

**JSW Energy Natural Resources  
Mauritius Limited**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 March 2017**

# JSW Energy Natural Resources Mauritius Limited

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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# JSW Energy Natural Resources Mauritius Limited

## CORPORATE DATA

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|                   |                                  | <i>Date of<br/>appointment</i> | <i>Date of<br/>resignation</i> |
|-------------------|----------------------------------|--------------------------------|--------------------------------|
| <b>DIRECTORS:</b> | <b>Couldiplall Basanta Lala</b>  | 19 April 2010                  | -                              |
|                   | <b>Pramod Prabhakaran Menon</b>  | 28 May 2010                    | 31 January 2017                |
|                   | <b>Divya Basanta Lala</b>        | 19 February 2014               | -                              |
|                   | <b>Sampath Madhavan Kumar</b>    | 5 February 2016                | 31 August 2016                 |
|                   | <b>Jayaprakash Madhavan Nair</b> | 9 September 2016               | -                              |
|                   | <b>Chandra Prakash Tated</b>     | 22 February 2017               | -                              |

**ADMINISTRATOR,  
SECRETARY AND  
TAX AGENT:**

**International Financial Services Limited**  
IFS Court, Bank Street  
TwentyEight,  
Cybercity  
Ebene 72201  
Mauritius

**REGISTERED OFFICE:** IFS Court, Bank Street  
TwentyEight  
Cybercity  
Ebene 72201  
Mauritius

**AUDITORS:** **Crowe Horwath ATA**  
(Formerly known as Crowe Horwath (Mur) Co.)  
*Member Crowe Horwath International*  
2<sup>nd</sup> Floor, Ebene Esplanade  
24, Bank Street, Cybercity  
Ebene 72201  
Mauritius

**BANKER:** **SBI (Mauritius) Ltd**  
Global Business Branch  
7<sup>th</sup> Floor, SBI Tower  
45 Mindspace Ebene  
Mauritius

## **JSW Energy Natural Resources Mauritius Limited**

### **COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present the audited financial statements of **JSW Energy Natural Resources Mauritius Limited** (the “Company”) for the financial year ended 31 March 2017.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company is that of investment holding.

#### **RESULTS**

The results for the year are shown in the statement of profit or loss and other comprehensive income and related notes.

#### **DIRECTORS**

The present membership of the Board is set out on page 1.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

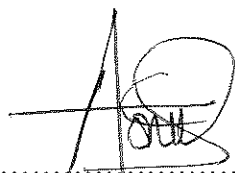
#### **AUDITORS**

The auditors, **Crowe Horwath ATA**, have indicated their willingness to continue in office until the next Annual Meeting.

**CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (D) OF THE MAURITIUS COMPANIES ACT 2001**

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We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **JSW Energy Natural Resources Mauritius Limited** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2017.



.....  
**For International Financial Services Limited**  
Secretary

**Registered Office:**

IFS Court  
Bank Street  
TwentyEight  
Cybercity  
Ebene 72201  
Mauritius

**Date: 24 May 2017**



Crowe Horwath ATA  
Member Crowe Horwath International

2nd Floor, Ebene Esplanade  
24, Bank Street, Cybercity  
Ebene 72201, Mauritius  
Telephone : (230) 467 8684 / 466 2992  
Telefax : (230) 467 7478  
[www.crowehorwath.mu](http://www.crowehorwath.mu)

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF JSW Energy Natural Resources Mauritius Limited.**

#### **Opinion**

We have audited the accompanying financial statements of JSW Energy Natural Resources Mauritius 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, statement of changes in equity and statement of cash flows for the year then ended as set out on pages 7 to 10, and a summary of significant accounting policies and other explanatory information as set out on pages 11 to 31.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption for non-consolidation provided under the Mauritius Companies Act 2001 for the Company holding a Category 1 Global Business License not to present consolidated financial statements where it is itself wholly owned or a virtually wholly owned subsidiary of any company and comply with the Mauritius Companies Act 2001.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the interim financial statements in Mauritius and we have fulfilled other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE SHAREHOLDERS OF JSW Energy Natural Resources Mauritius Limited**

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the Mauritius Companies Act 2001 and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process

#### **Auditors' responsibilities for the audit of the financial statements**

Our 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 our 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of the accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF JSW Energy Natural Resources Mauritius Limited

#### Report on other legal and regulatory requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- We have obtained all the information and explanations that we required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

#### Use of this report

This report is made solely for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

*Crowe Horwath ATA*

**Crowe Horwath ATA**  
Public Accountants

Date: 24 May 2017  
Ebene, Mauritius

A handwritten signature in black ink, appearing to read "K.S. Sewraz".

