Philip Nevitt & Associados, Sociedade UP, Lda

N.U.I.T. 400 524 971

Chartered Accountants

Membros da OCAM – Ordem dos Auditores

GRAVITA MOZAMBIQUE, LIMITADA

AUDIT

FOR THE YEAR ENDED 31 MARCH, 2021

Rua da Resistencia, 1642, 3 andar, Sala K, Maputo. Tel: 258 83/84/87 5204184 Fixo 21 41 79 14

email philipnevittassociados@gmail.com

GRAVITA MOZAMBIQUE, LIMITADA

Company Registration Number 100 021 943

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

GRAVITA MOZAMBIQUE, LIMITADA

Company Registration Number 100 021 943

Financial Statements for the year ended 31 March, 2021

General information

Country of incorporation and domicile	Mozambique
Director	Mr. Rajat Sharme
Country manager	Mr. Sandeep Bhardwaj
Registered office	Avenida Samora Machel, 467, Tchumene 2, Matola, Mozambique
Tax registration number	400 178 038
Bankers	First Capital Bank ABSA Moza Banco Standard Bank
Auditors	PNA Auditores e Consultores, Lda., Rua da Resistência, 1642, 3-K, Maputo

GRAVITA MOZAMBIQUE, LIMITADA

Company Registration Number 100 021 943

Financial Statements for the year ended 31 March, 2021

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GRAVITA MOZAMBIQUE, LIMITADA

Director's responsibility and approval

The director is responsible for the preparation and fair presentation of the annual financial statements of Gravita Mozambique, Limitada, (hereinafter referred to as the Entity), comprising the balance sheet at 31 March, 2021 and the statements of comprehensive income, changes in equity and cash flows for the year then ended together with the notes to the financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The director's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The director's responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The director is of the opinion, based on the information and explanations given to him by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

The director has reviewed the entity' cash flow forecast for the forthcoming year and, in the light of this review and the current financial position, is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Director__________________________Rajat Sharma

Independent auditors' report

To the Members of

GRAVITA MOZAMBIQUE, LIMITADA

Opinion

We have audited the accompanying financial statements of GRAVITA MOZAMBIQUE, LIMITADA (referred in future as the Entity), which comprise the balance sheet at 31 March, 2021 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the entity were prepared, in all material respects, in accordance with the basis of accounting disclosed in note 2 of the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the financial statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mozambique and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of these financial statements that give a true and fair view in accordance with the basis of accounting disclosed in note 2 of the financial statements and for such internal control as the Board determines is necessary to ensure the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Board of Directors is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations, or has not realistic alternative but to do so.

Management is responsible for overseeing the entity's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or, in the aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional misrepresentation or the overriding 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Director's 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 entity'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 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 entity to cease to continue as a going-concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where possible, related safeguards

From the matters communicated to the Board of Directors, we determine those matters that were of most significant in the audit of the financial statements of the current period and are therefore the key audit matters.

The engagement partner on the audit resulting from this independent auditors' report was Philip Nevitt, registered auditor in Mozambique (member number 48/OCAM)

PNA Auditores UP, Limitada

Registered audit firm (member 15/OCAM)

PNA

Philip Nevitt fca

Maputo, 10 May, 2021

00103428/OCAM/SG/2020

DECLARAÇÃO DE COMPROMISSO DE HONRA

(Artigo 39º do RCIRPS[1] e Artigo 40º do RCIRPC[2])

PHILIP NEVITT, Contabilista Certificado, membro nº **4492/CC/OCAM/2018** NUIT **101833844**, declara que os elementos constantes do Modelo 20[3] Declaração Anual de Informação Contabilística e Fiscal, previsto na alínea c) do nº 1 do Artigo 36º do RCIRPC, referente ao exercício fiscal de **2020**, respeitante ao sujeito passivo **Gravita Mozambique, Limitada**, NUIT **400178038**, são a expressão da verdade e estão em conformidade com o normativo contabilístico aprovado para o sector.

