

JSW Steel Holding (USA) Inc.
Stand-alone
Financial Statements
For the Years Ended
March 31, 2016 and 2015

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JSW Steel Holding (USA), Inc.

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

REPORT OF INDEPENDENT AUDITORS

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

We have audited the financial statements of JSW Steel Holding (USA), Inc. (a Delaware Corporation) 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 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, 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.

Basis for Qualified Opinion

As discussed in Note C to these financial statements, which are for JSW Steel Holding (USA), Inc. stand-alone financial statements, the Company reports its investment in JSW Steel (USA), Inc., a 90 percent owned subsidiary, and Periana Holdings, Inc., a 100 percent owned subsidiaries on the cost method of accounting.

These financial statements do not consolidate the financial position or results of operations from its subsidiaries in accordance with Generally Accepted Accounting Principles accepted in the United States of America and are not intended to be a full presentation under generally accepted accounting principles. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Opinion

In our opinion, except for the effects of not consolidating all owned subsidiaries, as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of JSW Steel Holding (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 HOLDING (USA), INC.

BALANCE SHEETS

	March 31	
	2016	2015
Assets		
Current		
Cash and cash equivalents	\$ 18,455	\$ 20,856
Accounts receivables:		
Intercompany receivable	32,688	32,688
Intercompany interest receivable	44,403,442	30,043,600
Receivables from affiliates	13,235	13,235
Others	93,135	93,135
Restricted investment	40,000,000	40,000,000
Deferred tax assets	24,189,506	22,045,896
Total current assets	<u>108,750,461</u>	<u>92,249,410</u>
 Intercompany loans receivable from subsidiaries	 <u>319,026,185</u>	 <u>241,326,606</u>
 Deferred tax assets- noncurrent	 39,707,702	 35,861,550
Capitalized loan cost, net of amortization	5,632,311	7,814,405
Investment in JSW Steel (USA)	165,235,473	756,000,000
Investment in Periana	<u>-</u>	<u>14,350,000</u>
Investment in subsidiaries	<u>165,235,473</u>	<u>770,350,000</u>
 Total assets	 <u><u>638,352,132</u></u>	 <u><u>1,147,601,971</u></u>

See notes to financial statements

JSW STEEL HOLDING (USA), INC.

BALANCE SHEETS (Continued)

	March 31	
	2016	2015
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable - trade	\$ 26,465	\$ 1,312
Accounts payable - intercompany	10,826,028	4,986,260
Interest payable - financial institutions	6,653,209	6,194,590
Interest payable - related party and affiliates	11,908,930	10,133,899
Interest payable - intercompany	61,360,469	29,339,988
Loans payable - intercompany	580,297,750	482,137,887
Notes payable to bank	40,000,000	40,000,000
Current portion of notes payable - other	30,000,000	-
Total current liabilities	<u>741,072,851</u>	<u>572,793,937</u>
Long-term debt, net of current portions:		
Notes payable bank	440,000,000	440,000,000
Notes payable to related parties	13,000,000	43,000,000
Total long-term debt	<u>453,000,000</u>	<u>483,000,000</u>
Total liabilities	<u>1,194,072,851</u>	<u>1,055,793,937</u>
Stockholders' Equity		
Common stock, \$.01 par value; 9,000 shares authorized, 1,033 shares issued and outstanding	10	10
Additional paid-in-capital common stock	190,058,089	190,058,089
Accumulated Deficit	<u>(745,778,819)</u>	<u>(98,250,065)</u>
Total Stockholders' Equity	<u>(555,720,720)</u>	<u>91,808,034</u>
Total liabilities and stockholders' equity (deficit)	<u><u>638,352,132</u></u>	<u><u>1,147,601,971</u></u>

See notes to financial statements

JSW STEEL HOLDING (USA), INC.

