



57th ANNUAL REPORT 2016-17

CONTENTS	PAGE No.
Board of Director	02
Director's Report	03
Auditor's Report	07
Comments of Comptroller & Auditor General of India	14
Balance Sheet	22
Profit & Loss Statement	23
Notes to Account	24
Accounting policies	30
Cash Flow Statements	37
Ten year Digest	38

BOARD OF DIRECTORS

(Shriyuths)

P.Sivarami Reddy	:	Chairman & MD (from 01-06-2015 to 30-06-2016)
B.M.Shivashanker		Chairman & MD (from 01-07-2016 to 31-10-2017)
Shashi B. Srivastava		Chairman & MD (from 24-11-2017)
Sanyukta Samaddar	:	Director (from 09-05-2014 to 11-12-2017)
Ritu Pande	:	Director (from 19-08-2015 to 27-12-2017)
Sunil K. Singh		Director (from 27-12-2017)
B.G.Gurupada Swamy	:	Director
B.Veda Vyasa	:	Director from (23-09-2013 to 31-08-2016)
A.V.Satyanarayna		Director from (01-09-2016 to 31-05-2017)
S.K.Venkatacharyulu		Director (from 26-11-2017)

AUDITORS

Nagesh & Mylar
Chartered Accountants
Bangalore

BANKERS

State Bank of India



DIRECTORS' REPORT

To
The Shareholders,
Tungabhadra Steel Products Ltd.

The Directors of TSPL have pleasure in presenting the 57th Annual Report of your Company together with the Audited Annual Accounts for the year 2016-17.

HIGHLIGHTS OF PERFORMANCE

Income for the year was ₹ 1186.25 Lakhs as compared to ₹ 641.45 Lakhs in 2015-16. Net sales for the year was ₹ 4.88 Lakhs as compared to ₹ 5.23 Lakhs in 2015-16. Consolidated profit before tax for the year was ₹ 47942.04 Lakhs as compared to ₹ (-) 3446.40 Lakhs in 2015-16. Consolidated profit after tax for the year was ₹ 40532.64 Lakhs as compared to ₹ 3446.40 Lakhs in 2015-16.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	CURRENT YEAR 31 st March 2017	PREVIOUS YEAR 31 st March 2016
Total income	1186.25	641.45
Profit before interest, depreciation & tax	48182.85	(-) 1218.21
LESS: Interest	240.81	2190.34
Depreciation	0.00	37.85
Profit before tax	47942.04	(-) 3446.40
Provision For Tax	7409.40	0.00
Profit after tax	40532.64	(-) 3446.40
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	40532.64	(-) 3446.40

CHANGE IN NATURE OF BUSINESS

During the year, the Company has generated power at Malaprabha Mini Hydel Plant and earned Rs. 4.88 Lakhs income during the year 2016-17 as compared to Rs 5.23 Lakhs in 2015-16.

THE STATE OF THE COMPANY'S AFFAIRS

The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 22.12.2015 approved the closure of TSPL with VRS / VSS package to employees through interest free loan of Rs.35.31 Cr to meet VRS, employee's related dues and to pay off SBI dues under OTS. CCEA also approved to write off of GOI loan of Rs.115.84 Cr given to TSPL and accrued interest of Rs.315.92 Cr with freezing off interest as on 31.12.2015 after closure of the Company. DHI / GOI will assume the right to transfer of immovable assets to Central Government Ministries / departments / Autonomous bodies under central government / CPSEs / PSBs at prevailing rates. The above said transfer would be in lieu of principal GOI loan of Rs.115.84 Cr given to TSPL and accumulated interest thereon Rs.315.92 Cr.

In line with the approval of CCEA, Company has introduced VRS and relieved all the employees on 09.3.2016 and settled their dues. The SBI loan under OTS was also paid on 30.3.2016.

The Company was referred to BIFR in 2004. The Bench in the last hearing held on 12.05.2016 confirmed its earlier prima facie opinion formed on 27.11.2013 to wind up the Company in terms of Section 20(1) of SICA and directed that the opinion be forwarded to the concerned High Court and for appointment of liquidator for disposal of moveable assets and for further necessary action according to law. However the Company has filed an Appeal on 29.06.2016 and in hearing held on 18.07.2016. Company submitted that the Net Worth will turn positive on write off GOI Loans and interest and



seeking discharge from purview of SICA. AAIFR directed Operating Agency SBI to study the statement of accounts of the Company along with the prayer and submit the report. The DRS prepared by the OS is forwarded to DHI / AAIFR consultants, the same was presented to AAIFR during the hearing held on 22.08.2016. AAIFR decided to come out of BIFR in the hearing on 06-09-2016.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31st March 2017 was at ₹ 843.50 Lakhs. During the year under review, the Company has not issued shares or granted stock options or sweat equity.

THE PROPOSED AMOUNTS TO CARRY TO ANY RESERVES

The Company transfers current year profit of .40532.64 Lakhs to General Reserves and Company have (-) ₹.6937.11 Lakhs in account of Reserves as on 31st March 2017.

DIVIDEND

The Company dependent for funds from GOI and no dividend is being recommended by the Director for the year 2016-17.

DEPOSITS

The Company has not accepted deposit from the members or the general public as on 31st March 2017. There are no small depositors in the Company.

NUMBER OF MEETINGS OF THE BOARD

The following Meetings of the Board of Directors were held during the Financial Year 2016-17:

Sl. No.	Meeting No	Date of Meeting	Board Strength	No. of Directors Present
1	284	16.06.2016	6	4
2	285	28.09.2016	6	4
3	286	31.01.2017	5	2
4	287	09.03.2017	5	5

DIRECTOR AND KEY MANAGERIAL PERSON

1. IF RETIRE BY ROTATION

- In terms of provisions of section 152(6) of the Companies Act, 2013, and the Articles of Association of the Company, no Independent Director is appointed after Sri Ravi Kamal Bhargava, retired on 05-12-2015.

2. IF ANY APPOINTMENT

- Smt. Shashi B. Srivastava has been appointed as Chairman & Managing Director under the provisions of the Companies act, 2013 in place of Sri BM Shivashankar on 24.11.2017 and Sri BM Shivashankar was earlier appointed on 01.07.2016 in place of Sri P Sivaramireddy.
- Shri SK Singh representing Department of Heavy Industries (DHI) has been appointed as director under the provisions of the Companies act, 2013 in place of Smt. Ritu Pande on 27-12-2017.
- Smt. Sanyukta Samaddar, Director in the Board was transferred to other department.
- Shri SK Venkatacharyulu, representing Government of Andhra Pradesh has been appointed as director under the provisions of the Companies act 2013 in place of Shri A.V. Satyanarayna on 26.11.2017 and Shri A.V.Satyanarayna was earlier appointed on 01-09-2016 in place of Shri B.Vedavyasa.

APPOINTMENT OF AUDITORS

The Comptroller and Auditor General of India appointed M/s Nagesh & Mylar, Chartered Accountants, Bangalore as Statutory Auditors of the Company for the accounting year 2016-17 under Section 139 of the Companies Act, 2013

PARTICULARS OF EMPLOYEES

There was no employee whose remuneration 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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The industrial relations situation in the Company during the year remained cordial and no man-days were lost due to strikes or lockouts.

THE DETAILS IN RESPECT OF INTERNAL FINANCIAL CONTROL SYSTEM

The Company has engaged the services of Chartered Accountants as Internal Auditors for the year 2016-17. The management has replied to the observations contained in the Internal Audit Report and have taken corrective action, wherever required.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Company entirely depending on budgetary support from Government of India for payment of employees related dues and hence Company not in a position to spend amount to any other activities.

DIRECTORS' RESPONSIBILITY STATEMENT

- (a) In the preparation of the annual accounts, the applicable accounting standards had 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 on a going concern basis.
- (e) The directors, in the case of a listed Company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (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.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE

The composition of Audit Committee was as follows as per designation:

Director nominated by Govt. of Karnataka	Chairman
Director nominated by Govt.of India	Member
Director nominated by Govt. of AP	Member

During the year 2016-17, one meeting of the Audit Committee was held.

In the Meeting of the Board held on 16.03.2018, the Board noted that the Company is not falling under the eligibility criteria for constitution of Audit Committee as per section 177 of the Companies Act, 2013 and decided to discontinue the Audit Committee with immediate effect.

