MERANGIN B.V.

Amsterdam, the Netherlands

ANNUAL REPORT March 31, 2016

MERANGIN B.V.

Contents | **Page**

MERANGIN B.V.

Directors' report

The Board of Managing Directors herewith submits the Financial Statements of Merangin B.V. for the financial year ended March 31, 2016.

Summary of activities

The Company's principle activity is as non-operating partner in the Meranging Dua block engaged in the identification, drilling, testing and production of hydrocarbons from the block.

Result for the year

The loss for the financial year starting from April 1, 2015 through March 31, 2016 amounted to USD 4,337,768. In the previous financial year the loss amounted to USD 2,595,598.

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.

(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.

MERANGIN B.V.

Directors' report (continued)

Health, Safety and Environment (HSE) Policy

The Management of the Company firmly believes that good HSE performance is in the best interest of the Company's long - term success and is comitted to achieve excellence in the performance of HSE in its activities.

Future developments

General

The Company has no immediate intention to change its business. As the Company commenced drilling, testing and production of hydrocarbons, future results will largely depend on income generated under the production sharing contract.

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 (which is currently made by the shareholder) will significantly change during 2016/2017.

Post balance sheet events

On March 31, 2016 the shareholder 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 ultimate shareholder. The refinancing was effected on April 20, 2016.

Due to refinancing the Existing Facility Agreement the security granted by the shareholder 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 shareholder was cancelled on April 29, 2016. By entering into the New Facility Agreement which was effected on April 20, 2016 the shareholder of 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

Europe Management Company B.V.

Sham Vyas Rao

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

Amsterdam, August 10, 2016

MERANGIN B.V.

Balance sheet as at March 31, 2016

(in USD, before appropriation of results)

	Note	March 31, 2016	March 31, 2015
ASSETS			
Non-current assets			
Intangible fixed assets	5	16,586,105	18,074,031
Financial fixed assets	6	3,397,758	2,531,480
		19,983,863	20,605,511
Current assets			
Inventories	7	2,141,871	2,363,921
Receivables from related companies	8	9,099,956	9,075,267
Other receivables	8	1,356,996	8,213,958
Cash and cash equivalents	9	3,229,664	6,740,304
		15,828,487	26,393,450
TOTAL ASSETS		35,812,350	46,998,961
EQUITY AND LIABILITIES			
Shareholder's Equity	10		
Issued and paid-up capital		113,800	107,310
Share premium		53,931,683	53,931,683
Other reserves		(18,829,856)	(16,227,768)
Result for the year		(4,337,768)	(2,595,598)
		30,877,859	35,215,627
Provisions	11	206,649	166,008
Current Liabilities	12		
Payables to related companies		671,743	5,075,658
Other payables, deferrals and accruals		4,056,099	6,541,668
		4,727,842	11,617,326
TOTAL EQUITY AND LIABILITIES		35,812,350	46,998,961

MERANGIN B.V.

Income statement for the financial year ended March 31, 2016

(in USD)

	Note	Year ended March 31, 2016	Year ended March 31, 2015
Revenue		5,090,654	15,386,136
Other Income		21,359	--
Cost of sales		(4,940,137)	(13,262,795)
Gross profit		**171,876**	**2,123,341**
General and administrative expenses	14	(784,807)	(830,953)
Amortization/depreciation and impairment	5	(2,743,124)	(4,409,619)
Write-off of intangible fixed assets	5	(1,939,967)	--
Operating expenses		(5,467,898)	(5,240,572)
OPERATING PROFIT		**(5,296,022)**	**(3,117,231)**
Interest income on loans to shareholder(s)		340,852	249,531
Interest income on loans to group companies		28,832	25,160
Interest expense on loans from group companies		(166,378)	(156,733)
Late payment interest		(53,876)	--
Guarantee commission ISDA Tata Petrodyne Ltd.		(9,870)	--
Derivative result		819,255	398,433
Exchange differences		(561)	5,242
Financial income and expenses		958,254	521,633
RESULT BEFORE TAXATION		(4,337,768)	(2,595,598)
Income tax expense		--	--
RESULT FOR THE YEAR		(4,337,768)	(2,595,598)

MERANGIN B.V.

