



58th ANNUAL REPORT 2017-18

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BOARD OF DIRECTORS:

(Shriyuths)

B.M.Shivashankar : Chairman & MD from (01.06.2015 to 30.06.2017)

B.G.Gurupadaswamy : Director (from 16.03.2011 to 07.06.2018)

Shashi B. Srivastava : Chairman & MD (from 24-11-2017)

Sunil K. Singh : Director (from 27-12-2017 to 14.11.2018)

Madanpal Singh : Director (from 15.11.2018)

K.Jaiprakash : Director (from 08.06.2018)

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 58th Annual Report of your Company together with the Audited Annual Accounts for the year 2017-18.

HIGHLIGHTS OF PERFORMANCE

Income for the year was Rs. 230.14 Lakhs as compared to Rs. 1186.28 Lakhs in 2016-17. Net sales for the year was Rs. 183.41 Lakhs as compared to Rs. 337.31 Lakhs in 2016-17. Consolidated profit before tax for the year was Rs. (-) 1140.18 Lakhs as compared to Rs. 47942.75 Lakhs in 2016-17. Consolidated profit after tax for the year was Rs. (-) 1142.44 Lakhs as compared to 40532.62 Lakhs in 2016-17. The profit was due to writing off of Gol Loan and interest, which was considered as exceptional income. The Gol loan and interest was written off in June 2016 before coming out of BIFR.

FINANCIAL RESULTS

PARTICULARS	(Rs. in Lakhs)	
	CURRENT YEAR 31-03-2018	PREVIOUS YEAR 31-03-2017
Total income	230.14	1186.28
Profit before interest, depreciation & tax	124.37	48183.56
LESS: Interest	1264.55	240.81
Depreciation	0.00	0.00
Profit before tax	-1140.18	47942.75
Provision for Tax	2.26	7409.40
Profit after tax	-1142.44	40533.35
Net profit after tax and adjustment	-1142.44	40533.35

CHANGE IN NATURE OF BUSINESS

During the year 2017-18, the company did not have any operational income, as compared to Rs. 4.88 lakhs in 2016-17 due to generation of power at Malaprabha Mini Hydel Plant. The Plant was handed over to KPTCL in 2018.

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. It also approved interest free loan of Rs.35.31 Cr to meet VRS, employee's related dues and to pay liabilities towards Bank. CCEA also approved to write off of Gol 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 / Gol assumed the right to transfer of immovable assets in lieu of principal Gol loan of Rs.115.84 Cr given to TSPL and accumulated interest thereon Rs.315.92 Cr.

The Company opened the VRS scheme after approval from Gol and relieved all the employees on its rolls on 09.3.2016 and settled their dues. The SBI loan under OTS was also paid on 30.3.2016.

Malaprabha Mini Hydel Plant (MMHP) : Handed over to KPCL vide MOU dtd. 9th June 2017 and administrative control taken from 1st Sep 2017 by KPCL. The tripartite agreement was signed between TSPL, KPCL and Water Resources Department of GoK.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31st March 2018 was at Rs. 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 doesn't intend to transfer any amounts to General Reserves and Company have NIL Balance account of Reserves as on 31st March 2018.

DIVIDEND

The Company was dependent for funds from GOI to pay its liabilities and hence no dividend is being recommended by the Director for the year 2017-18.

DEPOSITS

The Company has not accepted deposit from the members or the general public as on 31st March 2018. 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.	Date of Meeting	Board Strength	No. of Directors Present
1	21.04.2017	5	4
2.	07.09.2017	5	4
3.	04.01.2018	5	4
4.	16.03.2018	5	2

DIRECTOR AND KEY MANAGERIAL PERSON

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.

IF ANY APPOINTMENT

Shri SK Singh has been appointed as director under the provisions of the Companies act, 2013 in place of Smt. Ritu Pande on 27-12-2017.

Smt. Shashi B. Srivastava, IDAS, Director Finance, HMT Ltd., has been appointed as Chairman & Managing Director under the provisions of the Companies act, 2013 on 24.11.2017 on additional charge.

