JSW Natural Resources Limited

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2016

JSW Natural Resources Limited

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FOR THE YEAR ENDED 31 MARCH 2016

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JSW Natural Resources Limited

CORPORATE DATA

DIRECTORS:		*Date of appointment*
	Mr Couldiplall **Basanta Lala**	27 November 2006
	Mr Kantilal N **Patel**	27 November 2006
	Ms Divya **Basanta Lala**	4 June 2013
	Mr Rajeev Madhusudan **Pai**	19 March 2014

REGISTERED OFFICE:

IFS Court, Bank Street
TwentyEight, Cybercity
Ebene 72201
Mauritius

ADMINISTRATOR, SECRETARY AND TAX AGENT:

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

AUDITORS:

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

BANKER:

SBI (Mauritius) Ltd
Global Business Branch
7th Floor, SBI Tower
45 Mindspace Ebene
Mauritius

JSW Natural Resources Limited

COMMENTARY OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2016

The directors present the audited consolidated financial statements of **JSW Natural Resources Limited** (the "Company") and its subsidiary (together referred to as the "Group") for the financial year ended 31 March 2016.

PRINCIPAL ACTIVITY

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

RESULTS

The results for the year are shown in the consolidated 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 consolidated financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Group and of the Company. In preparing those consolidated financial statements, the directors are required to:

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

The directors have confirmed that they have complied with the above requirements in preparing the consolidated 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 ensure that the consolidated financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, **Crowe Horwath (Mur) Co.** have indicated their willingness to continue in office until the next annual meeting.

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

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **JSW Natural Resources Limited** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2016.

DRajabale ....

For International Financial Services Limited
Secretary

Registered office:

IFS Court, Bank Street,
TwentyEight, Cybercity
Ebene 72201
Mauritius

Date: 11 May 2016

Crowe Horwath™

Crowe Horwath (Mur) Co.
Member Crowe Horwath International

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

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

We have audited the accompanying consolidated financial statements of **JSW Natural Resources Limited**, (the "Company"), which include the financial statements of its subsidiary together referred as the "Group", which comprise of the consolidated statement of financial position as at 31 March 2016 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended as set out on pages 6 to 9, and a summary of significant accounting policies and other explanatory information as set out on pages 10 to 34.

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

Directors' responsibilities for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritius Companies Act 2001, and for designing, implementing and maintaining such internal control as they determine necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error. They are also responsible for keeping proper accounting records and selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Crowe Horwath.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF JSW Natural Resources Limited

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the Mauritius Companies Act 2001.

Other matter

The group audited financial statements of subsidiary, JSW Natural Resources (Mozambique) Limitada and its step subsidiary, JSW ADMS Carvao Limitada (Mozambique) which are included in the Group consolidated financial statements have been audited by independent auditors who have expressed an unmodified opinion in their reports.

We also draw attention to note 18 to the consolidated financial statements. Our audit report is not qualified in that respect.

Report on other legal and regulatory requirements

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

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

Crowe Horwath (Mur) Co.

Crowe Horwath (Mur) Co.
Public Accountants

Date: 11 MAY 2016

Ebene, Mauritius

Vijay Bohorun, FCCA
Signing Partner
Licensed by FRC

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

	Notes	The Group 2016 USD	The Company 2016 USD	The Group 2015 USD	The Company 2015 USD
INCOME					
Interest income	8	2	2	-	-
EXPENSES					
Operating expenses	7	**3,056,134**	-	1,952,323	-
Interest expense		**820,548**	**820,548**	717,961	717,961
Administration fees		**8,377**	**8,377**	11,165	11,165
Professional fees		**7,636**	**7,636**	4,613	4,613
Bank charges		**3,264**	**3,264**	3,497	3,330
Audit fee		**2,875**	**2,875**	2,875	2,875
Licence fees		**2,150**	**2,150**	2,150	2,150
Directors' fees		**2,000**	**2,000**	2,000	2,000
Secretarial fees		**1,200**	**1,200**	1,200	1,200
Registrar of Companies fees		**350**	**350**	376	376
TOTAL EXPENSES		**3,904,534**	**848,400**	2,698,160	745,670
LOSS FROM OPERATIONS		**(3,904,532)**	**(848,398)**	(2,698,160)	(745,670)
Impairment of investment in subsidiary		-	-	-	(20,325)
Impairment of loan to subsidiary		-	-	-	(771,175)
Impairment of assets		-	-	(113,936)	-
Net effect of winding up subsidiary		**171,842**	-	-	-
LOSS BEFORE TAX		**(3,732,690)**	(848,398)	(2,812,096)	(1,537,170)
Income tax expense	9	-	-	-	-
LOSS AFTER TAX		(3,732,690)	(848,398)	(2,812,096)	(1,537,170)
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(3,732,690)	(848,398)	(2,812,096)	(1,537,170)
LOSS FOR THE YEAR ATTRIBUTABLE TO:					
Owners of the parent		(3,732,690)	(848,398)	(2,812,096)	(1,537,170)
		(3,732,690)	(848,398)	(2,812,096)	(1,537,170)

