

LODHA DEVELOPERS INTERNATIONAL LIMITED

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

LODHA DEVELOPERS INTERNATIONAL LIMITED

CONTENTS	PAGES
CORPORATE INFORMATION	2
DIRECTORS' COMMENTARY	3
SECRETARY'S CERTIFICATE	4
INDEPENDENT AUDITOR'S REPORT	5 – 7
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12 – 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	19 Jul 16
	Mrs Bibi Mehnaz Abdool Rassool	19 Jul 16	-
	Mrs Dineshwaree Varsha Ramphul- Ausgarallee (Alternate to Mrs Bibi Mehnaz Abdool Rassool)	15 May 17	-
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	:		
	SBM Bank (Mauritius) Ltd Corporate office, State Bank Tower 1 Queen Elizabeth II Avenue Port Louis Republic of Mauritius		
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 2017**

The directors present their commentary, together with the audited financial statements of **Lodha Developers International Limited** (the 'Company') for the year ended 31 March 2017.

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 8.

The directors did not recommend the payment of dividend for the year under review (2016: nil)

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 2017, 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: **17 JUL 2017**

**SECRETARY'S CERTIFICATE
FOR THE YEAR ENDED 31 MARCH 2017**

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 2017.



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: **17 JUL 2017**

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 Audit of the Financial Statements

Opinion

I have audited the financial statements of **Lodha Developers International Limited** (the "Company"), which comprise the statement of financial position as at 31 March 2017 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 25.

In my opinion, these financial statements give a true and fair view of the financial position of **Lodha Developers International Limited** as at 31 March 2017 and of its financial performance and cash flows for the year then ended 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 in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (IESBA Code), and I have fulfilled my other ethical responsibilities in accordance with the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' commentary and Secretary's Certificate. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBER OF LODHA DEVELOPERS INTERNATIONAL LIMITED (CONTINUED)****Report on the Audit of the Financial Statements (Continued)****Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Other Matter

This report is made solely to the Company's members, in accordance with Section 205 of the Mauritius Companies Act. My audit work has been undertaken so that I might state to the Company's members those matters that I am required to state 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 and the Company's members, for my audit work, for this report, or for the opinions I have formed.

QAIYOOM DUSTAGHEER FCCA, MIPA(M)

INDEPENDENT AUDITOR'S REPORT

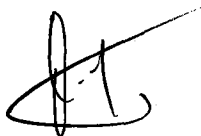
TO THE MEMBERS OF LODHA DEVELOPERS INTERNATIONAL LIMITED (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Report on Other Legal and Regulatory Requirements

The Mauritius Companies Act 2001 requires that in carrying out my audit I consider and report to you on the following matters. I confirm that:

- (a) I have no relationship with or interests in the Company other than in my capacity as auditor;
- (b) I have obtained all the information and explanations I have required; and
- (c) In my opinion, proper accounting records have been kept by the Company as far as it appears from my examination of those records.



Qaiyoom Dustagheer FCCA, MIPA (M)
Licensed by the FRC

Date: **17 JUL 2017**

LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 USD	2016 USD
Revenue			
Interest income		38,079,280	28,949,313
Unrealised foreign exchange gain		2,991,958	623,216
		<u>41,071,238</u>	<u>29,572,529</u>
Expenses			
Bank charges		10,115	5,622
Audit fees		3,800	3,500
Licence fees		2,110	2,110
Legal and professional fees		89,396	52,109
Tax filing fees		500	500
Administration fees		13,100	4,900
Interest expense		36,404,956	27,893,398
Amortisation of bond transaction cost		1,317,834	1,177,218
Other expenses		-	86
Impairment loss		-	11,100
		<u>37,841,811</u>	<u>29,150,543</u>
Profit before taxation		3,229,427	421,986
Income tax expense	5	-	-
Profit for the year		<u>3,229,427</u>	<u>421,986</u>
Other comprehensive income for the year, net of taxation		-	-
Total comprehensive income for the year, net of taxation		<u>3,229,427</u>	<u>421,986</u>

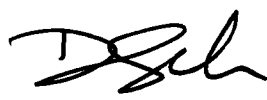
The notes on pages 12 to 25 form an integral part of these financial statements.
Auditor's report is on pages 5 to 7.

