

JSW Steel (Netherlands) B.V.

Amsterdam, The Netherlands

Annual report for the year ended 31 March 2016

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Address of the company

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Chamber of Commerce  
File number

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**JSW Steel (Netherlands) B.V.**

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JSW Steel (Netherlands) B.V.

## 1. MANAGEMENT BOARD'S REPORT

The management of JSW Steel (Netherlands) B.V. (the "Company") herewith submits its annual report for the year ended 31 March 2016.

### General

JSW Steel (Netherlands B.V.), incorporated in Amsterdam, The Netherlands, as a private company with a limited liability on 17 August 2007, acts mainly as a holding company.  
The Company is a wholly owned subsidiary of JSW Steel Limited, Mumbai, India.  
The purposes of the Company are among others to acquire and make investments in all steel related and steel allied business and to trade in steel products and in mining assets relating to steel.  
The Company acquired Plate and Pipe Mill Inc. in the USA, Argent Independent Steel Limited in the UK, an Iron ore mining concession in Chile via a holding company in Panama and entered into a joint venture in Georgia through the following step down subsidiaries.

During this year the Company operated mainly as a holding and finance company.

a) JSW Steel Holding (USA) Inc., its subsidiary JSW Steel (USA) Inc. and Perlama Holdings LLC and its subsidiaries- West Virginia, USA based Coal Mining Operation.

The Company has acquired three companies in 2007 i.e. Jindal United Steel Corporation (JUSC), Saw Pipes (SPU) and Jindal Enterprises LLC (JE) all of which are located in Baytown, Texas.

For the purpose of this acquisition the Company incorporated JSW Steel Holding (USA) Inc. who in turn formed its own subsidiary company JSW Steel (USA) Inc. for the purpose of the acquisition.

All the above entities have been merged into JSW Steel (USA) Inc. as part of the acquisition closing, which was completed 5 November 2007. JSW Steel (USA) Inc. acquired a stake of 90% in the merged entity and the remaining 10% is kept by the erstwhile shareholder.

During the financial year 2015 - 2016, the performance of Plate and Pipe Mill in USA continued to be impacted due to challenging economic environment in USA resulting in lower capacity utilization. For the year 2015 - 2016, the subsidiary Company produced 197,408 net tons of Plates and 54,262 net tones of Pipes and achieved capacity utilization of 21% and 10% respectively.

During the financial year a provision of USD 189,870,100 was created towards diminution in value of investment in JSW Steel Holding (USA) Inc. and a provision of USD 19,932,361 was created towards loans and interest outstanding from JSW Steel Holding (USA) Inc.

JSW Steel Holding (USA) Inc. has 100% equity interest in coal mining concessions in West Virginia, USA. During the financial year, coal mining operation was at minimum level due to challenging coal market.

b) JSW Steel (UK) Limited and its subsidiaries Argent Independent Steel (Holdings) Limited and JSW Steel Service Centre (UK) Limited

The Company incorporated JSW Steel (UK) Limited which subsequently acquired a 100% stake in the UK companies JSW Steel Service Centre (UK) Limited (formerly known as Argent Independent Steel Limited) and Argent Independent Steel (Holdings) Limited. These subsidiaries have slitting and blanking facilities to cater to specific customer requirements. In June 2010 JSW Steel Service Centre (UK) Ltd closed down its operations after a period of dismissal trading.

During the financial year the investment in JSW Steel (UK) Limited has been increased with an amount of GBP 276,200 (equivalent to USD 433,734).

During the previous financial year, JSW Steel (UK) Ltd, as part of a reorganization, has taken over all the assets and liabilities of JSW Steel Service Centre (UK) Ltd and Argent Independent Steel (Holdings) Ltd.

Thereafter, Company has filed application during the year for dissolution of Argent Independent Steel Holdings Limited and JSW Steel Service Centre (UK) Limited. Accordingly, Argent Independent Steel Holdings Limited was dissolved on 17 November 2015 and approval for dissolution of JSW Steel Service Centre (UK) Limited is under process.

JSW Steel (Netherlands) B.V.

#### 1. MANAGEMENT BOARD'S REPORT (CONTINUED)

##### c) JSW Panama Holding Corporation and its Chilean subsidiaries Inversiones Eroush Limitada, Santa Fe Mining and Santa Fe Puerto S.A.

JSW Panama Holding Corporation is wholly owned by the Company and was incorporated pursuant to the laws of the Republic of Panama in September 2007 as a company named Eroush Corporation. It changed its name into JSW Panama Holding Corporation on 4 March 2008.

JSW Panama Holding Corporation holds 99.99% of the Chilean entity Inversiones Eroush Limitada, the remaining 0.01% is directly held by JSW Steel (Netherlands) B.V. Inversiones Eroush Limitada in turn acquired 70% of the Chilean contractual Mining Company named Santa Fe Mining as per 30 January 2008.

Santa Fe Mining has interests in 124 mining concessions in 4 mines (i.e. Bellavista, Cuca, Rebote and Vinita) along with the right to use the existing port and also the right to use a new port which is to be constructed and maritime concessions applications have been filed. These mining concessions are divided into two projects called Bellavista, covering Bellavista Cuca and Rebote and Vinita. Next to these mining concessions, Inversiones Eroush Limitada owns another 8 concessions in Chile, named Daniel and Catalina.