A RISK MANAGEMENT POLICY OF THE COMPANY

The asset of the Company are adequately insured against the loss of fire , riot, earthquake, terrorism, loss of profit, etc. and other risk are considered necessary by the management.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

TSPL is not a high energy consuming industry. The energy conservation measures taken during the year 2016-17 were –



- Switching off machines / equipment when not in use and switching off lights in areas not having adequate activity.
- Use of energy efficient lighting systems like mercury vapour lamps, high power sodium vapour lamps and florescent tube lamps.
- Use of Power capacitors to improve the power factor.

The Company has not engaged in any manufacturing activity, so information regarding pursuant to section 134 of the Companies Act, read with the Companies (Accounts) Rules, 2014 is not applicable to the Company.

FOREIGN EXCHANGE AND OUTGO

Foreign exchange earnings of the Company during the year was 'NIL' and expenditure in foreign currency was also NIL as indicated in notes forming part of the Accounts – Note No.9.15 – Other Notes to Accounts.

Place: New Delhi

Date: 16th March, 2018

ACKNOWLEDGMENT

Your Directors are thankful to the various Departments and Ministries in the Government of India, particularly the Department of Heavy Industry, Ministry of Corporate Affairs, Comptroller and Auditor General of India, Principal Director Commercial Audit, Statutory Auditor, various State Governments, Foreign Collaborators, Suppliers, Banks and the valued Customers of the Company both in India and abroad 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

(Shashi B. Srivastava, IDAS)
CHAIRMAN & MANAGING DIRECTOR



REVISED INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M/S. TUNGABHADRA STEEL PRODUCTS LIMITED – HOSPET

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **M/s Tungabhadra Steel Products Limited**, which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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

- (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2017;
- (ii) In the case of the statement of profit or loss, of the profit for the year ended on that date;
- (iii) In the case of the cash flow statement, of the cash flows for the year ended on that date

Emphasis on Matter Paragraph

- i) Note No. 9.19 regarding Going Concern concept. The company is in the process of winding up process as such the company is not a going concern. All the assets and liabilities are restated at net realizable value as per the Accounting Standard 1.
- ii) The Company does not have a qualified company secretary as required under the provisions of Section 203 of the Companies Act, 2013 read with the notification No. G.S.R. 390 (E) on 9th June 2014 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with effect from 03.04.2003, as the earlier incumbent had resigned
- iii) Note No.9.2 regarding the rights assumed by Govt. of India over immovable Assets. Govt. of India has assumed the rights on immovable assets (Land and Building) in lieu of loan written off. Whereas the company has disposed factory sheds which were part of

buildings / immovable assets and the same is not shown payable to Govt. Of India.

- iv) Note No.9.6 regarding written off / Provision against Receivables. The company has written off/Provided provision against bad debts without board approval.
- v) Payments stipulated installments are not been paid by the company in respect of suppliers who have filed winding up petitions against the company. Note. 9.6 regarding written back of the Payables. The company has written back all the old payables which include few cases wherein the Honorable Courts have ordered the company to pay the amount.
- vi) Provision for interest/Penal damages payable due to belated payments of statutory dues are not ascertained, pending formal claims from the concerned authorities.

Report on Other Legal and Regulatory Requirements

- 1 As required by the companies (Auditor's Report) order, 2016 (the "Order") as issued by the central government of India in terms of Subsection (11) of section 143 of the Act, we give in the "Annexure A", a statement of matters specified in Paragraph 3 and 4 of the order.
- 2 As required by section 143 (3) of the Act, we report that.
 - a. We have sought and obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the 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 appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Reports are in agreement with the books of account.



- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement 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 written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- I. The Company does not have any pending litigations which would impact its financial position
 - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
 - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
 - IV. The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company.
- 3 As required by Section 143(5) of the Act, we report that:

- a. The Company freehold lands has been taken over by Govt. of India as such company does not hold any freehold lands. As per the information provided and to the best of our knowledge the company has clear titles in case of leasehold land.
- b. As per the information provided and to the best of our knowledge the company has not Waived/written off of debts/loans/interest etc., during the year. However the company has made the following provisions towards doubt full debts.

SI No.	Particulars	Provision (Rs. In Lakhs)	Reason for Provision
1	Trade Receivables	40.96 (Cumulative-Rs.482.79)	Old outstanding and Doubtful in Recovery.
2	Deposits	7.67 (Cumulative-Rs.18.85)	Old Deposits and Doubtful in Recovery.

- c. As per the information provided and to the best of our knowledge the company does not have inventories lying with third parties and the company has not received any assets as gift/grants during the year.

In the light of observations made by the Indian Audit and Accounts Department, Office of the Director General of Commercial Audit and Ex-officio Member, Audit Board, Hyderabad, our Audit Report is revised to rectify the following.

- a. Correction of the Provision on deposits (Corrected to Rs.7.67 Lakhs from Rs.7.94 Lakhs) reported under 143 (5)
- b. Incorporating the report about the disclosure by the company in its financial statement as to holdings as well as dealings in specified Bank notes as required under rule 11(d) of the Companies (Audit and Auditors) Rules, 2014

This report supersedes our earlier Audit Report dated 16th March 2018.

**For NAGESH & MYLAR
Chartered Accountants
(Firm Reg. No. 006477S)**

**Sd/-
M Nagesh
Partner
Membership No.202949
Date: 11/05/2018**



“ANNEXURE A” TO AUDITORS REPORT

Referred to in Point No.1 of Report on other legal and regulatory requirements our audit report of even date

Based upon the information and explanation furnished to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief we report that

- 1) a) The company is maintaining proper records of fixed assets showing full particulars including quantitative details and situation of its fixed assets.
b) As per the information provided to us and best of our knowledge fixed assets have not been verified by the management at reasonable intervals.
c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
- 2) According to the information given to us and to the best of our knowledge, physical verification of inventory of the company has been conducted at reasonable intervals by the management during the year and the material discrepancies which has been noticed has been properly dealt with in the books of accounts.
- 3) According to the information given to us and to the best of our knowledge, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the registrar maintained under section 189 of the companies Act, 2013. Accordingly, the provisions of the clause 3(iii) of the order are not applicable.
- 4) As per the information given to us and to the best of our knowledge, the company has not granted any loans, investments, guarantees, and securities within the provisions of Section 185 and 186 of the Companies Act 2013. Accordingly, the provisions of the clause 3(iv) of the order are not applicable.
- 5) As per the information given to us and to the best of our knowledge, the company has not accepted any deposits within the meaning of Section 73 to 76 of the Act or any other relevant provision of the act companies act, 2013 and rules framed there under. Accordingly, the provisions of the clause 3(V) of the order are not applicable.
- 6) As per the information given to us and to the best of our knowledge, the Central Government has not prescribed maintenance of cost records under subsection (1) of the Section 148 of the Companies Act, 2013.
- 7) a) As per the information provided and explanation given to us, the company is regular in depositing undisputed statutory dues including provident fund, Employee state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, Value added tax and any other statutory dues to the appropriate authorities as applicable to the company. Further, no undisputed amounts payable in respect thereof were outstanding as on the last day of the financial year for a period of more than six months from the date that they become payable.
b) According to the information and explanation given to us, there are no material dues of income-tax, wealth tax, service tax, duty of customs, duty of excise, Value added Tax and Cess which have not been deposited with the appropriate authorities on account of any dispute except the following:



Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Sales Tax/VAT of Various States	Sales Tax / VAT	236.08	1999-2000 & 2006-07	Commissioner of Appeals / Appellate Tribunals.

The company has not produced the status of the above appeals.

- 8) Based on our audit procedures, the information and explanations given by the management we are of the opinion that the company has no dues to repay.
- 9) As per the information provided and explanation given to us, the company has not made any moneys raised by way of public offer and term loans. Accordingly, the provisions of the clause 3(ix) are not applicable.
- 10) As per the information provided and explanation given to us, no fraud on or by the company by its officers or employees has been noticed or reported during the year that causes the financial statements to be materially misstated during course of our audit.
- 11) As per the information and to the best of our knowledge, the provision of the Section 197 read with Schedule V of the Companies Act is not applicable to the company. Accordingly, the provisions of the clause 3(xi) of the order are not applicable.
- 12) In our opinion and according to the information and explanations given to us, the company is not a Nidhi Company. Accordingly, the provisions of the clause 3(xii) of the order are not applicable.
- 13) According to the information, explanations given to us and based on our examination of the records of the company section 177 of the companies act, 2013 is not applicable to the company and transactions with the related parties are in compliance with the provisions of section 188 of the companies act, 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- 14) According to the information, 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. Accordingly, the provisions of the clause 3(xiv) of the order are not applicable.
- 15) According to the information, explanations given to us and based on our examination of the records of the company, the company has not entered in to non-cash transactions with the directors or persons connected with him. Accordingly, the provisions of the clause 3(xv) of the order are not applicable.
- 16) In our opinion and according to the information and examination, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly, the provisions of the clause 3(xvi) of the order are not applicable.