**K.S. Sewraz, FCCA**  
Signing Partner  
Licensed by FRC



## JSW Energy Natural Resources Mauritius Limited

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

|   | <i>Notes</i> | 2017<br>USD     | 2016<br>USD     |
|---|--------------|-----------------|-----------------|
| <b>INCOME</b>   |              |                 |                 |
| Interest income   | 8            | 169,083         | 169,782         |
| <b>EXPENSES</b>   |              |                 |                 |
| Interest expense  |              | 170,443         | 169,953         |
| Professional fees   |              | 14,300          | 11,030          |
| Licence fees  |              | 2,300           | 2,300           |
| Audit fees  |              | 2,300           | 2,185           |
| Bank charges  |              | 1,050           | 965             |
| <b>TOTAL EXPENSES</b>   |              | <b>190,393</b>  | <b>186,433</b>  |
| <b>LOSS BEFORE TAXATION</b>   |              | <b>(21,310)</b> | <b>(16,651)</b> |
| Taxation  | 7            | -               | -               |
| <b>LOSS FOR THE YEAR</b>  |              | <b>(21,310)</b> | <b>(16,651)</b> |
| <b>OTHER COMPREHENSIVE INCOME:</b>  |              |                 |                 |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |              | -               | -               |
| <i>Items that may be reclassified subsequently to profit or loss</i>      |              | -               | -               |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>                              |              | <b>(21,310)</b> | <b>(16,651)</b> |

The notes on pages 11 to 31 form an integral part of these financial statements.

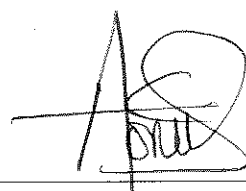
# JSW Energy Natural Resources Mauritius Limited

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

|                                     | <i>Notes</i> | 2017<br>USD       | 2016<br>USD       |
|-------------------------------------|--------------|-------------------|-------------------|
| <b>ASSETS</b>                       |              |                   |                   |
| <b>Non-current assets</b>           |              |                   |                   |
| Investment in subsidiary            | 9            | 5,958,904         | 5,958,904         |
| Loan to subsidiary                  | 13           | 53,162,509        | 53,647,027        |
| <b>Total non-current assets</b>     |              | <u>59,121,413</u> | <u>59,605,931</u> |
| <b>Current assets</b>               |              |                   |                   |
| Receivables                         | 12           | 973,517           | 804,487           |
| Cash and cash equivalents           |              | 859               | 20,612            |
| <b>Total currents assets</b>        |              | <u>974,376</u>    | <u>825,099</u>    |
| <b>TOTAL ASSETS</b>                 |              | <u>60,095,789</u> | <u>60,431,030</u> |
| <b>EQUITY AND LIABILITIES</b>       |              |                   |                   |
| <b>Equity</b>                       |              |                   |                   |
| Stated capital                      | 10           | 6,000,000         | 6,000,000         |
| Accumulated losses                  |              | (123,234)         | (101,924)         |
| <b>Total equity</b>                 |              | <u>5,876,766</u>  | <u>5,898,076</u>  |
| <b>Non-current liability</b>        |              |                   |                   |
| Loan from holding company           | 16           | 53,239,481        | 53,724,000        |
| <b>Current liability</b>            |              |                   |                   |
| Payables                            | 11           | 979,542           | 808,954           |
| <b>TOTAL EQUITY AND LIABILITIES</b> |              | <u>60,095,789</u> | <u>60,431,030</u> |

Approved and authorised for issue by the Board of directors on 24 May 2017 and signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The notes on pages 11 to 31 form an integral part of these financial statements.