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 2017-18 under Section 139 of the Companies Act, 2013.

PARTICULARS OF EMPLOYEES:

There is no employee in the company. 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.

THE DETAILS IN RESPECT OF INTERNAL FINANCIAL CONTROL SYSTEM

The Company has engaged the services of Chartered Accountants as Internal Auditors for the year 2017-18. 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 considering that Company is not a going concern.
- (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 last Audit Committee Meeting of Board of Directors of TSPL was held on 04.01.2018 wherein the following Directors are nominated as members of Audit Committee.

Shri. S. K. Singh
Smt. Shashi B. Srivastava
Shri S. K. Venkatacharyulu

Since the Company did not fulfill the criteria laid down in Companies Act, 2013 for constitution of the Audit Committee, it was decided to dissolve the Audit Committee.

A RISK MANAGEMENT POLICY OF THE COMPANY

All the moveable assets of the Company had been disposed off. The Company however took adequate measures to safeguard its immovable assets.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

TSPL is not a high energy consuming industry. The energy conservation measures taken during the year 2017-18 were:

- Switching off 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.

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:

The earnings and expenditure in Foreign Exchange of the Company during the year was 'NIL' as indicated in notes forming part of the Accounts - Note No. 9.15 - Other Notes to Accounts.

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, Internal Auditors, various State Governments, Banks for their continued co-operation and patronage.

On order of the Board of Directors
Tungabhadra Steel Products Limited

(Shashi B. Srivastava, IDAS)
Chairman & Managing Director

Place : Bangalore
Date : 25th March, 2019



REVISED INDEPENDENT AUDITOR'S REPORT

**To
The Members of
M/s Tungabhadra Steel Products Limited**

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, 2018, the Statement of Profit and Loss for the year then ended, the Cash Flow Statement 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.

Auditor's 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 qualified audit opinion on the financial statements.



Basis for qualified Opinion

1) During the year 2016-17, 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 amounting to 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 was 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 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 of the principal amount of loan of 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 is liable for income tax on write-off principal amount loan and interest thereon under the head business income duly setting of the business loss of previous 8 years as against income under the head capital gains considered by the company.

The incorrect disclosure has resulted understatement of Provision for Taxation by Rs.9.98 Crore, and also understatement of negative balance of Reserves & Surplus by Rs.9,98 Crore. Further, as the right of the Company on the land and buildings 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 its realizable value.

2) During the year 2016-17, the Company has disclosed the write-off of GOI outstanding additional amount of loan amounting to Rs.35.31crs as 'Exceptional Income - Profit on Sale of Fixed Assets'. The said disclosure was incorrect in view of the following:

- (a) There was 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) The write-off of the principal amount is an exceptional item as per the provisions of Accounting Standard (AS)-5 – 'Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies' and does not amount to capital gains.

The incorrect disclosure has resulted in understatement of Provision for Tax expense by Rs.4.07 crore and also understatement of negative balance of Reserves & Surplus by Rs.4.07 crore.



Further, on account of the above qualifications (1 & 2) above, the Company had not made a provision of Rs.1.68 crore towards interest on delayed and deferred payments of Income Tax. This has resulted in understatement of Finance Cost, loss for the year and also understatement of negative balance of Reserves & Surplus by Rs.1.68 crore.

- 3) Security expenses payable to CISF of earlier years which were written back earlier and amounting to Rs.3.48 Crore are paid to CISF on 16.07.2018 i.e. before the date of financial statements. The same along with interest payable (Rs.7.66 Crore) is not recognized as expenses, instead disclosed under contingent liabilities resulting in understatement of expenses, loss for the year by Rs.11.14 crore and understatement of negative balance of Reserves & Surplus by Rs.11.14 crore

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section, the aforesaid financial statements 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 2018;
- (ii) In the case of the statement of profit or loss, of the loss 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

- 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.

Our opinion is not modified in respect of these matters.

