

Jindal Saw Italia S.p.A.

a sole shareholder company

ANNUAL REPORT 2015

*(including report of Independent
Registered Public Accounting Firm)*



**Independent auditor's report in accordance
with article n. 14 L.D. January 27, 2010 n.39
(Translated from original in Italian)**

To the Sole Shareholder of
Jindal Saw Italia S.p.A.

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Report on the Financial Statements

We have audited the accompanying financial statements of Jindal Saw Italia S.p.A., which comprise the balance sheet as at December 31, 2015, the income statement for the year then ended and the explanatory notes.

Director's Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with statutory requirements.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted an audit in compliance with International Reporting Standards (ISA Italia) processed in accordance with art. 11, paragraph 3, of the Legislative Decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 of those risk assessments, the audit considers internal control relevant of 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Jindal Saw Italia S.p.A. as at December 31, 2015 and of the result of its operations for the year then ended in compliance with Italian laws.

Emphasis of matter

The loss for the period amounts to Euro 4,0 million. At December 31, 2015 the Ebitda margin results negative of Euro 3,9 million compared to a negative amount for Euro 3,2 million of the prior year. The main reasons of such losses are described in the Report of Operations.

On April 22, 2016 the Directors have approved a new business plan 2016-2018 which confirms the positive results starting from year 2016. On the basis of the fiscal earnings expected for the years 2016, 2017 and 2018 the Directors have decided to recognize deferred tax assets for an amount of Euro 940 on the last year's fiscal losses.

Despite the revised business plan shows positive results starting from 2016, the Shareholder has prudentially signed a comfort letter confirming the will and the commitment to provide the company with an adequate financial support for the adoption of the adequate measures which might become necessary pursuant to articles 2446 or 2447 of the Italian Civil Code.

Report on compliance with other laws regulation

Opinion on the consistency of the financial statements with the report on operations

We have performed the procedures required by auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report of operations which is the responsibility of directors of Jindal Saw Italia S.p.A., with the financial statements of Jindal Saw Italia S.p.A.. In our opinion, the report on operations mentioned above is consistent with the financial statements of Jindal Saw Italia S.p.A. as of December 31, 2015.

Pordenone April 29, 2016

Ria Grant Thornton S.p.A.

Signed by
Mauro Polin
Partner

This report has been translated into the English language solely for the convenience of international readers. We have not examined the translation of the financial statements referred to this report.

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Jindal Saw Italia S.p.A.

a sole shareholder company

Registered Office

Operational and Administrative Office at 32 Via K.L. Von Bruck - 34144 Trieste

Share capital: Euro 1,100,000.00, subscribed and paid

Company registration number: 07104300962 – REA [Preliminary Business Register] No. 132406

Management report pertaining to the financial year closed on 31 December 2015

Dear board members,

The Financial Year Closing situation ending on 31st December 2015 shows a loss amounting to Euros, with 4,083,953. Euros 296,452 allocated to depreciation and provisions.

The total loss for the previous fiscal year, which ended on December 31st 2014, amounted to 4,280,388 Euros, with 243,109 Euros allocated to depreciation.

Important events that took place during and after the fiscal year

The first six months of the year were characterized by the delivery of the first segment of execution of the order received from Customer in Iraq - Al Dima General Contracting Co. Ltd. for 2,500 Tons out of a total of 7000 Tons and is scheduled for delivery for the second and third segments by the end of the year which constitutes approximately 4500 MT.

It is also important to highlight that the company has also signed a 'major contract with the Ministry of Water Resources in Baghdad - Iraq totaling USD 33,980,000.00.-The production is processed in the plant of Jindal Saw Gulf LLC of Abu Dhabi - UAE as it is a supply of large diameter, in particular the DN 1400 mm. This is because the particular diameter is out of the scope of transformation in the establishment of Trieste as the production line has the capacity to transform and supply pipes at most up to nominal diameter 1000 mm.

The supply for this particular project commenced from the month of May 2015.

It should be also noted that the company has purchased in the month of February from Duferco Sertubi Spa 03 Centrifugal Casting machines with their spare parts and materials for normal use. They were then disassembled, shipped and transferred to Jindal Saw Limited India (No. 02 machines small diameters) and Jindal Saw Middle East FZC Abu Dhabi UAE (nr. 01 machine large diameters)

which can be considered as an intercompany sale. This operation was necessary to increase the productivity of plants Samaghogha-India and Abu Dhabi -UAE to reduce lead times for the supply of pipes for the plant in Trieste (semi-finished and finished products).

It is to be noted that in the period in question, the European Commission initiated an anti-dumping concerning imports in 'European Union of ductile cast iron pipes from India on the recommendation of the Saint-Gobain PAM. The outcome of that proceeding was published 18th September 2015 resulting in application of a provisional antidumping duty on the extent of 31.2%. This result we are analyzing the criteria for calculating and verifying their appropriateness. It is not excluded from us the appeal of that procedure.

However, subsequent to our appeal and hearing in front of the European Commission against their stringent action of imposition of the Anti-Dumping Duty especially for the Semi-finished pipes, the duty has been considered nil for the Semi-finished pipes and a minor reduction to 22.8% has been achieved vide the definitive hearing on the 18th March, 2016. This anti-dumping duty waiver ensures a positive outlook especially for the continuation of the production activities. But a reduced duty of our other main Indian competitor Electrosteel Castings Limited to 9% ensures a fierce competition in the market and hence reducing chances to compete effectively in markets where non-Italian made pipes are accepted. In view of this, the management has decided to utilize the Group facilities of Abu Dhabi to procure finished pipes, however the pertinent certifications and the approvals for European markets have to be taken and the cost of production at Abu Dhabi facility is higher in comparison to the facility in India. Hence it is expected that in the first half of the 2016 there could be additional expenditure and the recovery of the situation is expected from the 2nd quarter of 2016. The definitive decision of the result of these proceedings is expected by the end of March 2016 which is a crucial factor with regard to the business outlook for especially 2016.

As of December 31st, 2015 the company had registered sales of approximately 20,000 tonnes, compared to approximately 13,800 tonnes recorded last financial year up to 31st December 2014. Please note that the total sales predicted in the Plan for 2015 amount to 35,500 tonnes.

The production output was approximately 8,600 tonnes, compared with approximately 8,600 tonnes recorded last year up to 31st December 2014. The production amount foreseen in the Plan for 2015 amounts to 16,800 tonnes.

The total turnover, as of December 31st, 2015 was approximately 25 million Euros, compared to approximately 15 million Euros during the previous fiscal year, which ended on December 31st, 2014.

The EBITDA, as of December 31st, 2015, has a negative value of approximately 3.6 million Euros, compared to a negative value of approximately 3.2 million Euros for the previous fiscal year, which ended on December 31st, 2014.

In addition to the above reasons and due to the postponement of deliveries relating to the contract "Iraq" the company did not achieve the financial results of the current year as well as persisted in the 2015-2017 Strategic Plan approved last year. However on a positive note we have been able to achieve further contracts from "IRAQ" of approximately Euro 10 Million comprising of both Pipes and Fittings and it is expected the major part of this order shall be executed in 2016 and also the balance of the previous order already achieved which was expected to be executed in 2015.

In view of the above an updated Strategic Plan for 2016-2018 years shall be presented it will include the effects of the spill over of the previous contract for about Euro 5.0 million in the 2016, and that will include a balanced budget for the year 2016 with positive results from the anticipated execution of the new contracts already achieved from Iraq.

Investments in tangible assets amounted to 46,000 Euros (95,000 Euros during the previous fiscal year), mostly related to the purchase of new wrapping equipment.

During the period under consideration there were investments in intangible fixed assets amounting to Euro 14,000 (58,000 Euros for the previous fiscal year).

With regard to Equity results, please note that the loss, from the 2014 fiscal year, of 4,280,388 Euros, was completely covered, following a specific proposal from the Directors, through the use of existing reserves (as per decision the shareholders' meeting of 28 April 2015).

Moreover, it should also be noted that during the period under consideration, the shareholder, Ralael Holdings Limited, approved the subscription and payment of the share capital for a total of 5,200,000 Euros, of which 19.853 Euros are to be assigned to cover the losses of balance sheet 2014.

It has been noted that the sole shareholder shall confirm its intention in form of an official communication dated 30 March 2016 to renounces definitively and irrevocably to the repayment of part of the interest-bearing loan made to favor of the related, namely an amount of Euro 1.000.000,00 (one million,00), with a view to strengthen its capital of the investee it.

The Equity position as of 31 December 2015 is reported below.

Description	
Share Capital	1.100.000
Share Premium Reserve	0
Euro Rounding Reserve	1
Other Reserves (Future Increases in SC)	5.180.147
Profits (Losses) carried forward	0
Profit(Loss) for the Period	(4.083.953)
Equity as of 31/12/15	2.196.195

Research and development activities

No research and development activities were launched during the period under consideration.

Financial situation

Net borrowing, as of December 31st, 2015, amounts to approximately 3,8 million Euros, all short-term, compared to 10,3 million Euros during the previous fiscal year (as of December 31st, 2014). We have been able to repay the short term from CITI Bank Milan at the end of November 2015, this have been done successfully by the receipt of one short term loan from our sole shareholder Ralael Holdings and another intercompany short term loan from Jindal Saw FZE.

Employment Situation

As of December 31st, 2015 the staff is made up of 75 employees, of whom 3 are managers, 35 are office workers and 37 are labourers.

Information on environment and work

The company has complied with all the necessary regulations as per legislative Decree 626/1994 pertaining to Safety and Health in the working area by appointing a responsible for the service for Prevention and Protection, and in addition also for compiling the document for company risk evaluation.

The company has also adopted the needed actions both in terms of investments and also in terms of procedure to conduct its own activities respecting or complying with laws and rules in Environmental matter.

Based on the CNDCEC document of 14 January 2009, below-mentioned is information on company personnel and the environment:

- during the financial year, there were no deaths at work of staff recorded on payroll for which corporate responsibility was definitively established;
- during the financial year, there were no serious accidents at work which resulted in significant or severe injury to personnel recorded on payroll for which corporate responsibility was definitively established;
- during the financial year, there were no records pertaining to occupational diseases of employees or former employees and causes of mobbing, for which the company was declared permanently responsible;
- during the financial year, no environmental damages occurred for which the company was found guilty;
- during the financial year, there were no sanctions or penalties imposed for definitive offences or environmental damage.

