G. S. Mathur & Co.
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INDEPENDENT AUDITOR'S REPORT

To the Members of **PUNJ LLOYD UPSTREAM LIMITED**

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Punj Lloyd Upstream Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act , read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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 standalone Ind AS financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

We did not audit total assets of Rs. 36,73,36,114/- as at March 31, 2017 and net cash outflows amounting to Rs. 9,95,113/- for the year then ended, included in the accompanying consolidated financial statements in respect of Libya Branch, whose financial statements and other financial information have been audited by other auditors and whose report has been furnished to us. Our opinion, in so far as it relates to the affairs of such branch, is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c. the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i The Company has disclosed the impact of pending litigations on its financial position in its financial statements, if any.

ii. the Company does not have any long-term contracts including derivative contracts, for which provision is required for any foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The company has provided requisite disclosures in its Ind AS financial statements (Note No. 35) as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of account maintained by the company.

FOR G.S. MATHUR & CO.
Chartered Accountants
Firm Registration Number: 008744N

G.S. MATHUR & CO. ★ A-160, Defence Colony New Delhi ★ Chartered Accountants

K.K.Gangopadhyay
Partner
Membership No. 013442
Place: Gurgaon
Date: May 19, 2017

"Annexure A" to the Independent Auditors' Report
Referred to in paragraph 9 of the Independent Auditors Report of even date to the members of **Punj Lloyd Upstream Limited** on the financial statements as of and for the year ended March 31, 2017:

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Fixed Assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties are held in the name of the company.

ii. (a) The inventory has been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable

(b) In our opinion, the procedure of physical verification of inventory, followed by the management, is reasonable and adequate in relation to the size of the company and nature of its business.

(c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the company has not granted any loans, investments, guarantees and securities in respect of which provision of section 185 and I86 of the Companies Act, 2013 are applicable and hence not commented upon.

v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73, 74, 75& 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a)According to information and explanations given to us and the records of the Company examined by us, in our opinion, company is generally regular in depositing undisputed statutory dues in respect of Provident Fund, Employee's State Insurance, Service Tax, cess and Income Tax though, and any other Statutory dues, as applicable, with the appropriate authorities except TDS of Rs. 77,68,019/- for FY 2013-14 , Rs.1,25,64,638/- for FY 2014-15 and Rs. 1,12,60,814/- for FY 2015-16 which have remained outstanding as at March 31, 2017 for a period of more than six months from the date they become payable.
(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

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viii. The Company has defaulted in the repayment of loan and interest amounted to Rs. 7.72 crores and Nil respectively for the FY 2013-14, Rs. 15.44 crores and Rs. 3.91 crores respectively for the FY 2014-15, Rs. 15.44 crores and Rs. 3.04 crores respectively for the FY 2015-16, Rs. 15.44 crores and Rs. 2.91 crores respectively for the FY 2016-17 to International Finance Corporation. The company did not have any outstanding dues in respect of debenture.

ix. According to the records of the company examined by us and the information and explanations given to us, during the year no money were raised by way of initial public offer or further public offer (including debt instruments). Further in our opinion and according to the information and explanations given by the management, that the company has utilized the monies raised by way of terms of loans for the purposes for which they were raised.

x. According to the audit procedures performed and the information and explanations given to us by management, no fraud noticed by the Company, or its officers, or employees during the year.

xi. According to the records of the company examined by us and the information and explanations given to us, no managerial remuneration paid during the year, hence provisions of section 197 read with schedule V to the Companies Act not applicable.

xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us by management, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards

xiv. According to the information and explanations given to us by management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.

xv. According to the audit procedures performed and the information and explanations given to us by management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.

xvi. According to the information and explanations given to us, company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

FOR G.S. MATHUR & CO.
Chartered Accountants
Firm Registration Number: 008744N

A-160, Defence Colony New Delhi Chartered Accountants

K.K.Gangopadhyay
Partner
Membership No. 013442
Place: Gurgaon
Date: May 19, 2017

"Annexure B" to the Independent Auditor's Report of even date on the Financial Statements of Punj Lloyd Upstream Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

i. We have audited the internal financial controls over financial reporting of **Punj Lloyd Upstream Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

ii. The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

iii. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

iv. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

v. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

G.S. MATHUR & CO. A-160, Defence Colony New Delhi Chartered Accountants

Meaning of Internal Financial Controls over Financial Reporting

vi. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

vii. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

viii. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

FOR G.S. MATHUR & CO.
Chartered Accountants
Firm Registration Number: 008744N

G.S. Mathur & Co. Chartered Accountants
A-160, Defence Colony
New Delhi

K.K.Gangopadhyay
Partner
Membership No. 013442.

Place: Gurgaon
Date: May 19, 2017

Punj Lloyd Upstream Limited
Standalone Balance Sheet as at March 31, 2017
(All amounts in INR, unless otherwise stated)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
Fixed assets				
Tangible assets	3	831,582,184	1,880,836,555	1,933,559,000
Intangible assets	4	-	-	-
Current assets				
Inventories		56,041,430	74,721,907	74,721,907
Financial Assets				
Trade receivables	5	254,097,752	297,579,354	464,134,736
Cash and bank balance	6	3,149,173	33,009,058	9,301,915
Other current asset	7	1,944,368	2,960,403	20,126,912
		1,146,814,907	**2,289,107,277**	**2,501,844,469**
Equity and liabilities				
Shareholders' funds				
Share capital	8	626,940,000	626,940,000	626,940,000
Other Reserve	9	(1,885,538,706)	(774,790,774)	(227,329,533)
Non-current liabilities				
Financial Liabilites				
Borrowings	10	-	-	150,309,503
Deferred tax liabilities (net)	11	16,373,366	16,373,366	16,373,366
Provisions	12	990,494	1,172,830	10,275,180
Current liabilities				
Financial Liabilities				
Borrowings	13	910,842,914	906,382,914	897,747,914
Trade payables	14	58,237,851	224,189,484	71,051,873
Other current liabilities	14	1,417,789,256	1,287,492,045	955,407,547
Provisions	12	1,179,732	1,347,412	1,068,619
		1,146,814,907	**2,289,107,277**	**2,501,844,469**
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 **G. S. Mathur & Co**
Chartered Accountants
Firm registration number 008744N