During the year, Santa Fe Mining produced 83,774 ton and sold 160,667 tons of iron ore concentrates. Santa Fe Mining has suspended its mining operations temporarily with effect from May 2015 in view of falling international iron ore prices. Also Inversiones Eroush Limitada decided not to continue with the development of Daniel and Catalina Mines.

During the financial year, a provision of USD 104,600,000 has been done towards diminution in value of investments in JSW Panama Holdings Corporation.

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##### d) Geo Steel LLC

This Georgia based Joint Venture, in which the Company holds 49% and the remaining 51% is held by the Georgian Steel Group Holdings Limited, set up a steel rolling mill with 175,000 tons annual capacity across 13.50 hectares in the industrial area of Rustavi in Georgia. The plant is designed to produce rebar through hot rolling process.

Geo Steel produced 85,548 tons of rebars and 120,613 tons of billets during 2015 - 2016. The net turnover was USD 52.06 million.

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##### e) JSW Steel Africa Limited

During the year, the Company has made application for dissolution of JSW Steel East Africa Limited and on 8 April 2016 JSW Steel East Africa Limited was dissolved.

##### Business risks

Our policy is to manage risks we are exposed to, including, but not limited to the market risk (including currency risk, fair value, and interest and price risk), credit risk, liquidity risk and cash flow interest risk. Our strategy is to systematically monitor and understand the impact of changing market conditions on our result and cash flow and to initiate preventive actions when so required.

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## 1. MANAGEMENT BOARD'S REPORT (CONTINUED)

### Current state of affairs

The result for the year 2015/2016 amounted to a loss of USD 325,269,878 (2014/2015: USD 16,794,201 loss). This loss will remain in the Company and will be accrued to the Company's reserves.

### Summary of activities

On 25 November 2015 133,594,584 additional redeemable non-cumulative preference shares were issued with nominal value of EUR 1 each.

On 25 November 2015 the Articles of Association of the Company were amended to enable the Company to issue redeemable non-cumulative preference shares.

During the reporting year the following transactions have taken place:

Additional capital contributions of GBP 272,200 (equivalent to USD 433,734) was made in JSW Steel (U.K.) Limited in various tranches.

Geosteel LLC had repaid the outstanding loan and interest of USD 4,844,987.

During the financial year the Company received a dividend of USD 465,510 from Geosteel LLC.

### Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the Company and the profit and loss of the Company for that year. In preparing those financial statements the Directors are required to:

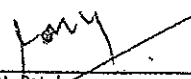
- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue business;

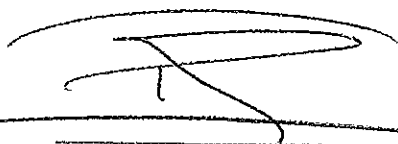
The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the provisions of Title 9, Book 2 of the Netherlands Civil Code. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

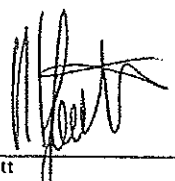
JSW Steel (Netherlands) B.V.

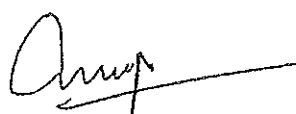
1. MANAGEMENT BOARD'S REPORT (CONTINUED)

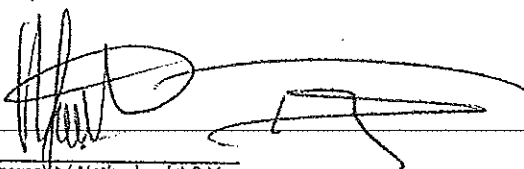
Amsterdam, 11 May 2016

  
K.N. Patel

  
P.J. Stegeman

  
H.L. Jewitt

  
R.M. Pai

  
SCG Management (Netherlands) B.V.

JSW Steel (Netherlands) B.V.

2. BALANCE SHEET AS AT 31 MARCH 2016  
(before proposed appropriation of result)

ASSETS	Notes	2016	2015	
		USD	USD	USD
Fixed assets	5.1	125,413,594	440,457,401	
Financial fixed assets				
Total fixed assets		125,413,594	440,457,401	
Current assets	5.2	13,275,349	13,132,019	
Receivables		254,906	2,879,740	
Cash and cash equivalents				
Total current assets		13,530,255	16,011,759	
		<u>138,943,849</u>	<u>456,469,160</u>	
EQUITY AND LIABILITIES				
Shareholders' equity	5.3	199,175,129	188,223,704	
Paid up share capital		152,097,383	-	
Redeemable non-cumulative preference shares		46,931,432	59,980,240	
Translation reserve		(91,014,856)	(74,220,655)	
Other reserves		(325,269,878)	(16,794,201)	
Unappropriated result				
Total shareholders' equity		(18,080,790)	157,189,088	
Long term liabilities	5.4	143,882,227	291,028,591	
Credit institutions		-	1,062,380	
Loans from associated companies				
Total long term liabilities		143,882,227	292,090,971	
Current liabilities	5.5	13,142,412	7,189,101	
Current accounts				
Total current liabilities		13,142,412	7,189,101	
		<u>138,943,849</u>	<u>456,469,160</u>	

JSW Steel (Netherlands) B.V.

3. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016		2015	
		USD	USD	USD	USD
Interest Income and similar income	6.1	1,492,942		1,669,279	
Interest expense and similar expense	6.2	(12,689,141)		(16,639,388)	
Operating Income / (expenses)			(11,196,199)		(14,970,109)
Impairment of assets	6.3	(314,402,461)		(1,676,621)	
Result subsidiaries	6.4	465,510		-	
General and administrative expenses	6.5	(136,728)		(147,471)	
Other expenses			(314,073,679)		(1,824,092)
Result before taxation			(325,269,878)		(16,794,201)
Corporate tax			-		-
Result after taxation			(325,269,878)		(16,794,201)



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#### 4. GENERAL NOTES

##### 4.1 General

JSW Steel (Netherlands B.V.), incorporated in Amsterdam, The Netherlands, as a private company with a limited liability on 17 August 2007, acts mainly as a holding company. The Company is a wholly owned subsidiary of JSW Steel Limited, Mumbai, India.

The purposes of the company are among others to acquire and make investments in all steel related and steel allied business, to trade in steel products.

In accordance with article 408 book 2 of The Netherlands Civil Code the Company has not prepared consolidated accounts since the financial information, which would otherwise have been consolidated will be included in the consolidated accounts of its parent company, JSW Steel Limited, a copy of which will be filed with the Trade Register of the Chamber of Commerce in Amsterdam. A cash flow statement has also not been included for the same reason.

##### Functional currency

In view of the fact that the Company's activities are denominated primarily in US dollars, these annual accounts are prepared in US dollars, the company's functional currency. Also, the Company has received approval from the tax authorities to apply the US dollar as the functional currency.

##### Financial Instruments

Financial instruments include both primary financial instruments, such as receivables and liabilities, and financial derivatives. Reference is made to the treatment per balance sheet item for the principles of primary financial instruments. The company does not use derivatives.

##### Interest rate risk

The long-term receivables and loans from the company have a floating interest rate which the company runs the risk that the value of the receivables and loans will rise or fall due to changes in market interest rates.

##### Market risk

The market risk for the company is minimal.

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#### 4. GENERAL NOTES (CONTINUED)

##### 4.2 General accounting principles for the preparation of the financial statements

###### Accounting policies

The financial statements have been prepared in accordance with Title 9, Book 2, of the Netherlands Civil Code.

The accompanying financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in the Netherlands. Unless indicated otherwise, assets and liabilities are stated at face value. Revenues and costs are recognized as they are earned or incurred and are recorded in the financial statements of the period they relate to.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Revenues from goods are recognized upon delivery. The cost price of these goods is allocated to the same period. Revenues from services are recognized in proportion to the services rendered. The cost price of these services is allocated to the same period.

Although the Company is in a negative shareholders' equity position and has recurring losses in the past years, management has prepared the financial statements on a going concern basis. The parent company fully guarantees and supports the company and the long term loans granted by State bank of India, EXIM Import Bank of India and Australia and New Zealand Banking Group.

###### Translation of foreign currencies

The annual accounts are presented in USD being the group reporting currency.

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date.

Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

###### Financial fixed assets

Participations are valued at cost and if applicable less impairments in value. With the valuation of participations any impairment in value is taken into account. The receivables on and loans to participations and other receivables are valued at face value, after deduction of any provisions. Received dividend payments are stated as dividend income in the profit and loss account.

###### Long term receivables and long term payables

Recorded interest-bearing loans and liabilities are valued at amortized cost.

###### Impairment of value

Assets with a long life are reviewed for any impairment in value in case of changes or circumstances arising which leads to an indication that the book value of the assets will not be recovered. The recoverability of assets in use is determined by comparing the book value of an asset with the estimated present value of the future net cash flows which the asset is expected to generate. If the book value of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the book value and the recoverable amount.

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#### 4. GENERAL NOTES (CONTINUED)

##### Short term receivables

Upon initial recognition the receivables are recorded at the fair value and subsequently valued at the amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

##### Other assets and liabilities

All assets and liabilities, other than those for which the basis of valuation is indicated on the face of the balance sheet or notes thereon, are shown at face value.

##### Principles for the determination of the result

##### Interest

Interest income and expense are accounted for in the profit and loss account evenly during the loan period following the effective interest method established for the related financial instrument.

##### Dividend

Dividend Income from subsidiaries is recorded in the period in which the dividend is received, or when payment has been announced.

##### Taxation

The Company is liable for taxation within The Netherlands at prevailing rates after accounting for tax exempt or non-tax deductible items relating to the activities of an investment holding company.

The taxation on result comprises both taxes payable in the short-term and deferred tax liabilities. No taxes are deducted from profits if and insofar as said profits can be offset against losses from previous years. Taxes are deducted from losses if and insofar it is certain that these can be used to offset profits in previous years and that a tax rebate will be received in this respect. The taxes are calculated over the results, taking all tax credit facilities into account. The current available losses according to the CIT return for the ended 31 March 2015 amount to USD 89,338,235. This amount has not been capitalized as this amount is not expected that it will be realized. Given the uncertainty about the future (taxable) income, the tax asset on the carried forward losses has not been capitalized.