Maputo Provincia, 21 de Setembro de 2020

Contabilista Certificado

A PREENCHER PELA OCAM

Maputo Provincia, 23 de Junho de 2021

Gildo Armando Cossa
(Secretário Geral)

[1] Regulamento do Código do Imposto sobre o Rendimento das Pessoas Singulares, aprovado pelo Decreto nº 8/2008, de 16 de Abril

[2] Regulamento do Código do Imposto sobre o Rendimento das Pessoas Colectivas, aprovado pelo Decreto nº 9/2008, de 16 de Abril

[3] Aprovado pelo Despacho de 19 de Abril de 2012 (BR I Série Número 16).

GRAVITA MOZAMBIQUE, LIMITADA

Company Registration Number 100 021 943

Financial Statements for the year ended 31 March, 2021

BALANCE SHEET
AT 31 MARCH 2021

(Expressed in '000 meticais)	Note	31-Mar-21	31-Mar-20
ASSETS			
Non-current assets		**256,258**	**151,378**
Property plant and equipment	2-3	41,661	24,994
Investment in associated company	4	214,598	126,384
Current assets		357,910	321,656
Inventories	5	78,646	57,399
Customers	6	241,685	239,396
Due from associated companies	6,9	1,688	
Other receivables	6	17,240	15,048
Cash and equivalence	7	18,651	9,813
Total assets		**614,169**	**473,034**
LIABILITIES			
Equity	8	**456,890**	**354,369**
Social capital		19,875	19,875
Legal reserve		3,975	3,975
Accumulated reserves		433,040	330,519
Non-current liabilities		-	432
Current liabilities		**157,279**	**118,233**
Suppliers		23,962	12,358
Due to state		9,434	10,797
Loans from bankers		122,305	86,358
Due to associated companies		138	8,596
Other creditors		1,440	124
Total equity and liabilities		**614,169**	**473,034**

GRAVITA MOZAMBIQUE, LIMITADA

Company Registration Number 100 021 943

Financial Statements for the year ended 31 March, 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

(Expressed in '000 meticais)	Note	31-Mar-21	31-Mar-20
Revenue of operations	11	**629,649**	**642,635**
Sales of manufactured goods		538,432	481,875
Sales of traded goods		91,218	160,760
Other income	12	22,119	4,136
Total income		**651,769**	**646,771**
Cost of revenue	13	**(434,636)**	**(452,129)**
Cost of materials consumed		(427,570)	(464,846)
Stock variants		(7,066)	12,717
Expenses		**(90,887)**	**(96,066)**
Personnel	14	(29,024)	(25,218)
Administrative	15	(58,527)	(67,297)
Depreciation	2	(3,336)	(3,551)
Results from operations		**126,245**	**98,576**
Finance costs	16	(5,131)	(1,129)
Net profit, before tax		**121,114**	**97,447**
Current tax	17	(18,593)	(14,374)
Retained earnings for year		**102,521**	**83,073**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAR 2021

(Expressed in '000 meticais)	31-Mar-21	31-Mar-20
Balance at 1 April	354,369	259,326
Social capital	19,875	7,905
Legal reserve	3,975	-
Free reserves	330,519	251,421
Movements during year	102,521	95,043
Retained earnings for year	102,521	83,073
Increase of social capital	-	11,970
Transfer to legal reserve	(1,581)	(3,975)
Legal reserve	1,581	3,975
Balance at 31 March	**456,890**	**354,369**
Social capital	19,875	19,875
Legal reserve	5,556	3,975
Free reserves	431,459	330,519