Financial instruments and risk management

In this section, in accordance with the provisions of Article 2428 Civil Code paragraph 3 number 6-bis, there is provided information on the company's exposure to credit risk, liquidity risk, and market risk; on objectives, policies, and risk management processes, as well as risk assessment methods.

The overall responsibility for the establishment and supervision of the risk management system lies with the Company's Board of Directors.

The risk management policies of the company aim to identify and analyse the risks to which the company is exposed, establishing appropriate limits and controls, and to monitor risks and observance of said limits. These policies and related systems are reviewed regularly to reflect any changes in market conditions and the company's activities. Through training, standards, and management procedures, the company aims to create a disciplined and constructive control system in which its employees are aware of their roles and responsibilities.

Credit risk

The commercial risk toward customers is contained through the use of insurance policies that cover 85% of the nominal value thereof;

The Company established a procedure, managed by a Credit Committee, to determine the reliability and credit limits for each customer through regular analysis that employs the use of assessment and external information.

Liquidity risk

The policy adopted by the Company as regards the liquidity risk is based on:

- diversification of funding sources;
- avoidance of significant concentrations of liquidity risk both in terms of financial assets and as concerns those arising from funding sources.

Market risk

The company, in carrying out its activities, could make use of financial instruments, where a financial instrument is any contract that gives rise to a financial activity for one entity and, in turn, to a financial liability for another entity. The use of such financial instruments does not result in significant effects, which may significantly affect the assessment of the financial standing and the operating profit or loss.

The company could negotiate derivative instruments to manage market risk.

a. Exchange rate risk

The company is exposed to currency risk on commercial transactions not carried out in Euro. Accordingly, the Company may implement a policy aimed to hedge the risk of fluctuations in the exchange rate by entering into contracts for purchase of currency with leading institutions with a view to hedge sales of finished products. At 31 December 2015 there were no outstanding forward purchase and sale contracts in foreign currency.

b. Risk of interest rate

The international economic environment has considerably reduced the risk in question. The company did not consider it convenient to subscribe to the Interest Rate Swap.

Please refer to the Notes for detailed information on the size of the risk exposure of the enterprise.

Transactions with related parties

Transactions with subsidiaries, associated, and affiliated companies are expounded upon in the Explanatory Notes.

Purchase of company shares and shares of parent companies

The company does not hold and did not hold during the financial year treasury shares or shares of parent companies, neither through trust companies or intermediaries.

Significant facts that occurred following the closing of this financial year

On 18 March 2016, the European Commission published the definitive decision for the Anti-Dumping duties relating to imports from 'India of cast iron pipes, as regard to the pipes "in the phase of the finished product it has reduced from 31,20% to 22,80% of the duty, while the duty for the pipes in the phase of the semi-finished has been cancelled.

Management outlook

The company has significantly increased its acquisitions of new Orders and sales increased in the Iraq market, its relative unit Sales Price. This is due to the possibility for the company to declare the goods which are finished in Italy as European and as result also able to participate in particular contracts where the European Origin is mandatory. However, there have been a very slow recovery of the commercial European markets and the competitor pricing has also become aggressive especially the prices are being drastically reduced by the competitor SGPAM mainly for medium and large sized project requirement. *The reason for this slow recovery is also due to the fact that the market in general is awaiting the definitive result of the imposition of the Anti-Dumping duty.*

Information pursuant to art. 2497-bis paragraph 4 of the Civil Code

The company does not fall under the direction and coordination of the sole shareholder Ralael Holdings Limited.

Data security policy

The data security policy is updated when necessary in accordance with Annex B, point 26 of Legislative Decree no. 196/2003, pursuant to the law.

Analysis of the financial statements

With the aim to provide better information on the situation of the financial year from an economic and financial performance point of view, we reclassified the Balance Sheet according to the scheme of decreasing liquidity, and the Income Statement by mean of the value added scheme, enclosed to this report, calculating also some indexes following the entries thus consolidated.

Financial indicators

1) Degree of debt

The ratio between net debt and equity.

It expresses the ratio between internal and external sources of funding. The higher the value of this index, the greater the dependence on external sources of financing.

The value of this index at the date of this balance sheet is 11.92 compared to 30.58 during the previous year.

2) Degree of financial independence

The ratio between equity and total sources of funding.

It expresses the weight of internal funding sources compared to total sources of financing. This index can assume values between 0 and 1: the more the value of this ratio approaches a unit value, the greater independence from external funding sources.

The value of this index at the date of this balance sheet is 0.08 compared to 0.03 during the previous year.

3) 1st grade hedging of net fixed assets

The ratio between equity and net fixed assets.

It expresses long-term investments financed with equity. The higher the ratio of this index, the stronger and more equilibrated the balance sheet of the company.

The value of this index at the date of this balance sheet is 5.47 compared to 1.86 during the previous year.

4) 2nd hedging of net fixed assets

The ratio of equity plus consolidated liabilities and net fixed assets.

It expresses long-term investments hedged by means of funding sources intended to remain long-term in business. The more this ratio's value falls under the unity, the greater the disparity of the balance sheet.

The value of this index at the date of this balance sheet amounted to 22.86 compared to 15.63 during the previous year.

Liquidity ratios

5) Primary or immediate liquidity

The ratio of immediate liquidity and current liabilities.

This index allows highlighting the company's ability to cope short-term with its current financial commitments by using the most liquid assets that can quickly translate into cash and at a low cost.

The value of this index at the date of this balance sheet amounted to 0.48, compared to 0.50 during the previous year.

6) Secondary or current liquidity

The ratio of current assets and current liabilities.

This index allows highlighting the company's ability to cope short-term with its current financial commitments by using all short-term assets, including inventories.

The value of this index at the date of this balance sheet amounted to 1.46 compared to 1.34 during the previous year.

7) Rate of turnover of capital invested

The ratio between sales revenue and capital invested.

It measures the efficiency of operations and expresses the number of times that the resources employed by the company are renewed during the financial year following sales.

The value of this index at the date of this balance sheet amounted to 0.87 compared to 0.45 during the previous year.

Profitability ratios

Owing to the results obtained at the date of this report, the values of the profitability ratios (ROE, ROI and ROS) were negative or not significant. Due to this reason, a comparison of the relevant indexes with the previous financial period was not rendered noteworthy.

Proposal as regards the result of this financial period

Dear Shareholder,

We invite you to approve the budget as submitted and to the partially cover the loss for the year amounted to 4,083,953€, through use the following equity reserves for payments for future capital increase of 4,083,953€.

We remind you that after approval of the balance sheet of the period 2015, as per the Company's Statutory, the Statutory Board and the External Auditors will expire and therefore the relative deliberations should be adopted.

We thank you for your confidence and call on the Shareholder to approve the balance sheet as presented.

Trieste, 22 April 2016

Chief Executive Officer

Mr. Maneesh Kumar

Annex A
Reclassified Balance Sheet relating to decreased liquidity

ASSETS		31/12/2015	31/12/2014	Variance
1) LIQUIDITY				
1.1 IMMEDIATE				
Entry C IV	Liquid assets	1.154.291	2.723.165	(1.568.874)
Total immediate liquidity		1.154.291	2.723.165	(1.568.874)
1.2 TRADE AND OTHER RECEIVABLES				
Entry A	Unpaid subscribed capital	-	-	-
Entry B III 2) - C II	Receivables within 12 months	8.158.598	9.909.365	(1.750.767)
Entry C III	Short-term financial assets	-	-	-
Total trade and other receivables		8.158.598	9.909.365	(1.750.767)
TOTAL LIQUIDITY		9.312.889	12.632.530	(3.319.641)
2) FLOATING ASSETS				
Entry C I	Stocks	18.580.944	20.844.366	(2.263.422)
Entry D	Accruals and deferrals within 12 months	99.081	56.751	42.330
TOTAL FLOATING ASSETS		18.680.025	20.901.117	(2.221.092)
3) CURRENT ASSETS (1 + 2)		27.992.914	33.533.647	(5.540.733)
4) FIXED ASSETS				
Entry B I	Net Intangible Fixed Assets	95.035	266.007	(170.972)
Entry B II	Net Tangible Fixed Assets	256.716	279.754	(23.038)
Entry B III - 1) 3) 4)	Financial fixed assets	-	-	-
Entry B III 2) - C II	Receivables beyond 12 months	37.377	28.878	8.499
Entry D	Accruals and deferrals 12 months	875	2.339	(1.464)
TOTAL FIXED ASSETS		390.003	576.978	(186.975)
Total CAPITAL INVESTED (3 + 4)		28.382.917	34.110.625	(5.727.708)
LIABILITIES		31/12/2015	31/12/2014	Variance
6) CURRENT LIABILITIES				
Entry D 1) 2) 3) 4) 5)	Financial debt within 12 months	10.500.000	13.000.000	(2.500.000)
Entry D 7) 8) 9) 10) 11)	Trade payables within 12 months	7.511.335	9.834.515	(2.323.180)
Entry D 6) 12) 13) 14)	Other debt within 12 months	1.202.520	2.079.083	(876.563)
Entry B	Provisions for liabilities and charges within 12 months	-	-	-
Entry E	Accruals and deferrals within 12 months	142	126.073	(125.931)
TOTALE PASSIVO CORRENTE		19.213.997	25.039.671	(5.825.674)
7) NON-CURRENT LIABILITIES				
Entry C	Post-employment benefit liabilities	-	-	-
Entry B	Provisions for liabilities and charges beyond 12 months	454.039	657.834	(203.795)
Entry D 1) 2) 3) 4) 5)	Financial debt beyond 12 months	-	-	-
Entry D 7) 8) 9) 10) 11)	Trade payables beyond 12 months	-	-	-
Entry D 6) 12) 13) 14)	Other debt beyond 12 months	6.518.688	7.332.972	(814.284)
Entry E	Accruals and deferrals beyond 12 months	-	-	-
TOTAL NON-CURRENT LIABILITIES		6.972.727	7.990.806	(1.018.079)
8) NET ASSETS				
Entry A I	Share capital	1.100.000	1.100.000	-
Entry A II - VIII	Reserve	5.180.148	4.260.536	919.612
Entry A IX	Profit / (Loss)	(4.083.953)	(4.280.388)	196.435
	Loss Hedging	-	-	-
	Net loss	(4.083.953)	(4.280.388)	-
TOTAL NET ASSETS		2.196.195	1.080.148	1.116.047
9) TOTAL FINANCING SOURCES (6 + 7 + 8)		28.382.917	34.110.625	(5.727.708)