## JSW Energy Natural Resources Mauritius Limited

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

|                                       | Stated<br>capital<br>USD | Accumulated<br>losses<br>USD | Total<br>equity<br>USD |
|---------------------------------------|--------------------------|------------------------------|------------------------|
| At 1 April 2015                       | 6,000,000                | (85,273)                     | 5,914,727              |
| Total comprehensive loss for the year | -                        | (16,651)                     | (16,651)               |
| <b>At 31 March 2016</b>               | <b>6,000,000</b>         | <b>(101,924)</b>             | <b>5,898,076</b>       |
| Total comprehensive loss for the year | -                        | (21,310)                     | (21,310)               |
| <b>At 31 March 2017</b>               | <b>6,000,000</b>         | <b>(123,234)</b>             | <b>5,876,766</b>       |

The notes on pages 11 to 31 form an integral part of these financial statements.

## JSW Energy Natural Resources Mauritius Limited

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

|   | 2017<br>USD      | 2016<br>USD      |
|---|------------------|------------------|
| <b>Cash flows from operating activities</b>                 |                  |                  |
| Loss before taxation  | (21,310)         | (16,651)         |
| <i>Adjustments for:</i>                                     |                  |                  |
| Interest expense  | 170,443          | 169,953          |
| Interest income   | (169,083)        | (169,782)        |
| <b>Operating loss before working capital changes</b>        | <b>(19,950)</b>  | <b>(16,480)</b>  |
| Increase in accruals  | 145              | 316              |
| <b>Net cash used in operating activities</b>                | <b>(19,805)</b>  | <b>(16,164)</b>  |
| <b>Cash flows from investing activities</b>                 |                  |                  |
| Interest income   | 53               | 6                |
| Loan advanced to subsidiary                                 | (585,000)        | (1,250,000)      |
| Loan repaid by subsidiary                                   | 1,069,518        | 917,973          |
| <b>Net cash from/(used in) investing activities</b>         | <b>484,571</b>   | <b>(332,021)</b> |
| <b>Cash flows from financing activities</b>                 |                  |                  |
| Loan received from holding company                          | 585,000          | 350,000          |
| Loan repaid to holding company                              | (1,069,519)      | -                |
| <b>Net cash (used in)/from financing activities</b>         | <b>(484,519)</b> | <b>350,000</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | <b>(19,753)</b>  | <b>1,815</b>     |
| Cash and cash equivalents at start of the year              | 20,612           | 18,797           |
| <b>Cash and cash equivalents at end of the year</b>         | <b>859</b>       | <b>20,612</b>    |

The notes on pages 11 to 31 form an integral part of these financial statements.

# JSW Energy Natural Resources Mauritius Limited

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

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### 1. GENERAL

The Company was incorporated in Mauritius under the Mauritius Companies Act 2001 on 19 April 2010 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius.

The principal activity of the Company is that of investment holding.

The financial statements of the Company are expressed in United States dollar ("USD"). The Company's functional currency is the USD, the currency of the primary economic environment in which the Company operates.

### 2. STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as modified by the exemption for non-consolidation allowed under the Mauritius Companies Act 2001 and which comprise of standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) approved by the International Accounting Standards Committee (IASC) that remain in effect. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results may differ from these estimates.

#### *Critical accounting estimates and judgements in applying accounting policies*

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 3. SUMMARY OF ACCOUNTING POLICIES

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results may differ from these estimates.

#### *(a) Basis of accounting*

The financial statements are prepared under the historical cost convention, except for the measurement at fair values of financial instruments carried on the statement of financial position.

**JSW Energy Natural Resources Mauritius Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)****(b) Revenue recognition**

Dividend income is recognised when the shareholders' right to receive payment is established.

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

**(c) Expenses recognition**

All expenses are accounted for in profit or loss on an accrual basis.

**(d) Foreign currency translation****(i) 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 presented in United States dollar ("USD"), the functional currency of the Company.

**(ii) 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 profit or loss.

**(e) Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value which is the value of consideration received or given plus transaction costs and subsequently at fair value or at amortised costs.

**JSW Energy Natural Resources Mauritius Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)****(e) *Financial instruments (Continued)*****(i) *Receivables***

Receivable are stated at nominal value.

**(ii) *Cash and cash equivalents***

Cash consists of cash at bank. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**(iii) *Payables***

Payables are stated at their nominal value.

**Provisions**

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

**(iv) *Loans***

Loans to subsidiary and from holding company are recognised at net proceeds received.

**(f) *Prepayments***

Prepayments are stated at nominal value.

**(g) *Stated capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in the equity as a deduction, net of tax, from proceeds.