GRAVITA MOZAMBIQUE, LIMITADA

Company Registration Number 100 021 943

Financial Statements for the year ended 31 March, 2021

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

(Expressed in '000 meticais)	**31-Mar-21**	**31-Mar-20**
Net results for the year	120,851	97,447
Adjustments:	(11,218)	(11,997)
Depreciation	3,336	3,551
Current tax	(16,795)	(14,374)
Foreign exchange differences	3,594	(4,599)
Interest received	(6,484)	(4,133)
Interest paid	5,131	7,558
Adjusted results for the year	109,633	85,450
Movement of working capital	**7,123**	**34,832**
Inventories	(21,247)	(14,606)
Trade and other receivables	10,212	(11,497)
Trade and other payables	18,158	60,935
Operating activity	**116,756**	**120,282**
Investing activity	**(105,243)**	**(128,489)**
Additions to fixed assets	(20,002)	(4,318)
Loan to related company	(85,241)	(124,171)
Financing activity	**(2,675)**	**12,977**
Foreign exchange differences	(3,596)	4,599
Non-current liabilities	(432)	(167)
Increase of capital reserve	-	11,970
Interest paid less received	1,353	(3,425)
Movement of cash and equivalents	**8,838**	**4,770**
Balance at 1 April	9,813	5,043
Balance of cash and equivalents year end	**18,651**	**9,813**

Accounting policies

Corporate information

Gravita Mozambique, Limitada is a privately owned quota capital company with limited liability incorporated in 2012, having it head office in Matola, Mozambique.

Its main activity is the recycling of automotive batteries to obtain it lead, aluminum and other components for export.

1. Significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going-concern basis in accordance and in compliance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies, which follow and incorporate the principle accounting policies set out below. They are presented in Mozambican meticais which is the company's functional currency.

These accounting policies are consistent with the previous year.

1.2 Significant judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period to which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies

Management did not make critical judgments in the application of accounting policies, apart from those involving estimations which would significantly affect the financial statemens.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history. Existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values. Observable market data is used as inputs to the extent that is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

The fair value of financial instruments traded in active markets (such as trading and available for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example- over the counter derivatives) is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period. The carrying value les impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

The fair value hierarchy introduces 3 levels of inputs on the lowest level of input significant to the overall fair value.

Level 1 – quoted prices for similar instruments;
Level 2 – directly observable market inputs other than Level 1 inputs; and
Level 3 - Inputs not based on observable market data.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determines the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management addresses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assesses the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets.

Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of the estimates of provisions are included in note 1.8.

Trade receivables held to maturity, loans and other receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit and loss, the management makes judgments as to whether there is observable data indication, that a measurable decrease in the estimated future cash flows from the assets.

The impairment (or loss allowance) for trade receivables is calculated on a portfolio basis, except for individually significant trade receivables which are assessed separately. The impairment test on the portfolio is based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indications present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognized as an asset when it is probable that future economic benefits associated with the item, will flow to the company and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure that is directly attributable to the acquisition of the asset, including the capitalization of borrowing costs on qualifying asses and adjustments in respect of hedge accounting, where appropriate. Expenditure incurred subsequently for major services, addition to or replacements of, parts of property, plant and equipment are capitalized if it is possible that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day-to-day servicing costs are included in profit and loss in the year in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria, are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are de-recognised.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or de-recognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	10% or 10 years
Heavy vehicles	Straight line	25% or 4 years
Passenger vehicles	Straight line	20% or 5 years
Intangible assets	Straight line	33% or 3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is considered as a change in accounting estimates.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each asset is recognized in profit and loss unless it is included in the carrying amount of another asset.

The company has obtained certain tax benefits from their application to the Mozambican Investment Centre (Gazeda). As a result, the company can elect to utilize accelerated depreciation rates.

Impairment tests are performed on property, plant and equipment when there is an indication that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be the higher than the estimated recoverable amount, an impairment loss is recognized immediately in profit and loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the de-recognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is de-recognised.

1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily, at fair value through profit or loss, or
- Designated at fair value through other comprehensive income. This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination.

Financial assets which are debt instruments:

Amortised cost. This category applies only when the contractual terms of the instrument gives rise, on specified dates, to cash flows that are solely payments of principal and interest on principal and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows.

Fair value through other comprehensive income. This category applies only when the contractual terms of the instrument gives rise, on specified dates, to cash flows that are solely payments of principal and interest on principal and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instrument;

Mandatorily at fair value through profit or loss. This classification automatically applies to all debt instruments which do not qualify as a amortised cost or at fair value through other comprehensive income: or

Designated at fair value through profit or loss. This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch.