Annex B**Reclassified Income Statement as Value Added**

A) VALUE OF PRODUCTION		31/12/2015	31/12/2014	Variance
Entry A 1)	Revenue from sales and services	24.802.437	15.415.524	9.386.913
Entry A 2) A 3)	Adjustments remaining products completed and ordered	(1.436.131)	2.647.202	(4.083.333)
Entry A 4)	Increase in fixed assets for company works	-	-	-
Entry A 5)	Other income pertaining to management	232	44.141	(43.909)
Total production value		23.366.538	18.106.867	5.259.671
B) PRODUCTION COST				
<u>Total cost consumables and services</u>				
Entry B 6)	For raw materials, subsidized, and consumables	17.655.218	10.639.414	7.015.804
Entry B 11)	Adjustments raw materials, subsidized, and consumables	13.007	998.449	(985.442)
Entry B 7)	Services	4.836.429	4.854.102	(17.673)
Entry B 8)	Leased assets	752.185	767.861	(15.676)
<u>Total cost consumables and services</u>		<u>23.256.839</u>	<u>17.259.826</u>	<u>5.997.013</u>
VALUE ADDED		109.699	847.041	(737.342)
<u>Other management cost</u>				
Voce B 9)	Personnel cost	3.978.731	3.997.191	(18.460)
Voce B 14)	Various management expenses	31.359	29.030	2.329
<u>Total other management cost</u>		<u>4.010.090</u>	<u>4.026.221</u>	<u>(16.131)</u>
GROSS OPERATING MARGIN		(3.900.391)	(3.179.180)	(721.211)
<u>Depreciation and provisions</u>				
Entry B 10)	Provisions and depreciations	296.452	243.109	53.343
Entry B 12)	Risk provisions	60.000	-	60.000
Entry B 13)	Other provisions	-	-	-
<u>Total depreciation and provisions</u>		<u>356.452</u>	<u>243.109</u>	<u>113.343</u>
OPERATING PROFIT		(4.256.843)	(3.422.289)	(834.554)
<u>Result of financial management</u>				
Entry C	Revenue / (Expenses) financial	(721.596)	(683.890)	(37.706)
Entry D	Impairment of financial assets	-	-	-
<u>Total result financial management</u>		<u>(721.596)</u>	<u>(683.890)</u>	<u>(37.706)</u>
<u>Income from non-ordinary financial management - Entry A 5)</u>		<u>-</u>	<u>-</u>	<u>-</u>
<u>Extraordinary management result - Entry E)</u>		<u>(46.074)</u>	<u>(174.209)</u>	<u>128.135</u>
PRE-TAX RESULT		(5.024.513)	(4.280.388)	(744.125)
 Income tax for the financial period		 (940.560)	 -	 (940.560)
PROFIT/ (LOSS) OF THE FINANCIAL PERIOD		(4.083.953)	(4.280.388)	196.435

	31/12/2015	31/12/2014
ATTIVO		
A SUBSCRIBED CAPITAL UNPAID	0	0
B FIXED ASSETS		
B I INTANGIBLE FIXED ASSETS		
1 Formation costs	0	2.271
2 Cost of research, development and advertising	0	0
3 Industrial patents and intellectual property rights	15.277	21.536
4 Franchise, licenses, trademarks and similar rights	0	470
5 Goodwill	0	0
6 Work in progress and payments on account	0	18.530
7 Other	79.758	223.200
Total intangible fixed assets	95.035	266.007
B II TANGIBLE FIXED ASSETS		
1 Land and buildings	0	0
2 Plant and machinery	147.238	94.677
3 Fixtures and fittings, tools and other equipment	62.870	65.836
4 Other assets	46.608	67.270
5 Work in progress and payments on account.	0	51.971
Total tangible fixed assets	256.716	279.754
B III Long-term investments		
1 Equity investments		
a Subsidiaries	0	0
b Associated companies	0	0
c Parent companies	0	0
d Other companies	0	0
Total equity investments	0	0
2 Receivables:		
a From subsidiaries		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
b From associates companies		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
c From parent companies		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
d From other parties		
- due within 12 months	0	0
- due beyond 12 months	37.377	28.878
	37.377	28.878
Total non-current receivables	37.377	28.878
3 Other securities	0	0
4 Treasury shares	0	0
Total long-term investments	37.377	28.878
TOTAL NON-CURRENT ASSETS AND LONG-TERM INV.	389.128	574.639
C CURRENT ASSETS		
C I STOCKS		

	31/12/2015	31/12/2014
1 Raw materials and consumables	5.316.399	6.143.691
2 Work in progress and semi-finished products	2.233.774	2.607.128
3 Contract work in progress	0	0
4 Finished products and merchandise	11.030.771	12.093.547
5 Payments on account	0	0
Total Stocks	18.580.944	20.844.366
C II RECEIVABLES		
1 From customers		
- due within 12 months	6.321.697	7.355.440
- due beyond 12 months	0	0
	6.321.697	7.355.440
2 From subsidiaries		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
3 From associates companies		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
4 From parent companies		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
4-bis Tax credits		
- due within 12 months	12.542	254.257
- due beyond 12 months	0	0
	12.542	254.257
4-ter Advanced taxes		
- due within 12 months	940.560	0
- due beyond 12 months	0	0
	940.560	0
5 From others		
- due within 12 months	883.799	2.299.668
- due beyond 12 months	0	0
	883.799	2.299.668
Total receivables	8.158.598	9.909.365
C III SHORT-TERM INVESTMENTS		
1 Equity investments in subsidiaries	0	0
2 Equity investments in associates companies	0	0
3 Equity investments in parent companies	0	0
4 Other equity investments	0	0
5 Treasury shares	0	0
6 Other securities	0	0
Total short-term investments	0	0
C IV Cash and cash equivalents		
1 Banks and postal current accounts	1.152.763	2.721.258
2 Cheques	0	0
3 Cash on hand	1.528	1.907
Total cash and cash equivalents	1.154.291	2.723.165
TOTAL CURRENT ASSETS	27.893.833	33.476.896
D DEFERRED EXPENSES AND ACCRUED INCOME	99.956	59.090
TOTAL ASSETS	28.382.917	34.110.625

	31/12/2015	31/12/2014
LIABILITIES		
A SHAREHOLDERS' EQUITY		
I Capital	1.100.000	1.100.000
II Share premium reserve	0	10.534
III Fair value reserves	0	0
IV Legal reserve	0	0
V Statutory reserves	0	0
VI Treasury share reserve	0	0
VII Other reserves		
Euro rounding reserve	1	2
Other	5.180.147	4.250.000
VIII Profit (loss) carried forward	0	0
IX Net income (loss) for the year	(4.083.953)	(4.280.388)
Loss partially covered	0	0
Residual Loss	(4.083.953)	(4.280.388)
TOTAL SHAREHOLDERS' EQUITY	2.196.195	1.080.148
B PROVISIONS FOR RISKS AND CONTINGENCIES		
1 Retirement benefits and similar obligations	15.732	12.627
2 Provisions for taxes, including deferred taxes	0	0
3 Other	438.307	645.207
TOTAL PROVISIONS FOR RISKS AND CONTINGENCIES	454.039	657.834
C EMPLOYEE SEVERANCE INDEMNITY	0	0
D PAYABLES		
1 Bonds		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>
2 Convertible bonds		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>
3 Shareholders' loans		
- due within 12 months	5.500.000	0
- due beyond 12 months	0	0
	<u>5.500.000</u>	<u>0</u>
4 Payables to banks		
- due within 12 months	0	13.000.000
- due beyond 12 months	0	0
	<u>0</u>	<u>13.000.000</u>
5 Payables to other financial institutions		
- due within 12 months	5.000.000	0
- due beyond 12 months	0	0
	<u>5.000.000</u>	<u>0</u>
6 Payments on account		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>
7 Payables to suppliers		
- due within 12 months	7.511.335	9.834.515
- due beyond 12 months	0	0
	<u>7.511.335</u>	<u>9.834.515</u>
8 Debt securities payable		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>

	31/12/2015	31/12/2014
9 Payables to subsidiaries		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
10 Payables to associates		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
11 Payables to parent companies		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
12 Tax liabilities		
- due within 12 months	195.545	566.275
- due beyond 12 months	0	0
	195.545	566.275
13 Payables to social security agencies		
- due within 12 months	153.410	2.862
- due beyond 12 months	0	0
	153.410	2.862
14 Other payables		
- due within 12 months	853.565	1.509.946
- due beyond 12 months	6.518.688	7.332.972
	7.372.253	8.842.918
TOTAL PAYABLES	25.732.543	32.246.570
E ACCRUED EXPENSES AND DEFERRED INCOME	142	126.073
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	28.382.917	34.110.625
MEMORANDUM ACCOUNTS		
Third-party assets at the company Lease Agreement	29.004.135	34.610.880
Other third-party assets at the company	296.652	361.487
Commitments	0	0
Other memorandum accounts	20.925	34.003
TOTAL MEMORANDUM ACCOUNTS	29.321.712	35.006.370

	31/12/2015	31/12/2014
INCOME STATEMENT		
VALUE OF PRODUCTION:		
1 Sale and service revenue	24.802.437	15.415.524
2 Change in inventory of work in progress, semi-finished and finished products	(1.436.131)	2.647.202
3 Change in contract work	0	0
4 Own work capitalized	0	0
5 Other revenue and income		
Grants towards operating expenses	0	0
Other	232	44.141
	232	44.141
TOTAL VALUE OF PRODUCTION	23.366.538	18.106.867
COSTS OF PRODUCTION:		
6 Raw materials, consumables and goods for resale	17.655.218	10.639.414
7 Services	4.836.429	4.854.102
8 Hire, rental and leasing	752.185	767.861
9 Personnel		
a) Wages and salaries	2.787.080	2.845.389
b) Social security charges	1.003.075	956.901
c) Post-employment benefits	185.741	183.982
d) Pension and similar benefits	0	0
e) Other costs	2.835	10.919
	3.978.731	3.997.191
10 Depreciation, amortization and adjustments		
a) Depreciation of intangible assets	185.417	179.640
b) Depreciation of property, plant and equipment	68.668	57.628
c) Other impairment losses on non-current assets	0	0
d) Impairment losses on receivables included in working capital and cash and equivalents	42.367	5.841
	296.452	243.109
11 Change in inventory of raw materials, consumables and goods for resale	13.007	998.449
12 Provisions for risks	60.000	0
13 Other provisions	0	0
14 Other operating expenses	31.359	29.030
TOTAL COSTS OF PRODUCTION	27.623.381	21.529.156
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION	(4.256.843)	(3.422.289)
FINANCIAL INCOME AND EXPENSES:		
15 Income on equity investments		
- in subsidiaries, associates and parent companies	0	0
- in other companies	0	0
	0	0
16 Other financial income:		
a) on non-current receivables		
- from subsidiaries, associates and parent companies	0	0
- from other parties	0	0
b) on long-term investments other than equity investments	0	0
c) on short-term investments other than equity investments	0	0
d) Income other than the above		
- from subsidiaries, associates and parent companies	0	0
- from other parties	36.344	42.038
	36.344	42.038