The notes on pages 10 to 34 form an integral part of these consolidated financial statements

JSW Natural Resources Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2016

ASSETS	Notes	The Group 2016 USD	The Company 2016 USD	The Group 2015 USD	The Company 2015 USD
Non-current assets					
Investment in subsidiaries	10(a)	-	1,209,609	-	1,209,609
Share application monies	10(b)	-	4,639,229	-	4,639,229
Property, plant and equipment	11	11,934,095	-	12,487,289	-
Total non-current assets		11,934,095	5,848,838	12,487,289	5,848,838
Current assets					
Loan to subsidiary	14	-	20,918,865	-	20,038,865
Other receivables and prepayments	12	154,490	3,338	162,260	2,825
Cash and cash equivalents		72,612	4,974	57,283	5,296
Total current assets		227,102	20,927,177	219,543	20,046,986
TOTAL ASSETS		12,161,197	26,776,015	12,706,832	25,895,824
EQUITY AND LIABILITIES					
Equity					
Stated capital	13	13,655,000	13,655,000	13,655,000	13,655,000
Accumulated losses		(22,564,243)	(3,831,566)	(18,831,553)	(2,983,168)
Translation reserve		3,704,097	-	1,551,011	-
Other reserve		(171,842)	-	-	-
Attributable to owners of parent		(5,376,988)	9,823,434	(3,625,542)	10,671,832
Total equity		(5,376,988)	9,823,434	(3,625,542)	10,671,832
Non-current liability					
Loan from ultimate holding company	14	14,484,549	14,484,549	13,575,549	13,575,549
Current liability					
Trade and other payables	15	3,053,636	2,468,032	2,756,825	1,648,443
Total liabilities		17,538,185	16,952,581	16,332,374	15,223,992
TOTAL EQUITY AND LIABILITIES		12,161,197	26,776,015	12,706,832	25,895,824

Approved and authorised for issue by the Board of directors on 11 May 2016 and signed on its behalf by

Director

Director

The notes on pages 10 to 34 form an integral part of these consolidated financial statements

JSW Natural Resources Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

The Group

	Stated capital USD	Translation reserve USD	Accumulated losses USD	Other reserve	Attributable to owners of parent USD	Non – controlling interest USD	Total equity USD
At 1 April 2014	13,655,000	189,009	(16,019,457)	-	(2,175,448)	-	(2,175,448)
Loss for the year	-	-	(2,812,096)	-	(2,812,096)	-	(2,812,096)
Exchange differences	-	1,362,002	-	-	1,362,002	-	1,362,002
At 31 March 2015	**13,655,000**	**1,551,011**	**(18,831,553)**	-	**(3,625,542)**	-	**(3,625,542)**
Net effect of winding up the subsidiary	-	-	-	**(171,842)**	**(171,842)**	-	**(171,842)**
Loss for the year	-	-	**(3,732,690)**	-	**(3,732,690)**	-	**(3,732,690)**
Exchange differences	-	**2,153,086**	-	-	**2,153,086**	-	**2,153,086**
At 31 March 2016	**13,655,000**	**3,704,097**	**(22,564,243)**	**(171,842)**	**(5,376,988)**	-	**(5,376,988)**

The Company

	Stated capital USD	Accumulated losses USD	Total equity USD
At 1 April 2014	13,655,000	(1,445,998)	12,209,002
Loss for the year	-	(1,537,170)	(1,537,170)
At 31 March 2015	**13,655,000**	**(2,983,168)**	**10,671,832**
Loss for the year	-	(848,398)	(848,398)
At 31 March 2016	13,655,000	(3,831,566)	9,823,434

The notes on pages 10 to 34 form an integral part of these consolidated financial statements.

