Tata International Metals (Americas) Limited

Financial Report
March 31, 2017

Contents

RSM US LLP

Independent Auditor's Report

To the Board of Directors
Tata International Metals (Americas) Limited

Report on the Financial Statements
We have audited the accompanying financial statements of Tata International Metals (Americas) Limited which comprise the balance sheet as of March 31, 2017, the related statements of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tata International Metals (Americas) Limited as of March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, equity at April 1, 2016, has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

RSM US LLP

Schaumburg, Illinois
May 30, 2017

Tata International Metals (Americas) Limited

Balance Sheet
March 31, 2017

Assets	
Current assets:	
Cash	$ 264,755
Accounts receivable, less allowance for doubtful accounts of $208,600	40,500,833
Inventories, net	55,234,115
Income tax receivable	85,686
Other assets	60,011
Deferred tax assets	1,117,451
Total current assets	97,262,851
Accounts receivable, long-term	1,919,355
Deposits and other	91,653
Equipment and leasehold improvements, net	17,976
	$ 99,291,835
Liabilities and Stockholder's Equity	
Current liabilities:	
Line of credit	$ 7,963,341
Related party note payable	11,396,456
Factoring line of credit	9,223,909
Accounts payable	10,812,214
Due to affiliates	27,654,141
Accrued expenses	3,065,028
Total current liabilities	70,115,089
Stockholder's equity:	
Common stock, par value $0.01 per share; authorized, issued, and outstanding 100 shares	1
Additional paid-in capital	17,999,999
Retained earnings	11,176,746
Total stockholder's equity	29,176,746
	$ 99,291,835

See notes to financial statements.

Tata International Metals (Americas) Limited

Statement of Income
Year Ended March 31, 2017

Net sales	$ 238,171,186
Cost of goods sold	220,311,334
Gross profit	17,859,852
Selling, general and administrative expense	14,729,992
Operating income	3,129,860
Nonoperating expenses:	
Interest expense	903,145
Loss on foreign currency transactions	34,656
	937,801
Income before income tax	2,192,059
Income tax expense	1,068,176
Net income	$ 1,123,883

See notes to financial statements.

Tata International Metals (Americas) Limited

Statement of Changes in Stockholder's Equity
Year Ended March 31, 2017

	Common Stock		Additional Paid-In	Retained	
	Shares	Amount	Capital	Earnings	Total
Balance, April 1, 2016, as restated	100	$ 1	$ 17,999,999	$ 10,052,863	$ 28,052,863
Net income	-	-	-	1,123,883	1,123,883
Balance, March 31, 2017	100	$ 1	$ 17,999,999	$ 11,176,746	$ 29,176,746

See notes to financial statements.

Tata International Metals (Americas) Limited

Statement of Cash Flows
Year Ended March 31, 2017

Cash flows from operating activities:	
Net income	$ 1,123,883
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation and amortization	31,416
Deferred income taxes	192,208
Changes in operating assets and liabilities:	
Accounts receivable	(14,352,000)
Inventories	(19,703,264)
Income tax receivable	666,357
Other assets	(180,879)
Deposits and other	(75,772)
Accounts payable	475,198
Due to affiliates	(18,956,715)
Accrued expenses	(202,580)
Net cash used in operating activities	(50,982,148)
Cash flows from investing activities:	
Purchases of equipment	(25,811)
Net cash used in investing activities	(25,811)
Cash flows from financing activities:	
Borrowings on line of credit	70,088,840
Repayments on line of credit	(62,125,499)
Borrowings on related party note payable	14,800,000
Repayments on related party note payable	(3,403,544)
Net borrowings on factoring line of credit	9,223,909
Net cash provided by financing activities	28,583,706
Decrease in cash	(22,424,253)
Cash:	
Beginning of year	22,689,008
End of year	$ 264,755
Supplemental disclosure of cash flow information:	
Cash paid for interest	$ 903,145
Cash paid for income taxes, net	$ 135,733

See notes to financial statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: Tata International Metals (Americas) Limited (the Company) is a wholly-owned subsidiary of Tata International Singapore Pte Limited, which is a subsidiary of Tata International Limited (the Parent), a company incorporated in India. The Company is involved in the sale and distribution of steel and metal products, primarily in North and South America, and is subject to the cyclical supply and demand inherent in the worldwide steel industry.

