

**JSW Energy Natural  
Resources Mauritius Limited  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

# JSW Energy Natural Resources Mauritius Limited

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	<i>Note</i>	<b>2015 USD</b>	<b>2014 USD</b>
<b>Income</b>			
Interest income		<b>168,541</b>	165,537
<b>EXPENSES</b>			
Interest expense		<b>168,900</b>	165,880
Professional fees		<b>10,984</b>	7,861
Licence fees		<b>2,125</b>	2,100
Directors' fees		<b>2,000</b>	2,000
Audit fees		<b>2,415</b>	1,956
Bank charges		<b>150</b>	200
Total expenses		<b>186,574</b>	179,997
<b>LOSS BEFORE TAXATION</b>		<b>(18,033)</b>	(14,460)
Taxation	7	-	-
<b>LOSS FOR THE YEAR</b>		<b>(18,033)</b>	(14,460)
<b>OTHER COMPREHENSIVE LOSS</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>(18,033)</b>	(14,460)

# JSW Energy Natural Resources Mauritius Limited

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2015 USD	2014 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiary	8	5,958,904	5,958,904
Loan to subsidiary	12	53,315,000	53,315,000
<b>Total non-current assets</b>		<b>59,273,904</b>	<b>59,273,904</b>
<b>Current assets</b>			
Receivables	11	634,711	466,195
Cash and cash equivalents		18,797	10,711
<b>Total currents assets</b>		<b>653,508</b>	<b>476,906</b>
<b>Total assets</b>		<b>59,927,412</b>	<b>59,750,810</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	9	6,000,000	6,000,000
Accumulated losses		(85,273)	(67,240)
<b>Total equity</b>		<b>5,914,727</b>	<b>5,932,760</b>
<b>Non-current liability</b>			
Loan from holding company	15	53,374,000	53,349,000
<b>Current liability</b>			
Payables	10	638,685	469,050
<b>Total equity and liabilities</b>		<b>59,927,412</b>	<b>59,750,810</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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

### **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015**

	<b>Stated capital USD</b>	<b>Accumulated losses USD</b>	<b>Total equity USD</b>
At 1 April 2013	6,000,000	(52,780)	5,947,220
Loss for the year	-	(14,460)	(14,460)
At 31 March 2014	6,000,000	(67,240)	5,932,760
Loss for the year	-	(18,033)	(18,033)
At 31 March 2015	<b>6,000,000</b>	<b>(85,273)</b>	<b>5,914,727</b>

# JSW Energy Natural Resources Mauritius Limited

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	2015 USD	2014 USD
<b>Cash flows from operating activities</b>		
Loss before taxation	(18,033)	(14,460)
<i>Adjustments for:</i>		
Interest expense	168,900	165,881
Interest income	(168,541)	(165,537)
Operating loss before working capital changes	(17,674)	(14,116)
Decrease / (increase) in prepayments	25	(100)
Increase / (decrease) in accruals	735	(421)
<b>Net cash used in operating activities</b>	(16,914)	(14,637)
<b>Cash flows from investing activities</b>		
Loan to subsidiary	-	(3,600,000)
<b>Net cash used in investing activities</b>	-	(3,600,000)
<b>Cash flows from financing activities</b>		
Loan from holding company	25,000	3,600,000
<b>Net cash from financing activities</b>	25,000	3,600,000
<b>Net increase / (decrease) in cash and cash equivalents</b>	8,086	(14,637)
Cash and cash equivalents at start of the year	10,711	25,348
<b>Cash and cash equivalents at end of the year</b>	18,797	10,711

# **JSW Energy Natural Resources Mauritius Limited**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

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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, TwentyEight, Cybercity, Ebene, 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 2015**

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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 the profit or loss on the 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 2015

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### 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 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 2015**

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### **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 2015

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### 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 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 2015

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### 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 2015

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### 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).

### 5. SIGNIFICANT JUDGEMENTS (CONTINUED)

# JSW Energy Natural Resources Mauritius Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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### *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 financial statements of the subsidiaries' 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 2015.

# JSW Energy Natural Resources Mauritius Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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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.

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 2015, the Company has accumulated tax loss of **USD 81,173** (2014: USD 63,140) 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 December 2016	14,710
Up to year ending 31 December 2017	17,268
Up to year ending 31 December 2018	16,702
Up to year ending 31 December 2019	14,460
Up to year ending 31 December 2020	<u>18,033</u>
Accumulated tax losses c/fwd	<u><u>81,173</u></u>

## JSW Energy Natural Resources Mauritius Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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#### 7. TAXATION (CONTINUED)

##### (ii) Income tax (Continued)

The tax reconciliation is as follows:

	2015	2014
	USD	USD
Loss from operations	(18,033)	(14,460)
Add: Non – allowable expenses	-	-
Tax loss for the year	(18,033)	(14,460)
Tax loss brought forward	(63,140)	(48,680)
Tax loss carried forward	(81,173)	(63,140)
Income tax at 15%	(12,176)	(9,471)
Deemed tax credit	9,741	7,577
Deferred tax asset not recognised	2,435	1,894
Tax expense	-	-

##### (iii) Deferred tax

A deferred tax asset of **USD 2,435** (2014: USD 1,894) 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. INVESTMENT IN SUBSIDIARY

	Number of shares	% Held (Unquoted)	2015 USD	2014 USD
JSW Energy Natural Resources South Africa (Proprietary) Limited	43,500,100	100%	<b>5,958,904</b>	5,958,904

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.

