

**Dian Energy B.V.**

Amsterdam, the Netherlands

**ANNUAL REPORT March 31, 2016**

# Dian Energy B.V.

<b><u>Contents</u></b>	<b><u>Page</u></b>
Directors' report	1
<b><u>Financial Statements</u></b>	
Balance sheet as at March 31, 2016	3
Income statement for the financial year ended March 31, 2016	4
Notes to the balance sheet and income statement	5
<b><u>Other Information</u></b>	
Other reserves	
Appropriation of result	
Post balance sheet events	
Independent Auditor's report	17

# Dian Energy B.V.

## Directors' report

The Board of Managing Directors herewith submits the Financial Statements of Dian Energy B.V. (hereinafter "the Company") for the financial year ended March 31, 2016

### Summary of activities

The Company mainly acts as a holding and finance company.

### Result for the year

The loss for the financial period starting from April 1, 2015 through March 31, 2016 amounted to USD 4,918,851. In the previous financial year the loss amounted to USD 3,929,977.

### Going concern

With reference to the negative shareholder's equity as at March 31, 2015 of the Company and the negative result for the year, the Company's shareholder, TATA Petrodyne Ltd., has issued guarantees to credit institution for Company's position of its loan agreement and interest swap agreements and has confirmed to financially support the Company in order to enable the Company to meet its financial obligations for the next twelve months after financial year end.

### Risk Management Policy

#### *General*

The main financial risks the Company is exposed to are the currency risk, the interest rate risk, the liquidity risk and the credit risk. The group's financial policy is aimed at mitigating the impact of currency and interest rate fluctuations on the result in the short term and to follow the market exchange rates and market interest rates in the long term. The group uses financial derivatives to control financial risks linked to business operations at control. By using financial derivatives the group takes no speculative positions.

#### *(a) Currency risk*

The group's transactions and financials statement are in American Dollars, As such the group has not faced a need for hedging such risks.

#### *(b) Interest rate risk*

The policy in respect of interest rate risk is aimed at mitigating the interest rate risks originating from the financing of the group and optimizing the net interest expenses at the same time. This policy translates into a desired profile of fixed-interest and variable-interest positions including cash, with which in principle the variable-interest position does not exceed 100% of the net liability.

#### *(c) Credit risk*

The Group mitigates the credit risk by exclusively engaging with financial institutions and debtors with high creditworthiness.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

## Directors' report (continued)

### (d) Liquidity risk

Periodically, Liquidity budgets are prepared. Liquidity risks are controlled through interim monitoring and possible adjustments. The liquidity budgets take account of restricted availability of cash, among which bank guarantees and margin calls in respect of derivatives concluded.

### (e) Derivative Instruments

In order to hedge its exposure to interest rate and commodity price risks, the Group enters into forward, option, swap contracts and other derivative financial instruments. The Group neither hold nor issue any derivative financial instruments for speculative purposes. During the year the company entered into forward instruments to hedge commodity price risks. These financial instruments are recognized at fair value. The mark to market losses and gains in respect of these derivative financial instruments are recognised in the Statement of Profit and Loss immediately.

### Future developments

#### General

The Company has no immediate intention to change its business. As the Company commenced holding and finance activities, future results will largely depend on dividends received or on the margin earned on its finance activities.

#### Personnel development

The average number of employees during the year was nil. The Company *does not* expect to employ any personnel during the coming year.

#### Finance development

The Company does not expect that the method of finance will significantly change during 2016/2017.


### Post balance sheet events

On March 31, 2016 the Company entered into facility agreement with a consortium of Banks (ANZ Bank and Axis Bank Limited) to refinance its existing term loan facility against which a financial guarantee of USD 46,000,000 has been provided by the shareholder. The refinancing was effected on April 20, 2016.