JSW Natural Resources Limited

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	2016 The Group USD	2016 The Company USD	2015 The Group USD	2015 The Company USD
Cash flows from operating activities				
Loss for the year	(3,904,532)	(848,398)	(2,812,096)	(1,537,170)
Adjustments for:				
Depreciation	846	-	1,135	-
Foreign exchange difference	3,073,195	-	1,925,057	-
Interest expense	820,548	820,548	717,961	717,961
Impairment of licenses	-	-	113,936	-
Impairment of investment in and loan to subsidiary	-	-	-	791,500
Operating loss before working capital changes	(9,943)	(27,850)	(54,007)	(27,709)
Decrease/(increase) in receivables & prepayments	8,419	136	(9,569)	(383)
(Decrease)/increase in payables	(514,641)	(958)	(304,532)	432
Net cash used in operating activities	(516,165)	(28,672)	(368,108)	(27,660)
Cash flows from investing activities				
Purchase of property, plant and equipment	(367,761)	-	(1,613,946)	-
Advance for acquisition	(650)	(650)	-	-
Loan to subsidiary	-	(880,000)	-	(1,962,500)
Net effect of winding up the subsidiary	(9,095)	-	-	-
Net cash used in investing activities	(377,506)	(880,650)	(1,613,946)	(1,962,500)
Cash flows from financing activities				
Loan received from holding company	909,000	909,000	1,994,000	1,994,000
Net cash from financing activities	909,000	909,000	1,994,000	1,994,000
Net increase / (decrease) in cash and cash equivalents	15,329	(322)	11,946	3,840
Cash and cash equivalent at start of the year	57,283	5,296	45,337	1,456
Cash and cash equivalents at end of the year	72,612	4,974	57,283	5,296

The notes on pages 10 to 34 form an integral part of these consolidated financial statements

1. GENERAL

The Company was incorporated in Mauritius under the Mauritius Companies Act 2001 on 27 November 2006 as a private company limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius.

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

The subsidiaries' main activities are prospecting, exploration, extraction of minerals, development, production, processing, transportation, commercialization and purchases and sale of minerals in Mozambique.

The consolidated financial statements have been expressed in United States dollar (USD).

2. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES

(i) The following standards have been adopted by the Company for the first time for the financial year beginning on 1 April 2015

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Company.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

2. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

(i) The following standards have been adopted by the Company for the first time for the financial year beginning on 1 April 2015 (Continued)

Annual Improvements 2011-2013 Cycle

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39.

(ii) Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2015 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these consolidated financial statements.

IFRS 9 Financial Instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.
	IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.
IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.
	IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

2. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

(ii) Standards issued but not yet effective (Continued)

Annual Improvements 2012-2014 Cycle

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.
Amendments to IAS 27: Equity Method in Separate Financial Statements	The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Company's financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

(ii) Standards issued but not yet effective (Continued)

IFRS 7 Financial Instruments: Disclosures

a) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

b) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements; and
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company

3. 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 4.

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

Impairment of financial assets

Management assesses at each reporting date 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 carrying amount of the investment in the separate financial statements is higher than the carrying amount in the financial statements of the subsidiaries (JSW Natural Resources Mozambique, Limitada and JSW ADMS Carvao Limitada) net assets. Management has considered various factors including the exploration status of mines being developed by the subsidiaries and concluded that no provision is currently necessary as the recoverable amount from the extraction and disposal of the coals shall exceed the carrying amount of the investments.

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

4. 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.

5. 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 consolidated 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 consolidated statement of financial position.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(b) Investment in subsidiary

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

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

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

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

5. ACCOUNTING POLICIES (CONTINUED)

(b) Investment in subsidiary (Continued)

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 consolidated 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 consolidated profit or loss.

