

Independent Auditor's Report

To the Members of High Quality

HIGH QUALITY STEELS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of High Quality Steels Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, hereinafter referred to as "Standalone Ind AS Financial Statements".

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 137(1) of the Companies Act, 2013 (hereinafter referred to as "the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, cash flows and changes in equity of the Company in accordance with the provisions of the Act.

BALANCE SHEET AS AT 31ST MARCH, 2018 AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON THAT DATE

The Act, read with Rule 7 of the Companies (Accounts) Rules, 2015, as amended, requires the preparation of these Standalone Ind AS Financial Statements in accordance with the provisions of the Act and the Companies (Ind AS) Regulations, 2015. The management is responsible for the preparation and maintenance of adequate records to enable the preparation of the Standalone Ind AS Financial Statements in accordance with the provisions of the Act and the Companies (Ind AS) Regulations, 2015, and for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities. The management is also responsible for the preparation and maintenance of adequate records to enable the preparation of the Standalone Ind AS Financial Statements in accordance with the provisions of the Act and the Companies (Ind AS) Regulations, 2015, and for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on the audit. We conducted our audit in accordance with the Standards on Auditing (SAs) prescribed under Section 143(10) of the Act, and issued our report thereon.

The management is responsible for the preparation and maintenance of adequate records to enable the preparation of the Standalone Ind AS Financial Statements in accordance with the provisions of the Act and the Companies (Ind AS) Regulations, 2015, and for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

G.P. AGRAWAL & CO.
CHARTERED ACCOUNTANTS

Independent Auditor's Report

To The Members of **High Quality Steels Limited**

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of **High Quality Steels Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 (hereinafter referred to as "the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, cash flows & changes in the Equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules, 2015 (As amended) under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (As amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



Independent Auditor's Report (Contd.)
To The Members of **High Quality Steels Limited**

Report on the Standalone Ind AS Financial Statements (Contd.)

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards & pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 including the Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its profit including other comprehensive income, its cash flows and changes in Equity for the year ended on that date.

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 Subsection (11) of Section 143 of the Act, we give in the "Annexure A," a statement on the matters specified in paragraphs 3 and 4 of the Order.



Independent Auditor's Report (Contd.)

To The Members of **High Quality Steels Limited**

Report on the Standalone Ind AS Financial Statements (Contd.)

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 purposes 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, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Standalone Ind AS 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 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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, refer to our separate Report in "**Annexure B**"; 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 did not have any pending litigations which requires disclosure in its Standalone Ind AS Financial Statements.



Independent Auditor's Report (Contd.)

To The Members of **High Quality Steels Limited**

Report on the Standalone Ind AS Financial Statements (Contd.)

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **G. P. Agrawal & Co.**

Chartered Accountants

Firm's Registration No. - 302082E


(CA. Ajay Agrawal)

Partner

Place: Kolkata

Date: 7th May, 2018

Membership No. 017643



Independent Auditor's Report (Contd.)
To The Members of **High Quality Steels Limited**

Annexure - A to the Independent Auditors' Report

Statement referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Macfarlane & Company Limited on the Ind AS Financial Statements for the year ended 31 March, 2018:

- (i) The Company does not have any fixed assets and hence clause (i)(a), (i)(b) & (i)(c) of paragraph 3 of the Order are not applicable to the Company.
- (ii) The Company's nature of operations does not require it to hold Inventories. Accordingly, provisions of clause (ii) of paragraph 3 of the Order are not applicable to the Company.
- (iii)
 - a) The Company has granted unsecured loans to the Companies (wholly owned subsidiaries and other companies) covered in the register maintained under section 189 of the Act which is not prejudicial to the interest of the Company.
 - b) The schedule of repayment of Principal and Interest of the above loans has been stipulated and the Company is regular in receipt of the same.
 - c) There is no amount over due of more than 90 days in respect of recovery of principal and interest of the above loan.
- (iv) In our opinion and according to the information given to us, in respect of loans, investments, guarantees and security, provisions of section 185 and 186 of the Act have been complied with.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Rules framed there under to the extent notified and as such the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Company is a Servicing Company dealing with labour supply and hence the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company.
- (vii)
 - (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, goods & service tax, cess and other material statutory dues, to the extent applicable to it, with the appropriate authorities. According to the information and explanations given to us, no undisputed statutory dues were outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable.



Independent Auditor's Report (Contd.)
To The Members of **High Quality Steels Limited**

Annexure - A to the Independent Auditors' Report (Contd.)

- (b) According to the information and explanations given to us, there are no disputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, goods & service tax, cess and other material statutory dues. Hence, provisions of clause (vii)(b) of paragraph 3 of the Order are not applicable to the Company.
- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not taken any loans or borrowings from any financial institution, bank or Government. Also, there are no dues to debenture holders. Hence, provisions of clause (viii) of paragraph 3 are not applicable to the Company.
- (ix) The Company has not raised any money by way of initial public offer or further public offer or term loans. Hence, the provisions of clause (ix) of paragraph 3 of the said Order are not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Ind AS Financial Statements and as per the information and explanations given to us, we report that no material fraud by the Company or on the Company by its officers and employees has been noticed or reported during the course of our audit.
- (xi) The company has not paid or provided for any managerial remuneration during the year and as such the provisions of clause (xi) of paragraph 3 of the said Order are not applicable to the Company.
- (xii) The Company is not a Nidhi Company. Hence, the provisions of clause (xii) of Paragraph 3 of the Order are not applicable to the Company.
- (xiii) All transactions of the Company with the related parties are in compliance with sections 177 & 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year under review. Hence, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.
- (xv) The Company has not entered into any non cash transactions with its directors or persons connected with them and as such the provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.