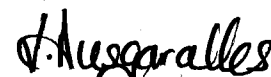
LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 USD	2016 USD
ASSETS			
Non-current assets			
Investment in subsidiaries	6	10,130	10,130
Loan receivables	7	95,414,639	56,218,077
Investment in Compulsory Convertible Debenture	8	242,186,300	213,380,000
		<u>337,611,069</u>	<u>269,608,207</u>
Current assets			
Other receivables	9	42,111	-
Cash and cash equivalents	10	10,734	5,702
		<u>52,845</u>	<u>5,702</u>
Total assets		<u>337,663,914</u>	<u>269,613,909</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	11	10,102	10,102
Accumulated reserves		1,977,739	(1,251,688)
Total equity		<u>1,987,841</u>	<u>(1,241,586)</u>
Non-current liability			
Borrowings	12	335,661,723	270,851,495
Current liabilities			
Other payables	13	14,350	4,000
Current tax liabilities	5	-	-
		<u>14,350</u>	<u>4,000</u>
Total liabilities		<u>335,676,073</u>	<u>270,855,495</u>
Total equity and liabilities		<u>337,663,914</u>	<u>269,613,909</u>

17 JUL 2017

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


 DIRECTOR


 DIRECTOR

LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Stated capital USD	Accumulated reserves USD	Total equity USD
Balance as at 01 April 2015	10,102	(1,673,674)	(1,663,572)
Profit for the period	-	421,986	421,986
Balance as at 31 March 2016	<u>10,102</u>	<u>(1,251,688)</u>	<u>(1,241,586)</u>
Profit for the year	-	3,229,427	3,229,427
Balance as at 31 March 2017	<u>10,102</u>	<u>1,977,739</u>	<u>1,987,841</u>

The notes on pages 12 to 25 form an integral part of these financial statements.
Auditor's report is on pages 5 to 7.

LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	2017 USD	2016 USD
OPERATING ACTIVITIES		
Profit before taxation	3,229,427	421,986
<u>Adjustment for:</u>		
Interest income	(38,079,280)	(28,949,313)
Interest expense	36,404,956	27,893,398
Amortisation of bond transaction cost	1,317,834	1,177,218
Unrealised foreign exchange gain	(2,991,958)	-
Impairment loss	-	11,100
<u>Working capital adjustments:</u>		
Increase in other receivables	(42,111)	-
Increase / (decrease) in other payables	10,350	(4,925)
Net cash flows (used in) / generated from operating activities	<u>(150,781)</u>	<u>549,464</u>
INVESTING ACTIVITIES		
Loan granted to related parties	(49,246,257)	(50,155,576)
Loan repaid by related parties	25,053,270	4,288,871
Interest income from fixed deposit	-	1,000
Net cash flows used in investing activities	<u>(24,192,987)</u>	<u>(45,865,705)</u>
FINANCING ACTIVITIES		
Proceeds from borrowings	62,891,519	68,866,284
Repayment of loan	(14,551,961)	(1,013,164)
Interest paid on unsecured bond	(24,000,000)	(24,000,000)
Payment of issue cost for unsecured bond	-	(2,455,833)
Net cash flows generated from financing activities	<u>24,339,558</u>	<u>41,397,287</u>
Net movement in cash and cash equivalents	<u>(4,210)</u>	<u>(3,918,954)</u>
Exchange gain arising on cash and cash equivalents	9,243	-
Cash and cash equivalents at the beginning of the year	5,702	3,924,656
Cash and cash equivalents at the end of the year (Note 9)	<u>10,734</u>	<u>5,702</u>

The notes on pages 12 to 25 form an integral part of these financial statements.
Auditor's report is on pages 5 to 7.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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 2017 were authorised for issue in accordance with a resolution of the directors on 17 JUL 2017.