G.S. MATHUR & CO. A-160, Defence Colony New Delhi Chartered Accountants

per **K. K. Gangopadhyay**
Partner
Membership No. : 013442

Place: Gurgaon
Date: May 19, 2017

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

Chief Financial Officer

Director
DIN
07738410

Director
DIN
01417609

Punj Lloyd Upstream Limited
Standalone statement of profit and loss for the year ended March 31, 2017
(All amounts in INR, unless otherwise stated)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	15	-	-
Other Income	16	-	1,319,956
Total Income (I)		**-**	**1,319,956**
Expenses			
Cost of raw material and components consumed	17	18,680,477	-
Employee benefits expense	18	1,692,062	26,052,520
Other expenses	19	859,005,082	169,618,872
Total expenses (II)		**879,377,621**	**195,671,392**
Earning before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		**(879,377,621)**	**(194,351,436)**
Depreciation and amortization expense	2	58,221,746	77,975,643
Finance costs	20	137,291,350	146,020,869
Loss before tax		**(1,074,890,717)**	**(418,347,948)**
Tax expenses			
Deferred tax charge /(credit)		-	-
Total tax expensse		-	-
Loss for the period		**(1,074,890,717)**	**(418,347,948)**
Other Comprehensive Income			
Other Comprehensive Income to be reclassified to profit or loss in subsequent year			
Exchange Difference on translation of foreign operations	21	(35,857,215)	(129,113,293)
Income tax effect		-	-
Other Comprehensive Income for the year, net of taxes		**(35,857,215)**	**(129,113,293)**
Total comprehensive loss for the year, net of tax attributable to:		**(1,110,747,932)**	**(547,461,241)**
Earnings per equity share [nominal value per share Rs.10 each (previous year Rs. 10)]			
Basic and diluted earning per share	22	(17.72)	(8.73)
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 G. S. Mathur & Co
Chartered Accountants
Firm registration number: 008744N

S. MATHUR & CO. A-160, Defence Colony New Delhi Chartered Accountants

per K. K. Gangopadhyay
Partner
Membership No. : 013442

Place: Gurgaon
Date: May 19, 2017

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

Chief Financial Officer

Director
DIN
07738410

Director
DIN
01417609

Punj Lloyd Upstream Limited
Cash flow statement for the year ended March 31, 2017

	Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from operating activities		
Loss before tax	**(1,074,890,717)**	**(418,347,948)**
Non-cash adjustment to reconcile loss before tax to net cash flows		
Depreciation/ amortization	58,221,746	77,975,643
Provision for Expected Credit Loss (ECL)	26,121,288	5,203,861
Loss on disposal of Assets	721,258,120	-
Unrealised foreign exchange loss/ (profit) (net)	-	-
Interest expense	137,072,926	142,813,556
Operating profit before working capital changes	**(132,216,637)**	**(192,354,889)**
Movement in working capital:		
Increase/ (decrease) in trade payables	(165,951,633)	153,137,611
Increase/ (decrease) in provisions	(350,016)	287,977
Increase/ (decrease) in other current liabilities	112,866,044	125,325,958
Decrease/ (increase) in trade receivables	17,360,313	161,351,521
Decrease/ (increase) in inventories	18,680,477	-
Decrease/ (increase) in loans and advances	1,016,035	5,261,448
Cash generated from operations	(148,595,416)	253,009,626
Direct taxes paid (net of refunds)	-	8,160
Net cash flow from operating activities (A)	**(148,595,416)**	**253,017,786**
Cash flow used in investing activities		
Purchase of fixed assets, including CWIP and capital advances	1,135,010	851,462
Proceeds from sale of fixed assets	256,942,205	-
Net cash flow used in investing activities (B)	**258,077,215**	**851,462**
Cash flow used in financing activities		
Proceeds from long-term borrowings	-	-
Proceeds from sale of Fixed Assets	-	-
Repayment of long-term borrowings	-	-
Proceeds/ (Repayment) from short-term borrowings (net)	4,460,000	8,635,000
Interest paid	(107,944,469)	(112,395,077)
Net cash flow used in financing activities (C)	**(103,484,469)**	**(103,760,077)**
Net increase /(decrease) in cash and cash equivalents (A + B + C)	**5,997,330**	**150,109,171**
Exchange difference	(35,857,215)	(126,402,028)
Cash and cash equivalents at the beginning of the year	33,009,058	9,301,915
Cash and cash equivalents at the end of the year	**3,149,173**	**33,009,058**
Components of cash and cash equivalents		
Cash on hand	161,780	2,833
With banks		
- on current account	2,987,393	33,006,225
Total cash and cash equivalents (also refer note 6)	**3,149,173**	**33,009,058**

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 **G. S. Mathur & Co**
Chartered Accountants
Firm registration number: 008744N

G. S. Mathur & Co. Chartered Accountants A-160, Defence Colony New Delhi

per K. K. Gangopadhyay
Partner
Membership No. : 013442

Place: Gurgaon
Date: May 19, 2017

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

Chief Financial Officer

Director
DIN 07738410

Director
DIN 01417609

Punj Lloyd Upstream Limited
Standalone statement of equity for the year ended March 31, 2017
(All amounts in INR, unless otherwise stated)