Independent Auditor's Report (Contd.)
To The Members of High Quality Steels Limited

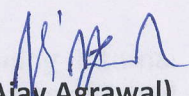
Annexure - A to the Independent Auditors' Report (Contd.)

- (xvi) The Company is not a non-banking financial company and hence the Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For **G. P. Agrawal & Co.**

Chartered Accountants

Firm's Registration No. - 302082E


(CA. Ajay Agrawal)

Partner

Place: Kolkata

Date: 7th May, 2018

Membership No. 017643



Independent Auditor's Report (Contd.)

To The Members of **High Quality Steels Limited**

Annexure - B to the Independent Auditors' Report on even date on the financial statements of HIGH QUALITY STEELS LIMITED

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 **High Quality Steels Limited** ("the Company"), as of March 31, 2018, in conjunction with our Audit of Standalone 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial controls over financial reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143 (10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and 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 evaluation the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error.



Independent Auditor's Report (Contd.)

To The Members of **High Quality Steels Limited**

Annexure - B to the Independent Auditors' Report on even date on the financial statements of HIGH QUALITY STEELS LIMITED (Contd.)

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's Internal Financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for internal 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 period are subject to the risk that the internal financial 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, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

For G. P. Agrawal & Co.

Chartered Accountants

Firm's Registration No. - 302082E


(CA. Ajay Agrawal)

Partner

Place: Kolkata

Date: 7th May, 2018

Membership No. 017643



HIGH QUALITY STEELS LTD.**C/O TEXMACO LTD., AGARPARA WORKS, KOLKATA-700056****CIN. U27101WB1964PLC026001****Balance Sheet as at 31st March, 2018**

Particulars	Note No.	(Rs. In Lacs)	
		As at 31-Mar-18	As at 31-Mar-17
I ASSETS			
(1) Non-current assets			
(a) Financial assets			
(i) Investments	3	6.26	6.00
(b) Deferred tax assets (net)	4	39.36	50.20
(c) Other non-current assets	5	1,086.08	1,009.33
		1,131.70	1,065.53
(2) Current assets			
(a) Financial assets			
(i) Trade receivables	6	157.59	145.64
(ii) Cash and cash equivalents	7	12.14	42.81
(iii) Others	8	104.44	10.54
(b) Current tax assets (net)	9	28.24	18.57
(b) Other current assets	10	0.22	-
		302.63	217.56
TOTAL ASSETS		1,434.33	1,283.09
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	11	30.27	30.27
(b) Other equity	12	218.84	190.93
		249.11	221.20
LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	13	64.77	81.75
(b) Provisions	14	106.48	104.39
		171.25	186.14
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	15	43.96	43.96
(ii) Other financial liabilities	16	920.94	785.00
(b) Other current liabilities	17	30.26	22.73
(c) Provisions	18	18.81	24.06
		1,013.97	875.75
TOTAL EQUITY and LIABILITIES		1,434.33	1,283.09

The accompanying notes 1 to 33 are an integral part of the Financial Statements.

As per our report of even date attached

For **G. P. Agrawal & CO.**

Chartered Accountants

Registration No: 302082E

Ajay Agrawal

Partner

Membership No.017643

Kiran Shankar Roy Road


A. K. NANDA
A. K. SINHA
R.R. SINGH**DIRECTORS**

HIGH QUALITY STEELS LTD.

C/O TEXMACO LTD., AGARPARA WORKS, KOLKATA-700056

CIN. U27101WB1964PLC026001

Statement of Profit and Loss for the Year Ended 31st March, 2018

Particulars	Note No.	(Rs. In Lacs)	
		For the year ended 31-Mar-18	For the year ended 31-Mar-17
I Revenue from operations	19	571.65	923.73
II Other income	20	105.48	93.43
III Total income (I + II)		<u>677.13</u>	<u>1,017.16</u>
IV Expenses			
Expenses for Services		-	45.45
Employee benefits expense	21	567.75	847.81
Finance costs	22	81.20	80.53
Other expenses	23	2.39	39.52
Total expenses (IV)		<u>651.34</u>	<u>1,013.31</u>
V Profit before tax (III - IV)		<u>25.79</u>	<u>3.85</u>
VI Tax expense	27		
(1) Current tax		12.21	10.53
(2) Provision for Income-tax/(Written back)		-	(1.13)
(3) Deferred Tax		10.84	(9.64)
		<u>23.05</u>	<u>(0.24)</u>
VII Profit for the year (V- VI)		2.74	4.09
VIII Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
-- Remeasurements of the defined benefit plans		25.17	(1.64)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
		<u>25.17</u>	<u>(1.64)</u>
Total Comprehensive Income for the year (VII+VIII)		27.91	2.45
IX Earnings per equity share (Par value of Rs. 2.50 each)	24		
(1) Basic		0.23	0.34
(2) Diluted		0.23	0.34

The accompanying notes 1 to 33 are an integral part of the Financial Statements.