**(h) *Related parties***

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

**JSW Energy Natural Resources Mauritius Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)****(i) Income tax**

Income taxes currently payable are provided for in accordance with the existing legislation of the various countries in which the Company operates.

**(j) Deferred tax**

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. The principal temporary differences arise from tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**(k) Investment in subsidiary**

Subsidiary undertakings are those entities in which the Company controls an investee if all three of the following elements are present:

- power over the investee,
- exposure to variable returns from the investor's involvement with the investee, and
- the ability of the investor to use its power over the investee to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:-

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights,
- Substantive potential voting rights held by the Company and by other parties,
- Other contractual arrangements, and
- Historic patterns in voting attendance.

Investment in subsidiaries is shown at cost less impairment. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to profit or loss. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.



**JSW Energy Natural Resources Mauritius Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)****(l) Offsetting financial instrument**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES****Application of new and revised International Financial Reporting Standards (IFRSs)*****Amendments to IFRSs that are mandatorily effective for the current year***

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 April 2016.

***IFRS 14 Regulatory Deferral Accounts***

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

***Amendment to IAS 1 Disclosure Initiative***

The Company has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income in associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Company and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions met.

**JSW Energy Natural Resources Mauritius Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES  
(CONTINUED)****Application of new and revised International Financial Reporting Standards  
(IFRSs) (Continued)***Amendments to IFRSs that are mandatorily effective for the current year  
(Continued)*

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Company.

*Annual improvements to IFRSs 2012-2014 Cycle*

The Company has applied these amendments for the first time in the current year. The Annual Improvements to IFRSs 2012-2014 Cycle include number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owner (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held for distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of these amendments has had no effect on the Company's financial statements.

**JSW Energy Natural Resources Mauritius Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**4. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)****Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)***New and revised IFRSs in issue but not yet effective*

The following standards and amendments to standards were issued and are not effective for annual periods beginning after 1 April 2016. Earlier application is permitted. However, the Company has not early adopted them in preparing these consolidated financial statements.

**IFRS 9 *Financial Instruments***

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the now requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flow, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting period. Debt instrument that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specific dates to cash flows that are solely of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent changes in the fair value of an entity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss.

# JSW Energy Natural Resources Mauritius Limited

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

### 4. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

#### Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

##### *New and revised IFRSs in issue but not yet effective (Continued)*

##### **IFRS 9 Financial Instruments (Continued)**

- With regard to the measurement of financial liabilities designated as at fair value though, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount to the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

##### **Amendments to IAS 12 Income tax -Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments clarify the following:

1. Decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;
2. When an entity assessed whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;
3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that is probable that the entity will achieve this; and
4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

## JSW Energy Natural Resources Mauritius Limited

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

#### 4. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

##### Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

##### *New and revised IFRSs in issue but not yet effective (Continued)*

##### **Amendments to IAS 12 *Income tax - Recognition of Deferred Tax Assets for Unrealised Losses* (Continued)**

The amendments apply retrospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the interim financial statements.

##### **Amendments to IAS 7 *Disclosure initiative***

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Company's financial statements.

#### 5. SIGNIFICANT JUDGEMENTS

The following are the significant management's judgements made in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 6.

##### *Determination of functional currency*

The determination of 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 3 (d) (i), the directors have considered those factors therein and have determined that the functional currency of the Company is the United States dollar (USD).

##### *Consolidated financial statements*

The Company owns 100% of the issued capital of JSW Energy Natural Resources South Africa (Proprietary), Limited, a company incorporated in South Africa. The Company has taken advantage of the exemption provided by the Mauritius Companies Act 2001 allowing a wholly-owned or virtually wholly owned subsidiary of any company holding a Category 1 Global Business Licence not to present consolidated financial statements. The financial statements are therefore separate from financial statements which contain information about JSW Energy Natural Resources Mauritius Limited as an individual company and do not contain consolidated financial information as the parent of a group

There are no other significant estimates or judgements made by the Company for the financial year ended 31 March 2016.

## JSW Energy Natural Resources Mauritius Limited

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

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#### 6. ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. There has not been any significant judgement made by management in the preparation of the financial statements during the period that may lead to a material impact on the results.

The actual result may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

##### *Impairment of financial assets*

Management assesses at each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated. Therefore, no impairment provision is required to be made by the Company.

