



## 59<sup>th</sup> ANNUAL REPORT 2018-19

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## **BOARD OF DIRECTORS:**

(Shriyuths)

Akshya Kumar Panda : Chairman & MD (from 31.07.2019)

S. Girish Kumar : Chairman & MD (from 27.05.2019 to 30.07.2019)

Shashi B. Srivastava : Chairman & MD (from 24.11.2017 to 26.05.2019)

Madanpal Singh : Director (from 15.11.2018)

K.Jaiprakash : Director (from 08.06.2018 to 05.08.2019)

S.K.Venkatacharyulu : Director (from 26.11.2017)

Lakshmana Rao Peshve : Director (from 06.08.2019)

## **AUDITORS**

**S R & M R Associates**  
Chartered Accountants,  
Bangalore

## **BANKERS**

State Bank of India



## DIRECTORS' REPORT

To

### The Shareholders, Tungabhadra Steel Products Ltd.

The Directors of TSPL have the pleasure in presenting the 59<sup>th</sup> Annual Report of your Company together with the Audited Annual Accounts for the year 2018-19.

### HIGHLIGHTS OF PERFORMANCE

Cabinet Committee on Economic Affairs approved closure of the Company on 22.12.2015. CCEA approved to relieve all the employees on VRS on 9.3.2016. There were no sales during the year as there are no operations since long time. The income in 2018-19 is only from sale of scrap, recovery from debtors and sale of land. Declared Income for the year was Rs.

18.89 lakhs as compared to Rs. 230.15 lakhs in 2017-18. Consolidated profit before tax for the year was Rs. 1720.99 lakhs (loss) as compared to Rs. 1140.18 lakhs (loss) in 2017-18. Consolidated Loss after tax for the year was Rs. 2655.20 lakhs as compared to Rs. 1142.44 lakhs in 2017-18.

### FINANCIAL RESULTS

(Rs. in Lakhs)

PARTICULARS	CURRENT	PREVIOUS
	YEAR	YEAR
	31-03-2019	31-03-2018
Total income	18.89	230.15
Profit before interest, depreciation & tax	(1718.75)	124.37
LESS: Interest	2.24	1264.55
Depreciation	0.00	0.00
Profit before tax	(1720.99)	-1140.18
Provision for Tax	934.21	2.26
Profit after tax	(2655.20)	1142.44
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	(2655.20)	(1142.44)

### CHANGE IN NATURE OF BUSINESS

There was no business income during the year. In 2017-18, the Company had received income towards generated power at Malaprabha Mini Hydel Plant and earned Rs.147.21 lakhs income. The MMHP was transferred to Government of Karnataka on 15<sup>th</sup> March 2018 as per CCEA approval.

### 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. Interest free loan of Rs.35.55 crore was received from Government of India to meet VRS/employee's related dues and to pay dues to SBI under OTS. CCEA also approved to write off GOI loan of Rs.115.84 crore given to TSPL and accrued interest of Rs.315.92 crore by freezing interest as on 31.12.2015, after closure of the Company. DHI/GOI assumed the right to transfer of immovable assets to Central Government Ministries/departments/Autonomous bodies /CPSEs/PSBs at prevailing rates. The above said transfer was in lieu of principal GOI loan of Rs.115.84 crore given to TSPL and accumulated interest thereon to the extent of Rs. 315.92 crore. In line with the approval of CCEA, Company introduced VRS and relieved all the employees on 9.3.2016 and settled their dues. The SBI loan under OTS was also paid on 30.3.2016. The Company waived GOI loan and interest there on and came out of BIFR in June 06.09.2016.

### SHARE CAPITAL

The paid-up Equity Share Capital of the Company as on 31<sup>st</sup> March 2019 was Rs. 843.50 Lakhs. There is no change in the share capital. During the year, the Company has not issued shares or granted stock options or sweat equity.



## THE PROPOSED AMOUNTS TO CARRY TO ANY RESERVES

The Company transfers current year **Loss** of Rs. 2655.20 lakhs to General Reserves and Company have (-) Rs. 10734.75 lakhs on account of Reserve as on 31st March 2019.

## DIVIDEND

The Company is dependent for funds from GOI and no dividend is being recommended by the Director for the year 2018-19.

## DEPOSITS

The Company has not accepted deposit from the members or the general public as on 31<sup>st</sup> March 2019. There are no small depositors in the Company.

## NUMBER OF MEETINGS OF THE BOARD

The following Meetings of the Board of Directors were held since January 2018 :

Sl. No.	Date of Meeting	Board Strength	No. of Directors Present
1	04.01.2018	4	3
2.	16.03.2018	4	2
3.	07.09.2018	3	2

## DIRECTOR AND KEY MANAGERIAL PERSON

### 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.

### APPOINTMENT

- i) Smt. Shashi B. Srivastava was appointed as Chairman & Managing Director under the provisions of the Companies act, 2013 on 24-11-2017.

- ii) The Ministry vide letter No. F.no.7(3)/98-PE.IV dated 15<sup>th</sup> November 2018, communicated the appointment of Shri Madanpal Singh, Joint Director, Department of Heavy Industries & Public Enterprises as part time Official Director of the Company on Board in place of Shri. Sunil Kumar Singh with effect from 15th November, 2018.

- ii) 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. Satyanarayana on 26.11.2017.

- iii) The Govt. of Karnataka vide letter dated 08.06.2018, communicated appointment of Shri K. Jaiprakash, Secretary, WRD Department, Govt. of Karnataka as part time Official Director of the Company on Board in place of Shri. B. G. Gurupadaswamy with effect 8th June 2018.

## APPOINTMENT OF AUDITORS

The Comptroller and Auditor General of India appointed M/s SR & MR Associates, Chartered Accountants, Bangalore as Statutory Auditors of the Company for the accounting year 2018-19 under Section 139 of the Companies Act, 2013.

## PARTICULARS OF EMPLOYEES

There is no employee in the Company whose remuneration was paid by the Company or was in excess of the limits prescribed under section 134(3)(q) of the Companies Act, 2013 read with Rule 5(2) & (3) of rules The Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014. One person is hired on deputation and another is taken on short term contract.



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## **COMPTROLLER & AUDITOR GENERAL OF INDIA REPORT**

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

## **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

There are no permanent employees in the Company.

