JSW Natural Resources Limited

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2019

JSW Natural Resources Limited

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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JSW Natural Resources Limited

CORPORATE DATA

DIRECTORS:

	Date of appointment	*Date of resignation*
Mr Couldiplall **Basanta Lala**	27 November 2006	3 May 2018
Mr Kantilal Narandas **Patel**	27 November 2006	-
Mr Rajeev Madhusudan **Pai**	19 March 2014	-
Mr Kooshal Ashley **Torul**	19 July 2017	3 May 2018
Mr Indranathsingh **Seewooruttun**	3 May 2018	-
Mr Velleyen **Kullean**	3 May 2018	21 February 2019
Mr Shah Ahmud Khalil **Peerbocus**	21 February 2019	-

REGISTERED OFFICE:

IFS Court, Bank Street
TwentyEight, Cybercity
Ebene 72201
Mauritius

ADMINISTRATOR, SECRETARY AND TAX AGENT:

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

AUDITORS:

Crowe ATA
(Formerly known as "Crowe Horwath ATA")
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 2019

The directors present the audited consolidated and separate 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 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment holding. The activities of the subsidiary are prospecting, exploration, extraction of minerals, development, production, processing, transportation, commercialization and purchases and sale of minerals in Mozambique.

RESULTS

The results for the year are shown in the consolidated and separate 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 and separate financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Group and of the Company respectively. In preparing those consolidated and separate 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 consolidated and separate financial statements; and
- prepare the consolidated and separate 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 and separate 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 and separate 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 ATA**, have indicated their willingness to continue in office until the next annual meeting of the Company.

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 2019.

....

For **SANNE Mauritius**
Secretary

Registered office:

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

Date: 21 May 2019

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

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **JSW Natural Resources Limited** (the "Company"), which include the financial statements of its subsidiaries together referred as the "Group", set out on pages 8 to 41, which comprise the statements of financial position as at 31 March 2019, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and of the Company as at 31 March 2019, and their performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the Mauritius Companies Act 2001.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated and separate 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 consolidated and separate 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 matter

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

We also draw attention to note 19 to the consolidated and separate financial statements. Our report is not qualified in that respect.

Crowe

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

Report on the audit of the consolidated and separate financial statements (Continued)

Other information

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

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRSs and the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate 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

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

Report on the audit of the consolidated and separate financial statements (Continued)

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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;

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;

Crowe

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

Report on the audit of the consolidated and separate financial statements (Continued)

Auditors' responsibilities for the audit of the consolidated and separate financial statements

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation, and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Report on other legal and regulatory requirements

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

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

Use of this report

This report is made solely for the Company's shareholder, 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 shareholder those matters we are required to state to the shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinion we have formed.

Crowe ATA

Crowe ATA
Public Accountants

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

Date: 21 May 2019
Ebene, Mauritius

JSW Natural Resources Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	The Group 2019 USD	The Company 2019 USD	The Group 2018 USD	The Company 2018 USD
INCOME					
Operating income	7	131,103	-	-	-
Bank interest income		37	37	25	25
TOTAL INCOME		131,140	37	25	25
EXPENSES					
Interest expense		1,199,798	1,199,798	985,346	985,346
Administration fees		12,619	12,619	10,376	10,376
Professional fees		4,750	4,750	4,750	4,750
Audit fee		3,220	3,220	3,220	3,220
Licence fees		2,150	2,150	2,150	2,150
Operating expenses	7	10,107	-	2,811	-
Directors' fees		2,000	2,000	2,000	2,000
Secretarial fees		1,200	1,200	1,200	1,200
Bank charges		1,675	1,675	1,533	1,533
Registrar of Companies fees		350	350	350	350
TOTAL EXPENSES		1,237,869	1,227,762	1,013,736	1,010,925
LOSS FROM OPERATIONS		(1,106,729)	(1,227,725)	(1,013,711)	(1,010,900)
Amortisation	14	-	(1,378,188)	-	-
LOSS BEFORE TAX		(1,106,729)	(2,605,913)	(1,013,711)	(1,010,900)
Income tax expense	8	-	-	-	-
LOSS AFTER TAXATION		(1,106,729)	(2,605,913)	(1,013,711)	(1,010,900)
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Currency translation differences		(95,320)	-	198,045	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,202,049)	(2,605,913)	(815,666)	(1,010,900)

The notes on pages 12 to 41 form an integral part of these consolidated and separate financial statements.