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 of the Company have been prepared under the historical cost convention and are denominated in United States Dollars ("USD"). The preparation of the financial statements in conformity with the International Financial Reporting Standards (IFRS) requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

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 2017

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.

Other receivables

Other receivables are stated at their nominal value.

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 reserves 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.

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 obligations 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 periods.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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 2 Share Based Payment	Amendments to clarify the classification and measurement	June 2016	01 January 2018
IFRS 4 Insurance Contract	Amendments regarding the interaction of IFRS 4 and IFRS 9	September 2016	01 January 2018
IFRS 9 Financial instruments	Finalised version	July 2014	01 January 2018
IFRS 16 Leases	Original issue	January 2016	01 January 2019
<u>Annual improvements 2014-2016:</u>			
IFRS 1 First time adoption of IFRS	Deletion of short term exemptions for the first time adopters	December 2016	01 January 2018
IAS 28 Investment in associates and joint ventures	Measuring an associate or joint venture at fair value	December 2016	01 January 2018
IFRIC 22 Foreign currency transaction and advance consideration	Original issue	December 2016	01 January 2018
IAS 40 Investment property	Amendments to IAS 40	December 2016	01 January 2018
IFRS 15 Revenue from contracts with customers	Clarification of 3 aspects of standard	April 2016	01 January 2018

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 2017

5. INCOME TAX EXPENSE (CONTINUED)

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

	2017 USD	2016 USD
Profit before taxation	3,229,427	421,986
Expenses not allowable for tax purposes	-	11,100
Revenue that is exempt from taxation	(2,991,958)	(623,216)
Loss brought forward	(1,697,552)	(1,507,422)
Loss adjusted for tax purposes	(1,460,083)	(1,697,552)
Income tax expense calculated at 15%	(219,012)	(254,633)
<u>Effect of tax concessions:-</u>		
Foreign tax credit – 80%	175,210	203,706
Tax losses for which no deferred income tax asset was recognised	43,802	50,927
Income tax expense	-	-

6. INVESTMENT IN SUBSIDIARIES

	2017 USD	2016 USD
<u>Cost:-</u>		
At beginning of the year	10,130	21,230
Impairment loss	-	(11,100)
At 31 March	10,130	10,130

Details of investments in subsidiaries are disclosed below:

Name of companies	Number of shares & par value	% Holding 2017 & 2016	Main business	Cost 2017 USD	Cost 2016 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	3,293

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The share of Lodha Developers International (Jersey III) Ltd are pledged as follows:

Pursuant to a Jersey Security Interest Agreement dated 26 Sept 2016 and made between the Company and Cain Hoy Finance Limited (as Security Agent), all shares held by the Company are subject to a first ranking security interest in favour of the latter.

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

	2017 USD	2016 USD
Loans to related parties (Note 15)	<u>95,414,639</u>	<u>56,218,077</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. INVESETMENT IN COMPULSORY CONVERTIBLE DEBENTURE

	2017 USD	2016 USD
<u>Compulsory Convertible Debenture issued by:</u>		
Lodha Developers International Holdings Limited	188,000,000	188,000,000
Interest capitalised	25,380,000	-
Interest accrued	28,806,300	25,380,000
	<u>242,186,300</u>	<u>213,380,000</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 213,380,000 (2016: 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 12).

(i) Interest

The Debenture shall bear interest at 13.5% per annum (2016: 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.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

8. INVESETMENT IN COMPULSORY CONVERTIBLE DEBENTURE (CONTINUED)

(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".

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. OTHER RECEIVABLES

	2017 USD	2016 USD
Receivable with related parties (Note 15)	25,715	-
Receivable with third party	16,396	-
	42,111	-

The receivable from related parties comprise of re-imbursement of expenses on behalf of Tropical Adventures and PCL (Mauritius) Limited amounting to USD 16,110 and USD 9,605 respectively. Both receivables are interest free and repayable on demand.

The receivable from third party comprise of short term loan granted to Flirasca Holding Ltd amounting to USD 16,396 that is interest free and repayable on demand.