Cash flow statement for the financial year ended March 31, 2016

		Year ended March 31, 2016		Year ended March 31, 2015
Cash flows from operating activities				
Operating profit		(5,296,022)		(3,117,231)
Adjustments for:				
Provisions	40,641		166,008	
Amortisation and depreciation	2,743,124		4,409,619	
Write-off of intangible fixed assets	1,939,967		0	
Long term deposit	(178,608)		0	
Indirect taxes recovered	(687,670)		(2,531,480)	
		3,857,454		2,044,147
Changes in working capital:				
Inventories	222,050		4,049,836	
Receivables	6,832,273		(1,068,415)	
Current Liabilities (exclusive of bank overdrafts)	(6,889,484)		3,832,024	
		164,839		6,813,445
Cash generated from operations		(1,273,729)		5,740,361
Interest received	369,684		274,691	
Interest paid	(166,378)		(156,733)	
Late payment interest	(53,876)		0	
Guarantee commission	(9,870)		0	
Hedging result	819,255		398,433	
		958,815		516,391
Net cash from operating activities		(314,914)		6,256,752
Cash flows from investing activities				
Purchases of Intangible assets	(3,195,165)		(3,027,433)	
Net cash used in investing activities		(3,195,165)		(3,027,433)
Net cash flows		(3,510,079)		3,229,319
Exchange gains/(losses) on cash and cash equivalents		(561)		5,242
Net increase/ (decrease) in cash and cash equivalents		(3,510,640)		3,234,561
Movements in cash and cash equivalents can be broken down as follows:				
At April 1		6,740,304		3,505,743
Movements during the year		(3,510,640)		3,234,561
At March 31		3,229,664		6,740,304

MERANGIN B.V.

Notes to the balance sheet and income statement

(in USD)

1 GENERAL

Merangin B.V. (hereinafter "the Company") is a Dutch private company with limited liability, incorporated in Rijswijk on August 24, 2006 and currently has its office address at Naritaweg 165, 1043 BW, Amsterdam, the Netherlands. The Company's principle activity is as non-operating partner in the Meranging Dua block engaged in the identification, drilling, testing and production of hydrocarbons from the block. The funtional 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 Company is wholy owned by Dian Energy B.V., the Netherlands. The ultimate parent of the Company is Tata Petrodyne Limited. The financial statements of the Company are included in the consolidated financial statements of Tata Petrodyne Limited of Mumbai, India.

(b) Joint ventures

The company holds a 35.4% participating interest in the Production Sharing Contract with Badan Pelaksana Kegiatan Usaga Hulu Minyak dan Gas Bumi. This interest qualifies as a joint venture as the venturers have joint control over the Production Sharing Contract. The joint venture consists of joint operations with respect to the operation of an oil field in Indonesia. In accordance with the Guidelines for Annual Reporting the company has recognized its proportionate share in the joint venture of the joint assets, liabilities, expenses and revenues in its financial statements.

(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) Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. The purchase considerations paid for acquired group companies are recognised as cash used in investing activities where it was settled in cash. Any cash and cash equivalents in the acquired group company were deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases are not recognised in the cash flow statement. Payments of finance lease installments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

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 to 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) Intangible fixed assets

Intangible assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses. These generally comprise of cost of licence and property acquisition, exploration expenditure, development expenditure and site restoration cost capitalised (collectively referred to as producing properties), and costs incurred to acquire computer software licences and implement the software for internal use (including software coding, installation, testing and certain data conversion). Producing properties are depleted using a unit-of-production method over proved developed reserves. Amortisation of computer software licenses takes place on a Straight Line Method ("SLM") basis over the asset's anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the computer software licenses is expected to be used and generally does not exceed 10 years. Based on current estimates of useful life, computer software licenses are being amortised at a SLM rate of 25%. An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Statement of Profit and Loss.

2 ACCOUNTING POLICIES FOR THE BALANCE SHEET (continued)

Oil and natural gas producing activities
The joint operation follows the "Successful Efforts" method of accounting for its oil and natural gas exploration and production activities. Accordingly, expenses incurred towards acquisition costs of unproved property, exploration costs of drilling and equipping exploratory and appraisal wells and drilling exploratory type stratigraphic test wells and development costs are initially capitalised on a field-by-field basis (within a block) till these are either transferred to producing properties on completion or expensed in the year when determined to be dry or of no further use, as the case may be. A field forms the cost pool in which all costs of exploration, acquisition of mineral rights and development are aggregated. Common infrastructure serving more than one field is allocated to fields based on the operators' estimates.