##### *Impairment of non-financial assets*

In assessing whether a full impairment test is required for the investment in the subsidiaries, the Company has considered whether it has recognised dividend from the investment and evidence is available that:

- the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial statements of the subsidiaries' net assets; or
- the dividend exceeds the total comprehensive income of the subsidiaries in the period in which the dividend is declared

The directors have noted that the carrying amount of the investment in the separate financial statements is higher than the carrying amount in the unaudited management accounts of the subsidiary' net assets. The impairment assessment have been made in line with that performed by management of the ultimate parent and therefore, no impairment provision is required to be made by the Company.

#### 7. TAXATION

##### *(i) Income tax*

The Company is liable to pay tax in Mauritius on its chargeable income at the rate of 15%. As a holder of a Category 1 Global Business Licence, it is entitled to a credit in respect of foreign tax equivalent to the higher of actual foreign tax suffered or a deemed credit equivalent to 80% of the Mauritius income tax liability on foreign source income. The maximum effective tax rate is 3%.

# JSW Energy Natural Resources Mauritius Limited

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

### 7. TAXATION (CONTINUED)

#### (i) Income tax (Continued)

Gains or profits arising from sale of units or securities are tax-exempt in the hands of the Company in Mauritius. Dividends and redemption proceeds paid by the Company to its shareholder do not attract withholding tax.

The foregoing is based on the taxation laws and practices currently in force in Mauritius and may be subject to change.

The Company has received a certificate from the Mauritius tax authorities that it is tax resident in Mauritius.

As at 31 March 2017, the Company has accumulated tax loss of **USD85,499** (2016: USD82,880) and is, therefore, not liable to income tax. The accumulated tax losses will be available for set off against future taxable profit as follows:

|                                  | <u>USD</u>           |
|----------------------------------|----------------------|
| Up to year ending 31 March 2017  | 17,268               |
| Up to year ending 31 March 2018  | 16,702               |
| Up to year ending 31 March 2019  | 14,460               |
| Up to year ending 31 March 2020  | 18,033               |
| Up to year ending 31 March 2021  | 16,417               |
| Up to year ending 31 March 2022  | 19,887               |
| Tax loss elapsed during the year | <u>(17,268)</u>      |
| Accumulated tax losses           | <u><u>85,499</u></u> |

The tax reconciliation is as follows:

|                                   | 2017            | 2016            |
|-----------------------------------|-----------------|-----------------|
|                                   | <u>USD</u>      | <u>USD</u>      |
| Loss from operations              | (21,310)        | (16,561)        |
| Less: Exempt income               | (53)            | (6)             |
| Add: Non-allowable expenses       | 1,476           | 240             |
| Tax loss for the year             | <u>(19,887)</u> | <u>(16,417)</u> |
| Tax loss brought forward          | (82,880)        | (81,173)        |
| Tax loss lapsed                   | 17,268          | 14,710          |
| Tax loss carried forward          | <u>(85,499)</u> | <u>(82,880)</u> |
| Income tax at 15%                 | (12,825)        | (12,432)        |
| Deemed tax credit                 | 10,260          | 9,946           |
| Deferred tax asset not recognised | <u>2,565</u>    | <u>2,486</u>    |
| Tax expense                       | <u>-</u>        | <u>-</u>        |

# JSW Energy Natural Resources Mauritius Limited

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

### 7. TAXATION (CONTINUED)

#### (ii) *Deferred tax*

A deferred tax asset of **USD2,565** (2016: USD2,486) has not been recognised in respect of the tax loss carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax loss can be utilised.

### 8. INTEREST INCOME

|  | 2017<br>USD    | 2016<br>USD    |
|--|----------------|----------------|
| Interest income on loan to JSWENRML                      | 169,030        | 169,776        |
| Interest income on bank account held with SBI, Mauritius | 53             | 6              |
|  | <u>169,083</u> | <u>169,782</u> |

### 9. INVESTMENT IN SUBSIDIARY

|   | Number of<br>shares | % Held<br>(Unquoted) | 2017<br>USD      | 2016<br>USD      |
|---|---------------------|----------------------|------------------|------------------|
| JSW Energy Natural Resources South Africa (Proprietary) Limited | 43,500,100          | 100%                 | <u>5,958,904</u> | <u>5,958,904</u> |

The subsidiary, JSW Energy Natural Resources South Africa (Proprietary) Limited ("JSWENRSA"), is incorporated in South Africa. JSWENRSA is a holding company with underlying investment in South African Coal Mining Holdings Limited engaged in in the mining sector. The mines are presently under care and maintenance pending receipt of requisite licences in the new Mining area.

