

SRIVASTAVA KUMAR & CO.

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Punj Lloyd Limited

We have been approached by the management of Punj Lloyd Limited ("the Parent Company") to perform audit of the financial statements of Punj Lloyd International Limited ("the Company"), incorporated in British Virgin Islands and wholly owned subsidiary of Punj Lloyd Limited, solely to enable the Parent Company to prepare its consolidated financial statements, as per the generally accepted accounting principles in India.

Report on the Financial Statements

We have audited the accompanying financial statements of Punj Lloyd International Limited, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements in accordance with accounting policies of the Parent Company and the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

The Company's Board of Directors is responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

The financial statements and our report thereon is intended solely for internal management purposes and to assist in the audit of the consolidated financial statements of the Parent Company as at and for the year ended March 31, 2016. Accordingly, these should not be used by or distributed to any other parties.

for Srivastava Kumar & Co.

Chartered Accountants

Firm Registration No: 011204N

per Anil Kumar Sharma

Partner

Membership No. 097850

Place: Gurgaon

Date: May 18, 2016

Punj Lloyd International Limited
Balance sheet as at March 31, 2016
 (All amounts in US\$, unless otherwise stated)

Particulars	Note	As at March 31, 2016	As at March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	100,000	100,000
Reserves and surplus	4	45,962	132,046
		145,962	232,046
Current liabilities			
Other liabilities	5	1,541,469	1,455,385
		1,541,469	1,455,385
TOTAL		1,687,431	1,687,431
ASSETS			
Current assets			
Loans and advances	6	1,687,431	1,687,431
		1,687,431	1,687,431
TOTAL		1,687,431	1,687,431
Summary of significant accounting policies	2.1		

The accompanying notes form an integral part of the financial statements

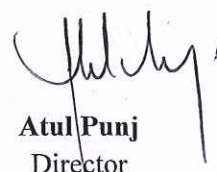
This is the balance sheet referred to in our report of even date

For **Srivastava Kumar & Co.**
 Chartered Accountants
 Firm registration number: 011204N



per **Anil Kumar Sharma**
 Partner
 Membership Number. : 097850

For and on behalf of the Board of Directors of
Punj Lloyd International Limited


Atul Punj
 Director

Place: Gurgaon
 Date: *May 18, 2016*

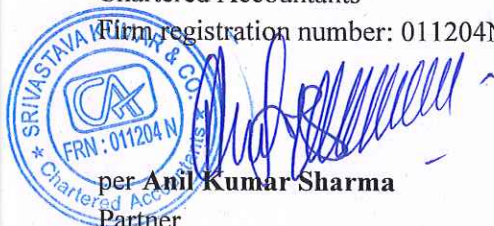
Punj Lloyd International Limited
Statement of profit and loss for the year ended March 31, 2016
 (All amounts in US\$, unless otherwise stated)

Particulars	Note	Year ended March 31, 2016	Year ended March 31, 2015
Expenses			
Other expenses	7	2,033	2,198
Total expenses		2,033	2,198
Earning before interest (finance costs), tax, depreciation and amortization (EBITDA)			
		(2,033)	(2,198)
Finance costs	8	84,051	56,130
Loss for the year		(86,084)	(58,328)
Earnings per equity share [nominal value per share US\$ 1 each (Previous year US\$ 1)]			
Basic and Diluted (in US\$)	9	(0.86)	(0.58)
Summary of significant accounting policies	2.1		

The accompanying notes form an integral part of the financial statements

This is the statement of profit and loss referred to in our report of even date

For **Srivastava Kumar & Co.**
 Chartered Accountants
 Firm registration number: 011204N



per **Anil Kumar Sharma**
 Partner
 Membership Number. : 097850

For and on behalf of the Board of Directors of
Punj Lloyd International Limited

Atul Punj
 Director

Place: Gurgaon
 Date: *May 18, 2016*

Punj Lloyd International Limited

Cash flow statements for the year ended March 31, 2016

(All amounts in US\$, unless otherwise stated)

	Year ended March 31, 2016	Year ended March 31, 2015
Cash flow from operating activities		
Loss before tax	(86,084)	(58,328)
Operating loss before working capital changes	(86,084)	(58,328)
Changes in working capital:		
Increase in other liabilities	86,084	55,252
Cash used in operations	-	(3,076)
Direct taxes paid (net of refunds)	-	-
Net cash flow used in operating activities	-	(3,076)
Net decrease in cash and cash equivalents	-	(3,076)
Cash and cash equivalents at the beginning of the year	-	3,076
Cash and cash equivalents at the end of the year	-	-


The accompanying notes form an integral part of the financial statements

This is the cash flow statement referred to in our report of even date.

For **Srivastava Kumar & Co.**

Chartered Accountants

Firm registration number: 011204N



per **Anil Kumar Sharma**

Partner

Membership Number. : 097850

For and on behalf of the Board of Directors of
Punj Lloyd International Limited



Atul Punj
Director

Place: Gurgaon

Date: *May 18, 2016*

Punj Lloyd International Limited

Notes to financial statements for the year ended March 31, 2016

(All amounts in US\$, unless otherwise stated)

1. Corporate Information

Punj Lloyd International Limited (the Company) is a limited liability company incorporated in the British Virgin Islands (BVI) on 11 August 1988 under the Business Companies Ordinance. The Company is engaged in the business of investing in companies involved in the pipe equipment and services in the oil industry.

