

JSW Energy Natural
Resources Mauritius Limited
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

JSW Energy Natural Resources Mauritius Limited

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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JSW Energy Natural Resources Mauritius Limited

CORPORATE DATA

		<i>Date of appointment</i>	<i>Date of resignation</i>
DIRECTORS:	Couldiplall Basanta Lala	19 April 2010	-
	Pramod Prabhakaran Menon	28 May 2010	-
	Divya Basanta Lala	19 February 2014	-
	Sampath Madhavan Kumar	5 February 2016	-
	Kantilal Narandas Patel	28 May 2010	5 February 2016

**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 (Mur) Co.**
Member Crowe Horwath International
2nd Floor, Ebene Esplanade
24, Bank Street, Cybercity
Ebene 72201
Mauritius

BANKER: **SBI (Mauritius) Ltd**
Global Business Branch
7th Floor SBI Tower
45 Mindspace Ebene
Mauritius

JSW Energy Natural Resources Mauritius Limited

COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2016

The directors present the audited financial statements of **JSW Energy Natural Resources Mauritius Limited** (the “Company”) for the year ended 31 March 2016.

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 (Mur) Co.**, 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**

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 2016.

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For **International Financial Services Limited**
Secretary

Registered Office:

IFS Court
Bank Street
TwentyEight
Cybercity
Ebene 72201
Mauritius

Date:

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF JSW Energy Natural Resources Mauritius Limited

INDEPENDENT AUDITORS' REPORT (Continued)
TO THE SHAREHOLDERS OF JSW Energy Natural Resources Mauritius Limited

JSW Energy Natural Resources Mauritius Limited

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

	<i>Note</i>	2016 USD	2015 USD
Income			
Interest income	8	169,782	168,541
EXPENSES			
Interest expense		169,953	168,900
Professional fees		11,030	12,584
Licence fees		2,300	2,525
Audit fees		2,185	2,415
Bank charges		965	150
Total expenses		186,433	186,574
LOSS BEFORE TAXATION		(16,651)	(18,033)
Taxation	7	-	-
LOSS FOR THE YEAR		(16,651)	(18,033)
OTHER COMPREHENSIVE INCOME			
<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>			
		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(16,651)	(18,033)

The notes on pages 10 to 27 form an integral part of these financial statements.

JSW Energy Natural Resources Mauritius Limited

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016 USD	2015 USD
ASSETS			
Non-current assets			
Investment in subsidiary	9	5,958,904	5,958,904
Loan to subsidiary	13	53,647,027	53,315,000
Total non-current assets		59,605,931	59,273,904
Current assets			
Receivables	12	804,487	634,711
Cash and cash equivalents		20,612	18,797
Total currents assets		825,099	653,508
Total assets		60,431,030	59,927,412
EQUITY AND LIABILITIES			
Equity			
Stated capital	10	6,000,000	6,000,000
Accumulated losses		(101,924)	(85,273)
Total equity		5,898,076	5,914,727
Non-current liability			
Loan from holding company	16	53,724,000	53,374,000
Current liability			
Payables	11	808,954	638,685
Total equity and liabilities		60,431,030	59,927,412

Approved and authorised for issue by the Board on and signed on its behalf by:

Director

Director

The notes on pages 10 to 27 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 2016

	Stated capital USD	Accumulated losses USD	Total equity USD
	<u> </u>	<u> </u>	<u> </u>
At 1 April 2014	6,000,000	(67,240)	5,932,760
Loss for the year	-	(18,033)	(18,033)
At 31 March 2015	<u>6,000,000</u>	<u>(85,273)</u>	<u>5,914,727</u>
Loss for the year	<u>-</u>	<u>(16,651)</u>	<u>(16,651)</u>
At 31 March 2016	<u>6,000,000</u>	<u>(101,924)</u>	<u>5,898,076</u>

The notes on pages 10 to 27 form an integral part of these financial statements.

