

**JSW STEEL (USA), INC.**

**FINANCIAL STATEMENTS**

**For the Years Ended  
March 31, 2016 and 2015  
With reports of independent auditors**

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# **JSW STEEL (USA), INC.**

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**Braj Aggarwal, CPA, P.C.**  
***Certified Public Accountants***

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**REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors  
JSW Steel (USA), Inc.  
Baytown, Texas

We have audited the financial statements of JSW Steel (USA) Inc. a Texas Corporation (a 90% owned subsidiary of JSW Steel Holding (USA), Inc.) which comprise the balance sheets as of March 31, 2016 and 2015, and related statements of operations, changes in member's capital and cash flows for the years then ended and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 evidences about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of JSW Steel (USA), Inc. as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Braj Aggarwal, CPA, P.C.*

Hicksville, New York  
May 8, 2016

## **FINANCIAL STATEMENTS**

**JSW STEEL (USA), INC.**

**BALANCE SHEETS**

	<b>March 31</b>	
	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 2,993,610	\$ 2,169,670
Accounts receivables:		
Trade receivables net of provision for doubtful accounts of \$4,242,795 and \$3,081,416	11,938,933	37,641,826
Intercompany receivables	11,090,857	5,128,109
Receivables from affiliates	1,096,514	1,057,280
Others	32,111	243,216
Inventories	44,443,556	84,706,169
Prepaid expenses and other current assets	2,816,496	5,425,892
Deferred tax assets	31,779,696	8,637,574
Total current assets	<u>106,191,773</u>	<u>145,009,736</u>
 Property, plant and equipment, net of accumulated depreciation of \$300,438,848 (Previous Year \$263,414,042) and impairment of \$94,755,000 (Previous Year \$None)	 <u>640,921,409</u>	 <u>761,498,468</u>
 Capitalized loan cost, net of amortization	 1,059,417	 1,260,000
Goodwill	-	233,818,243
 <b>Total assets</b>	 <u><u>748,172,599</u></u>	 <u><u>1,141,586,446</u></u>

**JSW STEEL (USA), INC.**  
**BALANCE SHEETS ( Continued)**

	<b>March 31</b>	
	<b>2016</b>	<b>2015</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable - trade	\$ 5,160,856	\$ 8,179,129
Accounts payable - affiliates	255,983	255,983
Accrued liabilities	57,522,888	14,407,424
Interest payable - financial institutions	1,260,304	1,503,355
Interest payable - intercompany	29,684,094	20,891,643
Federal and state taxes payable	204,522	225,782
Due to banks - lines of credit	47,993,282	91,897,285
Current portion of notes payable-banks	40,000,000	36,250,000
Total current liabilities	<u>182,081,928</u>	<u>173,610,602</u>
Long-term debts and other liabilities		
Notes payable-banks	64,375,000	104,375,000
Note payable - intercompany JSW Holding ( USA)	221,638,901	149,763,606
Total long-term debts	<u>286,013,901</u>	<u>254,138,606</u>
Deferred tax liabilities	133,481,800	176,759,156
<b>Total liabilities</b>	<u><u>601,577,629</u></u>	<u><u>604,508,364</u></u>
Stockholders' Equity		
Preferred Stock Series A, \$0.001 par value, 250,000,000 Shares authorized, and 230,000,000 issued and outstanding	230,000	230,000
Preferred Stock Series B, \$0.001 par value, 30,000,000 Shares authorized, and 25,555,555 issued and outstanding	25,556	25,556
Preferred Stock Series C, \$0.001 par value, 350,000,000 Shares authorized, and 333,000,000 issued and outstanding	333,000	333,000
Additional paid-in-capital preferred stock	587,966,999	587,967,000
Common stock, \$.001 par value; 300,000,000 shares authorized, 214,444,444 shares issued and outstanding	214,444	214,444
Additional paid-in-capital common stock	214,230,001	214,230,000
Accumulated deficit	(656,405,030)	(265,921,917)
Total stockholders' equity	<u>146,594,970</u>	<u>537,078,083</u>
<b>Total liabilities and stockholders' equity (deficit)</b>	<u><u>748,172,599</u></u>	<u><u>1,141,586,446</u></u>

**JSW STEEL (USA), INC.**

**STATEMENTS OF OPERATIONS**

	<b>Years Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Net sales	\$ 185,152,567	\$ 365,671,359
Cost of sales		
Cost of sales - materials, labor and other costs	200,892,201	334,764,912
Cost of sales - manufacturing depreciation expense	31,773,835	36,479,049
Total cost of sales	<u>232,666,036</u>	<u>371,243,961</u>
Gross deficit	(47,513,470)	(5,572,602)
Selling, general and administrative expenses:		
Selling, general and administrative expenses	12,044,362	24,984,190
Depreciation expenses	<u>5,250,971</u>	<u>5,748,726</u>
Total selling, general and administrative expenses	<u>17,295,333</u>	<u>30,732,916</u>
Operating loss	<u>(64,808,803)</u>	<u>(36,305,518)</u>
Other income (expenses):		
Interest income	4	86
Other income	224,815	419,908
Facility fees and financing charges	(965,783)	(3,426,267)
Interest expense	<u>(17,779,581)</u>	<u>(16,677,782)</u>
Total other income/(other expense)	<u>(18,520,546)</u>	<u>(19,684,055)</u>
Loss before unusual items and income tax	<u>(83,329,349)</u>	<u>(55,989,573)</u>
Unusual and/or infrequent items:		
Impairment of Goodwill	(233,818,243)	-
Impairment of Fixed Assets	(94,755,000)	-
Provision for legal case	(45,000,000)	-
Loss before income taxes	<u>(456,902,592)</u>	<u>(55,989,573)</u>
Income taxes		
Current income tax expense	-	100,000
Deferred income tax expense (benefits)	<u>(66,419,479)</u>	<u>(17,307,442)</u>
Total income taxes	<u>(66,419,479)</u>	<u>(17,207,442)</u>
Net loss	<u><u>\$ (390,483,113)</u></u>	<u><u>\$ (38,782,131)</u></u>