	31/12/2015	31/12/2014
17 Interest and other financial expenses		
- from subsidiaries, associates and parent companies	0	0
- from other parties	758.150	725.826
	758.150	725.826
17 bis Exchange gains (losses)	210	(102)
NET FINANCIAL INCOME / (EXPENSES)	(721.596)	(683.890)
ADJUSTMENTS TO FINANCIAL ASSETS:		
18 Reversals		
a) to equity investments	0	0
b) to long-term investments other than equity investments	0	0
c) to short-term investments other than equity investments	0	0
	0	0
19 Impairment		
a) of equity investments	0	0
b) of long-term investments other equity investments	0	0
c) of short-term investments other than equity investments	0	0
	0	0
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS	0	0
EXTRAORDINARY INCOME AND EXPENSES:		
20 Extraordinary income		
Extraordinary income	269.825	132.680
Income on disposal not attributable to no. 5	0	0
Prior-year income taxes	0	0
	269.825	132.680
21 Extraordinary expenses		
Extraordinary expenses	315.899	306.889
Losses on disposal not attributable to no. 14	0	0
Prior-year income taxes	0	0
	315.899	306.889
NET EXTRAORDINARY INCOME / (EXPENSES)	(46.074)	(174.209)
EARNINGS / (LOSS) BEFORE TAXES	(5.024.513)	(4.280.388)
22 Current taxes, deferred tax assets and deferred tax liabilities	(940.560)	0
NET INCOME (LOSS) FOR THE YEAR	(4.083.953)	(4.280.388)

STATEMENT OF CASH FLOWS

31/12/2015

31/12/2014

CASH PROVIDED BY / (USED IN) OPERATING ACTIVITY

Net income (loss) for the year	(4.083.953)	(4.280.388)
<i>Upwards (downwards) adjustments to items that affected cash flow:</i>		
Amortization of intangible assets	185.417	179.640
Depreciation of property, plant and equipment	68.668	57.628
Accrual of depreciation receivables	42.367	5.841
Accrual of post-employment benefits (TFR)	185.741	183.982
Use of post-employment benefits	(185.741)	(183.982)
Accrual of provisions for risks and contingencies	60.000	0
Use of provisions for risks and contingencies	(266.900)	(2.078.343)
Accrual of provision for agents	3.106	2.781
(Increase)/decrease in inventory	2.263.422	(1.648.752)
(Increase)/decrease in receivables from customers	1.016.117	637.447
(Increase)/decrease in tax credits	241.715	1.917.914
(Increase)/decrease in receivables from other parties	1.415.869	2.530.271
(Increase)/decrease in deferred expenses and accrued income	(40.866)	191.551
Increase/(decrease) in trade payables	(2.323.180)	(3.081.444)
Increase/(decrease) in tax liabilities	(370.730)	369.634
Increase/(decrease) in social-security liabilities	150.548	(204.002)
Increase/(decrease) in payables to other parties	(1.470.665)	923.121
Increase/(decrease) in accrued expenses and deferred income	(125.931)	63.969
<u>TOTAL CASH PROVIDED BY / (USED IN) OPERATING ACTIVITY</u>	(4.200.297)	(4.413.131)

SOURCES OF CASH

Increase Capital	0	0
Other increase/(decrease) equity	5.200.000	4.260.128
Decrease of long term financial credits	0	0
Disbursal of new loans by shareholders	5.500.000	0
Disposal of non-current assets	0	0
<u>TOTAL SOURCES OF FUNDING</u>	10.700.000	4.260.128

USES OF CASH

Increase in intangible assets	(14.445)	(58.047)
Increase in property, plant and equipment	(45.630)	(104.656)
Increase Long term Investment from other parties	(8.499)	(13.750)
Reimbursement of Capital to shareholders/Reduction Capital for Losses	0	0
Reimbursement of loan (parent company)	0	0
Dividend distribution/use reserve	0	0
<u>TOTAL USES OF CASH</u>	(68.574)	(176.453)
Increase/(decrease) in net short-term cash at hand	6.431.129	(329.456)
Mortgages contracted	0	0
Mortgages repaid	0	0
Net change in payables to banks and other lenders	6.431.129	(329.456)
Net receivables from / (payables to) banks and other lenders at the beginning of the year	(10.276.835)	(9.947.379)
Euro rounding	0	0
Net receivables from / (payables to) banks and other lenders at the end of the year	(3.845.706)	(10.276.835)

Jindal Saw Italy S.p.A.

a sole shareholder company

Registered office

Head Office and Administration Via K.L. Von Bruck 32-34144 Trieste

Share capital subscribed and paid in 1,100,000.00€

Business Register n°: 07104300962 - REA 132406

Notes to Financial Statements to 31/12/2015

Introduction

Dear Shareholder,

the Financial Statements that we submit for Your approval, consisting of Balance Sheet, Income Statement and Notes to the Financial Statements, have been prepared in accordance with the criteria laid down by Civil Law and has been integrated, in order to offer a better overview, with the Financial Statements that analyze Cash Flows generated during the financial year.

In these Notes any additional information that we consider necessary to give a truthful and fair view of the financial and economic situation is detailed below.

The information related to the nature of the Company's activity, to its performance for the financial year, to some significant events occurred after the financial year end and the outlook is discussed in the Management Report.

It should be noted that the Company, on August 5th 2011, by deed of Dr Massimo Paparo, Notary in Trieste, rep. n.108317 Coll. n. 16362, signed a lease contract of a business unit with Sertubi SpA.

It should be clarified that the Company's activity is mainly engaged in the production and marketing of cast iron pipes, started at the date of the signing of the lease mentioned above, according to which the Sertubi SpA (grantor) leased to Jindal Saw Italy SpA (the leaseholder) the business unit consisting of all of the assets held for the performance of production,

processing and trade, in Italy and abroad, of cast iron pipes, special parts and sewage systems in ductile iron. The leased business unit is also inclusive of the production site in Trieste.

As the Management Report, to which reference is made, already specified in detail, it is highlighted that on December 4th 2012 and later on December 27th 2012, the Company agreed with the OOSS (National Union representatives for the category) on the reduction of staff for 136 units with the aid of the institutions of the Italian CIGS (extraordinary redundancy payment) and *mobilità* (collective dismissal of workers). This choice was necessary to cope with the heavy market crisis in the industry through a reranking of the Company; therefore only the activities of finishing and marketing of pipes produced by other production sites were kept.

The Company performed a corporate restructuring plan during the current financial year.

Formulation Criteria

The Financial Statements for the financial year ended on 31/12/2015 have been prepared in accordance with Article 2423 and following of the Italian Civil Code, as amended by Legislative Decree No. 6/2003, and are composed by the Balance Sheet, written in accordance with the format prescribed by Articles 2424 and 2424bis of the Italian Civil Code and these Notes, prepared pursuant to article 2427 of the Italian Civil Code, which is, as set forth under article 2423, an integral part of the Financial Statements.

The accounting principles and evaluation criteria adopted for the formulation of these Financial Statements are those expected by the current legislation on civil laws, interpreted and integrated by the accounting standards issued by the Italian National Board of Certified Public Accountants, as modified by OIC (Italian Accounting Organization) in accordance to the reform of Company Law as well as with the accounting standards issued by OIC.

In the terms of art. 16 of Legislative Decree 213/98 and in compliance with the accounting standard no. 27 of Italian National Board of Certified Public Accountants, the amounts in the Balance Sheet, in the Income Statement and the Notes are expressed and discussed in Euros. With regard to the methods used to convert the accounting data expressed in Euro cents to those presented in the Financial Statement, expressed in Euro units, all the amounts in the

Balance Sheet and Income Statement were converted, by lower rounding when Euro cents were less than 50, and the upper rounding in the opposite case.

Valuation criteria, Accounting Standards and Standards for Financial Statements drafting

In the terms of and by effect of art. 2423 paragraph 4 of the Italian Civil Code, no exemption was made to the general evaluation standards and it is pointed out that the evaluation criteria, the accounting standards and the standards used to draw up these Financial Statements do not differ from those used for the preparation of the previous one.

The budget has been clearly drawn up and gives a truthful and fair view of the financial position of the company as well as the result for the financial year.

The evaluation of the balance sheet items has been made following the general criteria of prudence and accrual with the provision of the going concern principle, as well as taking into account the economic function of any single item of the assets and liabilities.

In accordance with the criteria of prudence, tax duties and losses for the financial year were recorded, even though they were acknowledged after the end of the same, while profits were included only if they were made on the balance sheet closing date.

In accordance with the accrual principle, the effect of transactions and of other events was recognized and allocated to the financial year whom these transactions and events refer to, and was not allocated to the financial year in which the related cash movements (receipts and payments) are made. The evaluation criteria and the accounting standards adopted are set out below for the most significant items.

Capital Assets

Intangible Assets

Are recorded at their historical acquisition, including the related collateral costs, and for the fixed assets of domestic production, they include direct costs and overheads, the latter for the part reasonably attributable. They are explained net of the amortization rates made over the years, including the current financial year; these rates have regularly been calculated in connection with the estimated useful life and have been directly set to the individual items.

The installation and extension costs, research and development and advertising costs with long-term benefits have been entered as assets, where applicable, with the consent of the authority responsible for the monitoring. The intangible assets recorded in the financial statements have been amortized on the basis of the following rates:

Installation and extension costs are amortized over a period of 5 years.

The industrial patent rights and the rights for the utilization of intellectual property are amortized over 5 years.

Trademarks are amortized over 5 years.

Other intangible assets, except for improvements of third parties goods and services and the costs concerning the contract notarization, which are amortized over a period which is shorter than the period of the expected useful life of the assets and the remaining period of the lease, are amortized over 5 years.

