

LODHA DEVELOPERS INTERNATIONAL LIMITED

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

LODHA DEVELOPERS INTERNATIONAL LIMITED

CONTENTS	PAGES
CORPORATE INFORMATION	2
DIRECTORS' COMMENTARY	3
SECRETARY'S CERTIFICATE	4
INDEPENDENT AUDITOR'S REPORT	5 – 6
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11 – 25

LODHA DEVELOPERS INTERNATIONAL LIMITED**CORPORATE INFORMATION**

		Date of appointment	Date of resignation
DIRECTORS	:		
	Mr Denis Sek Sum	22 Nov 13	-
	Mr Fung Kong Yune Kim	22 Nov 13	-
	Mr Abhinandan Mangalprabhat Lodha	25 Nov 13	06 Oct 14
	Mr Abhisheck Mangalprabhat Lodha	25 Nov 13	16 Dec 13

REGISTERED OFFICE : St James Court – Suite 308
 St Denis Street
 Port Louis
 Republic of Mauritius

COMPANY SECRETARY: C/o First Island Trust Company Ltd
 St James Court – Suite 308
 St Denis Street
 Port Louis
 Republic of Mauritius

BANKER (1) : SBM Bank (Mauritius) Ltd
 Corporate office, State Bank Tower
 1 Queen Elizabeth II Avenue
 Port Louis
 Republic of Mauritius.

BANKER (2) : Barclays Bank PLC
 Barclays House, Victoria Street
 Douglas
 Isle of Man

AUDITOR : Qaiyoom Dustagheer FCCA, MIPA (M)
 Licensed Auditor
 St James Court – Suite 314
 St Denis Street
 Port Louis
 Republic of Mauritius

**LODHA DEVELOPERS INTERNATIONAL LIMITED
DIRECTORS' COMMENTARY
FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their commentary, together with the audited financial statements of **Lodha Developers International Limited** (the 'Company') for the year ended 31 March 2016.

PRINCIPAL ACTIVITY

The main business activity of the Company is to carry out real estate development and construction activity globally either directly or through its project subsidiaries. The primary focus of the Company is to undertake projects in developed markets like the US, UK and the Asian continents.

RESULTS AND DIVIDENDS

The results for the year are shown on page 7.

The directors did not recommend the payment of dividend for the year under review (2015: nil)

CHANGE OF NAME

On 13 January 2015, the Company changed name from Lodha Developers International (Mauritius) Limited to Lodha Developers International Limited.

CHANGE OF FUNCTIONAL CURRENCY

During the year, the Company changed its functional currency from the Great Britain Pound ("GBP") to the United States Dollars ("USD").

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's statement of financial position as at 31 March 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with the International Financial Reporting Standards (IFRS) as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and the Financial Reporting Act 2004.

The directors' responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that 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.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

BY ORDER OF THE BOARD

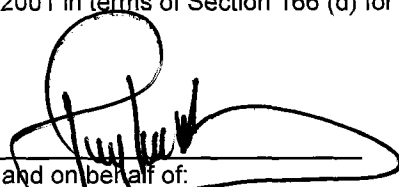


DIRECTOR

Date: 14 June 2016

**SECRETARY'S CERTIFICATE
FOR THE YEAR ENDED 31 MARCH 2016**

We certify that, to the best of our knowledge and belief, we have filed with the Registrar of Companies, all such returns as are required of **Lodha Developers International Limited** under the Mauritius Companies Act 2001 in terms of Section 166 (d) for the year ended 31 March 2016.



For and on behalf of:
First Island Trust Company Ltd
Corporate Secretary

Registered office:
St James Court – Suite 308
St Denis Street
Port Louis
Republic of Mauritius

Date: 14 June 2016

QAIYOOM DUSTAGHEER FCCA, MIPA(M)
SUITE 314, ST JAMES COURT, ST DENIS STREET, PORT LOUIS, REPUBLIC OF MAURITIUS
TEL: (230) 5448 6242 FAX: (230) 213 7844
EMAIL: qdustagheer@orange.mu

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

LODHA DEVELOPERS INTERNATIONAL LIMITED

Report on the financial statements

I have audited the financial statements of **Lodha Developers International Limited** ("the Company") on pages 7 to 25 which comprise the statement of financial position as at 31 March 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

As described on page 3, the Company's directors are responsible for the preparation and fair presentation of financial statements which are in accordance with the International Financial Reporting Standards (IFRS) as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and the Financial Reporting Act 2004 and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that 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 responsibilities

I am responsible for expressing an independent opinion, based on my audit, on the financial statements presented by the directors and reporting my opinion to you.