	Numbers	Amount
Equity share of Rs. 10 each issued, subscribed and fully paid		
At 1, April 2015	**62,694,000**	**626,940,000**
At 31, March 2016	**62,694,000**	**626,940,000**
At 31, March 2017	**62,694,000**	**626,940,000**

Other Equity

For the year ended March 31, 2015	Retained earning	FCTR	Total
As at March 31, 2014	(57,430,396)	-	(57,430,396)
Profit for the year	(169,899,137)	-	(169,899,137)
Add: Exchange difference during the year on net investment in non-integral operations	-	-	-
Other comprehensive Income (net of taxes)	-	-	-
Total Comprehensive Income	**(227,329,533)**	-	**(227,329,533)**
As at March 31, 2015	**(227,329,533)**	-	**(227,329,533)**

For the year ended March 31, 2016	Retained earning	FCTR	Total
As at March 31, 2015	(227,329,533)	-	(227,329,533)
Profit for the year	(418,347,948)	-	(418,347,948)
Add: Exchange difference during the year on net investment in non-integral operations	-	(129,113,293)	(129,113,293)
Other comprehensive Income	-	-	-
Total Comprehensive Income	**(645,677,481)**	**(129,113,293)**	**(774,790,774)**
As at March 31, 2016	**(645,677,481)**	**(129,113,293)**	**(774,790,774)**

For the year ended March 31, 2017	Retained earning	FCTR	Total
As at March 31, 2016	(645,677,481)	(129,113,293)	(774,790,774)
Profit for the year	(1,074,890,717)	-	(1,074,890,717)
Add: Exchange difference during the year on net investment in non-integral operations	-	(35,857,215)	(35,857,215)
Other comprehensive Income	-	-	-
Total Comprehensive Income	**(1,720,568,198)**	**(164,970,508)**	**(1,885,538,706)**
As at March 31, 2017	**(1,720,568,198)**	**(164,970,508)**	**(1,885,538,706)**

G.S. MATHUR & CO.
A-160, Defence Colony New Delhi
Chartered Accountants

Punj Lloyd Upstream Limited
Notes to Financial statements for the year ended March 31, 2017

1. Corporate information

Punj Lloyd Upstream Limited ("The Company") is a public Limited company domiciled in India and incorporated on April 04, 2007 under the provisions of the Companies Act, 1956, (Revised) which has since been replaced with Companies Act, 2013. The Company is engaged in the business of charter hiring of onshore drilling rigs for exploration of oil and gas.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (IND AS). For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Ruses, 2014. These financial statements for the year ended 31 March 2016 are the first the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, except for the fowling assets and liabilities which have been measured at fair value or revalued amount for certain financial assets and liabilities measured at fair value.

2.1. Summary of significant accounting policies

(a) Use of estimates:

The preparation of financial statements in conformity with Ind AS 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. 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.
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation process

Some of the Companies assets and liabilities are measured at fair value for financial reporting purposes. The management of the Company has determined the appropriate valuation techniques an inputs for fair value measurements. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available, wherever market observable data is not available, the Company engages third party qualified valuers to perform the valuation.

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(b) Property, Plant and Equipments (PPE)

Plant and Equipments are stated at cost, net off accumulated depreciation and impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the Purchase Price. The Company considered the previous GAAP carrying cost of plant and equipments as deemed cost, as the fair value of these assets does not differ materially from its carrying cost.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with Ministry of Corporate Affairs circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, upto March 31, 2016. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from de-recognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the PPE and are recognized in the statement of profit and loss when the PPE is derecognized.

(c) Other Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(d) Depreciation on Property, Plant and Equipments

Depreciation on PPE is calculated on a straight line basis using the rates arrived at based on the useful lives prescribed under Schedule II to the Companies Act, 2013 except for Rigs which is being depreciated over a useful life of 33 years based on technical assessment made by technical expert and management estimates. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Individual assets costing upto Rs. 5,000 are depreciated @ 100% in the year of purchase.

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(e) Financial Instruments

A financial instrument is any contract that gives raise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial instruments : Initial Reorganization

All the financial asset are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction cost that are attributable to the acquisition of the financial assets. Purchases or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date, i.e., the date that the company commits to purchase or sell the assets.

Financial instruments : Subsequent measurement

All equity investments are measured at fair value. For the purpose of subsequent measurement, Equity Investments are measured at fair value through other comprehensive income (FVTOCI) category.
Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at fair value through profit and loss.

Financial instruments : Dereorganization

All financial asset is primarily derecognized when right to receive cash flows from the asset have expired or the company has transferred its rights to receive cash flow from the asset or the company has transferred control of the asset.

Impairment of financial assets

Recognition of impairment loss:

1.Trade receivables and advances (*other than from Group Companies*):

The Company follows 'simplified approach' for recognition of impairment loss for trade receivables and advances (*other than from Group Companies*).

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses separate provision matrices to determine impairment loss allowance on portfolio of its trade receivables and advances (*other than Group Companies*).

Provision matrix for trade receivables (*other than Group Companies*):

The Company estimates the ECL on contractually due trade receivables for completed projects, based on following provision matrix, on a cumulative basis. The company does not evaluate trade receivables for impairment on its on-going projects.