## **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

Law is not applicable in this case.

## **EXTRACT OF ANNUAL RETURN**

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

## **CORPORATE GOVERNANCE REPORT**

The Company have not carried on any operations for a long time, minimal expenditure is incurred and so there is no Corporate Governance issue.

## **IMPLEMENTATION OF OFFICIAL LANGUAGE**

Since the Company is under closure and there are no employees as on 31.03.2019, the implementation of the Official Language is not applicable to the Company.

## **VIGILANCE ACTIVITIES**

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

## **EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENT**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the financial year ended 31.03.2019 and the date of this report.

## **RELATED PARTY TRANSACTIONS**

There are no related party transactions during the Financial year 2018-19

## **PARTICULARS OF LOANS, GURANTEES AND INVESTMENT**

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

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

The Company has engaged the services of M/s. Manohar and Venkata, Chartered Accountants from Panel of CAG as Internal Auditors for the year 2018-19. 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 is entirely depending on budgetary support from Government of India for payment of its liabilities and hence Company is not in a position to spend on CSR activities. There are no profits from operations.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;



- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts considering that Company is not a going concern.
- (e) The directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

Shri Akshya K Pandya, Chairman & Managing Director of TSPL Ltd.,

Shri Madanpal Singh

Shri SK Venkatacharyulu

Shri Lakshmana Rao Peshve

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

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.

#### **RISK MANAGEMENT POLICY OF THE COMPANY**

There are no material assets of the Company. The Bank accounts of the Company is being operated by CMD, TSPL and Shri K. C. Markose.

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

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.

#### **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 Auditors, Internal Auditors, various State Governments of Karnataka and Andhra Pradesh, Banks for their continued co-operation and patronage. Your Directors would also like to wish to record their appreciation for good teamwork rendered by employees in performance of their duties.

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

**Sd/-**  
**(Akshya K Pandya, C&MD)**  
Chairman & Managing Director

Place : Bangalore

Date : 26<sup>th</sup> November, 2019



### LIST OF SHAREHOLDERS

Sl. No	Share/Debenture Holder's Name and Address	Types of Shares/ Debentures	No of Shares/ Debentures held Stock	Amount per Shares (in Rs.)
1	President of India, New Delhi	Equity	66899	1000
2	Governor of Karnataka Care Commissioner & Secretary to Karnataka Government Secretariat Vidhana Soudha, BANGALORE	Equity	7396	1000
3	Governor of Andhra Pradesh Care Principal Secretary to Government of Andhra Pradesh I&CAD (PW) Department, AP Secretariat HYDERABAD	Equity	7596	1000
4	Engineer-in-Chief (Adm), Irrigation & CAD Department Government of Andhra Pradesh, ErrumManzil, HYDERABAD	Equity	1227	1000
5	Joint Secretary to Government of Andhra Pradesh, Irrigation & CAD (PW) Department, Secretariat, HYDERABAD	Equity	1227	1000
6	Chairman & Managing Director, TSPL	Equity	1	1000
7	Under Secretary to Government of Karnataka, C&I Department (C&C), III Floor, M.S. Buildings, BANGALORE	Equity	1	1000
8	Special Officer, Budget Government of Karnataka, Finance Department, Computer Cell, II Floor, Vidhana Soudha, BANGALORE	Equity	1	1000
9	Special Officer, & Ex- Officio, Deputy Secretary to Government, PW Finance Cell, II Floor, Vidhana Soudha, BANGALORE	Equity	1	1000
10	Secretary to Government of Karnataka, PWD, Stage IV, VI Floor, M.S. Buildings, BANGALORE	Equity	1	1000



## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2019

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

#### I. REGISTRATION AND OTHER DETAILS:

- i. CIN : U74210KA1970PLC001379
- ii. Registration Date : 01/01/1970
- iii. Name of the Company : Tungabhadra Steel Products Limited
- iv. Category/Sub-Category of the Company : Public Company Limited by Shares / Indian Non Government Company
- v. Address of the registered office and contact details : Tungabhadra Dam, Hospet, Bellary, Karnataka, KA-583225  
Ph.: 91-9141097165  
Email : tsptbdam@gmail.com
- vi. Whether listed company : No
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any : Not Applicable

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

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

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

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

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

TUNGABHADRA STEEL PRODUCTS LIMITED 2018-19





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

##### i) Category-wise Share Holding

Category Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/State Government(s)	0	8435000	8435000	0.00	0	8435000	8435000	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>0</b>	<b>8435000</b>	<b>8435000</b>	<b>0.00</b>	<b>0</b>	<b>8435000</b>	<b>8435000</b>	<b>100.00</b>	<b>0.00</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
	<b>INSTITUTIONS</b>									
(a)	Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(2)	<b>NON-INSTITUTIONS</b>									
(a)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Individual holding nominal share capital upto Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Individual holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Others									
	<b>Sub-Total B(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total B=B(1)+B(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total (A+B) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C) :</b>	<b>0</b>	<b>8435000</b>	<b>8435000</b>	<b>0.00</b>	<b>0</b>	<b>8435000</b>	<b>8435000</b>	<b>100.00</b>	<b>0.00</b>



**ii) Shareholding of Promoters**

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

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

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

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

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



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

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	-NIL-	-NA-	-NIL-	-NA-
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-NA-		No change	
At the End of the year	-NIL-	-NA-	-NIL-	-NA-

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**  
(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<i>Indebtedness at the beginning of the financial year as on 01.04.2018</i>				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in Indebtedness during the financial year				
- Addition	0	0	0	0
- Reduction		-	-	
<b>Net Change</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Indebtedness at the end of the financial year 31.03.2019</i>				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



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**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- A. *Remuneration to Managing Director, Whole-time Director and/or Manager : NIL***
- B. *Remuneration to other Directors : NIL***
- C. *Remuneration to Key Managerial Personnel other than MD / Manager / WTD : NIL***

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENSES : NIL**

For and on behalf of the Board of Directors

Place : Bangalore  
Date :02-12-2019

**Sd/-**  
**(Akshya K Pandya)**  
Chairman & Managing Director



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## INDEPENDENT AUDITOR'S REPORT