Other Matter

- i) 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
- ii) The company has written off/Provided provision against bad debts without board approval.
- iii) 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. However these amounts have been disclosed under contingent liabilities.
- iv) 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, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to the adequacy of 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
- 3 As required by Section 143(5) of the Act, we report that:
- a. As stated in the note 9.02 and point no 1 of Basis for qualified Opinion Govt. of India has assumed the right on company's lands as such company does not hold any freehold lands. The land in procession of the company is only a custodian to Govt. of India.
 - 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.
 - 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. Qualifications on treatment of writes off of Govt. of India Loans and interest which were reported earlier under the emphasis matter.
 - b. Qualification on non-recognizing of security expenses which were shown in contingent liabilities.
- This report supersedes our earlier Audit Report dated 02nd January 2019

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

M Nagesh
Partner
Membership No.202949

Place : Bangalore
Date : 04/03/2019



“ANNEXURE A” TO REVISED INDEPENDENT AUDITOR’S 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 thereunder. 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.



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- 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)

M Nagesh
Partner
Membership No.202949

Place : Bangalore
Date : 04/03/2019



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, 2018 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.

Place : Bangalore
Date : 04/03/2019

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, 2018.

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)

M Nagesh
Partner
Membership No.202949



COMMENTS 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 2019

The preparation of financial statements of Tungabhadra Steel Products Limited for the year ended 31 March 2018 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 the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 04 March 2019 which supersedes their earlier Audit Report dated 02 January 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Tungabhadra Steel Products Limited for the year ended 31 March 2018 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the Statutory Auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143 (6) (b) of the Act.

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

Sd/-

(Ajai Singh)

Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad

Place : Hyderabad
Date : 19/03/2019

**BALANCE SHEET AS AT 31st MARCH, 2018**

	Note	As at		(₹ in Lakhs)
	No.	31.03.2018		As at
				31.03.2017
EQUITY AND LIABILITIES				
Shareholders' Funds:				
Share Capital	1.1	843.50		843.50
Reserve & Surplus	1.2	- 8079.55		- 6937.11
Non-Current Liabilities				
Long term Borrowings	2.1	0.00	0.00	
Long term Provisions	2.2	0.00	0.00	
		0.00		0.00
Current Liabilities				
Short Term Borrowings	3.1	0.00	0.00	
Trade Payable	3.2	0.00	0.00	
Short Term Provisions	3.3	8759.78	7650.21	
Other Current Liabilities	3.4	40.65	67.13	7717.34
Total		8800.43		7717.34
		1564.38		1623.74
ASSETS				
Non Current Assets				
Fixed Assets				
Tangible Assets				
Gross Block	4.1	0.00	0.00	
Less: Depreciation		0.00	0.00	
Net Block		0.00	0.00	
Long Term Loans and Advances	4.2	0.02	0.00	
Long Term Trade Receivables	4.3	0.00	0.00	
		0.02		0.00
Current Assets				
Inventories	5.1	0.00	0.00	
Trade Receivables	5.2	3.99	6.67	
Cash and Cash Equivalents	5.3	1525.78	953.95	
Short Terms Loans and Advances	5.4	34.39	15.92	
Other Current Assets	5.5	0.20	647.20	
Total		1564.35		1623.74
		1564.38		1623.74
Notes to Financial Statements 1 to 9				
Significant Accountings Policies 10				

As per our report of even date

For Nagesh & MylarChartered Accountants
Firm Regn No. 006477SFor 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 : Bangalore