Due to refinancing the Existing Facility Agreement the security granted by the Company to ANZ bank under the Company's share pledge was released on April 29, 2016. As a result of the refinancing the bank guarantee in the amount of USD 69,000,000 as surety for the repayment of borrowings entered into by the Company was cancelled on April 29, 2016. By entering into the New Facility Agreement the Company has granted a right of pledge over all the shares held in the Company's shares to a consortium of Banks (ANZ Bank and Axis Bank Limited), which was executed on April 29, 2016.

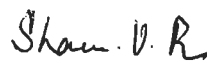
No other major post balance sheet events affecting the financial statements have occurred to date.

### The Board of Managing Directors,

  
Atanu Guha

  
Sandy Calixto Martina

Amsterdam, August 10, 2016

  
Sham Vyas-Rao

  
Trust International Management (T.I.M.) B.V.

## Dian Energy B.V.

### Balance sheet as at March 31, 2016

(in USD, before appropriation of results)

		March 31, 2016	March 31, 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial fixed assets	4	73,568,551	73,568,551
<b>Current assets</b>			
Receivables from related companies	5	3,791,863	1,464,781
Other receivables	5	11,201	18,247
Cash and cash equivalents	6	4,753,653	259,591
		8,556,717	1,742,619
<b>TOTAL ASSETS</b>		82,125,268	75,311,170
 <b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Equity</b>			
Issued and paid-up capital	7	21,787,437	6,120,374
Other reserve		(9,133,538)	(4,536,498)
Result for the year		(4,918,851)	(3,929,977)
		7,735,048	(2,346,101)
<b>Non-current Liabilities</b>			
	8	32,006,500	51,452,232
<b>Current Liabilities</b>			
	9		
Short-term portion of debt		20,000,000	10,000,000
Payables to related companies		22,276,037	16,041,195
Other payables, deferrals and accruals		107,683	163,844
		42,383,720	26,205,039
<b>TOTAL EQUITY AND LIABILITIES</b>		82,125,268	75,311,170

## Dian Energy B.V.

### Income statement for the financial year ended March 31, 2016

(in USD)

		Year ended March 31, 2016	Year ended March 31, 2015
General and administrative expenses	11	(781,292)	(832,468)
<b>Operating expenses</b>		(781,292)	(832,468)
<b>OPERATING PROFIT</b>		<b>(781,292)</b>	<b>(832,468)</b>
Other results		--	1,234
Interest income on loans to group companies		56,952	48,176
Interest expense on loans from group companies		(782,899)	(527,376)
Interest expense on loans from third parties		(1,774,939)	(1,795,302)
Result on interest rate swap		(751,453)	(836,346)
Guarantee commission Tata Petrodyne Ltd.		(343,926)	--
Arrangement fee credit institutions		(540,000)	--
Bank and other interest		--	1
Exchange differences		(1,294)	12,104
<b>Financial income and expenses</b>		<b>(4,137,559)</b>	<b>(3,097,509)</b>
<b>RESULT BEFORE TAXATION</b>		<b>(4,918,851)</b>	<b>(3,929,977)</b>
Income tax expense		--	--
<b>RESULT FOR THE YEAR</b>		<b>(4,918,851)</b>	<b>(3,929,977)</b>

# Dian Energy B.V.

## Notes to the balance sheet and income statement (in USD)

### 1 GENERAL

Dian Energy B.V. (hereinafter "the Company") is a Dutch private company with limited liability, incorporated in Amsterdam on March 21, 2011. The Company mainly acts as a holding company and currently has its office address at Naritaweg 165, 1043 BW, Amsterdam, the Netherlands.

The functional currency of the Company is US Dollars (USD) as most transactions are denominated in USD. Also, the Dutch tax authorities granted the Company USD as currency for filing the Corporate Income Tax return. The financial statements are denominated in USD.

#### (a) Group structure

The ultimate parent of the Company is TATA Petrodyne Ltd. The financial statements of the Company are included in the consolidated financial statements of TATA Petrodyne Ltd. of Mumbai, India.