**To**  
**The Members of**  
**M/s Tungabhadra Steel Products Limited**  
Hospet, Bellary district, Karnataka.

### Report on the Financial Statements

We have audited the financial statements of **M/s. TUNGABHADRA STEEL PRODUCTS LIMITED** (the "Company") having **CIN:U74210KA1970PLC001379**, which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss, the cash flow statement for the year then ended and notes to financial statement including a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

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

- a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2019:
- b. In the case of statement of Profit & Loss, of the **Loss** for the year ended on that date: and
- c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit

of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by ICAI together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the act and rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

### **Emphasis of Matter**

1. Reference to Note No.12,

The Company has made full and final payments to the Creditors as per settlement agreements which were written off in the earlier years. However, in case of Steel authority of India Limited(SAIL) and its subsidiary IISCO, the Company has made payment of Rs.257.10lakhs as final settlement. However, SAIL has counter claim of Rs.1,609.57 lakhs as due from TSPL. The difference of Rs.1,352.46 lakhs is disclosed as contingent liability and same has been acknowledged by the company.

2. As explained in Significant Accounting policies – Sl. No.13.16, the amount realized from sale of land to Karnataka Housing Board (January 2019) is shown as payable to Government of India (GOI). The company had offered Capital gains on notional basis, on the same land, in the FY 2016-17 and accordingly the Company had also paid applicable taxes on the same (as per the GO dt.07.01.2016). Hence, the sale proceeds on disposal of land is classified as unsecured loan from Government of India, as per their directions dated 7<sup>th</sup> January 2016.

### **Other Matter**

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



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure -B, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance sheet and the statement of Profit and Loss dealt with by this Report are in agreement with the books of accounts maintained by the company;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2019 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March 2019 from being appointed as a director in terms of Section 164 (2) of the Act
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls under Clause (1) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act"), refer to our separate Report in "Annexure C" and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There are no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by Section 143 (5) of the Act, we report that:
  1. The Company has system in place to process all the accounting transactions through IT system supported by evidence of documents and there is no process of accounting transaction outside the IT system and therefore, no financial implications on the Company.



2 The following creditors are written off in the books:

	<b>Amount</b> <b>(Rs.in lakhs)</b>
Total debts written off in	
earlier years	783.55
Claim of debts made by the creditors / Legal Cases	2,159.31
One time settlement of creditors during the year / Legal Cases	456.46
Claim of debts not made by the creditors	257.63

3 The Company had received funds from the Central Govt. of India for specific schemes and the same were properly accounted for / utilised as per terms and conditions and there were no situation of deviation of fund.

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

Sd/-

**CA. M. R. Venkatesh Babu**  
Partner  
Membership No.206878

Place : Bangalore  
Date : 20/05/2019





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

### **Annexure A : Auditor Responsibilities for the audit of Financial Statements**

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

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

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



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

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

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

**CA. M. R. Venkatesh Babu**  
Partner  
Membership No.206878

Place : Bangalore  
Date : 20/05/2019



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

### Annexure B : Report under the Companies (Auditor's Report) Order, 2016

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report that:

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

Tax Head	Amount	Period for which amount relates
Income tax	41.56	2016-17

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



other material statutory dues except the following:

Rs. in lakhs

Tax Head	Amount	Period for which amount relates
Sales tax	233.21	1999-00 to 2006-07
Service tax	12.14	2007-08 to 2011-12

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or dues to debenture holders during the year.
9. The company has not raised moneys by way of initial public offer or further public offer (including debt instrument).
10. Based upon the audit procedures performed and according to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit that causes the financial statements to be materially misstated.
11. As per information and to the best of our knowledge, the provision of Section 197 read with Schedule V of the Companies act is not applicable to the Company.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial statements etc. as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.
16. According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-

**CA. M. R. Venkatesh Babu**  
Partner  
Membership No.206878

Place : Bangalore  
Date : 20/05/2019

**TUNGABHADRA STEEL PRODUCTS LIMITED 2018-19**



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

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

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of (‘the Company’) as of 31-Mar-2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



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## Meaning of Internal Financial Controls Over Financial Reporting

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

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31-Mar-2019, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issue by the Institute of Chartered Accountants of India.

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

Sd/-

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

Partner

Membership No.206878

Place : Bangalore

Date : 20/05/2019



**ADDENDUM TO DIRECTORS' REPORT FOR THE YEAR 2018-19 IN RESPECT OF  
OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF TSPL  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**

Ref.	Statutory Auditors' Observations	Company's Reply
1.	<p>The company has made earlier year payments to CISF of Rs.3,47,53,970/- towards deployment charges and Rs.4,00,52,007/- towards interest during the year which was written off in the FY 2016-17. However, the Company doesn't have any required approvals from respective authorities.</p>	<p>Department of Heavy Industry (DHI), Government of India gave directions to settle all taxes and Government dues as per demand. Ministry of Home Affairs were also consulted for waiver of interest on pending principal amount. Ministry of Home Affairs rejected waiver of any interest. From the available amount, the principal amount owed to CISF was paid as per directions of DHI.</p>
2.	<p>Reference to Note No. 12 . The company has made full and final payments to the creditors as per the settlement agreements which were written off in the earlier years. However, in case of SAIL and its subsidiary IISCO, the company has made payment of Rs. 257.10 lakhs as final settlement . However, SAIL has counter claim of Rs. 1609.57 lakhs as due from TSPL. The difference of Rs.1352.46 lakhs is not accounted in books of accounts and the same has not acknowledged by the company.</p>	<p>The policy of the Government of India in the matters of all closing CPSE that unsecured creditors cannot given a more favorable terms than those of secured creditors. All secured creditors were settled for full principal payment. Unsecured creditors were invited for OTS. SAIL did not participate. All unsecured creditors were discharged under OTS. SAIL was given a payment for the principal amount and requested to give a NOC. Department of Heavy Industry has written a letter to Chairman SAIL in this regard.</p> <p>NCLT, Kolkata bench in the matter of Hindustan Cables Limited on a petition of an operational creditor upheld this general principle adopted to discharge unsecured creditors</p>



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**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 on 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of Act are 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 20 May 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act, of the financial statements of Tungabhadra Steel Products Limited for the year ended on 31 March 2019. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