**JSW STEEL (USA), INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)**  
**YEARS ENDED MARCH 31, 2016 AND 2015**

	<b>Preferred Stock</b>	<b>Additional Paid- in Capital Preferred Stock</b>	<b>Common Stock</b>	<b>Additional Paid- in Capital Common Stock</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Accumulated Deficit</b>
<b>Balances at April 1, 2014</b>	\$ 568,556	\$ 567,987,000	\$ 214,444	\$ 214,230,000	\$ (227,139,787)	\$ 555,860,213
Net loss	-	-	-	-	(38,782,131)	(38,782,131)
Issuance of shares	20,000	19,980,000	-	-	-	20,000,000
<b>Balances at March 31, 2015</b>	<u>588,556</u>	<u>587,967,000</u>	<u>214,444</u>	<u>214,230,000</u>	<u>(265,921,917)</u>	<u>537,078,083</u>
Net loss	-	-	-	-	(390,483,113)	(390,483,113)
Issuance of shares	(0)	(1)	0	1	-	0
<b>Balances at March 31, 2016</b>	<u><u>588,556</u></u>	<u><u>587,966,999</u></u>	<u><u>214,444</u></u>	<u><u>214,230,001</u></u>	<u><u>(656,405,030)</u></u>	<u><u>146,594,970</u></u>

**JSW STEEL (USA), INC.**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities:</b>		
Net loss	\$ (390,483,113)	\$ (38,782,131)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	37,024,806	42,227,775
Amortization	880,250	2,957,991
Allowance for doubtful accounts	1,350,066	478,006
Impairment of Goodwill	233,818,243	-
Impairment of Fixed Assets	94,755,000	-
Gain on extinguishment of debt	-	-
Provision for deferred income taxes	(66,419,479)	(17,307,442)
Changes in operating assets and liabilities:		
Trade receivables	24,364,338	10,066,235
Intercompany receivables	(5,974,259)	(3,857,914)
Affiliates receivables	(39,234)	(409,010)
Other receivables	211,105	(236,118)
Inventories	40,262,613	4,501,470
Prepaid expenses and deposits	2,609,396	(3,301,860)
Accounts payable	(3,018,273)	2,836,739
Accrued liabilities	43,115,464	78,231
Interest payable financial institutions	(243,051)	(1,698,649)
Interest payable intercompany	8,792,451	3,498,156
Taxes payable	(21,261)	2,263
Net cash used by operating activities	<u>20,985,062</u>	<u>1,053,740</u>
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	<u>(11,202,748)</u>	<u>(22,038,191)</u>
Net cash provided used in investing activities	<u>(11,202,748)</u>	<u>(22,038,191)</u>
<b>Cash Flows From Financing Activities:</b>		
Capitalized loan costs	(679,667)	(1,745,491)
Borrowings on bank lines-of-credit	(43,904,003)	(61,341,059)
Payment on letter of credit revolver loan	-	(90,000,000)
Payment on capital lease	-	-
Payment other long term payables and notes others	-	-
Payments to banks- notes payable	(36,250,000)	(131,875,000)
Receipts from banks	-	145,000,000
Proceeds from intercompany notes payable- JSW Holding (USA)	71,875,295	158,103,961
Net cash provided by financing activities	<u>(8,958,375)</u>	<u>18,142,411</u>
Net increase (decrease) in cash and cash equivalents	823,939	(2,842,040)
Cash and cash equivalents at beginning of year	2,169,670	5,011,709
Cash and cash equivalents at end of year	<u>2,993,610</u>	<u>2,169,669</u>
<b>Supplemental Cash Flow Information:</b>		
Federal income taxes paid	-	-
Interest paid	9,230,181	14,878,276
Non-cash conversion of long-term debt to preferred stock	-	20,000,000

**JSW STEEL (USA), INC.**  
**NOTE TO FINANCIALS STATEMENTS**  
**Years ended March 31, 2016 and 2015**

**A - Nature of Business**

**Organization and Operations**

JSW Steel (USA) Inc. (the “Company”) is a Texas corporation, which was incorporated in 2007. The Company is 90 percent owned by JSW Steel Holding (USA), Inc. (a Delaware Corporation). JSW Steel (USA) Inc. acquired the stocks of Jindal Enterprises LLC, Jindal Pipes USA Inc., and U.S. Denro Steels Inc. on November 5, 2007. The three entities were merged into one operation under JSW Steel (USA) Inc. The operations in the three entities consist of a steel plate manufacturing facility, a pipe manufacturing facility and double jointing and coating facilities in Baytown, Texas.

**B - Going Concern**

The Company’s financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company engages in business activities that involve various risks, and future success is dependent upon a number of factors including, among others, generating sufficient revenues, the market demand and price for the Company’s products, the price of raw materials and the availability of required working capital. The Company incurred a net loss of \$ 390.5 million and \$ 38.8 million during the year ended March 31, 2016, and March 31, 2015 respectively.

The Company has adopted a plan to increase volumes by increasing its market share, thereby reducing unit cost through greater absorption of fixed costs over increased volume. Further, the company plans to reduce its cost by improving quality and other cost control initiatives.

The Company is dependent upon its ultimate parent company, JSW Steel Ltd. India to continue providing financial support as done in the past for the Company to continue until it achieves profitable operations. JSW Steel, Ltd. India will continue to provide need based support to the Company as required to continue operations.

The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

**C - Summary of Significant Accounting Policies**

The financial statements are prepared under accounting principles generally accepted in the United States of America (“GAAP”). The following notes describe the significant accounting policies.

**Use of Estimates**

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

## **JSW STEEL (USA), INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **Revenue Recognition**

Revenue is recognized generally when the product is shipped to the customer. The revenue from the sale of goods is recognized when the following has been satisfied:

1. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
2. Subsequent to the transfer of title, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
3. The amount of revenue can be measured reliably;
4. It is probable that the economic benefits associated with the transaction will flow to the Company; and,
5. The costs incurred, or to be incurred in respect of the transaction, can be measured reliably.