Consolidation

The Group's financial statements, including the financial statements of the Company and of its wholly owned subsidiary, JSW Natural Resources (Mozambique) Limitada and its step subsidiary, JSW ADMS Carvao Limitada (Mozambique) are made up to 31 March 2016. The consolidated results of the subsidiary company are included in the consolidated financial statements and all intra group transactions and balances have been eliminated upon consolidation. Goodwill does not arise as the subsidiary is formed by the Company.

There are no significant estimates or judgements made by the Company and its subsidiary and step-subsidiary for the financial year ended 31 March 2016.

(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 collectability is in doubt.

(d) Expense recognition

All expenses are accounted for in the consolidated statement of 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 consolidated statement of profit or loss

5. ACCOUNTING POLICIES (CONTINUED)

(f) *Financial instruments*

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

(i) Other receivables

Other receivables are stated at nominal value.

(ii) Cash and cash equivalents

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

(iii) Trade and other payables

Trade and other payables are stated at their nominal value.

(iv) Loans

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

(g) *Prepayments*

Prepayments are stated at 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 the equity as a deduction, net of tax, from proceeds.

(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.

5. ACCOUNTING POLICIES (CONTINUED)

(l) Payables

Payables are stated at their nominal value.

(m) Advances and shareholders loan

Advances and shareholders loan are recognised at the amount advanced inclusive of any associated cost.

(n) Property, plant and equipment

(i) Owned assets

Property, plant and equipment are reflected at their purchase cost together with any directly attributable costs of acquisition less accumulated depreciation and impairment losses, where applicable.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the profit or loss as an expense as incurred.

(iii) Depreciation

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of property, plant and equipment, and major components that are accounted for separately. The estimated useful lives are as follows:

Vehicles	4 years
Computer equipment and other assets	3 years
Office equipment	3 years

The costs of constructing an asset are capitalized until the asset is capable of operating in the manner intended by management.

Assets in the course of construction are not depreciated.

5. ACCOUNTING POLICIES (CONTINUED)

(o) *Trade and other receivables*

Trade and other receivables are stated at cost less impairment losses

(p) *Impairment*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss – is removed from equity and recognised in the profit or loss.

Impairment losses recognised in other comprehensive income on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

(q) *Employee benefits*

Contributions to the Instituto Nacional de Segurança Social – INSS (National Social Security Fund), a defined contribution plan, which all Mozambican companies are by law obliged to make, are based on a percentage of salaries and are expensed in the period in which they are incurred.

(r) *Provisions*

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

The subsidiaries and the step subsidiary are required to ensure that processing sites at the end of their producing lives are restored to a condition acceptable to the relevant authorities and consistent with the company's environmental policies. The cost of any committed decommissioning or restoration programme is provided when the liability arises and is capitalized. The capitalized cost is amortized over the productive life of the operation on a straight-line basis.

5. ACCOUNTING POLICIES (CONTINUED)

(s) Exploration and evaluation expenditure

The successful efforts method is used to account for exploration and evaluation activities. All expenditure relating to any unsuccessful efforts are charged to profit or loss when established so. On completion of exploration activities, the subsidiary and the step subsidiary will be able to determine if they have found mineral reserves. The classification of these reserves as proved depends on whether significant capital expenditure to develop the property can be economically justified as a result of the quantities of reserves identified and these reserves can be extracted in the future under existing economic and operating conditions.

The cost of exploration activities are capitalized initially pending determination of whether proved reserves have been found. Once this determination is made, the following conditions must be met in order for these costs to remain capitalized:

- The economic and operating viability of the project is being assessed and sufficient reserves exist to justify the capital expenditure required for the commercial extraction of the reserves;
- Further exploration and development activity is under way or firmly planned for the near future.

As the subsidiary and the step subsidiary are currently in an exploration phase, license fee, exploration costs and costs directly attributable to the mineral exploration effort are capitalized. Further, indirect costs incurred up to the date of commencement of commercial production which are incidental and related to the construction are also capitalized (refer note 11.4).

Once reserves are proved and development activities commence, development costs are capitalized as part of work in progress and transferred to mineral assets under property, plant and equipment on commissioning date.

These assets are reviewed on an annual basis and tested for impairment.

