

**JSW Energy Minerals Mauritius
Limited**

FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 1 APRIL
2017 TO 15 FEBRUARY 2018**

JSW Energy Minerals Mauritius Limited

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FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

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JSW Energy Minerals Mauritius Limited

CORPORATE DATA

		<i>Date of appointment</i>	<i>Date of resignation</i>
DIRECTORS:	Couldiplall Basanta Lala	19-Apr-10	-
	Divya Basanta Lala	19-Feb-14	24-May-17
	Jayaprakash Madhavan Nair	09-Sep-16	-
	Jyoti Kumar Agarwal	24-Mar-17	-
	Kooshal Ashley Torul	24-May-17	-
ADMINISTRATOR, SECRETARY AND TAX AGENT:	SANNE Mauritius <i>(Formerly known as International Financial Services Limited)</i> IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Mauritius		
REGISTERED OFFICE:	IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Mauritius		
AUDITORS:	Crowe Horwath ATA <i>Member Crowe Horwath International</i> 2 nd Floor, Ebene Esplanade 24, Bank Street, Cybercity Ebene 72201 Mauritius		
BANKER:	SBI (Mauritius) Limited Global Business Branch 7 th Floor, SBI Tower 45 Mindspace Ebene Mauritius		
LIQUIDATOR:	Yogesh Rai Basgeet ACA Licenced Insolvency Practitioner PricewaterhouseCoopers Ltd 18 Cybercity Ebene, Reduit 72201 Mauritius		

JSW Energy Minerals Mauritius Limited

COMMENTARY OF THE DIRECTORS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

The directors present the audited financial statements of **JSW Energy Minerals Mauritius Limited** (the "Company") for the period from 1 April 2017 to 15 February 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of an 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

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.

The financial statements have not been prepared on a going concern basis of accounting and the effect of this is explained in Note 3(b) to the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF JSW Energy Minerals Mauritius Limited**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **JSW Energy Minerals Mauritius Limited**, being a special purpose financial statements, set out on pages 7 to 33, which comprise the statements of financial position as at 15 February 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 15 February 2018, and its performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 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 audit opinion.

Other matters

Basis of Accounting and Restriction on Distribution and Use

Without modifying our report, we draw attention to note 3(b) to the financial statements which describes the non-going concern basis of accounting. The financial statements have been prepared to assist the Company to meet the financial reporting requirements of the directors. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the member and should not be distributed to or used by parties other than the member.

As stated in note 5 to the financial statements, the Company has taken advantage of the exemption provided by the Mauritius Companies Act 2001 allowing a wholly or virtually owned parent holding a Category 1 Global Business License not to present consolidated financial statements.



**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDER OF JSW Energy Minerals Mauritius Limited**

Report on the audit of the financial statements (Continued)

Other information

Directors are responsible for the other information. The other information comprises the commentary of the directors, which we obtained prior to the date of this auditors' report. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The directors have determined that the basis of preparation as it applies on a non-going concern basis as described in note 3(b) is appropriate to meet the financial reporting requirements of the directors and is appropriate to meet the needs of the members. In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Crowe Horwath[™]

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDER OF JSW Energy Minerals Mauritius Limited**

Report on the audit of the financial statements (Continued)

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 auditors' 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDER OF JSW Energy Minerals Mauritius Limited**

Report on the audit of the financial statements (Continued)

Report on other legal and regulatory requirements

In forming our opinion, 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
- Proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Crowe Horwath ATA

Crowe Horwath ATA
Public Accountants

A handwritten signature in black ink, appearing to read "K.S. Sewraz", written over a horizontal line.