**For NAGESH & MYLAR
Chartered Accountants
(Firm Reg. No. 006477S)**

**Sd/-
M Nagesh
Partner
Membership No.202949
Date:11/05/2018**



Annexure B

(Refer to Para 2 (g) of the Auditor's Report)

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 M/s Tungabhadra Steel Products Limited (“the Company”) as of 31 March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for the Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls 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 (“the Act”).

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 Act, 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 ICAI. 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 controls 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 control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls 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 controls 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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Disclaimer Opinion

The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2017.

We have considered the disclaimer reported above in determining the nature, timing and to the extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the financial statements of the Company.

**For NAGESH & MYLAR
Chartered Accountants
(Firm Reg. No. 006477S)**

**Sd/-
M Nagesh
Partner
Membership No.202949
Date:11/05/2018**



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF TUNGABHADRA STEEL PRODUCTS LIMITED, HOSPET FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of Tungabhadra Steel Products Limited, Hospet for the year ended 31st March 2017 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 Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 11-05-2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted supplementary under section 143(6) (a) of the Act of the financial statements of Tungabhadra Steel Products Limited, Hospet for the year ended on 31st March 2017. This supplementary audit has been carried out independently without access to the working papers 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 the related audit report:

A. Comments on Profitability

Statement of Profit and Loss

Discontinuing Operations

Exceptional Items Rs. 472.29 Crore (Note No. 8.1)

- 1) During the year, the Company has disclosed the write-off of Government of India (GOI) outstanding principal amount of loan Rs 115.84 Crore as well as interest thereon Rs.315.92 Crore, made in lieu of transfer of right in immovable property (land and buildings), as 'Exceptional Income- Profit on Sale of Fixed Assets'. The said disclosure is incorrect in view of the following:
 - (a) The Company was given a conditional right on the land by the Government of Karnataka through a conveyance deed entered in December 1973, 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 by Government of Karnataka. Therefore, the Company cannot transfer the right over land and buildings to the GOI.
 - (b) As per section 6(d) of the Transfer of Property Act, 1882, an interest in property restricted in its enjoyment to the owner personally cannot be transferred by him. Therefore, the Company cannot transfer the rights to the GOI. Further, GOI has not shown the same as asset by taking the possession of the land /buildings. Transfer of title has not taken place.
 - (c) Write-off the principal amount of loan Rs115.84 Crore and interest thereon amounting to Rs. 315.92 Crore is an exceptional income as per the provisions of Accounting standard (AS)-5 – Net Profit or



Loss for the period, Prior Period Items and Changes in Accounting Policies. The total amount written off (Rs. 431.76 Crore) is the business income of the Company and does not give rise to capital gain.

- (d) The Company can set off the business loss of previous 8 years against the current year business income as per section 72(1) of the Income Tax Act, 1961.

The incorrect disclosure has resulted in understatement of 'Exceptional Income'- Write-off of loan and interest" by Rs. 431.76 Crore, overstatement of 'Exceptional Income-Profit on Sale of Fixed Assets' by Rs.431.76 Crore, overstatement of the Tax expense by Rs. 63.74 Crore¹ and understatement of Profit after tax by Rs. 63.74 Crore. Further, as the right of the Company on the land and building cannot be transferred to GOI, the same should have appeared under the Fixed Assets. Non-disclosing the same resulted in understatement of Fixed Assets by Rs.047 Crore.

- 2) During the year, the Company has disclosed the write-off of GOI outstanding additional amount of loan Rs 35.31 Crore as "Exceptional Income – Profit on Sale of Fixed Assets'. The said disclosure is incorrect in view of the following:
- (a.) There is no sale of assets representing the loan amount written- off;
- (b.) The loan was given to the Company for the payment of voluntary Retirement Scheme (VRS) benefits to all employees, payment of salaries from April 2015 to December 2015 and settlement of SBI cash credit loan.
- (c.) Write off of the principal amount is an exceptional item as per Para 12, 13 and 14 of Accounting standard (AS) 5 net Profit or loss for the period, period items and changes in Accounting policies' and does not amount to capital gains.

The incorrect disclosure has resulted in overstatement of 'Exceptional income- Profit on Sale of Fixed Assets' and understatement of 'Exceptional income – Write off of loan' by Rs 35.31 Crore, overstatement of Tax expense by Rs. 8.14 Crore (Rs. 7.06 Crore tax and surcharge and cess Rs. 1.08 Crore) and understatement of Profit after tax by Rs.8.14 Crore.

Thus, the financial statements of the Company for the year 2016-17 do not reflect the true and fair view and also are not in conformity with the generally accepted accounting principles.

¹(Rs.431.76Crore- Rs. 155.53 Crore)*20%plus surcharge and cess=Rs. 63.74 Crore. Out of the interest amount of Rs. 315.92 Crore, Interest amounting to Rs. 155.53 Crore relating 2009-10, 2011-12, 2012-13 and 2015-16 had not been claimed by the Company as deduction in the income tax returns. As such this amount has been excluded while working out the tax effect of Rs. 63.74 Crore.



B. Comments on Disclosures

Notes on accounts

In Notes Nos. 3.4, 4.1, 9.2, 9.10 and 9.20, it has been disclosed that the GOI loan and interest amounting to Rs. 467.07 Crore is written off in the books in lieu of assuming the right to transfer of immovable assets of the Company by GOI. However, the above Notes on accounts do not mention that the Company cannot transfer the right to Government of India. The Company was given a conditional right on the land by the Government of Karnataka through a conveyance deed entered in December 1973, 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 by Government of Karnataka.

C. Comments on Auditors' Report

Independent Auditor's Report

- 1) Vide item (iii) under 'Emphasis on matter paragraph' of the above report, it has been reported that the Company has not shown the sale proceeds of immovable assets to GOI. The same is incorrect as GOI vide letter dated 18.01.2018 has directed to settle the claims/liabilities owed by the Company to all entities from the sale proceeds of movable and immovable assets.
- 2) The Auditor's Report also does not mention the factual position as stated in the Comment on Disclosures at Para B above. Hence, the Auditor's Report is deficient to that extent.

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

**Sd/-
(L. Tochwang)
Director General of
Commercial Audit &
Ex-Officio Member, Audit Board
Hyderabad**

**Place: Hyderabad
Date: 21-06-2018**



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013
ON THE ACCOUNTS OF TUNGABHADRA STEEL
PRODUCTS LIMITED, HOSPET FOR THE YEAR ENDED 31 MARCH 2017**

COMMENTS	REPLY
<p>Statement of Profit and Loss Discontinuing Operations Exceptional Items Rs. 472.29 Crore (Note No. 8.1)</p> <p>1) During the year, the Company has disclosed the write-off of Government of India (GOI) outstanding principal amount of loan Rs 115.84 Crore as well as interest thereon Rs.315.92 Crore, made in lieu of transfer of right in immovable property (land and buildings), as 'Exceptional Income- Profit on Sale of Fixed Assets'. The said disclosure is incorrect in view of the following:</p> <p>(a) The Company was given a conditional right on the land by the Government of Karnataka through a conveyance deed entered in December 1973, 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 by Government of Karnataka. Therefore, the Company cannot transfer the right over land and buildings to the GOI.</p>	<p>a) As per the CCEA approval, GOI/DHI has taken over the right on the immovable assets in lieu of writing off the loan and interest. Whatever the right available to the company on immovable assets has ceased to exist and does not have effect on the treatment of deemed consideration company has received on company right on immovable assets.</p> <p>As per the minutes of the meeting under the chairmanship chief Secretary held on 27-03-2017 have decided in principal that the Government of Karnataka will convey its interest in taking over the land at a reasonable rate after taking into account, comparable rates including the alternative rate of K.I.A.D.B. in the vicinity. Resumption of land is not automatic Since the Govt. of Karnataka has given principal consent to buy the land.</p> <p>It was a freehold land purchased by TSPL. The land is being sold to Government of Karnataka (KHB) by DHI. The rates were negotiated, and deal was finalized by DHI. The sale is under process. Immovable assets to Government of India or DHI were deemed right transfer as per the Section 2(47) & 45(1) of the Income Tax Act, 1961 and accordingly it has been considered as notional sale. The transaction has been implemented as per the CCEA approval.</p>



(b) As per section 6(d) of the Transfer of Property Act, 1882, an interest in property restricted in its enjoyment to the owner personally cannot be transferred by him. Therefore, the Company cannot transfer the rights to the GOI. Further, GOI has not shown the same as asset by taking the possession of the land /buildings. Transfer of title has not taken place.