(t) Legal reserve

The subsidiary and the step subsidiary are obliged, under Mozambican law, to transfer 20% of their annual profits to a non-distributable legal reserve, until such time as the reserve has a balance equivalent to 20% of capital. This reserve may be utilized to pay up capital or cover losses.

(u) Taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively

5. ACCOUNTING POLICIES (CONTINUED)

(u) Taxation (Continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(v) 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.

6. FINANCIAL RISK MANAGEMENT

(i) Overview

The Company and its subsidiary and step subsidiary have exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- concentration risk
- currency risk
- interest rate risk

This note presents information about the Group and the Company's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks they faces, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company, its subsidiary and step subsidiary if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's and Company's share application monies, other receivables, loan to subsidiary and cash and cash equivalents from investment securities.

At the reporting date, the Group and the Company's financial assets maximum exposure to credit risk amounted to the following:

Financial assets	The Group		The Company	
	2016	2015	2016	2015
	USD	USD	USD	USD
Loan to subsidiary	-	-	20,918,865	20,038,865
Share application monies	-	-	4,639,229	4,639,229
Other receivables	9,302	159,435	650	-
Cash and cash equivalents	72,612	57,283	4,974	5,296
	81,914	216,718	25,563,718	24,683,390

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and the Company's reputation.

The following table details the remaining contractual maturity for its financial liabilities with agreed repayment periods.

The Group	**7 - 12**	**More than**	
	months	**1 year**	**Total**
31 March 2016	**USD**	**USD**	**USD**
Loan from ultimate holding company	-	14,484,549	14,484,549
Trade and other payables	3,053,636	-	3,053,636
	3,053,636	14,484,549	17,538,185

The Company	**7 - 12**	**More than**	
	months	**1 year**	**Total**
31 March 2016	**USD**	**USD**	**USD**
Loan from ultimate holding company	-	14,484,549	14,484,549
Interest payable	2,463,007	-	2,463,007
Accruals	5,025	-	5,025
	2,468,032	14,484,549	16,952,581

The Group	**7 - 12**	**More than**	
	months	**1 year**	**Total**
31 March 2015	**USD**	**USD**	**USD**
Loan from ultimate holding company	-	13,575,549	13,575,549
Trade and other payables	2,756,825	-	2,756,825
	2,756,825	13,575,549	16,332,374

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (Continued)

The Company **31 March 2015**	**7 - 12 months USD**	**More than 1 year USD**	**Total USD**
Loan from ultimate holding company	-	13,575,549	13,575,549
Interest payable	1,642,460	-	1,642,460
Accruals	5,983	-	5,983
	1,648,443	13,375,549	15,223,992

(iv) Concentration risk

A significant portion of the Company's net assets consisted of investment in its subsidiary and step subsidiary in Mozambique, which involves certain considerations and risks not typically associated with investments in other more developed countries.

Future economic and political developments in Mozambique could adversely affect the liquidity or value, or both of securities in which the Company has invested.

(v) Currency risk

The Company has financial assets denominated in the local currency of Mozambique (MZN – Mozambical Mettical). Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to the MZN may change in a manner which has a material effect on the reported values of the Company's assets denominated in MZN or any income received from the subsidiaries.

The following table illustrates the sensitivity of profit in regards to the financial assets and financial liabilities and the MZN/USD exchange rates 'all other things are equal'.

It assumes a +/- 5% change of the MZN/USD exchange rates for the year ended 31 March 2016 and 2015. This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(v) Currency risk (Continued)

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

	Financial assets 2016	**Financial liabilities 2016**	Financial assets 2015	Financial liabilities 2015
Mozambique New Metical (MZN)	**4,639,229**	-	4,639,229	-
United States dollar (USD)	**20,924,489**	**16,952,581**	20,044,161	15,223,992
	25,563,718	**16,952,581**	24,683,390	15,223,992

Effect on loss before tax

	Increase/decrease in foreign exchange rate	**Effect on loss before tax**	
		2016 USD	2015 USD
MZN	5%	**220,916**	220,916
MZN	-5%	**(224,170)**	(224,170)

(vi) Interest rate risk

Interest income from cash deposits may fluctuate in amount, in particular due to changes in the interest rates. Whilst the Company seeks to optimise overall performance from the assets it holds, it does not seek to maximise interest income in view of its policy to focus on investments in equity securities that neither earn nor pay interest.