As per our report of even date attached

G. P. Agrawal & CO.

Chartered Accountants

Registration No: 302082E

Ajay Agrawal

Partner

Membership No.017643

Kiran Shankar Roy Road



A. K. NANDA

A. K. SINHA

R.R. SINGH

DIRECTORS

HIGH QUALITY STEELS LTD.

C/O TEXMACO LTD., AGARPARA WORKS, KOLKATA-700056

CIN. U27101WB1964PLC026001

Cash Flow Statement for the year ended 31st March, 2018

(Rs. In Lacs)

A. Cash Flow From Operating Activities:

	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Net Profit before Tax	25.79	3.85
Interest Paid	81.20	80.53
Interest Received	(104.42)	(92.69)
Operating Profit before Working Capital Changes	2.57	(8.31)
Adjustments for:		
(Increase)/Decrease in Trade Receivables and Current Assets	(12.09)	99.62
Increase/(Decrease) in Trade Payables and Current Liabilities	75.56	50.50
Cash Generated from Operations	66.04	141.81
Direct Taxes paid	(21.88)	(9.40)
Net Cash Flow from Operating Activities	44.16	132.41

B. Cash Flow From Investing Activities:

Purchase of Non-Current Investments	(0.26)	(3.00)
Un-Secured Loan given	(76.75)	(105.00)
Un-Secured Loan Received	(63.00)	-
Interest received	10.44	92.69
Net Cash used in Investing Activities	(129.57)	(15.31)

C. Cash Flow From Financing Activities:

Un-Secured Loan Received	63.00	-
Interest paid	(8.26)	(80.53)
Net Cash used in Financing Activities	54.74	(80.53)

Net Changes in Cash & Cash Equivalent (A+B+C)

Net Changes in Cash & Cash Equivalent (A+B+C)	(30.67)	36.57
Cash and Cash Equivalents - Opening Balance	42.81	6.24
Cash and Cash Equivalents - Closing Balance*	12.14	42.81

*Represent Cash and Bank Balances as indicated in Note No.5

Note :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS-7 (Statement of Cash Flow).
- Previous year's figures are regrouped/rearranged wherever necessary.

The accompanying notes 1 to 33 are an integral part of the Financial Statements.
As per our report of even date attached

For **G. P. Agrawal & CO.**

Chartered Accountants

Firm Registration No: 302082E

CA. Ajay Agrawal

Partner

Membership No.017643

At, Kiran Shankar Roy Road

Kolkata - 700 001

Dated : 7th May, 2018



A. K. NANDA

A. K. SINHA

R.R. SINGH

DIRECTORS

HIGH QUALITY STEELS LTD.

C/O TEXMACO LTD., AGARPARA WORKS, KOLKATA-700056

CIN. U27101WB1964PLC026001

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018**(a) Equity Share Capital**

(Rs. In Lacs)

Particulars	Number	Amount (Rs.)
Equity Share of Rs. 2.50 each issued, subscribed and paid-up		
At the beginning of April 1, 2016	1,210,622	30.27
Changes in equity share capital during the year	-	-
Balance as at the end of March 31, 2017	1,210,622	30.27
Changes in equity share capital during the year	-	-
Balance as at the end of March 31, 2018	1,210,622	30.27

(b) Other Equity

(Rs. In Lacs)

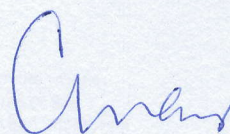
Particulars	Retained earnings
Balance as at 1st April, 2016	188.48
	188.48
Profit for the year	4.09
Other Comprehensive Income for the year	(1.64)
Balance as at 31st March, 2017	190.93
Profit for the year	2.74
Other Comprehensive Income for the year	25.17
Balance as at 31st March, 2018	218.84

The accompanying notes 1 to 33 are an integral part of the Financial Statements.
As per our report of even date attached

For G. P. Agrawal & CO.

Chartered Accountants

Firm Registration No: 302082E



A. K. NANDA

CA. Ajay Agrawal

Partner

Membership No.017643

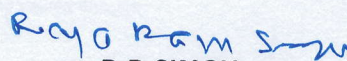
7A, Kiran Shankar Roy Road

Kolkata - 700 001

Dated : 7th May, 2018



A. K. SINHA



R.R.SINGH

DIRECTORS



NOTES TO FINANCIAL STATEMENT

Note No 1 GENERAL CORPORATE INFORMATION

High Quality Steels Limited ('the Company') incorporated in 1964 has its Registered Office at c/o Texmaco Infrastructure & Holdings Limited, Belgharia Kolkata-700 056. The Company has no manufacturing activity. Company's source of income is Manpower Supply and Business Auxiliary Services.

The financial statements for the year ended 31st March, 2018 were approved by the Board of Directors and authorized for issue on 7th May, 2018.

Note No 2 SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

(ii) Basis of Accounting

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market

All the assets and liabilities have been classified as current and non-current as per the company's normal operating cycle and criteria set out in schedule III (Division II) of the Companies Act 2013.

The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(iii) Use of Estimates

The preparation of the Financial Statements in conformity with IND AS requires the Management to make estimates, judgments and assumptions. These estimates, judgment and assumptions affect the application of accounting policies and the reported amount of Assets and Liabilities and disclosure of contingent Liabilities on the date of the Financial Statements and reported amounts of revenues and expenses for the year.