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

Date: 24 April 2018

Ebene, Mauritius

JSW Energy Minerals Mauritius Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

	Notes	Period from 1 April 2017 to 15 February 2018 USD	Year ended 31 March 2017 USD
INCOME			
Interest income	8	120,682	170,820
EXPENSES			
Interest expense		616,911	639,935
Professional fees		12,240	13,970
Licence fees		3,001	2,300
Bank charges		869	866
Audit fees		-	2,300
TOTAL EXPENSES		633,021	659,371
LOSS FROM OPERATIONS		(512,339)	(488,551)
Share application monies written off		(17,671)	-
LOSS BEFORE TAXATION		(530,010)	(488,551)
Taxation	7	-	-
LOSS FOR THE PERIOD / YEAR		(530,010)	(488,551)
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 PERIOD / YEAR		(530,010)	(488,551)

The notes on pages 11 to 33 form an integral part of these financial statements.

JSW Energy Minerals Mauritius Limited

STATEMENT OF FINANCIAL POSITION AS AT 15 FEBRUARY 2018

	Notes	15 February 2018 USD	31 March 2017 USD
ASSETS			
Non-current assets			
Investment in subsidiaries	9	-	6,016,236
Share application monies	9	-	36,800
Loan to subsidiaries	10	-	53,639,445
Total non-current assets		-	59,692,481
Current assets			
Investment in subsidiaries	9	6,000,000	-
Share application monies	9	-	-
Loan to subsidiaries	10	54,433,050	-
Receivables	11	-	976,987
Cash and cash equivalents		10	117,113
Total current assets		60,433,060	1,094,100
TOTAL ASSETS		60,433,060	60,786,581
EQUITY AND LIABILITIES			
Equity			
Stated capital	12	9,053,000	9,053,000
Accumulated losses		(1,469,940)	(939,930)
Total equity		7,583,060	8,113,070
Non-current liability			
Loan from holding company	13	-	50,870,000
Current liability			
Loan from holding company	13	52,850,000	-
Payables	14	-	1,803,511
Total current liabilities		52,850,000	1,803,511
TOTAL EQUITY AND LIABILITIES		60,433,060	60,786,581

Approved and authorised for issue by the Board of directors on 24 April 2018 and signed on its behalf by:


Director


Director

The notes on pages 11 to 33 form an integral part of these financial statements.

JSW Energy Minerals Mauritius Limited

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

	<u>Stated capital USD</u>	<u>Accumulated losses USD</u>	<u>Total equity USD</u>
At 1 April 2016	9,053,000	(451,379)	8,601,621
Total comprehensive loss for the year	-	(488,551)	(488,551)
At 31 March 2017	9,053,000	(939,930)	8,113,070
Total comprehensive loss for the period	-	(530,010)	(530,010)
At 15 February 2018	9,053,000	(1,469,940)	7,583,060

The notes on pages 11 to 33 form an integral part of these financial statements.

JSW Energy Minerals Mauritius Limited

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

	Period from 1 April 2017 to 15 February 2018 USD	Year ended 31 March 2017 USD
Cash flows from operating activities		
Loss before taxation	(530,010)	(488,551)
<i>Adjustments for:</i>		
Share application monies written off	17,671	-
Interest expense	616,911	639,935
Interest income	(120,682)	(170,820)
Operating loss before working capital changes	<u>(16,110)</u>	<u>(19,436)</u>
Decrease in prepayments	1,875	(1)
Decrease in accruals	(4,494)	15
Net cash used in operating activities	<u>(18,729)</u>	<u>(19,422)</u>
Cash flows from investing activities		
Interest income	112	377
Loan to subsidiaries	(147,888)	(984,964)
Repayment of loan by subsidiary	450,000	1,069,519
Acquisition of subsidiary	-	(36)
Return of share application monies	35,330	
Net cash from investing activities	<u>337,554</u>	<u>84,896</u>
Cash flows from financing activities		
Interest paid	(2,415,928)	-
Repayment of loan to holding company	(450,000)	(1,000,000)
Loan from holding company	2,430,000	450,000
Net cash used in financing activities	<u>(435,928)</u>	<u>(550,000)</u>
Net decrease in cash and cash equivalents	<u>(117,103)</u>	<u>(484,526)</u>
Cash and cash equivalents at start of the period / year	<u>117,113</u>	<u>601,639</u>
Cash and cash equivalents at end of the period / year	<u>10</u>	<u>117,113</u>

The notes on pages 11 to 33 form an integral part of these financial statements.