JSW Natural Resources Limited

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	The Group 2019	The Company 2019	The Group 2018	The Company 2018
ASSETS		**USD**	**USD**	USD	USD
Non-current assets					
Investment in subsidiaries	9	-	18,808,703	-	18,808,703
Property, plant and equipment	10	11,403,121	-	11,358,652	-
Loan to subsidiary	13/14	-	9,947,012	-	11,082,000
Total non-current assets		11,403,121	28,755,715	11,358,652	29,890,703
Current assets					
Other receivables and prepayments	11	166,872	3,339	139,798	3,339
Cash and cash equivalents		2,985,445	4,705	3,009,156	102,996
Total current assets		3,152,317	8,044	3,148,954	106,335
TOTAL ASSETS		14,555,438	28,763,759	14,507,606	29,997,038
EQUITY AND LIABILITIES					
Equity					
Stated capital	12	13,655,000	13,655,000	13,655,000	13,655,000
Accumulated losses		(25,574,325)	(8,382,738)	(24,467,596)	(5,776,825)
Translation reserve		2,556,639	-	2,651,959	-
Attributable to owners of parent		(9,362,686)	5,272,262	(8,160,637)	7,878,175
Total equity		(9,362,686)	5,272,262	(8,160,637)	7,878,175
Non-current liabilities					
Other payables	15	-	-	501,554	-
Loan from ultimate holding company	13	17,929,049	17,929,049	17,754,049	17,754,049
		17,929,049	17,929,049	18,255,603	17,754,049
Current liabilities					
Trade and other payables	15	5,989,075	5,562,448	4,412,640	4,364,814
Total liabilities		23,918,124	23,491,497	22,668,243	22,118,863
TOTAL EQUITY AND LIABILITIES		14,555,438	28,763,759	14,507,606	29,997,038

Approved and authorised for issue by the Board of directors on **21 May 2019** and signed on its behalf by:

Director **Director**

The notes on pages 12 to 41 form an integral part of these consolidated and separate financial statements.

JSW Natural Resources Limited

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

The Group

	Stated capital USD	Translation reserve USD	Accumulated losses USD	Attributable to owners of parent USD	Total equity USD
At 1 April 2017	13,655,000	2,453,914	(23,453,885)	(7,344,971)	(7,344,971)
Loss for the year	-	-	(1,013,711)	(1,013,711)	(1,013,711)
Currency translation differences	-	198,045	-	198,045	198,045
At 31 March 2018	**13,655,000**	**2,651,959**	**(24,467,596)**	**(8,160,637)**	**(8,160,637)**
Loss for the year	**-**	**-**	**(1,106,729)**	**(1,106,729)**	**(1,106,729)**
Currency translation differences	**-**	**(95,320)**	**-**	**(95,320)**	**(95,320)**
At 31 March 2019	**13,655,000**	**2,556,639**	**(25,574,325)**	**(9,362,686)**	**(9,362,686)**

The Company

	Stated capital USD	Accumulated losses USD	Total equity USD
At 1 April 2017	13,655,000	(4,765,925)	8,889,075
Loss for the year	-	(1,010,900)	(1,010,900)
At 31 March 2018	**13,655,000**	**(5,776,825)**	**7,878,175**
Loss for the year	**-**	**(2,605,913)**	**(2,605,913)**
At 31 March 2019	**13,655,000**	**(8,382,738)**	**5,272,262**

The notes on pages 12 to 41 form an integral part of these consolidated and separate financial statements.

