

LODHA DEVELOPERS INTERNATIONAL LIMITED

**AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 22 NOVEMBER 2013
(DATE OF INCORPORATION) TO
31 MARCH 2015**

LODHA DEVELOPERS INTERNATIONAL LIMITED

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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 PERIOD FROM 22 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 MARCH 2015

The directors present their commentary, together with the audited financial statements of **Lodha Developers International Limited** (the 'Company') for the period from 22 November 2013 (date of incorporation) to 31 March 2015.

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 period are shown on page 7.

The directors did not recommend the payment of dividend for the period under review.

CHANGE OF NAME

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

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 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the period 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



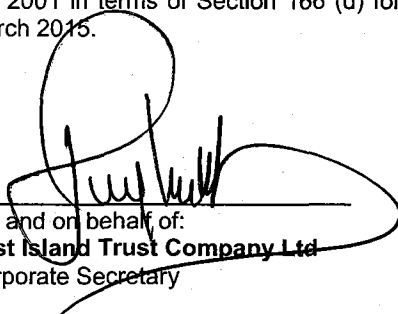
DIRECTOR

Date: **28 MAY 2015**

SECRETARY'S CERTIFICATE

FOR THE PERIOD FROM 22 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 MARCH 2015

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 period from 22 November 2013 (date of incorporation) to 31 March 2015.



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: **28 MAY 2015**

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 24 which comprise the statement of financial position as at 31 March 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the period 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 24:
 - (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 2015 and its financial performance, changes in equity and cash flows for the period then ended.

QAIYOOM DUSTAGHEER FCCA, MIPA (M)

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

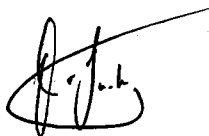
Without qualifying my opinion, I draw attention to Note 15 in the financial statements which indicates that, at 31 March 2015, the Company had shareholder's deficit of GBP 1,116,886. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's 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: **28 MAY 2015**

LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 22 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 MARCH 2015

	Note	22 Nov 2013 to 31 Mar 2015 GBP
Revenue		
Interest income		<u>534,644</u>
Expenses		
Formation cost		920
Realised foreign exchange loss		149,107
Unrealised foreign exchange loss		122,487
Bank charges		564
Audit fees		1,454
Licence fees		1,277
Legal and professional fees		17,717
Tax filing fees		337
Administration fees		12,571
Interest expense		851,064
Premium on redemption of redeemable preference shares		479,122
Other expenses		21,093
		<u>1,657,713</u>
Loss before taxation		(1,123,069)
Income tax expense	5	-
Loss for the period		<u>(1,123,069)</u>
Other comprehensive income for the period, net of taxation		-
Total comprehensive loss for the period, net of taxation		<u>(1,123,069)</u>

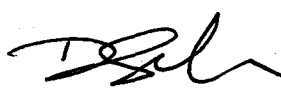
The notes on pages 11 to 24 form an integral part of these financial statements.
Auditor's report is on pages 5 and 6.

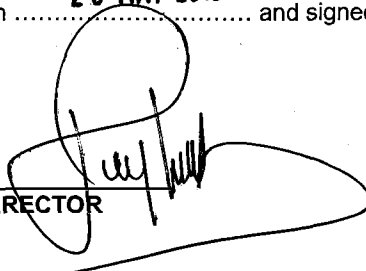
LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2015 GBP
ASSETS		
Non-current assets		
Investment in subsidiaries	6	14,750
Loan receivables	7	4,671,154
Investment in Zero Coupon Compulsory Convertible Debenture	8	126,736,731
		<u>131,422,635</u>
Current assets		
Cash and cash equivalents	9	<u>2,647,304</u>
Total assets		<u>134,069,939</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	10	6,183
Accumulated losses		(1,123,069)
Total equity		<u>(1,116,886)</u>
Non-current liability		
Borrowings	11	<u>135,180,805</u>
Current liabilities		
Other payables	12	6,020
Current tax liabilities	5	-
		<u>6,020</u>
Total liabilities		<u>135,186,825</u>
Total equity and liabilities		<u>134,069,939</u>

28 MAY 2015

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


 DIRECTOR


 DIRECTOR

The notes on pages 11 to 24 form an integral part of these financial statements.
 Auditor's report is on pages 5 and 6.

LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 22 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 MARCH 2015

	Stated capital GBP	Accumulated losses GBP	Total equity GBP
Issue of shares	6,183	-	6,183
Loss for the period	-	(1,123,069)	(1,123,069)
Balance at 31 March 2015	<u>6,183</u>	<u>(1,123,069)</u>	<u>(1,116,886)</u>

The notes on pages 11 to 24 form an integral part of these financial statements.
Auditor's report is on pages 5 and 6.

LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 22 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 MARCH 2015

22 Nov 2013
to 31 Mar 2015
GBP

OPERATING ACTIVITIES

Loss before taxation	(1,123,069)
Adjustment for:	
Interest income	(534,644)
Interest expense	851,064
Premium on redemption of redeemable preference shares	479,122
Amortisation of transaction cost	20,965
Realised foreign exchange loss	149,107

Working capital adjustments:

Increase in other payables	6,020
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Net cash flows used in operating activities **(151,435)**

INVESTING ACTIVITIES

Loan granted to related parties	(13,471,360)
Loan repaid by related party	9,000,000
Interest received	334,849
Investment in subsidiaries	(14,750)
Investment in convertible debentures	(126,736,731)

Net cash flows used in investing activities **(130,887,992)**

FINANCING ACTIVITIES

Proceeds from issue of shares	6,183
Proceeds from borrowings	137,015,224
Repayment of loan - principal	(2,657,476)
Interest paid on repayment of loan	(49,635)
Proceeds from issue of redeemable preference shares	10,615,000
Redemption of redeemable preference shares	(10,763,443)
Premium paid on redemption of redeemable preference shares	(479,122)

Net cash flows generated from financing activities **133,686,731**

Net movement in cash and cash equivalents **2,647,304**

Cash and cash equivalents at the beginning of the period

-

Cash and cash equivalents at the end of the period **2,647,304**

The notes on pages 11 to 24 form an integral part of these financial statements.
Auditor's report is on pages 5 and 6.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 22 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 MARCH 2015

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 period ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 28 MAY 2015.

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 Pound Sterling ("GBP").

Management determines the functional currency of the Company to be GBP. 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 GBP 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 period-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 period 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 PERIOD FROM 22 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial assets

The Company has classified its financial assets as loan receivables and investment in Zero Coupon 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 Zero Coupon Compulsory Convertible Debentures

The investment in Zero Coupon Compulsory Convertible Debentures is carried at its nominal value as it does not have any fixed repayment date.

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 balance with bank.

Equity

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

Accumulated losses include current 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 period 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 period.

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.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 22 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Current and deferred income tax

The tax expense for the period 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 period, 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 period 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 period.

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 11 Joint arrangements	Amendments regarding the accounting for acquisitions of an interest in a joint operation	May 2014	01 January 2016
IAS 16 & IAS 38 PPE & Intangible assets	Revaluation method – proportionate restatement of accumulated amortization	May 2014	01 January 2016

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 22 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 MARCH 2015

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

Standards	Interpretations	Date issued by IASB	Effective date periods beginning on or after
IAS 16 & IAS 41 PPE & Agriculture	Amendments bringing bearer plants into the scope of IAS 16	June 2014	01 January 2016
IAS 27 Separate Financial Statements	Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	August 2014	01 January 2016
IFRS 10 & IAS 28 Consolidated Financial Statements & Investment in associates	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	September 2014	01 January 2016
IFRS 15 Revenue from Contracts With Customers	Original issue	May 2014	01 January 2017
IFRS 9 Financial instruments	Finalised version	July 2014	01 January 2018
IFRS 10 & IAS 28 Consolidated Financial Statements & Investment in associates	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	September 2014	01 January 2016
IAS 1 Presentation of Financial Statements	Disclosure Initiative	December 2014	01 January 2016
Annual Improvements 2012-2014:			
• IFRS 5 <i>Non-current Assets held for sale and discontinued operations</i>	Changes in method of disposal	September 2014	01 January 2016
• IFRS 7 <i>Financial Instruments: Disclosures</i>	Amendments to condensed interim financial statements	September 2014	01 January 2016
• IFRS 19 <i>Employee benefits</i>	Discount rate: regional market issue	September 2014	01 January 2016
• IFRS 34 <i>Interim Financial Reporting</i>	Disclosure of information elsewhere in the interim financial report	September 2014	01 January 2016

The directors anticipate that the adoption of these standards on the above effective dates in future periods 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.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 22 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 MARCH 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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 GBP.