Basis of opinion

I conducted my audit in accordance with the International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable basis for my audit opinion.

Opinion

I have obtained all the information and explanations I have required.

In my opinion:

- (a) proper accounting records have been kept by the Company as far as it appears from my examination of those records; and
- (b) the financial statements on pages 7 to 25:
 - (i) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and the Financial Reporting Act 2004;
 - (ii) give a true and fair view of the matters to which they relate; and
 - (iii) present fairly the financial position of the Company at 31 March 2016 and its financial performance, changes in equity and cash flows for the year then ended.

QAIYOOM DUSTAGHEER FCCA, MIPA (M)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**LODHA DEVELOPERS INTERNATIONAL LIMITED (CONTINUED)****Emphasis of matter**

Without qualifying my opinion, I draw attention to Note 15 in the financial statements which indicates that, at 31 March 2016, the Company had shareholder's deficit of USD 1,241,586 (2015: USD 1,663,572). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends upon continued availability of debt facilities and funds being made available by the shareholders. The financial statements do not include any adjustments that would result from non-availability of finance.

As described in Note 16, the Company's holding company has pledged continuing financial support to the Company over the next twelve months. Accordingly, the financial statements have been prepared on a going concern basis

Other matter

This report is made solely to the Company's members, in accordance with section 205 of the Mauritius Companies Act 2001. My audit work has been undertaken so that I might state to the Company's members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company's members, for my audit work, for this report, or the opinions I have formed.

I have no relationship with, or any interests in, the Company other than in my capacity as auditor.



Qaiyoom Dustagheer FCCA, MIPA (M)
Licensed Auditor

Date: 14 June 2016

LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Note	01 Apr 2015 to 31 Mar 2016 USD	22 Nov 2013 to 31 Mar 2015 USD
Revenue			
Interest income		28,949,313	867,160
Unrealised foreign exchange gain		623,216	-
		<u>29,572,529</u>	<u>867,160</u>
Expenses			
Formation cost		-	1,492
Realised foreign exchange loss		-	241,843
Unrealised foreign exchange loss		-	164,760
Bank charges		5,622	915
Audit fees		3,500	2,358
Licence fees		2,110	2,071
Legal and professional fees		52,109	28,736
Tax filing fees		500	547
Administration fees		4,900	20,389
Interest expense		27,893,398	1,269,309
Premium on redemption of redeemable preference shares		-	777,107
Amortisation of bond transaction cost		1,177,218	31,098
Other expenses		86	209
Impairment loss		11,100	-
		<u>29,150,543</u>	<u>2,540,834</u>
Profit / (loss) before taxation		421,986	(1,673,674)
Income tax expense	5	-	-
Profit / (loss) for the year / period		421,986	(1,673,674)
Other comprehensive income for the year / period, net of taxation		-	-
Total comprehensive profit / (loss) for the year / period, net of taxation		421,986	(1,673,674)

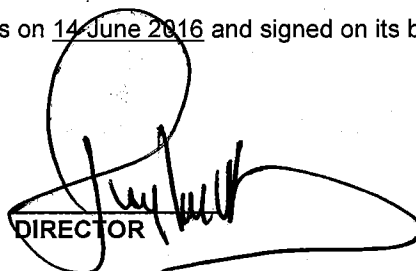
LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016 USD	2015 USD
ASSETS			
Non-current assets			
Investment in subsidiaries	6	10,130	21,230
Loan receivables	7	56,218,077	6,923,865
Investment in Compulsory Convertible Debenture	8	213,380,000	188,000,000
		<u>269,608,207</u>	<u>194,945,095</u>
Current asset			
Cash and cash equivalents	9	<u>5,702</u>	<u>3,924,656</u>
Total assets		<u>269,613,909</u>	<u>198,869,751</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	10	10,102	10,102
Accumulated losses		(1,251,688)	(1,673,674)
Total equity		<u>(1,241,586)</u>	<u>(1,663,572)</u>
Non-current liability			
Borrowings	11	<u>270,851,495</u>	<u>200,524,398</u>
Current liabilities			
Other payables	12	4,000	8,925
Current tax liabilities	5	-	-
		<u>4,000</u>	<u>8,925</u>
Total liabilities		<u>270,855,495</u>	<u>200,533,323</u>
Total equity and liabilities		<u>269,613,909</u>	<u>198,869,751</u>