#### (b) Consolidation

Consolidated Financial Statements have not been prepared, as is permitted by Article 408, Book 2 of the Netherlands Civil Code. Pursuant to the conditions of this article, the Company will file with the Trade Register of the Chamber of Commerce in Amsterdam the consolidated financial statements of its (ultimate) parent company Tata Petrodyne Limited, Mumbai, India.

#### (c) Use of estimates

In applying the accounting policies and guidelines for preparing the financial statements, management makes a range of estimates and judgments that might be essential for the amounts disclosed in the financial statements. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the Financial Statement items in question. Actual amounts may differ from these estimates.

#### (d) Going concern

With reference to the negative shareholder's equity as at March 31, 2015 of the Company and the negative result for the year, the Company's shareholder, TATA Petrodyne Ltd., has issued guarantees to credit institution for Company's position of its loan agreement and interest swap agreements and has confirmed to financially support the Company in order to enable the Company to meet its financial obligations for the next twelve months after financial year end.

# Dian Energy B.V.

## Notes to the balance sheet and income statement (continued)

(in USD)

### 1 GENERAL (continued)

#### (e) Financial instruments and risk management

##### General

The main financial risks the group is exposed to are the currency risk, the interest rate risk, the liquidity risk and the credit risk. The group's financial policy is aimed at mitigating the impact of currency and interest rate fluctuations on the result in the short term and to follow the market exchange rates and market interest rates in the long term. The group uses financial derivatives to control financial risks linked to business operations at control. By using financial derivatives the group takes no speculative positions.

##### 1 Currency risk

The group's transactions and financials statement are in American Dollars, As such the group has not faced a need for hedging such risks.

##### 2 Interest rate risk

The policy in respect of interest rate risk is aimed at mitigating the interest rate risks originating from the financing of the group and optimizing the net interest expenses at the same time. This policy translates into a desired profile of fixed-interest and variable-interest positions including cash, with which in principle the variable-interest position does not exceed 100% of the net liability. Reference is made to note 8 for Company's current interest swap agreements to hedge its interest rate risks originating from external financing.

##### 3 Credit risk

The Group mitigates the credit risk by exclusively engaging with financial institutions and debtors with high creditworthiness.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

##### 4 Liquidity risk

Periodically, Liquidity budgets are prepared. Liquidity risks are controlled through interim monitoring and possible adjustments. The liquidity budgets take account of restricted availability of cash, including margin calls on bank guarantees and derivative transactions concluded.

##### 5 Derivative Instruments

In order to hedge its exposure to interest rate and commodity price risks, the Group enters into forward, option, swap contracts and other derivative financial instruments. The Group neither hold nor issue any derivative financial instruments for speculative purposes. During the year the company entered into forward instruments to hedge commodity price risks. These financial instruments are recognized at fair value. The mark to market losses and gains in respect of these derivative financial instruments are recognised in the Statement of Profit and Loss immediately.



# Dian Energy B.V.

## Notes to the balance sheet and income statement (continued)

(in USD)

### 2 ACCOUNTING POLICIES FOR THE BALANCE SHEET

The accompanying Financial Statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board, taking into account the exemptions offered by the Dutch Accounting Standards Board.

In general, assets and liabilities are stated at the amounts at which they were incurred or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes.

#### (a) Comparison with previous year

The accounting policies have been consistently applied in all material respects for all the years presented.

#### (b) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

#### (c) Financial fixed assets

Participating interests, including majority investments where significant influence can be exercised, are stated at acquisition cost in accordance with Article 214.325 of the Guideline for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board, with reference to Title 9, Book 2, Article 408 of the Dutch Civil Code or in case of a permanent impairment of the value of the shares, it is measured at impaired value; any write-offs are disclosed in the income statement.

#### (d) Impairment

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the income statement.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised. A reversal of an impairment loss is recognised immediately in the income statement.

#### (e) Receivables

Receivables are valued at face value less a provision for possible uncollectible accounts.