STATEMENTS OF OPERATIONS

	Years Ended March 31,	
	2016	2015
Revenue	\$ -	\$ -
Selling, general and administrative expenses	<u>96,360</u>	<u>234,072</u>
Operating loss	<u>(96,360)</u>	<u>(234,072)</u>
Other income (expenses):		
Interest income	14,359,842	8,052,630
Facility fees and financing charges	(2,282,094)	(7,034,929)
Interest expense	<u>(49,393,660)</u>	<u>(35,353,303)</u>
Total other income (expenses), net	<u>(37,315,913)</u>	<u>(34,335,602)</u>
Loss before unusual items and income tax	<u>(37,412,273)</u>	<u>(34,569,674)</u>
Unusual and/or infrequent items:		
Impairment of Investment	(616,106,243)	-
Loss before income taxes	<u>(653,518,516)</u>	<u>(34,569,674)</u>
Income taxes		
Deferred income tax benefits	<u>(5,989,762)</u>	<u>(13,757,876)</u>
Total income taxes	<u>(5,989,762)</u>	<u>(13,757,876)</u>
Net loss	<u><u>\$ (647,528,754)</u></u>	<u><u>\$ (20,811,798)</u></u>

See notes to financial statements

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

	<u>Common Stock</u>	<u>Additional Paid- in Capital Common Stock</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Deficit</u>
Balances at April 1, 2014	\$ 10	\$ 190,058,089	\$ (77,438,269)	\$ 112,619,830
Net loss	-	-	(20,811,796)	(20,811,796)
Balances at March 31, 2015	<u>10</u>	<u>190,058,089</u>	<u>(98,250,065)</u>	<u>91,808,034</u>
Net loss	-	-	(647,528,754)	(647,528,754)
Balances at March 31, 2016	<u><u>10</u></u>	<u><u>190,058,089</u></u>	<u><u>(745,778,819)</u></u>	<u><u>(555,720,720)</u></u>

See notes to financial statements

JSW STEEL HOLDING (USA), INC.

STATEMENTS OF CASH FLOWS

	Years Ended March 31,	
	2016	2015
Cash Flows From Operating Activities:		
Net loss	\$ (647,528,754)	\$ (20,811,798)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization	2,282,094	7,034,929
Impairment of investment	\$590,764,527	-
Impairment of investment in Periana	\$14,350,000	
Loan to Periana written off	\$10,991,716	
Provision for deferred income taxes	(5,989,762)	(13,758,176)
Changes in operating assets and liabilities:		
Intercompany interest receivables	(14,359,842)	(8,052,629)
Intercompany receivables	-	-
Other current assets	-	-
Accounts payable - intercompany	5,839,768	3,820,727
Accounts payable	25,153	-
Restricted investment and bond collateral:	-	(40,000,000)
Interest payable- financial institutions	458,619	\$107,904
Interest payable- related party	1,775,032	\$1,437,757
Interest payable- intercompany	32,020,480	19,764,859
Net cash used by operating activities	<u>(9,370,969)</u>	<u>(50,456,427)</u>
Cash Flows From Financing Activities:		
Proceeds from notes payable to financial institutions	-	40,000,000
Payments on notes payable banks	-	-
Payments on intercompany loans- JSW Steel Ltd. India	-	(3,439,545)
Proceeds from intercompany loans payable JSW Steel Ltd. India	95,349,863	188,722,137
Proceeds from intercompany notes payable JSW Netherlands	2,810,000	6,200,000
Payment on intercompany loans/AR JSW Steel US- Periana	(88,691,295)	(175,413,961)
Capitalized loan cost	(100,000)	(5,612,137)
Net cash provided by financing activities	<u>9,368,568</u>	<u>50,456,494</u>
Net decrease in cash and cash equivalents	(2,401)	67
Cash and cash equivalents at beginning of year	<u>20,856</u>	<u>20,790</u>
Cash and cash equivalents at end of year	<u><u>18,455</u></u>	<u><u>20,857</u></u>
Supplemental Cash Flow Information:		
Interest paid	<u>40,844,260</u>	<u>37,316,263</u>
Non-cash conversion of long-term debt to preferred stock	<u>-</u>	<u>20,000,000</u>