**A. Comments on Profitability**

**Statement of Profit and Loss**

**VI. Exceptional items.**

1. The above is understated by Rs.55.23 crore due to non-accounting of the amount realized from sale of land to Karnataka Housing Board (January 2019). The Company has utilized the above amount towards payment of Income Tax on account on the tax levied on write off of Government of India's loan and interest amounting to Rs.467.07 crore, which was incorrectly accounted as Capital Gains of Rs.467.07 crore was commented under section 143(6)(b) of Companies Act, 2013 on the accounts for the year 2016-17 and qualified by the Statutory Auditors during 2017-18. However, no corrective action has been taken by the Management in this regard during 2018-19. Further, the non-accounting of the amount realized towards sale land has resulted in incorrect disclosure of loss before tax of Rs.17.21 crore instead of a profit before tax of Rs.38.02 crore. This has also resulted in concealment of material facts. Thus, the financial statement of the Company for the year 2018-19 do not reflect a true and fair view and are also not in conformity with the generally accepted accounting principles.





## **B. Comments on Financial Position**

### **Equity and Liabilities**

#### **Current Liabilities**

#### **Other Current Liabilities Rs.59.15 crore**

2. The above is overstated by Rs.55.23 crore due to incorrect accounting of the amount realized from sale of land to Karnataka Housing Board (January 2019) as payable to Government of India (GOI), in view of the following:
- (i) GoI has written off the loan and interest during 2016-17;
  - (ii) The Company has already written off of GoI loan and interest amounting to Rs.467.07 crore during 2016-17;
  - (iii) Ministry of Heavy Industries & Public enterprises, vide letter dated 18.01.2018, has directed the Company to settle the balance claims/liabilities owed by the Company to all entities from the sale proceeds of movable and immovable assets.

Thus, the financial statements of the Company for the year 2018-19 do not reflect a true and fair view and are also not in conformity with the generally accepted accounting principles.

## **C. Comments on Cash Flow**

### **Statement of Cash Flow**

3. Cash Flow Statement does not depict the receipt of Rs.55.23 crore from sale of land and utilization thereof during the year. This has resulted in non-compliance with the provisions of Accounting Standard (As 3) – Cash Flow Statement and also concealment of material facts.

## **D. Comments on Disclosure**

### **Notes on Accounts**

#### **Note no.13.16**

4. The above Note indicates that the sale proceeds of the land amounting to Rs.55.23 crore are to be disbursed to Government of India or to be utilized for the purposes stated in the Government order. However, the fact that Rs.55.23 crore has been already utilized towards payment of outstanding Income Tax liability has not been disclosed. In view of this, the above Note does not reflect the factual position.

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

**Sd/-**

**(M. S. Subrahmanyam)**

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

Place : Hyderabad

Date : 07/08/2019



CAG Comments	Statutory Auditor's Response
<p><b>Statement of Profit and Loss</b> <b>VI. Exceptional items</b></p> <p>1. The above is understated by Rs.55.23 crores due to non-accounting of the amount realized from sale of land to Karnataka Housing Board (January 2019). The Company has utilized the above amount towards payment of Income Tax on account on the tax levied on write off of GOI loan and interest amounting to Rs.467.07 crore which was incorrectly accounted as Capital Gains during 2016-17. This issue of incorrect accounting of capital gain of Rs.467.07 crore was commented u/s 143(6)(b) of Companies Act, 2013 on the accounts for the year 2016-17 and qualified by the Statutory Auditor during 2017-18. However, no corrective action has been taken by the Management in this regard during 2018-19. Further, the non-accounting of the amount realized towards sale of land has resulted incorrect disclosure of loss before tax of Rs.17.21 crore instead of a profit before tax of Rs.38.02 crore. This has also resulted in concealment of material facts. Thus, the financial statements of the Company for the year 2018-19 do not reflect a true and fair view and are also not in conformity with the generally accepted accounting principles.</p>	<ul style="list-style-type: none"><li>- TSPL held land of around 82 Acres at Hospet. The GOI/DHI had offered to take over this land in lieu of the dues by TSPL to GOI. This was as per the Letter dt.07/01/2016 issued by DHI to TSPL.</li><li>- Based on the above letter, the Company had considered that the land has been sold and accounted the sale consideration and squared off the dues to GOI. {The dues of GOI as per the books of were setoff against the notional sale consideration pertaining to Land}. The same has been shown as capital gain earnings under the provisions of Income Tax Act, 1961 and paid the respective taxes during the year 2016-17.</li><li>- CAG raised an objection on the above accounting treatment in their letter No.DGCA/A/C/Desk/2018-19/TSPL/1.56/13._dated 18<sup>th</sup> July 2019 to the auditors for the year 2016-17.</li><li>- The Company sent a reply, stating that the transactions recorded in the books of accounts are in order and had not rectified or altered its books of accounts or the relevant returns for the year 2016-17.</li><li>- On receipt of the audited financials and audit report for the financial year 2017-18, the CAG had raised this objection again and sent a letter vide No.DGCA/A/C/Desk/2018-19/TSPL/1.56/13dated 7h August 2019</li><li>- <b>Based on this objection by CAG, a revised Audit report was issued on 04/03/2019 by the Statutory Auditors of the Company for the year 2017-18 and given a qualified opinion that, the transactions pertaining to sale of land and write off of GOI dues, during the year 2016-17 was incorrect.</b></li></ul>



