

LODHA DEVELOPERS INTERNATIONAL LIMITED

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

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	19 Jul 16
	Mrs Bibi Mehnaz Abdool Rassool	19 Jul 16	-
	Mrs Dineshwaree Varsha Ramphul- Ausgarallee <i>(Alternate to Mrs Bibi Mehnaz Abdool Rassool)</i>	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 3 Maharata Street Port Louis Republic of Mauritius		

**LODHA DEVELOPERS INTERNATIONAL LIMITED
DIRECTORS' COMMENTARY
FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their commentary, together with the audited financial statements of **Lodha Developers International Limited** (the 'Company') for the year ended 31 March 2018.

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 (2017: 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 2018, 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), 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 2018

**SECRETARY'S CERTIFICATE
FOR THE YEAR ENDED 31 MARCH 2018**

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 2018.



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 2018

QAIYOOM DUSTAGHEER FCCA, MIPA(M)
3 MAHARATA STREET, PORT LOUIS, REPUBLIC OF MAURITIUS
TEL: (230) 5752 1203
EMAIL: dustagheerqaiyoom@gmail.com

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 2018 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 8 to 24.

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 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and in compliance with the requirements of the Mauritius Companies Act 2001, in so far as applicable to Category 1 Global Business License companies 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), 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.

QAIYOOM DUSTAGHEER FCCA, MIPA(M)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF LODHA DEVELOPERS INTERNATIONAL LIMITED

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.

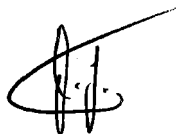
INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF LODHA DEVELOPERS INTERNATIONAL LIMITED****Report on the Audit of the Financial Statements (Continued)****Other Matter**

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.

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: 28 MAY 2018

LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 USD	2017 USD
Revenue			
Interest income		42,663,872	38,079,280
Unrealised foreign exchange gain		6,890,751	2,991,958
		<u>49,554,623</u>	<u>41,071,238</u>
Expenses			
Bank charges		4,534	10,115
Audit fees		3,800	3,800
Licence fees		2,110	2,110
Legal and professional fees		767,136	89,396
Tax filing fees		500	500
Administration fees		17,425	13,100
Bond Issue processing fee		7,389	-
Interest expense		40,394,420	36,404,956
Amortisation of bond transaction cost		1,967,198	1,317,834
Fair value loss on financial instrument through profit or loss		1,079,261	-
Other transaction costs		937,455	-
		<u>45,181,228</u>	<u>37,841,811</u>
Profit before taxation		4,373,395	3,229,427
Income tax expense	5	-	-
Profit for the year		4,373,395	3,229,427
Other comprehensive income for the year, net of taxation		-	-
Total comprehensive income for the year, net of taxation		4,373,395	3,229,427

The notes on pages 12 to 24 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 2018

	Notes	2018 USD	2017 USD
ASSETS			
Non-current assets			
Investment in subsidiaries	6	-	10,130
Loan receivables	7	341,847,433	95,414,639
Investment in Compulsory Convertible Debenture	8	-	242,186,300
		341,847,433	337,611,069
Current assets			
Other receivables	9	37,757	42,111
Cash and cash equivalents	10	21,737	10,734
		59,494	52,845
Total assets		341,906,927	337,663,914
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	11	10,102	10,102
Accumulated reserves		(8,947,529)	1,977,739
Total equity		(8,937,427)	1,987,841
Non-current liability			
Borrowings	12	349,758,794	335,661,723
Current liabilities			
Other payables	13(a)	6,299	14,350
Derivative financial instrument	13(b)	1,079,261	-
Current tax liabilities	5	-	-
		1,085,560	14,350
Total liabilities		350,844,354	335,676,073
Total equity and liabilities		341,906,927	337,663,914

28 MAY 2018

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



DIRECTOR



DIRECTOR

The notes on pages 12 to 24 form an integral part of these financial statements.
Auditor's report is on pages 5 to 7.