10. CASH AND CASH EQUIVALENTS

	2017 USD	2016 USD
Cash at bank	10,734	5,702

11. STATED CAPITAL

	2017 USD	2016 USD
10,102 ordinary shares of USD 1 each	10,102	10,102

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

12. BORROWINGS

	2017 USD	2016 USD
12 % Senior Notes	194,601,560	193,438,534
Interest payable on 12% Senior Notes	1,317,834	1,163,025
Loan and advances from related parties (Note 15)	139,742,329	76,249,936
	335,661,723	270,851,495

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 2017, the market value of the 12% Senior Notes was quoted at 99.81 on the Singapore Stock Exchange.

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 Buidmart 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 "B2" by Moody's Investors Service and "B" by Fitch Ratings.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

12. BORROWINGS (CONTINUED)

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.

13. OTHER PAYABLES

	2017 USD	2016 USD
Accrued expenses	<u>14,350</u>	<u>4,000</u>

14. 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 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.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency sensitivity analysis (Continued)

Year	Increase /decrease in foreign exchange rate	Effect on profit before tax USD	Effect on equity USD
2017			
GBP	+5%	2,213,888	2,213,888
GBP	-5%	(2,213,888)	(2,213,888)

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.

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 2017 USD	More than 1 year 2017 USD	Total 2017 USD
Liabilities			
Borrowings (Note 12)	-	335,661,723	335,661,723
Other payables (Note 13)	14,350	-	14,350
Total liabilities	14,350	335,661,723	335,676,073
	Less than 1 year 2016 USD	More than 1 year 2016 USD	Total 2016 USD
Liabilities			
Borrowings (Note 12)	-	270,851,495	270,851,495
Other payables (Note 13)	4,000	-	4,000
Total liabilities	4,000	270,851,495	270,855,495

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency profile

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

	Financial assets 2017 USD	Financial liabilities 2017 USD	Financial assets 2016 USD	Financial liabilities 2016 USD
Denominated in:				
Pound Sterling ("GBP")	95,464,562	139,742,329	56,223,350	76,253,936
United States Dollar ("USD")	242,189,222	195,933,744	213,380,429	194,601,559
	337,653,784	335,676,073	269,603,779	270,855,495

The financial assets exclude investment in subsidiaries amounting to USD 10,130 (2016: USD 10,130).

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.

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.

15. 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

<u>Loan to related parties (companies having common parent):</u>	2017 USD	2016 USD
(i) Lodha Developers 1GSQ Ltd		
At the beginning of the year	-	2,016
Loan granted during the year	-	-
Loan repaid during the year	-	(2,016)
At 31 March	-	-
(ii) Lodha Developers UK Ltd (subsidiary company)		
At the beginning of the year	16,464,219	1,471,380
Loan granted during the year	30,558,238	18,418,183
Loan repaid during the year	(15,730,747)	(3,615,013)
Interest receivable	3,896,464	288,240
Unrealised foreign exchange gain / (loss)	4,188,881	(98,571)
At 31 March	39,377,056	16,464,219
Balance of loan receivables carried forward to next page	39,377,056	16,464,219

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

15. RELATED PARTIES TRANSACTIONS (CONTINUED)

LOAN RECEIVABLES (CONTINUED)

Loan to related parties (companies having common parent):