Approved by the Board of Directors on 14 June 2016 and signed on its behalf by:



DIRECTOR



DIRECTOR

LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Stated capital USD	Accumulated losses USD	Total equity USD
Issue of shares	10,102	-	10,102
Loss for the period	-	(1,673,674)	(1,673,674)
Balance at 31 March 2015	<u>10,102</u>	<u>(1,673,674)</u>	<u>(1,663,572)</u>
Profit for the year	-	421,986	421,986
Balance at 31 March 2016	<u>10,102</u>	<u>(1,251,688)</u>	<u>(1,241,586)</u>

LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	01 Apr 2015 to 31 Mar 2016 USD	22 Nov 2013 to 31 Mar 2015 USD
OPERATING ACTIVITIES		
Profit / (loss) before taxation	421,986	(1,673,674)
<u>Adjustment for:</u>		
Interest income	(28,949,313)	(867,160)
Interest expense	27,893,398	1,269,309
Premium on redemption of redeemable preference shares	-	777,107
Amortisation of bond transaction cost	1,177,218	31,098
Realised foreign exchange loss	-	241,843
Impairment loss	11,100	-
<u>Working capital adjustments:</u>		
(Decrease) / increase in other payables	(4,925)	8,925
Net cash flows generated from / (used in) operating activities	549,464	(212,552)
INVESTING ACTIVITIES		
Loan granted to related parties	(50,155,576)	(19,893,378)
Loan repaid by related parties	4,288,871	13,293,568
Interest received from loan to related parties	-	543,105
Acquisition of investment in subsidiaries	-	(35,626)
Proceeds from disposal of subsidiaries	-	14,396
Investment in compulsory convertible debentures	-	(188,000,000)
Interest income from fixed deposit	1,000	-
Net cash flows used in investing activities	(45,865,705)	(194,077,935)
FINANCING ACTIVITIES		
Proceeds from issue of shares	-	10,102
Proceeds from borrowings	68,866,284	203,242,550
Repayment of loan - principal	(1,013,164)	(3,939,165)
Interest paid on loan	-	(80,471)
Interest paid on unsecured bond	(24,000,000)	-
Proceeds from issue of redeemable preference shares	-	15,734,190
Redemption of redeemable preference shares	-	(15,974,956)
Premium paid on redemption of redeemable preference shares	-	(777,107)
Payment of issue cost for unsecured bond	(2,455,833)	-
Net cash flows generated from financing activities	41,397,287	198,215,143
Net movement in cash and cash equivalents	(3,918,954)	3,924,656
Cash and cash equivalents at the beginning of the year / period	3,924,656	-
Cash and cash equivalents at the end of the year / period (Note 9)	5,702	3,924,656

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

1. LEGAL FORM AND PRINCIPAL ACTIVITY

The Company was incorporated under the Mauritius Companies Act 2001 on 22 November 2013 as a private Company with liability limited by shares. The Company has been granted a Global Business Licence Category 1 by the Financial Services Commission on 25 November 2013 and is regulated by the Financial Services Act 2007. The Company's registered office is C/o First Island Trust Company Ltd, St James Court – Suite 308, St Denis Street, Port Louis, Republic of Mauritius.

The main business activity of the Company is to carry out real estate development and construction activity globally either directly or through its project subsidiaries. The primary focus of the company is to undertake projects in developed markets like the US, UK and the Asian continents.

The financial statements for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 14 June 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and the Financial Reporting Act 2004.

Basis of accounting

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of its shareholder. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements of the Company are expressed in United States Dollar ("USD").

Management determines the functional currency of the Company to be USD. In making this judgement, management evaluates, among other factors, the regulatory and competitive environments and the fee and performance reporting structures of the Company and in particular, the economic environment of its investors.

Transactions and balances

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Investment in subsidiaries

A subsidiary is an entity in which the Company has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investment in subsidiaries are shown at cost and provision is only made where, in the opinion of the directors, there is a permanent diminution or impairment in value. Where there has been a permanent diminution or impairment in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

The Company has classified its financial assets as loan receivables and investment in 13.5% Compulsory Convertible Debentures.