(iv) Financial Instrument

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not measured at fair value through profit or loss, are added/ deducted to the fair value on initial recognition.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

a.) Financial assets carried at amortised cost

A Financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b.) Investment in Equity Instruments at fair value through other comprehensive income

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'.

c.) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

d.) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

e.) Investment in Subsidiaries and Associates

Investment in Subsidiaries and Associates are carried at cost in the Financial Statements.



NOTES TO FINANCIAL STATEMENT

f.) Impairment

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

g.) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(v) Revenue Recognition

Interest Income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

Dividend Income is recognized as and when right to receive payment is established provided that it is probable that the economic benefits will flow to the Company and amount of income can be measured reliably. Gain/(Loss) on sale of Current/ Non Current Investments are recognized at the time of redemption/sale and at fair value at each reporting period.

Insurance and other claims are accounted for as and when admitted by the appropriate authorities in view of uncertainty involved in ascertainment of final claim.

(vi) Provisions and Contingent liabilities

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made. Contingent liabilities are disclosed and not recognized.

(vii) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

(viii) Cash and Cash Equivalents

The Company considers all liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of less than three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balance with banks which are unrestricted for withdrawal and usage.

(ix) Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

a.) Current income taxes

The current income tax expense includes income taxes payable by the Company and its branches in India and overseas. The current tax payable by the Company in India is Indian income tax payable on worldwide income. Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

b.) Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax



HIGH QUALITY STEELS LTD.

C/O TEXMACO LTD., AGARPARA WORKS, KOLKATA-700056

CIN. U27101WB1964PLC026001

NOTES TO FINANCIAL STATEMENT

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(x) Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(xi) Cash Flow Statement

Cash Flow are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, financing and investing activities of the Company are segregated.



HIGH QUALITY STEELS LTD.
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CIN. U27101WB1964PLC026001
Notes to financial statements (Contd.)

Note 3 Investment (Non- current)
Investment in Equity Instruments
Fully paid equity shares
In subsidiaries (At cost)

Topflow Buildcon Pvt. Ltd. (Wholly owned) (Unquoted)
20,000 (31.03.17: 20,000) Shares of Rs. 10 each
Startree Enclave Pvt. Ltd. (Wholly owned) (Unquoted)
20,000 (31.03.17: 20,000) Shares of Rs. 10 each
Snowblue Conclave Pvt. Ltd. (Wholly owned) (Unquoted)
20,000 (31.03.17: 20,000) Shares of Rs. 10 each

In Associate (At cost)

Sigma Rail Systems Pvt.Ltd. (Associates) (Unquoted)
2,599 (31.03.17: NIL) Shares of Rs. 10 each

For the year
ended
31-Mar-18

(Rs. In Lacs)
For the year
ended
31-Mar-17

2.00

2.00

2.00

2.00

2.00

2.00

0.26

-

6.26

6.00

Note 5 Other Non-current assets

Unsecured, considered good

Loans to related parties - wholly-owned Subsidiaries
Loans to related parties - Associate Company

1,009.33

1,009.33

76.75

-

1,086.08

1,009.33

Note 6 Trade Receivable

Un-secured considered good

157.59

145.64

157.59

145.64

Note 7 Cash and Cash Equivalents

(a) Cash in hand

(b) Cheques in hand

(c) Balance with scheduled banks (in current accounts)

0.98

1.08

6.61

0.14

4.55

41.59

12.14

42.81

Note 8 Other financial assets

Advance to employees and others

Interest Receivable

10.46

10.54

93.98

-

104.44

10.54

Note 9 Current Tax Assets (Net)

Advance Payment of Income Tax (net of provision)

28.24

18.57

28.24

18.57

Note 10 Other current assets

Balances with government department

0.22

-

0.22

-

Note 11 Share Capital

Authorised

1,60,00,000 Equity Shares of Rs. 2.50/- each

(31st March 2017: 1,60,00,000 Equity Share of Rs. 2.50/- each)

1,00,000 Preference Shares of Rs. 100/- each

(31st March 2017: 1,00,000 preference share of Rs. 100/- each)

400.00

400.00

100.00

100.00

Issued

18,16,866 Equity Shares of Rs. 2.50/- each

(31st March 2017: 18,16,866 Equity Share of Rs. 2.50/- each)

45.42

45.42

Subscribed and Paid-up

12,10,622 Equity Shares of Rs. 2.50/- each fully paid-up

(31st March 2017: 12,10,622 Equity Share of Rs. 2.50/- each)

(the above shares held by Texmaco Infrastructure & Holdings Ltd.,
the Holding Company and its Nominees)

30.27

30.27

30.27

30.27

Notes :-

- The Company has only one class of shares referred to as Equity Shares having par value of Rs.2.50.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the numbers of equity shares held by the shareholders.