The Company's fiscal year end is March 31.

Significant accounting policies are as follows:

Accounting policies: The Company follows accounting standards established by the Financial Accounting Standards Board (the FASB) to ensure consistent reporting of financial condition, results of operations and cash flows. References to Generally Accepted Accounting Principles (GAAP) in these footnotes are to the *FASB Accounting Standards Codification*™, sometimes referred to as the Codification or ASC.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash: At certain times, the Company’s cash balances exceed the amount insured by the Federal Deposit Insurance Corporation and substantially all of the Company’s cash is maintained in one financial institution. The Company has not experienced any losses in such accounts.

Accounts receivable: Accounts receivable are carried at the original invoice amount less an estimate made for doubtful receivables. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer’s financial condition, credit history and current economic conditions. An account receivable is considered to be past due if a balance is outstanding past its stated due date. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An allowance for doubtful accounts is maintained at a level management believes is sufficient to cover potential credit losses.

The Company grants credit to certain of its customers, who are primarily in the steel service, heavy manufacturing and construction industries, and requires no collateral in North America, but requires a 10 percent prepayment on orders for South American customers. The Company has obtained third-party credit risk protection insurance for substantially all sales to mitigate the risk of loss. The insurance policy pays 90 percent of the outstanding balance on approved claims filed.

The Company has accounts receivable of $2,303,226 due from a customer who filed for bankruptcy. A payment plan was agreed to which includes quarterly payments of $127,957 beginning March 2017 through December 2021. The Company has recorded $1,919,355 of this receivable balance as long-term on the accompanying balance sheet at March 31, 2017, in accordance with the approved payment plan.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Inventories: Inventories are stated at the lower of cost or market value with cost being determined using the specific identification method. Management routinely reviews its inventories and reserves for obsolete and slow-moving items. Once a provision is recorded, it is maintained until the product to which it relates is sold or otherwise disposed. At March 31, 2017, the inventory reserve was approximately $140,700.

The majority of the Company's inventory is in-transit. The Company has third-party marine insurance, which provides coverage for the inventory in-transit.

Equipment and leasehold improvements: Equipment and leasehold improvements are stated at cost of $148,678 less accumulated depreciation of $130,702 at March 31, 2017. Depreciation and amortization are computed using the straight-line method based on the following estimated useful lives: equipment, 3 to 18 years; hardware and software, 6 years or less; and leasehold improvements, the lesser of the term of the lease or its useful life. Maintenance and repairs are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the results of operations.

Revenue recognition: The Company recognizes revenue when persuasive evidence of an arrangement exists, title has transferred to the customer, the price is fixed or determinable and collectability is reasonably assured. The Company generally sells with terms of either title transfer at bill of lading date or title transfer on the release date.

Income taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company has not recorded a reserve for any tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Company files tax returns in all appropriate jurisdictions, which include a federal tax return and various state tax returns. When and if applicable, potential interest and penalty costs are accrued as incurred, with expenses recognized in selling, general and administrative expense in the statement of income. At March 31, 2017, the Company has no liability for unrecognized tax benefits.

Fair value measurements: The Company follows the provisions of the FASB accounting standard, *Fair Value Measurements and Disclosures,* which defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. The fair values of cash, accounts receivable, accounts payable, due to affiliates, accrued expenses and short-term debt approximate the carrying value due to the immediate or short-term maturity of these financial instruments. The Company has no other financial instruments for which the carrying value differs materially from the fair value.

Foreign currency transactions: Transactions denominated in foreign currencies are translated at the rates prevailing at the date of the transactions. Gains and losses resulting from the settlement are recognized in income. Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rate on the balance sheet date resulting in gains and losses recognized in other income. The Company uses forward foreign currency contracts to reduce the variability of expected future cash flows associated with sale and purchase transactions denominated in foreign currencies. The change in fair value of the forward contracts is reported within nonoperating expense on the accompanying statement of income.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Subsequent events: The Company evaluated subsequent events through May 30, 2017, the date the financial statements were available to be issued.