LODHA DEVELOPERS INTERNATIONAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Stated capital USD	Accumulated reserves USD	Total equity USD
Balance as at 01 April 2016	10,102	(1,251,688)	(1,241,586)
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>
Profit for the year	-	4,373,395	4,373,395
Effect of amalgamation	-	(15,298,663)	(15,298,663)
Balance as at 31 March 2018	<u>10,102</u>	<u>(8,947,529)</u>	<u>(8,937,427)</u>

The notes on pages 12 to 24 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 2018

	2018 USD	2017 USD
OPERATING ACTIVITIES		
Profit before taxation	4,373,395	3,229,427
<u>Adjustment for:</u>		
Interest income	(42,663,872)	(38,079,280)
Interest expense	40,394,420	36,404,956
Amortisation of bond transaction cost	1,967,198	1,317,834
Unrealised foreign exchange gain	(6,890,751)	(2,991,958)
Fair value loss on financial instrument through profit or loss	1,079,261	-
<u>Working capital adjustments:</u>		
Decrease / (increase) in other receivables	4,354	(42,111)
Increase in derivative financial instrument	1,079,261	-
(Decrease)/ increase in other payables	(8,051)	10,350
Net cash flows used in operating activities	(664,785)	(150,781)
INVESTING ACTIVITIES		
Loan granted to related parties	(323,826,182)	(49,246,257)
Loan repaid by related parties	105,855,796	25,053,270
Proceed from disposal of investment in subsidiaries	10,130	-
Redemption of Compulsory convertible debenture	242,186,300	-
Net cash flows generated from/ (used in) investing activities	24,226,044	(24,192,987)
FINANCING ACTIVITIES		
Proceeds from borrowings	171,838,635	62,891,519
Repayment of loan	(169,577,394)	(14,551,961)
Interest paid on unsecured bond	(31,500,000)	(24,000,000)
Net cash flows (used in)/ generated from financing activities	(29,238,759)	24,339,558
Net movement in cash and cash equivalents	(5,677,500)	(4,210)
Effect of amalgamation	5,693,676	-
Exchange difference arising on cash and cash equivalents	(5,173)	9,243
Cash and cash equivalents at the beginning of the year	10,734	5,702
Cash and cash equivalents at the end of the year (Note 10)	21,737	10,734

The notes on pages 12 to 24 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 2018

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.

By way of a written resolution dated 20 September 2017, Lodha Developers International Holdings Limited and Tropical Adventures Limited, both companies incorporated in Mauritius, merged with the Company so that the Company continues to exist as an amalgamated Company.

A certificate of amalgamation was issued to the Company under Section 249 of the Mauritius Companies Act 2001 on the 30 November 2017.

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 2018 were authorised for issue in accordance with a resolution of the directors on ~~28 MAY 2018~~ 28 MAY 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), 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 holding company. 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 the going concern basis.

Foreign currencies

Functional and presentation currency

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

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

Transactions and balances

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

Investment in subsidiaries

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

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

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in subsidiaries (Continued)

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.

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.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks through foreign exchange forward contracts.

Derivatives are initially recognised at its fair value at the date the derivative contracts are entered into and are subsequently remeasured to their value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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 the entire 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 years.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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 on the next page.

Standards	Interpretations	Date issued by IASB	Effective date periods beginning on or after
IFRS 9 Financial Instruments	Prepayment Features with Negative Compensation	October 2017	01 January 2019
IFRS 16 Leases	Original issue	January 2016	01 January 2019
IFRS 17 Insurance Contracts	Original issue	May 2017	01 January 2021
IFRIC 23 Uncertainty over Income Tax treatments	Original issue	June 2017	01 January 2019
IAS 19 Employee Benefits	Plan Amendment, Curtailment or Settlement	February 2018	01 January 2019
IAS 28 Interests in Associates and Joint Ventures	Amendment to IAS 28	October 2017	01 January 2019

Annual Improvements 2015-2017:

IFRS 3 Business Combinations	Re-measurement of previously held interests in a business when an entity obtains control of a joint operation	December 2017	01 January 2019
IFRS 11 Joint Arrangements	No re-measurement of previously held interests in a business when an entity obtains control of a joint operation	December 2017	01 January 2019
IAS 12 Income Taxes	Amendments to clarify the recognition of all income tax consequence of dividends in profit and loss	December 2017	01 January 2019
IAS 23 Borrowing costs	Amendments to clarify the capitalization rate on general borrowings costs	December 2017	01 January 2019

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.

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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.