Loan receivables

Loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Company's loan receivables comprise of loan given to related parties. Loan receivables are initially recognised at cost, which is the fair value of the cash given to originate the loan, including any transaction costs.

An allowance for credit losses is established if there is objective evidence that the Company will be unable to collect all amounts due on a claim according to the original contractual terms.

Investment in Compulsory Convertible Debentures

The Compulsory Convertible Debentures acquired by the Company are classified as investment in accordance with the substance of the contractual arrangements and the definitions of an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity instruments is an investment.

The conversion option classified as investment is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in investment, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as investment will remain in investment until the conversion option is exercised.

Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and its value in use. Impairment losses (if any) are recognised as an expense in the statement of profit or loss and other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise of balance with bank.

Equity

Stated capital is determined using the nominal values of shares that have been issued.

Accumulated losses include current and prior result as disclosed in the statement of profit or loss and other comprehensive income.

Other payables

Other payables are stated at their nominal value.

Borrowings

Borrowings are stated at proceeds received net of any capital repayments. Finance charges, including premiums payable on settlement or redemption, are accounted for on the accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Other financial liabilities

Other financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Interest income is recognised on the accrual basis unless collectibility is in doubt.

Expenses recognition

All expenses are accounted for in the profit or loss on the accruals basis.

Current and deferred income tax

The tax expense for the year comprises of current income tax. Tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Provisions

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

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Company has adopted all of the new and revised standard and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for this accounting year end. The adoption of these new and revised standards and interpretations has not resulted in any changes to the Company's accounting policies that would affect the amounts reported for the current or prior period.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

Standards	Interpretations	Date issued by IASB	Effective date periods beginning on or after
IFRS 15 Revenue from Contracts With Customers	Original issue	May 2014	01 January 2018
IFRS 9 Financial instruments	Finalised version	July 2014	01 January 2018
IFRS 16 Leases	Measurement, presentation & disclosure	January 2016	01 January 2019
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	Amendments to IAS 12	January 2016	01 January 2017
IAS 7 Statement of Cash Flow	Amendments as result of the Disclosure initiative	January 2016	01 January 2017

The directors anticipate that the adoption of these standards on the above effective dates in future years will have no material impact on the financial statements of the Company.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 2, the directors have made the following judgements that have the most effect on the amounts recognised in the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

5. INCOME TAX EXPENSE

The Company being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the Mauritian tax chargeable on its foreign source income.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

5. INCOME TAX EXPENSE (CONTINUED)

A reconciliation between the accounting profit / (loss) and the tax charge is as follows:

	01 Apr 15 to 31 Mar 2016 USD	22 Nov 13 to 31 Mar 2015 USD
Profit / (loss) before taxation	421,986	(1,673,674)
Expenses not allowable for tax purposes	11,100	166,252
Revenue that is exempt from taxation	(623,216)	-
Loss brought forward	(1,507,422)	-
Loss adjusted for tax purposes	(1,697,552)	(1,507,422)
Income tax expense calculated at 15%	(254,633)	(226,113)
<u>Effect of tax concessions:-</u>		
Foreign tax credit – 80%	203,706	180,891
Tax losses for which no deferred income tax asset was recognised	50,927	45,223
Income tax expense	-	-

6. INVESTMENT IN SUBSIDIARIES

	2016 USD	2015 USD
<u>Cost:-</u>		
At beginning of the year / period	21,230	-
Additions during the year / period	-	35,626
Disposal during the year / period	-	(14,396)
Impairment loss	(11,100)	-
At 31 March	10,130	21,230

Details of investments in subsidiaries are disclosed below:

Name of companies	Number of shares & par value	% Holding 2016 & 2015	Main business	Cost 2016 USD	Cost 2015 USD
<u>Unquoted:</u>					
Lodha Developers UK Ltd	4,750 shares of GBP 1 each	95 %	Support the developments of Lodha Companies by providing technical expertise through its employees	6,837	6,837
Lodha Developers International (Jersey III) Ltd	10,000 shares of GBP 1 each	100 %	Provide construction services to Lodha Group projects in the UK	3,293	14,393