Derivatives which are not part of a hedging relationship:

Mandatorily at fair value through profit or loss.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognized when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognized on the receivable, initially, minus principal repayments, plus cumulative amortization (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognizes a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses, which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Borrowings and loans from related parties

Classification

Loans from group and related parties are classified as financial liabilities, subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognized when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is that exactly discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss I finance costs.

Borrowings expose the company to liquidity risk and interest rate risk.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the metical equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gain or loss is recognized in profit or loss in the other operating results.

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management.

Trade and other payables

Classification

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities, subsequently measured at amortised cost.

Recognition and measurement

They are recognized when the company becomes a party to the contractual provisions and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liabilitiy and of allocating interest expense over the relevant period. The effective interest rate is that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financial component and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amounts which are deemed to be fair value.

Short-term bank overdrafts and facilities are recognized under current liabilities.

1.5 Tax

Current tax assets and liabilities

Current tax for the current and prior periods is, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognized as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it Is probable that taxable profit will be available against which the deductible temporary difference can be utilized. A deferred tax asset is not recognized when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

A deferred tax asset is recognized for the carry forward of unused tax losses and unused credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Tax expense

Current and deferred taxes are recognized as income or as an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognized, in the same or a different period, to other comprehensive income: or
- A business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the

Tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax a deferred taxes are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, directly to equity

Under the provisions of benefits to the company from the agreement with GAZEDA, the company has tax concession as follows:

Corporation tax (ISPC)	first 5 years of trading 2013 to 2017	full exemption
	6th year to tenth year 2018 to 2022	50% reduction
	Thereafter	25% reduction
Value Added Tax (IVA)	For all internal purchases to achieve object	full exemption

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operational lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease payments are recognized as an expense on a straight line basis over the lease term. The difference between the amounts recognized as an expense and the contractual payments are recognized as an operating lease asset. The liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.7 Inventories

Inventories are measured at the lower of cost and net realizable value on a first-in-first-out basis (FIFO)

Net realizable value is the estimated selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost or inventories comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the FIFO formula The same cost formula is used for all inventories having a similar nature and use to the company.

When inventories are sold, the carrying amounts of those inventories are recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period when the write-down or loss occurred. The amount of any reversal of any write-down of inventories arising from an increase in the net realizable value are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurred.

Inventories include a "right to returned goods asset" that represents the company's right to recover products from customers where customers exercise their right of return under the company's return policy. The company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognized against the cost of sales.

1.8 Provisions and contingencies

Provisions are recognized when:

- The company has a present obligation as a result of a past event;

- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation: and
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the company settle the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognized for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision,

A constructive obligation to restructure arise only when an entity:

- Has a detailed formal plan for the restructuring, identifying at least-
  - the business or part of a business concerned:
  - the principle locations affected:
  - the location, function and approximate number of employees that will be compensated for terminating their services:
  - the expenditure that will be undertaken: and
  - when the plan will be implemented.
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it,

After their initial recognition, contingent liabilities recognized in business combinations that are recognized separately are subsequently measured at the higher of:

- The amount that would be recognized as a provision: and
- The amount initially recognized less cumulative amortization.

Contingent assets and liabilities are not recognized. Contingencies are disclosed by way of note.

Turnover

Turnover comprises of sales to customers and services rendered to customers. Turnover is stated at the invoice amount and is exclusive of VAT and trade discounts.

2. Property, plant and equipment

(Expressed in '000 meticais)	**31-Mar-20**	**Additions**	**31-Mar-21**
Property, plant and equipment			
Cost			
Large repairs	97	1,673	1,770
Plant and equipment	10,090	18,335	28,425
Electrical installations	2,079	(167)	1,912
Office equipment	140	167	307
IT equipment	155	69	224
Furniture and fittings	172	400	572
Vehicles	3,711	202	3,913
Capital work in progress	16,570	18,953	35,523
	33,014	39,632	72,646
Depreciation			
Large repairs	42	1,684	1,726
Plant and equipment	5,564	19,414	24,978
Electrical installations	877	381	1,258
Office equipment	68	32	100
IT equipment	91	93	184
Furniture and fittings	53	329	382
Vehicles	2,092	264	2,356
Capital work in progress	-	-	-
	8,787	**22,199**	**30,986**
Carrying value			
Large repairs	55	(11)	44
Plant and equipment	4,526	(1,079)	3,447
Electrical installations	1,202	(548)	654
Office equipment	72	135	207
IT equipment	64	(24)	40
Furniture and fittings	119	71	190
Vehicles	1,619	(62)	1,557
Capital work in progress	16,570	18,953	35,523
	24,227	**17,433**	**41,660**

