

## **AUDITOR'S REPORT**

**TO THE BOARD OF DIRECTORS**

**MASSILLON STAINLESS INC.**

### **Report on the Financial Statement**

We have audited the accompanying financial statements of MASSILLON STAINLESS INC. which comprise the Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss for the year then ended on that date annexed thereto as per the Indian Generally Accepted Accounting Principles (Indian GAAP), and a summary of significant accounting policies and other explanatory information.

### **Management Responsibility For the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Indian Generally Accepted Accounting Principles (Indian GAAP). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016 and
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;

**Report on Other Legal and regulatory Requirements**

we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet and Statement of Profit and Loss as per Indian Generally Accepted Accounting Principles dealt with by this report are in agreement with the books of accounts;

**N.C. AGGARWAL & CO.**  
Chartered Accountants  
Firm Registration No. 003273N

Place : New Delhi  
Dated : May 26, 2016

Sd/-  
**G.K. AGGARWAL**  
Partner  
M. No. 086622

**Massillon Stainless INC.**  
**Balance Sheet as at March 31, 2016**

Particulars	Note No	As at March 31, 2016 ( In US \$ )	As at March 31, 2016 ( ₹ In Lacs )	As at March 31, 2015 ( In US \$ )	As at March 31, 2015 ( ₹ In Lacs )
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholder's Funds</b>					
(a) Share Capital	1	47,14,000.00	2,165.45	47,14,000.00	2,165.45
(b) Reserves and Surplus	2	(1,94,82,085.10)	(11,961.56)	(1,94,82,085.10)	(11,408.91)
(c) Money received against share warrants		-	-	-	-
<b>(2) Share application money pending allotment</b>					
		-	-	-	-
<b>(3) Non-Current Liabilities</b>					
(a) Long-term borrowings	3	1,33,75,000.00	8,872.03	1,33,75,000.00	8,371.52
(b) Deferred tax liabilities (Net)		-	-	-	-
(c) Other Long term liabilities		-	-	-	-
(d) Long term provisions		-	-	-	-
<b>(4) Current Liabilities</b>					
(a) Short-term borrowings		-	-	-	-
(b) Trade payables	4	14,51,566.88	962.87	14,51,566.88	908.55
(c) Other current liabilities	5	3,06,374.83	203.23	3,06,374.83	191.76
(d) Short-term provisions		-	-	-	-
<b>Total</b>		<b>3,64,856.61</b>	<b>242.02</b>	<b>3,64,856.61</b>	<b>228.37</b>
<b>II.Assets</b>					
<b>(1) Non-current assets</b>					
<i>(a) Fixed assets</i>					
(i) Tangible assets		-	-	-	-
(ii) Intangible assets		-	-	-	-
(iii) Capital work-in-progress		-	-	-	-
(iv) Intangible assets under development		-	-	-	-
(b) Non-current investments		-	-	-	-
(c) Deferred tax assets (net)		-	-	-	-
(d) Long term loans and advances		-	-	-	-
(e) Other non-current assets		-	-	-	-
<b>(2) Current assets</b>					
(a) Current investments		-	-	-	-
(b) Inventories		-	-	-	-
(c) Trade receivables	6	3,64,856.61	242.02	3,64,856.61	228.37
(d) Cash and Bank balances		-	-	-	-
(e) Short-term loans and advances		-	-	-	-
(f) Other current assets		-	-	-	-
<b>Total</b>		<b>3,64,856.61</b>	<b>242.02</b>	<b>3,64,856.61</b>	<b>228.37</b>

As per our report of even date attached

7

**For N.C. AGGARWAL & CO.**  
Chartered Accountants  
Firm Registration No. 003273N

**For and on behalf of Board of Directors**

Sd/-  
**G.K. Aggarwal**  
PARTNER  
M.No. 086622  
PLACE : NEW DELHI  
DATED : May 26, 2016

Sd/-  
**Rajiv Rajvanshi**  
Director & President

Sd/-  
**Rajiv Rahlan**  
Secretary & Treasurer

**Massillon Stainless INC.**  
**Statement of Profit and Loss for the year ended March 31, 2016**

Particulars	Note No	Year Ended March 31, 2016 ( In US \$ )	Year Ended March 31, 2016 ( ₹ In Lacs )	Year Ended March 31, 2015 ( In US \$ )	Year Ended March 31, 2015 ( ₹ In Lacs )
I. Gross Revenue from operations		-	-	-	-
Less : Excise Duty		-	-	-	-
<b>Net Revenue from operations</b>		-	-	-	-
<b>Total Revenue</b>		-	-	-	-
<u>II. Expenses:</u>		-	-	-	-
<b>Total Expenses</b>		-	-	-	-
III. Profit before exceptional and extraordinary items and tax	<b>(I - II)</b>	-	-	-	-
IV. Exceptional Items		-	-	-	-
V. Profit before extraordinary items and tax (III - IV)		-	-	-	-
VI. Extraordinary Items - FOREIGN EXCHANGE TRANSLATION DIFFERENCE		-	(552.65)	-	(367.88)
VII. Profit before tax (V - VI)		-	<b>(552.65)</b>	-	<b>(367.88)</b>
VIII. Tax expense:		-	-	-	-
Current tax		-	-	-	-
IX. Profit/(Loss) for the year		-	<b>(552.65)</b>	-	<b>(367.88)</b>