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	Upto 3 Yrs	Upto 4 Years	Upto 5 Years	Upto 6 Years	Beyond 6 Years
Default rate	0%	10%	35%	65%	100%
Other criteria	(i) Wherever the matter and realization thereof is under dispute/ litigation/ arbitration, the same is evaluated separately and ECL is estimated as the matter progresses. (ii) The trade receivables against which an ECL provision is triggered as per above matrix, are also assessed for other developments, if any.				

The above matrix is based on historically observed default rates over their expected life and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed and incorporated.

Provision matrix for *(non-trade)* advances (*other than Group Companies*):

	Upto 5 Yrs	Upto 6 Years	Upto 7 Years	Beyond 7 Years
Default rate	0%	20%	50%	100%
Other criteria	(i) Wherever the matter and realization thereof is under dispute/ litigation/ arbitration, the same is evaluated separately and ECL is estimated as the matter progresses. (ii) The advances against which an ECL provision is triggered as per above matrix, are also assessed for other developments, if any.			

The above matrix is based on historically observed default rates and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed and incorporated.

<u>Trade receivables and advances *(from Group Companies)*:</u>

Trade receivables and advance from group companies are assessed in conjunction with fair valuation of Company's investment therein. Where, futuristic intent or fair valuation cast a doubt on recoverability of the amounts receivables, the same are provided for in the statement of profit and loss.

2. Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company first determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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Accounting and presentation of ECL:

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- *Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables*: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- *Loan commitments and financial guarantee contracts*: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- *Debt instruments measured at FVTOCI*: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Financial liabilities

Financial liabilities are classified at initial reorganization at fair value. Interest bearing loans are subsequently measured at amortized cost using the EIR method, gain and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. The EIR amortization is included as finance cost in the statement of profit and loss. A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires.

(f) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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(g) Inventories

i) Stock in trade (Equipments), Stores and Spares are valued at lower of cost and net realizable value. Cost is determined on weighted average basis.

ii) Scrap is valued at net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The following specific recognition criteria must also be met before revenue is recognized:

i. Revenue from hiring contracts is accounted for in accordance with the terms of agreements with the customer's recognised pro-rata over the period of the contract as and when services are rendered.

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument, but does not consider the expected credit losses. Interest income is included in other income in the statement of Profit and Loss.

(i) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(j) Foreign currency transaction

The financial statements are presented in Indian Rupee, which is also the functional currency of the Company. The overseas branches of the Company separately determines the functional currency and items included in the financial statements of each branch are measured using the functional currency.

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i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are carried at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in OCI until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
b. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
c. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
d. All other exchange differences are recognized as income or as expenses in the period in which they arise

(k) Translation of foreign operations

The assets and liabilities of a foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Items of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average quarterly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the OCI. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

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(l) Employee benefits

i) **Short Term Employee Benefits**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and are recognized as an expense on an undiscounted basis in the Statement of Profit & Loss Account of the year in which the related service is rendered.

ii) **Post Employment Benefits**

Gratuity liability is a defined benefit obligation .The amount paid/ payable in respect of present value of liability for past services is charged to the statement of profit and loss on the basics of actuarial valuation on the projected unit credit method made at the end of each financial year. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with corresponding debit or credit to retained earnings through OCI in the period in which they occur. The Gratuity scheme is non funded by the company.

iii) In respect to overseas branches and unincorporated joint venture operations, provision for retirement and other employees' benefits are made on the basis prescribed in the local labor laws of the respective country, for the accumulated period of service at the end of the financial year.

(m) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in Shareholders' funds is recognized in Shareholders' funds and not in the statement of profit and loss.

Deferred tax is provided using the liability method on temporary difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deduction temporary differences and the carry forward of unused tax credits and unused tax loss can be utilized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of deferred tax assets to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(n) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(o) 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.

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(p) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are 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.

(q) 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.

(r) Contingent assets and 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 with in 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.
d) Contingent assets are not recognized but disclosed where an inflow of economic benefits are probable.

(s) Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents and the same is considered as project period.

(t) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI 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, finance costs and tax expense.

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Punj Lloyd Upstream Limited
Standalone notes to financial statements for the year ended March 31, 2017
(All amounts in INR, unless otherwise stated)

3. Fixed assets : Property, Plant and Equipments

Particulars	Plant and equipment	Furniture and fixtures	Office equipment	Total
Cost				
At April 01, 2015	2,603,364,261	2,173,019	2,733,615	2,608,270,895
Additions during the year	-	-	-	-
Other adjustments	-	-	-	-
Exchange differences	26,030,560	-	-	26,030,560
Foreign exchange translation adjustment	(1,914,498)	-	-	(1,914,498)
As at March 31, 2016	2,627,480,323	2,173,019	2,733,615	2,632,386,957
Additions during the year	-	-	-	-
Disposals during the period	(1,387,890,728)	-	-	(1,387,890,728)
Exchange differences	(12,914,478)	-	-	(12,914,478)
Foreign exchange translation adjustment	82,178	-	-	82,178
As at March 31, 2017	1,226,757,295	2,173,019	2,733,615	1,231,663,929
Depreciation				
At April 01, 2015	671,474,240	818,345	2,419,310	674,711,895
Charge for the year	77,631,414	180,659	163,570	77,975,643
Foreign exchange translation adjustment	(1,128,332)	(1,386)	(7,418)	(1,137,136)
As at March 31, 2016	747,977,322	997,618	2,575,462	751,550,402
Charge for the year	57,887,246	176,347	158,153	58,221,746
Disposal during the Period	(409,690,403)	-	-	(409,690,403)
Foreign exchange translation adjustment	-	-	-	-
As at March 31, 2017	396,174,165	1,173,965	2,733,615	400,081,745
Net block				
As at March 31, 2016	1,879,503,001	1,175,401	158,153	1,880,836,555
As at March 31, 2017	830,583,130	999,054	0	831,582,184

