

FIRST INFORMATION REPORT (Under Sec. 154 Cr. P.C.)

Book No.1309

Serial No.19

1. District PS: Year FIR No. Date
Hyderabad CBI/ACB 2019 RC.14(A)/2019 30.12.2019
Hyderabad CBI/ACB/HYD

2. (1) Act IPC Sections: 120-B r/w 420, 406, 468 and 477A
(2) Act PC, 1988 Sections: 13(2) r/w 13 (1)(d)
(3) Act Sections: --
(4) Others Acts & Sections : --

3. (a) Suspected Offence : Criminal conspiracy, cheating, forgery of valuable security, forgery for the purpose of cheating, using the forged document as genuine and criminal misconduct.

Day Date Time
During 2013-2017

Information received at PS Date: 18.11.2019

Entry No.5 Date 30.12.2019 Time : 1500 hrs.

4. Type of information : Written

5. Place of occurrence : Union Bank of India, Hyderabad

(a) Direction & Distance from PS: Around -- kms.

Beat No.--

(b) Address : Union Bank of India, Regional Office,
Hyderabad.

(c) In case, outside the limit of this Police Station, then

Name of PS N.A. District : N.A.

6. Complainant / Informant.

(a) Name : Sri S.K.Bhargava

(b) Father's/Husband's Name: --

(c) Date of Birth (d) Nationality

(e) Passport No. Date of Issue Place of issue

(f) Profession (g) Address

Regional Head, Regional Office, Union Bank of India, Hyderabad

7. Details of known/suspected/unknown accused with full particulars
(Attached separate sheet, if necessary)

1. M/s Transstroy (India) Ltd. (Corporate Office), at Plot No.201, 202A, 202B, Guttalabegumpet, Kavuri Hills, Hyderabad, represented by its Managing Director Sri Cherukuri Sridhar.
2. Sri Cherukuri Sridhar, Managing Director M/s Transstroy (India) Ltd.,
3. Sri Rayapati Sambasiva Rao, Director and Promotor Chairman, M/s Transstroy (India) Ltd.
4. Sri Suryadevara Srinivasa Babji, Independent Non-Executive Additional Director, M/s Transstroy (India) Ltd.
5. Unknown public servants of bank.
8. Reasons for delay in reporting by the complainant/informant.

-No delay-

9. Particulars of properties Stolen (Attach separate sheet, if necessary)

-Nil-

10. Total value of property stolen

-Nil-

11. Inquest Report/U.D. Case No., if any,

-Nil-

12. First information contents (Attach separate sheet, if required)

Separate sheet enclosed

Central Bureau of Investigation
Hyderabad
Dy. Super. of Police
G. SUT HAKAR

13. Action taken: Since the above information reveals commission of offence(s) u/s as mentioned at Item No.2.

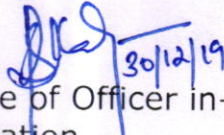
- (1) Registered the case and took up the investigation or
- (2) Directed (Name of IO) Rank No Took up for investigation
G. Sudhakar, Dy. Supdt. of Police
- (3) Refused investigation due to or
- (4) Transferred to PS District on point of jurisdiction

FIR read over to the complainant/informant, admitted to be correctly recorded and a copy given to the complainant/informant, free of cost.

R.O.A.C.

14.

Signature/Thumb Impression
of the complainant/informant

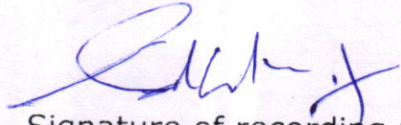

Signature of Officer in-charge
Police Station

Name

Rank

P. CEPHAS KALYAN, IPS
Superintendent of Police
CBI. ACB. HYDERABAD.

15. Date and time of dispatch to the Court : 30.12.2019 at 1530 hrs.


Signature of recording Officer
with date
G. SUDHAKAR
Dy. Supdt. of Police
Central Bureau of Investigation
Hyderabad.

INFORMATION

The complaint dated 08.08.2019 lodged by Sri S.K.Bhargava, Regional Head, Union Bank of India, Regional Office, Hyderabad addressed to the Supdt. Of Police, CBI, BS&FC, Bangalore alleging fraud, cheating, and criminal breach of trust by the company M/s Transtroy (India) Ltd., and its Directors involving an amount of Rs.264.31 crores plus interest.

The complaint revealed that the company M/s Transtroy (India) Ltd was enjoying credit limits with various banks under multiple banking arrangement. The original cash credit limit of Rs.50 crores was enhanced to Rs.81 crores and Letter of Guarantee limit from Rs.100 crores to Rs.234 crore and Letter of Credit limit Rs.35 crores to Rs.50 crores for M/s Transtroy (India) Ltd by the Credit Approval Committee of Union Bank of India, Mumbai.

During August, 2013 consortium was formed with Canara Bank as lead bank of the consortium in its meeting held on 19.08.2013. Subsequently the lead bank reported that the account was classified as NPA with them and the loan account with UBI was downgraded to sub-standard category as per the laid down procedure on 31.07.2015 due to persistent irregularities by the company, frequent devolvement of LCs, non-payment of interest on working capital limits and non-adjustment of devolved LCs, and non-routing of operations through consortium banks. The account was classified as NPA with all the banks and JLF was formed under the leadership of Canara Bank, which is the consortium leader. Canara Bank has initiated a special investigation audit to prove the wilfulness of the default made by the borrower company. The special audit has been conducted by M/s E & Y and submitted a report dated 12.12.2017 and found the following irregularities:

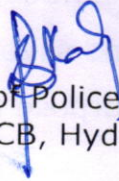
1. Company has written off Rs.794 crores and adjusted towards reserves and surpluses wherein the sundry debtors written off by the company is hypothecated to the consortium banks. The company also taken loans from the projects which were said to have been terminated and the said matter was not apprised to the consortium. Writing off such entries which are hypothecated to the consortium banks using the reserves of huge amounts is a fraud on the consortium banks.
2. Receipts amounting to Rs.2261.58 crore have been routed by the company through non-consortium banks without the knowledge of existing consortium lenders amounts to a serious violation of trust placed in the company which is under legal obligation as well as the guidelines issued by the RBI to route the revenue through the consortium banks. Routing the proceeds through non-consortium banks is diversion and siphoning of funds and criminal misappropriation.
3. Payer name as per Bank book was different from the payer name as per the Bank statement. Rs.1624.65 crore were received from five vendors during review period but accounted in multiple ledgers. Of this, Rs.1123.61 crore received in 3 non-consortium bank accounts which amounts to diversion / siphoning of funds and criminal breach of trust and misappropriation.
4. Amount of Rs.15.34 crore was transferred to M/s Transtroy Singapore PTE Ltd., subsidiary of the company during FY 2013-14 from BoB without the permission of lenders amounts to diversion / siphoning of funds.

5. The acquisition of interest in Hydel Power Project from M/s Sri Jayalakshmi PowerCorp Ltd. for Rs.36.50 crore without the authorisation of consortium banks and amounts to diversion of funds.
6. Procurement of similar machinery from two different vendors with same machine and engine serial number from Volvo and Unique Engineers which shows that the company has manipulated its records just to secure more loans than the eligibility and fabricated the records.
7. As per Bank statement, name of the party was not mentioned from whom the amount was received amounting to Rs.2341.60 crore. Receipts in bank statement were initially accounted against 'Kumar & Co.' Account. However, no transactions were found in 'Kumar & Co' Ledger in the accounting package backup provided which is a case of diversion of funds.
8. Receipt of Rs.4690.10 crore including Rs.3822.26 crore received in 5 non-consortium banks accounts of M/s Transtroy India Ltd in which diversion of funds is evident.
9. There was a difference in figures in inventory which shows that the company is adopting double standards at the time of security loan and at the time of realisation of primary security. This indicates that the company has inflated the inventory statistics for the purpose of security the loans.
10. Rs.5.28 crore was paid during FY 2013-14 towards purchase of gold and silver articles for donating the gold to the temples which is not the purpose for which the money was lent by the banks and therefore, the

company has diverted the funds and shown the said donations as part of the purposes for which loan was sanctioned.

11. The stock Audit conducted in December, 2015 revealed irregularities such as the company has over valued the stock of raw materials aggregates etc. To the extent of Rs.19.82 crores. Company had reported excess drawing power of Rs.55.73 crores and had not declared advances received to the extent of Rs.43.03 crores.
12. Another stock audit conducted for the year 2016-17 by M/s TR Radha & Co., L&P, Hyderabad also points the fraudulent nature of operations by the company.
13. The stock Audit inference is that the company is operating through, a non-consortium bank, has intention to bypass the consortium banks and has committed criminal breach of trust and misappropriation of receivables / book debts realised out of project. The account was declared as fraud on 25.10.2018 by the committee of GMs and the modus operandi was diversion of funds.
14. The company and its Directors have indulged in diversion of funds routing the same through other than consortium banks to the tune of Rs.3822 crores and written off Rs.794 crores adjusting the same towards reserves and surplus. The stock statements were manipulated and shows the difference of Rs.2298.28 crores.

The detailed complaint lodged by the complainant is enclosed with the FIR. Hence, the FIR.


30/12/19
Supdt. of Police & HoB
CBI, ACB, Hyderabad

Attachment to item 7 of First Information Report

S.No.	(Sex)	Date/Year of Birth	(Built)	(Height) (in cms)	(Complexion)	(Identification Mark/s)
1	2	3	4	5	6	7

(Deformities/peculiarities)	(Teeth)	(Hair)	(Eye)	(Habits)	(Dress Habit/s)
8	9	10	11	12	13

(Language / Dialect)	(Burn Mark)	(Leucoderma)	(Mole)	Place of	
				(Scar)	(Tattoo)
14	15	16	17	18	19

These fields will be entered only if complainant/informant gives any one or more particulars about the suspect/accused.

यूनियन बैंक ऑफ इंडिया  Union Bank of India

Regional Office, 6-3-664, 2nd Floor, Prestige Rai Towers
Opp. NIMS, Punjagutta, Hyderabad - 500 082.

Ref:CRLD/LAW/120/2019-20

Date: 11.11.2019

To,
The Superintendent of Police,
Central Bureau of Investigation,
Anti Corruption Branch,
Kendriya Sadan, 3rd Floor,
Sultan Bazar, Koti, Hyderabad-500095

Respected Sir,

Sub: Complaint against M/s Transstroy (India) Ltd and its Directors in respect of Fraud, Cheating, & Criminal Breach Of Trust committed Amount Involved Rs.264.31 crore + Interest

1. I, C.V.N.Bhaskar Rao, S/o Ch.Satyanarayana, aged 51 years, Deputy General Manager & Regional Head, Union Bank of India, Regional Office aged about 58 years, am authorized by Competent Authority of Union Bank of India to file a complaint against M/s. TRANSSTROY (INDIA) LIMITED and its Directors before your good selves.