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

	2018 USD	2017 USD
Profit before taxation	4,373,395	3,229,427
Expenses not allowable for tax purposes	8,391,405	-
Revenue that is exempt from taxation	(11,966,139)	(2,991,958)
Loss brought forward	(1,460,083)	(1,697,552)
Loss adjusted for tax purposes	(661,422)	(1,460,083)
Income tax expense calculated at 15%	(99,213)	(219,012)
<u>Effect of tax concessions:-</u>		
Foreign tax credit – 80%	79,370	175,210
Tax losses for which no deferred income tax asset was recognised	19,843	43,802
Income tax expense	-	-

6. INVESTMENT IN SUBSIDIARIES

	2018 USD	2017 USD
<u>Cost:-</u>		
At beginning of the year	10,130	10,130
Disposal during the year	(10,130)	-
At 31 March	-	10,130

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of investments in subsidiaries are disclosed below:

Name of companies	Number of shares & par value 2017	% Holding 2018	2017	Main business	Cost 2018 USD	Cost 2017 USD
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	-	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

During the year ended 31 March 2018, the Company has transferred all the shares of Lodha Developers International (Jersey III) Ltd to its related companies namely Lodha Developers UK Ltd and Palava Dwellers Private Limited, and also transferred all the shares of Lodha Developers UK Ltd to its related companies namely Bellissimo Properties Development Private Limited, Shreeniwas Cotton Mills Limited and Palava Dwellers Private Limited.

7. LOAN RECEIVABLES

	2018 USD	2017 USD
Loans to related parties (Note 15)	341,847,433	95,414,639

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. INVESTMENT IN COMPULSORY CONVERTIBLE DEBENTURE

	2018 USD	2017 USD
Compulsory Convertible Debenture issued by:		
Lodha Developers International Holdings Limited	-	188,000,000
Interest capitalised	-	25,380,000
Interest accrued	-	28,806,300
	-	242,186,300

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 was amended as per an agreement dated 18 May 2016.

During the year ended 31 March 2018, the Company has amalgamated with Lodha Developers International Holdings Limited in accordance with section 245 and 246 of the Companies Acts 2001 such that the Company continues to exist as the amalgamated company. Consequently the Compulsory Convertible Debenture in the books of the Company was eliminated on amalgamation.

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9. OTHER RECEIVABLES

	2018 USD	2017 USD
Receivable with related parties (Note 15)	21,360	25,715
Receivable with third parties	16,397	16,396
	<u>37,757</u>	<u>42,111</u>

The receivable from related parties comprise of re-imbursement of expenses on behalf of Tropical Adventures and PCL (Mauritius) Limited amounting to USD Nil (2017: USD 16,110) and USD 21,360 (2017: USD 9,605) respectively. Both receivables are interest free and repayable on demand.

The receivable from third parties are interest free and repayable on demand.

10. CASH AND CASH EQUIVALENTS

	2018 USD	2017 USD
Cash at bank	<u>21,737</u>	<u>10,734</u>

11. STATED CAPITAL

	2018 USD	2017 USD
10,102 ordinary shares of USD 1 each	<u>10,102</u>	<u>10,102</u>

12. BORROWINGS

	2018 USD	2017 USD
12 % Senior Notes Unsecured Bond	328,858,423	195,919,394
Loan and advances from related parties (Note 15)	20,900,371	139,742,329
	<u>349,758,794</u>	<u>335,661,723</u>

12% Senior Notes due 2020 (Unsecured bonds)

The Company had issued USD 200,000,000 12% Senior Notes on the Singapore Stock Exchange on 13 March 2015. During the year, the Company issued an additional USD 125,000,000 12% Senior Notes on 29 November 2017 on the same terms and conditions as the initial bond issue. The estimated net proceeds of the additional offering after deducting the underwriting discounts, commissions and other estimated fees and expenses was approximately USD 135,000,000 out of which, approximately USD 120,000,000 was used to repay loans provided to the Company by Palava Dwellers Private Ltd and Lodha Impression Real Estate Private Ltd and USD 13,500,000 was advanced to Lodha Developers International (Netherlands) B.V.

At 31 March 2018, the market value of the 12% Senior Notes was quoted at 106.221 on the Singapore Stock Exchange.

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

a) Guarantors

The current guarantors of the payment of the principal, interest and all other amount payable under the 12% Senior Notes are Lodha Developers Limited (previously known as "Lodha Developers Private Limited"), Bellissimo Developers Thane Private Limited and Shreeniwas Cotton Mills Limited. During the year, erstwhile guarantors Palava Dwellers Private Limited, Bellissimo Crown Buildmart Private Limited (previously known as "Lodha Crown Buildmart Private Limited"), Jawala Real Estate Private Limited and Bellissimo Hi-Rise Builders Private Limited merged into Lodha Developers Limited and Lodha Developers International Holdings Limited merged into Lodha Developers International Limited.

b) Maturity date

The maturity date of the 12 % Senior Notes is 13 March 2020.