The following table illustrates the sensitivity of profit in regards to the financial assets and financial liabilities and an average rate on interest to be charge on the loan from ultimate holding company.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(vi) Interest rate risk (Continued)

Interest rate risk sensitivity analysis
Effect on profit before tax

		0.5% increase	0.5% decrease
	USD	**USD**	**USD**
Principal	14,484,549		
Average rate of interest	5.66%	5.95%	5.38%
Interest	820,548	861,575	779,521
Interest expense	820,548	861,575	779,521
Loss before tax as per the consolidated financial statements		(848,398)	(848,398)
0.5% Increase in interest rate		(41,027)	-
0.5% Decrease in interest rate		-	41,027
Adjusted loss for the year		(889,425)	(807,371)

(vii) Fair value 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:

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Fair value hierarchy (Continued)

31 March 2016	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets				
Loan to subsidiary	-	-	**20,918,865**	**20,918,865**
Share application monies	-	-	**4,639,229**	**4,639,229**
Other receivable	-	-	**650**	**650**
	-	-	**25,558,744**	**25,558,744**
Financial liabilities				
Loan to ultimate holding company	-	-	**14,484,549**	**14,484,549**
Other payables	-	-	**2,468,032**	**2,468,032**
	-	-	**16,952,581**	**16,952,581**
31 March 2015				
Financial assets				
Loan to subsidiary	-	-	20,038,865	20,038,865
Share application monies	-	-	4,639,229	4,639,229
	-	-	24,678,094	24,678,094
Financial liabilities				
Loan to ultimate holding company	-	-	13,575,549	13,575,549
Other payables	-	-	1,648,443	1,648,.443
	-	-	15,223,992	15,223,992

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

7. OPERATING EXPENSES

	The Group		The Company	
	2016 USD	2015 USD	**2016 USD**	2015 USD
Other expenses	-	9,172	-	-
Net foreign exchange loss	**3,056,134**	1,942,901	-	-
Employee costs	-	251	-	-
Write off of licenses	-	113,936	-	-
			-	-
	3,056,134	2,066,260	-	-

8. INTEREST INCOME

	2016 USD	2015 USD
Interest income on bank account held with SBI, Mauritius	2	-

9. TAXATION

(i) Income tax – The Company

Under current laws the Company is liable to pay income tax on its net income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritius tax payable in respect of its foreign source income, thus reducing its maximum effective tax rate to 3%.

At 31 March 2016, the Company had a tax loss of USD **110,740** (2015: USD 64,922) and was, therefore, not liable to income tax.

	2016 USD	2015 USD
Loss from operations	**(848,398)**	(1,537,170)
Less: Exempt income	**(2)**	-
Add: Non – allowable expenses	**737,660**	1,472,248
Tax loss for the year	**(110,740)**	(64,922)
Tax loss brought forward	**(349,936)**	(323,755)
Tax loss lapsed	**50,457**	38,741
Tax loss carried forward	**(410,219)**	(349,936)
Income tax at 15%	**(61,533)**	(52,490)
Deferred tax asset not recognised	**49,226**	41,992
Deemed tax credit	**12,307**	10,498
Tax expense	-	-

(ii) Income tax – The subsidiaries and the step subsidiary

No provision for income tax has been created in the current year as the subsidiaries and the step subsidiary are still in the initial stages of exploration and no revenues were generated during the year.

(iii) Deferred taxation

As a measure of prudence, deferred tax asset of USD **12,307** (2015: USD 10,498) has not been recognised in absence of certainty of its realisation.

10. INVESTMENT IN SUBSIDIARIES – The Company

(a) Investment in subsidiaries

	% Held	USD
At 31 March 2015		
JSW Natural Resources Mozambique, Limitada	99.99%	1,209,606
JSW Mali Resources SA (note 10 c (ii))	100%	-
JSW ADMS Carvao Limitada	0.60%	3
		1,209,609
At 31 March 2016		
JSW Natural Resources Mozambique, Limitada	99.99%	**1,209,606**
JSW ADMS Carvao Limitada	0.60%	3
		1,209,609

(b) Share application monies

At 31 March 2015	
JSW Natural Resources Mozambique, Limitada	4,639,229
At 31 March 2016	
JSW Natural Resources Mozambique, Limitada	**4,639,229**

(c) The Company has investment in one subsidiary: JSW Natural Resources (Mozambique) Limitada.