# Dian Energy B.V.

## Notes to the balance sheet and income statement (continued)

(in USD)

### 2 ACCOUNTING POLICIES FOR THE BALANCE SHEET (continued)

#### (f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

#### (g) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations and covers its interest rate risk on long-term debt to credit institutions by means of interest rate swaps. It uses cost price hedge accounting for recording and preparation in the financial statements. The effective part of financial derivatives that are assigned for cost price hedge accounting, is valued at cost and the ineffective part is valued at fair value. The ineffective part of the fair value of the loan are directly recovered in the profit and loss account.

#### (h) Equity

Direct changes in equity are recognised net of the relevant income tax effects.

#### (i) Non-current liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest in the income statement over the period of the borrowings using the effective interest method.

### 3 ACCOUNTING POLICIES FOR THE INCOME STATEMENT

#### (a) General

Profit or loss is determined as the difference between the realisable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognised in the year in which they are realised.

#### (b) Exchange rate differences

Exchange rate differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise.

#### (c) Selling expenses, and general and administrative expenses

Selling expenses, and general and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods sold.

# Dian Energy B.V.

## Notes to the balance sheet and income statement (continued)

(in USD)

### 3 ACCOUNTING POLICIES FOR THE INCOME STATEMENT (continued)

#### (d) Amortization and depreciation

Intangible assets, including goodwill, are amortised and property, plant and equipment depreciated over their estimated useful lives as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Negative goodwill is released to the income statement where charges and losses occur, provided that this has been recognised in accounting for the acquisition, and these charges and losses can be reliably measured. If no expected charges or losses have been taken into account, any negative goodwill is released in accordance with the weighted average of the remaining useful life of the depreciable or amortisable assets acquired. Where negative goodwill exceeds the fair value of the identified non-monetary assets, the excess is recognised directly through profit or loss.

Gains and losses on sales of property, plant and equipment are included in depreciation.

#### (e) Financial income and expenses

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

#### (f) Taxation

Income tax is calculated on the profit/loss before tax in the income statement, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax-exempt items, and plus non-deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

# Dian Energy B.V.

## Notes to the balance sheet and income statement (continued)

(in USD)

### NON-CURRENT ASSETS

#### 4 FINANCIAL FIXED ASSETS

Movements in financial fixed assets can be broken down as follows:

	Investments in group companies	Total
Opening balance	73,568,551	73,568,551
Movements 2015/2016	--	--
Closing balance	<u>73,568,551</u>	<u>73,568,551</u>

The company's investments in group companies comprise the following:

Name	Registered office	Ownership	Acquisition cost	Equity value March 31, 2016	Net result year ended March 31, 2016
Belida B.V.	Amsterdam, The Netherlands	100.00%	3,408,019	317,038	(649,785)
Merangin B.V.	Amsterdam, The Netherlands	100.00%	53,660,137	30,877,859	(4,337,768)
Meruap B.V.	Amsterdam, The Netherlands	100.00%	16,500,395	17,795,741	488,721
			<u>73,568,551</u>	<u>48,990,638</u>	<u>(4,498,832)</u>

Belida B.V. is active as a non-operating partner in the Belida Exploration Block in South Sumatra, Republic of Indonesia, engaged in the identification, drilling and testing of potential hydrocarbon-bearing structures in the block. Based on the current results of the exploration activities future financial returns of Belida B.V. management expects to recover the acquisition cost and current inter group financing.

Merangin B.V. is active as a non-operating partner in the Merangin Dua Block in South Sumatra, Republic of Indonesia., engaged in the identification, drilling, testing and production of hydrocarbons from the block. The existence of contingent resources not yet developed show an upside value of the block, based on which management expects a recovery of the acquisition cost and current inter group financing.

Meruap B.V. was active as a non-operating partner in the production and development of the Meruap Block in South Sumatra, Republic of Indonesia. These activities has come to an end on expiry of the license per July 11, 2014.