Name of the Company / Registered Office address	M/s TRANSTROY (INDIA) LIMITED Registered Office: D.No.8-24-2, POST BOX 6, TOBACCO COLONY, MANGALAGIRI ROAD, GUNTUR-522001 ANDHRA PRADESH. Corporate Office address: (New address) PLOT NO 201, 202A & 202B, GUTTALA BEGUMPET, KAVURI HILLS, HYDERABAD - 50008, TELANGANA TEL 040-23122233 /44 ; FAX 040-23122299
CIN	U45203AP2001PLC036905
PAN	AABCT4226B
Date of Incorporation	21.06.2001

2. Union Bank of India is a body corporate constituted under the Banking Companies (Acquisition & Transfer of Undertaking Act 1970) having its Head Office at Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai - 400 021 and one of its Branches by name ASSET RECOVERY BRANCH, Hyderabad, situated at Door No. 6-1-67/14, 2nd Floor, Opp: AP DGP Office, Saifabad, HYDERABAD 500 004.


18/11/19



3. **Brief Background of the Account :**

M/s. Transstroy (India) Ltd., (TIL) is engaged in Civil Construction and Infrastructure development carrying on business as contractors, Engineers, Architects, Consultants, Promoters and Developers of Road, Bridges, Tunnels, Highways, Ports, Electrical Works etc.

The following Board of Directors of the Company were associated during the tenure of sanction and disbursement of loans. Further, guarantors particulars are as mentioned as under :

Sr. No.	Name of Director	Type of Director	DIN No.	Director PAN	Latest available net worth	
					Date of last credit report compiled	(Rs. In cr.)
1	MR.CHERUKU RI SRIDHAR	MANAGING DIRECTOR	0001594408	ABWPC2386C	31.03.2015	93.07
2	MR.RAYAPATI SAMBASIVA RAO	ADDITIONAL DIRECTOR PROMOTER CHAIRMAN 30.7.2016	0000020122	NA	NA	NA
3	Mr Suryadevara Srinivasa Babji	ADDITIONAL DIRECTOR INDEPENDENT NON-EXECUTIVE 24.8.2018	08206518	NA	NA	NA

Names of Guarantors :

Sr. No.	Name of Guarantor	Type of Guarantor	Guarantor PAN	Latest available net worth	
				Date of Credit report	(Rs. in cr.)
1	MR.CHERUKURI SRIDHAR TRANSSTROY (INDIA) LIMITED, PLOT NO 201, 202A & 202B, GUTTALA BEGUMPET, KAVURI HILLS, HYDERABAD - 500081, TELANGANA	PERSONAL GUARANTEE	ABWPC2386C	31.03.2015	93.07



2	<p>Late SMT.LEELA KUMARI RAYAPATI, W/o Mr Rayapati Samabasiva Rao</p> <p>Represented by legal heirs namely 1. Sri Rayapati Sambasiva Rao</p> <p>S/o Late Sri Venkata Ranga Rao H.NO. 5-91-25, 4TH Lane Lakshmipuram Guntur-522007 Andhra Pradesh</p> <p>Smt Marni Devika Rani W/o Sri Narayya Choudhary D/o Sri R.SAMBASIVA RAO H.NO. 5-91-25, 4TH Lane, Lakshmipuram Guntur- 522007 Andhra Pradesh</p> <p>Smt Muthavarapu Lakshmi W/o Sri Srinivasa Babu D/o Sri R.SAMBASIVA RAO H.NO. 5-91-25, 4TH Lane Lakshmipuram Guntur- 522007 Andhra Pradesh</p> <p>Sri Rayapati Ranga Rao S/o Sri R.SAMBASIVA RAO H.NO. 5-91-25, 4TH Lane Lakshmipuram Guntur- 522007 Andhra Pradesh</p>	PERSONAL GUARANTEE	AEGPR9701R	31.03.2015	44.72
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4. TIL focuses on execution of projects in the road (BOT segment) and irrigation segments and intends to foray into Metro Rail / Rail Road segments. The company was undertaking sub-contract and Joint Ventures earlier and now they are participating in direct biddings. Company was enjoying credit limits with various banks under Multiple Banking Arrangement. The original cash credit limit of Rs 50 crore was enhanced to Rs 81 crore and Letter of Guarantee Limit from Rs 100 to Rs 234 crore and Letter of Credit limit from Rs 35 crore to Rs 50 crore for Transtroy (India) Ltd by the CREDIT APPROVAL COMMITTEE -1, CENTRAL OFFICE, MUMBAI in its meeting held on 10.01.2013. However, enhanced portion of CC limit of Rs.31 crore was not released till August 2013 since borrowings from other banks exceeded assessed WC limits for 2012-13.



5. During August 2013, consortium was formed with Canara Bank as Lead Bank of the consortium in its first meeting held on 19.08.2013. Based on CMA data submitted by the company, Lead Bank assessed total credit requirement of the company for FY 2013-14 and circulated copies of the same to all the participating banks. As per Lead Bank assessment note for 2013-14, total FBWC requirement of the company was arrived at Rs.1051.00 crore and NFB limit of Rs.3380 crore (LC - Rs.830.00 crore and LG - Rs.2550.00 crore).