Date : 07th September 2018

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018**

		(₹ in Lakhs)	
	Note No.	Year Ended 31.03.2018	Year Ended 31.03.2017
CONTINUING OPERATIONS		0.00	0.00
DISCONTINUING OPERATIONS			
INCOME			
Revenue from operations (Gross)	6.1	183.41	337.31
Less: Excise Duty		<u>0.00</u>	<u>0.00</u>
Revenue from operations (Net)		183.41	337.31
Other Income	6.2	<u>46.74</u>	<u>848.94</u>
	योग :	<u>230.14</u>	<u>1186.25</u>
EXPENSES			
Cost of Materials consumed	7.1	0.00	85.74
Changes in inventories of work-in-progress	7.2	0.00	0.00
Employees Benefit Expenses	7.3	0.00	0.00
Finance Costs	7.4	1264.55	240.81
Depreciation	4.1	0.00	0.00
Other Expenses	7.5	<u>105.78</u>	<u>146.93</u>
	योग :	<u>1370.33</u>	<u>473.48</u>
Profit before Exceptional items		-1140.18	712.77
Exceptional items	8.1	<u>0.00</u>	<u>47229.27</u>
Profit before Extraordinary items		-1140.18	47942.04
Extraordinary items		<u>0.00</u>	<u>0.00</u>
Profit before Tax		-1140.18	47942.04
Tax Expense			
a) Current Tax		0.00	7409.40
b) Deferred Tax		0.00	0.00
c) Preious Year Tax		0.00	
Profit (Loss) for the period from			
Discontinuing operations	1.2	<u>-1142.44</u>	<u>40532.64</u>
Profit (Loss) for the period			
Earning per equity share in Rs.:			
Equity Shares of Rs.,1000/- each			
Average No. of equity shares outstanding		84,350	84,350
Basic in Rs.		-1354.41	48052.92
Diluted in Rs.		-1354.41	48052.92
Notes to Financial Statements	9		
Significant Accounting Policies	10		

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

Place : Bangalore

Date : 07th September 2018

SUNIL KUMAR SINGH

Director, DHI

DIN No.08043768

SHASHI B. SRIVASTAVA

Chairman & Managing Director

DIN No.07582574

TUNGABHADRA STEEL PRODUCTS LIMITED 2017-18



Particulars	(₹ in Lakhs)	
	As at 31.03.2018	As at 31.03.2017
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%)	669.00	669.00
b) 10,050 (Previous year 10,050) Equity Shares of Rs.1000 each fully paid-up, held by Govt., of Andhra Pradesh (11.91%)	100.50	100.50
c) 7,400 (Previous year 7,400) Equity Shares of Rs.1000 each fully paid-up, held by Govt., of Karnataka. (8.77%)	74.00	74.00
Total	<u>843.50</u>	<u>843.50</u>

* 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)	- 6937.11	- 47469.74
Add: Profit/ (Loss) for the year	<u>- 1142.44</u>	<u>40532.64</u>
Total	<u>- 8079.55</u>	<u>- 6937.11</u>

NON CURRENT LIABILITIES

NOTE No. 2.1 - Long term borrowings

Unsecured loans

Term Loans from Govt. of India :

Non Plan Loans	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>

NOTE No.2.2 - Long term provisions

Gratuity	0.00	0.00
Leave Encashment	0.00	0.00
Settlement allowance	<u>0.00</u>	<u>0.00</u>
Total	<u>0.00</u>	<u>0.00</u>



Particulars	(₹ in Lakhs)	
	As at 31.03.2018	As at 31.03.2017

CURRENT LIABILITIES

NOTE No. 3.1 - Short term borrowings

Secured loans

Cash Credit Loan from :

State Bank of India, Bangalore (NPA A/c)	0.00	0.00
State Bank of India, Hospet (Credit balance)	0.00	0.00
Total	0.00	0.00

NOTE No. 3.2

Trade Payable

Sundry Creditors	0.00	0.00
------------------	------	------

NOTE No. 3.3 - Short Term Provisions

Gratuity	0.00	-	-
Leave Encashment	0.00	-	-
Settlement allowance	0.00	-	-
Provision for Income Tax	8759.78	8759.78	7650.21
		<u>7650.21</u>	7650.21

NOTE No. 3.4 - Other Current Liabilities

Current Maturities - Unsecured loans

a) Term Loans from Govt. of India			
*Plan Loans	0.00	0.00	
*Non Plan Loans	0.00	0.00	
b) Interest accrued and due on GOI loans	0.00	0.00	
c) Interest accrued but not due on GOI loans	0.00	0.00	
d) Other Payables			
Advances from Customers	0.00	0.00	
Deposits from contractors and others	4.43	50.83	
Other liabilities	8.49	15.63	
Statutory dues	27.73	0.68	
Total		40.65	67.13