The Company held 100% shareholding representing 2 shares of GBP 1 each in Lodha Developers International Jersey II Ltd. The Company also had 100% shareholding representing 10,000 shares of GBP 1 each in Lodha Developers International Jersey Ltd. These investments were disposed during the financial period ended 31 March 2015.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Company has taken advantage of the exemption provided by the Mauritius Companies Act 2001 allowing a wholly owned or virtually owned parent company holding a Category 1 Global Business Licence not to present consolidated financial statements. The financial statements are therefore separate financial statements which contain information about Lodha Developers International Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company's shareholder, Lodha Developers Private Limited, produces consolidated financial statements prepared in accordance with the Indian GAAP. The registered office of the parent company is 412, Floor-4, 17G Vardhaman Chamber, Cawasji Patel Road, Horniman Circle, Fort, Mumbai 400001.

7. LOAN RECEIVABLES

	2016 USD	2015 USD
Loans to related parties (Note 14)	<u>56,218,077</u>	<u>6,923,865</u>

The loan to related parties bears an interest rate of 14% per annum with a repayment terms of 5 to 7 years from the date the loan is disbursed.

8. COMPULSORY CONVERTIBLE DEBENTURE

	2016 USD	2015 USD
<u>Compulsory Convertible Debenture issued by:</u>		
Lodha Developers International Holdings Limited	188,000,000	188,000,000
Interest accrued	25,380,000	-
	<u>213,380,000</u>	<u>188,000,000</u>

Lodha Developers International Limited (the buyer) had subscribed to US\$ 188,000,000 principal amount of Zero Coupon Compulsory Convertible Debenture from Lodha Developers International Holdings Limited (the issuer) as per the agreement dated 13 March 2015. The terms and conditions of the original agreement have been amended as per a new agreement dated 18 May 2016. The debenture now represents a series of 13.5% Compulsory Convertible Compulsory Debenture of a par value of USD 1 each aggregating to USD 188,000,000 in principal amount issued to the Holder in connection with the issuance by the Holder's 12% Senior Notes due (2020) ("the notes") (Note 11).

(i) Interest

The Debenture shall bear interest at 13.5% per annum (2015: 0% per annum)

The debentures shall accrue interest at a rate of 13.5% P.A, which shall accrue on a day to day basis and shall be calculated on the basis of a year of 365 days and the actual number of days elapsed, with effect from 01 April 2015 following revised agreement dated 18 May 2016. Accrued interest, shall be capitalised on 31 March of each year through the maturity date.

(ii) Mandatory conversion

a) Compulsory Conversion on maturity date

The outstanding principal amount including capitalised interest of the Debentures shall automatically be converted without any further action by the holder into ordinary shares of the issuer at the conversion price then in effect. The conversion initially mean USD 1 per share. The conversion price is subject to adjustment as per paragraphs 2.4 (b) of the agreement. The ordinary shares of the issuer to be issued upon such conversion are referred to as "Conversion Shares".

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

8. COMPULSORY CONVERTIBLE DEBENTURE (CONTINUED)

ii) Mandatory conversion (continued)

b) Optional conversion or repurchase upon redemption of notes

If prior to the date of maturity, the holder shall repay or redeem, repurchase or retire any Notes, the issuer at its option may either repurchase a principal amount of debentures including capitalised interest on a pro rata basis to the principal amount of the notes being repaid or redeemed at the repurchase price equal to the principal amount of Debentures or convert a principal amount of Debentures on a pro rata basis to the principal amount of the notes being repaid or redeem into conversion shares at the conversion price then in effect.

- c) The Company can require the issuer to either (a) repurchase an aggregate principal amount of debentures and interest accrued at a repurchase price equal to the aggregate principal amount of debentures and interest accrued to be so repurchased or (b) convert an aggregate principal amount of debentures and interest accrued into Conversion Shares at the Conversion Price then in effect.