In order to secure the obligations resulting from a new loan agreement entered into by the Company on March 31, 2016, the Company has granted a right of pledge over the shares of the subsidiaries Belida B.V. and Merangin B.V. held by the Company to a consortium of Banks (ANZ Bank and Axis Bank Limited). As per the agreement the parent company Tata Petrodyne Limited would retain 100% interest in the subsidiaries (viz. Dian Energy B.V.).

The right of pledge also includes the dividends, all present and future rights of the shares in the capital of the subsidiaries and all other present and future rights arising out of or in connection with the present and future shares.

# Dian Energy B.V.

## Notes to the balance sheet and income statement (continued)

(in USD)

### CURRENT ASSETS

#### 5 RECEIVABLES

As at March 31, 2016, this item can be detailed as follows:

	March 31, 2016	March 31, 2015
<b>Receivables from related companies</b>		
Amounts due from group companies	3,791,863	1,464,781
	3,791,863	1,464,781
<b>Other receivables</b>		
Taxes and social security contributions	5,355	13,217
Other receivables, prepayments and accrued income	5,846	5,030
	11,201	18,247

All receivables fall due in less than one year. The fair value of the receivables approximates the book value.

Amounts due from group companies are specified as follows:

Name	March 31, 2016	March 31, 2015
Belida B.V.	3,791,863	1,464,781
	3,791,863	1,464,781

Nothing has been agreed in respect of repayment and/or securities.

These intercompany receivables bear interest at 3-month LIBOR+3.12% (2015: 3-month LIBOR+3.12%).

Taxes and social security contributions can be specified as follows:

	March 31, 2016	March 31, 2015
Value-added tax	5,355	13,217
	5,355	13,217

#### 6 CASH AND CASH EQUIVALENTS

Description	CCY	Amount in CCY	March 31, 2016	March 31, 2015
ING Bank	EUR	1,455	1,656	9,484
ING Bank			4,751,997	250,107
			4,753,653	259,591

Cash and cash equivalents at the Company's free disposal.

# Dian Energy B.V.

## Notes to the balance sheet and income statement (continued)

(in USD)

### 7 SHAREHOLDER'S EQUITY

The Company's authorised share capital amounts to EUR 25,000,000 and consists of 25,000,000 ordinary shares with a nominal value of EUR 1 each.

Exchange differences due to translation in the issued and paid-up capital are added to the translation reserve. The year-end rate used for translation is EUR/USD: 1.138000029 (2015: 1.073100001).

As at March 31, 2016 19,145,375 (2015: 5,703,452) shares were issued and fully paid-up. The movements in the year under review can be summarised as follows:

	<u>Issued and paid-up capital</u>	<u>Other reserve</u>	<u>Result for the year</u>	<u>Total</u>
<b>Opening balance as at April 1, 2014</b>	7,854,224	(1,765,982)	(4,504,366)	1,583,876
Revaluation	(1,733,850)	1,733,850	--	--
Profit appropriation	--	(4,504,366)	4,504,366	--
Result for the year	--	--	(3,929,977)	(3,929,977)
<b>Opening balance as at April 1, 2015</b>	<u>6,120,374</u>	<u>(4,536,498)</u>	<u>(3,929,977)</u>	<u>(2,346,101)</u>
Additions	15,000,000	--	--	15,000,000
Revaluation	667,063	(667,063)	--	--
Profit appropriation	--	(3,929,977)	3,929,977	--
Result for the year	--	--	(4,918,851)	(4,918,851)
<b>Closing balance as at March 31, 2016</b>	<u>21,787,437</u>	<u>(9,133,538)</u>	<u>(4,918,851)</u>	<u>7,735,048</u>

On March 17, 2016 the Company issued 4,508,566 shares with a nominal value of EUR 1 each for USD 5,000,000.

On March 31, 2016 the Company issued a further 8,933,357 shares with a nominal value of EUR 1 each for USD 10,000,000.