	<p><b>As per the Audit of books of accounts for the year 2018-19 and review of earlier years' Audit reports and financials of the Company carried out by us, we give below the following comments;</b></p> <ul style="list-style-type: none"><li>- The Sale consideration pertaining to the deemed sale of land has been accounted and disclosed in the books of account during the year 2016-17 and the relevant taxes on Income has been offered to tax for the same year.</li><li>- The Company has not revised its books of accounts nor the relevant Income Tax returns for the F Y 2016-17 and 2017-18 as per the comments of the CAG. The time limit for filing revised return is also barred and Company has no option to correct this as per the advice of CAG.</li><li>- Therefore, accounting the sales consideration realised in the F Y 2018-19 for the same land on execution of sale deed (for the sake of transfer of title alone), as sale consideration would amount to duplication in the books of accounts of the Company.</li><li>- Further, during the year 2018-19 TSPL is holding the Amount (sale consideration) on behalf of the GOI, and hence the same is accounted under the group Current liabilities.</li></ul>
<p><b>Equity and Liabilities</b> <b>Current Liabilities</b> <b>Other Current Liabilities Rs.59.15 crore</b></p> <p>2. The above is overstated by Rs.55.23 crore due to incorrect accounting of the amount realized from sale of land to Karnataka Housing Board (January 2019) as payable to Government of India (GOI) in view of the following:</p> <p><b>(i) Write off of GOI loan and interest amounting to Rs. 467.07 crore during 2016-17;</b></p>	<p>The treatment of amount realized on sale of land has been explained in detail in response to SI. No.1 above.</p> <p>TSPL was holding the proceeds of sale of land as custodian on behalf of the GOI. Hence the same is disclosed as Current liabilities.</p>



<p><b>(ii) Ministry of Heavy Industries &amp; Public Enterprises, vide letter dated 18.01.2018, has directed the Company to settle the claim / liabilities owed by the Company to all entities from the sale proceeds of movable and immovable assets.</b></p> <p>Thus the financial statements of the Company for the year 2018-19 do not reflect true and fair view and are also not in conformity with the generally accepted accounting principles.</p>	
<p><b>Statement of Cash Flow</b></p> <p>3. The above does not depict the receipt of Rs.55.23 Crore from sale of land and utilization there of during the year. This has resulted in non-compliance to the provisions of Accounting Standard (AS 3) Cash Flow Statement and also concealment of material facts.</p>	<p>In continuation of our explanation in Point No.1, The Company doesn't have ownership on the date of sale of the asset and therefore, the proceeds from sale of land is not disclosed under cash flow from "investing activity". However, since there is a specific direction from GOI, to repay the liabilities, from the realization on sale of land and it had realized the money as an agent, the same was disclosed under Current liabilities and not as receipt from Investing Activities.</p>
<p><b>Notes on accounts</b></p> <p>6. The above note indicates that the sales proceeds of the land amounting to Rs.55.23 crore are to be disbursed to Government of India or to be utilized for the purposes stated in the Government order. However, the fact that Rs.55.23 crore has been already utilized towards payment of outstanding Income Tax liability has not been disclosed. In view of this, the above notes do not reflect factual status.</p>	<p>The above note was to disclose the accounting treatment of the amount realized on sale of land held on behalf of the Government of India.</p> <p>Since, the same cannot be accounted as sale proceeds, it is disclosed under Current liabilities.</p> <p>It also specifies that to be disbursed to GOI or to be utilized for the purposes stated in Government order. Therefore, the above note reflects the factual status of the transaction.</p>

In case if you need further clarification on the above, we request you to give us a personal hearing to elaborate on the above issues.

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

Sd/-

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

Partner

Membership No.206878

Place : Bangalore

Date : 09/08/2019


**BALANCE SHEET AS AT 31st MARCH, 2019**

₹ in Lakhs)

	Note No.	As at 31.03.2019	As at 31.03.2018
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's funds</b>	<b>1</b>		
(a) Share capital		843.50	843.50
(b) Reserves and surplus		(10,734.75)	(8,079.55)
(c) Money received against share warrants		-	-
(d) Share application money received -		-	-
		<b>(9,891.25)</b>	<b>(7,236.05)</b>
<b>2. Non-current liabilities</b>	<b>2</b>		
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	-
		-	-
<b>3. Current Liabilities</b>	<b>3</b>		
(a) Short term borrowings		-	-
(b) Trade payables		1.46	-
(c) Other current liabilities		5,914.96	40.65
(d) Short term provisions		4,156.14	8,759.78
		<b>10,072.55</b>	<b>8,800.43</b>
<b>TOTAL</b>		<b>181.31</b>	<b>1,564.38</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>	<b>4</b>		
(a) Fixed assets			
(i) Tangible assets		-	-
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	0.02	0.02	-
(e) Other non-current assets		5.28	9.98
		<b>5.30</b>	<b>10.00</b>

**BALANCE SHEET AS AT 31st MARCH, 2019**

₹ in Lakhs)

	<b>Note No.</b>	<b>As at 31.03.2019</b>	<b>As at 31.03.2018</b>
<b>2. Current assets</b>	<b>5</b>		
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		1.99	3.99
(d) Cash and cash equivalents		103.85	1,525.78
(e) Short-term loans and advances	-	-	-
(f) Other current assets		<u>70.16</u>	<u>24.61</u>
		<b>176.00</b>	<b>1,554.38</b>
<b>TOTAL</b>		<b><u>181.31</u></b>	<b><u>1,564.38</u></b>

**Significant accounting policies and  
notes to accounts**

13

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

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

**CA. M. R. Venkatesh Babu**  
Partner  
M.No. 206878

**S. K. Venkata Charyulu**  
Director  
DIN No.08254941

**Shashi B. Srivastava**  
Director  
DIN No.07582574

Place : Bengaluru  
Date : 08th May 2019


**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019**

₹ in Lakhs)

	Note No.	As at 31.03.2019	As at 31.03.2018
<b>Income</b>			
I Revenue from operations	6	3.88	183.41
II Other income	7	15.01	46.74
<b>III Total Revenue (I + II)</b>		<b>18.89</b>	<b>230.15</b>
<b>IV Expenses</b>			
Purchase of Materials & Project Expenses	8	-	-
Changes in inventories of finished goods, work in progress and Stock-in- trade	9	-	-
Employee benefits expense	10	-	-
Depreciation & amortization expense		-	-
Finance Costs	11	2.24	1,264.55
Administration & Other Expenses	12	1,737.64	105.78
- Including			
One time Settlement to Creditors			
- Rs. 456.46 L			
Payment to CISF of old dues - Rs. 1138.11 L			
Municipal Taxes - Rs. 54.33 L			
Interest on amounts due to KHB - Rs. 30.43 L			
<b>Total Expense</b>		<b>1,739.88</b>	<b>1,370.33</b>
V Profit before exceptional and extraordinary items and tax (III-IV)		(1,720.99)	(1,140.18)
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V-VI)		(1,720.99)	(1,140.18)
VIII Extraordinary items		-	-
IX Profit before tax (VII-VIII)		(1,720.99)	(1,140.18)
X <b>Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Previous year tax		934.21	2.26
		934.21	2.26
<b>XI Profit After Tax (IX - X)</b>		<b>(2,655.20)</b>	<b>(1,142.44)</b>
XII Profit/(Loss) for the period from discontinuing operations		-	-