DETAILS OF LIMITS AVAILED FROM CONSORTIUM MEMBERS:

Sr No	Name of the Consortium Bank	Date of Sanction
1	Canara Bank	26-7-2013
2	Bank of Baroda	15-7-2013
3	Central Bank of India	01-03-2014
4	Union Bank of India	28-10-2013
5	Corporation Bank	17-02-2014
6	Andhra Bank	14-12-2013
7	Allahabad Bank	22-10-2013
8	Bank of India	16-11-2013
9	United Bank of India	30-10-2012
10	UCO Bank	15-04-2013
11	Bank of Maharashtra	23-09-2013
12	South Indian Bank	27-11-2013
13	Dena Bank	18-01-2014
14	Vijaya Bank	28-11-2013

6. CAC-1 in their meeting dated 17.10.2013 enhanced CC limit from Rs.81.00 crore to Rs.90.00 crore, LG limit from Rs.234.00 crore to Rs.250.00 crore, reviewed the LC limit at existing level of Rs.50.00 crore and reviewed the vehicle loan at existing level of Rs.0.51 crore.
7. The joint documentation was completed on 14.03.2014. Vetting report is given by Mr A Manohar Reddy, Panel Advocate, Canara Bank dated 18.03.2014. However, the enhanced limits were not released as compliance of certain sanction terms and conditions were pending such as pooling of securities among the consortium / perfection of securities with our bank, non-tie up of assessed limits for FY 2013-14 etc. The Original Security Documents were held with the lead bank of the Consortium, Canara Bank, Prime Corporate Branch, TSR Complex, 2nd Floor, 1-7-1, S.P.Road, Park Lane, Secunderabad-500003, Telangana.
8. The account slipped to sub-standard category as on 30.09.2014 due to non-servicing of interest in CC account since May 2014, CC account remained in excess since April, 2014 and non-adjustment of LCs devolvement amounting to Rs.90.00 crore since 27.05.2014. Subsequently, the company adjusted the entire overdues and the account was upgraded to standard category as of 30.09.2014 on 25.10.2014 by way of Memorandum of Changes by the concurrent auditors.



9. On 17.10.2014, permission was given to regularize the account in phased manner and to issue fresh LC to the extent of regularization of devolved LC amounting to Rs.90.00 crore by permitting rollover of one time BG to LC inter-changeability amounting to Rs.40.00 crore looking at the criticality of the situation and financial position of the company
10. The last short review was done in January, 2015 based on the Audited financials as of March 2014. As per MCA portal, charges amounting to Rs.3776.00 crore are registered in favour of Lead Bank i.e. Canara Bank which includes our Bank charges of Rs.390.00 crore. All sanction stipulations are complied with except for pooling of collateral under consortium to be done by 31.03.2015. . The account was due for renewal since 18.04.2015, however, the company has not provided the necessary documents for renewal.
11. Lead Bank reported that the account was classified as NPA with them and the loan accounts with our Bank downgraded to sub-standard category as per the laid down procedure/ extant guidelines on 31.07.2015 due to persistent irregularities by the company, frequent devolvement of LCs, nonpayment of interest on working capital limits and non adjustment of devolved LCs, non routing of operations through consortium banks.

Nature of Limit	Account Number	Sanctioned limit in Rs.	Amount Outstanding (Rs) As on 31/03/2019
Fund Based - CC(H)	532105010040076	90.00 crore	-691562627.16
Non-fund Based - BGs / LC	532107040000045	300.00 crore	-486500000.00
NFB - BGs / LC	532107040000046		-114413170.00
NFB - BGs / LC	752007030000007		-89707173.00
NFB - BGs / LC	752007030000010		-313276677.00
NFB - BGs / LC	752007030000006		-134942723.00
NFB - BGs / LC	497807040000047		-197240522.00
NFB - BGs / LC	752007030000009		-224878237.31
NFB - BGs / LC	752007030000008		-224714739.00
NFB - BGs / LC	752007040000001		-165919137.00
Total Running Ledger			390.00 crore

12. Exclusive Securities mortgaged to the Bank :

- a. Portion of House with 414 sq. yards land out of 621 sq. yards and super built up area of 8200 sft at Municipal D.No.8-2-293/82/A/624-A-1, Sy.No.403/1 (old) & 120 (new) of Shaikpet Village and Sy.No.102/1 of Hakimpet Village situated within the approved lay out of the Jubilee Hills Cooperative House Building Society Ltd., Ward



No.8, Road No.35, Jubilee Hills, Hyderabad - 34 in the name of Transstroy (India) Ltd.,

- b. House Building Municipal No.8-2-293/82/A/1119 (consisting of Ground Floor and first floor on Plot No.1119 forming part of Survey No.403/1 (old) 120 (new) of Shaikpet (V) & 102/1 of Hakimpet (V), admeasuring 1333 sq. yards with built up are 5000 sft, situated within the approved layout of the Jubilee Hills Co-operative House Building Society Ltd., Road No.54, Jubilee Hills, Hyderabad, within the limits of GHMC Ward No.8 and Block No.2 in the name of the company.
- c. The original title deeds of the above exclusive securities are held with the Bank.

13. Common Primary & Collaterals for the consortium : 1st Pari-passu Charge on the Current Assets of the Company covering FB & NFB Limits.

2nd Pari-passu Charge of the Fixed Assets of the Co., including Immovable Properties of the company.

14. Classification of account as non-performing asset : The account was downgraded to sub standard category on 31.07.2015 due to persistent irregularities by the company, frequent devolvement of LCs, non-payment of interest on working capital limits and non-adjustment of devolved LCs, non-routing of operations through consortium Banks. The account was classified as NPA with all the Banks and JLF was formed under the leadership of Canara Bank which is the consortium leader. Canara Bank has initiated a special investigation audit to prove the willfulness of the default made by the borrower company. The special audit has been conducted by M/s. E & Y and submitted a report dated 12/12/2017 and made the following observations :

- a. Company has written off Rs.794 crore and adjusted towards reserves and surpluses.
- b. Receipts amounting to Rs.2261.58 crore have been routed by the company through Non-consortium Banks without the knowledge of existing consortium lenders.
- c. Payer name as per Bank book was different from the payer name as per Bank statement. Rs.1624.65 crore were received from five vendors during review period but accounted in multiple ledgers. Of this, Rs.1123.61 crore received in 3 non-consortium bank accounts.
- d. Amount of Rs.15.34 crore was transferred to M/s. Transstroy Singapore PTE Ltd. subsidiary of the company during FY 2013-14 from BoB without the permission of lenders.
- e. The acquisition of interest in Hydel Power Project from M/s. Sri Jayalakshmi Powercorp Ltd. for Rs.36.50 crore.
- f. Procurement of similar machinery from two different vendors with same machine and engine serial number from Volvo and Unique Engineers.
- g. As per Bank statement, name of the party was not mentioned from whom the amount was received amounting to Rs.2341.60 crore. Receipts in bank statement were initially accounted against 'Kumar & Co' account. However, no transactions were found in Kumar & Co ledger in the accounting package backup provided.