In order to secure the obligations resulting from a new loan agreement entered into by the Company on March 31, 2016, the Company has granted a right of pledge over the shares of the subsidiaries Belida B.V. and Merangin B.V. held by the Company to a consortium of Banks (ANZ Bank and Axis Bank Limited). As per the agreement the parent company Tata Petrodyne Limited would retain 100% interest in the subsidiaries (viz. Dian Energy B.V.).

The right of pledge also includes the dividends, all present and future rights of the shares in the capital of the Company and all other present and future rights arising out of or in connection with the present and future shares.

## Dian Energy B.V.

### Notes to the balance sheet and income statement (continued)

(in USD)

#### 8 NON-CURRENT LIABILITIES

		Repayment obligation in less than 1 year	Remaining term more than 1 and less than 5 year(s)	Closing balance 2016	Opening balance 2015
Loans from shareholder		--	2,006,500	2,006,500	2,006,500
Debts to credit-institutions	3-month LIBOR + 2.72%	20,000,000	30,000,000	30,000,000	49,445,732
<b>Total</b>		<b>20,000,000</b>	<b>32,006,500</b>	<b>32,006,500</b>	<b>51,452,232</b>

Loans from shareholder are specified as follows:

Name	Ownership	2016	2015
Tata Petrodyne Ltd	100.00%	2,006,500	2,006,500

These loans from shareholder bear interest at 3-month LIBOR+3.12% (2015: 3-month LIBOR+3.12%). Nothing has been agreed in respect of repayment, the financing facility ends at December 27, 2020.

The closing balance of the debts to credit-institutions consists of the following:

	March 31, 2016	March 31, 2015
Long-term loan	60,000,000	60,000,000
Short-term portion (Note 9)	(20,000,000)	(10,000,000)
Repayment in financial year	(10,000,000)	--
Arrangement fee credit institutions	--	(554,268)
	<b>30,000,000</b>	<b>49,445,732</b>
	<b>Arrangement fee</b>	<b>Total</b>
Activated costs and amortisation	855,000 (300,732)	855,000 (300,732)
<b>Opening balance</b>	<b>554,268</b>	<b>554,268</b>
<b>Movements 2015/2016</b>		
Disposal due to refinancing	(855,000)	(855,000)
Accumulated amortisation of disposal	471,755	471,755
Amortisation	(171,023)	(171,023)
<b>Total Movement</b>	<b>(554,268)</b>	<b>(554,268)</b>
Activated costs and amortisation	--	--
<b>Closing balance</b>	<b>--</b>	<b>--</b>
Amortisation rate	20%	

Repayment obligation within 12 months as at balance sheet date, as set out above, are included in current liabilities.

# Dian Energy B.V.

## Notes to the balance sheet and income statement (continued)

(in USD)

### 8 NON-CURRENT LIABILITIES (continued)

#### *Debts-to-credit institutions*

The Company had taken a loan of USD 60,000,000 for facilitating acquisition from ANZ Bank during financial year 2014-15 which carried interest 3-month LIBOR plus 2.72%. Interest was payable on a quarterly basis. The maturity of the loan was 5 years. The loan was repayable in 6 semi-annual installments of USD 10,000,000 starting per December 12, 2015. The loan finally matured per June 12, 2018, but it has been refinanced with a consortium of Banks (ANZ Bank and Axis Bank Limited). The second and third installments of USD 10,000,000 each due per June 12, 2016 and December 12, 2016 are presented under Current liabilities. The borrowing is secured against the subsidiaries interests in certain intangible assets in Indonesia. The parent company has also given the lender an undertaking that it would retain 100% interest in the subsidiary (viz. Dian Energy B.V.) through which two aforesaid assets are held. The Company shares have been pledged as security for this loan and the Company has to meet certain financial covenants on a quarterly basis.