JSW Energy Natural Resources Mauritius Limited

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	2016 USD	2015 USD
Cash flows from operating activities		
Loss before taxation	(16,651)	(18,033)
<i>Adjustments for:</i>		
Interest expense	169,953	168,900
Interest income	(169,782)	(168,541)
Operating loss before working capital changes	(16,480)	(17,674)
Decrease in prepayments	-	25
Increase in accruals	316	735
Net cash used in operating activities	(16,164)	(16,914)
Cash flows from investing activities		
Interest income	6	-
Loan advanced to subsidiary	(1,250,000)	-
Loan repaid by subsidiary	917,973	-
Net cash used in investing activities	(332,021)	-
Cash flows from financing activities		
Loan from holding company	350,000	25,000
Net cash from financing activities	350,000	25,000
Net increase in cash and cash equivalents	1,815	8,086
Cash and cash equivalents at start of the year	18,797	10,711
Cash and cash equivalents at end of the year	20,612	18,797

The notes on pages 10 to 27 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 2016

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 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 2016**

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 instruments carried on the statement of financial position include receivables, loan to subsidiary, cash and cash equivalents, loan from holding company and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(i) Receivables

Receivable are stated at nominal value.

JSW Energy Natural Resources Mauritius Limited**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**(e) Financial instruments (Continued)****(ii) Cash and cash equivalents**

Cash and cash equivalents consist of cash at bank. Cash and 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) Accruals

Accruals are stated at their nominal value.

(iv) Loans

Loans to/from related and third parties are recognised at net proceeds received.

(f) Prepayments

Prepayments are stated at nominal value.

(g) Stated capital

Ordinary shares are classified as equity.

(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.

(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.

JSW Energy Natural Resources Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(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
- Historic patterns in voting attendance.

Investment in subsidiaries is shown at cost. 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.

4. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES

(i) **Standards adopted by the Company during the year**

IAS 32 Financial Instruments: Presentation

The amendment clarifies the accounting requirements for offsetting financial instruments. New guidance in IAS 32 clarifies that the right of set-off:

JSW Energy Natural Resources Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

4. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

(i) Standards adopted by the Company during the year (Continued)

IAS 32 Financial Instruments: Presentation (Continued)

- Must not be contingent on a future event; and
- Must be legally enforceable in all of the following circumstances:
 - (i) The normal course of business;
 - (ii) The event of default; and
 - (iii) The event of insolvency or bankruptcy of the entity and all of the counterparties.

IAS 36 Impairment of Assets

Under the amendments, the recoverable amount of an asset or cash generating unit (or CGU) is required to be disclosed only in periods in which an impairment has been either recorded or reversed in respect of that asset.

Clarification of disclosure requirements – fair value less costs of disposal.

The amendments to IAS 36 would require an entity to make disclosures for fair value less costs of disposal that are consistent with those currently required for an asset where the recoverable amount has been determined on the basis of value in use.

The amendments also require disclosure of the level of the fair value hierarchy within which the fair value measurement of the asset is categorised in its entirety

- For fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) used to measure fair value less costs of disposal. If there has been a change in valuation technique, disclosure is required of that change and the reason(s) for making it;
- For fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the asset's recoverable amount is most sensitive; and
- The discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.

JSW Energy Natural Resources Mauritius Limited**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

4. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)**(ii) New standards and interpretations not yet adopted**

The standards and interpretations which could impact on these financial statements that have been issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Effective date for accounting periods beginning on or after 1 July 2014***IFRS 13 Fair Value Measurement******Short term receivables and payables***

The amendment clarifies that short-term receivables and payables with no stated interest rate can still be measured at the invoice amount without discounting, if the effect of discounting is immaterial.

Portfolio exemption

The amendment clarifies that the portfolio exception applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* regardless of whether they meet the definition of financial assets or financial liabilities in IAS 32 *Financial Instruments: Presentation*.

IAS 24 Related Party Disclosures

The amendment clarifies that an entity that provides key management personnel services ('management entity') to a reporting entity (or to the parent of the reporting entity), is a related party of the reporting entity, and:

- Would require separate disclosure of amounts recognised as an expense for key management personnel services provided by a separate management entity ; and
- Would not require disaggregated disclosures by the categories set out in IAS 24.