#### **Cash and Cash Equivalents**

Cash equivalents include time deposits, certificates of deposits, sweep account and all highly-liquid debt instruments with original maturities of three months or less. Restricted amounts of cash and cash equivalent are segregated and appropriately classified as current or noncurrent assets.

#### **Allowance for Doubtful Accounts**

Bad debts are provided by using the allowance method based upon historical experience and management's evaluation of outstanding accounts receivable at the balance sheet date for receivables that may not be fully collectible. Management's evaluation also includes potential non-payment due to product claims by customers. The Company's receivables are mainly from trade customers. Management has provided an allowance for doubtful accounts of \$4,242,795 and \$3,081,416 on trade accounts receivable for the years ended March 31, 2016 and 2015, respectively.

#### **Inventories**

Inventories of raw materials, work in progress and finished goods are valued at the lower of cost or market using the weighted average cost method.

#### **Property, Plant and Equipment**

Property, plant and equipment are stated at cost except for the assets acquired from the three entities on November 2007, which are stated at the acquisition date fair market value. Depreciation is calculated over the estimated useful lives of the assets using the straight-line method. Expenditures for refurbishment and improvements are capitalized; repairs and maintenance are charged to expense as incurred.

## **JSW STEEL (USA), INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **Change in Accounting Estimates**

During the year, the Company conducted an exercise to segregate individual assets from blocks of assets in category of plant and machinery. This has resulted in changes to the estimated lives of certain assets. The effect of this change, reduced the depreciation expense and net loss for the year by approximately \$8 million.

#### **Long-lived Assets**

Company reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

The collapse of the commodity pricing in 2015 along with imports at high levels, led to a steep decline in the dominate plate consuming industries - heavy equipment manufacturing, energy, shipbuilding and rail. Pipe market continued to be weak with a few major projects.

Given the indicators above, it has been decided to test for impairment of Company's assets. Accordingly, during the year, the Company had valuation exercises conducted by external valuation firm to value its assets pursuant to Financial Accounting Standards Board's (FASB's) Accounting Standard Codification (ASC) 360 and ASC 820.

Based on the studies and Company's view of the impairment indicators, the Company has impaired its assets by \$94,755,000 and Goodwill by \$233,818,243 (also separately discussed), in order to state the assets at their fair values.

#### **Capitalized Loan Costs**

The Company incurred costs to obtain certain loans. These costs have been deferred and are being amortized to interest expense over the related maturities of the loan. The deferred financing costs included on the balance sheet at March 31, 2016 of \$1.06 million represent the remaining unamortized cost.

#### **Federal Income Taxes**

The Company records income taxes pursuant to the liability method. Deferred tax assets and liabilities are recorded based upon differences between the financial statement and tax bases of assets and liabilities and the available tax carry forwards. For tax purposes, buildings, property and equipment will carry the same book value for federal taxes as carried by the entities before the merger. The difference between the tax basis and financial statement basis is a temporary timing difference and has been recorded as a deferred tax liability for financial statement purposes. The Company files a consolidated tax return with its parent, JSW Steel (USA) Holding, Inc. Income taxes, including deferred taxes and net operating loss benefits are allocated to the subsidiaries that are included in the consolidated tax return. Accordingly, the Company has allocated income taxes as if it were a separate taxpayer.

**JSW STEEL (USA), INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more likely than not threshold, it is then measured to determine the amount of expense to record in the financial statements. The tax position is measured as the largest amount of expense that is greater than 50 percent likely to be realized upon settlement. The Company classifies any potential accrued interest recognized on an underpayment of income taxes as interest expense and classifies any statutory penalties recognized on a tax position taken as operating expense. Management of the Company has not taken a tax position that, if challenged, would be expected to have a material effect on the consolidated financial statements or the effective tax rate for the years ended March 31, 2016 or 2015. The Company's federal income tax returns since 2008 are subject to examination by the Internal Revenue Service.

**Fair Value of Financial Instruments**

The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate carrying value, principally because of the short maturity of those items. The fair values of capitalized lease obligations approximate carrying value based on their effective interest rates compared to current market rates.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash and accounts receivable. The Company maintains cash balances at financial institutions, which may at times be in excess of federally-insured levels. The Company has not incurred losses related to these balances to date.

The Company had one customer that represented 8.7% of total revenues for the year ended March 31, 2016. In the previous year, the company had one customer that represents 9.8% of revenue. As of March 31, 2016, the Company had three trade receivable accounts that represented 21% of total trade receivables. As of March 31, 2015, the Company had three receivable accounts that represented 26% of total trade receivables.

**Advertising Costs**

Advertising costs are expensed when incurred.

**Shipping and Handling Costs**

Freight billed to customers is considered revenue and the related freight costs as cost of sales.

**Taxes Collected from Customers**

In the course of doing business, the Company collects taxes from customers, including but not limited to sales taxes. It is the Company's policy to record these taxes on a net basis in the statement of operations; therefore, the Company does not include the taxes collected as a component of revenues.

**Planned Major Maintenance Activities**

The Company uses the direct expensing method to account for major maintenance activities. Under this method, major maintenance activities are expensed as a period expense when the major maintenance activities are incurred.

**JSW STEEL (USA), INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Reclassification of Prior Year Amounts**

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations.