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

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 held a Category 1 Global Business Licence issued by the Financial Services Commission. Since the Company has appointed a liquidator, the Global Business Licence has been surrendered to the Financial Services Commission on 19 February 2017. 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 special purpose financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRS) including IFRIC interpretations approved by the International Accounting Standards Board (IASB as they apply on a non-going concern basis (refer to 3(b) below).

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.

(b) Basis of measurement

Going concern

The board of directors have decided, following resolution passed on 5 February 2018 to distribute the assets of the Company to the sole shareholder and recommended the member's voluntary winding-up of the Company pursuant to Section 137 to 140 of the Insolvency Act 2009 (the "Law"). The sole shareholder has appointed Mr Yogesh Rai Basgeet ACA, licensed Insolvency Practitioner of PricewaterhouseCoopers Ltd, as the Liquidator pursuant to Section 140 of the Law. Consequently the going concern basis of preparation is not appropriate. Accordingly, the Company's assets have been recorded at their net realisable values and the liabilities have been recorded at their contractual settlement amount.

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(c) *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.

(d) *Expense recognition*

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

(e) *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.

(f) *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.

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

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(i) Receivables

Receivables are stated at their 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 subsidiaries and from holding Company are recognised at their net proceeds received.

(g) Prepayments

Prepayments are stated at their nominal value.

(h) Stated capital

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

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(i) *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.

(j) *Income tax*

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

(k) *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.

(l) *Investment in subsidiaries*

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, if any. 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 the 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 Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(m) 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 January 2017.

Amendments to IAS 7 Disclosure Initiative

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The Company has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Company's financial statements as the Company already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Annual Improvements to IFRSs 2014-2016 Cycle

The Company has applied the amendments to IFRS 12 included in the Annual improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in the package are not yet mandatorily effective and they have not been early adopted by the Company.

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Annual Improvements to IFRSs 2014-2016 Cycle (Continued)

The application of these amendments has had no effect on the Company's financial statements as none of the Company interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but not yet effective:

IFRS 9	Financial Instruments 1
IFRS 15	Revenue from Contracts with Customers (and the related Clarification) 1
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture 3
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle 1
IFRIC 22	Foreign Currency Transactions and Advance Consideration 1

Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

Effective for annual periods beginning on or after a date to be determined.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirement 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 new 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 flows,

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

IFRS 9 Financial Instruments (Continued)

Key requirement of IFRS 9 (Continued):

- 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 the subsequent accounting periods. Debt Instrument that are held within a business model whose objectives is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCL. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in 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 of 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 no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instrument that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standards introduces a 5-Step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendment is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods such transaction arise.

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

Annual improvements to IFRSs 2014-2016 Cycle

The Annual Improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Company. The package also includes amendments to IFRS 12 which is mandatorily effective for the Company in the current year.

The amendments to IAS 28 clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The directors of the Company do not anticipate that the application of the amendments in the future will have any impact on the Company's financial statements as the Company is neither a first-time adopter of IFRS nor a venture capital organisation. Furthermore, the Company does not have any associate or joint venture that is an investment entity.

Annual improvements to IFRSs 2015-2017 Cycle

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The above amendments are effective for annual periods beginning on or after 1 January 2019. The directors of the Company do not anticipate that the application of the amendments in the future will have any impact on the Company's financial statements as the Company is neither a first-time adopter of IFRS nor a venture capital organisation.

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or liability (e.g. a non-refundable deposit or deferred revenue).

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or liability (e.g. a non-refundable deposit or deferred revenue).

The interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospectively application.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements. This is because the Company already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with amendments.

IFRIC 23 — Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty.

An entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

IFRIC 23 — Uncertainty over Income Tax Treatments (Continued)

If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgements and estimates if facts and circumstances change.

IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

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 share capital in both JSW Energy Natural Resources Mauritius Limited, incorporated in Mauritius and JSW Energy Natural Resources UK Limited, incorporated in United Kingdom and owns 51% of the share capital in Minerals and Energy Swaziland (Proprietary) Limited. 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 Minerals Mauritius Limited as an individual company and do not contain consolidated financial information as the parent of a group. There are no other significant management's judgements made by the Company for the period from 1 April 2017 to 15 February 2018.

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

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.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 financial statements of the subsidiaries' 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%. 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 Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

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 15 February 2018, the Company has accumulated tax loss of **USD50,771** (2017: USD40,747) 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 2018	6,196
Up to year ending 31 March 2019	4,373
Up to year ending 31 March 2020	8,330
Up to year ending 31 March 2021	6,052
Up to year ending 31 March 2022	15,796
Up to year ending 31 March 2023	10,024
Accumulated tax losses	<u>50,771</u>

A deferred tax asset has not been recognised in respect of the tax losses carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

The tax reconciliation is as follows:

	<u>2018</u>	<u>2017</u>
	<u>USD</u>	<u>USD</u>
Loss before tax	(530,010)	(488,551)
Less: exempt income	(112)	(377)
Add: Non – allowable expenses	520,098	473,132
Tax loss for the year	(10,024)	(15,796)
Tax loss brought forward	(40,747)	(74,715)
Tax loss lapsed	-	49,764
Tax loss carried forward	<u>(50,771)</u>	<u>(40,747)</u>
Income tax at 15%	(7,616)	(6,112)
Deemed tax credit	6,093	4,890
Deferred tax asset not recognised	1,523	1,222
Tax expense	<u>-</u>	<u>-</u>

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

7. TAXATION (CONTINUED)

(ii) *Deferred tax*

A deferred tax asset of **USD1,523** (2017: USD1,222) 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

	2018	2017
	USD	USD
Interest income on loan to JSWENRML	120,570	170,443
Interest income on bank account held with SBI, Mauritius	112	377
	120,682	170,820

9. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries

Name of investee company	Number of shares	% holdings	2018	2017
			USD	USD
JSW Energy Natural Resources Mauritius Limited	600,000	100%	6,000,000	6,000,000
Minerals and Energy Swaziland (Proprietary) Limited	510	51%	-	36
JSW Energy Natural Resources UK Limited	1,000	100%	-	16,200

Share application monies

	2018	2017
	USD	USD
JSW Energy Natural Resources UK Limited	-	36,800

At 15 February 2018, the Company owned 600,000 equity shares, representing 100 % in JSW Energy Natural Resources Mauritius Limited ("JSWENRML"), an unquoted company incorporated in Mauritius, which is engaged in investment holding and trading activities.

The Company also owned 1,000 equity shares of GBP10 each, representing 100% in JSW Energy Natural Resources UK Limited ("JSWENRUK"). JSWENRUK was incorporated with the objective of acquiring coal assets anywhere in the world including in Europe, USA, Canada, South Africa, Australia, Indonesia, Mozambique, given that the London Commodity Exchange is a major commodity exchange hub where all major coal miners operate.

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

JSWENRUK was dissolved on 29 August 2017. Investment of USD16,200 in JSWENRUK has been written off in the books of the Company. Part of the share application monies amounting to USD35,330 was returned by JSWENRUK and the rest amounting to USD1,470 was written off.

The Company had also acquired 51% stake in Minerals and Energy Swaziland (Proprietary) Limited ("MESPL"), a company incorporated under the laws of the Kingdom of Swaziland, engaged in the business of mining and prospecting operations for various minerals during the year. As per loan agreement dated 25 January 2018, the investment of USD36 held in MESPL has been transferred as loan to JSWENRML.

The investments in JSWENRML and MESPL have been stated at cost as the directors consider that the fair value of the investment approximates at least the cost.

