

# JINDAL TUBULAR USA, LLC

## Financial Statements

*For the Years Ending  
March 31, 2017 and 2016*

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

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# Jindal Tubular USA, LLC

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**REPORT OF INDEPENDENT AUDITOR**

To the Board of Members  
Jindal Tubular USA LLC  
Bay St. Louis, MS

We have audited the accompanying financial statements of Jindal Tubular USA, LLC which comprise the balance sheets as of March 31, 2017 and 2016 and related statements of operations, changes in member's equity 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 evidence we have obtained is 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 Jindal Tubular USA, LLC as of March 31, 2017 and 2016 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 26, 2017

## **FINANCIAL STATEMENTS**

**Jindal Tubular USA LLC**

Balance Sheets

As of March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	12,304	(1,100,992)
Accounts receivables	5,821,615	2,652,888
Inventories:		
Inventories	12,756,823	16,795,708
Goods in transit	-	510,297
Prepaid expense and other current assets	440,768	855,441
<b>Total current assets</b>	<u>19,031,512</u>	<u>19,713,344</u>
<b>Property, plant &amp; equipments, net</b>	104,693,306	103,789,672
<b>Other Assets</b>		
Deferred tax assets	14,650,801	8,413,887
Loan fees, net	1,644,917	1,890,389
Goodwill	1,088,773	1,088,773
<b>Total other assets</b>	<u>17,384,491</u>	<u>11,393,049</u>
<b>Total assets</b>	<u><u>141,109,309</u></u>	<u><u>134,896,065</u></u>

See Notes to Financial Statements

**Jindal Tubular USA LLC**

Balance Sheets

As of March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Liabilities and Members's Equity</b>		
<b>Current Liabilities</b>		
Line of credit	9,006,729	6,500,000
Account payable - trade	2,857,006	5,868,963
Accrued expenses	818,764	1,564,436
Deferred revenue	-	-
Other current liabilities	11,261	1,714,269
Current Portion of long term debts - intercompany	700,000	-
Current Portion of bond payable	8,820,000	-
<b>Total current liabilities</b>	<u>22,213,760</u>	<u>15,647,668</u>
<b>Long-term debt, net of current portions :</b>		
Long term debts	38,000,000	38,000,000
Long term debt - intercompany	1,400,000	-
Bonds Payable	68,000,000	76,820,000
<b>Total long-term debt</b>	<u>107,400,000</u>	<u>114,820,000</u>
<b>Total liabilities</b>	<u><b>129,613,760</b></u>	<u><b>130,467,668</b></u>
<b>Member's Equity</b>		
Preferred units	27,000,000	10,000,000
Common units	7,010,000	7,010,000
Accumlated Deficit	(22,514,451)	(12,581,603)
<b>Total members's equity</b>	<u><b>11,495,549</b></u>	<u><b>4,428,397</b></u>
<b>Total liabilities and member's equity</b>	<u><b>141,109,309</b></u>	<u><b>134,896,065</b></u>

See Notes to Financial Statements

**Jindal Tubular USA LLC**

## Statement of Income

for the years ended March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Net Sales</b>	\$ 53,195,417	\$ 31,674,906
Cost of sales - materials, labor and other costs	56,427,391	37,213,894
<b>Gross Profit</b>	<u>(3,231,974)</u>	<u>(5,538,988)</u>
<b>Selling, general and administrative expenses</b>		
Selling, general and administrative expenses	6,819,685	7,168,400
<b>Total selling, general and administrative expenses</b>	<u>6,819,685</u>	<u>7,168,400</u>
<b>Operating income (expenses):</b>	<u>(10,051,659)</u>	<u>(12,707,388)</u>
<b>Other Income (Expenses):</b>		
Other Income	139,669	22,311
Interest expense and finance charges	(6,257,773)	(4,932,603)
<b>Total other income (expenses), net</b>	<u>(6,118,104)</u>	<u>(4,910,292)</u>
<b>Income before income taxes</b>	<u>(16,169,763)</u>	<u>(17,617,680)</u>
<b>Income Taxes</b>		
Current income tax benefit	6,236,914	7,056,857
<b>Net Income (loss)</b>	<u><u>(9,932,849)</u></u>	<u><u>(10,560,823)</u></u>