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## 5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2016

### 5.1 Fixed assets

#### 5.1.1 Financial fixed assets

Financial fixed assets can be specified as follows:

	2016	2015
	USD	USD
Subsidiaries and participations	125,413,594	419,449,960
Loans to associated companies	-	21,007,441
	<u>125,413,594</u>	<u>440,457,401</u>

#### 5.1.1.1 Subsidiaries and participations

Management performed an individual assessment for all investments and concluded that impairment was necessary for JSW Panama Holding Corporation and JSW Steel Holding (USA) Inc.

Name, place	Valuation method	%		
JSW Panama Holding Corporation, Panama	Cost price	100	93,900,000	198,500,000
JSW Steel Holding (USA) Inc., Wilmington, USA	Cost price	100	-	189,870,100
JSW Steel (U.K.) Limited, London, UK	Cost price	100	24,653,554	19,533,918
Inversiones Eroush Limitada, Santiago, Chile	Cost price	0.01	40	40
Geo Steel LLC, Georgia	Cost price	49	6,860,000	6,860,000
JSW Steel Service Centre (U.K.) Limited, Gwent, UK *	Cost price	100	-	4,685,902
JSW Steel East Africa Limited, Nairobi, Kenya	Cost price	99	-	-
Total subsidiaries and participations			<u>125,413,594</u>	<u>419,449,960</u>

On 8 April 2015 an additional capital contribution was made to JSW Steel (U.K.) Limited for the amount of GBP 9,200 (equivalent to USD 13,919). On 23 June 2015 an additional capital contribution was made to JSW Steel (U.K.) Limited for the amount of GBP 20,000 (equivalent to USD 32,324). On 8 September 2015 an additional capital contribution was made to JSW Steel (U.K.) Limited for the amount of GBP 172,000 (equivalent to USD 270,214). On 30 October 2015 an additional capital contribution was made to JSW Steel (U.K.) Limited for the amount of GBP 75,000 (equivalent to USD 117,277).

The company has made application for dissolution of JSW Steel East Africa Limited and it got dissolved on 8 April 2016.

\* Due to a reorganisation, preference shares which were held in JSW Steel Service Centre (U.K.) Limited are as per 31 March 2015 held by JSW Steel (UK) Limited.

A specification per investment is as follows:

#### JSW Panama Holding Corporation, Panama

JSW Panama Holding Corporation, Panama. The Company owns 100% of the shares of this company.

The movements during the year under review can be specified as follows:

Cost price as at 1 April	100	198,500,000	198,500,000
Impairment	-	(104,600,000)	-
Cost price as at 31 March	<u>100</u>	<u>93,900,000</u>	<u>198,500,000</u>

During the financial period a provision was created for an amount of USD 104,600,000 for our subsidiary JSW Panama Holding Corporation, Panama.

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5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2016 (CONTINUED)

5.1.1 Financial fixed assets (continued)

JSW Steel Holding (USA) Inc.

JSW Steel Holding (USA) Inc., Wilmington, USA. The Company owns 100% of the shares of this company.

The movements during the year under review can be specified as follows:

		2016	2015
	%	USD	USD
Cost price as at 1 April	100	189,870,100	189,870,100
Impairment	-	(189,870,100)	-
Cost price as at 31 March	100	-	189,870,100

During the financial period a provision was formed for an amount of USD 189,870,100 for our subsidiary JSW Steel Holding (USA) Inc.

JSW Steel (U.K.) Limited, London, UK

JSW Steel (U.K.) Limited, London, UK. The Company owns 100% of the shareholding of this company.

On 8 April 2015 an additional capital contribution was made to JSW Steel (U.K.) Limited for the amount of GBP 9,200 (equivalent to USD 13,919). On 23 June 2015 an additional capital contribution was made to JSW Steel (U.K.) Limited for the amount of GBP 20,000 (equivalent to USD 32,324). On 8 September 2015 an additional capital contribution was made to JSW Steel (U.K.) Limited for the amount of GBP 172,000 (equivalent to USD 270,214). On 30 October 2015 an additional capital contribution was made to JSW Steel (U.K.) Limited for the amount of GBP 75,000 (equivalent to USD 117,277).

Due to a reorganization, preference shares which were held in JSW Steel Service Centre (U.K.) Limited are as per 31 March 2015 held by JSW Steel (UK) Limited.

The movements during the year under review can be specified as follows:

Cost price as at 1 April	100	19,533,918	16,303,050
Investments during the year		433,734	3,230,868
Preference shares JSW Steel Service Center (U.K.) Limited		4,685,902	-
Cost price as at 31 March	100	24,653,554	19,533,918

Inversiones Eroush Limitada, Santiago, Chile

Inversiones Eroush Limitadas, Santiago, Chile. The Company owns 0.01% of the share capital of this company.

The movements during the year under review can be specified as follows:

Cost price as at 1 April	0.01	40	40
Cost price as at 31 March	0.01	40	40

Geo Steel LLC, Georgia

Geo Steel LLC, Georgia. The Company owns 49% of the share capital of this company.