NOTE NO.4.1

**TANGIBLE ASSETS
FIXED ASSETS AS AT 31.03.2018**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at	Additions	Adjustments	As at	Upto	For the	Adjustments/	Upto	As at	As at
	31.03.2017	during the	/sale during	31.3.2018	31.3.2017	year	sale during	31.03.2018	31.03.2018	31.3.2017
	year	the year				the year				
Free Hold Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Buildings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plant and Machinery	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00
Mini Hydel Power Plant ***	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Electrical installations & Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Vehicles	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Office & Design Equipments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Furniture & Fixtures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Data Processing Equipments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PREVIOUS YEAR	1997.89	0.00	1997.89	0.00	1744.63	0.00	1744.63	0.00	0.00	253.26

*** 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.
- 3) As per CCEA's approval, the Company is custodian of the land (Measurement: 82.37 Acres)



(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017
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	<u>3.49</u>	<u>3.47</u>
	<u>18.87</u>	<u>18.85</u>
Less :Provision for doubtful advances	<u>18.85</u>	<u>18.85</u>
Total	<u>0.02</u>	<u>0.00</u>

NOTE No. 4.3 - Long Term Trade Receivables

Sundry Debtors	0.00	0.00
Less: Provision for Doubtful Debts	<u>0.00</u>	<u>0.00</u>
(Unsecured, considered good for which the company holds no security other than debtor's personal security)		
Total	<u>0.00</u>	<u>0.00</u>



Particulars	(₹ in Lakhs)		
	As at 31.03.2018	As at 31.03.2017	
NOTE No. 5.1 - Inventories			
(As taken, valued & certified by the Management)			
Stores & Spares	0.00	0.00	
Less :Prov.for Non-moving Inventory	0.00	0.00	
	<u>0.00</u>	<u>0.00</u>	
Raw Materials	0.00	0.00	
Scrap - others	0.00	0.00	
Scrap (at net realisable value)	<u>0.00</u>	<u>0.00</u>	
	0.00	0.00	
Contract Work-in-Progress	0.00	0.00	
Total	<u>0.00</u>	<u>0.00</u>	
NOTE No. 5.2 - Trade Receivables			
Sundry Debtors, Unsecured Considered Good			
Outstanding for a period exceeding six months.	486.77	484.98	0.00
Outstanding for a period less than or equal to six months.	0.00	4.48	
Less: Provision for Doubtful Debts	<u>482.79</u>	482.79	<u>0.00</u>
	3.99		6.67
NOTE No. 5.3 - Cash and Cash equivalents			
Cash on hand	0.00		0.19
With Scheduled Banks	1093.23		535.71
In Term Deposits	432.55		418.05
Total	<u>1525.78</u>		<u>953.95</u>
NOTE No.5.4 - Short Term Loans and Advances			
<u>Unsecured and Considered Good</u>			0.00
a) Loans and Advances to Employees			
- Advance to employees	0.00		0.00
Less :Provision for doubtful advances to employees	<u>0.00</u>	0.00	<u>0.00</u>
b) Prepaid expenses		0.00	0.00
c) Balance with Government Authorities			
- Income Tax Refund due	0.00		0.00
- Income Tax Deducted at source	<u>2.78</u>	2.78	<u>2.26</u>
d) Others			
- Advance to sub-contractors	0.00		0.00
- Interest Accrued on - Bank & Other deposits	21.63		11.16
- Licence fee receivables	<u>9.98</u>		<u>2.50</u>
	31.61		13.66
Total	<u>34.39</u>		<u>15.92</u>