On March 31, 2016 the Company entered into a facility agreement with a consortium of Banks (ANZ Bank and Axis Bank Limited) to refinance its existing term loan facility against which a financial guarantee of USD 46,000,000 has been provided by the Company. The refinancing was effected on April 20, 2016 following which, the bank guarantee of USD 69,000,000 provided to the original lenders was cancelled on April 29, 2016. The short-term portion amount of USD 10,000,000 out of USD 20,000,000 shown under current liabilities has been refinanced into the long term liabilities.

During financial year 2015-2016 the Company has decided to continue with the existing interest rate swap contract with Standard Chartered Bank ("SCB Group") and with ANZ Group. The interest rate is fixed at 1.53% with SCB Group and at 1.70% with ANZ Group. The interest rate swap contract with SCB Group was terminated in June, 2016. The fair value of the swap agreement amounts to USD-536,638 as per March 31, 2016 (2015: USD-931,808).

### 9 CURRENT LIABILITIES

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Short-term portion of debt</b>		
Short-term portion debt to credit-institutions (Note 8)	20,000,000	10,000,000
	20,000,000	10,000,000
<b>Payables to related companies</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Payables to shareholder	380,961	121,068
Payables to group companies	21,895,076	15,920,127
	22,276,037	16,041,195
<b>Other payables, deferrals and accruals</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Interest rate swap	--	20,269
Trade payables	23,731	56,592
Other debts, accruals and deferred income	83,952	86,983
	107,683	163,844

The remaining term of the current liabilities is less than one year.



# Dian Energy B.V.

## Notes to the balance sheet and income statement (continued)

(in USD)

### 9 CURRENT LIABILITIES (continued)

The payables to shareholder are specified as follows:

Name	Ownership	March 31, 2016	March 31, 2015
Tata Petrodyne Ltd	100.00%	380,961	121,068

The payables to group companies are specified as follows:

Name	March 31, 2016	March 31 2015
Meruap B.V.	12,795,120	7,660,893
Merangin B.V.	9,099,956	8,259,234
	21,895,076	15,920,127

Nothing has been agreed in respect of repayment of payables. These intercompany payables bear interest at 3-month LIBOR+3.12% (2015: 3-month LIBOR+3.12%).

### 10 COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

#### *Guarantees*

The shares held in group companies have been encumbered with a pledge over all the shares to a consortium of Banks (ANZ Bank and Axis Bank Limited) to a maximum amount of USD 46,000,000 (2015: USD 69,000,000 to ANZ Bank) as a surety for the repayment on a Facility Agreement.

The Holding Company-TATA Petrolyne Limited has also provided Standard Chartered Bank and ANZ Bank with a corporate guarantee of USD 4,050,000 (2015: USD 4,050,000) against the interest swap under ISDA Master Agreement.

#### *Tax group liability*

The company forms an income tax group with Meruap B.V., Merangin B.V. and Belida B.V. for both Corporate Income Tax and Value Added Tax. Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes (CIT and VAT) payable by the group.

As of May 31, 2011 the Company is part of a fiscal unity with Meruap B.V., Merangin B.V. and Belida B.V. for corporate income tax purposes. As on March 31, 2016 the Company with Meruap B.V., Merangin B.V. and Belida B.V. has incurred corporate income tax losses of USD 12,222,968 (2015: USD 11,427,630) which all represents carry forward losses in older (pre-fiscal unity) years.

# Dian Energy B.V.

## Notes to the balance sheet and income statement (continued)

(in USD)

### 11 GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended March 31, 2016	Year ended March 31, 2015
Bank expenses	7,880	5,476
Legal expenses	35,924	33,671
Accounting expenses	7,615	8,355
Tax advisory expenses	24,681	118,945
Audit expenses	49,024	37,687
Management expenses	40,273	30,794
General expenses *	58,768	426,634
Personnel expenses *	2,860	--
Amortization/depreciation and impairment of assets	554,267	170,906
	<u>781,292</u>	<u>832,468</u>

\* Of the general expenses USD 29,196 (2015: USD 389,701) are recharged costs by TATA Petrodyne Limited.