JSW Natural Resources Limited

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	2019 The Group USD	2019 The Company USD	2018 The Group USD	2018 The Company USD
Cash flows from operating activities				
Loss from operations	(1,106,729)	(1,227,725)	(1,013,711)	(1,010,900)
Adjustments for:				
Depreciation	390	-	376	-
Provision for audit and accounting fees	85	-	-	-
Foreign exchange difference	3,099	-	1,045	-
Interest expense	1,199,798	1,199,798	985,346	985,346
Operating profit / (loss) before working capital changes	96,643	(27,927)	(26,944)	(25,554)
Increase in receivables & prepayments	(27,075)	-	(1,519)	-
(Decrease)/increase in payables	(125,003)	(2,164)	11,072	2,050
Net cash used in operating activities	(55,435)	(30,091)	(17,391)	(23,504)
Cash flows from investing activities				
Purchase of property, plant and equipment	(143,276)	-	(104,750)	-
Loan to subsidiary	-	(243,200)	-	(3,001,000)
Net cash used in investing activities	(143,276)	(243,200)	(104,750)	(3,001,000)
Cash flows from financing activity				
Loan received from holding company	175,000	175,000	3,127,500	3,127,500
Net cash from financing activity	175,000	175,000	3,127,500	3,127,500
Net change in cash and cash equivalents	(23,711)	(98,291)	3,005,359	102,996
Cash and cash equivalent at start of the year	3,009,156	102,996	3,797	-
Cash and cash equivalents at end of the year	2,985,445	4,705	3,009,156	102,996

There were no non-cash transactions during the year.

The notes on pages 12 to 41 form an integral part of these consolidated and separate financial statements.

1. GENERAL

JSW Natural Resources Limited (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 and separate financial statements have been expressed in United States dollar (USD).

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) New standards and amendments – applicable 1 April 2018

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 April 2018:

IFRS 9 Financial Instruments and associated amendments to various other standards

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) New standards and amendments – applicable 1 April 2018 (continued)

IFRS 9 Financial Instruments and associated amendments to various other standards (continued)

In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- a third measurement category (FVTOCI) for certain financial assets that are debt instruments

- a new expected credit loss (ECL) model which involves a three stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For financial years commencing before 1 February 2015, entities could elect to apply IFRS 9 early for any of the following:

- the own credit risk requirements for financial liabilities

- classification and measurement (C&M) requirements for financial assets

- C&M requirements for financial assets and financial liabilities, or

- C&M requirements for financial assets and liabilities and hedge accounting.

After 1 February 2015, the new rules must be adopted in their entirety.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional.

IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards becomes effective.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) New standards and amendments – applicable 1 April 2018 (continued)

IFRS 15 Revenue from contracts with customers and associated amendments to various other standards

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer

A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers;
- identify the separate performance obligation;
- determine the transaction price of the contract;
- allocate the transaction price to each of the separate performance obligations; and
- recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under previous standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licences, warranties, nonrefundable upfront fees and, consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) New standards and amendments – applicable 1 April 2018 (continued)

IFRS 15 Revenue from contracts with customers and associated amendments to various other standards (continued)

These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.

Entities will have a choice of full retrospective application, or prospective application with additional disclosures.

Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The amendments made to IFRS 2 in June 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. They also introduce an exception to the classification principles in IFRS 2. Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature.

Entities with the following arrangements are likely to be affected by these changes:

- equity-settled awards that include net settlement features relating to tax obligations;
- cash-settled share-based payments that include performance conditions, and
- cash-settled arrangements that are modified to equity-settled share based payments.

Annual improvements 2014-2016 cycle

The following improvements were finalised in December 2016:

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

Transfers of Investment Property – Amendments to IAS 40

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) New standards and amendments – applicable 1 April 2018 (continued)

Transfers of Investment Property – Amendments to IAS 40 (continued)

The list of evidence for a change of use in the standard was recharacterised as a non-exhaustive list of examples to help illustrate the principle.

The Board provided two options for transition:

- prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or

- retrospectively - only permitted without the use of hindsight.

Additional disclosures are required if an entity adopts the requirements prospectively.

Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).

If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt.

Entities can choose to apply the interpretation:

- retrospectively for each period presented
- prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or
- prospectively from the beginning

(b) Standards not yet effective

The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 31 March 2019.

IFRS 16 Leases

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Standards not yet effective (continued)

IFRS 16 Leases (continued)

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Standards not yet effective (continued)

Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty

- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored

- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment

- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and

- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the consolidated and separate financial statements.