**D - Inventories**

At March 31, 2016 and 2015, inventories consisted of the following:

	<b>2016</b>	<b>2015</b>
Steel Slabs - raw materials	13,859,565	35,284,802
WIP	1,968,562	1,156,484
Finished Goods - plates	8,044,556	14,022,129
Finished Goods - Pipe	4,268,892	6,769,280
Scrap	288,874	2,415,945
Stores and Rolls Inventory	15,928,015	15,635,896
Slabs in transit	85,093	9,421,633
<b>TOTAL</b>	<b>44,443,557</b>	<b>84,706,169</b>

**E - Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consisted of the following at March 31:

	<b>2016</b>	<b>2015</b>
Vendor advances and deposits	1,884,220	3,895,161
Prepaid insurance	302,806	248,640
Other	629,470	1,282,091
<b>TOTAL</b>	<b>2,816,496</b>	<b>5,425,892</b>

**JSW STEEL (USA), INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**F - Property, Plant and Equipment**

Property, plant and equipment as of March 31, 2016 and 2015, are as follows:

	<b>Balances March 31, 2015</b>	<b>Additions</b>	<b>Adjustments / Retirements</b>	<b>Balances March 31, 2016</b>	<b>Estimated Useful Life (Years)</b>
Land	4,470,000			4,470,000	
Machinery and equipment	844,153,869	14,121,293		858,275,162	7 – 22
Buildings	170,770,730			170,770,730	30
Furniture, fixtures and office equipment	1,576,512			1,576,512	3 - 10
Capital lease equipment	1,022,853			1,022,853	5
Capital work in progress	2,918,545		(2,918,545)	-	
<b>Total Property, Plant and Equipment</b>	<b>1,024,912,509</b>	<b>14,121,293</b>	<b>(2,918,545)</b>	<b>1,036,115,257</b>	
Less Accumulated Depreciation	(263,414,041)	(37,024,806)		(300,438,847)	
Less Loss due to Impairment			(94,755,000)	(94,755,000)	
<b>Net Property, Plant and Equipment</b>	<b>761,498,468</b>	<b>(22,903,513)</b>	<b>(97,673,545)</b>	<b>640,921,410</b>	

Depreciation expense was \$37,024,806 and \$42,227,775 for the years ending March 31, 2016 and 2015, respectively.

**G - Goodwill**

The carrying amount of goodwill as at March 31, 2015 was \$233.8 million which represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in the November 2007 acquisition.

Goodwill is tested for impairment by applying a fair-value based test on an annual basis and, if certain events or circumstances indicate that an impairment loss may have been incurred, on an interim basis. GAAP requires the Company to compare the fair value of the reporting unit with its carrying amount to determine if there is a potential impairment. If the fair value of the reporting unit is less than its carrying value at the valuation date, an impairment loss would be recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value.

Recognizing the indicators that warrant an impairment testing (refer note on Long Lived Assets) and the valuation exercises conducted consequently, it has been concluded that fair value of the Company was less than the carrying cost of its assets. The goodwill was therefore, impaired in full by \$233.8 million during the year.



**JSW STEEL (USA), INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**H - Accrued Expenses**

Accrued expenses consisted of the following at March 31:

	<b>2016</b>	<b>2015</b>
Personnel related costs	937,673	2,826,712
Utilities	304,479	390,019
Freight	-	1,032,634
Legal	55,000,000	10,000,000
Other	1,280,736	308,059
<b>Total</b>	<b>57,522,888</b>	<b>14,557,424</b>

**I- Debts**

At March 31, 2016 and 2015, debts consisted of borrowings under term loan agreements, revolving line of credit facilities, and other short-term credit arrangements from financial institutions.

**Term Loans and Revolving Credit Facilities with Financial Institutions**

In May 2014, the ICICI Bank Limited, Dubai has sanctioned a Working Capital Term loan of \$75 million at LIBOR plus 4.15%. The interest rate at March 31, 2016 and 2015 was 4.88% and 4.48% respectively. The term of the loan is 4 years. Repayment started in April (10%) and thereafter, the balance is payable in six equal half yearly installments. The loan is secured by a first charge on all assets.

In November 2014, the Company obtained a corporate loan from SBI, New York in the amount of \$70 million at LIBOR plus 3.45%. The interest rate at March 31, 2016 and 2015 was 4.08% and 3.73% respectively. The tenure of the loan is 4 years one month and repayable in 16 equal quarterly installments of \$4.375 million each commencing from March 31, 2015 and ending on December 31, 2018. The proceeds of the loan were utilized to repay the revolving credit facility of SBI in full. This loan is secured with a first charge on all assets. The loan is further secured by a guarantee issued by the ultimate Parent, JSW Steel Limited, Mumbai, India.

The term loan facilities and working capital credit facilities were composed of the following:

	<b>2016</b>	<b>2015</b>
Long-Term Debt		
Working capital term loan to bank	104,375,000	140,625,000
Less current portion	(40,000,000)	(36,250,000)
<b>Long-term debts, net of current portions</b>	<b>64,375,000</b>	<b>104,375,000</b>

**JSW STEEL (USA), INC.**  
**NOTES TO FINANCIAL STATEMENTS**

The Long Term Debt will mature as follows:

Fiscal year ending March 31,	
2017	40,000,000
2018	24,375,000
<b>Total</b>	<b>64,375,000</b>

**Other Credit Facility Arrangements**

To provide for purchases of inventory and other working capital requirements, the Company has established line of credit facility arrangements with three financial institutions. These facilities allow the Company to provide letters of credit and other short term financing instruments (banker's acceptance) for purchases of inventory.

The facilities availed from Bank of America and from ANZ Bank have been sanctioned to JSW Steel Holding (USA) Inc., and allow the Company to utilize the facilities for purchases of inventory. As at the close of the year, the Bank of America Facility had no outstanding and was terminated in April, 2016.

The facility availed from ICICI Bank Limited, Dubai is secured by a second charge on the assets of the Company. The Company is in the process of upgrading the security to a first charge on all its assets.