4. Intangible assets

Particulars	Computer softwares	Total
Cost		
At April 01, 2015	90,940	90,940
As at March 31, 2016	90,940	90,940
As at March 31, 2017	90,940	90,940
Amortization		
At April 01, 2015	90,940	90,940
Charge for the year		-
As at March 31, 2016	90,940	90,940
Charge for the year	-	-
As at March 31, 2017	90,940	90,940
Net block		
As at March 31, 2016	-	-
As at March 31, 2017	-	-

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5. Financial Assets : Trade Receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, considered good	291,705,007	309,065,320	470,416,841
Provision for Expected Credit Loss	(37,607,254)	(11,485,966)	(6,282,105)
	254,097,752	297,579,354	464,134,736
	254,097,752	297,579,354	464,134,736

6. Financial Assets : Cash and bank balances

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash and cash equivalents			
Balances with banks:			
On current accounts	2,987,393	33,006,225	9,202,683
Cash on hand	161,780	2,833	99,231
	3,149,173	33,009,058	9,301,915

7. Other current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Security deposits			
Unsecured, considered good	1,033,004	1,094,481	6,877,239
	1,033,004	1,094,481	6,877,239
Advances recoverable in kind			
Unsecured, considered good	905,746	1,860,303	1,338,993
	905,746	1,860,303	1,338,993
Others			
Unsecured, considered good			
Advance income-tax (net of provision for taxation)	5,619	5,619	11,910,680
	5,619	5,619	11,910,680
	1,944,368	2,960,403	20,126,912

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8. Share capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorized shares			
100,000,000 (Previous year 100,000,000) equity shares of Rs. 10 each	1,000,000,000	1,000,000,000	1,000,000,000
Issued, subscribed and fully paid-up shares			
62,694,000 (Previous year 62,694,000) equity shares of Rs. 10 each	626,940,000	626,940,000	626,940,000
	626,940,000	626,940,000	626,940,000

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

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
Equity shares outstanding at the beginning of the year	62,694,000	626,940,000	62,694,000	626,940,000	62,694,000	626,940,000
Add: Equity shares issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	62,694,000	626,940,000	62,694,000	626,940,000	62,694,000	626,940,000

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued, subscribed and fully paid up by the Company, shares held by its holding company is as below:

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Punj Lloyd Limited, the holding company 36,397,350 (Previous year 36,397,350) equity shares of Rs. 10 each fully paid	363,973,500	363,973,500	363,973,500

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

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Nos.	% of Holding	Nos.	% of Holding	Nos.	% of Holding
Punj Lloyd Limited	36,397,350	58.06%	36,397,350	58.06%	36,397,350	58.06%
Mr. Vikram Walia	14,686,650	23.43%	14,686,650	23.43%	14,686,650	23.43%
International Finance Corporation	11,610,000	18.52%	11,610,000	18.52%	11,610,000	18.52%

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

9. Other Equity

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Other Comprehensive Income / (Loss)			
Foreign currency translation reserve			
Balance as per last financial statements	(129,113,293)	-	-
Add: Exchange difference during the year on net investment in non-integral operations	(35,857,215)	(129,113,293)	-
Closing Balance	(164,970,508)	(129,113,293)	-
Surplus/ (deficit) in the statement of profit and loss			
Balance as per last financial statements	(645,677,481)	(227,329,533)	(57,430,396)
Loss for the year	(1,074,890,717)	(418,347,948)	(169,899,137)
Closing balance	(1,720,568,198)	(645,677,481)	(227,329,533)
Total reserves and surplus	(1,885,538,706)	(774,790,774)	(227,329,533)

10. Financial Liabilities : Borrowings

Particulars	Non Current Portion			Current Maturities		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Term Loan						
From a financial institution (secured)						
5.39% (previous year 5.39%) loan repayable in 20 half yearly installments, beginning at the end of 2 years from the date of its origination i.e. April 01, 2010. The loan is secured by way of pari passu charge on the fixed assets purchased out of the proceeds of the loan. Further, the loan has been guaranteed by the corporate guarantee of Punj Lloyd Limited, the holding company.	-		150,309,503	540,416,580	552,113,870	375,773,809
	-	-	150,309,503	540,416,580	552,113,870	375,773,809
The above amount includes						
Secured borrowings	-	-	150,309,503	540,416,580	552,113,870	375,773,809
Amount disclosed under the head "other current liabilities" (note 14)	-	-	-	(540,416,580)	(552,113,870)	(375,773,809)
	-	-	150,309,503	-	-	-

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11. Deferred Tax Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred tax liability			
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	310,183,765	310,183,765	310,183,765
Gross deferred tax liability	310,183,765	310,183,765	310,183,765
Deferred tax asset			
Impact of expenditure charged to the statement of profit and loss in current year but allowed for tax purposes on payment basis	750,376	750,376	750,376
Unrealised foreign exchange on purchase of tangible assets	69,029,201	69,029,201	69,029,201
Unabsorbed losses/carried forward losses	224,030,822	224,030,822	224,030,822
Gross deferred tax asset	293,810,399	293,810,399	293,810,399
Net Deferred Tax Liability	16,373,366	16,373,366	16,373,366

12. Provisions

Particulars	Long-term			Short-term		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for employee benefits						
Provision for gratuity	990,494	1,172,830	1,163,646	-	-	-
Provision for compensated absences	-	-	-	1,179,732	1,347,412	1,068,619
	990,494	1,172,830	1,163,646	1,179,732	1,347,412	1,068,619
Other provisions						
Provision for current tax	-	-	9,111,534	-	-	-
	-	-	9,111,534	-	-	-
	990,494	1,172,830	10,275,180	1,179,732	1,347,412	1,068,619