- h. Receipt of Rs.4690.10 crore included Rs.3822.26 crore received in 5 non-consortium bank accounts of M/s. Transstroy India Ltd.
- i. Rs.5.28 crore was paid during FY 2013-14 towards purchase of gold and silver articles.

Sr No	Area of Review	Finding of the E&Y	Reply given by the Company	ARB Hyderabad Branch comment
1	Revenue and Receivables	Rs 794.16 crore was written off and adjusted against reserves and surplus during FY 2016-17 which includes Sundry Debtors of Rs 719.36 crore and Loans and advances amounting to Rs 74.80 crore	The amount written off was based on the review of the projects which have been terminated or long outstanding with minimum chances of recovery/realisation.	The Sundry Debtors written off by the Company is hypothecated to the Consortium Banks. The Company also taken loans from the Projects which were said to have terminated. The matter was not apprised to the Consortium. Write off of such entries which are hypothecated to the Consortium Banks by using the reserves of substantially huge amount is a Fraud on the Consortium Banks.
		Receipts of Rs 2261.58 crore received in 5 non consortium banks: SBM, INDIAN BANK, IOB, SBH and RBL	Funds routed through non-consortium banks have been brought into the system and used for the business of the company. As per the advice, closed the accounts with non-consortium banks.	The fact that huge amount of Rs 2,261.58 crore was routed through non consortium banks without the consent, approval and the knowledge of the existing lenders is a serious violation of trust placed in the Company. The Company is under legal obligation as well as the guidelines issued by the Reserve Bank of India to route the revenue through the Consortium Banks. Routing the proceeds through non consortium banks is diversion and siphoning off funds and criminal mis appropriation.
2	Loan Utilization	Payer name as per bank book was different from the payer name as per bank statement. Rs 1624.65 crore were	No reply.	The silence on the part of the Company shows that the Company has diverted /siphoned the funds and thereby committed



Law
2011

		received from five vendors during review period but accounted in multiple ledgers. Of this, Rs 1,123.61 crore received in 3 non consortium bank accounts.		criminal breach of trust and mis-appropriation.
		Rs 15.34 crore was transferred to Transstroy Singapore PTE Ltd, subsidiary of the Company, during FY 2013-16 FROM BOB and the same was reflected under "Investment-others"	The investment into the Singapore Company was made to meet its running expenses and exploring the new business opportunities. The BG issuance by CNE Corp and other charges for USD 100 Mn were met from the funds invested in the Singapore Co.	Transstroy Singapore PTE Ltd is a subsidiary of the Company. The Consortium Banks sanctioned the credit facilities for the purposes mentioned in the sanction letters. The Company should utilize the money lent for the purpose it was lent. The investment in the subsidiary Company is not the purpose of sanctioning the loan. The company has violated the terms and conditions of the sanction and the Consortium funding was used to fund a non-consortium activity which is akin to diversion / siphoning of funds.
3	Equity Infusion by Promoters	Rs 200 crore accounted as received from promoters towards equity infusion was received from 5 parties. Prior to the receipt from vendors, payments were made to those vendors.	The amount was raised by promoters in their individual capacities and may have taken some loans from the vendors mentioned. The correlation is incidental.	The correlation of Rs 200 crore as incidental is not believable. The consortium funds paid to the vendors towards the alleged supply of materials, etc, was again rerouted as the equity investment in the Company. This circuitous investment is misutilization of consortium funds.
4	Loans and advanced	Unsecured Loans: An amount of Rs 452.87 crore was advanced to the related parties and outstanding as on 31.3.2017. 1. Transstroy Tirupati Tiruthani Chennai Tollways 2. Tr Bhopal Biaora Tollways	Materials procured and other expenses incurred in execution of the project were adjusted to the mobilization and other advances in the books of Transstroy I Ltd. The same will be reflected in SPV books only upon the certification of the IPC	The SPVs floated by the Company have already taken loans and advances from their Bankers for the purpose of the Projects. The Company has taken loans and advances from the Consortium Banks for the projects thereby, the double finance was secured by the Company as well as