Recently issued accounting standards: In August 2014, the FASB issued Accounting Standard Update (ASU) 2014-15, *Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* ASU 2014-15 explicitly requires management to evaluate, at each annual or interim reporting period, whether there are conditions or events that exist which raise substantial doubt about an entity's ability to continue as a going concern and to provide related disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and annual and interim periods thereafter, with early adoption permitted. The adoption of ASU 2014-15 did not have a material effect on the Company's financial statements or disclosures.

Pending accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either full retrospective or retrospective cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. Early adoption is permitted only as of annual reporting periods beginning after December 31, 2016, including interim reporting periods within that reporting period. The Company has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In July 2015, the FASB issued ASU 2015-11*, Inventory (Topic 330): Simplifying the Measurement of Inventory*. The amendments in the ASU require entities that measure inventory using the first-in, first-out or average cost methods to measure inventory at the lower of cost and net realizable value. Net realizable value is defined as estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. The ASU will be effective for the Company for fiscal years beginning after December 15, 2016. Early adoption of ASU 2015-11 is permitted. The Company is currently evaluating the effects adoption of this guidance will have on its financial statements.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes.* This ASU simplifies the presentation of deferred income taxes by eliminating the requirement for entities to separate deferred tax liabilities and assets into current and noncurrent amounts in classified balance sheets. Instead, it requires deferred tax assets and liabilities be classified as noncurrent in the balance sheet. ASU 2015-17 is effective for financial statements issued for annual periods beginning after December 15, 2017. Early adoption is permitted, and this ASU may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company has not yet selected a transition method and is currently evaluating the impact of the adoption of this standard on its financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities,* which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Company for fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize right-of-use assets and lease liability, initially measured at present value of the lease payments, on its balance sheet for leases with terms longer than 12 months and classified as either financing or operating leases. ASU 2016-02 requires a modified retrospective transition approach for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, and provides certain practical expedients that companies may elect. ASU 2016-02 is effective for privately held companies for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption of ASU 2016-02 is permitted. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods beginning after December 15, 2017. Early adoption is permitted. This standard will not have a material impact on the Company's results of operations or financial position.

Note 2. Prior Period Adjustment

The Company's financial statements at April 1, 2016, contained an error in the accounting for a gain contingency. In a prior year, the Company recorded $2,132,067 as a long-term accounts receivable relating to a claim against a supplier that has been outstanding and in foreign litigation since 2009. The contingency has not been resolved and the gain has not been realized, resulting in an overstatement of long-term accounts receivable and an overstatement of retained earnings of $2,132,067 at April 1, 2016.

Retained earnings at April 1, 2016, has been reduced by $2,132,067 to correct this error.

Note 3. Related-Party Transactions

Tata International Limited is the ultimate parent of the Company. Tata International Metals (UK) Limited and Tata International Metals (Asia) Limited are foreign affiliates of the Company through common ownership. The Company purchases inventory from its ultimate parent and these foreign affiliates.

At March 31, 2017, due to affiliates consists of the following:

Tata International Metals (Asia) Limited	$ 26,577,794
Tata International Limited	921,292
Tata International Metals (UK) Limited	155,055
	$ 27,654,141

Purchases of inventory from related parties for the year ended March 31, 2017, were as follows:

Tata International Metals (Asia) Limited	$ 40,507,684
Tata International Limited	1,673,623
	$ 42,181,307

Note 3. Related Party Transactions (Continued)

As described more fully in Note 5, the Company has a related party note payable balance of $11,396,456 at March 31, 2017, with Tata International Metals (Asia) Limited. Total interest expense incurred on the related party note payable during the year ended March 31, 2017 was $447,585.

The Company also incurred claims expense of $234,952 with Tata International Limited, other expense of $129,536 with Tata International Limited, other expense of $2,227 with Tata International Metals (Asia) Limited, and other expense of $475,176 with Tata International Metals (UK) Limited during the year ended March 31, 2017. The other expense incurred with Tata International Limited represents intercompany charges related to business support and the other expense incurred with Tata International Metals (UK) Limited relates to commission expense paid on inventory purchases and other intercompany charges. These expenses are included in selling, general and administrative expense on the accompanying statement of income. The Company also recorded claims income of $65,124 from Tata International Singapore, Pte Limited, its parent company.