Prepayment Features with Negative Compensation – Amendments to IFRS 9

The narrow-scope amendments made to AASB 9 Financial Instruments in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.

To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128 Investments in Associates and Joint Ventures.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Standards not yet effective (continued)

Annual Improvements to IFRS Standards 2015-2017 Cycle

The following improvements were finalised in December 2017:

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Plan Amendment, Curtailment or Settlement – Amendments to IAS 19

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- separately recognise any changes in the asset ceiling through other comprehensive income.

Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Standards not yet effective (continued)

Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28 (continued)

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively.

In December the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

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 consolidated and separate 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) (i), 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

IFRS 9 effectively incorporates an impairment review for financial assets that are measured at fair value, as any fall in fair value is taken to profit or loss or other comprehensive income for the year, depending upon the classification of the financial asset.

For financial assets designated to be measured at amortised cost, an entity must make an assessment at each reporting date whether there is evidence of possible impairment; if there is, then an impairment review should be performed. If impairment is identified, it is charged to profit or loss immediately. Quantification of the recoverable amount would normally be based upon the present value of the expected future cash flows estimated at the date of the impairment review and discounted to their present value based on the original effective rate of return at the date the financial asset was issued. Based on the recoverability assessment, management has decided not to recognise any impairment loss for the year under review on the loan receivable from the subsidiary.

Amortisation of loan payable/loan receivable

Management has considered that the effective interest rate is same as the current prevailing interest rate on the loan payable to shareholder. Hence no amortised gain/ loss will be recognized on the loan payable.

The loan receivable from the subsidiary has been amortised at the effective interest rate.

3. SIGNIFICANT JUDGEMENTS (CONTINUED)

Impairment of non-financial assets

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 2019.

4. ESTIMATION UNCERTAINTY

When preparing the consolidated and separate 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 consolidated and separate financial statements in accordance with IFRSs requires the use of estimates and assumptions that could affect the reported amounts and disclosures in the consolidated and separate financial statements. Actual results may differ from these estimates.

(a) Basis of accounting

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

The principal accounting policies applied in the preparation of these consolidated and separate 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.

5. ACCOUNTING POLICIES (CONTINUED)

(b) *Investment in subsidiary (continued)*

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.

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 2019. The consolidated and separate results of the subsidiary company are included in the consolidated and separate 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 2019.

(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 statement of profit or loss on an accrual basis.

5. ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated and separate financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency").The consolidated and separate 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 statement of profit or loss.

(f) Financial instruments

Financial instruments carried on the consolidated and separate statement of financial position include loan to subsidiary, other receivables, cash and cash equivalents, loan from ultimate holding company and trade and other payables. 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 substantially all the risks and rewards are transferred.

(i) Trade and other receivables

Trade and other receivables are stated at amortised cost.

(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 fair value.

(iv) Loans

Loans to/from subsidiary and ultimate holding company are recognised at amortised cost.

(g) Prepayments

Prepayments are stated at nominal value.

5. ACCOUNTING POLICIES (CONTINUED)

(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.

(l) Payables

Payables are stated at their fair value.

(m) 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.

5. ACCOUNTING POLICIES (CONTINUED)

(m) Property, plant and equipment (continued)

(iii) Depreciation

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

License fees	25 years
Exploration costs	25 years
Office equipment	10 years
Motor Vehicles	5 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.

(n) Impairment

The carrying amounts of the group and company's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

The recoverable amount of the group and company's receivables carried at amortized cost is calculated at the present value of expected future cash flows cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of an asset is the greater of its net realizable value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

5. ACCOUNTING POLICIES (CONTINUED)

(o) 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.

(p) Provisions

A provision is recognized in the consolidated and separate 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.

(q) 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.

5. ACCOUNTING POLICIES (CONTINUED)

(r) 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.

(s) 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.

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 consolidated and separate 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.