The intangible assets of indeterminate duration, whose economic value at the end of the financial year is significantly lower than the amortized cost using the criteria outlined above, are depreciated up to their economic value; for this purpose are shown the extent and reasons for the value reductions applied to the assets in question, making explicit reference to their contribution to the production of future economic performance, to their estimated useful life and, as relevant to their market value, pointing out the differences between those performed in previous years and underlining their influence on economic results. These assets have not

undergone monetary or economic revaluation in compliance to art. 10 Law no. 72 of 19 March 1983.

Tangible Assets

These are budgeted for their cost of acquisition and / or production and adjusted by their corresponding amortization funds. The collateral costs have been accounted for in their carrying value in the balance sheet, and for the assets generated in-house, as well as the direct and indirect costs of production, these latter for the share that could be reasonably attributed to them. If, on the date of the end of the financial year, the residual value in use is lower than the net budgeted value, the latter is adjusted by an equivalent devaluation. The devaluated value is reinstated in the subsequent financial years, if it failed the reasons for the adjustment.

Depreciation of tangible assets is calculated on a fixed and systematic basis, reduced to 50% for the assets purchased during the financial year, based on rates reflecting the estimated economic useful life of the fixed assets.

On the basis of the accounting principle OIC 9 regarding depreciation for the permanent losses of the assets of the Company - the directors have considered the potential impact to be recorded in the Financial Statements for the financial year ended on December 31st 2015 without reporting any depreciation.

The following table describes the depreciation rates as established above, used for each category of assets to estimate the amortization of tangible assets for the financial year:

Tangible Assets	Amortization Rate
GENERAL AND SPECIFIC PLANTS	10,00%
EQUIPMENT AND SMALL TOOLS	25,00%
MOULDS	20,00%
OFFICE ELECTRONIC SUPPLY	20,00%
MOBILE PHONES	20,00%
OFFICE FURNITURE	12,00%

The costs of ordinary maintenance and repairs are budgeted to the Income Statement for the period in which they incurred, or rather capitalized if extraordinary, and such as to increase the future useful life of the asset for which they were incurred.

Tangible fixed assets purchased through hire-purchase agreements are budgeted as assets for the financial year in which the company exercises its hire-purchase right. During the lease period, the value of such assets, the cash surrender values, as well as the total amount of the remaining installments, are reported in the 'Memorandum accounts', while the effects on the net assets and on the operating results deriving from the application of the method of financial accounting provided by international accounting standards, particularly IAS 17, are described as 'Tangible fixed assets' in these notes.

Unsold Stock

Unsold stock is valued at the lower rate between the acquisition cost or manufacturing cost, including collateral expenses, and the presumed break-up value based on market trend. The determination of the cost has been performed using the method of the average cost considered on an annual basis.

For the goods of domestic production, the manufacturing cost includes the costs of raw materials, materials, energy, direct labor and direct and indirect costs of production, these latter for the amounts reasonably attributable to the products, with the exception of interests and taxes, general expenses and overheads. In particular, for semi-finished products the manufacturing cost is established taking into account the manufacturing stage reached. The market value is represented by the replacement cost for raw materials and supplies and by the net realizable value for finished and semi-finished products.

Receivables and payables

Receivables are budgeted for their estimated realizable value; the adjustment of their nominal value to their presumed break-up value is achieved through a specific allowance for doubtful accounts, which takes into account the generic and specific risk of uncollectability.

Payables are recorded at their nominal value equal to the discharge value.

For the criteria used for the conversion of foreign currency entries, please refer to the paragraph below.

Cash Holdings

Cash holdings are registered at their nominal value.

Accruals and Deferrals

They represent the incomes and expenses for the financial year but are payable in the subsequent years or rather incurred before the balance sheet closing date but related to future periods.

For accruals and long-term deferrals, the conditions that led to their original recording have been verified and, where necessary, the appropriate changes have been made.

Employee severance indemnities

The liability recorded on the balance sheet represents the indemnities due to the personnel employed at the end of the financial year, and is calculated according to the provisions of law and in accordance with the collective employment contracts in force. The liability is budgeted for the net of the allowance paid by INPS (National Social Security Service) treasury or rather by other supplementary pension schemes in accordance with the provisions of Legislative Decree no. 252/2005 and the Finance Law. 296/2006 regarding the destination of the TFR (severance pay)

Provisions for risk and charges

Provisions for risk and charges include costs of a specific nature and of certain or probable existence, and their amount or date of occurrence are undetermined on the balance sheet closing date.

The risks for which a liability is probable are described in the notes and considered for the purpose of the provision, according to criteria of fairness in risk provisions.

The risk for which a liability is only possible, is set out in the Notes without any allocation of risk funds, in accordance with the relevant accounting standards.

Provisions are determined for the financial year and are based on an estimate of the future cost.

Guarantees, commitments, third party assets and risk

The risk for guarantees granted to others is recorded in the Memorandum Accounts for an amount equal to the amount of the guarantee.

Commitments and guarantees are registered in the Memorandum Accounts at their nominal and contract value.

The evaluation of third party assets inside the company has been calculated for the value derived from existing documentation.

Costs and Revenues

They are budgeted in accordance with the criteria of prudence and accruals, including the recognition of accruals and deferrals. Revenues and income, costs and expenses are entered into for the net of returns, discounts, rebates and allowances and taxes directly related to the sale of goods or the provision of services.

Revenues from the sale of products are acknowledged upon transfer of property, while revenues from the provision of services are registered at completion of services rendered.

Revenues and income, costs and expenses relating to foreign currency transactions are calculated at the exchange rate on the date on which the transaction is completed.

The sales transactions with other group companies are carried out at normal market conditions.

Income Taxes

Deferred taxes and liabilities are calculated on the temporary differences between the values of assets and the equivalent values approved for tax purposes. In particular, anticipated taxes are budgeted for only if there is reasonable guarantee of their future recovery. Deferred taxes, instead, are not registered if there is little probability that the corresponding liability will arise.

According to Article 2427, paragraph 1, no. 14) of the Italian Civil Code, these Notes describe a specific statement containing:

- 1) the description of temporary differences that led to the recognition of deferred tax assets and liabilities, specifying the rate applied, the changes compared to the previous financial year, the amounts credited or debited to the income statement or rather to the equity, the entries excluded from the calculation and the reasons therefor;
- 2) the amount of deferred tax assets budgeted for in the balance sheet relating to losses for the current or previous financial years and the reason for their budgeting, the amount not yet registered and the reasons for its non-registration.

Conversion of items in foreign currency

Assets and liabilities in foreign currencies, with the exception of tangible, intangible and financial assets, consisting of investments valued at their cost, are recorded at their exchange rate at the moment of the balance sheet closing date and they charge to the Income Statement the related

profits and losses on conversions resulting from the difference between the spot exchange rate detected when they arose. The amount of net profit deriving from the adjustment to the conversions of the items in foreign currencies at the year-end plays a part in generating the operating result and, upon approval of the Balance Sheet and consequent allocation of the result, it is registered for the non-employed amount by the eventual loss for the year and by the priority allocation to the legal reserve, in a non-distributable reserve until they are realized again. This reserve, however, can be used, since its registration, to cover the losses from previous financial years.

Fixed assets in foreign currencies are recorded at their exchange rate recorded at the time of their purchase or at the lower rate on the date of the year end if the reduction is considered permanent.

In the Notes are also described any significant effects arising from variations in exchange rates occurred after the balance sheet closing date.

Receivables and liabilities, for which specific currency hedging contracts do not exist ,were not adjusted to the spot exchange rate at year-end, but at the exchange rate expected by hedging contracts themselves.

Employment data

The national labor contract used is the one for Engineering and Metallurgy industry.

The following table shows the composition and variations occurred in the company personnel by category during the year:

Staff	31/12/2015	31/12/2014	Variations
Executives	3	3	0
Clerks	35	35	0
Workers	37	37	0
Total	75	75	0

As to December 31st 2015 the staff people are 75 units: 3 managers, 35 clerks, 37 factory workers.

Reclassifications of the Previous Financial Year

In the Financial Statements on December 31st 2015 no reclassifications related to the items in the previous Financial Statement were made.

Activities

B) Fixed assets

As indicated in the introduction to these Notes, the company, in response to the lease of a business unit, by deed of Dr. Massimo Paparo, Notary in Trieste, rep. n. 108317 n Coll. 16362, signed on August 5th 2011, rented the Pipes Division unit of Sertubi Spa. In this business section is included the production plant in Trieste, including real estates and the related fixed assets.

Any investment made by the company in this production plant is classified as 'other intangible assets', if it cannot be separated from the main asset and has been amortized over a period which is lower than the future useful life of the asset and the residual period of the lease . Where these investments are autonomous and are separable from the leased asset, they have been classified in the appropriate category of tangible assets.

Intangible Assets

The intangible assets are thus divided:

Balance 31/12/15	Balance 31/12/14	Variation
95.035	266.007	(170.972)

The following table describes the intangible assets:

Description of Costs	Cost of Acquisition on 31/12/14	Period Increase	Previous Amortization	Period Amortization	Residual value on 31/12/15
Costs for business constitution	2.659	0	(2.643)	(17)	0
Costs to increase joint stock	11.272	0	(9.018)	(2.254)	0
Industrial Patents and use of Intellectual Property	41.295	2.500	(19.759)	(8.759)	15.277
Concessions, licenses, trademarks and similar rights	2.352	0	(1.881)	(470)	0
Current Intangible assets and accounts	18.530	(18.530)	0	0	0
Others	698.839	30.475	(475.639)	(173.917)	79.758
Total	774.947	14.445	(508.940)	(185.417)	95.035

The most significant changes are commented below.

Industrial patents and use of intellectual property

The main increase in this item is related to the adjustments of the management software.

Other intangible assets

The increase is mainly related to the following entries:

- New Web site and technical report print plant 18.530€
- Notary modify Business Lease Agreement 4.373€
- New product qualifications 7.573€

Intangible Assets

Balance 31/12/15	Balance 31/12/14	Variation
256.716	279.754	(23.038)

The following tables describe the intangible assets and the comments on the most significant expenses for the financial year

Description of costs	Net Value 31/12/15	Net Value 31/12/14	Variation
Plants and Machinery	147.238	94.677	52.561
Industrial and trade equipment	62.870	65.836	(2.966)
Other Assets	46.608	67.270	(20.662)
Current Intangible Assets and Accounts	0	51.971	(51.971)
Total	256.716	279.754	(23.038)

Plants and Machinery

Description	Cost of acquisition on 31/12/14	Period Increase	Other Riclassificatio ns	Period decrease	Amortization on 31/12/14	Period Amortization	Decrease Amortizati on Funds	Residual Value on 31/12/15
General and Specific Plants	112.629	15.213	51.970	0	(17.951)	(14.622)	0	147.238
TOTAL	112.629	15.213	51.970	0	(17.951)	(14.622)	0	147.238

The increase is related to the purchase of a water line water treatment plant; creation of a panel painting equipment and commissioning of the plant dedicated to loading and unloading "stuffing-destuffing" of incoming and outgoing containers containing tubes..