Licence and property acquisition costs
Exploration and leasehold property acquisition costs are capitalised within intangible assets under development and are not depleted. Each property is reviewed on an annual basis to confirm that drilling activity is planned and it is not impaired. If no future activity is planned, the remaining balance of the licence and property acquisition costs is written off. Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves'), the costs are aggregated with exploration expenditure and held on a field-by-field basis as proved properties awaiting approval within 'intangible assets under development – Exploration'. When development is approved internally, the relevant expenditure is shifted to 'intangible assets under development – Development' until the commencement of production at which point the costs are transferred to producing properties.

Exploration expenditure
Exploration costs of drilling and equipping exploratory and appraisal wells and drilling exploratory type stratigraphic test wells are initially capitalised as 'intangible assets under development – Exploration' on a field-by-field basis (within a block) till these are either transferred to producing properties on completion or expensed in the year when determined to be dry or of no further use, as the case may be. All wells under 'intangible assets under development – Exploration' which are more than two years from the date of completion of drilling are charged to the Statement of Profit and Loss except those which have proved reserves and the development of the fields in which the wells are located has been planned.

Other exploration costs including geological and geophysical exploration costs, expenditure incurred in connection with carrying and retaining undeveloped properties and expenditure on dry hole and bottom hole are expensed in the year in which these are incurred.

2 ACCOUNTING POLICIES FOR THE BALANCE SHEET (continued)

Development expenditure

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells are capitalised and carried as part of 'intangible assets under development – Development' until commencement of production. When production commences these costs are transferred to intangible assets-producing properties as part of the costs of the field to which they relate.

(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) Inventories

Inventories of crude oil and commingled crude / condensate, are stated at the net realisable value i.e. the market value less costs to sell. Changes in the net realisable value are recognised in the income statement. Inventories of stores and spare parts are valued at the lower of cost and the net realisable value. Cost is determined by the "first-in-first-out" method and includes direct purchase cost, transportation and non-refundable taxes.

(f) Receivables

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

(g) 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.

2 ACCOUNTING POLICIES FOR THE BALANCE SHEET (continued)

(h) Financial liabilities

Upon initial recognition, the loans and liabilities recorded are stated at fair value and then valued at amortised cost.

(i) Site restoration costs

Liabilities for site restoration costs (net of salvage values) are recognised when the company has an obligation to dismantle and remove a facility such as oil and natural gas production or transportation facility or an item of plant and to restore the site on which it is located, when a reasonable estimate of that liability can be made. Where an obligation exists for a new facility, the liability is recognised on construction or installation. An obligation may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the value of estimated future expenditure determined in accordance with local conditions and requirements. The corresponding amount is added to the cost of the intangible asset and is subsequently depleted as part of the capital costs of the facility or item of plant. Any change in the value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding intangible asset.

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) Revenue recognition

Crude oil, commingled crude and condensate is sold to a buyer with whom a sales agreement is entered into. The revenue, where applicable, has been recognized on transfer of custody of the Group's share of crude oil, gas and commingled crude, determined on a direct entitlement basis and to refinery/others based on the price agreed by the buyer.

(c) 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.

(d) Cost of sales

Cost of sales represents the direct and indirect expenses attributable to revenue, including raw materials and consumables, cost of work contracted out and other external expenses, the employee benefits expense in respect of production staff, depreciation charges for buildings and equipment, and other operating expenses that are attributable to cost of sales.

3 ACCOUNTING POLICIES FOR THE INCOME STATEMENT (continued)

(e) 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.

(f) Amortization and depreciation

Intangible assets are amortised. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

(g) 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.

(h) 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.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the consolidated financial statements. Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

4 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.

(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.

(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, including margin calls on bank guarantees and derivative transactions 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.

Notes to the balance sheet and income statement (continued)

(in USD)

NON-CURRENT ASSETS

5 INTANGIBLE FIXED ASSETS

Intangible fixed assets comprise the following:

	Intangible assets under development	Intangible assets/ producing properties	Total
Acquisition or production costs	745,464	31,823,078	32,568,542
Accumulated amortisation and impairments	--	(14,494,511)	(14,494,511)
Opening balance	745,464	17,328,567	18,074,031
Movements 2015/2016			
Additions	1,856,054	1,339,111	3,195,165
Write-offs *	(1,939,967)	--	(1,939,967)
Amortisation	--	(2,743,124)	(2,743,124)
Total Movement	(83,913)	(1,404,013)	(1,487,926)
Acquisition or production costs	661,551	33,162,189	33,823,740
Accumulated amortisation and impairments	--	(17,237,635)	(17,237,635)
Closing Balance	661,551	15,924,554	16,586,105

* Write-off is related to North Thampi exploration well, refer to note 2 (c).