Note 4. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The forward foreign currency contracts with a fair value of $60,011 at March 31, 2017, are included in prepaid expenses and other current assets on the accompanying balance sheet, and are classified as Level 2 within the fair value hierarchy. The forward foreign currency contracts mature within 12 months and are primarily valued based on foreign currency spot and forward rates quoted by banks or foreign currency dealers.

Note 5. Line of Credit and Related-Party Note Payable

Line of Credit

The Company has a line of credit agreement with a bank that provides the Company with borrowings up to $60,000,000 through January 31, 2018. Availability under the credit facility is reduced by outstanding letters of credit. The Company had $27,861,304 of letters of credit outstanding at March 31, 2017, related to purchases of inventory. The Company had borrowings under the line of credit of $7,963,341 at March 31, 2017.

The line of credit bears interest at the one-month London InterBank Offered Rate (LIBOR) (0.93 percent at March 31, 2017) plus 2.95 percent. Interest is payable monthly.

The Company's accounts receivable and inventories serve as collateral for the Company's obligations under the line of credit agreement. The line of credit agreement requires compliance with one financial covenant, which is minimum working capital. The Company plans to extend the maturity date of the line of credit agreement prior to termination of the agreement in fiscal year 2018.

Related-Party Note Payable

In November 2016, the Company entered into a Loan Agreement with Tata International Metals (Asia) Limited, an affiliate with common ownership, for an unsecured loan in the amount of $14,800,000 to fund working capital needs of the business operations. The loan is payable on demand with a maturity date of May 2, 2017. Subsequent to March 31, 2017, the agreed-upon repayment of the loan was extended to May 31, 2017. The loan bears interest at a rate of 3.75 percent and is payable monthly. Total interest expense incurred on the related-party note payable for the year ended March 31, 2017, was $447,585. The outstanding balance on the related-party note payable at March 31, 2017 is $11,396,456.

Note 6. Factoring Line of Credit

The Company is party to an agreement that provides factoring of eligible accounts receivable, as defined within the agreement, up to $65,000,000 in order to facilitate the growing demand for goods and services and to ensure that the Company has sufficient available funds to manage operations. The original term of this agreement was two years and the agreement automatically renews on an annual basis. Either party can terminate the agreement with three months' notice. A factoring commission of 0.09 percent is payable on all accounts receivable that are sold with recourse through this agreement. The Company is allowed to draw an amount up to 85 percent of all eligible receivables. These draws bear interest at one-month LIBOR (0.93 percent at March 31, 2017) plus 0.85 percent. Outstanding borrowings on this factoring line of $9,223,909 are recorded as current liabilities on the accompanying balance sheet at March 31, 2017.

Note 7. Operating Leases

The Company leases facilities and equipment under long-term, non-cancelable operating leases which expire at various dates through May 2020. Total rental expense under operating leases was $279,494 for the year ended March 31, 2017.

Future minimum lease payments under non-cancelable operating leases at March 31, 2017, are as follows:

Year ending March 31:		
2018	$	138,297
2019		140,097
2020		141,897
2021		9,900
	$	430,191

Note 8. Employee Benefit Plan

The Company has a defined contribution 401(k) profit sharing plan (the Plan), which covers substantially all of its employees. The Company makes a matching contribution up to certain limitations. The Company contributed approximately $246,000 to the Plan for the year ended March 31, 2017.

Note 9. Income Taxes

The tax effect of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts that give rise to the deferred tax assets at March 31, 2017 is as follows:

Deferred tax assets:		
Accounts receivable	$	82,300
Inventories		189,110
Equipment and leasehold improvements		1,019
Accrued expenses		823,600
Forward foreign currency contracts		21,422
Total deferred tax assets	$	1,117,451

The deferred tax amounts have been classified in the accompanying balance sheet at March 31, 2017, as current assets.

The components of income tax expense for the year ended March 31, 2017, are as follows:

Current	$	875,968
Deferred		192,208
	$	1,068,176

Note 9. Income Taxes (Continued)

The reconciliation of income tax expense and the amount computed by applying the statutory federal income tax rate of 34 percent to income before income taxes for the year ended March 31, 2017, is as follows:

Statutory federal income tax	$ 745,300
State income tax, net of federal benefit	99,051
Nondeductible expenses	23,057
Effect of change in state tax rate	(52,669)
Other	253,437
	$ 1,068,176