(i) JSW Natural Resources (Mozambique) Limitada, is a company incorporated in Mozambique on 10 May 2007 and the step subsidiary in which the former has 99.4% stake is also incorporated in Mozambique. The Company has applied for additional shares in JSW Natural Resources (Mozambique) Limitada for which no shares have been allotted at the reporting date.

The Company acquired the remaining 0.60% stake of JSW AMDS Carvao Limitada, the subsidiary company of JSW Natural (Mozambique) Limitada as at 31 March 2014 for a consideration of USD 3.

(ii) JSW Mali Resources SA, is a company incorporated in Mali on 18 February 2013. On 26 March 2015, the Board of the Company approved that JSW Mali Resources SA, the wholly owned subsidiary of the Company, be closed with immediate effect given that the Company did not foresee a business case to continue any activity in Mali due to change in the market dynamics and given the future economic outlook. The directors have assessed the recoverable amount of the Company's investment in JSW Mali Resources SA at the reporting date and concluded that the investment in JSW Mali Resources SA is fully impaired. JSW Mali Resources SA was subsequently wound up on 18 June 2015.

11. PROPERTY, PLANT AND EQUIPMENT - THE GROUP

		License cost	Motor vehicle	Office equipment and other assets	Exploration cost (Refer to note 11.4)	Total
		USD	USD	USD	USD	USD
11.1	**Cost**					
	As at 1 April 2015	2,026,267	6,651	9,980	10,657,684	12,700,582
	Additions during the year	-	-	919	366,842	367,761
	Exchange differences	(221,158)	(1,462)	(1,993)	(742,361)	(966,974)
	As at 31 March 2016	**1,805,109**	**5,189**	**8,906**	**10,282,165**	**12,101,369**
11.2	**Depreciation**					
	As at 1 April 2015	117,619	6,651	5,723	83,300	213,293
	Charge for the year	-	-	846	-	846
	Impairment of licenses	-	-	-	-	-
	Exchange differences	(25,851)	(1,462)	(1,244)	(18,308)	(46,865)
	As at 31 March 2016	**91,768**	**5,189**	**5,325**	**64,992**	**167,274**
11.3	**Net book values**					
	As at 31 March 2016	**1,713,342**	-	**3,582**	**10,217,171**	**11,934,095**
	As at 31 March 2015	**1,908,648**	-	4,257	10,574,384	12,487,289

11. PROPERTY, PLANT AND EQUIPMENT - THE GROUP (CONTINUED)

11.4 Exploration costs capitalized during the year:

	2016 USD	2015 USD
Exploration costs		
Consultancy	**175,676**	289,032
Staff costs	**104,054**	218,136
Surface tax	**60,053**	-
Office expenses	**8,768**	7,779
Rent	**6,460**	20,252
Logistics and transport cost	**4,399**	53,991
Communication	**3,220**	9,952
Fuel	**1,591**	1,997
Car repair	**1,198**	1,334
Depreciation	**846**	1,135
Lab costs	**576**	422,938
Drilling costs	-	571,087
Travel	-	7,121
Accounting services	-	6,382
Car rental	-	2,810
	366,841	1,613,946

11.5 The following are details of the licences currently held by the Group:

License No.	Valid up to	Held by
1127L	6 October 2015	JSW Natural Resources Mozambique Limitada
1370L	4 May 2016	JSW ADMS Carvão Limitada

12. OTHER RECEIVABLES AND PREPAYMENTS

	The Group		**The Company**	
	2016 USD	2015 USD	**2016 USD**	2015 USD
Other receivables	**1,349**	1,300	-	-
State receivables	**7,303**	33,135	-	-
Advance for acquisition	**650**	-	**650**	-
Prepayments	**145,188**	127,825	**2,688**	2,825
	154,490	162,260	**3,338**	2,825

The advance of USD650 was made to Hussein Ranchhod & Co. in respect of the acquisition of shares to be made in Eveterra Investments (Private) Limited.