10. LOAN TO SUBSIDIARIES

	<u>2018 USD</u>	<u>2017 USD</u>
At 1 April	53,639,445	53,724,000
Loan advanced to JSWENRML during the period / year	1,643,569	585,000
Loan advanced to MESPL during the period / year	-	399,964
Loan advanced to MESPL transferred to JSWENRML	(399,964)	-
Loan repaid by JSWENRML during the period / year	(450,000)	(1,069,519)
At 15 February	<u>54,433,050</u>	<u>53,639,445</u>

The loan to JSWENRML is unsecured, carries interest at the rate of 3 month's LIBOR per annum and is repayable after more than one year.

The loan to MESPL was unsecured, interest free and repayable on demand. As per Loan agreement dated 25 January 2018, the investment of USD300,000 held in MESPL has been transferred as loan to JSWENRML.

11. RECEIVABLES

	<u>2018 USD</u>	<u>2017 USD</u>
Interest receivable on loan to JSWENRML	-	975,112
Prepayments	-	1,875
	<u>-</u>	<u>976,987</u>

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

12. STATED CAPITAL

	Number of shares	2018 USD	Number of shares	2017 USD
Ordinary shares at USD10 each	905,300	<u>9,053,000</u>	905,300	<u>9,053,000</u>

As at 15 February 2018, the issued share capital of the Company comprises of 905,300 ordinary shares with a par value of USD10 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.

13. LOAN FROM HOLDING COMPANY

	2018 USD	2017 USD
At 1 April	50,870,000	51,420,000
Received during the year	2,430,000	450,000
Repaid during the year	<u>(450,000)</u>	<u>(1,000,000)</u>
At 15 February / 31 March	<u>52,850,000</u>	<u>50,870,000</u>

The loan from the holding company is unsecured, carries an interest at the rate of 6 month's LIBOR per annum and is repayable after more than one year.

14. PAYABLES

	2018 USD	2017 USD
Interest payable on loan	-	1,799,017
Accruals	-	4,494
	<u>-</u>	<u>1,803,511</u>

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

15. RELATED PARTY TRANSACTIONS

During the year ended 15 February 2018, the following transactions were carried out with the related party:

Name of transacting related parties	Relationship	Nature of transactions	Volume of transactions USD	2018 USD	Payable(P) or receivable (R)
		Loan granted	1,643,569		
JSWENRML	Subsidiary			54,433,050	(R)
		Loan repaid	450,000		
MESPL	Subsidiary	Loan transferred	399,964	-	
		Loan granted	2,430,000		
JSW Energy Limited	Shareholder			52,850,000	(P)
		Loan repaid	450,000		
SANNE Mauritius	Administrator, Secretary and Directorship	Administration fees, secretarial fees, director fees and professional fees for tax filing	10,365	-	

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

15. RELATED PARTY TRANSACTIONS (CONTINUED)

During the year ended 31 March 2017, the following transactions were carried out with the related party:

Name of transacting related parties	Relationship	Nature of transactions	Volume of transactions USD	2017 USD	Payable(P) or receivable (R)
		Loan granted	585,000		
JSWENRML	Subsidiary			53,239,481	(R)
		Loan repaid	1,069,519		
MESPL	Subsidiary	Loan granted	399,964	399,964	(R)
		Loan granted	1,000,000		
JSW Energy Limited	Shareholder			50,870,000	(P)
		Loan repaid	450,000		
SANNE Mauritius	Administrator, Secretary and Directorship	Administration fees, secretarial fees, director fees and professional fees for tax filing	13,970	2,194	(P)

16. FINANCIAL INSTRUMENTS

Fair values

The carrying amounts of share application monies, loan to subsidiaries, 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 2018 USD	Financial liabilities 2018 USD	Financial assets 2017 USD	Financial liabilities 2017 USD
Great Britain pounds (GBP)	-	-	36,800	-
United States dollar (USD)	<u>54,433,050</u>	<u>52,850,000</u>	<u>54,731,670</u>	<u>52,673,511</u>
	<u>54,433,050</u>	<u>52,850,000</u>	<u>54,768,470</u>	<u>52,673,511</u>

Prepayments of **USD Nil** (2017: USD1,875) have not been included in financial assets.

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

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) *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.