3. Capital work in progress

This item relates to equipment imported but, at the date of this report, not being utilized. During the year under review, the costs increased by 18,953 thousands of meticais.

4. Financial assets

Loan to quota-holder
Amount of loan – USD3,000,000

(Expressed in '000 meticais)	USD	31-Mar-21		31-Mar-20
GRAVITA NETHERLANDS, NV				
Balance at 1 April				
First instalment	1,800,000	131,872		120,358
Accrued interest	65,800	4,532		4,133
		136,404		124,491
Movements during year	1,200,000	76,301		-
			RoE	
Total due	**3,065,800**	**212,705**	**67**	**124,491**
Long-term deposits		**1,893**		**1,893**
Total of long-term assets		**214,598**		**126,384**

The company entered into a loan contract with one of its quota holders, Gravita Netherlands, NV, for an amount of USD3 million. There is no fixed date for repayment. This investment was authorized by the Mozambican Central Bank. The loan attracts interest.

5. Inventories

(Expressed in '000 meticais)	31-Mar-21	31-Mar-20
Raw materials	28,894	6,990
Materials in transit	948	-
Work in progress	14,235	29,639
Finished goods in transit	19,383	-
Traded stock	2,384	10,272
Stores	9,443	9,421
Consumables	3,359	1,077
Total inventory	**78,646**	**57,399**

6. Trade and other receivables

(Expressed in '000 meticais)	31-Mar-21	31-Mar-20
Trade receivables - related parties	256,474	239,396
Advances to suppliers	-	12,423
Due from related parties	1,688	
Advances to employees	443	923
Deposit with suppliers	1,893	
Other receivables	115	1,702
Total trade and other receivables	**260,613**	**254,444**

7. Cash and cash equivalents

(Expressed in '000 meticais)	31-Mar-21	31-Mar-20
Cash on hand	2,163	505
Cash at banks - positive balances	16,488	9,218
Total cash and cash equivalents	**18,651**	**9,723**

8. Capital and legal reserve

(Expressed in '000 meticais)	31-Mar-21	31-Mar-20
Held by:		
Gravita Netherlands, NV	19,156	19,156
Gravita Global, Ltmited	719	719
Total social capital	**19,875**	**19,875**
Legal reserve		
20% of issued capital	**3,975**	**3,975**

In accordance with the current Mozambican Commercial Code, all companies are obliged to provide, out of their retained earnings, an amount for the Legal Reserve. This reserve is created at 5% per annum up to a maximum value representing 20% of the issued social capital. The company elected to transfer in 2020, the full amount from its retained earnings. This reserve is not distributable and can be utilized to increase the social capital.

9. Related party balances

(Expressed in '000 meticais)	31-Mar-21	31-Mar-20
Due by:		
Gravita India, Limited	241,685	48,322
Mozambique Recyclers, Limitada	1,688	-
	243,373	**48,322**
Due to:		
Gravita India, Limited	-	2,934
Gravita International, Limited	1,309	0
	1,309	**2,934**

10. Trade and other payables

The company has a facility with a local bank, First Capital Bank, S.A. to a sum of USD1.3 million. The rate of interest is based on a three month LIBOR plus a spread of 5.5%. The bank has accepted as a guarantee, a "comfort" letter from Gravita Netherlands, NV.