Particulars	As at		(₹ in Lakhs)
	31.03.2018	31.03.2017	As at
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	0.00	404.72	
ii) Scrap / inventories / Non Assets	<u>0.00</u>	<u>242.48</u>	
		0.00	647.20
b) TDS Recoverable		0.20	0.00
		<u>0.20</u>	<u>647.20</u>
NOTE No. 6.1 - Revenue from Operations			
a) Sale of Products	0.00	0.00	
b) Sale of Services	0.00	4.88	
c) Other Operating Revenues			
- sale of Raw Materials	0.00	82.96	
- Sale of Scrap	<u>183.41</u>	<u>249.47</u>	
		183.41	337.31
<u>Less: Excise duty</u>		0.00	0.00
Total		<u>183.41</u>	<u>337.31</u>
NOTE No. 6.2 - Other Income			
Interest earned on :			
- Bank deposits	27.62	20.56	
- Others	0.15	0.09	
		27.77	20.65
Excess provision written off	0.37	806.04	
Licence Fee	17.75	20.66	
EMD encashment	0.04	1.27	
Miscellaneous receipts / other receipts	<u>0.81</u>	<u>0.32</u>	
		18.97	828.29
Total		<u>46.74</u>	<u>848.94</u>



Particulars	Year Ended		Year Ended	
	31.03.2018		31.03.2017	
(₹ in Lakhs)				
NOTE No. 7.1 - Cost of Materials Consumed				
Opening Stock of Raw Material.	0.00		61.06	
Opening Stock of Stores and Spares	0.00		22.66	
Opening Stock of Scrap & Loose tools	0.00		2.02	
Add : Purchases				
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>85.74</u>
Less:				
Closing Stock Raw Material.		0.00		0.00
Closing Stock of Stores and Spares		0.00		0.00
Opening Stock of Scrap & Loose tools		0.00		0.00
Consumption		<u>0.00</u>		<u>85.74</u>
NOTE No. 7.2 - Changes in Inventories of Work-in-Progress				
Closing stock		0.00		0.00
Opening stock		0.00		0.00
Accretion /Decretion(-)		<u>0.00</u>		<u>0.00</u>
NOTE No. 7.3 - Employees Benefit Expenses				
Salaries,Wages & Allowances		0.00		0.00
Gratuity		0.00		0.00
Settlement allowance		0.00		0.00
Leave encashment		0.00		0.00
Contribution to provident & other funds		0.00		0.00
Welfare expenses		0.00		0.00
VRS expenditure		0.00		0.00
Total		<u>0.00</u>		<u>0.00</u>
NOTE No. 7.4 - Finance Cost				
Interest on GOI Loans		0.00		0.00
Others		1264.55		240.81
Total		<u>1264.55</u>		<u>240.81</u>
NOTE No. 7.5 - Other Expenses				
A. Sub-contracting expenses		0.00		0.00
Sub Total - A		<u>0.00</u>		<u>0.00</u>
B. Manufacturing Expenses				
Power & Fuel		0.00		0.00
Repairs and Maintenance:				
Others	0.00		0.00	
Other Manufacturing expenses		0.00		0.00
Sub Total - B		<u>0.00</u>		<u>0.00</u>



Particulars	(₹ in Lakhs)	
	Year Ended 31.03.2018	Year Ended 31.03.2017
C. Administration Expenses		
Rates & Taxes	0.52	0.50
Insurance	0.00	0.33
Remuneration to Auditors		
'- Audit Fee	0.30	0.30
'- Tax Audit Fee	0.10	0.10
'- Reimbursement of expenses	0.00	0.34
	0.40	0.74
Other Administrative Expenses (Power charges)	6.13	8.03
Site expenses (MMHP)	1.30	4.34
Other Maintenance expenses	0.24	1.61
R&M of Township	0.52	2.29
MSTC disposal expenses	14.88	16.07
Equipment Hire Charges	0.14	0.10
BG Commission	0.00	0.63
Legal & Professional Charges	1.35	3.18
Internal Audit Fee	0.10	0.20
Postage & Telephone Expenses	0.51	0.53
Travelling expenses	6.38	5.36
Advertisement	0.00	0.35
Bank charges	0.02	0.04
Security expenses	21.80	24.30
Printing & Stationary	0.35	0.79
Board Meeting expenses	2.72	1.64
Provision for doubtful debts	0.00	40.96
Provision for doubtful debts advances / deposits	0.00	7.67
Liasion office expenses	1.41	2.30
Consultancy Expenses	21.13	21.48
Conveyance & Canteen subsidy	0.98	1.04
HMT deputed employees salary	0.00	1.83
Misc Expenses	2.49	0.62
Loss on sale of other assets	22.45	0.00
Rounding Off	-0.03	0.00
Sub Total - C	105.78	146.93
TOTAL (A+B+C)	105.78	146.93