As per our report of even date attached

7

**For N.C. AGGARWAL & CO.**  
Chartered Accountants  
Firm Registration No. 003273N

**For and on behalf of Board of Directors**

Sd/-  
**G.K. Aggarwal**  
PARTNER  
M.No. 086622  
PLACE : NEW DELHI  
DATED : May 26, 2016

Sd/-  
**Rajiv Rajvanshi**  
Director & President

Sd/-  
**Rajiv Rahlan**  
Secretary & Treasurer

**Massillon Stainless INC.**  
**Notes to Financial Statements**

**NOTE - '1'**  
**Shareholders Funds**  
**Share Capital Equity**  
**For the year ended March 31, 2016**

Particulars	No Par value Common stock			Additional Paid in capital		Total		Accumulated Deficit	
	No. of Shares	US \$	₹ (Lacs)	US \$	₹ (Lacs)	US \$	₹ (Lacs)	US \$	₹ (Lacs)
Balance as on April 1, 2015	100	50,000	21.75	46,64,000	2,143.70	47,14,000	2,165.45	(1,94,82,085.10)	(11,408.91)
Net Accumulated loss for the year ended March 31, 2016	-	-	-	-	-	-	-	-	-
(Translation Gain/Loss)								-	(552.65)
Net loss for the year ended March 31, 2016								-	(552.65)
<b>Balance as on March 31, 2016</b>	<b>100</b>	<b>50,000</b>	<b>21.75</b>	<b>46,64,000</b>	<b>2,143.70</b>	<b>47,14,000</b>	<b>2,165.45</b>	<b>(1,94,82,085.10)</b>	<b>(11,961.56)</b>

Shareholding more than 5% in in the Company	Financial Year 2015-16				Financial Year 2014-15		
	Common Stock		Additonal Paid in Capital		Common Stock		Additonal Paid in Capital
	No of shares	% age of Holding	No of shares		No of shares	% age of Holding	No of shares
Jindal Stainless (Mauritius ) Ltd (Holding Company)	30,500	61.00	21,20,500		30,500	61.00	21,20,500
Meta Strips Limited	17,780	35.56	20,90,220		17,780	35.56	20,90,220

**Massilon Stainless INC.**  
**Notes to Financial Statements**

Particulars	As at March 31, 2016 ( In US \$ )	As at March 31, 2016 ( ₹ In Lacs )	As at March 31, 2015 ( In US \$ )	As at March 31, 2015 ( ₹ In Lacs )
<b>2.RESERVES AND SURPLUS</b>				
<b>Surplus in Profit and Loss Account</b>				
Balance as per last financial statements	(1,94,82,085.10)	(11,408.91)	(1,94,82,085.10)	(11,041.03)
Add: Profit after tax transferred from Statement of profit and Loss	-	(552.65)	-	(367.88)
Balance in Profit and Loss Account Carried Forward	<b>(1,94,82,085.10)</b>	<b>(11,961.56)</b>	<b>(1,94,82,085.10)</b>	<b>(11,408.91)</b>
<b>Total Reserves and Surplus</b>	<b>(1,94,82,085.10)</b>	<b>(11,961.56)</b>	<b>(1,94,82,085.10)</b>	<b>(11,408.91)</b>
<b>3.LONG-TERM BORROWINGS</b>				
a)Secured Long term borrowings				
Working Capital Revolving Facility From Shareholders	47,50,000.00	3,150.81	47,50,000.00	2,973.06
b)Unsecured Long term borrowings				
Working Capital Revolving Facility From Shareholders	85,00,000.00	5,638.30	85,00,000.00	5,320.22
From Shareholders	1,25,000.00	82.92	1,25,000.00	78.24
From Others	-	-	-	-
<b>Total Long Term Borrowings</b>	<b>1,33,75,000.00</b>	<b>8,872.03</b>	<b>1,33,75,000.00</b>	<b>8,371.52</b>
<b>4.TRADE PAYABLES</b>				
Due to Micro,Small and Medium Enterprises	-	-	-	-
Others	14,51,566.88	962.87	14,51,566.88	908.55
<b>Total Trade Payables</b>	<b>14,51,566.88</b>	<b>962.87</b>	<b>14,51,566.88</b>	<b>908.55</b>
<b>5.OTHER CURRENT LIABILITIES</b>				
Other Payables	3,06,374.83	203.23	3,06,374.83	191.76
<b>Total Other Current Liabilities</b>	<b>3,06,374.83</b>	<b>203.23</b>	<b>3,06,374.83</b>	<b>191.76</b>
<b>6.TRADE RECEIVABLES</b>				
<b>Unsecured</b>				
<b>Exceeding Six Months</b>				
Considered Good	3,64,856.61	242.02	3,64,856.61	228.37
Doubtful	-	-	-	-
Less: Provision for bad and doubtful debts	-	-	-	-
<b>Total Trade Receivables</b>	<b>3,64,856.61</b>	<b>242.02</b>	<b>3,64,856.61</b>	<b>228.37</b>