3. Reconciliation of number of issued, Subscribed and Paid-up Capital

	31.03.2018		31.03.2017	
	No. of Equity Share	Amount (in Rs.)	No. of Equity Share	Amount (in Rs.)
No. of Shares at the beginning of the year	1,210,622	30.27	1,210,622	30.27
Add: Equity Shares issued during the year	-	-	-	-
No. of Shares at the end of the year	1,210,622	30.27	1,210,622	30.27

4. The name of Shareholder holding more than 5% of Equity Shares

Name of Shareholder	% of Holding	No. of Equity Shares held	% of Holding	No. of Equity Shares held
Texmaco Infrastructure & Holdings Ltd.	100	1,210,622	100	1,210,622



5. Shares held by holding/ultimate holding company and/or their subsidiaries/associates :

Name of Shareholder	% of Holding	No. of Equity Shares held	% of Holding	No. of Equity Shares held
Texmaco Infrastructure & Holdings Ltd. (Holding Company)	100	1,210,622	100	1,210,622

Note 12 Other equity

A. General Reserve

Opening balance
Closing balance

10.00
10.00

10.00
10.00

B. Retained Earnings

Surplus as at the beginning of the year
Add: Profit for the year
Add: Other Comprehensive Income for the year
Closing balance

182.57
2.74
185.31
4.09
182.57

23.53
(1.64)
208.84
180.93

Total Reserve & Surplus (A + B)

218.84
190.93

Note 13 Other Financial liabilities (Non current)

Outstanding Expenses
Amount due to Employees and Workmen
Stale Cheques

1.74
62.23
0.12

1.28
80.35
0.12

64.77
81.75

Note 14 Provisions (Non current)

Provision for Employee Benefits

Leave
Gratuity

13.49
92.99
106.48

13.49
90.90
104.39

Note 15 Trade payables

Dues to creditors other than micro and small enterprises

43.96
43.96

43.96
43.96

Note: The Company on the basis of information available to it has not been able to verify the status of vendors under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the year end together with interest paid/payable under this Act have not been given.

Note 16 Other Financial liabilities (Current)

Short Term Borrowings (Repayable on demand)
Interest Accrued on Loan

848.00
72.94
920.94

785.00
-
785.00

Note 17 Other current liabilities :

TDS and Other Taxes Payable
P.F, Pension Fund and E.S.I Payable

20.51
9.75
30.26

12.05
10.68
22.73

Note 18 Provisions (Current)

Provision for Employee Benefits

Leave
Gratuity

3.17
15.64
18.81

3.17
20.89
24.06

For the year ended
31-Mar-18
For the year ended
31-Mar-17

Note 19 Revenue from operation:

Sale of Services (Manpower Supply)

571.65
571.65

923.73
923.73

Note 20 Other Income

Interest Income

From Others
Miscellaneous Income
Liability No Longer Required, now written back

104.42
0.02
1.04
105.48

92.69
0.07
0.67
93.43

Note 21 Employee Benefit Expenses

Salary, Wages and Bonus
Contribution to Provident and Other Funds
Provident Fund, Pension Fund & E.S.I.
Gratuity
Provision for Leave Encashment
Staff Welfare expenses

480.73
63.29
22.00
1.73
567.75

750.83
70.64
21.57
2.86
847.81

Note 22 Finance Costs

Interest Expenses

Others

81.20
81.20

80.53
80.53

Note 23 Other expenses

Rates and Taxes
Miscellaneous Expenses
Bank Charges
Contractor's Advance Written-off
Sundry Dr. and Cr. Balance Adjusted
S. Tax Reverse Charges (Expenses)
Auditors' Remuneration
Legal Charges
Postage & Telephones expenses

0.09
0.42
0.02
-
0.11
-
0.53
1.20
0.02
2.39

0.13
1.65
0.21
36.05
-
0.12
0.55
0.80
0.01
39.52

Note. Payment to the Auditor

a) Audit Fees
b) Tax Audit Fees
c) Other Services

0.30
0.12
0.11
0.53

0.30
0.14
0.11
0.55



Note 24 **EARNING PER SHARE:**

	31-03-2018	31-03-2017
Profit After Taxation (in Rs.)	2.74	4.09
Weighted Average Number of Shares outstanding during the year	1,210,622.00	1,210,622.00
Nominal Value Per Share (Rs.)	2.50	2.50
Basic Earning Per Share (Rs.)	0.23	0.34
Diluted Earning Per Share (Rs.)	0.23	0.34

Earnings per share is calculated by dividing the net profit / loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period, as below:

Note 25 **Related party disclosures :**

	Relationship	2017-2018	2016-2017
A.	Parties Where Control Exist	Subsidiaries: Snowblue Conclave (P) Ltd. Startree Enclave (P) Ltd. Topflow Buildcon (P) Ltd.	Subsidiaries: Snowblue Conclave (P) Ltd. Startree Enclave (P) Ltd. Topflow Buildcon (P) Ltd.
		Associate Company: Sigma Rail Systems (P) Ltd.	Associate Company: ----
		Holding Company: Texmaco Infrastructure & Holdings Ltd.	Holding Company: Texmaco Infrastructure & Holdings Ltd.