## JSW Energy Natural Resources Mauritius Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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#### 9. STATED CAPITAL

	<b>2015 USD</b>	<b>2014 USD</b>
600,000 Ordinary shares at USD10 each	<b><u>6,000,000</u></b>	<b><u>6,000,000</u></b>

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.

#### 10. PAYABLES

	<b>2015 USD</b>	<b>2014 USD</b>
Interest payable on loan	<b><u>634,716</u></b>	<b><u>465,816</u></b>
Accruals	<b><u>3,969</u></b>	<b><u>3,234</u></b>
	<b><u>638,685</u></b>	<b><u>469,050</u></b>

#### 11. RECEIVABLES

	<b>2015 USD</b>	<b>2014 USD</b>
Interest receivable on loan	<b><u>632,836</u></b>	<b><u>464,295</u></b>
Prepayments	<b><u>1,875</u></b>	<b><u>1,900</u></b>
	<b><u>634,711</u></b>	<b><u>466,195</u></b>

#### 12.. LOAN TO SUBSIDIARY

	<b>2015 USD</b>	<b>2014 USD</b>
At 1 April	<b><u>53,315,000</u></b>	<b><u>49,715,000</u></b>
Loan advanced during the year	<b><u>-</u></b>	<b><u>3,600,000</u></b>
At 31 March	<b><u>53,315,000</u></b>	<b><u>53,315,000</u></b>

The loan to JSW Energy Natural Resources South Africa (Proprietary) Limited is unsecured, carries interest rate of 1 month's LIBOR per annum 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 2015

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#### 13. 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	2015 USD	Payable(P) or receivable (R)
JSW Energy Natural Resources South Africa Limited	Subsidiary	Loan granted	-	<u>53,315,000</u>	(R)
JSW Energy Minerals Mauritius Limited	Shareholder	Loan received	<u>25,000</u>	<u>53,374,000</u>	(P)

During the year ended 31 March 2014, the following transactions were carried out with the related parties:

Name of transacting related parties	Relationship	Nature of transaction	Volume of transaction USD	2014 USD	Payable(P) or receivable (R)
JSW Energy Natural Resources South Africa Limited	Subsidiary	Loan granted	<u>3,600,000</u>	<u>53,315,000</u>	(R)
JSW Energy Minerals Mauritius Limited	Shareholder	Loan received	<u>3,600,000</u>	<u>53,349,000</u>	(P)

## JSW Energy Natural Resources Mauritius Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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#### 14. 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:

	<b>Financial assets 2015 USD</b>	<b>Financial liabilities 2015 USD</b>	<b>Financial assets 2014 USD</b>	<b>Financial liabilities 2014 USD</b>
United States dollar (USD)	<u><b>53,966,633</b></u>	<u><b>54,012,685</b></u>	<u>53,790,006</u>	<u>53,818,050</u>

Prepayments of **USD1,875** (2014: USD1,900) have not been included in the financial assets.

#### 15. LOAN FROM HOLDING COMPANY

	<b>USD</b>
At 1 April 2013	49,749,000
Received during the year	<u>3,600,000</u>
At 31 March 2014	<u>53,349,000</u>
<b>At 1 April 2014</b>	<b>53,349,000</b>
<b>Received during the year</b>	<u><b>25,000</b></u>
<b>At 31 March 2015</b>	<u><b>53,374,000</b></u>

The loan is unsecured and carries interest at the rate of 3 months' LIBOR annually 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 2015

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### 16. 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.

#### *(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.

## JSW Energy Natural Resources Mauritius Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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#### 16. 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

	USD	0.5% increase USD	0.5% decrease USD
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>
<b>Loss before taxation</b>		<b>(18,033)</b>	<b>(18,033)</b>
0.5% increase in interest rate		(2)	
0.5% decrease in interest rate			2
<b>Revised loss after sensitivity analysis</b>		<u><b>(18,035)</b></u>	<u><b>(18,031)</b></u>

# JSW Energy Natural Resources Mauritius Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Interest rate risk sensitivity analysis

Effect on the loss for the year ended 31 March 2014

	USD	0.5% increase USD	0.5% decrease USD
Loan to subsidiary	53,315,000		
Interest income	165,537	166,364	164,708
Effect		828	(828)
Loan from holding company	53,349,000		
Interest expense	165,880	166,710	165,052
Effect		(829)	829
Net effect of interest		(1)	1
<b>Loss before taxation</b>		(14,460)	(14,460)
0.5% increase in interest rate		(1)	
0.5% decrease in interest rate			1
<b>Revised loss after sensitivity analysis</b>		(14,461)	(14,459)

#### (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 2015

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

(v) *Liquidity risk (Continued)*

	Due < 1 year USD	Due > 1 year USD	Total USD
<b>2015</b>			
Financial liabilities	<b>638,685</b>	<b>53,374,000</b>	<b>54,012,685</b>
<b>2014</b>			
Financial liabilities	469,050	53,349,000	53,818,050

(v) *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.

#### 17. 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.

#### 18. 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 Ltd having its place of business at JSW Centre, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, India as the ultimate holding Company.

# **JSW Energy Natural Resources Mauritius Limited**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

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### **19. 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 2015.