**TUNGABHADRA STEEL PRODUCTS LIMITED 2018-19**



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**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019**

₹ in Lakhs)

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	<b>Note No.</b>	<b>As at 31.03.2019</b>	<b>As at 31.03.2018</b>
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
<b>XV Profit/(Loss) for the period (XI + XIV)</b>		<b>(2,655.20)</b>	<b>(1,142.44)</b>
<b>XVI Earnings per equity share:</b>			
(1) Basic		(0.03)	(0.01)
(2) Diluted		(0.03)	(0.01)
<b>See accompanying notes to the financial statements</b>	<b>13</b>		

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

**CA. M. R. Venkatesh Babu**  
Partner  
M.No. 206878

Place : Bengaluru  
Date : 20th May 2019

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

**S. K. Venkata Charyulu**  
Director  
DIN No.08254941

**Shashi B. Srivastava**  
Director  
DIN No.07582574





## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019

(in Lakhs)

	Year Ended 31.03.2019	Year Ended 31.03.2018
<b>Cash flows from operating activities</b>		
Profit Before Taxation	(2,655.20)	(1,142.44)
<b>Adjustment for:</b>		
<b>Add:</b>		
Depreciation	-	-
Provision for income tax	934.21	-
Loss on sale of other Assets	-	22.45
<b>Less:</b>		
Interest Income	-	(27.77)
<b>Working capital changes:</b>		
(Increase) / Decrease in trade and other receivables	2.00	-
(Increase) / Decrease in inventories	-	-
(Increase) / Decrease in Other current assets	(45.55)	624.54
(Increase) / Decrease in Short term Loans and advances	-	(18.49)
(Increase) / Decrease in Long term Loans and advances	(0.00)	-
Increase / (Decrease) in Other non current assets	4.70	-
Increase / (Decrease) in Other current liabilities	5,874.31	(26.48)
Increase / (Decrease) in trade payables	1.46	2.68
Increase / (Decrease) in Short term Provisions	(4,603.64)	1,109.57
<b>Cash generated from operations</b>	<b>(487.72)</b>	<b>544.06</b>
Interest paid	-	-
Provision for income tax	(934.21)	-
<b>Net cash from operating activities</b>	<b>(1,421.93)</b>	<b>544.06</b>
<b>Cash flows from investing activities</b>		
Interest Income	-	27.77
<b>Net cash used in investing activities</b>	<b>-</b>	<b>27.77</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	-	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,421.93)</b>	<b>571.83</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,525.78</b>	<b>953.95</b>
<b>Cash and cash equivalents at end of period</b>	<b>103.85</b>	<b>1,525.78</b>

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

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

**CA. M. R. Venkatesh Babu**  
Partner  
M.No. 206878  
Place : Bengaluru  
Date : 20th May 2019

**S. K. Venkata Charyulu**  
Director  
DIN No.08254941

**Shashi B. Srivastava**  
Director  
DIN No.07582574



Particulars	As at		₹ in Lakhs)
	31.03.2019	As at	31.03.2018
<b>NOTE No. 1 (a) - Share Capital</b>			
<b>Authorised Share Capital :</b>			
1,00,000 Equity Shares of Rs.1000 each (Previous year 1,00,000 Equity Shares of Rs. 1000/- each)	1000.00		1000.00
<b>Issued, Subscribed &amp; Paidup Share Capital :</b>			
84,350 Equity Shares of Rs.1000 each (Previous year 84,350 Equity Shares of Rs. 1000/- each)	843.50		843.50
<b>Total</b>	<b>843.50</b>		<b>843.50</b>

#### Break-up of Shares

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	84,350	843.50	84,350	843.50
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>84,350</b>	<b>843.50</b>	<b>84,350</b>	<b>843.50</b>

#### Details of Shareholding

##### Equity Share Capital

Name of the Share Holder	As at 31 March 2019		As at 31 March 2018	
	No of Shares	% holding	No of Shares	% holding
Government of India	66,900	79.32%	66,900	79.32%
Government of Andhra Pradesh	10,050	11.91%	10,050	11.91%
Government of Karnataka	7,400	8.77%	7,400	8.77%
<b>Total</b>	<b>84,350</b>	<b>100.00%</b>	<b>84,350</b>	<b>100.00%</b>

##### Preference Share Capital

Name of the Share Holder	As at 31 March 2019		As at 31 March 2018	
	No of Shares	% holding	No of Shares	% holding
NIL				
<b>Total</b>	-	-	-	-



Particulars	₹ in Lakhs)	
	As at 31.03.2019	As at 31.03.2018
<b>Note No. 1 (b) Reserves and surplus</b>		
- <b>Profit &amp; Loss Account</b>		
- Opening Balance	(8,079.55)	(6,937.11)
Add: Profit / (Loss) for the year	(2,655.20)	(1,142.44)
	(10,734.75)	(8,079.55)
Less : Proposed dividends	-	-
Provision for dividend distribution tax	-	-
Closing balance	(10,734.75)	(8,079.55)
<b>Total</b>	<b>(10,734.75)</b>	<b>(8,079.55)</b>
<b>Note No. 2 (a) Long Term Borrowings</b>		
- <b>Unsecured loans</b>	-	-
Term loans from Government of India	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note No. 2 (b) Long Term Provisions</b>		
Long term provisions	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note No. 3 (a) Short Term Borrowings</b>		
Short term borrowings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note No. 3 (b) Trade payables</b>		
Creditors - Suppliers & Others	1.46	-
<b>Total</b>	<b>1.46</b>	<b>-</b>
<b>Note No. 3 (c) Other Current Liabilities</b>		
<b>Other Payables</b>		
- Payable to Govt. of India	5,522.88	-
- Deposits From Contractors and Others	0.03	4.43
- Other Liabilities incl. CISF balance payable	387.01	8.49
- Statutory Dues	5.04	27.73
<b>Total</b>	<b>5,914.96</b>	<b>40.65</b>
<b>Note No. 3 (c) Short Term Provisions</b>		
Provision for Income Tax	4,156.14	8,759.78
<b>Total</b>	<b>4,156.14</b>	<b>8,759.78</b>
<b>Note No. 4 (d) Long-term loans and advances</b>		
- Security Deposits	18.87	18.87
Less: Provision for doubtful advances	(18.85)	(18.85)
<b>Total</b>	<b>0.02</b>	<b>0.02</b>



₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Note No. 4 (e) Other Non-Current Assets</b>		
Licence fee receivables	5.28	9.98
<b>Total</b>	<b>5.28</b>	<b>9.98</b>
<b>Note No. 5 (b) Inventories</b>		
<b>Total</b>	-	-
<b>Note No. 5 (c) Trade receivables</b>		
- Trade Receivables outstanding for a period exceeding 6 months from the date they were due for payment	484.16	486.77
- Other Trade Receivables - Unsecured and considered Good	-	-
Less: Provision for Doubtful Debts	(482.17)	(482.78)
<b>Total</b>	<b>1.99</b>	<b>3.99</b>
<b>Note No. 5 (d) Cash and cash equivalents</b>		
Cash in hand	-	-
<b>Cash at Banks :</b>		
Current Accounts	53.85	1,093.23
Term Deposits	50.00	432.55
<b>Total</b>	<b>103.85</b>	<b>1,525.78</b>
<b>Note No. 5 (e) Short term Loans and Advances</b>		
Loans and advances to employees	-	-
<b>Total</b>	-	-
<b>Note No. 5 (f) Other current assets</b>		
Prepaid expenses	-	-
Balance with Government Authorities	5.80	-
Interest accrued on Bank & Other deposits	7.68	21.63
TDS Receivables	56.68	2.98
<b>Total</b>	<b>70.16</b>	<b>24.61</b>
<b>Note No. 6 Revenue from operations</b>		
Sale of Products	-	-
Sale of Services	-	-
Other Operating Revenues	-	-
- Sale of Raw Materials	-	-
- Sale of Scrap	3.88	183.41
<b>Total</b>	<b>3.88</b>	<b>183.41</b>
<b>Note No. 7 Other Income</b>		
Interest income	14.39	27.77
Excess provision written off	0.61	0.37
License fees	-	17.75
EMD Encashment	-	0.04
Other receipts	-	0.81
<b>Total</b>	<b>15.01</b>	<b>46.74</b>



Particulars	₹ in Lakhs)	
	As at 31.03.2019	As at 31.03.2018
<b>Note No.8 Purchase of Materials &amp; Project Expenses</b>		
Purchases of Materials	-	-
<b>Total</b>	-	-
<b>Note No.9 Changes in inventories of finished goods, work in progress and Stock-in- trade</b>		
Opening Stock :		
- Raw Materials	-	-
- Work in Progress	-	-
- Finished goods	-	-
	-	-
Closing Stock		
- Raw Materials	-	-
- Work in Progress	-	-
- Finished goods	-	-
	-	-
<b>Increase / (Decrease)</b>	-	-
<b>Note No. 10 Employee benefits expense</b>		
Employee benefits	-	-
<b>Total</b>	-	-
<b>Note No.11 Finance Costs</b>		
Interest on		
GOI Loans	-	-
Others	-	1,264.55
Bank Charges	2.24	-
<b>Total</b>	<b>2.24</b>	<b>1,264.55</b>
<b>Note No. 12 Administration &amp; Other Expenses</b>		
<b>Administration Expenses</b>		
Rent, rates and taxes	90.54	0.52
<u>Remuneration to Auditors:</u>		
- Audit fees	0.30	0.30
- Tax audit fees	0.10	0.10
Power charges	3.29	6.13
Contract expenses	1.70	-



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<b>Particulars</b>	₹ in Lakhs)	
	<b>As at 31.03.2019</b>	<b>As at 31.03.2018</b>
Site expenses	-	1.30
Maintenance expenses	-	0.24
Repairs and maintenance	0.14	0.52
MSTC disposal expenses and Commission	0.10	14.88
Equipment hire charges	1.50	0.14
Legal & professional charges	10.16	1.35
Internal audit fees	-	0.10
Postage and telephone expenses	0.46	0.51
One time settlement to creditors	456.46	0.02
Security expenses	1,138.11	21.80
Printing and stationery	0.82	0.35
Liaison office expense	-	1.41
Consultancy expenses	9.90	21.13
Conveyance and canteen allowance	5.71	0.98
Accrued income no longer receivable - now written off	14.38	-
Misc expenses	3.98	11.59
Loss on sale of fixed assets	-	22.45
Rounding off	-	(0.03)
<b>Total</b>	<b>1,737.64</b>	<b>105.78</b>

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**Statement of Depreciation for the F.Y. 2018-19 as per Companies Act, 2013**

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

₹ in Lakhs)

NAME OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2018	Additions/ (Deletions) during the year	As at 31.3.2019	Upto 31.3.2018	For the year	Upto 31.03.2019	As at 31.03.2019	As at 31.3.2018
<b>Tangible Fixed Assets</b>								
Free Hold Land	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Plant and Machinery	-	-	-	-	-	-	-	-
Mini Hydel Power Plant	-	-	-	-	-	-	-	-
Electrical installations & Equipment	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-
Office & Design Equipments	-	-	-	-	-	-	-	-
Furniture & Fixtures	-	-	-	-	-	-	-	-
Data Processing Equipments	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-	-	-
<b>Intangible Fixed Assets</b>	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-	-	-





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## **NOTE NO. – 13 – SIGNIFICANT ACCOUNTING POLICIES**

### **13.1 GRANTS-IN-AID**

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

### **13.2 FIXED ASSETS**

#### **a) CAPITALISATION :**

- (i) Gross Block is stated at historical cost.
- (ii) Internally fabricated equipments are valued at factory cost.
- (iii) Buildings are capitalized on the basis of completion certificate. All other assets are capitalized on issue to the user.
- (iv) Additions to Fixed Assets of individual value of Rs.5000/- and below each are written off to expenditure.
- (v) Gain/loss from disposal of assets are credited/charged to Profit and Loss Account.