RELATED PARTY TRANSACTIONS:

Transactions	Associate	Holding Company	Subsidiaries (Wholly Owned)	Grand Total	Balance O/s as on 31.03.18
Sale of Services	-- (--)	15.63 (19.64)	- (--)	15.63 (19.64)	1.87 (1.84)
Loans and Advances:					
Texmaco Infrastructure & Holdings Ltd.	-- (--)	63.00 -	- (--)	63.00 (--)	848.00 (785.00)
Topflow Buildcon Pvt.Ltd.	-- (--)	- (--)	- (35.00)	- (35.00)	336.44 (336.44)
Startree Enclave Pvt.Ltd.	-- (--)	- (--)	- (35.00)	- (35.00)	336.44 (336.44)
Snowblue Conclave Pvt.Ltd.	-- (--)	- (--)	- (35.00)	- (35.00)	336.44 (336.44)
Investments:					
Sigma Rail Systems Pvt.Ltd.	0.26 (--)	- (--)	- (--)	0.26 (--)	0.26 (--)
Topflow Buildcon Pvt.Ltd.	-- (--)	- (--)	- (1.00)	- (1.00)	2.00 (2.00)
Startree Enclave Pvt.Ltd.	-- (--)	- (--)	- (1.00)	- (1.00)	2.00 (2.00)
Snowblue Conclave Pvt.Ltd.	-- (--)	- (--)	- (1.00)	- (1.00)	2.00 (2.00)

Note 26 **EMPLOYEE BENEFITS:**

- 1) The Company's contribution to Provident Fund and Employees' State Insurance Scheme are charged on accrual basis to Statement of Profit and Loss.
- 2) **Leave:**
Leave liability is accounted for based on actuarial valuation at the end of the year.
- 3) **Gratuity:**
Gratuity liability is accounted for based on actuarial valuation at the end of the year.



Defined Benefit Plans - As on March 31, 2018

					(Rs. In Lacs)
	Transactions	Unfunded Gratuity 2017-18	Unfunded Gratuity 2016- 17	Unfunded Leave 2017-18	Unfunded Leave 2016-17
I.	Change in Benefit Obligation				
	Liability at the beginning of the year	111.79	88.58	16.66	13.84
	Interest Cost	8.21	6.95	1.22	1.09
	Current Service Cost	13.79	14.62	3.17	3.42
	Past Service Cost (Non Vested Funds)	-	-	-	-
	Past Service Cost (Vested Funds)	-	-	-	-
	Benefits Paid	-	-	-	(0.04)
	Actuarial (Gain) / Loss on Obligation	(25.17)	1.64	(4.67)	(1.64)
	Curtailments and Settlements	-	-	-	-
	Plan Amendment	-	-	-	-
	Liability at the end of the year	108.62	111.79	16.38	16.66
II.	Fair Value of Plan Assets				
	Fair Value of Plan Assets at the beginning of the year	-	-	-	-
	Expected Return on Plan Assets	-	-	-	-
	Contributions	-	-	-	-
	Benefits Paid	-	-	-	-
	Actuarial (Gain) / Loss on Obligation	(25.17)	1.64	(4.67)	(1.64)
	Fair Value of Plan Assets at the end of the year	-	-	-	-
	Total Actuarial (Gain) / Loss to be Recognised	(25.17)	1.64	(4.67)	(1.64)
III.	Actual Return on Plan Assets				
	Expected Return on Plan Assets	-	-	-	-
	Actuarial Gain / (Loss) on Plan Assets	-	-	-	-
	Actual Return on Plan Assets	-	-	-	-
IV.	Amount Recognised in the Balance Sheet				
	Liability at the end of the year	108.62	111.79	16.38	16.66
	Fair Value of Plan Assets at the end of the year	-	-	-	-
	Difference	108.62	111.79	16.38	16.66
	Unrecognised Past Service Cost	-	-	-	-
	Amount Recognised in the Balance Sheet	108.62	111.79	16.38	16.66
V.	Expenses Recognised in the Income Statement				
	Current Service Cost	13.79	14.62	3.17	3.42
	Interest Cost	8.21	6.95	1.22	1.09
	Expected Return on Plan Assets	-	-	-	-
	Net Actuarial (Gain)/Loss to be recognised	(25.17)	1.64	(4.67)	(1.64)
	Past Service Cost / (Non Vested Benefit) to be recognised	-	-	-	-
	Past Service Cost / (Vested Benefit) to be recognised	-	-	-	-
	Effect of Curtailment or Settlement	-	-	-	-
	Curtailments and Settlements	-	-	-	-
	Expenses Recognised in the Statement of Profit and Loss	(3.17)	23.21	(0.28)	2.86
VI.	Balance Sheet Reconciliation				
	Opening Net Liability	111.79	88.58	16.66	13.84
	Expense as above	(3.17)	23.21	(0.28)	2.86
	Employer's Contribution	-	-	-	-
	Effect of Curtailment or Settlement	-	-	-	-
	Benefits Paid	-	-	-	(0.04)
	Amount Recognised in the Balance Sheet	108.62	111.79	16.38	16.66
VII.	Actuarial Assumption				
	Discount Rate Current	7.70 %	7.34 %	7.70 %	7.34 %
	Rate of Return on Plan Assets	--	--	--	--
	Salary Escalation Current	5.00 %	5.00 %	5.00 %	5.00 %

The accompanying notes 1 to 33 are an integral part of the Financial Statements.
In terms of our Report of even date attached herewith.

For G. P. Agrawal & CO.
Chartered Accountants
Firm Registration No: 302082E

CA. Ajay Agrawal
Partner
Membership No.017643
7A, Kiran Shankar Roy Road
Kolkata - 700 001

Dated : 7th May, 2018

A. K. Nanda

A. K. NANDA

A. K. Sinha

A. K. SINHA

R.R. Singh

R.R.SINGH
DIRECTORS



HIGH QUALITY STEELS LTD.