9. CASH AND CASH EQUIVALENTS

	2016 USD	2015 USD
Cash at bank	<u>5,702</u>	<u>3,924,656</u>

10. STATED CAPITAL

	2016 USD	2015 USD
10,102 ordinary shares of USD 1 each	<u>10,102</u>	<u>10,102</u>

11. BORROWINGS

	2016 USD	2015 USD
12 % Senior Notes	194,598,325	194,696,612
Interest payable on 12% Senior Notes	3,234	1,180,328
Loan and advances from related parties (Note 14)	76,249,936	4,647,458
	<u>270,851,495</u>	<u>200,524,398</u>

12% Senior Notes due 2020 (Unsecured bonds)

The Company have issued USD 200,000,000 12% Senior Notes on the Singapore Stock Exchange on 13 March 2015. The initial subscribers to the 12% Senior Notes are JP Morgan Securities PLC and CLSA Limited whereby each of them have subscribed to USD 66,667,000 Senior Notes and Barclays Bank PLC which have subscribed to USD 66,666,000 Senior Notes.

The Notes bears an interest rate of 12% per annum and are repayable on 13 March 2020. At 31 March 2016, the market value of the 12% Senior Notes was quoted at 97.50 on the Singapore Stock Exchange.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

11. BORROWINGS (CONTINUED)

12% Senior Notes due 2020 (Unsecured bonds) (Continued)

The details of the 12% Senior Notes are as follows:

- a) Initial guarantors
On issuance of the 12% Senior Notes, Lodha Developers Private Ltd, as the Parent guarantor, Palawa Dwellers Private Ltd and Lodha Crown Buildmart Private Ltd, as subsidiary guarantors and Lodha Developers International Holdings Ltd as a guarantor of the payment of the principal, interest and all other amount payable under the notes.
- b) Maturity date
The maturity date of the 12 % Senior Notes is 13 March 2020.
- c) Coupon rate
The coupon rate for the Senior Notes is 12%
- d) Interest payment dates
13 March and 13 September
- e) Net proceeds
The estimated net proceeds of the Offering after deducting the underwriting discounts, commissions and other estimated fees and expenses payable in connection with the issue of the unsecured bonds was approximately USD 195,300,000. Out the estimated net proceeds, USD 4,126,911 was used to repay in full loans provided to the Company by the parent guarantor and Lodha Crown, USD 2,908,254 was used to redeem all of the optionally convertible redeemable preference shares issued by the Company to the parent guarantor and to Lodha Crown Buildmart Private Ltd and the remaining amount to subscribe to 13.5% Compulsorily Convertible Debentures, convertible into equity shares of Lodha Developers International Holdings Limited (Note 8)
- f) Listing
The Notes is listed on the Singapore Exchange Securities Trading Limited.
- g) Ratings
The Notes have been provisionally rated "B1" by Moody's Investors Service and "B" by Fitch Ratings.

Loan and advance from related parties

Loan and advances from Pangea Holding Ltd bears an interest rate of 6% and loan from other related parties bears an interest rate of 14% with a repayment period of 5 to 7 years from the date the loan is disbursed.

12. OTHER PAYABLES

	2016 USD	2015 USD
Accrued expenses	<u>4,000</u>	<u>8,925</u>

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

A description of the significant risk factors is given below together with the risk management policies applicable.

In its ordinary operations, the Company is exposed to various risks such as market risks, credit risks and liquidity risks.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company has interest earning and interest bearing loans at fixed rate of interest and thus, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Consequently, the Company is exposed primarily to the risk that the exchange rate of United States Dollar ("USD") relative to Pound Sterling ("GBP") change in a manner that has a material effect on the reported values of the Company's liabilities that are denominated in Great Britain Pound ("GBP").

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the USD against the relevant foreign currency, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Company's equity (due to changes in the fair value of forward exchange contracts and net investment hedges).

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 5% change in foreign currency rates.

A positive number below indicates an increase in profit and other equity where the USD strengthens 5% against the GBP. For a 5% weakening of the USD against the GBP, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

Year	Increase /decrease in foreign exchange rate	Effect on profit before tax USD	Effect on equity USD
2016			
GBP	+5%	1,001,529	1,001,529
GBP	-5%	(1,001,529)	(1,001,529)

Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions only with its related parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Company's main credit risks are the amounts receivable from related parties and the amount receivable from the investment in the 13.5% Compulsory Convertible Debenture. The bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities. The table below illustrates the aged analysis of the Company's financial liabilities.