In 2006 the Company got assigned an undivided participating interest in the Production Sharing Contract with Badan Pelaksana Kegiatan Usaga Hulu Minyak dan Gas Bumi, representing the Government of the Republic of Indonesia and PT Sele Rata, covering the Merangin II Contract Area. The Company currently holds 35.4% of the participating interest in the contract.

MERANGIN B.V.

Notes to the balance sheet and income statement (continued)

(in USD)

6 FINANCIAL FIXED ASSETS

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

	Long term deposits	Indirect tax recoverable	Total
Opening balance	--	2,531,480	2,531,480
Movements 2015/2016			
Additions	178,608	687,670	866,278
Closing balance	178,608	3,219,150	3,397,758

This indirect tax recoverable has been reclassified from current assets during 2014/2015 as it is deemed recoverable within 5 years or more.

CURRENT ASSETS

7 INVENTORIES

	March 31, 2016	March 31, 2015
Crude oil	142,592	218,619
Stores and Spares inventories	1,999,279	2,145,302
	2,141,871	2,363,921

8 RECEIVABLES

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

Receivables from related companies	March 31, 2016	March 31, 2015
Amounts due from shareholders	9,099,956	8,259,234
Amounts due from group companies	--	816,033
	9,099,956	9,075,267

Other receivables	March 31, 2016	March 31, 2015
Amounts due from operators	693,925	--
Trade receivables from sales	173,309	2,296,703
Claim with insurance company*	--	5,612,232
Taxes and social security contributions	1,584	1,468
Share in joint venture advances	359,890	252,705
Receivables related to commodity hedges	125,002	48,234
Other receivables, prepayments and accrued income	3,286	2,616
	1,356,996	8,213,958

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

MERANGIN B.V.

Notes to the balance sheet and income statement (continued)

(in USD)

8 RECEIVABLES (continued)

Amounts due from shareholder and holder of bearer shares are specified as follows:

Name	Ownership	March 31, 2016	March 31, 2015
Dian Energy B.V.	100.00%	9,099,956	8,259,234

Amounts due from group companies are specified as follows:

Name	March 31, 2016	March 31, 2015
Belida B .V.	--	816,033

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

Amounts due from operators are specified as follows:

Name	March 31, 2016	March 31, 2015
Pt. Sele Raya Merangin Dua Ltd	693,925	--

Taxes and social security contributions can be specified as follows:	March 31, 2016	March 31, 2015
Value-added tax	1,584	1,468

* During 2014-15 West Belani-8 (WB-8) well blew out during drilling and subsequently caught fire. Operator has incurred expenditure of USD 28,835,272 (Group's share USD 10,207,686) for drilling of relief well and control of blow out of well WB-8. This expenditure was covered under the well control insurance policy taken out by the Joint Venture.

The insurers have approved and paid interim claim of USD 13,750,000 (Company's share USD 4,595,455) up to 31 March 2015 and the remainder of the claim was settled and paid in 2015/2016.

9 CASH AND CASH EQUIVALENTS

Description	CCY	Amount in CCY	March 31, 2016	March 31, 2015
ING Bank	EUR	8,372	9,527	3,165
ING Bank			2,858,918	4,997,609
Cash and Bank-JV			335,520	1,669,526
Deposits-JV			25,699	34,604
Bank Guarantee deposit			--	35,400
			3,229,664	6,740,304

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

Deposits-JV are not at the Company's free disposal.

Notes to the balance sheet and income statement (continued)

(in USD)

10 SHAREHOLDER'S EQUITY

The Company's authorised share capital amounts to EUR 500,000 and consists of 500 ordinary shares with a nominal value of EUR 1,000 each.

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

As at March 31, 2016, 100 shares were issued and fully paid-up. The movements in the year under review can be summarised as follows:

	Issued and paid-up capital	Share premium	Other reserve	Result for the year	Total
Opening balance as at April 1, 2014	137,710	53,931,683	(10,325,859)	(5,932,309)	37,811,225
Revaluation	(30,400)	--	30,400	--	--
Profit appropriation	--	--	(5,932,309)	5,932,309	--
Result for the year	--	--	--	(2,595,598)	(2,595,598)
Opening balance as at April 1, 2015	107,310	53,931,683	(16,227,768)	(2,595,598)	35,215,627
Revaluation	6,490	--	(6,490)	--	--
Profit appropriation	--	--	(2,595,598)	2,595,598	--
Result for the year	--	--	--	(4,337,768)	(4,337,768)
Closing balance as at March 31, 2016	113,800	53,931,683	(18,829,856)	(4,337,768)	30,877,859

In order to secure the obligations resulting from a new Facility Agreement entered into by the Company's shareholder in April 2016, the shareholder of 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).