(c) Write-off the principal amount of loan Rs.115.84 Crore and interest thereon amounting to Rs. 315.92 Crore is an exceptional income as per the provisions of Accounting standard (AS)-5 – Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies. The total amount written off (Rs. 431.76 Crore) is the business income of the Company and does not give rise to capital gain.

(d) The Company can set off the business loss of previous 8 years against the current year business income as per section 72(1) of the Income Tax Act, 1961.

The incorrect disclosure has resulted in understatement of 'Exceptional Income'- Write-off of loan and interest" by Rs. 431.76 Crore, overstatement of 'Exceptional Income-Profit on Sale of Fixed Assets' by Rs.431.76 Crore, overstatement of the Tax expense by Rs. 63.74 Crore¹ and understatement of Profit after tax by Rs. 63.74 Crore. Further, as the right of the Company on the land and building cannot be transferred to GOI, the same should have appeared under the Fixed Assets. Non-disclosing the same resulted in understatement of Fixed Assets by Rs.047 Crore.

¹(Rs.431.76Crore- Rs. 155.53 Crore)*20%plus surcharge and cess=Rs. 63.74 Crore. Out of the interest amount of Rs. 315.92 Crore, Interest amounting to Rs. 155.53 Crore relating 2009-10, 2011-12, 2012-13 and 2015-16 had not been claimed by the Company as deduction in the income tax returns. As such this amount has been excluded while working out the tax effect of Rs. 63.74 Crore.

b) The Company has followed the directions contained in the CCEA approval. The write-off of the principal amount of loan Rs.115.84 Crore as well as interest thereon Rs.315.92 Crore is in lieu of the assuming the right to transfer of immovable assets by DHI/GOI. The DHI therefore negotiated for selling the land to Government of Karnataka (KHB). Therefore, the Company has shown it as sale of property as the money had been received by the Company in form of waiver of loan and interest. The actual sale proceeds are required to be transferred to GOI as per CCEA approval.

c) Further as per Section 2 (47) & 45 (1) of the Income Tax Act, 1961 it is deemed transfer of right; accordingly, it has been considered notional sale and has been shown an exceptional item as per Para 12, 13 and 14 of Accounting Standard (AS) 5 "Net profit or loss for the period, prior period items and changes in Accounting policies". The matter was discussed in the Board and opinion was taken from two of the CAG empanelled CAs.

d) The interest on GOI Loan of Rs. 315.92 Crores was not a provision, it was expenditure. Over the period It was debited in P&L a/c as finance cost not as provision for interest because it was a firm and calculated liability for the Company.

With respect to admissibility of the interest, The company has already claimed Rs. 118.56 Crores of interest as expenses in the income tax returns during the financial years 2002-03, 2003-04, 2004-05, 2005-06 & 2008-09, which was allowed in the assessments / appeals. Rs. 155.53 Crores relating to financial years of 2009-10, 2011-12, 2012-13 to 2015-16 has been not claimed earlier / disallowed has been considered as deduction for making the provision for the year 2016-17. For the financial years 2006-07 & 2007-08, the company has claimed Rs.37.02 Crores as expenses which has disallowed by the Income Tax Authorities and pending before the appellate authorities.

As per statement of income during the year there is negative income from business, hence 'Brought Forward' losses could not be set off as per the sec. 72(1) of Income Tax Act, 1961. The unabsorbed depreciation of earlier years of Rs.4.53 Crores has been set off from the



2) During the year, the Company has disclosed the write-off of GOI outstanding additional amount of loan Rs 35.31 Crore as "Exceptional Income – Profit on Sale of Fixed Assets'. The said disclosure is incorrect in view of the following:

- (a.) There is no sale of assets representing the loan amount written-off;
- (b.) The loan was given to the Company for the payment of voluntary Retirement Scheme (VRS) benefits to all employees, payment of salaries from April 2015 to December 2015 and settlement of SBI cash credit loan.
- (c.) Write off of the principal amount is an exceptional item as per Para 12, 13 and 14 of Accounting standard (AS) 5 net Profit or loss for the period, period items and changes in Accounting policies' and does not amount to capital gains.

The incorrect disclosure has resulted in overstatement of 'Exceptional income- Profit on Sale of Fixed Assets' and understatement of 'Exceptional income – Write off of loan' by Rs 35.31 Crore, overstatement of Tax expense by Rs. 8.14 Crore (Rs. 7.06 Crore tax and surcharge and cess Rs. 1.08 Crore) and understatement of Profit after tax by Rs.8.14 Crore.

Thus, the financial statements of the Company for the year 2016-17 do not reflect the true and fair view and also are not in conformity with the generally accepted accounting principles.

Income. It is assured, that the provision of Income Tax Act, 1961 has been taken properly.

Company has made provision for Income tax on Capital gains only and has no profit under the head business as such even if there is any deduction it does not have any effect on tax provision.

Based on the above the treatment given by the Company is as per the accounting standards and generally accepted accounting conventions /principals followed in India and financial statement represents true and fair view.

The Company had received a Letter No. 6(3)/2011-PE.IV dated 07-01-2016 from DHI conveying the decision of the CCEA taken in their meeting held on 22-12-2015, wherein CCEA has approved the following points:

1) Closure of Tungabhadra Steel Products Limited and to relieve all the employees in terms of approved Roadmap for CPSEs under DHI. This would be achieved by offering attractive VRS/VSS package to willing employees and by retrenchment under Industrial Disputes Act 1947 to those not opting for VRS/VSS. Settlement of all employee related liabilities including payment of salaries for the period April, 2015 to December, 2015 of TSPL. For this purpose:

- i) Infusion of funds of Rs. 18.03Cr. in the form of interest free non-plan loan for funding VRS of all employees on 2007 notional pay scales with gratuity and leave encashment also at 2007 notional pay scales, in relaxation of DPE guidelines, and write-off of the loan after closure.
- ii) Infusion of funds of Rs 2.00 Cr. by way of one time interest free loan for payment of salary from April, 2015 to December, 2015 and write-off of the loan after closure.
- iii) Infusion of funds of Rs 15.28 Cr by way of one time interest free loan for settlement of SBI Cash credit loan, and write-off of the loan after closure.
- iv) Infusion of funds of Rs 0.24 Crore for watch and word expenses and writing off of the loan after closure.
- v) Write-off of GOI Loans of Rs.115.84 Crore given to TSPL and accrued interest of Rs.



315.92 Crore with freezing of interest as on 31/12/2015, after closure of the Company.

vi) Total budgetary support 35.55 Crore.

vii) 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 Central Government/ CPSEs/ PSBs at prevailing circle rate. In the absence of willingness of any of 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. **The funds received should be transferred to GOI.** The above said transfer would be in lieu of principal GOI loan of Rs. 115.84 Crore given to TSPL and accumulated interest thereon of Rs. 315.92 Crore. However, till the land is taken over from TSPL, the immovable assets (land and/or Building) would be in the custody of TSPL.

In the above mentioned points (I to vii) it is clearly mentioned that the loan and interest of Rs. 467.07 Cores has to be written off after closure.

Subsequently, Company had received a Letter No. 6(3)/2011-PE.IV dated 09-09-2016 from DHI addressed to the Pay & Account Officer, DHI and Copy to TSPL wherein it was mentioned that writing off of Non Plan Loan of Rs. 151.15 Crores and Accrued Interest of Rs. 315.92 Crores (Total Rs. 467.07 Crores) will be by way of book adjustment under demand no. 44 for 2016-17.

Therefore, the interest free loan of Rs. 35.31 is also part of the loan waived for the consideration of the immovable assets (land and/or Building). The Intention of GOI is not to give Rs. 431.76 Crores for consideration of land/building and rest Rs.35.31 Crores without any consideration.

It can be seen that there was no intention of GOI/DHI to write off of Principal Loan Rs.115.84 Crore against land building and Rs. 35.31 Crores separately as business income. It is clearly explicit that it is typographical error.