13. Financial Liabilities : Short-term borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
From others (Unsecured)			
Loans from related parties	910,842,914	906,382,914	897,747,914
	910,842,914	906,382,914	897,747,914
Loans and advances to related parties include:			
12% loan from Punj Lloyd Ltd	167,910,000	168,100,000	168,100,000
12% loan from PLN Construction Ltd	339,357,914	338,197,914	337,047,914
12% loan from Spectra Punj Lloyd Ltd	397,975,000	393,485,000	386,000,000
11% loan from Punj Lloyd Industries Ltd	5,600,000	6,600,000	6,600,000
	910,842,914	906,382,914	897,747,914

14. Financial Liabilities : Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade payables (refer note 36 for details of dues to micro and small enterprises)	58,237,851	224,189,484	71,051,873
Other liabilities			
Current maturities of long term borrowings (note 10)	540,416,580	552,113,870	375,773,809
Interest accrued but not due on borrowings	98,621,021	69,492,564	39,074,085
Others	-	7,160,162	2,370,693
Tax deducted at source payable	43,572,616	35,317,114	29,862,897
Due to related parties	678,652,580	563,927,019	465,403,134
Bonus Payables	77,976	111,090	80,498
Salary Payables	56,448,483	59,370,226	42,842,432
	1,417,789,256	1,287,492,045	955,407,547
	1,476,027,107	1,511,681,529	1,026,459,420

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Punj Lloyd Upstream Limited
Standalone notes to financial statements for the year ended March 31, 2017
(All amounts in INR, unless otherwise stated)

15. Revenue from operations

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Contract Revenue	-	-
	-	-

16. Other Income

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Exchange difference (net)	-	1,319,956
	-	1,319,956

17. Raw Material Details

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1) Op. stock	74,721,907	74,721,907
Add : Purchases	-	-
Less: Cl. Stock	56,041,430	74,721,907
Consumption	18,680,477	-
Total	18,680,477	-

18. Employee benefit expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	1,692,062	25,746,209
Compensated absences	-	278,793
Gratuity	-	9,184
Staff welfare expenses	-	18,334
	1,692,062	26,052,520

19. Other Expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Site expenses	-	-
Power and fuel	-	-
Repair and maintenance		
Plant and machinery	-	30,193,877
Freight and cartage	-	127,307,405
Rates and taxes	22,121,250	6,856
Payment to auditors (refer below)	115,000	114,500
Travelling and conveyance	6,902	555,262
Consultancy and professional charges	741,803	1,258,447
Provision for Expected Credit Loss (ECL)	26,121,288	5,203,861
Office expenses	232,661	750,694
Rent	-	4,008,546
Demurrage Charges	88,407,608	-
Loss on disposal of Assets	721,258,120	-
Miscellaneous expenses	450	155,345
Other expenses	-	-
Insurance	-	64,080
Exchange difference (net)	-	-
	859,005,082	169,618,872

Payment to auditors:		
As auditors:		
Audit fees	115,000	114,500
Reimbursement of expenses		
	115,000	114,500

20. Finance costs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest on Borrowing	29,128,457	29,128,457
Interest on Others	107,944,469	113,685,099
Bank charges	218,424	101,697
Other borrowing cost	-	3,105,616
	137,291,350	146,020,869

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21 Components of Other Comprehensive Income (OCI)

The disaggregation of changes in OCI by each type of reserve in equity is shown below:

Particulars	March 31, 2017	March 31, 2016
Foreign exchange translation differences	(35,857,215)	(129,113,293)
Total	(35,857,215)	(129,113,293)

22 Earnings per share

Basic and diluted earnings

	Particulars	March 31, 2017	March 31, 2016
a)	Calculation of weighted average number of equity shares of Rs. 10 each		
	Number of equity shares at the end of the year	62,694,000	62,694,000
	Weighted average number of equity shares outstanding during the year	62,694,000	62,694,000
b)	Net loss after tax available for equity share holders (Rs.)	(1,110,747,932)	(547,461,241)
c)	Basic and diluted earnings per share (Rs.)	(17.72)	(8.73)
d)	Nominal value of share (Rs.)	10	10

23 Hedging / unhedging activities

The Company uses foreign currency denominated borrowings to manage some of its transaction exposures. These borrowings are not covered with any foreign exchange forward contracts which can be designated as cash flow hedge.
Particulars of Un-hedged foreign currency exposures of the India Operations as at the Balance Sheet date

Particulars	Currency	March 31, 2017			March 31, 2016		
		Amount in foreign currency	Exchange rate	Amount	Amount in foreign currency	Exchange rate	Amount
Loans Taken	USD	8,333,333	64.85	540,416,645	8,333,333	66.25	552,113,869

24 Earnings in foreign currency (accrual basis)

Particulars	March 31, 2017	March 31, 2016
Contract Revenue	-	-
	-	-

25 Segment Reporting

Business Segment:
The Company's business activity falls within a single business segment i.e. Hiring of Oil Rigs. Therefore, segment reporting in terms of Ind AS 108 on Segmental Reporting is not applicable.

Geographical Segment
The Company's operations are based in Africa only and the company does not operate in any other Country and hence there are no geographical segments.

26 Fair Value

Set out below, is a comparison by class of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximation of fair value

Description	Carrying Value			Fair Value		
	Mar-17	Mar-16	Mar-15	Mar-17	Mar-16	Mar-15
Financial Assets						
Trade Receivables	291,705,007	309,065,320	470,416,841	254,097,752	297,579,354	464,134,736
Total	291,705,007	309,065,320	470,416,841	254,097,752	297,579,354	464,134,736

The management assessed that cash and cash equivalents, trade payables, borrowings and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods are assumptions were used to estimate the fair value.