		<p>3.Tr dindigul Theni Kumli Tollways</p> <p>4.Tr Krishnagiri Tindivanam Highways</p> <p>5.Tr Obedullaganj Betul Tollways</p> <p>6.Tr Trichy Karaikudi Tollways</p>	<p>bills.</p>	<p>the SPVs floated by the Company.</p> <p>It is pertinent to note that the Projects allocated to SPV such as Bhopal Biora was terminated by the Employer for non-execution / non compliance of the Contract.</p>
		<p>Rs 36.50 crore was provided to Sri Jayalakshmi Powercorp Ltd in which Mr.R.Samashiva Rao, Director of Transstroy I Ltd was a shareholder.</p>	<p>During FY 2014-15, the Co paid Rs 35.50 crore towards acquisition of interest in Hydal Power Project from Sri Jayalakshmi Powercorp Ltd. Mr. R.Sambasiva Rao is not a director of the said Co since 14/8/2008 and he is a minority shareholder in Sri Jayalakshmi Powercorp Ltd holding less than 5% shares. He was not a Director or Shareholder in Transstroy I Ltd during FY 2014-15. Hence, not a related party transaction and not disclosed.</p>	<p>The Company should have taken the approval from the Consortium Banks before acquisition of interest in Hydel Project where the Directors/family members of the Promoters are having interest in the said Company.</p> <p>The acquisition of interest in Hydal power project from Sri Jayalakshmi Powercorp Ltd had not authentication and approval from the Consortium. Hence, this amounts to diversion and misutilisation of Consortium funds.</p>
5	Fixed Assets	<p>Procurement of similar machinery from two different vendors with same machine and engine serial number, from Volvo and Unique Engineers.</p>	<p>These construction machinery are procured during months of March 14 to June 14 to meet the specific requirements of Polavaram irrigation project falling in two consecutive financial years. During this period almost Rs 310 crore worth machinery was procured and the Supplier agreed to supply the equipment based on earlier PO terms and hence it is not a deviation in the procurement. Discrepancies identified in the technical specifications of the</p>	<p>This shows that the Company had manipulated its records just to secure more loans than the eligibility and thereby fabricated the records.</p>



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			equipment were not observed by oversight as they were directly delivered at project site and assure to look into the same from old records at site.	
		<p>Receipts from Unique Engineers: Fixed assets amounting to Rs 120.14 crore were procured from Unique Engineers. As per bank statement analysis, Rs 316.85 crore was received from Unique Engineers during FY 2013-14 and FY 2014-15. Out of this amount, Rs 3 crore accounted as received from Unique Engineers and balance receipts of Rs 313.85 crore were accounted in multiple ledgers under Sundry Debtors /Current Liabilities. TIN No. Was in the name of Unique Engineers and PAN No. Was in the name of "Samabasiva Rao Malineni", director of TIL.</p>	No reply.	This is the case of camouflaging diversion of funds and covering the tracks to prevent detection of misutilisation of funds.
6	Related Party Transactions	<p>Kakatiya Crystals Power India Pvt Ltd: Rs 4.12 crore was appearing as opening balance and closing balance on 01.04.2013 and 31.3.2017. Mr.Sridhar Cherukuri and Mr.M.Sambasiva Rao, directors in Transstroy India Ltd were also directors, among other directors, in Kakatiya Crystals.</p>	<p>The Company has invested Rs 4.12 crore during FY 10-11 into M/s Kakatiya Crystals India Pvt Ltd which is into Gas based power generation, located at Nalgonda District. This investment was made as part of Company's foray in Power sector, which had received all the necessary approvals except Gas allocation. Due to change in Govt policies on Gas allocation, the Project</p>	<p>As per the terms of the sanction and the loan documents executed by the Company, the Company shall not invest in other Projects during the loan period without the approval from the Consortium Banks. Therefore, the investment of Rs 4.12crores in M/s Kakatiya Crystals Power India Pvt Ltd, the Company which is under the same management of the borrower Company, is a gross violation of the terms</p>



			could not proceed further. The Company had investible surplus during that period and no objection raised by the banks during that period.	of sanction and it amounts to siphoning of the funds sanctioned to the borrower Company.
7	Purchases and credits	<p>Payments/debits were made to vendors and amounts were also received from those vendors. Receipt entries were accounted in multiple ledgers categorized under sundry debtors/creditors.</p> <p>As per the bank statements, name of the party was not mentioned from whom the amount was received amounting to Rs 2341.60 crore. Receipts in bank statement were initially accounted against "Kumar&Co" account. However, no transactions were found in Kumar & Co ledger in the accounting package backup provided.</p> <p>Receipts of Rs 4690.10 crore included Rs 3822.26 crore received in 5 non consortium bank accounts of Transstroy I Ltd .</p>	<p>The Company has been procuring the material required for the execution of works in bulk, in view of the competitive prices offered by various vendors. Some times when the said parties request for release of the some material for their urgent requirements (due to supply shortage at their end), we obliged the same due to the business relationship and considered the receipts from them under the respective projects taking into consideration our requirements in that particular time.</p> <p>No reply.</p> <p>No reply.</p>	<p>This is clear case of diversion of funds</p> <p>Diversion of funds is evident.</p> <p>Diversion of funds is evident.</p>



		Purchase and supply of steel (TMT steel) vide "Autorickshaw"	Due to typographical errors in noting the vehicle numbers, the external verification was showing as auto rickshaw and not otherwise. The details are given and should be read as Goods Carriage/Other vehicles.	
8	Invent ory	<p>Inventory balances included "stock-in-progress" of Rs 933.46 crore as on 31.3.2017. As per site wise /project wise details provided by Transstroy, stock in progress amounted to Rs 1122.55 crore. Further, subsequent billing details, project-wise, were not made available for review including list of on-going projects/in progress projects as on 31.3.2017.</p> <p>Differences in value of purchases for FY 2016-17 as per the financial statements and stock statement Apr 2016 to March 2017 total stock receipts value for 12 months amounted to Rs 2568.77 crore. However, total purchases as per financials were Rs 274.36 crore. Difference of Rs 2298.28 crore noted.</p> <p>Difference in closing inventory for a month with the opening inventory of a month, Oct 2016-Nov 2016, difference of Rs 10.75 crore noticed. And between Nov 2016 and Dec 2016, difference of Rs 8.97 crore noticed.</p>	<p>The details of stock in progress were mailed to E&Y Team on 17/11/2017.</p> <p>Reduction in purchases in financial statements as compared to stock statements is on account of sale of the material to the vendors as explained in Purchases.</p> <p>The inventory details are compiled as of 25th of every month as a cutoff date. While compiling the Dec 2016 inventory statement, the opening value of inventory as on 30 Nov 2016 was considered instead of value on 25/11/2016. The movement in inventory between these two dates resulted in the differences in</p>	<p>There is no proper explanation from the Company for the difference in figures in inventory. This shows that the Company is adopting double standards at the time of securing loan and at the time of realisation of the primary security. This also shows that the Company has inflated the inventory statistics for the purpose of securing the loans.</p>