	<p>The same view has been taken during preparation of the financial statement for the FY 2016-17. Therefore, the financial statements of FY 2016-17 reflect the true and fair view and also are in conformity with the accounting principles generally accepted in India.</p>
<p>Notes on accounts</p> <p>In Notes Nos. 3.4, 4.1, 9.2, 9.10 and 9.20, it has been disclosed that the GOI loan and interest amounting to Rs. 467.07 Crore is written off in the books in lieu of assuming the right to transfer of immovable assets of the Company by GOI. However, the above Notes on accounts do not mention that the Company cannot transfer the right to Government of India. The Company was given a conditional right on the land by the Government of Karnataka through a conveyance deed entered in December 1973, 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 by Government of Karnataka.</p>	<p>As per the CCEA approval GOI/DHI assumed the right on the immovable assets of the company. Hence GOI/DHI takes over the right the company has over the immovable assets and Govt. of Karnataka Principally agreed to buy the land. It was a freehold land purchased by TSPL. The sale is under process. Immovable assets to Government of India or DHI was deemed right transfer as per the Section 2 (47) & 45 (1) of the Income Tax Act, 1961 and accordingly it has been considered as notional sale.</p> <p>The transaction has been implemented strictly as per the CCEA approval. Any deviation would have resulted in non-compliance of conditions laid down in CCEA approval.</p>
<p>Independent Auditor's Report</p> <p>1) Vide item (iii) under 'Emphasis on matter paragraph' of the above report, it has been reported that the Company has not shown the sale proceeds of immovable assets to GOI. The same is incorrect as GOI vide letter dated 18.01.2018 has directed to settle the claims/liabilities owed by the Company to all entities from the sale proceeds of movable and immovable assets.</p> <p>2) The Auditor's Report also does not mention the factual position as stated in the Comment on Disclosures at Para B above. Hence, the Auditor's Report is deficient to that extent.</p>	<p>As per DHI letter dated 7th January 2016, the loan waiver is against taking over of Land and/or buildings by the GOI. Factory sheds are immovable properties and it falls under buildings.</p> <p>As explained in the part B there is no need of disclosure and the auditor's report is not defective.</p>
<p>For and on behalf of the Comptroller & Auditor General of India</p> <p>Sd/- (L. Tochwang) Director General of Commercial Audit & Ex-Officio Member, Audit Board</p>	<p>For and on the behalf of the Board</p> <p>Sd/- (Shashi B. Srivastava, IDAS) Chairman & Managing Director</p>
<p>Place: Hyderabad Date: 21-06-2018</p>	<p>Place: Bangalore Date: 21-06-2018</p>



TUNGABHADRA STEEL PRODUCTS LIMITED
BALANCE SHEET AS AT 31st MARCH, 2017

₹ in Lakhs
As at
31.03.2016

	Note No.	As at 31.03.2017	As at 31.03.2016
EQUITY AND LIABILITIES			
Shareholders' Funds:			
Share Capital	1.1	843.50	843.50
Reserve & Surplus	1.2	-6937.11	-47469.74
Non-Current Liabilities	2.1	0.00	4346.20
Long term Borrowings	2.2	0.00	0.00
Long term Provisions		0.00	4346.20
Current Liabilities	3.1	0.00	0.00
Short Term Borrowings	3.2	0.00	452.45
Trade Payable	3.3	7650.21	0.00
Short Term Provisions	3.4	67.13	42943.50
Other Current Liabilities			43395.95
Total		1623.74	1115.91
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets			
Gross Block	4.1	0.00	1997.89
Less: Depreciation		0.00	1744.63
Net Block		0.00	253.26
Long Term Loans and Advances	4.2	0.00	7.67
Long Term Trade Receivables	4.3	0.00	42.77
		0.00	303.70
Current Assets			
Inventories	5.1	0.00	63.08
Trade Receivables	5.2	6.67	0.00
Cash and Cash Equivalents	5.3	953.95	713.47
Short Terms Loans and Advances	5.4	15.92	35.66
Other Current Assets	5.5	647.20	0.00
Total		1623.74	812.21
Notes to Financial Statements	9		1115.91
Significant Accountings Policies	10	1623.74	

As per our report of even date
For Nagesh & Mylar
Chartered Accountants
Firm Regn No. 006477S

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

M.NAGESH
Partner
M.No. 202949

SUNIL KUMAR SING
Director, DHI
DIN No.08043768

SHASHI B.SRIVASTAVA
Chairman & Managing Director
DIN No.07582574

Place : New Delhi
Date : 16-03-2018



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
31st MARCH, 2017

	Note No.	YEAR ENDED 31.03.2017	₹ in Lakhs YEAR ENDED 31.03.2016
CONTINUING OPERATIONS		0.00	0.00
DISCONTINUING OPERATIONS			
INCOME			
Revenue from operations(Gross)	6.1	337.31	5.23
Less: Excise Duty		<u>0.00</u>	<u>0.00</u>
Revenue from operations (Net)		337.31	5.23
Other Income	6.2	848.94	636.22
	Total	<u>1186.25</u>	<u>641.45</u>
EXPENSES			
Cost of Materials consumed	7.1	85.74	0.00
Changes in inventories of work-in-progress	7.2	0.00	0.00
Employees Benefit Expenses	7.3	0.00	1813.97
Finance Costs	7.4	240.81	2190.34
Depreciation	4.1	0.00	37.85
Other Expenses	7.5	146.93	70.46
	Total	<u>473.48</u>	<u>4112.62</u>
Profit before Exceptional items		712.77	-3471.17
Exceptional items		47229.27	24.77
Profit before Extraordinary items	8.1	<u>47942.04</u>	<u>-3446.40</u>
Extraordinary items		0.00	0.00
Profit before Tax		47942.04	-3446.40
Tax Expense			
a) Current Tax			
b) Deferred Tax		7409.40	
Profit (Loss) for the period from Discontinuing operations		0.00	
Profit (Loss) for the period	1.2	<u>40532.64</u>	<u>-3446.40</u>
Earning per equity share in Rs.:			
Equity Shares of Rs.,1000/- each			
Average No. of equity shares outstanding			
Basic in Rs.		84,350	84,350
Diluted in Rs.		48052.92	-4085.83
Notes to Financial Statements	9		
Significant Accounting Policies	10	48052.92	-4085.83

As per our report of even date

For Nagesh & Mylar
Chartered Accountants
Firm Regn No. 006477S

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

M.NAGESH
Partner
M.No. 202949

SUNIL KUMAR SING
Director, DHI
DIN No.08043768

SHASHI B. SRIVASTAVA
Chairman & Managing Director
DIN No.07582574

Place : New Delhi
Date : 16-03-2018



TUNGABHADRA STEEL PRODUCTS LIMITED

Particulars	As at 31.03.2017	₹ in Lakhs As at 31.03.2016
NOTE No. 1.1 - Share Capital		
Authorised :		
1,00,000 Equity Shares of Rs.1000 each	<u>1000.00</u>	<u>1000.00</u>
Issued :		
99,156 Equity Shares of Rs.1000 each (Previous year 99,156 Equity Shares)	<u>991.56</u>	<u>991.56</u>
Subscribed & Paidup :		
a) 66,900(Previous year 66,900)* Equity Shares of Rs.1000 each fully paid-up, held by Government of India (79.32%)	<u>669.00</u>	<u>669.00</u>
	<u>100.50</u>	<u>100.50</u>
b) 10,050(Previous year 10,050) Equity Shares of Rs.1000 each fully paid-up, held by Govt., of Andhra Pradesh (11.91%)	<u>74.00</u>	<u>74.00</u>
c) 7,400 (Previous year 7,400) Equity Shares of Rs.1000 each fully paid-up, held by Govt., of Karnataka. (8.77%)	<u>843.50</u>	<u>843.50</u>
Total		
* out of which 1 share is held by CMD on behalf of Govt.of India.		
NOTE No. 1.2 - Reserve & Surplus		
Cumulative Profit/ (Loss) (Opening balance)	- 47469.74	- 44023.34
Add: Profit/ (Loss) for the year	<u>40532.64</u>	<u>- 3446.40</u>
Total	<u>-6937.11</u>	<u>- 47469.74</u>
<u>NON CURRENT LIABILITIES</u>		
	0.00	4346.20
NOTE No. 2.1 - Long term borrowings		
Unsecured loans		
	0.00	4346.20
<u>Term Loans from Govt. of India :</u>		
Non Plan Loans		
	0.00	0.00
	0.00	0.00
	0.00	0.00
NOTE No.2.2 - Long term provisions		
Gratuity	<u>0.00</u>	<u>0.00</u>
Leave Encashment	<u>0.00</u>	<u>0.00</u>
Settlement allowance	<u>0.00</u>	<u>0.00</u>
Total		