See Notes to Financial Statements

**Jindal Tubular USA LLC**Statement of Changes of Member's Equity for  
the years ended March 31, 2017 and 2016

	<b>Equity</b>	<b>Preference Share Capital</b>	<b>Retained Earnings</b>	<b>Total Members Equity</b>
<b>Balance at March 31, 2015</b>	4,010,000	-	(2,020,780)	1,989,220
Issue of additional Equity	3,000,000	-	-	3,000,000
Issue of preference share capital	-	10,000,000	-	10,000,000
Profit and loss	-	-	(10,560,823)	(10,560,823)
<b>Balance at March 31, 2016</b>	<b>7,010,000</b>	<b>10,000,000</b>	<b>(12,581,603)</b>	<b>4,428,397</b>
Issue of preference share capital	-	17,000,000	-	17,000,000
Profit and loss	-	-	(9,932,849)	(9,932,849)
<b>Balance at March 31, 2017</b>	<b>7,010,000</b>	<b>27,000,000</b>	<b>(22,514,451)</b>	<b>11,495,549</b>

**Jindal Tubular USA LLC**

## Statement of Cash Flows

For the years ended March 31, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>Cash Flows From Operating Activities:</b>		
Net income	(9,932,849)	(10,560,823)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,725,330	1,425,346
Amortization	245,472	245,474
Changes in operating assets and liabilities:		
(Increase)/decrease trade receivables	(3,168,726)	6,456,608
(Increase)/decrease intercompany receivables		
(Increase)/decrease other receivables		1,073,570
(Increase)/decrease inventories	4,549,183	(5,086,739)
(Increase)/decrease prepaid expenses and deposits	414,672	(448,580)
Increase/(decrease) account payable - trade	(3,011,957)	4,145,776
Increase/(decrease) deferred revenue	-	(4,271,707)
Increase/(Decrease) accrued expenses	(745,672)	925,089
Increase/(Decrease) provision for taxes	(6,236,914)	(7,056,857)
(Decrease) Other current liabilities	(1,703,008)	1,714,269
<b>Net cash provided (used) by operating activities</b>	<b>(17,864,469)</b>	<b>(11,438,574)</b>
<b>Cash Flows from Investing Activities:</b>		
Increase in fixed assets	(2,628,964)	(1,765,426)
<b>Net cash used in investing activities:</b>	<b>(2,628,964)</b>	<b>(1,765,426)</b>
<b>Cash Flows from Financing Activities:</b>		
Net change in borrowings on line of credit	2,506,729	(5,000,000)
Proceeds from long term debts	2,100,000	-
Proceeds from preferred units	17,000,000	10,000,000
Contributed capital	-	3,000,000
<b>Net cash used in financing activities:</b>	<b>21,606,729</b>	<b>8,000,000</b>
Net Increase/(decrease) in cash and cash equivalents	1,113,296	(5,204,000)
Cash and cash equivalents at the beginning of year	(1,100,992)	4,103,008
<b>Cash and cash equivalents at the end of year</b>	<b>12,304</b>	<b>(1,100,992)</b>
<b>Supplemental Cash Flow Information</b>		
Federal income taxes paid	-	-
Interest paid	5,692,710	4,687,129

See Notes to Financial Statements

**Jindal Tubular USA, LLC**  
**Notes to Financial Statements**  
**March 31, 2017 and 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business Activity**

Jindal Tubular USA LLC (the "Company") is a Mississippi based company formed on May 6, 2014, with operations beginning September 1, 2014. The term of the LLC shall be perpetual and no member shall be obligated personally for any debt, obligation, or liability of the LLC. The Company services the energy, water and structural industries. Customers include natural gas pipeline companies, large municipal water districts and structural contractors in North America.

**Comparative Financial Statement**

The financial statements presented along with the audit reports are in the comparative form.

**Use of Estimates**

In the preparation of the financial statements, management makes certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. It is at least reasonably possible that these estimates may change in the near term and ultimate results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all short-term, highly liquid investments, primarily money market accounts that are readily convertible into known amounts of cash and have original maturities of three months or less, to be cash equivalents. The Company maintains cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any such losses related to this risk.

**Accounts Receivable**

Trade accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and credit to a valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As at March 31, 2017, the company has valuation allowance of \$200,000 and bad debts expense of 100,000.

**Jindal Tubular USA, LLC**  
**Notes to Financial Statements**  
**March 31, 2017 and 2016**

**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.

**Inventories**

Inventories are valued by moving-average method or net realizable value method whichever is lower including provisions for obsolescence commensurate with known or estimated exposures. Inventories are shown net of a valuation reserve of \$0 at March 31, 2017 and 2016. Cost includes material and applied labor and overhead.