Given the nature of business, the directors consider that the fair value of the investment approximates at least the cost.

### 10. STATED CAPITAL

|                                       | 2017<br>USD      | 2016<br>USD      |
|---------------------------------------|------------------|------------------|
| 600,000 Ordinary shares at USD10 each | <u>6,000,000</u> | <u>6,000,000</u> |

The issued share capital of the Company comprises 600,000 ordinary shares with a par value of USD10 per share. Shareholders have various rights under the Company's constitution, including the rights to income distributions subject to solvency test and other legal requirements. They are also required to attend and vote at meeting of shareholders.



**JSW Energy Natural Resources Mauritius Limited**
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**
**11. PAYABLES**

|                          | 2017<br>USD    | 2016<br>USD    |
|--------------------------|----------------|----------------|
| Interest payable on loan | 975,112        | 804,669        |
| Accruals                 | 4,430          | 4,285          |
|                          | <u>979,542</u> | <u>808,954</u> |

**12. RECEIVABLES**

|                             | 2017<br>USD    | 2016<br>USD    |
|-----------------------------|----------------|----------------|
| Interest receivable on loan | 971,642        | 802,612        |
| Prepayments                 | 1,875          | 1,875          |
|                             | <u>973,517</u> | <u>804,487</u> |

**13. LOAN TO SUBSIDIARY**

|                               | 2017<br>USD        | 2016<br>USD       |
|-------------------------------|--------------------|-------------------|
| At 1 April                    | 53,647,027         | 53,315,000        |
| Loan advanced during the year | 585,000            | 1,250,000         |
| Loan repaid during the year   | <u>(1,069,518)</u> | <u>(917,973)</u>  |
| At 31 March                   | <u>53,162,509</u>  | <u>53,647,027</u> |

The loan to JSW Energy Natural Resources South Africa (Proprietary) Limited is unsecured, carries interest rate of 3 month's LIBOR per annum in respect of the first interest period and 1 month LIBOR per annum in respect of all subsequent interest periods and is repayable after more than one year.

# JSW Energy Natural Resources Mauritius Limited

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

### 14. RELATED PARTY TRANSACTIONS

During the year, the following transactions were carried out with the related parties:

| Name of transacting related parties               | Relationship                              | Nature of transactions  | Volume of transactions USD | 2017 USD   | Payable(P) or receivable (R) |
|---|---|---|----------------------------|------------|------------------------------|
|   |   | Loan granted  | 585,000                    | -          |                              |
| JSW Energy Natural Resources South Africa Limited | Subsidiary                                |   | -                          | 53,162,509 | (R)                          |
|   |   | Loan repaid   | (1,069,518)                | -          |                              |
|   |   | Loan received   | 585,000                    |            |                              |
| JSW Energy Minerals Mauritius Limited             | Shareholder                               |   |                            | 53,239,481 | (P)                          |
|   |   | Loan repaid   | (1,069,519)                |            |                              |
| International Financial Services Limited          | Administrator, Secretary and Directorship | Administration fees, secretarial fees, director fees and professional fees for tax filing | 14,300                     | 2,130      | (P)                          |

# JSW Energy Natural Resources Mauritius Limited

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

### 14. RELATED PARTY TRANSACTIONS (CONTINUED)

During the year ended 31 March 2016, the following transactions were carried out with the related parties:

| Name of transacting related parties               | Relationship                              | Nature of transactions  | Volume of transactions USD | 2016 USD   | Payable(P) or receivable (R) |
|---|---|---|----------------------------|------------|------------------------------|
| JSW Energy Natural Resources South Africa Limited | Subsidiary                                | Loan granted  | 1,250,000                  |            | (R)                          |
|   |   | Loan repaid   | (917,973)                  | 53,647,027 |                              |
| JSW Energy Minerals Mauritius Limited             | Shareholder                               | Loan received   | 350,000                    | 53,724,000 | (P)                          |
| International Financial Services Limited          | Administrator, Secretary and Directorship | Administration fees, secretarial fees, director fees and professional fees for tax filing | 11,030                     | 2,100      | (P)                          |

### 15. FINANCIAL INSTRUMENTS

#### *Fair values*

The carrying amounts of loan to subsidiary, receivables, loan from holding company, cash and cash equivalents and payables approximate their fair values.