TUNGABHADRA STEEL PRODUCTS LIMITED

Particulars	As at 31.03.2017	As at 31.03.2016
CURRENT LIABILITIES		
NOTE No. 3.1 - Short term borrowings		
Secured loans		
Cash Credit Loan from :	0.00	0.00
State Bank of India, Bangalore (NPA A/c)	0.00	0.00
State Bank of India, Hospet (Credit balance)	0.00	0.00
Total		
NOTE No. 3.2 - Trade Payable	0.00	452.45
Sundry Creditors		
NOTE No. 3.3 - Short Term Provisions	0.00	-
Gratuity	0.00	-
Leave Encashment	0.00	-
Settlement allowance	7650.21	-
Provision for Income Tax	7650.21	0.00
NOTE No. 3.4 - Other Current Liabilities		
Current Maturities - Unsecured loans		
a) Term Loans from Govt. of India	0.00	685.63
*Plan Loans	0.00	10083.06
*Non Plan Loans	0.00	30018.73
b) Interest accrued and due on GOI loans	0.00	1573.34
c) Interest accrued but not due on GOI loans		
d) Other Payables	0.00	0.05
Advances from Customers	50.83	70.70
Deposits from contractors and others	15.63	511.99
Other liabilities	0.68	0.00
Statutory dues		
Total	67.13	42943.50
NON CURRENT ASSETS		
NOTE No. 4.2 - Long Term Loans and Advances		
Unsecured considered good		
a) Security Deposits		
- Deposits with Electricity Board and other Govt. authorities	8.22	8.22
- Other Security Deposits	7.16	7.16
b) Other Loans and Advances	3.47	3.47
	18.85	18.85
Less :Provision for doubtful advances	18.85	11.18
Total	0.00	7.67
NOTE No. 4.3 - Long Term Trade Receivables		
Sundry Debtors	0.00	484.60
Less: Provision for Doubtful Debts	0.00	441.83
(Unsecured, considered good for which the company holds no security other than debtor's personal security)		
Total	0.00	42.77

TUNGABHADRA STEEL PRODUCTS LIMITED



NOTE NO.4.1 - TANGIBLE ASSETS FIXED ASSETS AS AT 31.03.2017

₹ .in Lakhs

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 31.03.2016	Additions during the year	Adjustments/ sale during the year	As at 31.03.2017	Upto 31.3.2016	For the year	Adjustments/ sale during the year	Upto 31.03.2017	As at 31.03.2017	As at 31.3.2016
Free Hold Land	2.68	0.00	2.68	0.00	0.00	0.00	0.00	0.00	0.00	2.68
Buildings	283.26	0.00	283.26	0.00	220.00	0.00	220.00	0.00	0.00	63.26
Plant and Machinery	640.82	0.00	640.82	0.00	608.72	0.00	608.72	0.00	0.00	32.10
Mini Hydel Power Plant ***	915.83	0.00	915.83	0.00	768.62	0.00	768.62	0.00	0.00	147.21
Electrical installations & Equipment	47.83	0.00	47.83	0.00	45.45	0.00	45.45	0.00	0.00	2.38
Vehicles	73.23	0.00	73.23	0.00	69.57	0.00	69.57	0.00	0.00	3.66
Office & Design Equipments	23.52	0.00	23.52	0.00	22.09	0.00	22.09	0.00	0.00	1.43
Furniture & Fixtures	5.55	0.00	5.55	0.00	5.28	0.00	5.28	0.00	0.00	0.27
Data Processing Equipments	5.17	0.00	5.17	0.00	4.90	0.00	4.90	0.00	0.00	0.27
TOTAL	1997.89	0.00	1997.89	0.00	1744.63	0.00	1744.63	0.00	0.00	253.26
PREVIOUS YEAR	2033.46	0.00	35.57	1997.89	1740.51	37.85	33.73	1744.63	253.26	292.95

Note:

- (1) In view of decision of Govt of India for closure of the Company, all the Moveable assets are disposed through MSTC E-auction
- (2) The Government of India has granted write off of GOI loan of Rs. 151.15 Crore along with interest of Rs. 315.92 in lieu of assuming the right to transfer immovable assets of TSPL. As per the CCEA's approval, the loan and accrued interest aggregating to Rs. 467.07 Crore was ultimately written off vide their DY. No. 351/Fin.III dated 05.09.2016. Hence consequent to write off of the loans and interest, the right to transfer immovable assets of TSPL vested with the GOI.



TUNGABHADRA STEEL PRODUCTS LIMITED

Particulars	As at 31.03.2017		₹ in Lakhs As at 31.03.2016
NOTE No. 5.1 - Inventories			
(As taken, valued & certified by the Management)			
Stores & Spares	0.00		22.56
Less :Prov.for Non-moving Inventory	0.00		22.56
	<u>0.00</u>		<u>0.00</u>
Raw Materials	0.00		61.06
scrap - others	0.00		1.11
Scrap(at net realisable value)	0.00		0.91
		<u>0.00</u>	
Contract Work-in-Progress		<u>0.00</u>	63.08
Total		<u>0.00</u>	<u>63.08</u>
NOTE No. 5.2 - Trade Receivables			
Sundry Debtors, Unsecured Considered Good			
Outstanding for a period exceeding six months.	484.98		0.00
Outstanding for a period less than or equal to six months.	4.48		
Less: Provision for Doubtful Debts	<u>482.79</u>		<u>0.00</u>
		6.67	<u>0.00</u>
NOTE No. 5.3 - Cash and Cash equivalents			
Cash on hand		0.19	0.15
With Scheduled Banks		535.71	571.96
In Term Deposits		418.05	141.36
Total		<u>953.95</u>	<u>713.47</u>
NOTE No.5.4 - Short Term Loans and Advances			
Unsecured and Considered Good			
a) Loans and Advances to Employees		0.00	
- Advance to employees	0.00		0.05
Less :Provision for doubtful advances to employees	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
			0.05
b) Prepaid expenses		0.00	0.96
c) Balance with Government Authorities			
- Income Tax Refund due	0.00		0.00
- Income Tax Deducted at source	<u>2.26</u>	<u>2.26</u>	<u>1.83</u>
			1.83
d) Others			
- Advance to sub-contractors	0.00		0.68
- Interest Accrued on - Bank & Other deposits	11.16		29.69
- Licence fee receivables	<u>2.50</u>		<u>2.45</u>
		13.66	32.82
Total		<u>15.92</u>	<u>35.66</u>
NOTE No.5.5 - Other Current Assets			
a) Material under disposal			
(E-auction for sale of materials are already completed and materials to be lifted by the bidder)			
i) Fixed Assets under disposal	404.72		
ii) Scrap / inventories / Non Assets	<u>242.48</u>		
		647.20	