2. Basis of preparation

These financial statements of the Company have been prepared to facilitate the holding company, Punj Lloyd Limited, to include these in latter's consolidated financial statements in accordance with generally accepted accounting principles in India (Indian GAAP) for the financial year ended March 31, 2016. Hence, these financial statements have been prepared in accordance with the Indian GAAP, including the Accounting Standards, to the extent applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements have been consistently applied by the Company and are consistent with those of previous year.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring an adjustment to the carrying amounts of assets or liabilities in future periods.

b. Income taxes

The Company is an international business company registered in the BVI. It is required to pay only a flat fee per annum, which is included in other expenses.

c. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events of bonus issue and share split.

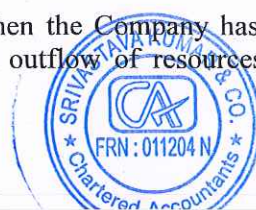
For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

d. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

e. Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be



Punj Lloyd International Limited

Notes to financial statements for the year ended March 31, 2016

(All amounts in US\$, unless otherwise stated)

required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

f. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. A disclosure is made for a contingent liability when there is a:

- a) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- b) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- c) present obligation, where a reliable estimate cannot be made.

g. Measurement of EBITDA

As permitted by the *Guidance Note on the Revised Schedule IV to the Companies Act, 1956*, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortization expense, interest income, finance costs and tax expense.



Punj Lloyd International Limited**Notes to financial statements for the year ended March 31, 2016**

(All amounts in US\$, unless otherwise stated)

3. Share capital

	As at March 31, 2016	As at March 31, 2015
Authorized shares		
250,000 (Previous year 250,000) equity shares of \$ 1 each	250,000	250,000
Issued, subscribed and fully paid-up shares		
100,000 (Previous year 100,000) equity shares of \$ 1 each	100,000	100,000
	100,000	100,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period*Equity shares*

	As at March 31, 2016		As at March 31, 2015	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	100,000	100,000	100,000	100,000
Outstanding at the end of the year	100,000	100,000	100,000	100,000

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of \$ 1 per share.

c. Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company, are as below:

	As at March 31, 2016	As at March 31, 2015
Punj Lloyd Limited , the holding company	100,000	100,000
100,000 (Previous year 100,000) equity shares of \$ 1 each		

d. Details of shareholders holding more than 5% of equity shares of the Company

	As at March 31, 2016		As at March 31, 2015	
	Nos.	% holding in the class	Nos.	% holding in the class
Punj Lloyd Limited	100,000	100%	100,000	100%

e. No bonus shares or shares issued for consideration other than cash or shares bought back over the last five years immediately preceeding the reporting date.



Punj Lloyd International Limited**Notes to financial statements for the year ended March 31, 2016**

(All amounts in US\$, unless otherwise stated)

4. Reserves and surplus

	As at March 31, 2016	As at March 31, 2015
Surplus in the statement of profit and loss		
Balance as per last year	132,046	190,374
Loss for the year	(86,084)	(58,328)
	<u>45,962</u>	<u>132,046</u>

5. Other liabilities

	As at March 31, 2016	As at March 31, 2015
Due to related parties	1,541,469	1,455,385
	<u>1,541,469</u>	<u>1,455,385</u>

6. Loans and advances

	As at March 31, 2016	As at March 31, 2015
Loan and advances to related parties	1,687,431	1,687,431
	<u>1,687,431</u>	<u>1,687,431</u>

7. Other expenses

	Year ended March 31, 2016	Year ended March 31, 2015
Consultancy and professional	2,033	2,066
Exchange difference (net)	-	132
	<u>2,033</u>	<u>2,198</u>

8. Finance costs

	Year ended March 31, 2016	Year ended March 31, 2015
Interest charges	84,000	56,000
Bank charges	51	130
	<u>84,051</u>	<u>56,130</u>



Punj Lloyd International Limited

Notes to financial statements for the year ended March 31, 2016

*(All amounts in US\$, unless otherwise stated)***9. Earnings per share (EPS)**

Particulars	March 31, 2016	March 31, 2015
Net loss after tax	(86,084)	(58,328)
Weighted average number of equity shares for Basic and Diluted EPS	100,000	100,000
Earnings per share - Basic and Diluted	(0.86)	(0.58)
Nominal value per equity shares	1	1

10. Related Parties

Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company

Punj Lloyd Limited
Punj Lloyd Limited, Abu Dhabi branch

Fellow Subsidiaries

PT Punj Lloyd Indonesia
PL Engineering Limited
Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.
Punj Lloyd Pte Limited
Punj Lloyd Infrastructure Pte Limited

Joint Venture of Holding Company

Punj Lloyd Group JV – Thailand

Related party transactions

The following table provides the total amount of transactions that have been entered with related parties for the relevant financial year.

	March 31, 2016	March 31, 2015
EXPENSES		
Interest expense		
Punj Lloyd Limited	84,000	56,000
Balances outstanding as at the end of the year		
Receivable/ (payable)		
Punj Lloyd Limited	(1,060,633)	(976,633)
Punj Lloyd Limited – Abu Dhabi branch	557,877	557,877
PT Punj Lloyd Indonesia	379,554	379,554
PL Engineering Limited	250,000	250,000
Punj Lloyd Group JV – Thailand	250,000	250,000
Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.	250,000	250,000
Punj Lloyd Pte Limited	(478,752)	(478,752)
Punj Lloyd Infrastructure Pte Limited	(2,084)	-



Punj Lloyd International Limited

Notes to financial statements for the year ended March 31, 2016

(All amounts in US\$, unless otherwise stated)

11. There are no contingent liabilities and capital commitments as at March 31, 2016.
12. Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For Srivastava Kumar & Co.
Chartered Accountants
Firm registration number: 011204N



per **Anil Kumar Sharma**
Partner
Membership Number. : 097850

For and on behalf of the Board of Directors of
Punj Lloyd International Limited


Atuj Punj
Director

Place: Gurgaon

Date: *May 18, 2016*