#### **b) DEPRECIATION:**

- 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%.

### **13.3 VALUATION OF INVESTMENTS**

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

### **13.4 VALUATION OF INVENTORY**

#### **a) RAW MATERIALS, COMPONENTS, STORES AND SPARE PARTS AND OTHER MATERIALS**

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





- vi. Stationery and medicines are charged as expenditure on purchases.
- vii. Provision towards non-moving inventory is made based on the recommendations of the Technical Evaluation Committee.

**b) LOOSE TOOLS:**

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

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

- 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

**13.5. TRADE RECEIVABLE:**

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

**13.6. PREPAID EXPENSES**

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

**13.7 FOREIGN CURRENCY TRANSACTIONS**

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

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

**TECHNICAL KNOW-HOW FEE**

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



### 13.9 **REVENUE RECOGNITION ON CONTRACTS :**

#### **(A) ON CONTRACT**

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

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

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

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

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

### 13.10 **CLAIMS**

#### **a BY THE COMPANY:**

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

#### **b. CLAIMS AGAINST THE COMPANY:**

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

### 13.11. **RESEARCH AND DEVELOPMENT EXPENDITURE**

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

### 13.12 **RETIREMENT BENEFITS**

#### **a GRATUITY:**

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



**b. LEAVE ENCASHMENT ON RETIREMENT:**

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

**c. SETTLEMENT ALLOWANCE:**

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

**d. VOLUNTARY RETIREMENT EXPENSES**

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

**13.13. WARRANTY:**

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

**13.14. PRIOR PERIOD TRANSACTIONS**

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

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

**CA. M. R. Venkatesh Babu**  
Partner  
M.No. 206878

Place : Bengaluru  
Date : 20th May 2019

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

**S. K. Venkata Charyulu**  
Director  
DIN No.08254941

**Shashi B. Srivastava**  
Director  
DIN No.07582574



## OTHER NOTES TO ACCOUNTS

	31-03-2019 (Rs. in lakhs)	31-03-2018 (Rs. in lakhs)
<b>13.15 Contingent Liabilities in respect of</b>		
a. Claims against the Company pending judicial decisions	NIL	NIL
b. Other claims which the Company has not acknowledged	1,679.83	1,833.27
c. Counter Guarantees given to bank against Bank Guarantee	NIL	NIL

Brief note on other claims which the company has not acknowledged

- i. The Company was served with a demand notice by the service tax authorities for a claim of Rs.12,14,021/- towards interest and penalty for delayed payment and filing of service tax returns for the financial years from 2007-08 to 2011-12. Further, the Company made a request to service tax authorities for waiver of interest and penalty.
- ii. The Company was served with a demand notice by the sales tax authorities for a claim of Rs.2,33,21,828/- towards tax, interest and penalty for delayed payment and filing of sale tax return for the earlier years.
- iii. The Company had written off all the Creditors in the FY 2016-17. However, the Company creditors have every right to claim from the Company or from the Directors of the company (after dissolution) for their dues. Some of the creditors went to the court and attached the property of TSPL for their claim. The Board, in its 292<sup>nd</sup> Meeting held on 7<sup>th</sup> Sep,2018 was taken a decision to settle dues of creditors and to remove the creditors which are outstanding for more than 3 years from its books of accounts. Further, the Company has initiated negotiations with the creditors whose balances were written off earlier for onetime settlement and resultant liability were accounted in the books as and when the agreement was made with these creditors. However, the Company do not have 'No Due Certificate / Agreement' for the following creditors and this may result in a contingent liability.
- iv. The Company had three pending cases relating to employees in the court of Allahabad and Dharwad. The Cases have been adjudged and Standing Order for Writ Petition 29472/2016 is required to be issued for post 2007 retirees. The Company will settle the matters as per Court Orders.

Rs. In lakhs

Creditor Name	Amount written off in earlier years	Claimed by the party	Paid during the year	Outstanding amount
Steel Authority of India (SAIL) and Its Subsidiary - IISCO	285.67	1,609.57	257.10	1,352.46



**13.16** 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.315.99 crore 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/hospet/171/2017-18/530 dtd 14-06-2017 its agreement in purchasing the land at the prevailing market rate at Rs.66/- lakhs per acre.

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

During the year 2016-17, the Company has offered capital gains on the same land on notional basis, based on the value indicated in the Government Order dated 07.01.2016. During the current financial year, the Company has sold the land as detailed above and has realized an amount of Rs. 55.22 Crore. The said amount is currently grouped under other liabilities of the Company, since the same has to be disbursed to Govt. of India or shall be utilized for the purpose/s as stated in the Govt. Order.

**13.17** The BIFR on its hearing held on 12-06-2016 as 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 loan and interest, the net worth of 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.

**13.18** In-view of the decision of Govt. of India, the Company has disposed-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.

**13.19** Creditors / Trade Payable, other liabilities, Trade Receivables, claims recoverable, Deposits and Advances include some old / unlinked balances for more than three years and no confirmations received, such balances have been written off / provided / removed from the books of accounts in view of closure of the company.

**13.20** As the information on Trade payable registered as SSI units & Micro, Small and Medium Enterprises are not available with the Company, specific disclosure of dues to SSI units & Micro, Small and Medium Enterprises, if any, could not be made. Consequently no provision for interest liability that may arise has been made.

**13.21** Segment reporting under AS-17 is not applicable to the Company since there were no manpower and production activities in Factory during the year and in view of closure of the Company.



### 13.22 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 crore was written off in the books in lieu of assuming the right to transfer of Immovable assets of TSPL. All the movable assets are sold / disposed-off through MSTC e-auctions and the materials under disposal for which e-auctions are already completed are accounted at realizable value.

### 13.23 Income tax provision

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

13.24 Figures has been rounded off to thousands and disclosed in lakhs.

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

### 13.26 Going Concern

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

### 13.27 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.

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

**CA. M. R. Venkatesh Babu**  
Partner  
M.No. 206878

Place : Bengaluru  
Date : 20th May 2019

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

**S. K. Venkata Charyulu**  
Director  
DIN No.08254941

**Shashi B. Srivastava**  
Director  
DIN No.07582574

## TEN YEAR DIGEST

₹ in Lakhs)

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