The arrangements have varying interests when the billing acceptance occurs. These facilities are summarized below as of March 31, 2016:

<b>Bank</b>	<b>Rate of Interest</b>	<b>Limits</b>	<b>Banker's Acceptance Utilized</b>	<b>Letters of Credit Utilized</b>	<b>Available</b>
ANZ Bank	3.87397%	50,000,000	22,908,276	8,027,025	19,064,699
ICICI	4.14215%	25,000,000	25,000,000	-	-
		75,000,000	47,908,276	8,027,025	19,064,699

**JSW STEEL (USA), INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**J - Capital Leases**

The Company acquired equipments through capital leases in prior years. The capital leases were of various durations with the last lease maturing during the year ended March 31, 2013. As at March 31, 2015, the amount of accumulated depreciation was \$990,425 and the net book value was \$32,428 which is the estimated residual value. Therefore, no further depreciation has been charged during the year on these assets.

**K - Intercompany, Related Party and Affiliates Disclosure Information Intercompany**

Intercompany balances relate to loans and other transactions between the Company and its ultimate parent company, JSW Steel Ltd. (India), its parent company, JSW Steel Holding (USA), Inc. and its sister company, Periana Holdings, LLC. The loans from JSW Steel Holding (USA), Inc. are convertible to preferred stock. The following details intercompany balances at March 31:

<b>Intercompany Receivables</b>	<b>2016</b>	<b>2015</b>
JSW Steel Holding (USA), Inc.	10,826,027	4,986,259
Periana Holdings, LLC	61,283	74,457
JSW Steel Ltd., India	203,547	67,393
<b>Total Intercompany Receivables</b>	<b>11,090,857</b>	<b>5,128,109</b>

<b>Interest Payable</b>		
JSW Steel Ltd., India on slab purchase	446,990	446,990
JSW Steel Holding (USA), Inc.	29,237,105	20,444,654
<b>Total Interest Payable</b>	<b>29,684,095</b>	<b>20,891,644</b>

<b>Intercompany - Loans Payable</b>		
Loans payable to JSW Steel Holding (USA), Inc.	221,638,901	149,763,606

The following details intercompany transactions during the year ended March 31:

<b>Intercompany Interest</b>		
Interest on note to JSW Steel Holding (USA), Inc.	8,792,451	3,498,156

**JSW STEEL (USA), INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Affiliates**

The Company transacts business with entities that is controlled by family members of the majority stockholders of JSW Steel Ltd. (India). As a result of this relationship, management considers Jindal Saw (USA), LLC and Jindal Saw Ltd., India to be affiliate companies. The following details balances with affiliates at March 31:

	<b>2016</b>	<b>2015</b>
Receivables from Affiliates		
Jindal Saw USA LLC	1,096,514	1,057,280
Total Receivables from Affiliates	1,096,514	1,057,280
Payables to Affiliates		
Jindal Saw Ltd	255,982	255,982
Total Payables to Affiliates	255,982	255,982

**L - Income Taxes**

The Company's deferred tax liabilities and deferred tax assets, at March 31, 2016 and 2015, are as follows:

	<b>2016</b>	<b>2015</b>
Deferred tax assets/benefits related to:		
<u>Current deferred tax assets</u>		
Allowance for doubtful accounts	1,484,978	1,078,496
Interest not currently deductible	8,730,151	841,114
Uniform capitalization on inventory	2,324,363	2,908,535
Accrued expenses not currently deductible	<u>19,240,205</u>	<u>3,809,429</u>
<b>Total current deferred tax assets</b>	<b>31,779,697</b>	<b>8,637,574</b>
<u>Long-term deferred tax assets</u>		
Net operating loss carryforward	90,742,876	73,765,242
Valuation allowance on deferred tax assets <b>Net</b>	<u>(10,955,000)</u>	<u>(9,310,000)</u>
<b>long-term deferred tax assets</b>	<b>79,787,876</b>	<b>64,455,242</b>
Deferred tax liability related to:		
Financial statement assets greater than tax basis net of accumulated depreciation differences	<u>213,269,676</u>	<u>241,214,398</u>
<b>Total deferred tax liability</b>	<b>213,269,676</b>	<b>241,214,398</b>

**JSW STEEL (USA), INC.**  
**NOTES TO FINANCIAL STATEMENTS**

For financial statement presentation, the net current and long-term deferred taxes are as follows:

	<b>2016</b>	<b>2015</b>
Current net deferred tax assets	\$ 31,779,697	\$ 8,637,574
Long-term deferred tax liability		
Long-term deferred tax liability	213,269,676	241,214,398
Less: Long-term deferred tax assets	79,787,876	64,455,242
<b>Net long-term deferred tax liabilities</b>	<b>\$ 133,481,800</b>	<b>\$ 176,759,156</b>

In November 2007, with the acquisition and merger of the three entities, the Company received approximately \$50.2 million in net operating loss (NOL) carry forwards for federal income tax purposes. As of March 31, 2016, \$31.3 million of the original NOL carry forwards has been unused.

For the year ending March 31, 2016, the Company and its parent have a taxable loss of approximately \$78.33 million, which increases the NOL carry forwards to \$427.36 million for both entities to be carried forward to future years. The Company's allocated portion of the NOL is \$ 259.27 million with a corresponding tax benefit of \$ 90.70 million. The net operating loss carry forwards, if not utilized, will expire in various years through 2036. The Company does not have any current year federal taxes payable, and did not make any estimated payments during the years ended March 31, 2016 or 2015.

The NOL carry forwards expire as follows:

Year of Expiration	NOL carry forwards (millions)
2021	11.5
2022	5.9
2023	1.2
2024	1.3
2025	6.8
2026	1.8
2027	2.9
2028	-
2029	38.6
2030	64.0
2031	20.4
2033	27.9
2034	13.1
2035	17.4
<u>2036</u>	<u>46.4</u>
<b>Total</b>	<b>259.2</b>

**JSW STEEL (USA), INC.**  
**NOTES TO FINANCIAL STATEMENTS**

For the year ending March 31, 2016, the Company had established a valuation allowance for possible net operating losses that may expire before the Company can utilize the net operating losses. The Company's valuation allowance of \$ 10,955,000 on the deferred tax assets covers approximately \$ 31.3 million of potential net operating loss benefits that may not be used before expiring. For the year ending on March 31, 2015, the company's valuation allowance was \$9,310,000 on the deferred tax assets which covered approximately \$26.6 million of potential net operating loss benefits that may not be used before expiring.