		<p>Over valuation of inventory as mentioned in stock audit report dated 31.12.2015. Raw materials were overvalued to the extent of Rs 19.82 crore.</p> <p>Stock audit report for FY 2016-17 not made available for review.</p>	<p>closing/opening balances. The same gets automatically adjusted in the closing value of Dec 2016 inventory.</p> <p>While valuing the stocks, we value only the raw material under FIFO method and for materials like aggregate etc the raw material cost will also include the production cost of the material comprising material cost plus overhead incurred to bring them into that stage. The Stock auditor has valued the stocks as per his price perception and hence the difference. The DP was accordingly reduced by him in his report. Further, the value of the inventory reduced by stock auditor is 2.66% of total value of inventory of raw material as on that date which is very marginal variation.</p> <p>No reply.</p>	<p>Overvaluation of inventory is one of the ways of diversion of funds.</p> <p>Going concern should undergo stock audit. Not extending the help to the stock auditor to compile his report indicates that the Company is a non-cooperative borrower and wants to hide the irregularities.</p>
9	Bank Guarantees	The report points out the irregularities in the case of BG issued by Andhra Bank favouring SICOM Ltd and by Canara Bank in favour of Hindalco Industries Ltd/Sesa Sterlite Ltd.	The BGs issued in favour of Hindalco and Sesa Sterlite are in the nature of funding documents. The same has been considered as per their transaction advice and the accounts were closed with the invocation of BGs by both the parties towards their dues.	The Company had adopted serious malpractices by obtaining BGs from the Consortium Banks. The purpose of the BGs is not the reason for invoking the BG. It came to know that the company adopted serious malpractices and got the BGs invoked for repayment of the loans.
10.	Other Observations	Cash Book and Bank Book: Rs 5.28 crore was paid	The Company has donated gold saree to Goddess Padmavathy	The Consortium Banks sanctioned loans for a specific purpose which is



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	during FY 2013-14 towards purchase of gold and silver articles.	Ammavaru at Tiruchanur, Tirupathi and gold plating at Srisailam Rudraksha Mandapam from its business surpluses and this transaction pertains to the period 2013.14.	mentioned in the Sanction letters. Donating the Gold to the Temples is not the purpose for which the money is lent by the Consortium Banks. Therefore, the Company has diverted the funds and shown the said donations as apart of the purposes for which the loan was sanctioned.
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15. The explanations given by the borrower company in respect of above mentioned findings of special audit conducted by M/s. E & Y are not convincing and it tantamount to committing fraud by the borrowing company.

16. Information provided in the above table points to the fact that fund have not been utilized for specific purpose for which finance was availed, nor are the funds available with the unit in the form of other assets. Hence, an element of fraud is suspected.

17. IRREGULARITIES POINTED OUT IN STOCK AUDIT CONDUCTED AS OF 31.12.2015:

Lead Bank of the Consortium, Canara Bank, had conducted Stock Audit as of 31.12.2015. The Stock Auditors, ADSK&Associates, Chartered Accountants, Secunderabad (Tel 040-66202590/66336399, 8008999587) have observed the following irregularities which are in the nature of fraud:

- i. Company had overvalued the stock of raw materials aggregates, cement, steel, HT Strand and RCC Hume pipes to the extent of Rs 19.82 crores.
- ii. Company had reported excess drawing power of Rs 55.73 crores
- iii. Company had not declared material advances received from the following parties to the tune of Rs 43.03 crores as on 31.12.2015.

Name of subsidiary SPV Company	Amount of advance received as on 31.12.2015 (Cr)
1. Transstroy Obedullagunj-Betul Tollways Pvt Ltd	1.43
2. Transstroy Hoskote Dobbaspeta Tollways Pvt Ltd	10.32
3. Transstroy Krishnagiri Tindivanam Highways Pvt Ltd	31.28
Total	43.03

- iv. Book debts to the extent of Rs 220.10 crores arises on account of transactions with related parties of the borrower Company as on 31.12.2015.
- v. Considerable portion of sale proceeds have not been passed through the accounts maintained with the Banks.
- vi. The level of sundry creditors is not commensurate with the past trends.

18. Further to the stock audit of Dec 2015, one more stock audit was conducted by the lead bank of the Consortium for the year 2016-17 and nine months ended 31.12.2017.



The findings of the stock auditor, M/s T.R.Chadha & CO LLP Hyderabad, are also pointer to the fraudulent nature of conduct of operations of the Company, which are listed below.