Equipment

Description	Cost of Acquisition 31/12/14	Period Increase	Period Decrease	Amortization on 31/12/14	Period Amortization	Decrease Amortization Funds	Residual Value 31.12.15
Manufacturing Molds	73.382	9.760	0	(33.691)	(15.652)	0	33.799
Various Equipment and small tools	46.095	16.150	0	(19.950)	(13.223)	0	29.072
TOTAL	119.477	25.910	0	(53.641)	(28.875)	0	62.870

The increases in "Various Equipment and small tools" is attributable to the purchase of a lift station for clear water; to an electronic weigher

No alienation on assets was done in the above mentioned period.

Other Assets

Description	Cost of Acquisition 31/12/14	Period Increase	Period Decrease	Amortization on 31/12/14	Period Amortization	Decrease Amortization funds	Residual Value on 31/12/15
Electronic equipment for the offices.	99.265	1.153	0	(46.645)	(19.968)	0	33.804
Mobile Phones	19.979	3.357	0	(10.412)	(4.332)	0	8.593
Office furniture	7.261	0	0	(2.178)	(871)	0	4.212
Total	126.505	4.509	0	(59.235)	(25.171)	0	46.608

The 1.153€ increase is due to the purchase of a new hardware systems.

The 3.357€ increase is due to the purchase of twenty-three mobile phones.

Assets under development and advance payments

Description	Cost of acquisition on 31/12/14	Period Increase	Other reclassifications	Amortization on 31/12/13	Period Amortization	Decrease Amortization Funds	Residual Value on 31/12/14
Current Intangible assets and account	51.971	0	(51.971)	0	0	0	0
TOTAL	51.971	0	(51.971)	0	0	0	0

The decrease in current assets relates to the start-up of a 'plant dedicated to loading and unloading "stuffing-destuffing" of incoming and outgoing containers containing tubes. Transfer to plants and machinery.

Leased Assets

As noted in the evaluation criteria, the criterion adopted to account for the finance lease contracts is in line with statutory and tax legislation in force in Italy and includes a charge in the Income Statement of the rents in compliance with the accrual basis standard(so-called 'equity method').

As already indicated in the evaluation criteria the so-called 'Financial method' of accounting for finance leases includes, instead of charging in the Income Statement the rents in compliance with the accrual basis, the budgeting for the amortizations and the registration of the latter and of the financial burdens implicit in lease payments, and the registration as liability towards the leasing company in the balance sheet.

It is not necessary to describe the effects of accounting for lease contracts signed by the Company in accordance with the 'financial method' rather than the 'equity method' because the value of that contract is not a significant amount. For information regarding the lease in question, please refer to the comment of the Memorandum Accounts.

III. Financial Intangible Assets

Balance 31/12/15	Balance 31/12/14	Variation
37.377	28.878	8.499

They consist of deposits paid by the Company for rented cars (14.769€), custom warehouse deposit and return system for 19.441€ and, for the remaining amount of security deposits for apartments for guest.

C) FLOATING ASSETS

I. Unexpended Balance

Balance 31/12/15	Balance 31/12/14	Variation
18.580.944	20.844.366	(2.263.422)

The entry is composed as follows:

Description	Value on 31/12/2015	Value on 31/12/2014	Delta
Raw materials, supplies and consumables	5.316.399	6.143.691	(827.292)
Products in progress and semi-finished products	2.233.774	2.607.128	(373.354)
Finished products and goods	11.030.771	12.093.547	(1.062.776)
Total	18.580.944	20.844.366	(2.263.422)

The entry 'finished products and goods' is mainly composed by cast iron pipes, joint and parts and accessories for the same.

It should be recalled that on August 5th 2011 the Company entered into a lease contract having the purpose to lease the business unit dedicated to manufacture and marketing of ductile cast iron pipes.

The aforementioned lease contract includes in the leased premises also part of the materials contained in the warehouse of the business unit.

Part of these materials has been recorded as 'Raw materials, supplies and consumables'. To clarify better, the Company chose to register these materials, that are fungible stock as outstanding balance and, as counterpart, its liability to the Sertubi SpA was recorded in the item 'Other liabilities over the year' as explained in the corresponding note.

II. Payables

Balance 31/12/15	Balance 31/12/14	Variation
8.158.598	9.909.365	(1.750.767)

The balance is thus divided according to the deadlines:

Description	Within 12 Months	More than 12 months	More than 5 years	Total
Account Receivable (clients)	6.321.697	0	0	6.321.697
Account Receivable (taxes)	12.542	0	0	12.542
Deferred Taxes	940.560	0	0	940.560
Account receivable (others)	883.799	0	0	883.799
Total	8.158.598	0	0	8.158.598

The balance is thus divided according to the geographical area:

Description	Italy	EU	Extra Eu	Total
Account Receivable (clients)	4.375.709	874.990	1.070.998	6.321.697
Account Receivable (taxes)	12.542	0	0	12.542
Deferred Taxes	940.560	0	0	940.560
Account receivable (others)	883.799	0	0	883.799
Total	6.212.610	874.990	1.070.998	8.158.598

Accounts Receivable (clients)

Description	31/12/2015	31/12/2014	Variation
Gross Accounts Receivable (clients)	7.313.759	8.329.877	(1.016.118)
Account Receivable Depreciation Fund	(992.062)	(974.437)	(17.625)
Total	6.321.697	7.355.440	(1.033.743)

The company has got an insurance coverage on almost all trade receivables to protect the potential risk of insolvency for the part of receivables not covered by insurance and has prudently done during the year a provision for the receivables depreciation fund (clients).

The following table shows the changes in the receivables depreciation fund occurred during the year.

Description	31/12/2015	31/12/2014
Balance for the previous year	974.437	757.601
Provisions	42.367	250.680
Uses	(24.741)	-33.844
Balance	992.062	974.437

The aforesaid provision for receivables depreciation fund has not had tax recognition.

In the balance of the 'accounts receivables (clients)' are also registered the receivables from subsidiaries as detailed below:

Subsidiary	Amount
JINDAL SAW LIMITED	592.541
JINDAL SAW ESPANA S.L.	8.511
JINDAL SAW PIPELINE SOLUTIONS	119.532
JINDAL SAW MIDDLE EAST FZC	103.108
JINDAL SAW GULF LLC	4.580
JINDAL FITTINGS LTD	58.576
TOTAL	886.847

Accounts Receivable to affiliated companies

On the closing date of the financial year there are no Accounts Receivable to affiliated companies.

Accounts Receivable to parent companies

On the closing date of the financial year there are no Accounts Receivable to parent companies.

Taxes Receivable

On the date of the current they amount to 12.542 and are formed as follows:

Description	31/12/2015	31/12/2014	Variations
VAT Receivable	0	242.430	(242.430)
Value Added tax payable	12.542	11.827	715
Total	12.542	254.257	(241.715)

Deferred Taxes

On the date of the current they amount to 940.560 and are formed as follows:

Description	31/12/2015	31/12/2014	Variations
Deferred Tax	940.560	0	940.560
Total	940.560	0	940.560

Deferred tax assets are recognized in accordance with the principles of fairness, responsibility and prudence and in accordance with the provisions of Accounting Standard National CNDCR / OIC n. 25 .As per the standard the allocation of deferred taxes is possible only in case there is a reasonable certainty of achieving taxable income in the future that will give the opportunity to recover the full amount of deferred tax assets

Accounts Receivable (others)

The Accounts Receivable to others are so formed:

Description	31/12/2015	31/12/2014	Variations
Advance Payment to Personnel	10.286	8.412	1.874
Receivable /Insurance	30.825	0	30.825
Receivable/INPS contribution to <i>mobilità</i>	19.123	19.123	0
Receivable towards EE AEEG 14/2014	44.141	44.141	0
Receivable/Duferco Sertubi	24.961	437.459	(412.498)
Receivable/Duferco Sertubi for restructuring charges	0	1.428.535	(1.428.535)
Different Receivable	9.477	9.477	0
Receivables/INAIL	0	19.100	(19.100)
Personnel a/advance payment CIG	31.602	333.421	(301.819)
CREDITS/DEBTS/CUSTOM 3,2%	41.509	0	41.509
DEPOSIT: A.D. TPA CUSTOM (ITALY)	104.800	0	104.800
DEPOSIT: A. D. CUSTOM (ITALY)	346.280	0	346.280
DEPOSIT: A. D. CUSTOM (SLOVENIA)	220.795	0	220.795
Total	883.799	2.299.668	(1.415.869)

The receivable due to Duferco Sertubi S.p.A. is mainly composed by amounts paid by the Company (holiday and severance pay), but under the responsibility of Sertubi Duferco.

The credit in the entry 'personnel a/advance payment CIG' refers to the advance payments that the company performed to support incomes by INPS.

Cash Position

Balance 31/12/15	Balance 31/12/14	Variation
1.154.291	2.723.165	(1.568.874)

The balance is thus composed:

Description	31/12/2015	31/12/2014	Variations
Cash at bank	1.152.763	2.721.258	(1.568.495)
Cash and other	1.528	1.907	(379)
Total	1.154.291	2.723.165	(1.568.874)

The balance describes the cash position and the existence of values and cash on the closing date of the financial year.

Accruals and Deferred Income

Balance 31/12/15	Balance 31/12/14	Variations
99.956	59.090	40.866

They register revenues and expenses whose recording and / or documentation is anticipated or postponed with regard to accrual criterion, they disregard the date of payment or collection of the related income and expenses that are common with two or more financial years and distributable over time.