Additional valuation allowance \$1.6 million had been set up during the current fiscal year because of the possibility the net operating losses might not be used and the benefits of the net operating losses may not be realized in the near future. The deferred tax assets related to the net operating loss has been classified as long term due to the fact that the Company may not have profits within the following year to utilize any of the net operating loss benefits.

**M - Description of Rights and Privileges of Capital Stock**

The Company has four classes of capital stock including Common Stock, Preferred Stock Series A, Preferred Stock Series B and Preferred Stock Series C. The Common Stock is the only voting stock. Dividends for all stock must be approved by the Board. The Company has the right to redeem the preferred stock at \$1 per share. Any cumulative dividends are paid first to Series A preferred stock shareholders, then to Series B preferred stock shareholders and then to Series C preferred stock shareholders. Upon liquidation, dissolution or winding up, any distributions will be made first to Series A preferred stock, then Series B and then to Series C before any distributions to common stock shareholders.

**N - Commitments and Contingencies Operating Leases**

The company enters into various equipment rental agreements during the year that are operating leases. Most are on a month-to-month basis. The rental agreements are short-term and cancellable and are not capital leases. Minimum lease payments per year on operating leases are as follows;

Fiscal year ending March 31	Amount
2017	1,118,690
2018	1,118,690
2019	121,866
2020	121,866
2021	121,866

Rent expense under operating leases totaled \$2,104,407 and \$1,953,016 for the periods ended March 31, 2016 and 2015, respectively.

## **JSW STEEL (USA), INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **Contingencies**

The Company is subject to certain disputes and claims, which have arisen in the ordinary course of business. It is not possible to predict the outcome of any such matters.

#### **Lawsuit**

A Houston, Texas jury returned a verdict on March 25, 2014 against the Company, along with other co-defendants, in an antitrust lawsuit filed in the United States District Court for the Southern District of Texas. The jury returned a verdict of \$52 million in damages against all defendants jointly and severally, which amount has been trebled under the federal antitrust laws and to which has been added an award of attorneys' fees. The Company disagreed with the judgment and damages award and filed an appeal with the U.S. Court of Appeals for the Fifth Circuit.

The Company posted a surety bond in the amount of \$80 million in December 2014. In order to secure reimbursement of that surety bond, two irrevocable standby letters of credit (SBLC) were issued by ICICI, New York. Those two letters of credit total \$80 million and expire December 3, 2016. They were issued under credit facilities available to JSW Steel Holding (USA) Inc., the parent of the Company.

Three of the original co-defendants settled the case, leaving the Company and one other defendant to appeal. The Court of Appeals affirmed the judgment against the Company and reversed the judgment against the remaining defendant.

The Company strongly disagrees with the decision of the Court of Appeals. On or before June 7, 2016, the Company will file a writ of certiorari with the U.S. Supreme Court seeking reversal of the decision of the Court of Appeals. The Company sought an order staying issuance of the mandate by the Court of Appeals from the U.S. Supreme Court, which denied the Company's motion. Therefore, approximate amount of \$55 million is payable as per Judgment, without prejudice to the right to seek a writ of certiorari in Supreme Court. The Company is in the process of making payment of the judgment.

A provision for \$10 million had been made in the books of the Company in prior years and the balance of \$45 million has been provided in the books during the current year.

#### **O - Retirement Plan - 401 (K) Plan Salary Deferral Plan**

The Company sponsors a 401(k) plan for all employees with one year (or more) of service. Eligible employees may contribute part of their wages, before taxes are paid, up to 15% of their annual compensation or the maximum allowed by tax statutes for their retirement. The Company matches 50 percent of the employee's contributions in the plan, up to a maximum of 3 percent on the employee's contribution of 6 percent of the employee's annual compensation. Participants are 0% vested after one year of service, 20% vested after two years of service, 40% vested after three years of service, 60% vested after four years of service, 80% vested after five years of service and 100% vested after six years service on the Company's matching portion. The Company contributed \$290,293 and \$269,938 for the years ended March 31, 2016 and 2015, respectively. A third-party administrator administers the plan.

#### **P - Healthcare Benefits**

The Company provides healthcare benefits to its active full-time workers. The Company uses a third-party commercial insurance carrier to handle the healthcare insurance. The Company expenses related to

**JSW STEEL (USA), INC.**  
**NOTES TO FINANCIAL STATEMENTS**

healthcare benefits were \$5,616,584 and \$4,028,450 for the periods ending March 31, 2016 and 2015, respectively.

**Q - Subsequent Events**

Subsequent events have been evaluated through May 08, 2016, which is the date the financial statements were available to be issued. As of that date, there were no reportable events other than the events already disclosed above where appropriate.



**Braj Aggarwal, CPA, P.C.**  
***Certified Public Accountants***

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**REPORT OF INDEPENDENT AUDITORS  
ON SUPPLEMENTAL INFORMATION**

Board of Directors  
JSW Steel (USA), Inc  
Baytown, Texas

We have audited the financial statements of JSW Steel (USA), Inc as of and for the year ended March 31, 2016 and 2015 and our report thereon dated May 8, 2016 which expressed an unmodified opinion on those financial statements, appears on page 1 and 2.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Inventory Quantitative Details for the year from April 1, 2015 to March 31, 2016, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ending inventory balance information is fairly stated in all material respects in relation to the financial statements as a whole. The information of the tonnage and other non-accounting information, which is the responsibility of management, is on a non-accounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurances on it.