	Less than 1 year 2016 USD	More than 1 year 2016 USD	Total 2016 USD
Borrowings (Note 11)	-	270,851,495	270,851,495
Other payables (Note 12)	4,000	-	4,000
	<u>4,000</u>	<u>270,851,495</u>	<u>270,855,495</u>
	Less than 1 year 2015 USD	More than 1 year 2015 USD	Total 2015 USD
Borrowings (Note 11)	-	200,524,398	200,524,398
Other payables (Note 12)	8,925	-	8,925
	<u>8,925</u>	<u>200,524,398</u>	<u>200,533,323</u>

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2016 USD	Financial liabilities 2016 USD	Financial assets 2015 USD	Financial liabilities 2015 USD
<u>Denominated in:</u>				
Pound Sterling ("GBP")	56,223,350	76,253,936	10,848,521	3,641,705
United States Dollar ("USD")	213,380,429	194,601,559	188,000,000	196,891,618
	<u>269,603,779</u>	<u>270,855,495</u>	<u>198,848,521</u>	<u>200,533,323</u>

The financial assets exclude investment in subsidiaries amounting to USD 10,130 (2015: USD 21,230).

Fair values of financial assets and liabilities

The carrying amounts of loan receivables, cash and cash equivalents, borrowings and other payables approximate their fair values.

Capital risk management

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk management (continued)

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is financed by loan and equity.

14. RELATED PARTIES TRANSACTIONS

The following transactions were carried out with the related parties below on normal commercial terms and conditions and at market prices:

LOAN RECEIVABLES

Loan to related parties (companies having common parent):

	2016 USD	2015 USD
(i) Lodha Developers 1GSQ Ltd		
At the beginning of the year / period	2,016	-
Loan granted during the year / period	-	2,016
Loan repaid during the year / period	(2,016)	-
At 31 March	<u>-</u>	<u>2,016</u>
(ii) Lodha Developers UK Ltd		
At the beginning of the year / period	1,471,380	-
Loan granted during the year / period	18,418,183	1,356,268
Loan repaid during the year / period	(3,615,013)	-
Interest receivable	288,240	125,958
Unrealised foreign exchange loss	(98,571)	(10,846)
At 31 March	<u>16,464,219</u>	<u>1,471,380</u>
(iii) Lodha Developers International (Jersey) III Ltd		
At the beginning of the year / period	4,286,789	-
Loan granted during the year / period	21,268,952	5,262,023
Loan repaid during the year / period	(434,637)	-
Interest receivable	2,204,790	172,583
Loan re-assigned to (iv)	-	(1,132,954)
Unrealised foreign exchange loss	(1,009,830)	(14,863)
At 31 March	<u>26,361,064</u>	<u>4,286,789</u>

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

14. RELATED PARTIES TRANSACTIONS (CONTINUED)

(iv) Lodha Developers Dorset Close Ltd

At the beginning of the year / period	1,163,680	-
Loan granted during the year / period	74,264	7,409
Loan repaid during the year / period	(237,205)	-
Interest receivable	144,350	25,514
Loan re-assigned from (iii)	-	1,132,954
Unrealised foreign exchange loss	(21,933)	(2,197)

At 31 March	1,123,156	1,163,680
-------------	-----------	-----------

(v) Lodha Developers 48CS Ltd

At the beginning of the year / period	-	-
Loan granted during the year / period	-	13,293,568
Interest receivable	-	543,105
Loan repayment during the year / period	-	(13,836,673)

At 31 March	-	-
-------------	---	---

(vi) Lodha Developers Jersey I Holding Ltd

At the beginning of the year / period	-	-
Loan granted during the year / period	4,705,943	-
Interest receivable	392,683	-
Unrealised foreign exchange loss	(330,561)	-

	4,768,065	-
--	-----------	---

(vii) Lodha Developers International Holdings Limited

At the beginning of the year transferred from loan payable	(1,005,753)	-
Loan granted during the year	8,705,268	-
Interest payable	(140,805)	-
Interest receivable	538,250	-
Unrealised foreign exchange loss	(550,387)	-

At 31 March	7,546,573	-
-------------	-----------	---

Total loan receivable as at 31 March (Note 7)	56,218,077	6,923,865
--	-------------------	------------------

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

14. RELATED PARTIES TRANSACTIONS (CONTINUED)

BORROWINGS

Loan and advances from related parties (companies having common parent):