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12. BORROWINGS (CONTINUED)

12% Senior Notes due 2020 (Unsecured bonds)

- c) Coupon rate
The coupon rate for the Senior Notes is 12%
- d) Interest payment dates
13 March and 13 September
- e) Listing
The Notes is listed on the Singapore Exchange Securities Trading Limited.
- f) Ratings
The Notes have been provisionally rated "B2" by Moody's Investors Service and "B" by Fitch Ratings.

Loan and advance from related parties

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

13(a). OTHER PAYABLES

	2018 USD	2017 USD
Accruals	<u>6,299</u>	<u>14,350</u>

13(b). DERIVATIVE FINANCIAL INSTRUMENT

	2018 USD	2017 USD
Provision for MTM Exchange rate differences	<u>1,079,261</u>	<u>-</u>

During the year ended 31 March 2018, the Company entered into several foreign exchange, derivative and forward contract transactions with Kotak Mahindra Bank Limited for a total notional amount of USD 24,999,999 in exchange of a total notional amount of GBP 17,911,826.

The forward exchange rate for the above transactions varies between USD 1.3839 to USD 1.4290 per GBP 1 with settlement date on 13th March 2020.

The exchange rate of USD to GBP was 1.4188 at the reporting date which resulted in fair value loss of exchange rate of USD 1,079,261.

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.

LODHA DEVELOPERS INTERNATIONAL LIMITED
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14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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").

During the year ended 31 March 2018, the Company entered into three foreign exchange and derivative transaction including forward contracts with Kotak Mahindra Bank Limited to mitigate its foreign currency risk exposure.

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.

Foreign currency sensitivity analysis

Year	Increase /decrease in foreign exchange rate	Effect on profit before tax USD	Effect on equity USD
2018			
GBP	+5%	16,048,221	16,048,221
GBP	-5%	(16,048,221)	(16,048,221)

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. 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.

LODHA DEVELOPERS INTERNATIONAL LIMITED
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14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The table below illustrates the aged analysis of the Company's financial liabilities.

	Less than 1 year 2018 USD	More than 1 year 2018 USD	Total 2018 USD
Liabilities			
Borrowings (Note 12)	-	349,758,794	349,758,794
Other payables (Note 13(a))	6,299	-	6,299
Derivative financial instrument (Note 13(b))	1,079,261	-	1,079,261
Total liabilities	1,085,560	349,758,794	350,844,354

	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(a))	14,350	-	14,350
Total liabilities	14,350	335,661,723	335,676,073

Currency profile

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

	Financial assets 2018 USD	Financial liabilities 2018 USD	Financial assets 2017 USD	Financial liabilities 2017 USD
Denominated in:				
Pound Sterling ("GBP")	341,864,794	20,900,371	95,464,562	139,742,329
United States Dollar ("USD")	42,133	329,943,983	242,189,222	195,933,744
	341,906,927	350,844,354	337,653,784	335,676,073

The financial assets exclude investment in subsidiaries amounting to USD Nil (2017: USD 10,130).

Fair values of financial assets and liabilities

The carrying amounts of loan and other 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.

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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

Loan to related parties (companies having common parent):

	2018 USD	2017 USD
(i) Lodha Developers UK Ltd		
At the beginning of the year	39,377,056	16,464,219
Loan granted during the year	16,292,124	30,558,238
Loan repaid during the year	(50,646,577)	(15,730,747)
Interest receivable	529,553	3,896,464
Unrealised foreign exchange gain	1,583,069	4,188,881
At 31 March	<u>7,135,225</u>	<u>39,377,056</u>
(ii) Lodha Developers International (Jersey) III Ltd		
At the beginning of the year	37,983,257	26,316,064
Loan granted during the year	-	9,188,452
Loan repaid during the year	(46,580,143)	(4,573,772)
Interest receivable	4,182,797	3,463,369
Unrealised foreign exchange gain	4,414,089	3,589,144
At 31 March	<u>-</u>	<u>37,983,257</u>
(iii) Lodha Developers Dorset Close Ltd		
At the beginning of the year	1,150,029	1,123,156
Loan granted during the year	-	39,130
Loan repaid during the year	(1,295,229)	-
Interest receivable	84,952	139,179
Unrealised foreign exchange gain / (loss)	60,248	(151,436)
At 31 March	<u>-</u>	<u>1,150,029</u>
(iv) Lodha Developers Jersey I Holding Ltd		
At the beginning of the year	8,731,833	4,768,065
Loan granted during the year	-	4,098,172
Interest receivable	1,167,491	959,489
Loan repaid during the year	(10,899,080)	-
Unrealised foreign exchange gain / (loss)	999,756	(1,093,893)
At 31 March	<u>-</u>	<u>8,731,833</u>
(v) Lodha Developers International Holdings Limited		
At the beginning of the year	8,172,464	7,546,573
Loan granted during the year	2,194,128	5,362,265
Loan repaid during the year	(12,109,462)	(4,748,751)
Interest payable	-	(160,518)
Interest receivable	722,683	974,997
Unrealised foreign exchange gain/ (loss)	-	(802,102)
Net-off during amalgamation	1,020,187	-
At 31 March	<u>-</u>	<u>8,172,464</u>
<u>Balance c/f</u>	<u>7,135,225</u>	<u>95,414,639</u>