The movements during the year under review can be specified as follows:

Cost price as at 1 April	49	6,860,000	6,860,000
Cost price as at 31 March	49	6,860,000	6,860,000

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5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2016 (CONTINUED)

5.1.1 Financial fixed assets (continued)

JSW Steel Service Centre (U.K.) Limited, Gwent, UK

JSW Steel Service Center (U.K.) Limited, Gwent, United Kingdom.

In June 2010 JSW Steel Service Centre (UK) Ltd closed down its operations after a period of dismissed trading.

The movements during the year under review can be specified as follows:

		2016	2015
	%	USD	USD
Cost price as at 1 April	100	4,685,902	4,621,240
Reorganization	(100)	(4,685,902)	64,662
Cost price as at 31 March	-	-	4,685,902

Due to a reorganization, preference shares which were held in JSW Steel Service Centre (U.K.) Limited are as per 31 March 2015 are held by JSW Steel (UK) Limited.

JSW Steel East Africa Limited, Nairobi, Kenya

JSW Steel East Africa Limited, Nairobi, Kenya. The Company owns 99% of the share capital of this company.

During the financial year, application for dissolution of JSW Steel East Africa Limited was made and it got dissolved on 8 April 2016.

The movements during the year under review can be specified as follows:

Cost price as at 1 April	99	-	491,000
Provision	-	-	(491,000)
Cost price as at 31 March	99	-	-

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5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2016 (CONTINUED)

5.1.1 Financial fixed assets (continued)

5.1.1.2 Loans to associated companies

This item comprises the following items:

1. A facility agreement with JSW Steel Holding (USA) Inc. for a maximum amount of USD 20,000,000. The loan is bearing interest at the rate of 6 month LIBOR plus margin of 2.75% payable quarterly and repayable on 25 March 2017. The outstanding balance as at 31 March 2016 amounts to a principal amount of USD 19,010,000 and interest of USD 922,361. During the financial year a provision was formed for an amount of USD 19,932,361 and as per 1 January 2016 no interest is being calculated as recovery is doubtful. With reference to the 25 March 2017 repayment date, the loan is to be considered as short-term as per 31 March 2016 year end.

2. A loan to GeoSteel LLC for a maximum amount of USD 10,000,000, bearing interest of 14% per annum to be compounded annually. During the financial year loan and interest was fully repaid.

3. A facility agreement with JSW Steel East Africa Ltd for a maximum amount of USD 500,000, bearing interest of 12 month Libor plus 4% per annum and this loan is repayable on 20 December 2016. The outstanding balance as at 31 March 2015 amounted to a principal amount of USD 180,000 and interest of USD 5,621, which amounts were fully provided for. With reference to note 5.1.1, JSW Steel East Africa Ltd was dissolved on 8 April 2016.

1. The movement on the loan can be specified as follows:

	2016	2015
	USD	USD
Principal loan amount	16,200,000	10,000,000
Accrued interest as at 1 April	440,338	4,599
Balance as at 1 April	16,640,338	10,004,599
Additional loans provided during the year	2,810,000	6,200,000
Interest for the year	482,023	435,739
Provision of loan and year	(19,932,361)	-
Balance as at 31 March	-	16,640,338

2. The movement on the loan can be specified as follows:

Principal loan amount	-	4,900,000
Accrued interest as at 1 April	4,367,103	3,608,807
Additional loans provided during the year	-	-
Repayments during the year	-	-
Interest for the year	477,915	758,296
	4,845,018	9,267,103
Repaid during the year	(4,845,018)	(4,900,000)
Balance as at 31 March	-	4,367,103

3. The movement on the loan can be specified as follows:

Principal loan amount	-	50,000
Accrued interest as at 1 April	-	611
Balance as at 1 April	-	50,611
Additional loans provided during the period	-	130,000
Interest for the year	-	5,010
Provision on loan and interest	-	(185,621)
Balance as at 31 March	-	-

JSW Steel (Netherlands) B.V.

5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2016 (CONTINUED)

5.2 Current assets

5.2.1 Receivables

Short term loan to subsidiary  
Interest due from subsidiary  
VAT receivable

	2016	2015
	USD	USD
Short term loan to subsidiary	12,305,345	12,646,432
Interest due from subsidiary	947,637	450,731
VAT receivable	22,367	34,856
	<u>13,275,349</u>	<u>13,132,019</u>

Short term loan to subsidiary

A facility agreement with JSW Steel UK Ltd for a maximum amount of GBP 16,000,000, bearing interest of 12 month Libor plus 3.5% per annum and this loan is repayable on 31 July 2016. The outstanding interest balance as of 31 March 2016 amounts to an amount of GBP 658,437 (equivalent to USD 947,637) and the loan balance amounts to GBP 8,550,000 (equivalent to USD 12,305,345).

Reference is also made to the facility agreement with JSW Steel Holding (USA) Inc., commented upon in note 5.1.1.2.

VAT receivable

As of 31 March 2016 an amount of EUR 17,268 (equivalent to USD 19,660) is reclaimable as VAT for the year 2015 from the tax authorities and for the period 2016 an amount of EUR 2,378 (equivalent to USD 2,707) is reclaimable.