#### *Currency profile*

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

|                            | Financial assets 2017 | Financial liabilities 2017 | Financial assets 2016 USD | Financial liabilities 2016 USD |
|----------------------------|-----------------------|----------------------------|---------------------------|--------------------------------|
| United States dollar (USD) | <u>54,135,010</u>     | <u>54,219,023</u>          | <u>54,470,251</u>         | <u>54,532,954</u>              |

Prepayments of USD1,875 (2016:USD1,875) have not been included in the financial assets.

## JSW Energy Natural Resources Mauritius Limited

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

#### 16. LOAN FROM HOLDING COMPANY

|                          | 2017<br>USD       | 2016<br>USD       |
|--------------------------|-------------------|-------------------|
| At 1 April               | 53,724,000        | 53,374,000        |
| Received during the year | 585,000           | 350,000           |
| Repaid during the year   | (1,069,519)       | -                 |
| At 31 March              | <u>53,239,481</u> | <u>53,724,000</u> |

The loan is unsecured, carries interest at the rate of 3 months' LIBOR annually, and is repayable after more than one year.

#### 17. FINANCIAL RISK MANAGEMENT

##### *Financial risk factors*

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and concentration risk. 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. The following are the various risks the Company is exposed to:

##### (i) *Currency risk*

The Company has financial asset denominated in USD. Consequently the Company is not exposed to currency risk.

##### (ii) *Market risk*

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility.

##### (iii) *Foreign exchange risk*

The Company operates internationally and is exposed to foreign exchange risk arising from investment in a South African company.

# JSW Energy Natural Resources Mauritius Limited

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

### 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *Financial risk factors (Continued)*

#### *(iv) Interest rate risk*

The Company is exposed to changes in market interest rates on its financial assets on account of its loan from subsidiary and bank balance and on its financial liabilities on account of its loan from holding Company which are at fixed interest rates.

#### Interest rate risk sensitivity analysis

Effect on the loss for the year ended 31 March 2017

|  | USD        | 0.5%<br>increase<br>USD | 0.5%<br>decrease<br>USD |
|--|------------|-------------------------|-------------------------|
| Loan to subsidiary                             | 53,162,509 |                         |                         |
| Interest income                                | 169,030    | 169,875                 | 168,185                 |
| Effect   |            | 845                     | (845)                   |
| Loan from holding company                      | 53,239,481 |                         |                         |
| Interest expense                               | 170,443    | 171,295                 | 169,591                 |
| Effect   |            | (852)                   | 852                     |
| Net effect of interest                         |            | (7)                     | 7                       |
| <b>Loss before taxation</b>                    |            | (21,310)                | (21,310)                |
| 0.5% increase in interest rate                 |            | (7)                     | -                       |
| 0.5% decrease in interest rate                 |            | -                       | 7                       |
| <b>Revised loss after sensitivity analysis</b> |            | (21,317)                | (21,303)                |

## JSW Energy Natural Resources Mauritius Limited

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

#### 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (iv) Interest rate risk (Continued)

Interest rate risk sensitivity analysis

Effect on the loss for the year ended 31 March 2016

|   | USD        | 0.5%<br>increase<br>USD | 0.5%<br>decrease<br>USD |
|---|------------|-------------------------|-------------------------|
| Loan to subsidiary                      | 53,647,027 |                         |                         |
| Interest income                         | 169,782    | 170,631                 | 168,933                 |
| Effect                                  |            | 849                     | (849)                   |
| Loan from holding company               | 53,724,000 |                         |                         |
| Interest expense                        | 169,953    | 170,803                 | 169,103                 |
| Effect                                  |            | (850)                   | 850                     |
| Net effect of interest                  |            | <u>1</u>                | <u>(1)</u>              |
| Loss before taxation                    |            | (16,651)                | (16,651)                |
| 0.5% increase in interest rate          |            | 1                       | -                       |
| 0.5% decrease in interest rate          |            | -                       | (1)                     |
| Revised loss after sensitivity analysis |            | <u>(16,650)</u>         | <u>(16,652)</u>         |

##### (v) Liquidity risk

Liquidity risk is managed by ensuring the financial support of the shareholder. 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 the Company has 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. Liquidity risk is managed by ensuring the financial support of the holding company.