TUNGABHADRA STEEL PRODUCTS LIMITED

Particulars	As at 31.03.2017		₹ in Lakhs As at 31.03.2016	
NOTE No. 6.1 - Revenue from Operations				
a) Sale of Products	0.00		0.00	
b) Sale of Services	4.88		5.23	
c) Other Operating Revenues				
- sale of Raw Materials	82.96			
- Sale of Scrap	<u>249.47</u>			
<u>Less:</u> Excise duty		<u>337.31</u>	<u>0.00</u>	5.23
		<u>0.00</u>		0.00
Total		<u>337.31</u>		<u>5.23</u>
NOTE No. 6.2 - Other Income				
Interest earned on :				
- Bank deposits	20.56		14.38	
- Others	<u>0.09</u>		<u>0.49</u>	
		<u>20.65</u>		14.87
Excess provision written off	806.04		591.72	
Licence Fee	20.66		28.65	
EMD encashment	1.27		0.11	
Miscellaneous receipts / other receipts	<u>0.32</u>		<u>0.87</u>	
		<u>828.29</u>		621.35
Total		<u>848.94</u>		<u>636.22</u>
NOTE No. 7.1 - Cost of Materials Consumed				
Opening Stock of Raw Material.	61.06		61.06	
Opening Stock of Stores and Spares	22.66		22.66	
Opening Stock of Scrap & Loose tools	2.02		2.02	
Add : Purchases	<u>0.00</u>	<u>85.74</u>	<u>0.00</u>	85.74
<u>Less:</u>				
Closing Stock Raw Material.		0.00		61.06
Closing Stock of Stores and Spares		0.00		22.66
Opening Stock of Scrap & Loose tools		0.00		2.02
Total		<u>85.74</u>		<u>0.00</u>
NOTE No. 7.2				
Changes in Inventories of Work-in-Progress				
Closing stock		0.00		0.00
Opening stock		<u>0.00</u>		<u>0.00</u>
Total		<u>0.00</u>		<u>0.00</u>
NOTE No. 7.3 - Employees Benefit Expenses				
Salaries, Wages & Allowances		0.00		178.48
Gratuity		0.00		363.37
Settlement allowance		0.00		4.26
Leave encashment		0.00		161.11
Contribution to provident & other funds		0.00		24.41
Welfare expenses		0.00		23.32
VRS expenditure		<u>0.00</u>		<u>1059.02</u>
Total		<u>0.00</u>		<u>1813.97</u>
NOTE No. 7.4 - Finance Cost				
Interest on GOI Loans		0.00		2190.34
Others - Interest on Income Tax		<u>240.81</u>		<u>0.00</u>
TOTAL		<u>240.81</u>		<u>2190.34</u>



TUNGABHADRA STEEL PRODUCTS LIMITED

Particulars	As at 31.03.2017	₹ in Lakhs As at 31.03.2016
NOTE No. 7.5 - Other Expenses		
A. Sub-contracting expenses		
Sub Total - A	<u>0.00</u>	<u>0.00</u>
B. Manufacturing Expenses		
Power & Fuel	0.00	8.69
Repairs and Maintenance:		
Others	<u>0.00</u>	<u>0.49</u>
Other Manufacturing expenses	0.00	0.01
Sub Total - B	<u>0.00</u>	<u>9.19</u>
C. Administration Expenses		
Rates & Taxes	0.50	2.46
Insurance	0.33	0.43
Remuneration to Auditors		
'- Audit Fee	0.30	0.30
'- Tax Audit Fee	0.10	0.10
'- Reimbursement of expenses	<u>0.34</u>	<u>0.34</u>
	0.74	0.74
Other Administrative Expenses(Power charges)	8.03	0.00
Site expenses (MMHP)	4.34	3.18
Other Maintenance expenses	1.61	0.00
R&M of Township	2.29	0.00
MSTC disposal expenses	16.07	0.92
Equipment Hire Charges	0.10	0.21
BG Commission	0.63	1.37
Legal & Professional Charges	3.18	7.49
Internal Audit Fee	0.20	0.20
Communication expenses	0.53	0.72
Travelling expenses	5.36	6.80
Advertisement	0.35	0.00
Bank charges	0.04	0.03
Security expenses	24.30	24.51
Printing & Stationary	0.79	0.98
Board Meeting expenses	1.64	3.29
Provision for doubtful debts	40.96	3.45
Provision for doubtful debts advances / deposits	7.67	0.00
Liaison office expenses	2.30	2.89
Consultancy payment	21.48	0.00
Conveyance & Canteen subsidy	1.04	0.00
HMT deputed employees salary	1.83	0.00
Misc Expenses	0.62	1.60
Sub Total - C	<u>146.93</u>	<u>61.27</u>
TOTAL (A+B+C)	<u>146.93</u>	<u>70.46</u>
NOTE No. 8.1 - Exceptional items		
Profit on Sale of Fixed Assets	46994.11	0.00
Surplus on restatement of Assets under disposal at NRV	235.16	24.77
	<u>47229.27</u>	<u>24.77</u>
	<u>47229.27</u>	<u>24.77</u>



TUNGABHADRA STEEL PRODUCTS LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS
AS AT 31ST MARCH 2017

NOTE NO. 09 - OTHER NOTES TO ACCOUNTS	31-03-2017 (Rs. In lakh)	31-03-2016 (Rs. In lakh)
9.1) Contingent Liabilities in respect of –		
(i) Claims against the Company pending judicial decisions	NIL	NIL
(ii) Other claims which the Company has not acknowledged	1721.18	894.38
(iii) Counter Guarantees given to bank against Bank Guarantee	100.00	100.00
9.2) The Government of India has granted write off of GOI loan of Rs.151.15 Crore along with interest of Rs. 315.92 in lieu of assuming the right to transfer immovable assets of TSPL to GOI / DHI. As per the CCEA approval and as per the letter dated 09-09-2016 from the Under Secretary to Govt. of India, the GOI loan and Interest amounting to Rs.467.07 Cr has been written off in the books in lieu of assuming the right to transfer of Immovable assets of TSPL.		
9.3) The BIFR on its hearing held on 12-06-2016 confirmed its earlier opinion to wind up the company in terms of section 20(1) of SICA and directs that the opinion be forwarded to the concerned High Court. However, in view of write off of GOI India loan & interest, the net worth of the company have 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.		
9.4) The Joint Secretary (IR), Ministry of Labour and Employment, Govt. of India vide order dated 9th February 2017, in exercise of the powers conferred under clause (2) of Sec. 25-0 with the Central Government, the permission for closure of Tungabhadra Steel Products Ltd., Tungabhadra Dam is accorded with immediate effect.		
9.5) In-view of the decision of Govt. of India, the company is under disposal off all the movable assets / materials through MSTC e-auctions. As per the decision of the Board, the proceeds of the moveable assets are deposited in TSPL Escrow account.		
9.6) 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.		
9.7) 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.		
9.8) SEGMENT REPORTING		
The Management evaluates the company's performance and allocates the resources based on the analysis and various performance indicators by business / product segments i.e.		



- (i) Hydro Mechanical Equipment's & Steel Structural
 - (ii) Power generation
- There are no inter segments transfer for the company

Information about business segments:

Particulars	Fabrication of Hydro Mechanical Equipment's & Steel Structural		Power generation		Consolidated total	
	Current year 2016-17	Previous year 2015-16	Current year 2016-17	Previous year 2015-16	Current year 2016-17	Previous year 2015-16
REVENUE	0.00	5.23	4.88	0.00	4.88	5.23
SEGMENT RESULT	40532.09	-3397.04	0.55	-49.36	40532.64	-3446.40
Segment Assets	1623.74	965.92	0.00	149.99	1623.74	1115.91
Segment Liabilities	7717.34	47688.71	0.00	53.44	7717.34	47742.15
Fixed Assets	0.00	106.05	0.00	147.21	0.00	253.26

9.9) Disclosure on "Leases" as per AS-19 –

- (a) Where the Company is a lessee:-
 - (i) The company has taken land on lease from Govt. of Karnataka for Mini Hydrel Plant at Malaprabha
 - (ii) Lease payments are recognized in the Profit and Loss Account
- (b) Where the Company is a lessor :-
 - (i) The Company has permitted to use residential premises in the township by the Ex-employees of TSPL, employees of State Govt., and teachers on monthly license fee b a s i s . The monthly license fee is recognized in Profit & Loss Account.

9.10) 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 Cr has been 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.

9.11(A). Income tax provision is made for income tax liability as the Company does have taxable income during the year. Income-tax assessments have been completed up to the financial year 2013-14. The appeals filed by the company before the CIT (Appeals), Bangalore / Hubli in respect of AY 2008-09 for additions made under Sec. 43B and other disallowances are pending disposal. The disallowances if any, made will have impact of reducing the carry forward losses for setting off losses in future years if the company does not succeed in appeal.



- (B) The Company's Deferred Tax Asset is on account of Depreciation and Carry Forward Losses which has not been estimated. Considering the prudent accounting practices, the company has not recognized the same.

9.12 Disclosure on Provisions (in compliance of AS-29)

As all the employees retired under VRS, the disclosure on Provisions in compliance of AS-29 does not arise

- 9.13 As the company has declared closed vide order dated 9th February 2017, and there is no production activities at Factory (except power generation) during 2016-17.

(a) Raw Materials consumed/Sold: Rs. 82.96 lakh

(b) Sales (power generation) Rs. 4.88 lakh

9.14.	Expenditure in foreign currency.	NIL
9.15.	Foreign Exchange Earnings:	NIL
9.16.	CIF value of imports - components	NIL
9.17.	Value and percentage of Raw Materials, bought-out stores and spares consumed	
	(i) Value:	
	Imported	NIL
	Indigenous	Rs. 82.96 lakh
	(ii) Percentage:	
	Imported	0
	Indigenous	100%

- 9.18 (a) Figures has been rounded off to thousands and disclosed in lakh.