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. A reconciliation between the accounting loss and the tax charge is as follows:

	22 Nov 13 to 31 Mar 2015 GBP
Loss before taxation	(1,123,069)
Expenses disallowed for tax purposes	123,407
Loss adjusted for tax purposes	(999,662)
Income tax expense calculated at 15%	(149,949)
<u>Effect of tax concessions:-</u>	
Foreign tax credit – 80%	119,959
Tax losses for which no deferred income tax asset was recognised	29,990
Income tax expense	-

6. INVESTMENT IN SUBSIDIARIES

	2015 GBP
<u>Cost:-</u>	
At beginning of the period	-
Additions during the period	24,752
Disposal during the period	(10,002)
At 31 March	14,750

Details of investments in subsidiaries are disclosed on page 16

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 22 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 MARCH 2015

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of companies	Number of shares & par value	% Holding 2015	Main business	Cost 2015 GBP
Unquoted:				
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	4,750
Lodha Developers International Jersey III Ltd	10,000 shares of GBP 1 each	100 %	Provide construction services to Lodha Group projects in the UK	10,000

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 have been disposed during the period under review.

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

	2015 GBP
Loans to related parties (Note 14)	<u>4,671,154</u>

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

8. ZERO COUPON COMPULSORY CONVERTIBLE DEBENTURE

	2014 GBP
Zero Coupon Compulsory Convertible Debenture - Lodha Developers International Holdings Limited	<u>126,736,731</u>

Lodha Developers International Limited (the buyer) has subscribed 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 debenture represent a series of Zero Coupon 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 zero per cent (0%) per annum.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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8. ZERO COUPON COMPULSORY CONVERTIBLE DEBENTURE (CONTINUED)

(ii) Mandatory conversion

a) Compulsory Conversion on maturity date

The outstanding principal amount 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".

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 on a pro rata basis to the principal amount of the notes being repaid or redeem 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.

9. CASH AND CASH EQUIVALENTS

	2015 GBP
Cash at bank	<u>2,647,304</u>

10. STATED CAPITAL

	2015 GBP
10,102 ordinary shares of USD 1 each	<u>6,183</u>

11. BORROWINGS

	2015 GBP
12 % Senior Notes	131,250,245
Accrued interest payable on 12% Senior Notes	795,690
Loan and advances from related parties (Note 14)	3,134,870
	<u>135,180,805</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 2015, the market value of the 12% Senior Notes was quoted at 98.459 on the Singapore Stock Exchange.

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11. BORROWINGS (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 will be approximately USD 195,000,000. Out the estimated net proceeds, USD 4,000,000 is to repay in full loans provided to the Company by the parent guarantor and Lodha Crown, USD 3,000,000 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 Zero Coupon 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 "Ba3" by Moody's Investors Service and "B+" by Fitch Ratings.

Loan and advance from related parties

Loan and advances from related parties bears an interest rate of 14% with a repayment period of 5 years from the date the loan is disbursed.

Loan repayment

The Company was granted GBP 2,341,813 from Lodha Developers Private Ltd and GBP 315,000 from Lodha Crown Buildmart Private Ltd.

The Company repaid in full the principal amount together with interest amounting to GBP 2,375,035 and GBP 332,076 to Lodha Developers Private Ltd and Lodha Crown Buildmart Private Ltd respectively.

Redemption of redeemable preference shares

During the period, the Company issued 14,947,660 and 2,522,616 redeemable preference shares at par value of USD 1 each to Lodha Developers Private Ltd and Lodha Crown Buildmart Ltd respectively.

The Company decided to redeem at a return of 14% all of its redeemable preferences shares from the proceeds received from issue of the 12% Senior Notes.

During the period under review the Company repaid in full the principal amount together with interest in equivalent GBP amounting to GBP 9,460,512 and GBP 1,782,053 to Lodha Developers Private Ltd and Lodha Crown Buildmart Private Ltd respectively.

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12. OTHER PAYABLES

	2015 GBP
Accrued expenses	<u>6,020</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

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 Pound Sterling ("GBP") relative to United States Dollar ("USD") may change in a manner that has a material effect on the reported values of the Company's liabilities that are denominated in United States Dollar ("USD").

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the GBP 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 USD. For a 5% weakening of the GBP against the USD, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

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13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency sensitivity analysis (continued)

Year	Increase /decrease in foreign exchange rate	Effect on profit before tax GBP	Effect on equity GBP
2015			
USD	+5%	270,494	270,494
USD	-5%	(270,494)	(270,494)

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 Zero Coupon Compulsory Convertible Debenture. The bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

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 2015 GBP	More than 1 year 2015 GBP	Total 2015 GBP
Borrowings (Note 11)	-	135,180,805	135,180,805
Other payables (Note 12)	6,020	-	6,020
	<u>6,020</u>	<u>135,180,805</u>	<u>135,186,825</u>

Currency profile

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

Denominated in:	Financial assets 2015 GBP	Financial liabilities 2015 GBP
Pound Sterling ("GBP")	6,736,903	2,458,650
United States Dollar ("USD")	127,318,286	132,728,175
	<u>134,055,189</u>	<u>135,186,825</u>

The financial assets exclude investment in subsidiaries amounting to GBP 14,750 as at 31 March 2015.

