accounts in view of closure of the company.
- 13.22** As the information on Trade payable registered as SSI units & Micro, Small and Medium Enterprises are not available with the Company, specific disclosure of dues to SSI units & Micro, Small and Medium Enterprises, if any, could not be made. Consequently, no provision for interest liability that may arise has been made.
- 13.23** Segment reporting under AS-17 is not applicable to the Company since there were no manpower and production activities in Factory during the year and in view of closure of the Company.
- 13.24** **Impairment of assets as per AS-28:**

As per the CCEA approval and as per the letter dated 05-09-2016 from the Under Secretary to Govt. of India, the GOI loan and Interest amounting to Rs.467.07 crores was written off in the books in lieu of assuming the right to transfer of Immovable assets of TSPL. All the movable assets are sold / disposed-off through MSTC e-auctions and the materials under disposal for which e-auctions are already completed are accounted at realizable value.

### 13.25 Income tax provision

The Company had filed the Income tax return without paying self-assessment tax for the assessment year 2017-18. Later, the Company was been served with a notice by the income tax authorities to pay the tax amount along with interest. The Company has made provision for additional tax as per notice served by the Dept. for the balance liability along with interest.

The Company is serviced with Rectification Order U/s.154 r.w.s 143(1) for the assessment year 2017-18 dated 23/03/2020 and as per notice of tax demand U/s.156, the income tax liability has been reduced by an amount of Rs.2,99,76,932/-. The same has been incorporated in the books to bring down the income tax liability by Rs.2,99,76,932/-. The revised net liability towards Income tax is Rs.37.99 Crores.

The Company has discharged the tax liabilities of Rs.37.99 crores as per Rectification order U/s.154 along with interest U/s.220(2) of Rs.8.01 crores till the date of payment. The Company has paid the interest till the date of payment (15/01/2021), based on the amount available on the Income Tax portal. The interest amount of Rs.8.01 crores is debited to Profit & Loss account under "Tax pertaining to earlier years" in the books of accounts.

Further, during the year, the Company has received an amount of Rs.58.39 lakhs towards refund due along with interest for the AY 2019-2020. The said refund of Rs.56.69 lakhs was set-off against the income tax dues payable for the earlier years in the books of accounts. Hence, the refund received during the year is credited to Profit & Loss account under "Tax pertaining to earlier years" in the books of accounts.

**13.26** The figures have been rounded off to thousands and disclosed in lakhs.

**13.27** Previous year's figures have been re-grouped where-ever necessary, so as to confirm to that of the current year.

### 13.28 Going Concern

The Company is in process of winding up as such the concept of going concern is **not followed** as per Accounting Standard - 1 "Disclosure of Accounting Policies". Therefore, all assets and liabilities of the company are restated at net realizable value on the reporting date.

### 13.29 Discounting Operations

The Tungabhadra Steel Products Limited is a CPSE under Department of Heavy Industry which has been closed following the decision dated 22.12.2015 of the Union Cabinet. As per CCEA decision, TSPL to offer VRS / VSS to all its employees who are on the rolls of the Company and remaining employees who were not opted shall be retrenched under ID act. Accordingly, the Company offered VRS / VSS during 2015-16 and all employees opted and relieved on VRS / VSS as a part of closure. All movable assets will be sold through MSTC. Also, as per CCEA decision, DHI/GOI will assume the right to transfer immovable assets i.e. land and / or buildings of TSPL to Central Government Ministries / Departments / Autonomous bodies under the Central Government institutions as indicated above, the land may be sold / transferred to State Government or any other institution controlled by the State Government.