See notes to financial statements

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

A - Nature of Business

JSW Steel Holding (USA) Inc. (the “Company”) is a Delaware corporation, which was incorporated in 2007. The Company is 99.9 percent owned by JSW Steel Netherlands B.V and 0.1 percent owned by JSW Steel Ltd., India. The Company owns 90 percent of JSW Steel (USA) Inc. and the 10 percent balance is owned by St. James Investments Ltd. JSW Steel (USA) Inc. acquired the stocks of Jindal Enterprises LLC, Jindal Pipes USA Inc., and US Denro Steels Inc on November 5, 2007. The 3 entities were merged into one operation under JSW Steel (USA) Inc. The operations in the 3 entities consist of a steel plate manufacturing facility, a pipe manufacturing facility and double jointing and coating facilities in Baytown, Texas.

In May 2010, the Company acquired 100 percent interest of Periana Holdings, LLC, which is a coal development and production holding company in West Virginia. Periana through its subsidiaries own and operate various coal mining interest in West Virginia.

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 \$ 647.53 million and \$ 20.8 million during the year ended March 31, 2016, and March 31, 2015 respectively. The Company’s only source of income is from its subsidiaries which are in a loss position.

Through its subsidiaries, 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”), except that the subsidiaries of the Company are recorded on the cost basis and not consolidated in these financial statements. The following notes describe the significant accounting policies:

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

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. Significant estimates include estimated future life in determining current depreciation rates under the depreciation method, estimated amounts for uncollectible accounts receivables and the estimated present value of the Company's note payable to seller. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized on the accrual basis. Generally when the product is shipped to the customer or services rendered. The Holding Company does not have any operating revenue. Interest income is recognized on the accrual basis when earned.

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 subsidiaries. Income taxes, including deferred taxes and net operating loss benefits, are allocated between the Company and its subsidiaries that are included in the consolidated tax return. Accordingly, the Company is allocated income taxes as if it were separate taxpayer.

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.

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

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.

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.

Restricted Investments

The Company has requirements to maintain restricted cash and investments (time deposits) for bonding requirements. Amounts held are recorded as Restricted Investments. Funds in the restricted investment accounts are not available to meet the Company's operating cash needs. During the year, it has become certain that restricted cash deposit of \$40 million becomes due in FY 2016-17 and therefore has been classified as current asset. Correspondingly, the previous year number is also now shown against current asset even though in financials for FY 2014-15, the same was shown as non-current asset.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash. 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.

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 loans. The deferred financing costs included on the balance sheet at March 31, 2016 of \$5.63 million represent the remaining unamortized cost.

Long-lived Assets

The Company reviews its 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, lead 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. Coal market has also weakened significantly forcing idling of mines and changes in mining plans.

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

Given the indicators above, it has been decided to test for impairment of both steel and coal related assets of its subsidiaries. Accordingly, during the year, the subsidiaries have valuation exercises conducted by external valuation firm to value the steel business related assets pursuant to Financial Accounting Standards Board's (FASB's) Accounting Standard Codification (ASC) 360 and ASC 820, and performed impairment tests of its coal related assets as at Dec 31, 2015.

Based on the studies and subsidiaries' view of the impairment indicators, the subsidiaries have impaired their assets by \$108,616,766 (including \$5,555,351 of its Rail load out equipment used for coal mining operations discussed separately below); Mineral Rights by \$22,205,152; Restrictive Bond Collaterals by \$2,471,843 and Goodwill by \$233,818,243, in order to state the assets at their fair values.

The coal mining subsidiary's Rail load out equipment (alloy dock) is located on leased property. This Lease was a non-cancelable operating lease during the first five years and was renewable every five years through 2025. The first five years ended during the Quarter ending June 30, 2015 and considering the prevailing coal market conditions and idling of other mines which are situated in the close vicinity of the Company's Load Out facility, the subsidiary has decided not to renew the Lease and therefore the Rail load out equipment may not generate any cash flow in the future as the access to the facility is ceased.