# Massillon Stainless INC.

## Notes to Financial Statements

### Note No - "7"

#### 1. ACCOUNTING POLICIES

##### i) BASIC PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India. The Company follows the Mercantile System of Accounting and recognizes Income & Expenditure on Accrual basis.

##### ii) CONVERTION INTO INDIAN RUPEES

The transactions are in local currency which has been converted for reporting in Indian Currency on following basis:

- a) For the purpose of the accounts all Income and Expenditure during the year are converted at the average rate of exchange applicable for the period. All asset and liabilities except Equity Share Capital and Fixed Assets are translated at the closing rate as on the Balance Sheet date. The exchange difference arising out of the year conversion is being debited or credited to Translation Reserve.
- b) The equity share capital and Fixed Assets are carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year-end are transferred to Translation Reserve account and the said account is being treated as Reserves and Surplus.

##### iii) VALUATION OF INVENTORIES

- a) Inventories are valued at lower of the cost and net realizable value. Cost is assigned on actual basis except for stores and spares which is on weighted average basis.
- b) Finished goods include cost of conversion, other costs incurred in bringing the inventories to their present location and condition.

##### iv) FIXED ASSETS

- a) Fixed assets are capitalized at cost inclusive of freight, duties, taxes and all incidental expenses related thereto.
- b) Expenditure related to and incurred during start-up projects are included under capital work-in-progress and the same are capitalized under the appropriate heads on completion of the project.
- c) Fixed Assets are stated at cost less depreciation.

# Massillon Stainless INC.

## Notes to Financial Statements

### v) DEPRECIATION

Depreciation is calculated principally using the straight-line method based upon the estimated useful lives of the assets, which range from 3 to 30 years which are equal or higher than the rates specified as per Schedule XIV of the Indian Companies Act. The Company capitalizes purchases of property, plant and equipment greater than \$500. Such rates are fixed after considering applicable laws of United States of America and management estimation of the useful life of the asset.

### vi) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. PLANT SHUT DOWN AND SALE

Due to uncertain economic and financial conditions prevailing in the US economy and continuing cash losses, management on September 30, 2002 had announced the shut down of the operations of the Company. During the year ended 31.03.2004 the Company has sold its substantial assets other than the Land, Buildings and the Waste Water treatment Plant to Overseas Buyers and the proceeds of the sale are being utilized to part satisfy the Secured Loans.

During the year ended 31<sup>st</sup> March, 2007 the company has entered into a settlement and Release Agreement with Massillon Development Group (Development) wherein the Land and asset attach to the premises and upon payment of USD 125000 by the company (to settle unpaid real estate taxes) were transferred to Development for release of outstanding term loan from State of Ohio & other creditors as mentioned in Release Deed. The company has accounted for the same in consideration of such Release agreement.

## 3. GOING CONCERN ASSUMPTION

The Company is not a **Going Concern** as all the Fixed Assets is sold out and the Company will not be able to continue in operation for the foreseeable future. The management has also no intention to run the plant in future.

## 4. INCOME TAX

- a) In the absence of any taxable profits no provision for Corporate Tax has been made.
- b) No deferred tax assets has been created in view of the virtual certainty supported by enhancing evidence that sufficient taxable income will be available in the next year against which the deferred assets can be realized.



# **Massillon Stainless INC.**

## **Notes to Financial Statements**

5. Balances of Sundry Debtors, Creditors and Bank balance of First Merit Bank are subject to confirmation. In the absence of the same, the effect of the same on the profit and loss account could not be determined.
6. The Company is a subsidiary of Jindal Stainless (Mauritius) Limited. The accounts have been prepared and audited for the purpose of attachment to the accounts of the Holding Company to comply with the provisions of the Indian Companies Act.
7. The company has reclassified previous year figures to conform to this year's classification to the extent applicable to the company.

As per our report of even date attached

**For N.C. Aggarwal & Co.**  
**Chartered Accountants**  
**Firm Registration No. 003273N**

**For and on behalf of Board of Directors**

**Sd/-**  
**G.K. Aggarwal**  
**Partner**  
**M. No. 086622**

**Sd/-**  
**Rajiv Rajvanshi**  
**Director & President**

**Sd/-**  
**Rajeev Rahlan**  
**Secretary & Treasurer**

**Place: New Delhi**  
**Date: May 26, 2016**