C/O TEXMACO LTD., AGARPARA WORKS, KOLKATA-700056

CIN. U27101WB1964PLC026001

Notes to Financial Statements (Contd..)

Note 4 Deferred tax (Net)

As at March 31, 2018

Particulars	Opening Balance	Recognized in profit or loss	Reclassified from equity to profit or loss	Recognized in other comprehensive income	Closing Balance
	Amount	Amount	Amount	Amount	Amount
Tax effect of items constituting deferred tax assets					
Provision for Gratuity, Bonus, Leave etc.	50.20	(10.84)			39.36
Net deferred tax liability/ (assets)	50.20	(10.84)	-	-	39.36

As at March 31, 2017

Particulars	Opening Balance	Recognized in profit or loss	Reclassified from equity to profit or loss	Recognized in other comprehensive income	Closing Balance
	Amount	Amount	Amount	Amount	Amount
Tax effect of items constituting deferred tax assets					
Provision for Gratuity, Bonus, Leave etc.	40.56	9.64			50.20
Net deferred tax liability/ (assets)	40.56	9.64	-	-	50.20



HIGH QUALITY STEELS LTD.

C/O TEXMACO LTD., AGARPARA WORKS, KOLKATA-700056

CIN. U27101WB1964PLC026001

Note No. 27 Tax Expenses

Particulars	(Rs. in lakh)	
	For the Year ended	
	31 March, 2018	31 March, 2017
a) Tax Expense		
Current Tax		
- Current tax on profits for the year	12.21	10.53
- Adjustments for current tax of prior periods	-	-1.13
- Total current tax expense	12.21	9.40
Deferred Tax		
- Decrease/(increase) in deferred tax assets	10.84	(9.64)
- (Decrease/increase) in deferred tax liabilities	-	-
- Total deferred tax expenses/(benefit)	10.84	(9.64)
Tax Expense	23.05	(0.24)
b) Reconciliation of tax expenses and the accounting profit multiplied by Indis'a tax rate		
Profit before tax	2.74	4.10
Tax at the Indian tax rate of 28.84% (previous year - 34.608%)	0.79	1.42
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- Corporate social responsibility expenditure	-	-
- Disallowance of estimated expenditure to earn tax exempt income	-	-
- Income from rented property (net)	-	-
- Income from Investment	-	-
- Income from Investment - LTCG	-	-
- Companies Act Depreciation	-	-
- Others	-	-
	22.26	-0.53
Tax effect of amounts which are deductible (non-taxable) in calculating taxable income		
- Income from dividend	-	-
- Income Tax Act Depreciation	-	-
- Income from Investment	-	-
- Income from fair valuation of mutual funds	-	-
- Income from rented property	-	-
- Others	-	-
Tax effect of other adjustment		
- Income tax for earlier years	-	(1.13)
- Indexation benefits on Land/Mutual fund & GAAP Differences	-	-
Tax Expense	23.05	(0.24)



HIGH QUALITY STEELS LTD.

C/O TEXMACO LTD., AGARPARA WORKS, KOLKATA-700056

CIN. U27101WB1964PLC026001

NOTES TO FINANCIAL STATEMENT

Note No 28 Financial Risk Management Objectives and policies-

The Company's activities expose it to Credit Risk, Liquidity Risk, Market Risk, and Equity Price

This note explains the source of risk which the Company is exposed to and how the Company manages the risk and the impact. The management of the company ensures that risks are identified, measured and mitigated in accordance with the Risk Management Policy of the company. The Board provides guiding principles on risk management and also review these risks and related risk management policies which are given as under.

The Company's financial liabilities comprise borrowings, capital creditors and trade and other payables. The company's financial assets include trade and other receivables, cash and cash equivalents, investments including investments in subsidiaries, loans & advances and deposits

A. Credit Risk- A risk that counterparty may not meet its obligations under a financial instrument or customer contract, leading to a financial loss is defined as Credit Risk. The Company is exposed to credit risk from its operating and financial activities.

Customer credit risk is managed by the respective marketing department subject to the Company's established policy, procedures and control relating to customer credit risk management. The Company reviews the creditworthiness of these customers on an on-going basis. The Company estimates the expected credit loss on the basis of past data, experience and policy laid down in this respect. The maximum exposure to the credit risk at the reporting date is the carrying value of the trade receivables disclosed in Note 10 as the Company does not hold any collateral as security. The Company has a practice to provide for doubtful debts as per its approved policy.

B. Liquidity Risk- A risk that the Company may not be able to settle or meet its obligations at a reasonable price is defined as liquidity risks. The Company's treasury department is responsible for managing liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits, Term loans among others.

C. Market Risk- A risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market prices is defined as Marketing Risk. Such changes in the value of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

Foreign Currency Risk- A risk that the fair value or future value of the cash flows of forex exposure will fluctuate because of changes in foreign exchange rates is defined as Foreign Currency Risk. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export, import and foreign currency loan/ derivatives operating activities. The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange exposure. The management monitors the foreign exchange fluctuations on a continuous basis.

D. Equity Price Risk- A risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or by factors affecting all similar financial instruments traded in the market is defined as Equity Price Risk.