*Braj Aggarwal, CPA, P.C.*

Hicksville, New York  
May 8, 2016

**JSW Steel (USA) Inc****Quantitative Details for the period from April 1, 2015 to March 31, 2016**

Particulars	Qty in Net Tons	Rate per Net Ton	Value
<b><u>Raw Material - Carbon Steel Slabs</u></b>			
Opening Balance as on April 1st, 2015	68,079.48	518.29	35,284,789
Purchases during the period	229,516.66	401.77	92,212,235
	297,596.14	428.42	127,497,024
Slabs consumed / adjusted during the year	260,340.19	436.50	113,637,459
Slabs sold			
<b>Closing Balance as at March 31st, 2016</b>	<b>37,255.95</b>	<b>372.01</b>	<b>13,859,565</b>
<b>Total Inventories of Raw Materials as at March 31st, 2016</b>			<b>13,859,565</b>
<b><u>Other Raw Material - Flux</u></b>			
Opening Balance as on April 1st, 2015	73.50	2,246.44	165,114
Purchases during the period	157.50	2,148.00	338,310
	231.00	2,179.32	503,424
Consumption during the period	207.00	2,182.97	451,875
<b>Closing Balance as at March 31st, 2016</b>	<b>24.00</b>	<b>2,147.87</b>	<b>51,549</b>
<b><u>Other Raw Material - Welding Wire</u></b>			
Opening Balance as on April 1st, 2015	43.91	2,923.43	128,372
Purchases during the period	170.76	2,634.28	449,831
	214.67	2,693.43	578,204
Consumption during the period	142.17	2,752.40	391,314
<b>Closing Balance as at March 31st, 2016</b>	<b>72.50</b>	<b>2,577.79</b>	<b>186,890</b>
<b><u>Other Raw Material - FBE / ARO Coating Powder</u></b>			
Opening Balance as on April 1st, 2015	71.51	3,689.58	263,843
Purchases during the period	243.66	4,828.57	1,176,528
	315.17	4,570.14	1,440,371
Consumption during the period	224.05	4,881.82	1,093,759
<b>Closing Balance as at March 31st, 2016</b>	<b>91.12</b>	<b>3,803.80</b>	<b>346,612</b>
<b><u>Other Raw Material - Carboquard Paint (Qty in Gallons)</u></b>			
Opening Balance as on April 1st, 2015	-	-	-
Purchases during the period	-	-	-
	-	-	-
Consumption during the period	-	-	-
<b>Closing Balance as at March 31st, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Inventory of Other Raw Material as at March 31st, 2016</b>			<b>585,051</b>

**JSW Steel (USA) Inc****Quantitative Details for the period from April 1, 2015 to March 31, 2016**

Particulars	Qty in Net Tons	Rate per Net Ton	Value
<b><u>Work In Process - Trade Plates</u></b>			
Opening Balance as on April 1st, 2015	1,463.00	651.20	952,715
Slabs rolled during the period	186,730.64	599.08	111,866,866
	188,193.64	599.49	112,819,581
Consumed / Reclass / Adj in production of finished plates	185,701.31	600.06	111,431,857
<b>Closing Balance as at March 31st, 2016</b>	<b>2,492.33</b>	<b>556.80</b>	<b>1,387,725</b>
<b><u>Work In Process - Plates to be consumed in production of Pipes</u></b>			
Opening Balance as on April 1st, 2015	21.20	681.73	14,455
Slabs rolled during the period	67,209.94	610.95	41,062,066
	67,231.15	610.97	41,076,521
Consumed / Reclass - Adj in production of finished plates	66,812.38	611.21	40,836,270
<b>Closing Balance as at March 31st, 2016</b>	<b>418.77</b>	<b>573.71</b>	<b>240,250</b>
<b><u>Work In process - Pipes</u></b>			
Opening Balance as on April 1st, 2015	177.16	1,068.58	189,307
Plates fed in the Feeder during the period	56,405.67	960.35	54,169,287
	56,582.83	960.69	54,358,594
Plates consumed / Adj reclass in production of 40 Ft bare pipes	56,279.13	959.82	54,018,007
<b>Closing Balance as at March 31st, 2016</b>	<b>303.70</b>	<b>1,121.47</b>	<b>340,586</b>
<b>Total Work In Process as at March 31st, 2016</b>			<b>1,968,562</b>
<b><u>Finished Goods - Trade Plates</u></b>			
Opening Balance as on April 1st, 2015	5,985.25	789.34	4,724,376
Production during the period	147,045.21	720.90	106,004,366
	153,030.46	723.57	110,728,742
Cost of Plates sold / Adjustment reclass during the period - Domestic	146,600.78	729.57	106,956,124
Cost of Plates sold during the period - Exports	-	-	-
<b>Closing Balance as at March 31st, 2016</b>	<b>6,429.68</b>	<b>586.75</b>	<b>3,772,618</b>
<b><u>Finished Goods - Plates to be consumed for production of Pipes</u></b>			
Opening Balance as on April 1st, 2015	4,426.69	800.37	3,542,998
Production during the period	52,594.72	735.01	38,657,395
	58,876.27	739.62	43,546,249
Cost of Plates consumed / Adjustment reclass in production of Pipes	58,039.99	740.25	42,964,310
<b>Closing Balance as at March 31st, 2016</b>	<b>836.29</b>	<b>695.86</b>	<b>581,939</b>
<b><u>Finished Goods - Excess Prime Plates</u></b>			
Opening Balance as on April 1st, 2015	2,844.67	633.21	1,801,278
Production during the period	2,822.24	469.19	1,324,155
	5,666.91	551.52	3,125,432
Cost of Plates sold / adjusted during the period - Domestic	(800.04)	(487.27)	389,838
<b>Closing Balance as at March 31st, 2016</b>	<b>6,466.95</b>	<b>423.01</b>	<b>2,735,594</b>