(t) 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 their 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 and separate 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 other receivables, loan to subsidiary and cash and cash equivalents

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**	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Loan to subsidiary	-	-	**9,947,012**	11,082,000
Other receivables	**39,184**	12,109	**650**	650
Cash and cash equivalents	**2,985,445**	3,009,156	**4,705**	102,996
	3,024,629	3,021,265	**9,952,367**	11,185,646

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 2019	**USD**	**USD**	**USD**
Loan from ultimate holding company	-	17,929,049	17,929,049
Trade and other payables	5,989,075	-	5,989,075
	5,989,075	17,929,049	23,918,124

The Company	**7 - 12**	**More than**	
	months	**1 year**	**Total**
31 March 2019	**USD**	**USD**	**USD**
Loan from ultimate holding company	-	17,929,049	17,929,049
Interest payable	5,557,192	-	5,557,192
Accruals	5,256	-	5,256
	5,562,448	17,929,049	23,491,497

The Group	7 - 12	More than	
	months	1 year	Total
31 March 2018	USD	USD	USD
Loan from ultimate holding company	-	17,754,049	17,754,049
Trade and other payables	4,412,640	-	4,412,640
Other payable	-	501,554	501,554
	4,412,640	18,255,603	22,668,243

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (Continued)

The Company 31 March 2018	7 - 12 months USD	More than 1 year USD	Total USD
Loan from ultimate holding company	-	17,754,049	17,754,049
Interest payable	4,357,394	-	4,357,394
Accruals	7,420	-	7,420
	4,364,814	17,754,049	22,118,863

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

	Financial assets 2019	**Financial liabilities 2019**	Financial assets 2018	Financial liabilities 2018
United States dollar (USD)	9,952,367	23,491,497	11,185,646	22,118,863
	9,952,367	23,491,497	11,185,646	22,118,863

(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

		5% increase	5% decrease
	USD	USD	USD
Principal	17,929,049		
Average rate of interest	6.69%	7.03%	6.36%
Interest	1,199,798	1,259,788	1,139,808
Interest expense	1,199,798	1,259,788	1,139,808
Loss before tax as per the consolidated and separate financial statements		(1,227,725)	(1,227,725)
5% Increase in interest rate		(59,990)	-
5% Decrease in interest rate		-	59,990
Adjusted loss for the year		(1,287,715)	(1,167,735)

(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 2019	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets				
Loan to subsidiary	-	-	9,947,012	9947012
Cash and cash equivalents	-	-	4,705	4,705
Other receivable	-	-	650	650
	-	-	9,952,367	9,952,367
Financial liabilities				
Loan from ultimate holding company	-	-	17,929,049	17,929,049
Other payables	-	-	5,562,448	5,562,448
	-	-	23,491,497	23,491,497
31 March 2018				
Financial assets				
Loan to subsidiary	-	-	11,082,000	11,082,000
Cash and cash equivalents	-	-	102,996	102,996
Other receivable	-	-	650	650
	-	-	11,185,646	11,185,646
Financial liabilities				
Loan from ultimate holding company	-	-	17,754,049	17,754,049
Other payables	-	-	4,364,814	4,364,814
	-	-	22,118,863	22,118,863

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

7. OPERATING INCOME / EXPENSES

	The Group		The Company	
	2019 USD	2018 USD	**2019 USD**	2018 USD
Interest from bank	**131,103**	-	-	-
Net foreign exchange loss	**(10,107)**	(2,811)	-	-
	120,996	(2,811)		

8. TAXATION

India

The Company invests in India and the directors expect to obtain benefits under the double taxation treaty between India and Mauritius. To obtain benefits under the double taxation treaty, the Company must meet certain tests and conditions, including the establishment of Mauritius tax residence and related requirements. The Company has obtained a tax residence certification from the Mauritian authorities and believes such certification is determinative of its resident status for treaty purposes.

On 10 May 2016, the Government of India and Mauritius announced the signing of a Protocol amending the provisions of the India-Mauritius tax treaty. The Protocol became effective on 1 April 2017 in respect of income and gains received from India. The Protocol, inter alia, provides for capital gains arising on disposal of shares acquired by a company resident in Mauritius on or after 1 April 2017 to be taxed in India. However, investments in shares acquired up to 31 March 2017 have been grandfathered, thus exempted from capital gains tax in India irrespective of the date of disposal. In addition, shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed at a concessionary rate equivalent to 50% of the domestic tax rate prevailing in India provided the Mauritius company meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in Mauritius.