The Company generally invests in the equity shares of the Subsidiaries, Associates, Joint Ventures and some of the group companies as part of the Company's overall business strategy and policy. The Company manages the equity price risk through placing limits on individual and total equity investment in each of the subsidiaries and group companies based on the respective business plan of each of the companies. The Company's investment in quoted equity instruments (other than above) is not material. For sensitivity analysis of Company's investments in equity instruments, refer Note No.1 (Fair Value).

Note No 29 Capital Management

The Company's objective when managing capital (defined as net debt and equity) is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, while protecting and strengthening the Balance Sheet through the appropriate balance of debt and equity funding. The Company manages its capital structure and makes adjustments to it, in taking into consideration the economic conditions and strategic objectives of the Company.

Note No 30 Fair Value

Carrying amounts and fair values Fair Value through Profit & Loss (FVTPL) of financial instruments, including their levels in the fair value hierarchy has been mentioned below.



A. Accounting classification and fair values

(Rs. In Lacs)

31st March 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost*	Total	Level 1	Level 2	Level 3	Total
Financial Assets (Long Term)								
- Investments	-	-	6.26	6.26	-	6.26	-	6.26
- Loans & Advances	-	-	1,086.08	1,086.08	-	-	1,086.08	1,086.08
- Others	-	-	-	-	-	-	-	-
Financial Assets (Short Term)								
- Investments	-	-	-	-	-	-	-	-
- Trade Receivable	-	-	157.59	157.59	-	-	157.59	157.59
- Cash and cash equivalents	-	-	12.14	12.14	-	-	12.14	12.14
- Bank Balances & Others	-	-	104.44	104.44	-	-	104.44	104.44
- Loans & Advances	-	-	-	-	-	-	-	-
Total	-	-	1,366.51	1,366.51	-	6.26	1,360.25	1,366.51
Financial liabilities (Long Term)								
- Borrowings	-	-	-	-	-	-	-	-
- Provisions	-	-	106.48	106.48	-	-	106.48	106.48
Financial liabilities (Short Term)								
- Borrowings	-	-	848.00	848.00	-	-	848.00	848.00
- Trade Payable	-	-	43.96	43.96	-	-	43.96	43.96
- Other Financial Liabilities	-	-	30.26	30.26	-	-	30.26	30.26
Total	-	-	1,028.70	1,028.70	-	-	1,028.70	1,028.70

31st March 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost*	Total	Level 1	Level 2	Level 3	Total
Financial Assets (Long Term)								
- Investments	-	-	6.00	6.00	-	6.00	-	6.00
- Loans & Advances	-	-	1,009.33	1,009.33	-	-	1,009.33	1,009.33
- Others	-	-	-	-	-	-	-	-
Financial Assets (Short Term)								
- Investments	-	-	-	-	-	-	-	-
- Trade Receivable	-	-	145.64	145.64	-	-	145.64	145.64
- Cash and cash equivalents	-	-	42.81	42.81	-	-	42.81	42.81
- Bank Balances & Others	-	-	10.54	10.54	-	-	10.54	10.54
- Loans & Advances	-	-	-	-	-	-	-	-
Total	-	-	1,214.32	1,214.32	-	6.00	1,208.32	1,214.32
Financial liabilities (Loan Term)								
- Borrowings	-	-	-	-	-	-	-	-
- Provisions	-	-	104.39	104.39	-	-	104.39	104.39
- Borrowings	-	-	785.00	785.00	-	-	785.00	785.00
- Trade Payable	-	-	43.96	43.96	-	-	43.96	43.96
- Other Financial Liabilities	-	-	22.73	22.73	-	-	22.73	22.73
Total	-	-	956.08	956.08	-	-	956.08	956.08

The carrying value and the fair value approximates.

Measurement of fair values

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (e.g., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Valuation techniques

The following methods and assumptions were used to estimate the fair values

Fair value of the cash and short term deposits, current loans and advances and other current financial liabilities, short term borrowing from banks and other financial institutions and other similar items approximate their carrying value largely due to short term maturities of these instruments.

Long-term receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the



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U27101WB1964PLC026001

No 31 Information about Segment Working is given below:

	(Rs. In Lacs)	
	2017-18	2016-17
	Manpower Services	Manpower Services
Revenue (Net of Excise Duty and Cess)		
External Sales	571.65	923.73
Total Revenue	571.65	923.73
Result		
Segment Result	2.57	(8.31)
Unallocated Corporate Expenses	-	-
Operating Profit/(Loss)	2.57	(8.31)
Finance Costs (Interest Expense)	(81.20)	(80.53)
Interest Income	104.42	92.69
Total Profit/(Loss) before Tax	25.79	3.85
Provision for Current Tax	12.21	9.40
Provision for Deferred Tax	10.84	(9.64)
Net Profit/(Loss)	2.74	4.09
Other Information		
Segment assets	1,434.33	1,283.09
Unallocated Corporate assets	-	-
Total assets	1,434.33	1,283.09
Segment liabilities	1,185.22	1,061.89
Unallocated corporate liabilities	-	-
Total Liabilities	1,185.22	1,061.89

No 32 Previous year figure have been regrouped/rearranged/restated/recast wherever necessary to confirm this year classification.

No 33 Figures below Rs.500/- have been omitted for rounding-off, Rs.500/-and above have been rounded off to the next Rs.1000/-.

For G. P. Agrawal & CO.
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R.R.SINGH

DIRECTORS