## JSW Energy Natural Resources Mauritius Limited

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

#### 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (v) Liquidity risk (Continued)

|                       | Due < 1<br>year<br>USD | Due > 1<br>year<br>USD | Total<br>USD |
|-----------------------|------------------------|------------------------|--------------|
| <b>2017</b>           |                        |                        |              |
| Financial liabilities | 4,430                  | 54,214,593             | 54,219,023   |
| <b>2016</b>           |                        |                        |              |
| Financial liabilities | 4,285                  | 54,528,669             | 54,532,954   |

##### (vi) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered into with the Company.

At year end the Company did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

##### (v) Concentration risk

The Company holds investments in South Africa, which involves certain considerations and risks not typically associated with investments in other more developed countries. Future economic and political developments in South Africa could affect the operations of the investee companies.

#### 18. FAIR VALUATION ESTIMATION

##### Fair valuation hierarchy

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 inputs are unobservable inputs for the assets or liability.

The following tables set out the fair values of financial instruments of the Company that are analysed by the level in the fair value hierarchy into which each fair value measurement is categorised:

# JSW Energy Natural Resources Mauritius Limited

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

### 18. FAIR VALUATION ESTIMATION (CONTINUED)

#### Fair valuation hierarchy (Continued)

|                              | Level 1<br>USD | Level 2<br>USD | Level 3<br>USD    | Total<br>USD      |
|------------------------------|----------------|----------------|-------------------|-------------------|
| Year ended 31 March 2017     |                |                |                   |                   |
| <b>Financial assets</b>      |                |                |                   |                   |
| Loan to subsidiary           | -              | -              | 53,162,509        | 53,162,509        |
| Receivables                  | -              | -              | 971,642           | 971,642           |
|                              | -              | -              | <u>54,134,151</u> | <u>54,134,151</u> |
| <b>Financial liabilities</b> |                |                |                   |                   |
| Loan from holding company    | -              | -              | 53,239,481        | 53,239,481        |
| Payables                     | -              | -              | 979,542           | 979,542           |
|                              | -              | -              | <u>54,219,023</u> | <u>54,219,023</u> |
| Year ended 31 March 2016     |                |                |                   |                   |
| <b>Financial assets</b>      |                |                |                   |                   |
| Loan to subsidiary           | -              | -              | 53,647,027        | 53,647,027        |
| Receivables                  | -              | -              | 802,612           | 802,612           |
|                              | -              | -              | <u>54,449,639</u> | <u>54,449,639</u> |
| <b>Financial liabilities</b> |                |                |                   |                   |
| Loan from holding company    | -              | -              | 53,724,000        | 53,724,000        |
| Payables                     | -              | -              | 808,954           | 808,954           |
|                              | -              | -              | <u>54,532,954</u> | <u>54,532,954</u> |

The fair values of cash and cash equivalents and other payables approximate their carrying values due to their short-term nature.

### 19. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing services commensurate with the level of risk;
- to comply with the capital requirements set out by the regulators;
- 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;
- to maintain a strong asset base to support the development of business; and
- to maintain an optimal capital structure to reduce the cost of capital.



**JSW Energy Natural Resources Mauritius Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**19. CAPITAL MANAGEMENT (CONTINUED)**

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Company does not have any external debts and therefore, consistently with others in the industry, the Company is not required to monitor its capital on the basis of the gearing ratio. There has not been any changes in the way the Company manages its capital.

The Company is not exposed to any externally imposed capital requirements

**20. HOLDING AND ULTIMATE HOLDING COMPANY**

The directors regard JSW Energy Minerals Mauritius Limited, a company incorporated in Mauritius as the holding company and JSW Energy Limited having its place of business at Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India as the ultimate holding Company. JSW Energy Limited is listed on the National Stock Exchange and Bombay Stock Exchange in India.

**21. EVENTS AFTER THE REPORTING PERIOD**

No events were noted after the reporting date that would require disclosures or adjustments to the financial statements for the year ended 31 March 2017.