(ii) *Foreign exchange risk*

The Company operates internationally and is exposed to foreign exchange risk arising from investment in Mauritian, UK and Swaziland companies.

(iii) *Liquidity risk*

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

	Due < 1 year USD	Due > 1 year USD	Total USD
2018			
Financial liabilities	-	52,850,000	52,850,000
2017			
Financial liabilities	4,494	52,669,017	52,673,511

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(iv) 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 period end the Company did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

(v) Interest rate risk

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

Interest rate risk sensitivity analysis Effect on loss for the from 1 April 2017 to 15 February 2018

	USD	0.5% increase USD	0.5% decrease USD
Loan to JSWENRML	53,433,050	-	-
Interest income	120,570	126,599	114,541
Effect		6,029	(6,029)
Loan from holding company	52,850,000	-	-
Interest expense	616,911	647,757	586,065
Effect		(30,846)	30,846
Net effect of interest		(24,817)	24,817
Loss before tax		(530,010)	(530,010)
0.5% Increase in Interest rate		(24,817)	
0.5% Decrease in Interest rate			24,817
Revised loss after sensitivity analysis		(554,827)	(505,193)

JSW Energy Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(v) *Interest rate risk (Continued)*

Interest rate risk sensitivity analysis

Effect on loss for the year ended 31 March 2017

	USD	0.5% increase USD	0.5% decrease USD
Loan to JSWENRML	53,239,481	-	-
Interest income	170,443	171,295	169,591
Effect		852	(852)
Loan from holding company	50,870,000	-	-
Interest expense	639,935	643,135	636,735
Effect		(3,200)	3,200
Net effect of interest		(2,347)	2,347
Loss before tax		(488,551)	(488,551)
0.5% Increase in Interest rate		(2,347)	
0.5% Decrease in Interest rate			2,347
Revised loss after sensitivity analysis		(490,898)	(486,204)

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 Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

18. FAIR VALUATION ESTIMATION (CONTINUED)

Fair valuation hierarchy (Continued)

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Period ended 15 February 2018				
Financial assets				
Loan to subsidiaries	-	-	54,433,050	54,433,050
	-	-	54,433,050	54,433,050
Financial liabilities				
Loan from Shareholders	-	-	52,850,000	52,850,000
	-	-	52,850,000	52,850,000
	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Year ended 31 March 2017				
Financial assets				
Loan to subsidiary	-	-	53,639,445	53,639,445
Share application monies	-	-	36,800	36,800
Receivables	-	-	975,112	975,112
	-	-	54,651,357	54,651,357
Financial liabilities				
Loan from holding company	-	-	50,870,000	50,870,000
Payables	-	-	1,803,511	1,803,511
	-	-	52,673,511	52,673,511

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 Minerals Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2017 TO 15 FEBRUARY 2018

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 Limited having its principal place of business at Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India as the Company's holding and ultimate holding company. JSW Energy Limited is listed on the National Stock Exchange and Bombay Stock Exchange in India.

21. EVENTS AFTER REPORTING PERIOD

The Board appointed Mr Y R Basgeet ACA as the Liquidator of the Company on 5 February 2018 and the sole shareholder, JSW Energy Ltd, approved the appointment of the liquidator on 15 February 2018.

The Statement of Affairs of the Company signed by the Board as on 5 February 2018, did not have any external liabilities payable to third parties, other than to its sole shareholder. The costs associated to the liquidation will be borne by the sole shareholder of the Company. As part of the progress of the liquidation, the Mauritius Revenue Authority has issued a no objection on 13 March 2018.

Following closure of the audit of the financial statements of the Company for the period from 1 April 2017 to 15 February 2018, the Liquidator shall distribute the net assets of the Company to the sole shareholder. A final meeting for dissolution of the Company in accordance to provision of the Insolvency Act 2009 will thereafter be convened.

22. COMPARATIVES

The comparative in the financial statements cover a period of 12 months from 1 April 2016 to 31 March 2017. They are therefore not comparable with those of current period, which cover a period of 11 months starting from 1 April 2017 to 15 February 2018.