13. STATED CAPITAL – The Group and the Company

	2016 USD	2015 USD
Ordinary shares of USD 10 each	**13,655,000**	13,655,000

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.

14. RELATED PARTY TRANSACTIONS – The Group and the Company

During the year, the Company transacted with related parties. Details of the nature, volume of transactions and balances with those parties are set out below:-

Name of related party	Relationship	Nature of transactions	Receivable(R) or Payable(P) 2016 USD	Volume of Transactions 2016 USD	Receivable(R) or Payable(P) 2015 USD
(i) JSW Natural Resources (Mozambique) Limitada (note 1)	Subsidiary	Loan advanced	**12,921,865 (R)**	**880,000**	12,041,865 (R)
(ii) JSW Natural Resources (Mozambique) Limitada (note 1)	Subsidiary	Transfer of Licence	**7,997,000 (R)**	-	7,997,000 (R)
(iii) JSW Steel Limited (note 2 and 3)	Parent	Loan advance	**14,484,549 (P)**	**909,000**	13,575,549 (P)
(iv) International Financial Services Limited	Administrator, Secretary and Directorship	Administration fees, secretarial fees, director fees and professional fees for tax filing	**2,688 (R)** **5,025 (P)**	**(137)** **(958)**	2,825 (R) 5,983 (P)

14. RELATED PARTY TRANSACTIONS – The Group and the Company (Continued)

(1) The above loans (i) and (ii) are unsecured, interest-free and are repayable on demand.

(2) Loans from JSW Steel Limited are unsecured and interest rate and repayment date as follows:

Effective Date	Loan to be disbursed USD	Interest Rate	Repayment date
13 June 2008 (Revised 30 September 2015)	5,000,000	12 months LIBOR + 5%	5 January 2017
5 April 2012 (Revised 30 September 2015)	5,000,000	12 months LIBOR + 5%	5 January 2017
15 February 2013 (Revised 13 November 2015)	10,000,000	12 months LIBOR + 5%	12 October 2016

(3) An amount of USD 909,000 was received from JSW Steel Limited as loan advances during the year ended 31 March 2016.

15. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016 USD	2015 USD	**2016 USD**	2015 USD
Egas Moniz Maria Do Carmo Rafael Mussanhane	**551,554**	901,554	-	-
Interest payable	**2,463,007**	1,642,460	**2,463,007**	1,642,460
Other payable	**32,221**	204,751	-	-
State creditors	**1,829**	2,077	-	-
Provision for audit fees	**2,875**	2,875	2,875	2,875
Provision for administration fees	**2,150**	3,108	**2,150**	3,108
	3,053,636	2,756,825	2,468,032	1,648,443

The payable to Egas Moniz Maria Do Carmo Rafael Mussanhane represents purchase consideration of coal exploration licence no. 1370L.

16. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group and 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.

The Group and the Company set the amount of capital in proportion to risk. The Group and the Company manage 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 Group and 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 Group and the Company do not have any external debts and therefore, consistently with others in the industry, the Group and the Company are not required to monitor their capital on the basis of the gearing ratio. There has not been any changes in the way the Group and the Company manage their capital.

The Group and the Company are not exposed to any externally imposed capital requirements.

17. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors regard JSW Steel Limited, a company incorporated in India as the Company's immediate and ultimate holding company. JSW Steel Limited is listed on the National Stock Exchange and Bombay Stock Exchange in India.

18. INHERENT UNCERTAINTY REGARDING GOING CONCERN

The recoverability of the property, plant and equipment included in the consolidated financial statements is dependent on the viable extraction of the proven economic coal reserves by the subsidiary. Till the time the subsidiary is not able to extract it viably it would be dependent upon the Company for the financial support to continue its activities.

In the event that the exploration is futile, the property, plant and equipment shall be immediately written off from the date the exploration stops. In view of the significance of the item involved, the resultant effect shall give rise to a going concern problem at group level.

19. EVENTS AFTER THE REPORTING PERIOD

No events were noted after the reporting date that would require disclosures or adjustments to the consolidated financial statements for the year ended 31 March 2016.