\* Of the personnel expenses USD 2,860 (2015: USD Nil) are recharged costs by TATA Petrodyne Limited.

	March 31, 2016	March 31, 2015
<i>Amortisation/depreciation and impairment of assets</i>		
Amortisation	171,023	170,906
Write-off due to refinancing	383,244	--
	<u>554,267</u>	<u>170,906</u>

### 12 NUMBER OF EMPLOYEES AND EMPLOYEES COSTS

Neither during the year under review nor in the previous year did the Company have any employees. Hence, it did not pay any wages and related social security.

### 13 DIRECTORS

During the year under review, the Company had four Managing Directors, who received no remuneration during the current financial year. The Company has no Board of Supervisory Directors.

#### The Board of Managing Directors.

  
Atanu Guha

  
Sham Vyas Rao

  
Sandy Calixto Martina

  
Trust International Management (T.I.M.) B.V.

Amsterdam, August 10, 2016

# Dian Energy B.V.

## Other Information

### Other reserves

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been cleared, the other reserves are at the disposal of the shareholder in accordance with the Company's Articles of Association.

Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal reserves. Moreover, no distributions may be made if the Board of Managing Directors is of the opinion that, by such distribution, the Company will not be able to fulfill its financial obligations in the foreseeable future.

### Appropriation of result

The loss sustained by the Company during the year under review will be debited to the other reserves. This proposed appropriation of the result has not been reflected in these financial statements and is subject to the approval of the General Meeting of Shareholders.

### Post balance sheet events

On March 31, 2016 the Company entered into a facility agreement with a consortium of Banks (ANZ Bank and Axis Bank Limited) to refinance its existing term loan facility against which a financial guarantee of USD 46,000,000 has been provided by the shareholder. The refinancing was effected on April 20, 2016.

Due to refinancing the Existing Facility Agreement the security granted by the Company to ANZ bank under the Company's share pledge was released on April 29, 2016. As a result of the refinancing the bank guarantee in the amount of USD 69,000,000 as surety for the repayment of borrowings entered into by the Company was cancelled on April 29, 2016. By entering into the New Facility Agreement the Company has granted a right of pledge over all the shares held in the Company's shares to a consortium of Banks (ANZ Bank and Axis Bank Limited), which was executed on April 29, 2016.

No other major post balance sheet events affecting the financial statements have occurred to date.

### Independent Auditor's report

Reference is made to the independent auditor's report hereinafter.

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Strawinskylaan 923  
1077 XX Amsterdam  
Tel: 31 20 664 4054  
Fax: 31 20 664 4970  
E-mail: info@hab-international.nl

The Shareholder and Board of Managing Directors of  
Dian Energy B.V.  
Naritaweg 165  
1043 BW Amsterdam

## INDEPENDENT AUDITOR'S REPORT

### Report on the financial statements

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

#### *Management's responsibility*

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

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the company'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 with respect to the financial statements*

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

*Emphasis of matter*

1. In respect of the negative shareholder's equity as at March 31, 2015 of the company and the negative result for the year we refer to note 1(d), relating to the financial support of the parent company.
2. The impairment evaluations made of the carrying values of the investments in subsidiaries and disclosed in 4, are based on the best estimates of management of the future recoverable values of these investments, including the existence and valuation of contingent resources used for the evaluation of the carrying value of the investment in Merangin B.V. and Belida B.V.

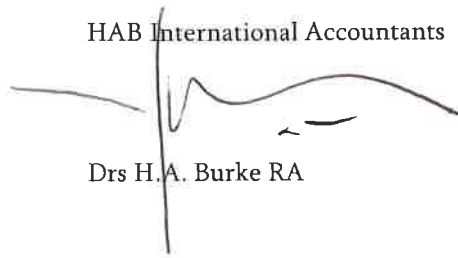
Our opinion is not qualified in respect of this matter.

**Report on other legal and regulatory requirements**

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

Amsterdam, August 10, 2016

HAB International Accountants



Drs H.A. Burke RA