JSW Energy Natural Resources Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

4. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

(ii) New standards and interpretations not yet adopted (Continued)

Effective date for accounting periods beginning on or after 1 January 2016

IFRS 7 Financial Instruments: Disclosures

Servicing contracts

The IASB clarified the circumstances in which an entity has continuing involvement from the servicing of a transferred asset.

The amendment is required to be applied retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, the amendment need not to be applied for any period beginning before the annual period in which the entity first applies the amendments.

Effective date for accounting periods beginning on or after 1 January 2018

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (2014) incorporates the final requirements on all three phases of the financial instruments projects – classification and measurement, impairment, and hedge accounting. IFRS 9 (2014) adds to the existing IFRS 9:

- New impairment requirements for all financial assets that are not measured at fair value through profit or loss; and
- Amendments to the previously finalised classification and measurement requirements for financial assets.

Other standards and IFRIC interpretations that are not yet effective and that would be expected to have a material impact on the Company have not been analysed.

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

JSW Energy Natural Resources Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

5. SIGNIFICANT JUDGEMENTS (CONTINUED)

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

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 lower than the carrying amount in the unaudited management accounts of the subsidiary' net assets. Therefore, no impairment provision is required to be made by the Company.

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 2016

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.

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

7. TAXATION

(i) *Income tax*

The Company is subject to income tax in Mauritius at the rate of 15%. However, it is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax on its foreign source income such that the effective rate would be 3%.

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

No Mauritius capital gain tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Company to its shareholder will be exempt in Mauritius from any withholding tax.

As at 31 March 2016, the Company has accumulated tax loss of **USD82,943** (2015: USD 81,173) 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	<u>16,480</u>
Accumulated tax losses	<u><u>82,943</u></u>

JSW Energy Natural Resources Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

7. TAXATION (CONTINUED)

(ii) Income tax (Continued)

The tax reconciliation is as follows:

	2016	2015
	USD	USD
Loss from operations	(16,651)	(18,033)
Less: Exempt income	(6)	-
Add: Non-allowable expenses	177	-
Tax loss for the year	(16,480)	(18,033)
Tax loss brought forward	(81,173)	(63,140)
Tax loss lapsed	14,710	-
Tax loss carried forward	(82,943)	(81,173)
Income tax at 15%	(12,441)	(12,176)
Deemed tax credit	9,953	9,741
Deferred tax asset not recognised	2,488	2,435
Tax expense	-	-

(iii) Deferred tax

A deferred tax asset of **USD 2,488** (2015: USD2,435) 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

	2016	2015
	USD	USD
Interest income on loan to JSWENRML	169,776	168,541
Interest income on bank account held with SBI, Mauritius	6	-
	169,782	168,541

JSW Energy Natural Resources Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

9. INVESTMENT IN SUBSIDIARY

	Number of shares	% Held (Unquoted)	2016 USD	2015 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 engaged in investment in the mining sector. Given the nature of business, the directors consider that the fair value of the investment approximates at least the cost. The directors are of opinion that no impairment is required to be made during the year.

10. STATED CAPITAL

	2016 USD	2015 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 of 600,000 ordinary shares with a par value of USD10 per share. These shares are entitled to voting rights and to dividends. 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.

11. PAYABLES

	2016 USD	2015 USD
Interest payable on loan	<u>804,669</u>	<u>634,716</u>
Accruals	<u>4,285</u>	<u>3,969</u>
	<u>808,954</u>	<u>638,685</u>

12. RECEIVABLES

	2016 USD	2015 USD
Interest receivable on loan	<u>802,612</u>	<u>632,836</u>
Prepayments	<u>1,875</u>	<u>1,875</u>
	<u>804,487</u>	<u>634,711</u>

JSW Energy Natural Resources Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

13. LOAN TO SUBSIDIARY

	<u>2016 USD</u>	<u>2015 USD</u>
At 1 April	53,315,000	53,315,000
Loan advanced during the year	1,250,000	-
Loan repaid during the year	<u>(917,973)</u>	-
At 31 March	<u>53,647,027</u>	<u>53,315,000</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.