Accrued expenses and deferrals consist of the following details:

Description	31/12/2015	31/12/2014	Variations
Accruals	0	0	0
Deferrals	99.956	59.090	40.866
Totale	99.956	59.090	40.866

The entry 'Deferrals' is thus described:

Description	within 12 months	12 months	over 5 years	Total
Rent for Business Unit lease	60.119	0	0	60.119
Insurance	0	0	0	0
Bank guaranties	4.089	2.401	0	6.490
Services	23.716	9.631	0	33.347
Total	87.924	12.032	0	99.956

Liabilities

A) Net Assets

Balance 31/12/15	Balance 31/12/14	Variation
2.196.195	1.080.148	1.116.047

The overview for the transactions related to the entries of net assets over the past three financial years is described below:

Items	Share Capital	Share Premium Account	Other Reserves (€ roundings)	Other Reserves	Income (losses) carryforward	Financial Year Result	Total
Financial Year closed on 31/12/2013	1.100.000	773.422	2	6.000.000	0	-6.762.888	1.110.536
Allocation of Annual Financial Result	0	0	0	0	-6.762.888	6.762.888	0
Other Variations							
Share Capital Increase	1.100.000	0	0	0	0	0	1.100.000
Share Capital reduction to cover losses	-1.100.000	0	0	0	1.100.000	0	0
Use of Reserves to cover losses	0	-762.888	0	-6.000.000	6.762.888	0	0
Euro Roundings	0	0	0	0	0	0	0
Share premium Account	0	0	0	0	0	0	0
Other reserves	0	0	0	4.250.000	0	0	4.250.000
Result of financial year on 31/12/14	0	0	0	0	0	-4.280.388	-4.280.388
Situation on 31/12/14	1.100.000	10.534	2	4.250.000	0	-4.280.388	1.080.148
Allocation of Annual Financial Result	0	0	0	0	-4.280.388	4.280.388	0
Other Variations							
Share Capital Increase	1.100.000	0	0	0	0	0	1.100.000
Share Capital reduction to cover losses	-1.100.000	0	0	0	1.100.000	0	-1.100.000
Use of Reserves to cover losses	0	-10.534	0	-4.250.000	4.280.388	0	19.853
Euro Roundings	0	0	-1	0	0	0	-1
Share premium Account	0	0	0	0	0	0	0
Other reserves	0	0	0	5.200.000	-19.853	0	5.180.147
Result of financial year on 31/12/14	0	0	0	0	0	-4.083.953	-4.083.953
Situation on 31/12/15	1.100.000	0	1	5.200.000	0	-4.083.953	2.196.195

The following overview describes the items in the Net Assets while specifying their origin, the possibility to use or distribute them or rather their use over the past three years.

Net Assets	Amount	Origin	Use
Share Capital	1.100.000		
Share Premium Account	0	Share Capital	A; B;
Other reserves_Euro roundings	1	Income	A; B;
Other reserves	5.200.000	Share Capital	A
Profit/(loss) carried forward	(19.853)		
Profit/loss over FY	(4.083.953)		
Total	2.196.195		

Key:

A: Share Capital Increase B: Losses Coverage C: Distribution to shareholders

It should be underlined, finally, that to provide the Company with adequate capital and financial resources the sole shareholder on 16th April 2015 – 28th October 2015 and 21st t December 2015 made some grants into capital account for 5.200.000€ . of 19.853 Euro to prior year losses

Provisions for Liabilities and Charges

Balance 31/12/15	Balance 31/12/14	Variation
454.039	657.834	(203.795)

The provisions for liabilities and charges are composed as follows:

Description	31/12/2015	31/12/2014	Variation
Customer allowance for the agents	15.732	12.627	3.105
Risk fund for liabilities and contract obligation	300.000	240.000	60.000
Corporate restructuring fund	0	405.207	(405.207)
Anti Dumping Slovenia fund	52.186	0	52.186

Anti Dumping Italy fund	86.121	0	(86.121)
Total	454.039	657.834	(203.795)

The following tables show the change in the financial year for each single entry:

Customer Allowance for the agents

Description	31/12/2015	31/12/2014
previous FY balance	12.627	9.845
Reserve	3.105	2.781
Utilization	0	0
FY balance	15.732	12.627

Risk Fund for liabilities and contract obligations

Description	31/12/2015	31/12/2014
previous FY balance	240.000	513.911
Reserve	60.000	0
Utilization	0	(273.911)
FY balance	300.000	240.000

This fund is mainly composed by reserves made in the financial year 2012 to tackle with the potential risk of compensation for the damages to customers of the company due to the risk of non-repayment caused by industrial actions and subsequent delivery delays.

Corporate Restructuring Fund

Description	31/12/2015	31/12/2014
Previous FY balance	405.207	2.209.639
Reserves	0	0
Write-down	(405.207)	(11.986)
Utilization	0	(1.792.446)
FY balance	0	405.207

Over the past FY closed on 31st December 2012, an important corporate reconstruction following the agreements with the Trade Unions on 27/12/2012. For the details of this operation please refer to the Management Report, here briefly we report that it resulted in a reduction of personnel by 136 units using the aids of the CIGS (extraordinary redundancy payment) and subsequent *mobilità* (collective dismissal). It should be noted that, as a result of agreements reached with the grantor of the business, costs of this restructuring will be divided in equal parts between the grantor and leaseholder. The choice of accounting treatment of the Company was taken to indicate fully the quota of this phenomenon in the risk fund created for this purpose and, at the same, time to highlight a credit towards the grantor for the quota referring to the item 'other receivables' to which reference is made. The write-down is related to the adjustment of the fund due to minor costs related to personnel in CIGS and that are incurred by the company as a result of early dismissals as opposed to the 24 months of CIGS originally planned.

Antidumping Fund

Description	31/12/2015	31/12/2014
Previous FY balance	0	0
Antidumping Slovenia	52.186	0
Antidumping Italy	86.121	0
FY balance	138.307	0

About Anti-dumping action taken by the European Community in connection with the importation of finished and semi-finished tubes from India, the Company used two specific funds according to the country of import in order to determine the value of the duty, as received

Severance Payment for Employees

Balance 31/12/15	Balance 31/12/14	Variations
0	0	0

The liability for the Severance Payment is thus registered in the FY:

Description	31/12/2015	31/12/2014	Variations
Initial Liability	0	0	0
Provisions	185.741	183.982	1.759
Payments and advance payments for Severance payment	0	0	0
Use of the severance payment for external funds	(185.741)	(183.982)	(1.759)
Total	0	0	0

The variations in personnel are described as follows:

Personnel	31/12/2015	31/12/2014	Variations
Executives	3	3	0
Clerks	35	35	0
Workers	37	37	0
Total	75	75	0

The Employee severance payment represents the actual liability of the company towards employees effective on 31/12/2013, net of advances paid and of the fund paid by the INPS

treasury or to other supplementary pension schemes in application of the provisions of legislative Decree no. 252/2005 regarding the destination of the severance payment.

It should be noted that after the above-mentioned contract lease with the Sertubi SpA, the Company hired all employees by direct transfer into the leased business unit.

The lease excludes the bearing by the Company of assets / liabilities including those arising in relation with the employment relationship. Therefore, the liability for the severance payment accrued by employees up to August 5th 2011 has been paid by Duferco Sertubi SpA.

D) Liabilities

Balance31/12/15	Balance31/12/14	Variations
25.732.543	32.246.570	(6.514.027)

The liabilities are determined by their nominal value and their deadline is thus divided:

Description	within12 months	over 12 months	over 5 years	Total
liabilities to shareholders for financing	5.500.000	0	0	5.500.000
liabilities to others for financing	5.000.000	0	0	5.000.000
liabilities to banks	0	0	0	0
liabilities to suppliers	7.511.335	0	0	7.511.335
tax liabilities	195.545	0	0	195.545
liabilities to social security institutions	153.410	0	0	153.410
other liabilities	853.565	6.518.688	0	7.372.253
Total	19.213.855	6.518.688	0	25.732.543

The liability is thus divided by geographical area:

Description	Italy	EU	Extra EU	Total
liabilities to shareholders			5.500.000	5.500.000
liabilities to others			5.000.000	5.000.000
liabilities to banks	0	0	0	0
liabilities to suppliers	1.219.672	338.705	5.952.957	7.511.335
tax liabilities	195.545	0	0	195.545
liabilities to social security institutions	153.410	0	0	153.410
other liabilities	6.935.939	0	436.313	7.372.252
Total	8.504.566	338.705	16.889.270	25.732.543

Liabilities to banks

Description	31/12/2015	31/12/2014	Variations
Banks Financing Accounts	0	13.000.000	(13.000.000)
Total	0	13.000.000	(13.000.000)

The liabilities to banks are composed by:

- financing received from City Bank (Milan)

Liabilities to other providers of funds

Description	31/12/2015	31/12/2014	Variations
Jindal Saw FZE	5.000.000	0	5.000.000
Total	5.000.000	0	5.000.000

The liabilities to other providers of funds are composed by:

- financing received from Jindal Saw FZE

Liabilities to Shareholder of funds

Description	31/12/2015	31/12/2014	Variations
Ralael Holdings Ltd	5.500.000	0	5.500.000
Total	5.500.000	0	5.500.000

The liabilities to Shareholder of funds are composed by:

- financing received from Ralael Holdings Ltd

Liabilities to Suppliers

Liabilities to suppliers, amounting to 7.511.335€, have decreased significantly compared to the previous year (-2.323.180€). This reduction is a main consequence of the following elements:

A productive activity considered at its full performance now, a careful and continuous research in the reduction of costs and the increase in imports of semi-finished and finished products.

In the balance of the item 'Liabilities to Suppliers' is also registered a liability to the subsidiaries as detailed below:

Subsidiary	Amount
Jindal Saw Limited	5.753.563
Jindal Saw Gulf LLC	139.933
Jindal Saw Pipilene Solutions	184.842
Total	6.078.338

Liability to Parent Companies

On the balance closing date there are no liabilities to parent companies

Tax Liabilities

They are mainly liabilities on personal income taxes to be paid by the employees and freelance workers.

Liabilities to Social Security Institutions

They include social contributions payable by employees and by the company to social security institutions, mainly on wages and social charges of December, or rather the social charges calculated on the accrued salary but unpaid to employees on the balance sheet closing date.

Liabilities to others

The other liabilities amounting to 7.372.253€ are divided by time deadline as follows:

- 853.565€ within twelve months and consist mainly of liabilities to employees for salaries and deferral salaries (Christmas bonus, days of untaken leave) and interest fees on intercompany Loan
- 6,518,688€ over 12 months and are composed of liabilities to Sertubi SpA relating to fungible assets of the Plant spare parts. Depending on the lease contract of the business unit signed with Sertubi SpA, the Company has also leased part of the goods inside the first warehouses of Sertubi, which include consumables and spare parts. For these goods, the Company chose to register them as assets, as the related the note, and to include the corresponding liability as entry in the 'Liabilities'. An inventory will be made at the end of the lease and an evaluation of the same assets and any differences will be settled in cash.