**Property and Equipment**

Property and equipment are carried at cost. Expenditures for major renewals and betterments, which substantially increase the useful lives of existing assets, are capitalized. Maintenance and repairs are charged to expenses as incurred.

The Company provides for depreciation of property and equipment utilizing both straight-line and accelerated methods over the estimated useful lives of the assets. Property and equipment are being depreciated for 39 years. Production equipment are being depreciated based upon the unit of production method (UOP). The UOP method of depreciation for production equipment is based on the assumption that depreciation of the respective assets are primarily a function of usage based on the rated capacity of the assets. The UOP method is based on the information obtained by continuing observation of the pattern of benefits derived from these machinery and equipment's and is preferable to a straight line method as it results in deprecation that is more reflective of consumption of the assets.

**Goodwill**

Goodwill is not amortized since it has an indefinite life. The company tests goodwill for impairment on an annual basis. During the year ended March 31, 2017 and 2016, there has been no change in the goodwill due to impairment.

**Loan Fees**

Intangible assets are recorded at cost and consist of loan fees. The loan fees paid at the time of acquisition are amortized using the straight-line method over the contractual periods, which range from 3 to 18 years.

**Jindal Tubular USA, LLC**  
**Notes to Financial Statements**  
**March 31, 2017 and 2016**

**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.

**Shipping and Handling Costs**

Shipping and handling costs charged to customers have been included in net sales. Shipping and handling costs incurred by the Company have been included in cost of goods sold.

**Member Rights**

The Company shareholding has two Members. Member units are not freely transferrable, and are subject to transfer restrictions as outlined in the membership control agreement. Net income and losses, as well as distributions, are allocated 100% to the Members. The Company shall be dissolved, and its affairs shall therefore be wound up and liquidated, upon the election of the Members.

The Members' units are comprised of Equity Units of 7,010,000 of \$ 1 each and Preference Capital units consists of 27,000,000 units \$ 1 each are issued and outstanding on March 31st 2017. Before March 31, 2017, SV trading was the 100% equity shareholder of the company and on March 31, 2017, the company has entered into share purchase agreement with SV trading and Four Seasons Investments Limited (FSIL) wherein SV trading sold its 81% equity shares to FSIL. Both these shareholders are related parties of the company.

**Sales Tax**

The Company collects sales tax. The amount received is credited to a liability account and as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the taxing authority for amounts collected but not yet remitted.

**Income Taxes**

**Jindal Tubular USA, LLC**  
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The Company is taxed as a C-corporation. The Company accounts for its income taxes using generally accepted accounting principles, which requires the establishment of deferred taxes for differences between financial statement and tax reporting purposes. As such, the Company's provision for income taxes is based on the asset and liability method of accounting whereby deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Management has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure in the accompanying financial statements. The Company classifies income tax related interest and penalties in income tax expense, when incurred. There were no income tax related interest or penalties to be accrued at March 31, 2017.

**NOTE 2 – INVENTORIES**

Inventories consisted of the following as of March 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Raw materials & stores & spare	\$9,309,152	6,582,683
Goods in Transit	-	510,298
Work in process	476,820	2,396,747
Finished goods	2,927,930	7,751,541
Scrap	42,921	64,738
	<u>\$12,756,823</u>	<u>\$17,306,006</u>

**NOTE 3 – PROPERTY AND EQUIPMENT**

The major categories of property and equipment at March 31, 2017 and 2016 are summarized as follows:

**Jindal Tubular USA, LLC**  
**Notes to Financial Statements**  
**March 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Building	35,047,387	34,960,290
Leasehold improvements	1,586,787	1,396,698
Plant and machinery	70,066,712	69,357,478
Office equipment's	19,359	11,170
Electrical Installations	101,251	-
Computer and software	98,336	63,660
Capital work in Progress	1,481,662	-
Furniture and fixtures	91,302	78,035
Vehicles	30,400	26,900
	<u>108,523,196</u>	<u>105,894,231</u>
Less: accumulated depreciation	<u>(3,829,890)</u>	<u>(2,104,560)</u>
Property and equipment, net	<u>\$104,693,306</u>	<u>103,789,671</u>

Depreciation expense was \$1,725,330 and \$1,425,345 for the year ended March 31, 2017 and 2016 respectively.