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 transaction	Volume of transaction USD	2016 USD	Payable(P) or receivable (R)
		Loan granted	1,250,000		
JSW Energy Natural Resources South Africa Limited	Subsidiary			53,647,027	(R)
		Loan repaid	(917,973)		
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)

JSW Energy Natural Resources Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

14. RELATED PARTY TRANSACTIONS (CONTINUED)

During the year ended 31 March 2015, the following transactions were carried out with the related parties:

Name of transacting related parties	Relationship	Nature of transaction	Volume of transaction USD	2015 USD	Payable(P) or receivable (R)
JSW Energy Natural Resources South Africa Limited	Subsidiary	Loan granted	-	53,315,000	(R)
JSW Energy Minerals Mauritius Limited	Shareholder	Loan received	25,000	53,374,000	(P)
International Financial Services Limited	Administrator, Secretary and Directorship	Administration fees, secretarial fees, director fees and professional fees for tax filing	12,584	1,784	(P)

15. FINANCIAL INSTRUMENTS

Fair values

The carrying amounts of loan to subsidiary, 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 2016 USD	Financial liabilities 2016 USD	Financial assets 2015 USD	Financial liabilities 2015 USD
United States dollar (USD)	<u>54,470,251</u>	<u>54,532,954</u>	<u>53,966,633</u>	<u>54,012,685</u>

Prepayments of USD1,875 (2015: 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 2016

16. LOAN FROM HOLDING COMPANY

	<u>2016 USD</u>	<u>2015 USD</u>
At 1 April	53,374,000	53,349,000
Received during the year	<u>350,000</u>	<u>25,000</u>
At 31 March	<u><u>53,724,000</u></u>	<u><u>53,374,000</u></u>

The loan is unsecured and 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 and liquidity 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 2016

17. FINANCIAL RISK MANAGEMENT

Financial risk factors

(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 2016

	<u>USD</u>	<u>0.5% increase USD</u>	<u>0.5% decrease USD</u>
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>2</u>	<u>(2)</u>
Loss before taxation		(16,651)	(16,651)
0.5% increase in interest rate		2	
0.5% decrease in interest rate			(2)
Revised loss after sensitivity analysis		<u>(16,649)</u>	<u>(16,653)</u>

JSW Energy Natural Resources Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 2015

	<u>USD</u>	<u>0.5% increase USD</u>	<u>0.5% decrease USD</u>
Loan to subsidiary	53,315,000		
Interest income	168,541	169,384	167,698
Effect		843	(843)
Loan from holding company	53,374,000		
Interest expense	168,900	169,745	168,056
Effect		845	(845)
Net effect of interest		<u>(2)</u>	<u>2</u>
Loss before taxation		(18,033)	(18,033)
0.5% increase in interest rate		(2)	
0.5% decrease in interest rate			2
Revised loss after sensitivity analysis		<u>(18,035)</u>	<u>(18,031)</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 2016

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

(v) *Liquidity risk (Continued)*

	Due < 1 year USD	Due > 1 year USD	Total USD
2016			
Financial liabilities	4,285	54,528,669	54,532,954
2015			
Financial liabilities	3,969	54,008,716	54,012,685

(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.

18. CAPITAL RISK MANAGEMENT

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to its holding company. The capital structure of the Company consists of cash and cash equivalents and equity attributable to the shareholder, comprising of stated capital, and retained earnings.

As a risk management policy, the Company reviews its cost of capital and risk associated with each class of capital. The Company balances its capital structure based on the above review. The management believes that the fair values of the financial assets and liabilities are not significantly different from their carrying amounts at the reporting date.

19. 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.

JSW Energy Natural Resources Mauritius Limited**NOTES TO THE FINANCIAL STATEMENTS
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20. EVENTS AFTER 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 2016.