

Praj Industries (Africa) Proprietary Limited
(Registration number 2011/008115/07)

**Annual financial statements
for the year ended 31 March 2020**

Praj Industries (Africa) Proprietary Limited

Annual financial statements for the year ended 31 March 2020

General Information

Country of incorporation and domicile	Republic of South Africa
Nature of business and principal activities	Holding investments in Praj Group subsidiary companies in Africa
Directors	DV Nimbolkar AV Phadke
Registered office	22 Wellington Road Parktown Johannesburg 2193
Postal address	PO Box 650847 Benmore Johannesburg 2196
Holding company	Praj Industries Limited incorporated in India
Bankers	The Hongkong and Shanghai Banking Corporation Limited
Compiler	The annual financial statements were independently compiled by: WK Wilton and Associates Proprietary Limited
Reviewers	Nwanda Incorporated Chartered Accountants (S.A.) Registered Auditors
Level of assurance	These annual financial statements have been independently reviewed in compliance with the applicable requirements of the Companies Act of South Africa No. 71 of 2008
Company registration number	2011/008115/07

Praj Industries (Africa) Proprietary Limited

Annual financial statements for the year ended 31 March 2020

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Praj Industries (Africa) Proprietary Limited

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Directors' responsibilities and approval

The directors are required by the Companies Act of South Africa No. 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

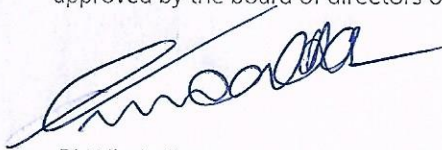
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The company ceased business operations during the 2019 financial year and is currently dormant. The directors have resolved to deregister the company subsequent to year end and as a consequence the annual financial statements should have been prepared on the liquidation basis. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern as the respective values of the company's assets and liabilities remain essentially the same whether valued on a going concern or liquidation basis.

The independent reviewers are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's independent reviewers and their report is presented on page 4.

The annual financial statements set out on pages 6 to 14, which have been prepared on the going concern basis, were approved by the board of directors on 12 May 2020 and were signed on its behalf by:



DV Nimbolkar



DV Phadke

Independent reviewers' report

To the shareholder of Praj Industries (Africa) Proprietary Limited

To be included by Nwanda Inc.

WK Wilton and Associates Proprietary Limited
WK Wilton

Date



Compilation report

To the directors of Praj Industries (Africa) Proprietary Limited

We have compiled the annual financial statements of Praj Industries (Africa) Proprietary Limited, as set out on pages 7 to 14, based on the information you have provided. These annual financial statements comprise the statement of financial position of Praj Industries (Africa) Proprietary Limited as at 31 March 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements. We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these annual financial statements.

WK Wilton and Associates Proprietary Limited
Per: L Govender

Date

Praj Industries (Africa) Proprietary Limited

Annual financial statements for the year ended 31 March 2020

Directors' report

The directors have pleasure in submitting their report on the annual financial statements of Praj Industries (Africa) Proprietary Limited for the year ended 31 March 2020.

1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa No. 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

The company ceased business operations during the 2019 financial year and is currently dormant. The directors have resolved to deregister the company subsequent to year end.

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Directors

The directors in office at the date of this report are as follows:

<u>Directors</u>	<u>Nationality</u>
DV Nimbolkar	Indian
AV Phadke	Indian

4. Holding company

The company's holding company is Praj Industries Limited incorporated in India.

5. Events after the reporting period

The directors have resolved to deregister the company subsequent to year end.

The directors are not aware of any further matter or circumstance arising since the end of the financial year to the date of signing this report which will have a material impact on these financial statements.

6. Going concern

The company ceased business operations during the 2019 financial year and is currently dormant. The directors have resolved to deregister the company subsequent to year end and as a consequence the annual financial statements should have been prepared on the liquidation basis. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern as the respective values of the company's assets and liabilities remain essentially the same whether valued on a going concern or liquidation basis.

7. Interest in subsidiaries

Details of the company's investment in subsidiaries are set out in note 2. The company impaired its investment in Praj Industries (Sierra Leone) Limited in the current year, as the subsidiary ceased business operations and had no recoverable value.

The directors have elected not to include the results and financial position of the subsidiaries in these financial statements as the Company itself is a wholly-owned subsidiary of Praj Industries Limited, a company which is incorporated in India.

This treatment is allowed in terms of IFRS 10, Consolidated Financial Statements. The financial statements of the Company and its investments will be included in the consolidated financial statements of the ultimate controlling entity, Praj Industries Limited. The consolidated financial statements of the Company and its wholly-owned subsidiaries are therefore not presented but are available on request.