	2016 USD	2015 USD
(i) Lodha Developers Jersey1 GSQ Ltd		
At the beginning of the year / period	7,411	-
Loan received during the year / period	-	7,411
Loan repaid during the year / period	(7,411)	-
At 31 March	-	7,411
(ii) Lodha Developers Private Ltd		
At the beginning of the year / period	3,634,294	-
Loan received during the year / period	3,205,363	3,631,537
Interest payable	863,776	2,757
Unrealised exchange gain	(304,962)	-
At 31 March	7,398,471	3,634,294
(iii) Lodha Developers International Holdings Ltd		
At the beginning of the year / period	1,005,753	-
Loan received during the year / period	-	1,000,000
Interest payable	140,805	5,753
Loan payable offset against loan receivable (page 22(vii))	(1,146,558)	-
At 31 March	-	1,005,753
(iv) Lodha Developers Private Ltd		
At the beginning of the year / period	-	-
Loan received during the year / period	-	3,471,176
Interest payable	-	52,775
Loan repaid during the year / period	-	(3,525,028)
Realised foreign exchange loss	-	1,077
At 31 March	-	-
(v) Lodha Crown Buildmart Private Ltd		
At the beginning of the year / period	-	-
Loan received during the year / period	-	466,912
Interest payable	-	27,696
Loan repaid during the year / period	-	(494,608)
At 31 March	-	-

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

14. RELATED PARTIES TRANSACTIONS (CONTINUED)

BORROWINGS (CONTINUED)

Loan and advances from related parties (companies having common parent): (continued)

	2016 USD	2015 USD
(vi) Lodha Impression Real Estate Private Ltd		
At the beginning of the year / period	-	-
Loan received during the year / period	572,715	-
Interest payable	27,665	-
Unrealised foreign exchange gain	(32,989)	-
At 31 March	<u>567,391</u>	<u>-</u>
(vii) Palawa Dwellers Private Ltd		
At the beginning of the year / period	-	-
Loan received during the year / period	62,491,381	-
Interest payable	2,648,998	-
Unrealised foreign exchange gain	(1,901,172)	-
At 31 March	<u>63,239,207</u>	<u>-</u>
(viii) Pangea Holdings Ltd		
At the beginning of the year / period	-	-
Loan received during the year / period	5,258,721	-
Interest payable	208,919	-
Unrealised foreign exchange gain	(422,773)	-
At 31 March	<u>5,044,867</u>	<u>-</u>
<u>Redemption of redeemable preferences shares:</u>		
(ix) Lodha Developers Private Ltd		
At the beginning of the year / period	-	-
Issue of redeemable preference shares	-	13,488,566
Premium on redemption of redeemable preference shares	-	570,628
Redemption of redeemable preference shares	-	(14,073,295)
Realised foreign exchange loss	-	14,101
At 31 March	<u>-</u>	<u>-</u>
(x) Lodha Crown Buildmart Private Ltd		
At the beginning of the period	-	-
Issue of redeemable preference shares	-	2,245,624
Premium on redemption of redeemable preference shares	-	206,479
Redemption of redeemable preference shares	-	(2,678,768)
Realised foreign exchange loss	-	226,665
At 31 March	<u>-</u>	<u>-</u>
Total loan payable as at 31 March (Note 11)	<u>76,249,936</u>	<u>4,647,458</u>

**LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

15. BASIS OF PREPARING THE FINANCIAL STATEMENTS

As at 31 March 2016, the Company had a shareholder's deficit of USD 1,241,586.

The financial statements have been prepared on the going concern basis that assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends upon the continued support of the shareholders.

The directors are of the opinion that this support will be forthcoming in the next twelve months. They therefore, believe that it is appropriate for the financial statements to be prepared on a going concern basis

16. CONTINUING FINANCIAL SUPPORT

The holding company has confirmed its intention to provide continuing financial support to the Company so as to enable the Company to continue operating in the foreseeable future. Accordingly, the directors have prepared the financial statements on a going concern basis.

17. HOLDING COMPANY

The directors regard Lodha Developers Private Limited, a company incorporated in India as the holding company.

18. COMPARATIVES

The comparatives are for the period from 22 November 2013 to 31 March 2015. Therefore, the comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and related notes are not comparative.

19. CHANGE IN CURRENCY

The board considered appropriate to change the functional currency from the GBP to the USD because majority of the funds are now being raised in the USD.

20. EVENTS AFTER THE REPORTING DATE

There has been no post material reporting events which would require disclosure or adjustment to the 31 March 2016 financial statements.