NOTE No. 8.1 - Exceptional items

Profit on Sale of Fixed Assets	0.00	46994.11
Surplus on restatement of Assets under disposal at NRV	0.00	235.16
TOTAL	0.00	47229.27
	0.00	47229.27



OTHER NOTES TO ACCOUNTS

(₹ in Lakhs)

NOTE NO. 09	Year Ended 31.03.2018	Year Ended 31.03.2017
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	1833.27	1721.18
(iii) Counter Guarantees given to bank against Bank Guarantee	0.00	100.00
9.2) 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 Crore along with interest of Rs. 315.92 Crores. As per the minutes of the meeting under the chairmanship chief Secretary of Karnataka held on 27-03-2017 have decided in principal 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/hospete/171/2017-18/530 dt 14-06-2017 its agreement in purchasing the land at the prevailing market rate of Rs. 66.00 lakhs per acre. The land in possession of the company is only a custodian to Govt. of India.		
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 9 th 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 has disposed 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:

(₹ in Lakhs)

Particulars	Fabrication of Hydro Mechanical Equipment's & Steel Structural		Power generation		Consolidated total	
	Current year 2017-18	Previous year 2016-17	Current year 2017-18	Previous year 2016-17	Current year 2017-18	Previous year 2016-17
Revenue	0.00	0.00	0.00	4.88	0.00	4.88
Segment Result	-1142.44	40532.09	0.00	0.55	-1142.44	40532.64
Segment Assets	1564.38	1623.74	0.00	0.00	1564.38	1623.74
Segment Liabilities	8800.43	7717.34	0.00	0.00	8800.43	7717.34
Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00

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 Hydel 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 basis. 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 during 2017-18.

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	NIL
(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 – "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.

9.21 Lease Rental Income from the residential colony is considered as company's income even though the company is only custodian and not the legal owner of the land & building.

9.22 The company has initiated negotiations with the creditors whose balance was written off earlier for onetime settlement and resultant liability will be accounted in the books as and when the agreement is made with the creditors.



**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 Hydrel 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 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.

- 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.

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

M.NAGESH
Partner
M.No. 202949

Place : Bangalore
Date : 07th September 2018

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

SUNIL KUMAR SINGH
Director, DHI
DIN No.08043768

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018**

(₹ in Lakhs)

	<u>Year Ended</u> <u>31.03.2018</u>	<u>Year Ended</u> <u>31.03.2017</u>
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) for the year	-1142.44	40532.64
Adjustments for -		
Add: Depreciation charge for the year	0.00	0.00
Loss on sale of other asset	22.45	0.00
Less: Interest Income	27.77	20.65
	<u>-1147.76</u>	<u>40511.99</u>
Adjustments for -		
(Increase) / Decrease in Inventories	0.00	63.08
(Increase) / Decrease in other current assets	624.54	-647.20
(Increase) / Decrease in Loans & Advances	-18.49	27.41
(Increase) / Decrease in Debtors	2.68	36.10
Increase / (Decrease) in Liabilities	-26.48	-47675.02
Increase / (Decrease) in Provisions	1109.57	7650.21
	<u>1691.82</u>	<u>-40545.41</u>
Net Cash Flow from Operating Activities (A)	<u>544.06</u>	<u>-33.43</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income	27.77	20.65
Increase in Fixed Assets	0.00	0.00
Decrease in Fixed Assets	0.00	253.26
Net Cash Flow from Investing Activities (B)	<u>27.77</u>	<u>273.91</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Secured loan	0.00	0.00
Increase in Un-Secured loan	0.00	0.00
Net Cash Flow from Financing Activities (C)	<u>0.00</u>	<u>0.00</u>
Net increase/decrease in Cash & Cash equivalent (A+B+C)	571.83	240.48
(D) Cash & Cash equivalent as on 1st April, 2017	953.95	713.47
Cash & Cash equivalent as on 31st March, 2018	1525.78	953.95