Trade receivables are evaluated by the company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

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27 Fair Hierarchy

The following table provides the fair value measurement hierarchy of the Companies assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017

Assets for which fair values are disclosed		Total	Fair value measurement using		
			Quoted prince in active market	Significant observable inputs	Significant Unobservable inputs
As at March 31, 2017					
Trade Receivables		254,097,752			291,705,007
As at March 31, 2016					
Trade Receivables		297,579,354			309,065,320

28 Financial risk management objectives and policies

Exposure to credit, interest rate, foreign currency risk and liquidity risk arises in the normal course of the Company's business. The Company has risk management policies which set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such policies are reviewed by the management with sufficient regularity to ensure that the Company's policy guidelines are adhered to.

The management reviews and agrees policies for managing each of these risks, which are summarized below.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under financial instrument or customer contract, leading to financial loss. The company is exposed to credit risk mainly from its operating activities i.e trade receivable.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and other receivables (including related party balances), the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Trade receivable : Customer credit risk is managed with the Companies established policy, procedures and control relating to customer credit risk management, such as the outstands from customer receivables are regularly monitored. As at March 31, 2017 the Company has Nil numbers of customers having outstanding of Rs. 1 crore or more.

The Company does not hold collateral as security against these receivables, however it evaluates the concentration of risk with respect to trade receivables as low, as the customers operate in largely independent market.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in the market price. The only financial instruments affected by market risk is bank borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in the market interest rate. The Company's exposure to the risk of changes in market interest rates related primarily to the Companies long term debt obligation with floating interest rate. As on March 31, 2017 the Company does not have any bank borrowing at floating interest rate.

29 Capital Management

For the purpose of the company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholders value.

The company manages its capital structure and makes adjustment in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debts divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

Particulars	Mar-17	Mar-16	Mar-15
Borrowings	910,842,914	906,382,914	1,048,057,417
Trade payables	58,237,851	224,189,484	71,051,873
Other Payables	1,419,959,482	1,290,012,287	966,751,346
Less:			
Cash and cash equivalents	(3,149,173)	(33,009,058)	(9,301,915)
Net Debts	2,385,891,074	2,387,575,627	2,076,558,722
Equity	(1,258,598,706)	(147,850,774)	399,610,467
Capital & net debts	1,127,292,369	2,239,724,853	2,476,169,189
Gearing Ratio	212%	107%	84%

The company manages its capital structure and makes adjustment in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debts divided by total capital plus net debt. The company policy is to keep the gearing ratio between 80% and 100%. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

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30 First time adoption of Ind AS

These financial statements, for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. For period up to end including the year ended March 31, 2016, the company prepared its financial statements in accordance with accounting standards notified under sect 133 of the companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP)

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's data of transition to Ind AS. Following are the principal adjustments made by the Company in restating its Indian GAAP financial statement, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

a. The Company has carried out the previous GAAP cost as deemed cost at the date of transition. The Company believes revaluation of these property, plant & equipments are not necessary, as the deemed cost will not materially differ from fair value of these PPE.

b. The estimates as at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP expcept impairment of financial assets based on expected credit loss model.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

Reconciliation of equity as at April 1, 2015 - Transition to Ind AS

(All amounts in INR, unless otherwise stated)

	As At April 1, 2015			As At March 31, 2016		
	IGAAP	**Adjustments**	**Ind AS**	**IGAAP**	**Adjustments**	**Ind AS**
Assets						
Non-current assets						
Property Plant and Equipments	1,933,559,000	-	1,933,559,000	1,880,836,555	-	1,880,836,555
Total non current assets	1,933,559,000		1,933,559,000	1,880,836,555		1,880,836,555
Current assets						
Inventory	74,721,907	-	74,721,907	74,721,907	-	74,721,907
Financial Assets						
Trade receivables	470,416,841	(6,282,105)	464,134,736	309,065,320	(11,485,966)	297,579,354
Cash and bank balances	9,301,915	-	9,301,915	33,009,058	-	33,009,058
Other current Assets	20,126,912	-	20,126,912	2,960,403	-	2,960,403
Total Current Assets	574,567,574	(6,282,105)	568,285,469	419,756,688	(11,485,966)	408,270,722
Total Assets	2,508,126,574	(6,282,105)	2,501,844,469	2,300,593,243	(11,485,966)	2,289,107,277
Equity and liabilities						
Equity						
Share capital	626,940,000	-	626,940,000	626,940,000	-	626,940,000
Other Equity	(221,047,428)	(6,282,105)	(227,329,533)	(763,304,808)	(11,485,966)	(774,790,774)
Equity attributable to equity holders of the parent	405,892,572	(6,282,105)	399,610,467	(136,364,808)	(11,485,966)	(147,850,774)
Non-current liabilities						
Deferred Tax Liability	16,373,366	-	16,373,366	16,373,366	-	16,373,366
Provisions	10,275,180	-	10,275,180	1,172,830	-	1,172,830
Financial Liabilities						
Borrowings	150,309,503	-	150,309,503	-	-	-
	176,958,049	-	176,958,049	17,546,196	-	17,546,196
Current liabilities						
Financial Liabilities						
Short-term borrowings	897,747,914	-	897,747,914	906,382,914	-	906,382,914
Trade payables	71,051,873	-	71,051,873	224,189,484	-	224,189,484
Other current liabilities	955,407,547	-	955,407,547	1,287,492,045	-	1,287,492,045
Provisions	1,068,619		1,068,619	1,347,412		1,347,412
	1,925,275,953	-	1,925,275,953	2,419,411,855	-	2,419,411,855
Total Equity and Liabilities	2,508,126,574	(6,282,105)	2,501,844,469	2,300,593,243	(11,485,966)	2,289,107,277