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13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair values of financial assets and liabilities

The carrying amounts of other financial assets, 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.

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:

**2015
GBP**

(i) Lodha Developers Jersey II Ltd

At the beginning of the period
Loan granted during the period

-
1,360

At 31 March

1,360

(ii) Lodha Developers UK Ltd

At the beginning of the period
Loan granted during the period
Interest receivable

-
915,000
77,660

At 31 March

992,660

(iii) Lodha Developers International Jersey III Ltd

At the beginning of the period
Loan granted during the period
Interest receivable
Loan re-assigned to (iv) on page 22

-
3,550,000
106,405
(764,342)

At 31 March

2,892,063

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13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair values of financial assets and liabilities

The carrying amounts of other financial assets, 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.

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.

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LOAN RECEIVABLES

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-
1,360

At 31 March

1,360

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Loan granted during the period
Interest receivable

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915,000
77,660

At 31 March

992,660

(iii) Lodha Developers International Jersey III Ltd

At the beginning of the period
Loan granted during the period
Interest receivable
Loan re-assigned to (iv) on page 22

-
3,550,000
106,405
(764,342)

At 31 March

2,892,063

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14. RELATED PARTIES TRANSACTIONS (CONTINUED)

<u>Loan to related parties (Continued):</u>	2015 GBP
(iv) Lodha Developers Dorset Close Ltd	
At the beginning of the period	-
Loan granted during the period	5,000
Interest receivable	15,729
Loan re-assigned from (iii) on page 21	764,342
At 31 March	<u>785,071</u>
(v) Lodha Developers 48CS Ltd	
At the beginning of the period	-
Loan granted during the period	9,000,000
Interest receivable	334,849
Loan repayment	(9,334,849)
At 31 March	<u>-</u>
Total loan receivable as at 31 March (Note 7)	<u>4,671,154</u>

BORROWINGS

<u>Loan and advances from related parties:</u>	2015 GBP
(i) Lodha Developers Jersey II Ltd	
At the beginning of the period	-
Loan received during the period	5,000
At 31 March	<u>5,000</u>
(ii) Lodha Developers Private Ltd	
At the beginning of the period	-
Loan received during the period	2,450,000
Interest payable	1,860
At 31 March	<u>2,451,860</u>
(iii) Lodha Developers International Holdings Ltd	
At the beginning of the period	-
Loan received during the period	674,131
Interest payable	3,879
At 31 March	<u>678,010</u>

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14. RELATED PARTIES TRANSACTIONS (CONTINUED)

Loan and advances from related parties (Continued):

2015
GBP

(iv) Lodha Developers Private Ltd

At the beginning of the period	-
Loan received during the period	2,341,813
Interest payable	32,558
Loan repaid	(2,375,035)
Realised foreign exchange loss	664
At 31 March	-

(iv) Lodha Crown Buildmart Private Ltd

At the beginning of the period	-
Loan received during the period	315,000
Interest payable	17,076
Loan repaid	(332,076)
At 31 March	-

Redemption of redeemable preference shares:

(v) Lodha Developers Private Ltd

At the beginning of the period	-
Issue of redeemable preference shares	9,100,000
Premium on redemption of redeemable preference shares	351,818
Redemption of redeemable preference shares	(9,460,512)
Realised foreign exchange loss	8,694
At 31 March	-

(vi) Lodha Crown Buildmart Private Ltd

At the beginning of the period	-
Issue of redeemable preference shares	1,515,000
Premium on redemption of redeemable preference shares	127,304
Redemption of redeemable preference shares	(1,782,053)
Realised foreign exchange loss	139,749
At 31 March	-

Total loan payable as at 31 March (Note 11)

3,134,870

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15. BASIS OF PREPARING THE FINANCIAL STATEMENTS

As at 31 March 2015, the Company had a shareholder's deficit of GBP 1,116,886.

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. EVENTS AFTER THE REPORTING DATE

There has been no post material reporting events which would require disclosure or adjustment to the 31 March 2015 financial statements.

19. COMPARATIVES

There are no comparatives as these are the first financial statements prepared by the Company since its incorporation in the Republic of Mauritius on 22 November 2013.