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

- 9.19 Going Concern

Company is in the process of winding up as such company is not a going concern. As per the Accounting standard –I "Disclosure of Accounting policies", all the assets and liabilities of the company are restated at net realizable value.

- 9.20 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 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.



NOTE NO. – 10

SIGNIFICANT ACCOUNTING POLICIES

10.1 GRANTS-IN-AID

Capital/Revenue Grant-in-aid received is reduced from the concerned capital/ revenue expenditure.

10.2. FIXED ASSETS

10.2.1 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.5000/- and below each are written off to expenditure.
- (v) Gain /loss from disposal of assets are credited/charged to Profit and Loss Account.

10.2.2 DEPRECIATION:

- i) Depreciation on fixed assets is provided on Straight Line Method as per revised Schedule II to the Companies Act, 2013.
- ii) As regards Malaprabha Mini Hydel Plant, the cost would stand depreciated within 20 years, with a residual value of 5%.

10.3 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.

10.4 VALUATION OF INVENTORY

10.4.1 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. 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.

10.4.2 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.

10.4.3 CONTRACT WORK-IN-PROGRESS:

- i) Value of Contract Work-in-progress at the close of the accounting period is based on 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.

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

10.5. 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.

10.6. PREPAID EXPENSES

Expenses are accounted under prepaid expenses only when the amounts relating to un-expired period exceed Rs.10000 in each case.

10.7 FOREIGN CURRENCY TRANSACTIONS

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.

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.

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

10.8.1 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.

10.9 REVENUE RECOGNITION ON CONTRACTS:

(A) ON CONTRACT

- (i) 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

- ii) Claims preferred on customers as per terms of the contract are accounted as sales.
- (iii) 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.

10.10 CLAIMS

10.10.1 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.

10.10.2 CLAIMS AGAINST THE COMPANY:

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

10.11. 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.

10.12. RETIREMENT BENEFITS

10.12.1 GRATUITY:

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

10.12.2 LEAVE ENCASHMENT ON RETIREMENT:

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

10.12.3 SETTLEMENT ALLOWANCE:

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

10.12.4 VOLUNTARY RETIREMENT EXPENSES

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

10.13. WARRANTY:

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

10.14. PRIOR PERIOD TRANSACTIONS

- (i) Income/Expenditure relating to prior period in the nature of error or omission, which do not exceed Rs. 50000 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.



10.15. CASH DEPOSITS AT BANK

In accordance with Schedule III, in Division I, in Part I under the heading "General instructions for preparation of Balance Sheet" in paragraph 6, after clause 'W' disclosure of Specified Bank Notes (SBN) held and transacted during the period from 8th, November, 2016 to 30th December, 2016 as provided in the Table below:-

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	93,500	4,154	97,654
(+) Permitted receipts	-	2,46,300	2,46,300
(-) Permitted payments	-	(1,20,279)	(1,20,279)
(-) Amount deposited in Banks	(93,500)	-	(93,500)
Closing cash in hand as on 30.12.2016	-	1,30,175	1,30,175

As per our report of even date
For Nagesh & Mylar
Chartered Accountants
Firm Regn No. 006477S

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

M NAGESH
Partner
M No.202949

SUNIL KUMAR SINGH
Director, DHI
DIN:08043768

SHASHI B. SRIVASTAVA
Chairman & Managing Director
DIN:07582574

Place: New Delhi
Date: 16-03-2018



TUNGABHADRA STEEL PRODUCTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

	YEAR ENDED 31.03.2017	₹ in Lakhs YEAR ENDED 31.03.2016
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) for the year	40532.64	-3446.40
Adjustments for -		
Depreciation charge for the year	0.00	37.85
	<u>40532.64</u>	<u>-3408.55</u>
Adjustments for -		
(Increase) / Decrease in Inventories	-584.12	3.55
(Increase) / Decrease in Loans & Advances	27.41	36.17
(Increase) / Decrease in Debtors	36.10	10.40
Increase / (Decrease) in Liabilities	-47675.02	1583.71
Increase / (Decrease) in Provisions	7,650.21	-278.74
	<u>-40545.41</u>	<u>1355.09</u>
Net Cash Flow from Operating Activities (A)	<u>-12.78</u>	<u>-2053.46</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Fixed Assets	0.00	0.00
Decrease in Fixed Assets	253.26	1.84
Net Cash Flow from Investing Activities (B)	<u>253.26</u>	<u>1.84</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Secured loan	0.00	-1209.18
Increase in Un-Secured loan	0.00	3815.00
Net Cash Flow from Financing Activities (C)	<u>0.00</u>	<u>2605.82</u>
Net increase/decrease in Cash & Cash equivalent (A+B+C)	240.48	554.20
(D) Cash & Cash equivalent as on 1st April 2016	713.47	159.27
Cash & Cash equivalent as on 31st March 2017	953.95	713.47

As per our report of even date
For Nagesh & Mylar
Chartered Accountants
Firm Regn No. 006477S

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

M.NAGESH
Partner
M.No. 202949

SUNIL KUMAR SINGH
Director, DHI
DIN No.08043768

SHASHI B. SRIVASTAVA
Chairman & Managing Director
DIN No.07582574

Place : New Delhi
Date : 16-03-2018



TUNGABHADRA STEEL PRODUCTS LIMITED TEN YEAR DIGEST

₹ in Lakhs

S.No	Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
1	Value of Production	5	5		61	55	303	288	263	138	254
2	Sales	5	5		61	117	279	312	219	122	338
3	Gross Profit before depreciation, Int & Tax	48183	-1218	-22	-243	-329	-90	-49	-68	428	345
4	Depreciation	0	38		55	55	55	56	57	60	61
5	Gross Profit	48183	-1256	-60	-298	-384	-145	-105	-125	368	284
6	Interest										
	a) Government	0	2190	2827	2749	2691	2644	2507	2452	2201	2033
	b) Others	241	0				8	0	0	10	296
7	Profit before Tax	47942	-3446	-2887	-3191	-3115	-2875	-2612	-2577	-1843	-2045
8	Provision for Tax	7409.4	0				0	0	0	1	1
9	Profit after Tax	40533	-3446	-2887	-3191	-3115	-2875	-2612	-2577	-1844	-2046
10	Gross Block	0	1998	2033	2056	2058	2058	2087	2087	2087	2086
11	Net Block	0	253	297	338	393	448	503	559	616	674
12	Working Capital	-6094	-42584	-29713	-26904	-24091	-21447	-19617	-16265	-13846	-12924
13	Long Term Loans	0	15109	11300	11127	10730	10468	10171	9928	9684	9629
14	Short term Loans incl. Cash Credit	0	0	1209	1341	1435	1316	1688	1762	1972	2024
15	Share Capital	844	844	844	844	844	844	844	844	844	844
16	Reserves & Surplus	-6937	-47470	-44023	-41131	-37940	-34825	-31950	0	0	0
17	Capital Employed	-6094	-29420	-29420	-26567	-23697	-20999	-19114	-15706	-13230	-12416
18	Net Worth	-6094	-46626	-43180	-40287	-37097	-33982	-31106	-28494	-25917	-24073
19	No. of employees	0	0		84	93	98	100	101	104	109
20	Value added	0	0	27.92	51.46	14.29	212	89.54	163.36	92.86	195.00
21	Salaries, wages & benefits	0	226	307	322	309	300	263	249	222	215
22	Value added per employee	0	0	0.37	0.61	0.15	2.16	0.89	1.61	0.89	1.78
23	Value added per Rupee of wages (Rs)	0	0	0.01	0.16	0.046	0.71	0.34	0.65	0.42	0.90
24	Contribution to Exchequer	0	0		1.16	15.17	18	15	4	99	22
25	Internal Resource Generation	0	0				0	0	0	0	0
26	Export incl. deemed export	0	0				0	0	0	0	0
27	Salaries and wages to Sales (%)	0	4520	829.72	526.12	262.97	107.53	84.29	113.69	181.97	63.61
28	Material consumption to production (%)	0	0		0.84	38.56	24.50	58.70	25.38	23.72	7.95
29	Inventory No. of days production	0	0	657.30	408.74	456.88	114	73	113	147	92
30	Sundry Debtors No. of days Turnover	0	0	524.51	244.41	822.82	256	512	849	1432	1188