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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15. RELATED PARTIES TRANSACTIONS (CONTINUED)

LOAN RECEIVABLES (Continued)

Loan to related parties (companies having common parent):

	2018 USD	2017 USD
<u>Balance b/f</u>	<u>7,135,225</u>	<u>95,414,639</u>
(vi) Lodha Developers International (Netherlands) B.V.		
At the beginning of the year	-	-
Loan granted during the year	320,714,625	-
Interest receivable	13,997,583	-
At 31 March	<u>334,712,208</u>	<u>-</u>
Total loan receivable as at 31 March (Note 7)	<u>341,847,433</u>	<u>95,414,639</u>

OTHER RECEIVABLES

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

(i) Tropical Adventures Limited

At the beginning of the year	16,110	-
Refund of expense	(16,110)	-
Expenses paid on their behalf	-	16,110
At 31 March	<u>-</u>	<u>16,110</u>

(ii) PCL (Mauritius) Limited

At the beginning of the year	9,605	-
Expenses paid on their behalf	11,755	9,605
At 31 March	<u>21,360</u>	<u>9,605</u>
Total other receivable as at 31 March (Note 9)	<u>21,360</u>	<u>25,715</u>

BORROWINGS

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

(i) Lodha Developers Limited (Previously Lodha Developers Private Limited)

At the beginning of the year	8,425,404	7,398,471
Loan repaid during the year	(9,722,890)	-
Interest payable	730,189	897,705
Unrealised exchange loss	567,297	129,228
At 31 March	<u>-</u>	<u>8,425,404</u>
<u>Balance c/f</u>	<u>-</u>	<u>8,425,404</u>

LODHA DEVELOPERS INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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15. RELATED PARTIES TRANSACTIONS (CONTINUED)

BORROWINGS (CONTINUED)

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

	2018 USD	2017 USD
<u>Balance b/f</u>	-	8,425,404
(ii) Lodha Impression Real Estate Private Ltd		
At the beginning of the year	560,597	567,391
Loan repaid during the year	(654,341)	-
Interest payable	55,998	68,845
Unrealised foreign exchange loss / (gain)	37,746	(75,639)
At 31 March	-	560,597
(iii) Palava Dwellers Private Ltd (Presently merged with Lodha Developers Limited)		
At the beginning of the year	126,647,381	63,239,207
Loan repaid during the year	(154,189,754)	(14,000,000)
Loan received during the year	37,023,632	62,891,519
Interest payable	11,633,285	11,195,346
Unrealised foreign exchange (gain) / loss	(214,173)	3,321,309
At 31 March	20,900,371	126,647,381
(iv) Pangea Holdings Ltd		
At the beginning of the year	4,108,947	5,044,867
Loan received during the year	-	-
Loan repaid during the year	(5,010,409)	(551,961)
Interest payable	347,677	243,060
Unrealised foreign exchange loss/ (gain)	553,785	(627,019)
At 31 March	-	4,108,947
Total loan payable as at 31 March (Note 12)	20,900,371	139,742,329

16. HOLDING COMPANY

The directors regard Lodha Developers Private Limited, a company incorporated in India as the holding company. During the year ended 31 March 2018, the holding company name has changed to Lodha Developers Limited.

17. BASIS OF PREPARING THE FINANCIAL STATEMENTS

As at 31 March 2018, the Company had a shareholder's deficit of USD 8,937,427.

These financial statements have been prepared on a 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 holding company.

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.

18. 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.

19. EVENTS AFTER THE REPORTING DATE

There has been no post material reporting events which would require disclosure or adjustment to the 31 March 2018 financial statements.