- i. Company has not provided any accounting records like site-wise trial balances or general ledger trial balances, debtors trial balance and creditors trial balance, Debtors ledgers, Creditors' ledgers, etc., for the period Apr-Dec 2017.
- ii. Site records received from sites were not provided.
- iii. Site records pertaining to Polavaram site, where 88% of total inventory (Rs 836.88 crores) and 97% of total WIP (Rs 727.31 crores), were not shown.
- iv. The arrangement between the JV of Polavaram Project "Transstroy JSC EC UES and the Company was not explained. Although RA bills have been raised by the JV, the same is claimed as Receivables by the Company in the monthly stock and receivable statement submitted to the Bank.
- v. Company has not provided any documents, workings, technical workings/certificates for valuation of stock in progress.
- vi. Balance confirmation for the debtors outstanding for 31/3/2017 and 31/12/2017 were not provided by the Superintend Engineer, Polavaram Project, beneficiary of the project.
- vii. Company had not arranged site visits to Tirupathi and Jagdalpur.
- viii. Company had not provided the balance confirmation of Debtors and Creditors as on 31/3/2017 and 31/12/2017.
- ix. The company had not provided the access to the Tally accounting software.
- x. After adjusting the stock values, total value stock available as per stock auditor's workings is Rs 268.43 crores against the value claimed by the Company of Rs 836.89 crores.
- xi. Stock-in-progress / Work-in-progress is Rs 576.16 crores only as against the Company's claim of Rs 751.52 crores as the Company had not excluded the profit margin @ 24%.
- xii. Debtors: Less than 90 days was reported as Rs 206.62 crores for Polavaram site and not supported by the ledger of the accounts.
- xiii. RA Bill No IPC 37, Company had received Rs 3.06 crores and no bank statement is provided.
- xiv. Receivable from Polavaram Project is nil as on 31.12.2017 as the Polavaram Authority had directly paid to the vendors of the Company.
- xv. Ledger copies along with project-wise creditors, General Ledger Trail Balance, Creditors Trail Balance for creditors figure of Rs 190.82 crores is not provided to the stock auditors for their observations and comments.
- xvi. Comparison of March 2017 Stock Statement with Audited Balance Sheet FY 2016-17 shows that the Company had reported excess debtors and calculated drawing power.
- xvii. As per stock statement (Dec 2017) the Company had shown the DP as Rs 1328.26 crores as against the DP of Rs 486.58 crores.

19. Inference from two Stock Audits:

- a) The Company is generally claiming excess drawing power than it is entitled to and thus siphoned off the banking funds from the System.
- b) The Company is generally not cooperating with the Stock Auditors in drawing a true and fair picture of the Stock, WIP, Sundry Debtors, and Sundry Creditors. It is following an accounting procedure which is objected to by the stock auditors and thus



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- resulting in dispute on correct drawing power which is generally claimed in excess by the Company, violating the banking norms and practices and gives rise to a suspicion that the banking funds were illegally and unethically drawn and unaccounted for.
- c) The stock audits have thrown open the fraudulent nature of transactions conducted by the Company with a view to defraud the Consortium banks.
- As per the terms of sanction, as well as the loan documents executed by the Company, the primary security is the receivables and book debts to be realised out of the project and the loan is to be liquidated out of the said proceeds. It is also one of the specific conditions that the company shall route all the revenues through the Trust and Retention Account (TRA) to be opened with the consortium banks and the same is to be shared among the members of the consortium to liquidate the liabilities. Based on the said covenants, the Consortium banks including Union Bank of India sanctioned the credit facilities to the borrower.
 - The Company was instructed by the Joint Lenders (herein after called as JLM) to open Trust and retention Account herein after called as TRA A/c with the consortium and route the transactions through TRA account. The minutes of the JLM held on 11.12.2015, 27.12.2016, 21.4.2016 followed by the letter written to the Company by the lead bank, Canara Bank on 27.4.2016 points to the instructions of the JLF to open TRA account with lead bank. Till date, no TRA account was opened by the Company with the lead bank and the toll collections and other Project proceeds were not routed through the Consortium banks. The Company is not routing the transactions through the Consortium Bank accounts though it is executing the prestigious Polavaram Project with Govt of Andhra Pradesh. Obviously, the contract consideration is routed through a non-consortium Bank.
 - A site visit report of Polavaram Project, conducted by Bank of Baroda, dated 21.11.2016, states the following:

Quote

“The Government is releasing funds to the JV Company through State bank of Mysore (herein after called as SBM) now merged with State bank of India (non consortium bank). Govt Dept. is closely monitoring the end use and ensuring that payments are released to be utilized only for project execution.”

Unquote

- This indicates that JV Company, of which Transstroy is a part, is operating through SBM, a non-consortium bank.
- From the foregoing, it is obvious that the Company has an intention to bypass the consortium banks and operating the account/s with some other bank without obtaining the proper authorization from the JLF.
- Thus, the Company has committed criminal breach of trust and also the criminal misappropriation of the receivables / book debts realised out of the Project.



- The account was declared as fraud on 25/10/2018 by the Committee of General Managers and the same is reported to RBI on 09.11.2018. The modus operandi of the fraud is diversion of funds.
20. The company and its directors have indulged in diversion of funds by routing the amounts through other than consortium banks to the extent of Rs.3822 crores. The Company has written off Rs.794 crores and adjusted towards reserves and surpluses. Further the stock statement for the period April 2016 to March 2017 reveals that the total stock receipts value for 12 months amounted to Rs.2568.77 crores, however total purchases for the said period were Rs.270.49 crores and difference of Rs.2298.28 crores were observed.
21. As the Lead Bank- Canara Bank so far has not declared the account of TIL under fraud, it is decided to prefer this complaint only on behalf of our Bank. Pursuant to the approval of COC, Resolution Professional appointed by NCLT Dr. G.V.Narasimha Rao has entrusted the forensic audit to M/s KPMG which is under process. We shall submit the forensic audit report as and when we receive the report. In the meantime, we herewith enclose copy of special audit report dated 12/12/2017 conducted by Earnest & Young LLP.
22. As regards, Staff Accountability, we wish to inform you that staff accountability exercise is under progress. We shall provide the copy of the report in due course.
23. It can be concluded from the foregoing that the Company , its directors and unknown public servants have committed fraud and breach of trust for their wrongful gains. This complaint is being filed by the Bank on an independent basis. Hence I request your goodselves to register and investigate the complaint and bring the culprits to book in order to render justice to the bank and safe guard public money.




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