Mauritius

The Company holds a Category 1 Global Business License for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Category 1 Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of Shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company will be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

8. TAXATION (CONTINUED)

As at 31 March 2019, the Company has accumulated tax loss of **USD2,966,840** (2018: USD2,003,458) and is, therefore, not liable to income tax. The accumulated tax losses will be available for set off against future taxable profit as follows:

	USD
Up to year ending 31 March 2020	64,922
Up to year ending 31 March 2021	110,740
Up to year ending 31 March 2022	925,888
Up to year ending 31 March 2023	836,432
Up to year ending 31 March 2024	1,028,858
Accumulated tax losses	2,966,840

The tax reconciliation is as follows:

	2019 USD	2018 USD
Loss before tax	**(2,605,913)**	(1,010,900)
Less: Exempt income	**(37)**	(25)
Add: Non – allowable expenses	**1,577,055**	174,468
Add: Unauthorised deductions	**37**	25
Tax loss for the year	**(1,028,858)**	(836,432)
Tax loss brought forward	**(2,003,458)**	(1,207,452)
Tax loss lapsed	**65,476**	40,426
Tax loss carried forward	**(2,966,840)**	(2,003,458)
Income tax at 15%	**(445,026)**	(300,519)
Deemed tax credit	**356,021**	(240,415)
Deferred tax asset not recognised	**89,005**	60,104
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 **USD89,005** (2018: USD60,104) has not been recognised in absence of certainty of its realisation.

9. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries

		% holding	2019 USD	2018 USD
(i)	JSW Natural Resources Mozambique, Limitada	**99.99%**		
	At start of the year		**18,808,700**	1,209,606
	Allotment of shares		**-**	17,599,094
	At end of the year		**18,808,700**	18,808,700

		% holding	2019 USD	2018 USD
(ii)	JSW ADMS Carvao Limitada	**0.60%**		
	At start/at end of the year		**3**	3

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 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 USD3.

JSW Natural Resources Limited

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. PROPERTY, PLANT AND EQUIPMENT

		License cost	Motor vehicle	Office equipment and other assets	Exploration cost (Refer to note 11.4)	Total
		USD	USD	USD	USD	USD
10.1	**Cost**					
	As at 1 April 2018	1,611,220	3,907	7,030	9,863,653	11,485,810
	Additions during the year	-	-	-	143,276	143,276
	Exchange differences	(21 002)	(138)	(203)	(81,563)	(102,906)
	As at 31 March 2019	**1,590,218**	**3,769**	**6,827**	**9,925,366**	**11,526,180**
10.2	**Depreciation**					
	As at 1 April 2018	69,105	3,907	5,436	48,710	127,158
	Charge for the year	-	-	390	-	390
	Exchange differences	(2,455)	(138)	(158)	(1,738)	(4,489)
	As at 31 March 2019	**66,650**	**3,769**	**5,668**	**46,972**	**123,059**
10.3	**Net book values**					
	As at 31 March 2018	**1,542,115**	-	**1,594**	**9,814,943**	**11,358,652**
	As at 31 March 2019	**1 523 568**	-	**1 159**	**9,878,394**	**11,403,121**

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.4 Exploration costs capitalized during the year:

	2019 USD	2018 USD
Exploration costs		
Staff costs	77,708	51,297
Consultancy	17,225	20,990
Bank charges	15,054	9,488
Rent	10,792	8,400
Office expenses	8,872	2,671
Surface tax	5,445	5,493
Travel and accommodation	3,333	1,205
Communication	2,319	2,160
Fuel and lubrication cost	1,534	1,337
Depreciation	390	376
Car repairs and maintenance	343	1,210
Legal costs	133	97
Logistics and transport cost	128	26
	143,276	104,750

10.5 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
8161C	11-Sept-42	JSW ADMS Carvão Limitada

JSW Natural Resources Mozambique Limitada applied for mining concessions (lease) for 25 years on LPP 1127L in Oct -15 and has been allotted new number 7942C.

11. OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2019 USD	2018 USD	2019 USD	2018 USD
Other receivables	1,116	1,364	-	-
State receivables	37,418	10,095	-	-
Advance for acquisition	650	650	650	650
Prepayments	127,688	127,689	2,689	2,689
	166,872	139,798	3,339	3,339

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.

12. STATED CAPITAL

	2019 USD	2018 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.

13. 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) 2019 USD	Volume of Transactions 2019 USD	Receivable(R) or Payable(P) 2018 USD
(i) JSW Natural Resources (Mozambique) Limitada (point 1 below and note 15)	Subsidiary	Loan advanced / Transfer of licence	**9,947,012 (R)**	**(1,134,988)**	11,082,000(R)
(ii) JSW Steel Limited (point 2 and 3 below)	Parent	Loan advance	**17,929,049(P)**	**175,000**	17,754,049(P)
(iii) SANNE Mauritius	Administrator, Secretary and Directorship	Administration fees, secretarial fees, director fees and professional fees for tax filing	**2,689(R)** **5,256(P)**	**-** **(2,164)**	2,689(R) 7,420(P)

(1) The loan to and receivable from the subsidiary are unsecured, interest-free and are repayable on demand, except for the loan amount of USD3,000,000 as per the loan agreement dated 26 February 2018, which states that the loan is repayable after 4 years.

However, management has agreed that the Company will not call for repayment of the loan and receivable, until year 2022 and hence they are classified as non-current assets.

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

(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 1 September 2017)	5,000,000	6 months LIBOR + 5%	31 August 2020
5 April 2012 (Revised 1 September 2017)	5,000,000	6 months LIBOR + 5%	31 August 2020
15 February 2013 (Revised 1 September 2017)	10,000,000	6 months LIBOR + 5%	31 August 2020
1 March 2018	4,000,000	6 months LIBOR + 5.3%	1 March 2021

(3) An amount of USD175,000 was received from JSW Steel Limited as loan advances during the year ended 31 March 2019 (2018: USD3,127,500).

14. LOAN TO SUBSIDIARY

	Before amortisation 2019 USD	After amortisation 2019 USD
As at 1 April	11,082,000	11,082,000
Loan granted	243,200	243,200
Effect of amortisation on loan	-	(2,003,052)
Effect of amortisation on interest	-	624,864
As at 31 March	11,325,200	9,947,012

The Company has amortised the loan to and receivable from the subsidiary at a rate of 6.703%, which management has considered to be the effective rate of interest and on the assumption that they will be repaid in the year 2022.

15. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2019 USD	2018 USD	**2019 USD**	2018 USD
Egas Moniz Maria Do Carmo Rafael Mussanhane	**376,158**	501,554	-	-
Interest payable	**5,557,192**	4,357,394	**5,557,192**	4,357,394
Other payable	**49,104**	46,884	-	-
State creditors	**1,365**	942	-	-
Provision for audit fees	3,220	3,220	3,220	3,220
Provision for administration fees and disbursement	2,036	4,200	2,036	4,200
	5,989,075	4,914,194	5,562,448	4,364,814

15. TRADE AND OTHER PAYABLES (CONTINUED)

The payable to Egas Moniz Maria Do Carmo Rafael Mussanhane represents purchase consideration of coal exploration licence no. 8161C.

16. CONTINGENT LIABILITY

In terms of Mozambique mining law, JSW Natural Resources Mozambique Limitida and its subsidiary are required to provide a bank guarantee in the process of being awarded a mining concession agreement. Pursuant thereto, the subsidiary company pledged a bank guarantee of USD2.9 million. The term of the guarantee is four years. The bank guarantee is pledged with Capital Bank. The bank guarantee is secured by way of a call deposit with the same bank.

	The Group		The Company	
	2019 USD	2018 USD	**2019 USD**	2018 USD
Bank Guarantee	**2,900,000**	2,900,000	**-**	-
	2,900,000	2,900,000	**-**	-

17. 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.

18. 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.

19. GOING CONCERN

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

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.

20. EVENTS AFTER THE REPORTING PERIOD

No events were noted after the reporting date that would require disclosures or adjustments to the consolidated and separate financial statements for the year ended 31 March 2019.