As per our report of even date

For Nagesh & Mylar

Chartered Accountants

Firm Regn No. 006477S

M.NAGESH

Partner

M.No. 202949

Place : Bangalore

Date : 07th September 2018

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

Director, DHI

DIN No.08043768

SHASHI B. SRIVASTAVA

Chairman & Managing Director

DIN No.07582574

TEN YEAR DIGEST

(₹ in Lakhs)

S.No	Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
1	Value of Production	-	5	5	37	61	55	303	288	263	138
2	Sales	-	5	5	37	61	117	279	312	219	122
3	Gross Profit before depreciation, Int & Tax	124	48,183	(1,218)	(22)	(243)	(329)	(90)	(49)	(68)	428
4	Depreciation	-	-	38	38	55	55	55	56	57	60
5	Gross Profit	124	48,183	(1,256)	(60)	(298)	(384)	(145)	(105)	(125)	368
6	Interest										
	a) Government	-	-	2,190	2,827	2,749	2,691	2,644	2,507	2,452	2,201
	b) Others	1,265	241	-	-	-	1	8	-	-	10
7	Profit before Tax	(1,140)	47,942	(3,446)	(2,887)	(3,191)	(3,115)	(2,875)	(2,612)	(2,577)	(1,843)
8	Provision for Tax	-	7,409	-	-	-	-	-	-	-	1
9	Profit after Tax	(1,142)	40,533	(3,446)	(2,887)	(3,191)	(3,115)	(2,875)	(2,612)	(2,577)	(1,844)
10	Gross Block	-	-	1,998	2,033	2,056	2,058	2,058	2,087	2,087	2,087
11	Net Block	-	-	253	297	338	393	448	503	559	616
12	Working Capital	(7,236)	(6,094)	(42,584)	(29,713)	(26,904)	(24,091)	(21,447)	(19,617)	(16,265)	(13,846)
13	Long Term Loans	-	-	15,109	11,300	11,127	10,730	10,468	10,171	9,928	9,684
14	Short term Loans incl. Cash Credit	-	-	-	1,209	1,341	1,435	1,316	1,688	1,762	1,972
15	Share Capital	844	844	844	844	844	844	844	844	844	844
16	Reserves & Surplus	(8,080)	(6,937)	(47,470)	(44,023)	(41,131)	(37,940)	(34,825)	(31,950)	-	-
17	Capital Employed	(7,236)	(6,094)	(29,420)	(29,420)	(26,567)	(23,697)	(20,999)	(19,114)	(15,706)	(13,230)
18	Net Worth	(7,236)	(6,094)	(46,626)	(43,180)	(40,287)	(37,097)	(33,982)	(31,106)	(28,494)	(25,917)
19	No. of employees	-	-	-	75	84	93	98	100	101	104
20	Value added	-	-	-	28	51	14	212	90	163	93
21	Salaries, wages & benefits	-	-	226	307	322	309	300	263	249	222
22	Value added per employee	-	-	-	0	1	0	2	1	2	1
23	Value added per Rupee of wages (Rs)	-	-	-	0	0	0	1	0	1	0
24	Contribution to Exchequer	-	-	-	-	1	15	18	15	4	99
25	Internal Resource Generation	-	-	-	-	-	-	-	-	-	-
26	Export incl. deemed export	-	-	-	-	-	-	-	-	-	-
27	Salaries and wages to Sales (%)	-	-	4,520	830	526	263	108	84	114	182
28	Material consumption to production (%)	-	-	-	-	1	39	25	59	25	24
29	Inventory No. of days production	-	-	-	657	409	457	114	73	113	147
30	Sundry Debtors No. of days Turnover	-	-	-	525	244	823	256	512	849	1,432