	2017 USD	2016 USD
Balance of loan receivables brought forward from previous page	39,377,056	16,464,219
(iii) Lodha Developers International (Jersey) III Ltd (subsidiary company)		
At the beginning of the year	26,316,064	4,286,789
Loan granted during the year	9,188,452	21,268,952
Loan repaid during the year	(4,573,772)	(434,637)
Interest receivable	3,463,369	2,204,790
Unrealised foreign exchange gain / (loss)	3,589,144	(1,009,830)
At 31 March	37,983,257	26,316,064
(iv) Lodha Developers Dorset Close Ltd		
At the beginning of the year	1,123,156	1,163,680
Loan granted during the year	39,130	74,264
Loan repaid during the year	-	(237,205)
Interest receivable	139,179	144,350
Unrealised foreign exchange loss	(151,436)	(21,933)
At 31 March	1,150,029	1,123,156
(v) Lodha Developers Jersey I Holding Ltd		
At the beginning of the year	4,768,065	-
Loan granted during the year	4,098,172	4,705,943
Interest receivable	959,489	392,683
Unrealised foreign exchange loss	(1,093,893)	(330,561)
	8,731,833	4,768,065
(vi) Lodha Developers International Holdings Limited		
At the beginning of the year	7,546,573	-
Transferred from loan payable	-	(1,005,753)
Loan granted during the year	5,362,265	8,705,268
Loan repaid during the year	(4,748,751)	-
Interest payable	(160,518)	(140,805)
Interest receivable	974,997	538,250
Unrealised foreign exchange loss	(802,102)	(550,387)
At 31 March	8,172,464	7,546,573
Total loan receivable as at 31 March (Note 7)	95,414,639	56,218,077

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

15. RELATED PARTIES TRANSACTIONS (CONTINUED)

OTHER RECEIVABLES

**Other receivable with related parties
(companies having common parent):**

	2017 USD	2016 USD
(i) Tropical Adventures Limited		
At the beginning of the year	-	-
Expenses paid on their behalf	16,110	-
At 31 March	<u>16,110</u>	<u>-</u>
(ii) PCL (Mauritius) Limited		
At the beginning of the year	-	-
Expenses paid on their behalf	9,605	-
At 31 March	<u>9,605</u>	<u>-</u>
Total other receivable as at 31 March (Note 9)	<u>25,715</u>	<u>-</u>

BORROWINGS

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

	2017 USD	2016 USD
(i) Lodha Developers Jersey1 GSQ Ltd		
At the beginning of the year	-	7,411
Loan repaid during the year	-	(7,411)
At 31 March	<u>-</u>	<u>-</u>
(ii) Lodha Developers Private Ltd		
At the beginning of the year	7,398,471	3,634,294
Loan received during the year	-	3,205,363
Interest payable	897,705	863,776
Unrealised exchange loss / (gain)	129,228	(304,962)
At 31 March	<u>8,425,404</u>	<u>7,398,471</u>
(iii) Lodha Developers International Holdings Ltd		
At the beginning of the year	-	1,005,753
Interest payable	-	140,805
Loan payable offset against loan receivable (refer to (vi))	-	(1,146,558)
At 31 March	<u>-</u>	<u>-</u>
Balance of loan payables carried forward to next page	<u>8,425,404</u>	<u>7,398,471</u>

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

15. RELATED PARTIES TRANSACTIONS (CONTINUED)

BORROWINGS

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

	2017 USD	2016 USD
Balance of loan payables brought forward from previous page	<u>8,425,404</u>	<u>7,398,471</u>
(iv) Lodha Impression Real Estate Private Ltd		
At the beginning of the year	567,391	-
Loan received during the year	-	572,715
Interest payable	68,845	27,665
Unrealised foreign exchange gain	(75,639)	(32,989)
At 31 March	<u>560,597</u>	<u>567,391</u>
(v) Palawa Dwellers Private Ltd		
At the beginning of the year	63,239,207	-
Loan repaid during the year	(14,000,000)	-
Loan received during the year	62,891,519	62,491,381
Interest payable	11,195,346	2,648,998
Unrealised foreign exchange loss / (gain)	3,321,309	(1,901,172)
At 31 March	<u>126,647,381</u>	<u>63,239,207</u>
(vi) Pangea Holdings Ltd		
At the beginning of the year	5,044,867	-
Loan received during the year	-	5,258,721
Loan repaid during the year	(551,961)	-
Interest payable	243,060	208,919
Unrealised foreign exchange gain	(627,019)	(422,773)
At 31 March	<u>4,108,947</u>	<u>5,044,867</u>
Total loan payable as at 31 March (Note 12)	<u>139,742,329</u>	<u>76,249,936</u>

16. HOLDING COMPANY

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

17. EVENTS AFTER THE REPORTING DATE

There has been no post material reporting events which would require disclosure or adjustment to the 31 March 2017 financial statements.