As per our report of even date

**For S.R. & M.R. Associates**

Chartered Accountants

Firm Regn No. 008094S

**CA. M. R. Venkatesh Babu**

Partner, M.No. 206878

UDIN : 21206878AAAPA4913

Place : Bengaluru

Date : 26/10/2021

For and on behalf of Board of Directors

**TUNGABHADRA STEEL PRODUCTS LIMITED**

CIN : U74210KA1960PLC001379

**Sunil Kumar Singh**

Director

DIN No. 08043768

**Yogendra Kumar Vaish**

Chairman & Managing Director

DIN No. 09260752



S.No	Particulars	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
1	Value of Production	-	-	-	-	5	5	37	61	55	303	288	263
2	Sales	-	-	-	-	5	5	37	61	117	279	312	219
3	Gross Profit before depreciation, Int & Tax	5	23	19	124	48,183	(1,218)	(22)	(243)	(329)	(90)	(49)	(68)
4	Depreciation	-	-	-	-	-	38	38	55	55	55	56	57
5	Gross Profit	5	23	19	124	48,183	(1,256)	(60)	(298)	(384)	(145)	(105)	(125)
6	Interest												
	a) Government	-	-	-	-	-	2,190	2,827	2,749	2,691	2,644	2,507	2,452
	b) Others	37	(492)	(1,740)	1,265	241	-	-	-	1	8	-	-
7	Profit before Tax	(33)	(469)	(1,721)	(1,140)	47,942	(3,446)	(2,887)	(3,191)	(3,115)	(2,875)	(2,612)	(2,577)
8	Provision for Tax	-	-	-	-	7,409	-	-	-	-	-	-	-
9	Profit after Tax	(778)	(169)	(2,655)	(1,142)	40,533	(3,446)	(2,887)	(3,191)	(3,115)	(2,875)	(2,612)	(2,577)
10	Gross Block	-	-	-	-	-	1,998	2,033	2,056	2,058	2,058	2,087	2,087
11	Net Block	-	-	-	-	-	253	297	338	393	448	503	559
12	Working Capital	(10,838)	(10,060)	(9,891)	(7,236)	(6,094)	(42,584)	(29,713)	(26,904)	(24,091)	(21,447)	(19,617)	(16,265)
13	Long Term Loans	-	-	-	-	-	15,109	11,300	11,127	10,730	10,468	10,171	9,928
14	Short term Loans incl. Cash Credit	-	-	-	-	-	-	1,209	1,341	1,435	1,316	1,688	1,762
15	Share Capital	844	844	844	844	844	844	844	844	844	844	844	844
16	Reserves & Surplus	(11,681)	(10,903)	(10,734)	(8,080)	(6,937)	(47,470)	(44,023)	(41,131)	(37,940)	(34,825)	(31,950)	-
17	Capital Employed	(10,838)	(10,060)	(9,891)	(7,236)	(6,094)	(29,420)	(29,420)	(26,567)	(23,697)	(20,999)	(19,114)	(15,706)
18	Net Worth	(10,838)	(10,060)	(9,891)	(7,236)	(6,094)	(46,626)	(43,180)	(40,287)	(37,097)	(33,982)	(31,106)	(28,494)
19	No. of employees	-	-	-	-	-	-	75	84	93	98	100	101
20	Value added	-	-	-	-	-	-	28	51	14	212	90	163
21	Salaries, wages & benefits	-	-	-	-	-	226	307	322	309	300	263	249
22	Value added per employee	-	-	-	-	-	-	0	1	0	2	1	2
23	Value added per Rupee of wages (Rs)	-	-	-	-	-	-	0	0	0	1	0	1
24	Contribution to Exchequer	-	-	-	-	-	-	-	1	15	18	15	4
25	Internal Resource Generation	-	-	-	-	-	-	-	-	-	-	-	-
26	Export incl. deemed export	-	-	-	-	-	-	-	-	-	-	-	-
27	Salaries and wages to Sales (%)	-	-	-	-	-	4,520	830	526	263	108	84	114
28	Material consumption to production (%)	-	-	-	-	-	-	-	1	39	25	59	25
29	Inventory No. of days production	-	-	-	-	-	-	657	409	457	114	73	113
30	Sundry Debtors No. of days Turnover	-	-	-	-	-	-	525	244	823	256	512	849



तुंगभद्रा स्टील प्रोडक्ट्स लिमिटेड  
**Tungabhadra Steel Products Limited**

(भारत सरकार, कर्नाटक सरकार तथा आंध्र प्रदेश सरकार का संयुक्त उपक्रम)

*(A Joint Undertaking of the Government of India & Governments of Karnataka & Andhra Pradesh)*

**HMT Bhawan, #59, Bellary Road, Bengaluru - 560 032**

**CIN No. : U74210KA1960PLC001379**