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Group reconciliation of profit for the year ended March 31, 2016

	Year ended March 31, 2016		
	Indian GAAP	**Adjustments**	**Ind AS**
Income			
Revenue from operations	-	-	-
Other income	1,319,956	-	1,319,956
Total income	**1,319,956**	**-**	**1,319,956**
Expenses			
Cost of components and spares consumed	-	-	-
Employee benefits expense	26,052,520	-	26,052,520
Other expenses	164,415,011	5,203,861	169,618,872
Total expenses	**190,467,531**	**5,203,861**	**195,671,392**
Earning before interest, tax,	**(189,147,575)**		**(194,351,436)**
Depreciation	77,975,643	-	77,975,643
Finance costs	146,020,869	-	146,020,869
Profit/ (loss) before tax	**(413,144,088)**	**-**	**(418,347,948)**
Tax expenses			
Deferred tax credit	-	-	-
Total tax expenses	**-**		**-**
Loss for the year	**(413,144,088)**	**(5,203,861)**	**(418,347,948)**
Other Comprehensive Income	-	(129,113,293)	(129,113,293)
Total comprehensive income for the year (net of taxes)	(413,144,088)	(134,317,154)	(547,461,241)

Trade Receivables under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for inured losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the Company impaired its trade receivable by Rs.6,282,105/- on April 1, 2015, which has been adjusted in retained earnings. The impact of Rs.5,203,861/- for the year ended on March 31, 2016 has been recognized in the statement of profit and loss.

31 The company has defaulted in repayment of principal and interest amounting to Rs.54.04 crores (previous year Rs. 39.43 crores) and Rs.9.86 crores (Previous year Rs. 6.06 crores) respectively, as on March 31, 2017

32 In view of there not being any reasonable certainty, at the balance sheet date, of the realisation of unadjusted losses under the Income Tax Act 1961 against sufficient future taxable income, the deferred tax assets has not been recognized in the book of account.

33 As at March 31, 2017, though the Company's liabilities are in excess of its assets by Rs. 125.86 crores and also the net worth is eroded, but based on the future projections and fair valuation of the assets of the company, as carried out by an external agency, the management is confident of favourable turnaround of the current temporary phase and consequent recoupment of accumulated losses resulting in strengthened financial position of the Company.

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34 Related party disclosures

Names of related parties and related party relationship

Related parties where control exists irrespective of whether transactions have occurred or not

Holding company	Punj Lloyd Limited

Related parties with whom transactions have taken place during the year

Holding company	Punj Lloyd Limited
Fellow subsidiaries	PLN Construction Limited
	Spectra Punj Lloyd Limited
	Punj Lloyd Industries Limited

Key Managerial Personnel

Vikram Walia	CEO/Director
Rahul Vashishtha	Director
Gurdeep Singh	Additional Director
Mohan Giri Goswami	CFO

Related party transactions

Particulars	Holding Company		Fellow Subsidiaries		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
EXPENSES						
Rent						
Punj Lloyd Limited	-	1,981,947	-	-	-	1,981,947
Corporate Bank Guarantee Commission						
Punj Lloyd Limited	-	3,105,616	-	-	-	3,105,616
Branding Fees						
Punj Lloyd Limited	-	-	-	-	-	-
Interest						
Punj Lloyd Limited	20,162,316	20,172,000	-	-	20,162,316	20,172,000
PLN Construction Limited	-	-	33,916,935	40,519,278	33,916,935	40,519,278
Spectra Punj Lloyd Limited	-	-	47,479,034	46,737,043	47,479,034	46,737,043
Punj Lloyd Industries Limited	-	-	699,359	726,000	699,359	726,000
Balance outstanding as at end of the year Receivable/(payable)						
Punj Lloyd Limited	(414,878,774)	(374,229,008)	-	-	(414,878,774)	(374,229,008)
PLN Construction Limited	-	-	(526,266,020)	(494,580,779)	(526,266,020)	(494,580,779)
Spectra Punj Lloyd Limited	-	-	(642,121,277)	(594,900,146)	(642,121,277)	(594,900,146)
Punj Lloyd Industries Limited	-	-	(6,229,423)	(6,600,000)	(6,229,423)	(6,600,000)
Corporate Guarantees given by Holding Company	540,416,645	552,113,869	-	-	540,416,645	552,113,869

35 As per Notification dated 30th March, 2017 details of Specified Bank Notes (SBN's) held & transacted during the period 8th November, 2016 to 30th December, 2016

(Amount in Rs.)

Paritulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	408,500	138	408,638
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	(408,500)	-	(408,500)
Closing Cash in hand as on 30.12.2016	-	**138**	**138**

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36 The Micro and Small Enterprises have been identified by the Company from the available information, which has been relied upon by the auditors. According to such identification, there were no dues to Micro and Small Enterprise that are reportable as per Micro, Small and Medium Enterprise Development Act, 2006 outstanding as at March 31, 2017.

As per our report of even date.

For **G. S. Mathur & Co**
Chartered Accountants
Firm registration number: 008744N

G.S. MATHUR & CO. A-160, Defence Colony New Delhi Chartered Accountants

per K. K. Gangopadhyay
Partner
Membership No. : 013442

Place: Gurgaon
Date: May 19, 2017

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

Chief Financial Officer

Director
DIN 07738410

Director
DIN 01417609