5.2.2 Cash and cash equivalents

Cash in transit	245,000	-
RBS, current account USD	6,671	2,879,927
RBS, current account EUR	3,235	(187)
	<u>254,906</u>	<u>2,879,740</u>

The cash balance is freely available to the Company.

5.3 Shareholders' equity

As at 31 March 2016 the Company's share capital comprises of 174,945,275 ordinary shares of EUR 1 each and 133,594,584 redeemable, non-cumulative preference shares of EUR 1 each.



JSW Steel (Netherlands) B.V.

5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2016 (CONTINUED)

5.3 Shareholders' equity (CONTINUED)

Movement during the year can be summarized as follows:

	2016	2015
	USD	USD
<u>Paid up share capital</u>		
Balance as at 1 April	188,223,704	241,337,115
Translation adjustment	10,951,425	(53,113,411)
Balance as at 31 March	<u>199,175,129</u>	<u>188,223,704</u>
<u>Redeemable non-cumulative preference shares</u>		
Balance as at 1 April	-	-
Redeemable non-cumulative preference shares paid during the year	150,000,000	-
Translation adjustment	2,097,383	-
Balance as at 31 March	<u>152,097,383</u>	<u>-</u>
<u>Translation reserve</u>		
Balance as at 1 April	59,980,240	6,866,829
Addition during the year	(13,048,808)	53,113,411
Balance as at 31 March	<u>46,931,432</u>	<u>59,980,240</u>
<u>Other reserves</u>		
Balance as at 1 April	(74,220,655)	(62,306,630)
Appropriation of result	(16,794,201)	(11,914,025)
Balance as at 31 March	<u>(91,014,856)</u>	<u>(74,220,655)</u>
<u>Unappropriated result</u>		
Balance as at 1 April	(16,794,201)	(11,914,025)
Appropriation of result to Other reserves	16,794,201	11,914,025
Result for the year	(325,269,878)	(16,794,201)
Balance as at 31 March	<u>(325,269,878)</u>	<u>(16,794,201)</u>
Total shareholders' equity as at 31 March	<u>(18,080,790)</u>	<u>157,189,088</u>

On 25 November 2015 133,594,584 redeemable non-cumulative preference shares were issued with nominal value of EUR 1 each, which were fully paid (USD 150,000,000).

The translation reserve relates to the share capital, which has been issued in EUR, as required by Dutch Law, whereas the Annual Report are stated in US dollars, exchange rate used is 1 USD = 0.878349 Euro (previous year rate 0.72490).

JSW Steel (Netherlands) B.V.

5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2016 (CONTINUED)

5.4 Long term liabilities

	Note	2016	2015
		USD	USD
<u>5.4. Long term liabilities</u>			
State Bank of India	(5.4.1)	-	150,000,000
Export Import Bank of India	(5.4.2)	80,000,000	80,000,000
Australia and New Zealand Banking Group Limited, Singapore	(5.4.3)	65,000,000	65,000,000
Capitalized transaction costs	(5.4.4)	(1,117,773)	(3,971,409)
Loans from associated companies	(5.4.5)	-	1,062,380
Total long term liabilities		<u>143,882,227</u>	<u>292,090,971</u>

The parent company has guaranteed the loans from State Bank of India for an amount of USD 150,000,000 (this loan has been fully repaid during the financial year) and loan from Export Import Bank of India for an amount of USD 80,000,000 and loan facilities from Australia and New Zealand Banking Group Limited for an amount of USD 30,000,000 and USD 35,000,000.

A specification per long term liability is as follows:

5.4.1 State bank of India

This item represents a loan facility with State bank of India for an amount of USD 150,000,000 bearing interest at a 6 months LIBOR plus 3.4%, this agreement was signed on the 21 June 2012. On 17 September 2015 this loan including interest was fully repaid.

Principal loan amount	150,000,000	150,000,000
Balance as at 1 April	150,000,000	150,000,000
Movements during the year	(150,000,000)	-
	-	150,000,000
Less amounts payable within one year	-	-
Balance as at 31 March	-	150,000,000

5.4.2 Export Import Bank of India

This item represented a loan facility with Export Import Bank of India for an amount of USD 80,000,000 bearing interest at a 6 months LIBOR plus 2.35% repayment date 26 March 2021.

Principal loan amount	80,000,000	80,000,000
Balance as at 1 April	80,000,000	80,000,000
Movements during the year	-	-
	80,000,000	80,000,000
Less amounts payable within one year	-	-
Balance as at 31 March	80,000,000	80,000,000

JSW Steel (Netherlands) B.V.

5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2016 (CONTINUED)

5.4 Long term liabilities (CONTINUED)

5.4.3 Australia and New Zealand Banking Group Limited, Singapore

This item represents two loan facilities with Australia and New Zealand Banking Group Limited, Singapore for an amount of USD 30,000,000 and USD 35,000,000 bearing interest at a 12 months LIBOR plus 2.5% repayment date 1 October 2017 and 9 March 2018.