**NOTE 4 – LOAN FEES**

Debt issuance costs incurred in obtaining financing and related letters of credit and amortized over the original life of the debt for the period ended March 31, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
Loan Fees	1,890,389	2,135,863
Less: Accumulated amortization	<u>(245,472)</u>	<u>(245,474)</u>
Loan Fees, net	<u>\$1,644,917</u>	<u>\$1,890,389</u>

The estimated future annual amortization as on March 31, 2017 is as follows:

**Jindal Tubular USA, LLC**  
**Notes to Financial Statements**  
**March 31, 2017 and 2016**

	<b>2017</b>
2018	\$234,696
2019	226,998
2020	199,432
2021	179,741
2022	179,741
Thereafter	624,307
	<b>\$1,644,915</b>

**NOTE 5 – LINE OF CREDIT**

The Company entered into line of credit agreement with ICICI Bank Limited, New York Branch (“ICICI Bank”) that provides for flexible line of credit based on the needs of the operations of the company. As on March 31, 2017 Company has facility of \$ 25,000,000 which are being secured by all real and personal property including cash, property and equipment, and inventory and has outstanding balance of \$9,006,729. Line of credit has been renewed on 1/19/2017 and have maximum tenor of 180 days from the date of drawn and minimum tenor of 7 days of each tranche. Interest on borrowings under the line of credit is at the 3-month LIBOR plus 3.50% payable on a three-month basis. The average interest rate at March 31, 2017 was 4.38%.

**NOTE 6 – LONG-TERM DEBT**

**Bank Debts**

On August 29, 2014, the Company entered into a term note facility in the amount of \$38,000,000 with ICICI Bank for the purpose of acquiring PSL – North America, LLC as well as financing for the construction of buildings and machinery at its Bay St. Louis, MS facility. As on March 31, 2017, the company has outstanding balance of \$38,000,000 and call for annual principal payments equal to 50% of Excess Cash Flow, as defined in the agreement, with any remaining principal due at maturity in August 2019. The interest rate is at the 3-month LIBOR rate plus 3.20%. The average interest rate at March 31, 2017 was 4.08%. Interest only payments are due on a three-month basis. The agreement is secured by all real and personal property including cash, property and equipment, and inventory. This agreement is subject to certain restrictive covenants.

**Jindal Tubular USA, LLC**  
**Notes to Financial Statements**  
**March 31, 2017 and 2016**

**Bonds Payable**

As of March 31, 2017, bonds payable consisted of the following:

MBFC Tax Exempt Variable Rate Demand Revenue Bonds, in the amount of \$ 68,000,000; secured by all loan payments received by the MBFC and a letter of credit from ICICI Bank; interest only payments due monthly with principal due in November, 2032.	\$ 68,000,000
MBFC Taxable Variable Rate Demand Revenue Bonds, in the amount of \$ 10,000,000; secured by all loan payments received by MBFC and a letter of credit from ICICI Bank; interest only payments due monthly with Principal due in November 2017.	8,820,000
<b>Total long-term debt</b>	<b>\$ 76,820,000</b>

As of March 31, 2016, bonds payable consisted of the Tax-Exempt Variable Rate Demand Revenue Bonds of \$68,000,000 and MBFC Taxable Variable Rate Demand Revenue Bonds of \$8,820,000.

Annual maturities of long-term debt are as follows as of March 31, 2017:

Year ended March 31	2017
2018	9,520,000
2019	700,000
2020	38,700,000
2021	-
2022	-
Thereafter	68,000,000
	\$116,920,000

**NOTE 7 – LETTERS OF CREDIT**

At March 31, 2017, the Company has an irrevocable letter of credit with ICICI Bank of \$77,556,630 and \$25,000,000 (sublimit of working capital revolver facility in Note 5, which means utilized balance of letter of credit and line of credit cannot exceed \$25 million in combination) and utilized balance of letter of credit of 77,556,630 and 5,000,000 respectively.

The letter of credit of \$77.56 million expires in November 1, 2024 and is being maintained as security for the Company's bonds payable. The letter of credit expires 180 days from the date of shipment. The

**Jindal Tubular USA, LLC**  
**Notes to Financial Statements**  
**March 31, 2017 and 2016**

agreement requires commitment fee to be paid at 1.03% per annum for \$77.56 million line of credit and 1.25% per annum for utilized balance of line of credit.