11. Sales

(Expressed in '000 meticais)	31-Mar-21	31-Mar-20
Sales of manufactured goods	536,866	481,875
Sales of traded goods	92,783	160,760
Total sales	**629,649**	**642,635**

12. Other income

(Expressed in '000 meticais)	31-Mar-21	31-Mar-20
Other interest	64.8	41.4
Forex differences	156.4	46.0
Total other income	**221.2**	**87.4**

13. Cost of sales

(Expressed in '000 meticais)	**31-Mar-21**	**31-Mar-20**
Cost of raw materials	361,542	356,445
Purchase of stock In trade	66,028	108,400
Changes in inventory	7,066	(12,716)
Opening stock	*39,911*	*27,195*
Finished goods	-	*9,022*
Work in progress	29,639	*13,961*
Stock in trade	10,272	*4,212*
Closing stock	*(32,844)*	*(39,911)*
Finished goods	(16,225)	-
Work in progress	(14,235)	*(29,639)*
Stock in trade	(2,384)	*(10,272)*
Total cost of sales	**434,636**	**(452,129)**

14. Personnel costs

(Expressed in '000 meticais)	**31-Mar-21**	**31-Mar-20**
Salaries and wages	25,247	21,260
Social charges	942	871
Staff welfare	2,835	3,087
Total personnel costs	**29,024**	**25,218**

15. Administrative and factory costs

ADMINISTRATIVE COSTS
FOR THE YEAR ENDED 31 MAR 2021

(Expressed in '000 meticais)	31-Mar-21	31-Mar-20
Power and fuel	4,897	5,180
Rates and taxes	1,591	1,094
Legal and professional	897	1,531
Repairs and maintenance	8,443	11,503
Plant and machinery	*7,751*	*9,769*
Buildings	*292*	*382*
Other	*400*	*1,352*
Freight and forwarding	24,238	29,488
Travelling	1,971	3,709
Insurance	122	157
Rent	8,936	8,576
Advertising	254	131
Communication	490	377
Printing and stationery	140	95
Donations and contributions	10	1
Audit fee	300	1,300
Loss on disposal of fixed assets	214	15
Bank charges	2,020	1,216
Vehicle hire	-	3
Vehicle running costs	412	1,107
Other	3,592	1,814
Total administrative costs	**58,527**	**67,297**

16. Finance costs

(Expressed in '000 meticais)	31-Mar-21	31-Mar-20
Interest on borrowings	5,131	5,729
Total finance costs	**5,131**	**5,729**

17. Taxation

The tax authorities have the right to review the tax situation of the previous five years of the entity. This could result in different interpretations/non-compliance with tax legislation which are not possible to estimate at the date of the financial statements. A tax audit was effected by the fiscal authorities for the fiscal years up to and including 31 March, 2019.

The company's policy is to absorb the VAT on purchases, as costs. However, as regards the tax authorities, there exists a credit for the recovery of VAT in the amount of approximately 3 million meticais. At this time, the company does not want to either show this amount as a tax asset, nor apply for a refund. At a later date, the company can utilize this credit against local sales that would be subject to VAT.

Provisional tax computation

Tax computation

Results for the year 2020/21		121,114.040
Adjustments		
Inventory - 6% x 78,646 - 4,718 -limited to 1.5%	(1,179.694)	
Receivables - 6% x 246,125 - 14,767 - limited to 1.5%	(3,901,695)	
Restriction of motor vehilcle - 257,000	(128.500)	
Donation	10.000	(5,199,889)
Taxable profit		115,914,151
Tax @ 16%		18,546,264
Paid on account		
First instalment	(3,941,000)	
Second instalment	(1,500,000)	
Third instalment	(3,976,689)	(9,417,689)
Current tax due		**9,128,575**

18. Capital commitments

At the reporting date, there were no capital commitments.

19. Contingent liabilities

At the reporting date, there was a court action pending against the company. This action was brought by the landlord of the prior installations that the company occupied. A judgment has been made against the company by the provincial court in the sum of 18,482,600 meticais. The case is now with the company lawyers who have applied to the high court.

20. Subsequent events

The company in General Assembly approved a dividend of USD2,500,000, based on the cumulative retained earnings to 31 March, 2020 to be paid in meticais and in various installments depending on the availability of funds.

There were no other matters after the reporting date until the date of this report which could have a significant impact on the financial statements or require disclosure therein.