The right of pledge also includes the dividends, all present and future rights of the shareholders to acquire 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 held.

11 PROVISIONS

	Provision for site restoration costs	Total
Opening balance	166,008	166,008
Additions	40,641	40,641
Closing balance	206,649	206,649

The Group makes full provision for the future cost of decommissioning oil and natural gas production facilities and related pipelines on an undiscounted basis on the installation of those facilities. This provision has been estimated using existing technology, at best estimates of future costs. There is uncertainty regarding both the amount and timing of incurring these costs. Movement in the provision for site restoration liabilities for the year is on account of addition/utilisation provision for Merangin PSC block & Meruap TAC block.

12 CURRENT LIABILITIES

Payables to related companies	March 31, 2016	March 31, 2015
Amounts due to operators	--	160,809
Payables to group companies	671,743	4,914,849
	671,743	5,075,658

Other payables, deferrals and accruals	March 31, 2016	March 31, 2015
Trade payables	8,944	22,232
Payables related to short term investments-JV	3,722,133	6,041,007
Other debts, accruals and deferred income	325,022	478,429
	4,056,099	6,541,668

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

The payables to group companies are specified as follows:

Name	March 31, 2016	March 31, 2015
Meruap B.V.*	--	4,767,013
TATA Petrodyne Limited	671,743	147,836
	671,743	4,914,849

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%).

Amounts due to operators are specified as follows:

Name	March 31, 2016	March 31, 2015
Pt. Sele Raya Merangin Dua Ltd	--	160,809

13 COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

Guarantees

The shares of the Company have been encumbered with a pledge to a consortium of Banks (ANZ Bank and Axis Bank Limited) to a maximum amount of USD 46,000,000 as surety for the repayment of borrowings entered into by the shareholder.

Tax group liability

The Company forms an income tax group with Dian Energy B.V. Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the Group.

MERANGIN B.V.

Notes to the balance sheet and income statement (continued)

(in USD)

14 GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended March 31, 2016	Year ended March 31, 2015
Bank expenses	4,480	4,321
Legal expenses	233	--
Accounting expenses	7,019	8,795
Tax advisory expenses	2,961	10,704
Audit expenses	23,807	14,025
Management expenses	30,205	23,918
General expenses*	684,760	723,907
Personnel expenses*	31,342	45,283
	784,807	830,953

* Of the general expenses USD 682,418 (2015: USD 712,713) are recharged costs by TATA Petrodyne Limited.
* Of the personnel expenses USD 31,342 (2015: USD 45,283) are recharged costs by TATA Petrodyne Limited.

15 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.

16 DIRECTORS

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

The Board of Managing Directors ,

Atanu Guha

Sham Vyas Rao

Europe Management Company B.V.

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

Amsterdam, August 10, 2016

MERANGIN B.V.

Other Information

Other reserves

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 shareholder 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 ultimate shareholder. The refinancing was effected on April 20, 2016.

Due to refinancing the Existing Facility Agreement the security granted by the shareholder 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 shareholder was cancelled on April 29, 2016. By entering into the New Facility Agreement which was effected on April 20, 2016 the shareholder of 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.

HAB CONSULTANTS
International

World Trade Center Amsterdam
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
Merangin 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 Merangin 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.

HAB International

Basis for qualified opinion
We were unable to obtain sufficient appropriate audit evidence about the company's share in the carrying amount of employee benefit liabilities relating to its foreign unincorporated jointly controlled operation Merangin PSC, aggregating to USD 248,823 as at March 31, 2016, because the supporting evidence and other relevant information and explanations could not be provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Opinion with respect to the financial statements
In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements give a true and fair view of the financial position of Merangin 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
We draw attention to the following

1. Note 2 (c), (d) and (i) of the Notes forming part of the financial statements which explains the technicalities of the "Successful Efforts Method"; the treatment of exploration, development costs and the estimates of capital costs and proved reserves are significant to the oil and gas exploration and production industry.
2. Categorisation of wells as exploratory or producing, the estimates of hydrocarbon reserves, based on which depletion on producing wells is computed and the estimates for liabilities for site restoration costs are based on technical evaluations carried out by the management, on which we have placed reliance.

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