**NOTE 8 – INCOME TAXES**

The provision for income taxes consisted of the following components for the years ended March 31, 2017:

	<b>2017</b>	<b>2016</b>
<b><u>Current</u></b>		
Federal	-	-
States	-	-
<b><u>Deferred</u></b>		
Federal	5,457,300	6,174,478
States	779,614	882,109
Total income tax benefit	<b>6,236,914</b>	<b>7,056,587</b>
<b>Non-Current deferred tax Liability related to:</b>		
Tax depreciation greater than financial	14,825,995	10,937,179
<b>Total non-current deferred tax liability</b>	<b>14,825,995</b>	<b>10,937,179</b>
<b>Non-Current deferred tax Asset related to:</b>		
Amortization of intangible assets	205,735	181,148
Net operating losses	29,191,061	19,169,918
Provision for doubtful debts	80,000	-
Total non-current deferred tax liability	<b>29,476,796</b>	<b>19,351,066</b>
<b>Net deferred tax assets/benefits (liability)</b>	<b>14,650,801</b>	<b>8,413,887</b>

The deferred tax asset consists of mainly a net operating loss from the current year and the difference in depreciation methods being used for book versus tax purposes. Realization of the future tax benefits related to the net deferred tax assets is dependent on many factors including the Company's ability to generate taxable income. Management believes that, at a minimum, it is more likely than not that future taxable income will be sufficient to realize the recorded assets.

**NOTE 9 – RELATED PARTY TRANSACTIONS**

The company's member has ownership in various affiliated companies. The Company had transactions with below related party during for the period ended March 31, 2017 for which details are provided as follows:

**Jindal Tubular USA, LLC**  
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Related Party	Transaction Type	Transaction Amount 2017	Outstanding Balance as on March 31, 2017	Outstanding Balance as on March 31, 2016
Jindal SAW Ltd.	Purchase of Machine and Reimbursement of expense	204,553	-	601,874
World Transload Logistics, Inc.	Loan taken from WTL	2,100,000	2,100,000	-
	Purchase of Machine	22,000	-	-
	Interest on loan	34,693	-	-
Jindal Saw USA LLC	Purchase of Car	3,500	-	17,362
	Short term Loan	2,000,000	-	-
	Interest of Short term loan	6,729	-	-
	Material Purchase	382	-	-

**NOTE 10 – OPERATING LEASE**

Upon the business combination discussed in Note 11, the Company assumed a lease agreement with Hancock County Port and Harbor Commission (“HCPHC”) for their manufacturing facility in Day St. Louis, Mississippi. The initial lease term is for 33 years, ending in June 2040. The Company may elect to extend the lease for two successive extensions of 33 years each. The lease payments are identified in the agreement as \$687,000 per year, abated to \$1 per year during any year in which the Company maintains the minimum levels of employment set forth in the agreed-upon Employment Commitment, as defined in the Project Agreement by and among the Company and the State of Mississippi, Hancock County, HCPHC, and certain authorities of or within the State of Mississippi dated as of April 25, 2007 and last amended on April 1, 2013.

The Employment Commitment requires the Company to employ at least 80 full time employees with an average annual salary of at least \$50,000. If the employment commitment is not met during the year, the Company shall be liable for an Employment Clawback and a Facility Lease Abatement Clawback. In the event of default of the Employment Commitment, the Employment Clawback requires the Company to pay HCPHC a sum arrived at by dividing the amount of Financial Commitment by the 80 employee requirement and then dividing the quotient by the total number of years in the initial term of the agreement (33 years). The Facility Lease Abatement Clawback would require the Company to pay HCPHC a sum equal to \$687,000 multiplied by a fraction, the 80 employment requirement less the average number of qualifying employees during the reporting period, divided by 80. At March 31, 2017, the Company exceeded this employment requirement.

The Company paid \$1 of rent for the period ended March 31, 2017.

**Jindal Tubular USA, LLC**  
**Notes to Financial Statements**  
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**NOTE 11 – CONCENTRATIONS**

**Customers**

The Company had sales to customers that individually contributed in excess of 10% of total company sales for the period ended March 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Number of customers	2	3
Sales	\$37,629,295	\$21,998,933
Sales Total	53,195,416	31,674,906
Percent of Total Revenue Contributed	71%	70%
Accounts receivable from these customers	4,329,816	-

**Vendors**

The Company had purchases from one vendor that individually contributed in excess of 10% of total company purchases for the period ended March 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Number of vendors	2	1
Purchases	\$31,565,395	\$16,389,244
Purchases Total	45,593,031	29,188,058
Percent of Total Purchases	69%	56%
Accounts payables to these vendors	946,517	1,818,584

**Subsequent Events**

Management evaluates events occurring subsequent to the date of the balance sheet in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 26, 2017, which is the date the financial statements were available to be issued.