Principal loan amount	65,000,000	-
Accrued Interest as at 1 April	-	-
Balance as at 1 April	65,000,000	-
Movements during the year	-	65,000,000
	65,000,000	65,000,000
Less amounts payable within one year	-	-
Balance as at 31 March	65,000,000	65,000,000

JSW Steel (Netherlands) B.V.

5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2016 (CONTINUED)

5.4 Long term liabilities (CONTINUED)

	2016	2015
	USD	USD
<u>5.4.4 Capitalized transaction costs</u>		
Capitalized transaction costs as at 1 April	(6,252,024)	(5,277,024)
Additional investment during the year	-	(975,000)
Capitalized transaction costs as at 31 March	<u>(6,252,024)</u>	<u>(6,252,024)</u>
Accumulated depreciation as at 1 April	2,280,615	1,335,159
Depreciation during the year	2,853,636	945,456
Accumulated depreciation as at 31 March	<u>5,134,251</u>	<u>2,280,615</u>
Book value Initial expenses as at 31 March	<u>(1,117,773)</u>	<u>(3,971,409)</u>

On 21 June 2012 a credit agreement was signed with State bank of India and a nonrefundable fee of USD 4,500,000 was applicable. The useful life of the arrangement fee is six years and the replacement cost is nil. During the financial year this loan facility including interest was fully repaid.

On 26 March 2014 a loan facility agreement was signed with Export Import Bank of India for an amount of USD 80,000,000. The upfront fee in amount of USD 777,024 will be lineary amortized over the duration of the loan until 26 March 2021.

On 29 September 2014 a loan facility with Australia and New Zealand Banking Group Limited, Singapore for an amount of USD 30,000,000. The upfront fee in amount of USD 450,000 will be lineary amortized over the duration of the loan until 1 October 2017.

On 9 March 2015 a new loan facility with Australia and New Zealand Banking Group Limited, Singapore for an amount of USD 35,000,000. The upfront fee in amount of USD 525,000 will be lineary amortized over the duration of the loan until 9 March 2018.

5.4.5 Loans from associated companies

This item represents a loan from JSW Panama Holding Corporation for a total amount of USD 10,000,000, bearing interest at 1 year Libor + 3% repayment date 27 October 2016.

Principal loan amount	1,062,380	1,062,380
Balance as at 1 April	1,062,380	1,062,380
Movements during the year	-	-
	<u>1,062,380</u>	<u>1,062,380</u>
Less amounts payable within one year	(1,062,380)	-
Balance as at 31 March	<u>-</u>	<u>1,062,380</u>

JSW Steel (Netherlands) B.V.

5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2016 (CONTINUED)

5.5 Current liabilities

	Note	2016	2015
		USD	USD
<u>5.5.1 Current accounts</u>			
Short term liabilities due to shareholder	(5.5.1)	10,510,903	31,759
Short term liabilities third party	(5.5.2)	-	4,549,972
Short term liabilities group company	(5.5.3)	1,062,380	-
Interest payable to credit institutions		757,233	2,072,026
Interest payable to subsidiaries		533,133	483,389
Interest payable to shareholder		236,564	-
Creditors and accruals	(5.5.4)	42,199	51,955
		<u>13,142,412</u>	<u>7,189,101</u>

5.5.1 Short term liabilities due to shareholder

The Company has entered into the following facility agreements with its shareholder:

1) Recharged expenses from our shareholder due to three loans of USD 80,000,000 and of USD 150,000,000, respectively USD 30,000,000.	1,434,903	31,759
2) Facility of max. USD 15,000,000, bearing interest at 1 year Libor + 4% repayable on 22 June 2016	9,076,000	-
	<u>10,510,903</u>	<u>31,759</u>

5.5.2 Short term liabilities third party

The Company received a loan of USD 4,750,000 from a third party as an advance. The loan bears compounded interest at 14% per annum. This third party loan and interest was fully repaid during the financial year.

Loan amount	1,411,000	2,950,000
Movements during the period	(5,027,882)	(1,539,000)
Interest payable on demand	3,616,882	3,138,972
	<u>-</u>	<u>4,549,972</u>

JSW Steel (Netherlands) B.V.

5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2016 (CONTINUED)

5.5 Current liabilities (CONTINUED)

5.5.3 Short term liabilities group company

With reference to note 5.4.5, this item represents loan from JSW Panama Holding Corporation for a total amount of USD 10,000,000, bearing interest at 1 year Libor + 3% repayment date 27 October 2016.

	2016	2015
	USD	USD
Principal loan amount	-	-
Accrued interest as at 1 April	-	-
Balance as at 1 April	-	-
Movements during the year	1,062,380	-
Accrued interest during the year	-	-
Foreign exchange results	-	-
	<u>1,062,380</u>	<u>-</u>
Less amounts payable within one year	-	-
Balance as at 31 March	<u>1,062,380</u>	<u>-</u>
5.5.4 Creditors and accruals		
Audit fees	21,600	21,000
Administrative and accounting fees	20,599	30,955
	<u>42,199</u>	<u>51,955</u>

5.6 Contingent liabilities

The Company does not have any contingent liabilities.

JSW Steel (Netherlands) B.V.

6. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	2016	2015
	USD	USD
<b>6.1 Interest Income and similar Income</b>		
Interest loan JSW Steel UK Ltd	533,035	470,235
Interest loan JSW Steel Holding (USD) Inc.	482,023	435,739
Interest loan Geo Steel LLC	477,884	758,295
Interest loan JSW Steel East Africa	-	5,010
	<u>1,492,942</u>	<u>1,669,279</u>
<b>6.2 Interest expense and similar expense</b>		
Interest expense loan facility bank including amortized transaction cost	11,543,147	12,434,679
Interest expense third party loan	477,910	648,847
Foreign exchange losses	376,706	2,097,473
Interest on shareholder loans	236,564	1,401,772
Interest on loan JSW Panama Holding Corporation	49,744	49,609
Bank charges	5,069	7,007
Interest expense	1	1
	<u>12,689,141</u>	<u>16,639,388</u>

Exchange differences are caused by primarily EUR and GBP transactions, which have been taken place on the Euro account during the period. Translation and conversion gains or losses are reflected in the profit and loss account.

JSW Steel (Netherlands) B.V.

6. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)

	2016	2015
	USD	USD
<b>6.3 Impairment of assets</b>		
Write off receivables	-	1,000,000
Impairment of investments, loans and interest	314,402,461	185,621
Write off other investment	-	491,000
	<u>314,402,461</u>	<u>1,676,621</u>

**6.4 Result subsidiaries**

Dividend income	465,510	-
	<u>465,510</u>	<u>-</u>

**6.5 General and administrative expenses**

Administrative and accounting services	87,411	107,257
Audit fees	27,216	22,972
Tax fees	10,489	8,521
Management and domiciliation	5,485	5,380
Other expenses	3,110	1,614
Legal fees	3,000	1,680
Chamber of Commerce	17	47
	<u>136,728</u>	<u>147,471</u>


**Director and employees**

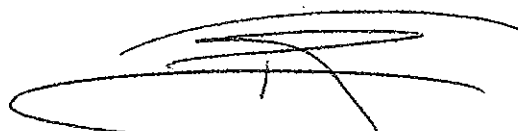
The Company has no employees and hence incurred no wages, salaries and related social security charges in the reporting period.

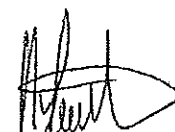
The Company has five directors, one of whom received remuneration in that capacity of total EUR 5,000 (equivalent to USD 5,485) in 2015/2016 and in 2014/2015 an amount of EUR 5,000 (equivalent to USD 5,380). The Company has no Supervisory Directors.

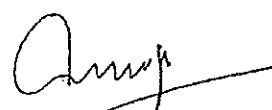
**Signing of the financial statements**


Amsterdam, 11 May 2016

  
K.N. Patel

  
P.J. Stegeman

  
H.L. Jewitt

  
R.M. Pal

  
SGG Management (Netherlands) B.V.



JSW Steel (Netherlands) B.V.

## 7. SUPPLEMENTARY INFORMATION

### Audit

The auditor's report is included on the next page.

### Statutory rules concerning appropriation of result

In Article 15 of the Company's statutory regulations the following has been presented concerning the appropriation of result:

1. Out of the profits earned in the preceding financial year, primarily and if possible, a percentage, as to be decided upon by the general meeting at the issue of the preference shares, of the nominal value paid on these shares shall be distributed on the preference shares, however, if the proportion between the nominal value of preference shares and the nominal value of ordinary shares held by each shareholders is the same for each shareholder, or if all shares, preference as well as ordinary are held by one shareholder, no distributions on preference shares shall be made, unless the general meeting should decide otherwise.  
If the profits in any year as stated in the sentence hereinafore not (completely) allow the distribution, the holders of cumulative preference shares shall not receive the balance from the profits of the following years.

2. The general meeting is authorized to distribute the profits remaining after application of paragraph 1, with the understanding that no further distributions of profits shall be made on preference shares.

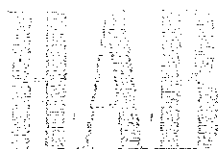
In anticipation of the annual general meeting of the annual accounts, the management proposes that the result for the financial year ended 31 March 2016, amounting to EUR 325,269,878 loss, will be added to the Other reserves.

### Post-balance sheet date events

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No major activities took place after balance sheet date that would require amendment of, or further disclosure in, the financial statements.

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ACCOUNTANTS

International

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E-mail: info@hab-international.nl

The Shareholder and Directors of  
JSW Steel (Netherlands) B.V.  
AMSTERDAM

## INDEPENDENT AUDITOR'S REPORT

### Report on the financial statements

We have audited the accompanying financial statements of JSW Steel (Netherlands) B.V., Amsterdam for the year ended 31 March 2016, which comprises the balance sheet as at 31 March 2016, the profit and loss account for the year then ended, and the notes, comprising a summary of the accounting policies and other explanatory information.

#### *Management's responsibility*

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board's report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

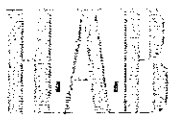
#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires 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, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.



International

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of JSW Steel (Netherlands) B.V. as at 31 March 2016, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 13 May 2016

HAB International Accountants

A handwritten signature in dark ink, appearing to be 'H.A. Burke', written over a horizontal line.

Drs H.A. Burke RA