Reclassifications

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 - Debt from Related Party-Minority Shareholder

The debt due to a related party, St. James Investments Ltd a shareholder, was \$43,000,000 as of March 31, 2016 and 2015 and bears an interest rate equal to the weighted average of interest charged on term loan facilities availed by JSW Steel (USA), Inc. The annual interest rate at March 31, 2016 and 2015 was 4.25% and 3.56%, respectively. The note is unsecured. \$30 million will be repaid in FY 2016-17, \$6.5 million will be repaid in FY 2017-18 and the balance \$6.5 million will be repaid in FY 2018-19.

E - Debt

On February 19, 2013, the Company entered into a term loan agreement with ANZ Banking Group of Singapore for \$40,000,000. The note has been renewed for the period until Feb, 17, 2017. The interest rate at March 31, 2016 and 2015 was 2.87% and 2.51%, respectively. The loan is secured by a guarantee issued by the ultimate parent JSW Steel Limited.

The Company entered into a loan agreement in October 2013 with the State Bank of India, UK for \$400,000,000. The note has an interest rate of LIBOR plus 2.42%. At March 31, 2016 the interest rate was 2.95% (2.75% as at 31st March 2015). The note will be repaid with three installments of approximately \$133 million in September 2018, September 2019, and upon its final maturity in October 2020. The note is secured through an unconditional and irrevocable letter of credit to the bank guaranteed by JSW Steel, Ltd. India

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

On November 3, 2014, the company entered into a credit facility agreement with ICICI Bank UK PLC, Frankfurt Branch for \$40 million. The loan bears interest at LIBOR plus 3.05% p.a. At March 31, 2016 the interest rate was 3.67% (3.30% as at 31st March 2015). The loan is secured by a corporate guarantee issued by the ultimate parent JSW Steel Limited. The loan is further secured by a second charge on the assets of company's 90% subsidiary. The loan is repayable in 3 equal installments commencing from the end of 4th year of drawdown.

In October 2014, the company entered into a standby letter of credit (SBLC) facility with ICICI, NY for \$40 million. This facility is secured by a corporate guarantee issued by JSW Steel Limited.

In addition to above, in December 2014 the company entered into a SBLC facility for an additional \$40 million secured by interest bearing cash collateral of equal amount.

Both of the above SBLC facilities were availed in December 2014 to issue two irrevocable SBLCs of \$40 million each, to secure surety bond of \$80 million posted by company's 90% subsidiary in defending an antitrust law suit filed in the United States District Court for the Southern District of Texas.

Debt was composed of the following:

	2016	2015
Short Term Debt		
Notes payable to a bank	40,000,000	40,000,000
Long Term Debt		
Notes payable to a bank	440,000,000	440,000,000
Notes payable to related party	43,000,000	43,000,000
Total Long term debt	483,000,000	483,000,000
Less- current portion	30,000,000	-
Long-term debt, net of current portion	\$ 453,000,000	\$ 483,000,000

The Long Term Debt will mature as follows:

	Intercompany and		
	<u>Related Party</u>	<u>Banks</u>	<u>Total</u>
Fiscal year ending March 31,			
2017	30,000,000	-	30,000,000
2018	6,500,000	-	6,500,000
2019	6,500,000	146,666,666	153,166,666
2020	-	146,666,666	146,666,666
2021 and thereafter	-	146,666,668	146,666,668
	<u>\$ 43,000,000</u>	<u>\$ 440,000,000</u>	<u>\$ 483,000,000</u>

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

F - Intercompany, Related Party and Affiliates Disclosure Information

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 (Netherlands) BV as well as JSW Steel (USA), Inc. and Periana Holdings, LLC its subsidiaries. The loans from JSW Steel Holding (USA), Inc. are convertible to preferred stock. The following details intercompany balances at March 31:

	<u>2016</u>	<u>2015</u>
Intercompany Interest Receivables		
Interest receivable from JSW Steel (USA), Inc.	29,237,105	20,444,654
Interest receivable from Periana Holdings, LLC	15,166,337	9,598,946
	44,403,442	30,043,600
Intercompany Loans Receivables		
Loan receivable from JSW Steel (USA), Inc.	221,638,901	149,763,606
Loan receivable from Periana Holdings, LLC	97,387,284	91,563,000
	319,026,185	241,326,606
Intercompany Receivables		
Accounts receivable from JSW Steel India.	32,688	32,688
Intercompany Payables		
Accounts payable-due to JSW Steel (USA), Inc.	10,826,028	4,986,260
Interest payable - JSW Steel (Netherlands) BV	1,082,489	440,339
Interest payable - Loan JSW Steel, Ltd. (India)	56,121,454	28,899,650
SBLC Commission payable – JSW Steel Ltd. (India)	3,242,000	-
Corp. Guarantee Com. Payable – JSW Steel Ltd. (India)	914,526	-
	72,186,497	34,326,249
Loans payable JSW Steel, Ltd. (India)	561,287,750	465,937,887
Note payable JSW Steel (Netherlands) BV	19,010,000	16,200,000

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

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

	2016	2015
Interest expense JSW Steel (Netherlands) BV	\$ 642,150	\$ 435,739
Interest expense JSW Steel, Ltd. (India)	\$ 27,221,804	\$ 19,329,120
Interest income JSW Steel (USA)	\$ 8,792,451	\$ 3,498,156
Interest income Periana Holdings LLC	\$ 5,567,391	\$ 4,554,474

Related Party- affiliates

The Company has loans from one of the shareholders of JSW Steel (USA), Inc. The loan amounts due to this shareholder are subordinated to the bank loans.

	2016	2015
Notes payable to St. James Investments Ltd.	\$ 43,000,000	\$ 43,000,000
Interest payable to St. James Investments Ltd.	\$ 11,908,930	\$ 10,133,899
Interest expense St. James Investments Ltd.	\$ 1,775,032	\$ 1,437,756

G - Income Taxes

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

	2016	2015
Deferred tax assets/benefits related to:		
Net operating loss carry forward	\$ 39,707,701	\$ 35,861,549
Interest not currently deductible	24,189,506	22,045,896
Total deferred tax assets/benefits	63,897,207	57,907,445
Total deferred tax liability	-	-
Net deferred assets/benefits (liability)	\$ 63,897,207	\$ 57,907,445

For Financial Statement Presentation the net current and long term deferred taxes are as follows:

	2016	2015
Deferred tax assets- current	\$ 24,189,506	\$ 22,045,896
Deferred tax assets - noncurrent	\$ 39,707,701	\$ 35,861,549

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

For the year ending March 31, 2016, the Company has a taxable loss of approximately \$10.99 million which increases the Net Operating Loss (“NOL”) tax carry forward to \$115.0 million, with a corresponding tax benefit of \$40.2 million, to be carried forward to future years.

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 in 2016. Management has reviewed the NOL to determine if a valuation allowance was needed to reduce the tax benefit assets recorded in the balance sheet. The Company has determined that no valuation allowance was needed as of March 31, 2016.

The NOL carry forwards expire as follows:

Year of Expiration	NOL carry forward (in millions)
2029	\$ 15.4
2030	10.4
2031	16.4
2032	11.4
2033	23.4
2034	13.5
2035	11.9
2036	10.9
	\$ 113.4

H- Investments in subsidiaries

During the year Company’s 90% subsidiary had its assets valued by an independent valuation firm and based on the value determined, had impaired its assets and Goodwill. Similarly, its 100% coal mining subsidiary had impaired certain assets and coal mining rights. Consequently, the Company had written down its investments by \$590.76 million in 90% Subsidiary and by \$25.34 million in its coal mining subsidiary.

I- Contingencies

A Houston, Texas jury returned a verdict on March 25, 2014 against Company’s 90% Subsidiary, 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 Subsidiary 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 the Company.

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

Three of the original co-defendants settled the case, leaving the Subsidiary 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 Subsidiary strongly disagrees with the decision of the Court of Appeals. On or before June 7, 2016, the Subsidiary will file a writ of certiorari with the U.S. Supreme Court seeking reversal of the decision of the Court of Appeals. The Subsidiary 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 Subsidiary is in the process of making payment of the judgment.

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

J - Subsequent Events

Subsequent events have been evaluated through May 07, 2016, which is the date the financial statements were available to be issued. As of the date of this report, no reportable events had occurred that are required to be reported or adjusted in the financial statements.