**JSW Steel (USA) Inc****Quantitative Details for the period from April 1, 2015 to March 31, 2016**

Particulars	Qty in Net Tons	Rate per Net Ton	Value
<b><u>Finished Goods - Non Prime Plates</u></b>			
Opening Balance as on April 1st, 2015	8,891.61	444.63	3,953,461
Production during the period	8,633.00	244.03	2,106,721
	17,524.61	345.81	6,060,182
Cost of Plates sold / adjusted during the period - Domestic	13,375.03	381.74	5,105,778
<b>Closing Balance as at March 31st, 2016</b>	<b>4,149.58</b>	<b>230.00</b>	<b>954,404</b>
<b>Total Plate Inventory as at March 31st, 2016</b>			<b>8,044,556</b>
<b><u>Finished Goods - 40 FT Bare Pipes</u></b>			
Opening Balance as on April 1st, 2015	313.82	1,095.21	343,698
Production / adjustment during the period	53,048.52	967.33	51,315,192
	53,362.34	968.08	51,658,890
Pipes consumed in Double Jointing operations	-	-	-
Pipes consumed / adjusted in OD Coating Operations	32,225.96	959.46	30,919,516
Cost of Pipes sold during the period - Domestic	20,570.10	979.87	20,156,062
<b>Closing Balance as at March 31st, 2016</b>	<b>566.27</b>	<b>1,030.09</b>	<b>583,312</b>
<b><u>Finished Goods - 40 FT Bare Excess Prime Pipes</u></b>			
Opening Balance as on April 1st, 2015	3,195.23	1,116.95	3,568,911
Production / adjustment during the period	2,955.87	1,062.86	3,141,672
	6,151.10	1,090.96	6,710,583
Cost of Pipes sold / adjusted during the period - Domestic	3,525.50	1,100.49	3,879,781
<b>Closing Balance as at March 31st, 2016</b>	<b>2,625.60</b>	<b>1,078.15</b>	<b>2,830,802</b>
<b><u>Finished Goods - 40 FT Bare NCO Pipes</u></b>			
Opening Balance as on April 1st, 2015	3,836.37	735.93	2,823,291
Production / adjustment during the period	599.32	735.93	441,059
	4,435.70	735.93	3,264,350
Cost of Pipes sold / adjusted during the period - Domestic	3,357.69	735.93	2,471,018
<b>Closing Balance as at March 31st, 2016</b>	<b>1,078.00</b>	<b>735.93</b>	<b>793,332</b>
<b><u>Finished Goods - 40 FT OD Coated Pipes</u></b>			
Opening Balance as on April 1st, 2015	33.94	983.17	33,372
Production during the period	32,238.26	1,079.52	34,801,684
	32,272.20	1,079.41	34,835,056
Pipes consumed in ID Coating Operations	4,461.85	1,043.19	4,654,578
Cost of Pipes sold / adjusted during the period - Domestic	27,772.11	1,084.94	30,131,185
<b>Closing Balance as at March 31st, 2016</b>	<b>38.24</b>	<b>1,289.07</b>	<b>49,293</b>
<b><u>Finished Goods - 40 FT ID Coated Pipes</u></b>			
Opening Balance as on April 1st, 2015	-	-	-
Production during the period	4,457.99	1,052.87	4,693,691
	4,457.99	1,052.87	4,693,691
Cost of Pipes sold / adjusted during the period - Domestic	4,446.25	1,052.92	4,681,537
<b>Closing Balance as at March 31st, 2016</b>	<b>11.73</b>	<b>1,036.02</b>	<b>12,154</b>

**JSW Steel (USA) Inc****Quantitative Details for the period from April 1, 2015 to March 31, 2016**

Particulars	Qty in Net Tons	Rate per Net Ton	Value
<b><u>Finished Goods - 80 FT Bare Pipes</u></b>			
Opening Balance as on April 1st, 2015	-	-	-
Production during the period	-	-	-
	-	-	-
Pipes consumed / adjusted in OD Coating Operations	-	-	-
<b>Closing Balance as at March 31st, 2016</b>	-	-	-
<b><u>Finished Goods - 80 FT OD Coated Pipes</u></b>			
Opening Balance as on April 1st, 2015	-	-	-
Production during the period	-	-	-
	-	-	-
Pipes consumed / adjusted in ID Coating Operations	-	-	-
Cost of Pipes sold during the period - Domestic	-	-	-
<b>Closing Balance as at March 31st, 2016</b>	-	-	-
<b><u>Finished Goods - 80 FT OD and ID Coated Pipes</u></b>			
Opening Balance as on April 1st, 2015	-	-	-
Production during the period	-	-	-
	-	-	-
Cost of Pipes sold / adjusted during the period - Domestic	-	-	-
<b>Closing Balance as at March 31st, 2016</b>	-	-	-
<b><u>Gulf South Pipe Inventory</u></b>			
Opening Balance as on April 1st, 2015	-	-	-
Bought during the period	-	-	-
	-	-	-
Cost of Pipes sold during the period - Domestic	-	-	-
<b>Closing Balance as at March 31st, 2016</b>	-	-	-
<b>Total Pipe Inventories as at March 31st, 2016</b>			<b>4,268,892</b>
<b>40FT and 80FT GS Bought back inv. as at March 31st, 2016</b>			<b>-</b>
<b>Total Pipe Inventories as at March 31st, 2016</b>			<b>4,268,892</b>
<b><u>Scrap Inventories - Scrap Pipes</u></b>			
Opening Balance as on April 1st, 2015	1,080.53	291.03	314,466
Production during the period	252.56	147.88	37,349
	1,333.09	263.91	351,815
Cost of scrap pipes sold / adjusted during the year	607.81	290.15	176,356
<b>Closing Balance as at March 31st, 2016</b>	<b>725.28</b>	<b>241.92</b>	<b>175,458</b>
<b><u>Scrap Inventories - Plate Scrap</u></b>			
Opening Balance as on April 1st, 2015	9,221.64	227.89	2,101,488
Production during the period	36,368.54	159.54	5,802,078
	45,590.18	173.36	7,903,566
Cost of Scrap sold /adjusted during the period - Domestic	44,784.08	173.95	7,790,150
Cost of Scrap sold during the period - Exports	-	-	-
<b>Closing Balance as at March 31st, 2016</b>	<b>806.10</b>	<b>140.70</b>	<b>113,415</b>
<b>Total Scrap / Reject Inventories as at March 31st, 2016</b>			<b>288,874</b>