E) Accruals and deferrals

Balance 31/12/15	Balance 31/12/14	Variations
142	126.073	(125.931)

The balance is thus composed:

Description	31/12/2015	31/12/2014	Variations
Accrued liabilities	131	126.019	(125.888)
Passive deferrals	11	54	(43)
Total	142	126.073	(125.931)

The accruals are thus composed:

Description	within 12 months	over 12 months	over 5 years	Total
For interests	11	0	0	11
other	131	0	0	131
Total	142	0	0	142

Memorandum Accounts

Description	31/12/2015	31/12/2014	Variations
assets related to the lease contract	29.004.135	34.610.880	(5.606.745)
third parties assets within the company	296.652	361.487	(64.835)
other accounts	20.925	34.003	(13.078)
Total	29.321.712	35.006.370	(5.684.658)

The assets related to the lease of the business unit refer to technical fixed assets and buildings owned by Duferco Sertubi SpA, used by the Company under the above-mentioned lease contract. In particular, with regard to fungible assets consisting of the rented stock of raw materials, spare parts and molds, they were registered as assets under the entry 'inventories' and simultaneously it was decided to register a liability to Duferco Sertubi classified under 'other liabilities'.

Third party assets held by the Company are made of pipes and accessories with special joint called STR owned by Duferco Sertubi.

Other Accounts	31/12/2015	31/12/2014
Residual Installments and surrender value	20.925	34.003
Total	20.925	34.003

Over the FY 2011, the company entered into a finance lease contract for a car valued 38,597.46€ whose total amount, net of theoretical amortization, is 0€ on 31/12/2015.

In particular, it is noted that the lease provides for the payment of a 688.67€ fee, 47 monthly installments initially indexed to 806.57€ and a redemption value of € 293.96. In the month of September 2015 it ended the lease agreement with its redemption by the company.

In the Financial Year 2014 the Company entered into two new finance lease contracts for two cars for a value of 35.212.59€ whose total book value, net of accumulated amortization theoretical amounts to 20.925€ at 31/12/2015

Income Statement

A) Value of the manufacturing

B)

Balance 31/12/15	Balance 31/12/14	Variations
23.366.538	18.106.867	5.259.671

The value of manufacturing is thus composed:

Description	31/12/2015	31/12/2014	Variations
Income from sales and services	24.802.437	15.415.524	9.386.913
Variations of the inventories of semi-finished, finished products	(1.436.131)	2.647.202	(4.083.333)
fixed assets increase due to domestic work	0	0	0
other incomes and revenues	232	44.141	(43.909)
Total	23.366.538	18.106.867	5.259.671

It is observed in the financial year under review, the turnover has decreased compared to the not satisfactory results of the previous Financial Year. The reasons for this decline are due to several factors, among which the most important were:

- A reduction in investments in aqueduct network infrastructures and the persistent economic crisis influenced negatively a market already weakened
- Delayed payments by the Public Administration and the difficult financial situation of reference Italian customers forced the company to implement a stricter credit policy.

To analyze the revenues and in particular the changes recorded in the turnover compared to the previous year, please refer to the Management Report. Revenues from sales and services include revenues from subsidiaries in normal market conditions as detailed below:

Subsidiary	Amount
Jindal Fittings Ltd	58.576
Jindal Saw Espana SL	91.772
Jindal Saw Gulf LLC	4.580
Jindal Saw Middle East FZC	24.960
Jindal Saw Pipeline Solutions	42.361
Total	222.249

C) Production Costs

Balance 31/12/2015	Balance 31/12/2014	Variations
27.623.381	21.529.156	6.094.225

The production costs are so detailed:

Description	31/12/2015	31/12/2014	Variations
Raw materials, spare parts, consumables and goods	17.655.218	10.639.414	7.015.804
Services	4.836.429	4.854.102	(17.673)
Use of third parties assets	752.185	767.861	(15.676)
Cost of personnel	3.978.731	3.997.191	(18.460)
Amortization Intangible fixed Assets	185.417	179.640	5.777
Amortization tangible fixed Assets	68.668	57.628	11.040
Other fixed assets depreciation	0	0	0
depreciation of current assets	42.367	5.841	36.526
variations in the inventory for raw materials, spare parts, consumables and goods	13.007	998.449	(985.442)
risk provision	60.000	0	60.000
different charges	31.359	29.030	2.329
Total	27.623.381	21.529.156	6.094.225

Over the financial year under review, as over the previous one, the Company, has reorganized the production which accounts for the purchase from other plants of the group of the semi-finished raw products and of finished products intended for sales.

We also note that the above costs include as well the costs charged for the purchase of pipes, semi-finished products, services used in normal market conditions with respect to group companies and as detailed below:

Companies	costs		
	TO PURCHASE PRODUCTS	FOR SERVICES	TOTAL
Jindal Saw Limited	8.780.624	81.719	8.862.343
Jindal Saw Pipeline Solutions	13.283	54.218	67.501
Jindal Saw Gulf	6.826.638	0	6.826.638
Total	15.620.545	135.937	15.756.482

D) Revenues and financial
charge

Balance 31/12/15	Balance 31/12/14	Variations
(721.596)	(683.890)	(37.706)

The balance is detailed below:

Description	31/12/2015	31/12/2014	Variations
Revenues from investment	0	0	0
from paybles registered as fixed assets	0	0	0
from bonds registered as fixed assets	0	0	0
other revenues	36.344	42.038	(5.694)
interests and charges from subsidiaries, affiliated and parent companies	0	0	0
revenues from others	(758.150)	(725.826)	(32.324)
revenues and losses on variations	210	(102)	312
Total	(721.596)	(683.890)	(37.706)

Financial Revenues

The financial revenues are detailed below:

Description	31/12/2015	31/12/2014	Variations
from participation in subsidiaries	0	0	0
from bonds registered in current assets	0	0	0
other revenues	33.593	30.632	2.961
bank interest	2.751	11.406	(8.655)
Total	36.344	42.038	(5.694)

It should be noted that the entry 'other revenues' includes the interests of 29.315€ referring to interests to late payments by the customers of the Company.

Financial Charges

Description	Parent Companies	Subsidiary	Affiliated	Others	Total
Bank interests	0	0	0	217.687	217.687
Interests Rate Swap	0	0	0	0	0
Other interests and charges	412.841	0	83.691	43.932	540.464
Total	412.841	0	83.691	261.619	758.150

The item 'other interest and charges' includes fees charged by the subsidiary Jindal Saw Ltd for 60.219€ related to the guarantee issued by the latter in favor of the Company for a line of credit with a bank. The same item also included 863.856€ relating to interest paid to the sole shareholder Ralael Holdings for the interest-bearing loan in place and 23.472€ of interest expense related to the financing by the subsidiary Jindal Saw FZE. It should be noted that this transaction was carried at market values.

Value Adjustment for financial activities

Balance 31/12/2015	Balance 31/12/2014	Variations
0	0	0

There were no adjustments for the financial activities.

E) Revenues and extraordinary

Balance 31/12/2015	Balance 31/12/2014	Variation
(46.074)	(174.209)	128.135

charges

The balance is detailed as follows:

Description	31/12/2015	31/12/2014	Variations
Extraordinary revenues	269.825	132.680	137.145
from alienation not accruing to n.5	0	0	0
charges related to previous FY	0	0	0
from alienation not accruing to n.14	0	0	0
Extraordinary charges	(315.899)	(306.889)	(9.010)
Total	(46.074)	(174.209)	128.135

The extraordinary charges are related to the costs of the previous financial years.

Corporate Taxes

Balance 31/12/15	Balance 31/12/14	Variations
(940.560)	0	(940.560)

The entry 'taxes' is so detailed:

Description	31/12/2015	31/12/2014	Variations
IRES	0	0	0
IRAP	0	0	0
Deferred liabilities income taxes	0	0	0
deferred passive income taxes	(940.560)	0	(940.560)
Total	(940.560)	0	(940.560)

Direct Taxes

There are no IRES or IRAP in the current FY

The following table shows the reconciliation between the theoretical tax charge and tax burden to the budget:

IRES - Rate 27,50%	Tax Base	Tax
Net Balance Result	(4.083.953)	0
FY Taxes		0
Increasing Variations	1.163.970	0
Decreasing Variations	1.370.508	0
Pre-tax profit	(4.290.491)	0
use of previous tax losses	0	0
Taxable income	(4.290.491)	0

IRAP - Rate 3,90%	Tax base	Tax
Difference between values/production costs	(4.256.843)	0
Non deductible personnel cost	3.978.731	0
Provisions non deductible	60.000	0
Increasing variations	144.431	0
decreasing variations and deductions	(3.866.906)	0
Reversal anticipated amortization		0
Base imponibile IRAP	(3.940.587)	0

Deferred taxation

During the year it was decided to proceed to the recognition of deferred tax assets for IRES purposes, exclusively on tax losses carried forward, an amount calculated reasonably, based on findings of the business plan drawn up and approved by the directors, which will be used in reduction of the taxable income for the years ending December 31, 2016, December 31, 2017 and December 31, 2018. Please note that given the statutory provisions contained in the Stability Law 2016, whereby it is stated that during 31/12/2016, the rate of IRES tax is set at a level equal to 24%, active deferred taxes were calculated on the basis of this last tax rate.

In particulars:

Deferred Tax - IRES	Tax bases	Tax
Tax losses carried forward	3.919.000	940.560
Total Deferred Tax		940.560

Other information

Remuneration of Directors and Auditors

According to the provisions of law, the total remuneration paid to Directors and Auditors are described below:

Qualification	31/12/2015	31/12/2014
Directors	45.000	0
Auditors	32.064	32.432

Pursuant to art. 2427, paragraph 16 bis) of the Italian Civil Code, we specify that the total amount of remuneration due to the auditors for the statutory audit of the annual accounts, including the verification of activities over the FY, the regular accounting records and the correct reporting of accounting entries and the signing of tax, amounted to 21.500€ (plus VAT).

Shares, bonds

The company has not issued any shares, convertible bonds and bonds or other similar values.

These financial statements, comprising the Balance Sheet, Income Statement and Notes, give a truthful and fair view of the financial position and the results of Financial Year and correspond to the accounting records.

Trieste, 22/04/2016

To the Board of Directors

Maneesh Kumar