8. Independent reviewers'

Nwanda Incorporated was appointed as independent reviewers and will continue in office for the 2020 year.

Praj Industries (Africa) Proprietary Limited

Annual financial statements for the year ended 31 March 2020

Statement of financial position

	Note	2020 R	2019 R
Assets			
Current assets			
Trade and other receivables	3	-	20 700
Cash and cash equivalents	4	1 651 116	1 649 411
		<u>1 651 116</u>	<u>1 670 111</u>
Total assets		<u>1 651 116</u>	<u>1 670 111</u>
Equity and liabilities			
Equity			
Share capital	5	16 530 207	16 530 207
Accumulated loss		(14 879 091)	(14 885 280)
		<u>1 651 116</u>	<u>1 644 927</u>
Current liabilities			
Trade and other payables	6	-	25 184
Total equity and liabilities		<u>1 651 116</u>	<u>1 670 111</u>

Praj Industries (Africa) Proprietary Limited

Annual financial statements for the year ended 31 March 2020

Detailed statement of comprehensive income

	Note	2020 R	2019 R
<u>Other income</u>			
Reversal of expenses		33 523	-
Interest received		-	9 179
Profit on exchange differences		2 915	-
		<u>36 438</u>	<u>9 179</u>
<u>Operating expenses</u>			
Accounting fees		29 038	68 885
Auditors' remuneration		-	(17 328)
Bank charges		1 211	10 086
Impairment of investment in subsidiary		-	6 255 485
Secretarial fees		-	14 238
		<u>30 249</u>	<u>6 331 366</u>
Profit / (loss) for the year	7	<u>6 189</u>	<u>(6 322 187)</u>
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		<u>6 189</u>	<u>(6 322 187)</u>

Praj Industries (Africa) Proprietary Limited

Annual financial statements for the year ended 31 March 2020

Statement of changes in equity

	Share capital	Accumulated loss	Total equity
	R	R	R
Balance at 01 April 2018	16 530 207	(8 563 093)	7 967 114
Total comprehensive loss for the year		(6 322 187)	(6 322 187)
Balance at 01 April 2019	<u>16 530 207</u>	<u>(14 885 280)</u>	<u>1 644 927</u>
Total comprehensive profit for the year		6 189	6 189
Balance at 31 March 2020	<u>16 530 207</u>	<u>(14 879 091)</u>	<u>1 651 116</u>
Note	5		

Praj Industries (Africa) Proprietary Limited

Annual financial statements for the year ended 31 March 2020

Statement of cash flows

	Note	2020 R	2019 R
Cash flows from operating activities			
Cash used in operations	8	1 705	(151 366)
Interest income		-	9 179
Net cash from operating activities		<u>1 705</u>	<u>(142 187)</u>
Cash flows from investing activities			
Proceeds from the impairment of investment in subsidiary		<u>-</u>	<u>1 776 185</u>
Total cash movement for the year		1 705	1 633 998
Cash at beginning of the year		<u>1 649 411</u>	<u>15 413</u>
Total cash at end of the year	4	<u>1 651 116</u>	<u>1 649 411</u>

Praj Industries (Africa) Proprietary Limited

Annual financial statements for the year ended 31 March 2020

Accounting policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act of South Africa No. 71 of 2008 on the historical cost basis and incorporates the principal accounting policies set out below. They are presented in Rand.

The directors have elected not to include the results and financial position of the subsidiaries in these financial statements, as the Company itself is a wholly-owned subsidiary of Praj Industries Limited, a company which is incorporated in India.

This treatment is allowed in terms of IFRS 10, Consolidated Financial Statements. The financial statements of the Company and its investments will be included in the consolidated financial statements of the ultimate controlling entity, Praj Industries Limited. The consolidated financial statements of the Company and its wholly-owned subsidiaries are therefore not presented but are available on request.

1.1 Investment in subsidiary

Subsidiary entities are enterprises in which the Company holds a long-term equity interest and over which it has the power to control the financial and operating activities of the entities so as to obtain benefits from its activities. The company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are measured at cost and where applicable reduced by an impairment in value.

Investments are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount of investments is less than the carrying amount. In case that the carrying amount of an investment exceeds its recoverable amount, the Company recognises the impairment loss in the statement of comprehensive income.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the investment in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through the statement of comprehensive income.) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Praj Industries (Africa) Proprietary Limited

Annual financial statements for the year ended 31 March 2020

Accounting policies

1.2 Financial instruments (continued)

Financial instruments at cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at cost. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income.

Trade and other receivables

Trade and other receivables are recognised at cost. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due within the original terms of the agreement.

Trade receivables are classified as current assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These are recorded at cost.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within twelve months or less.

Trade payables are measured at transaction value.

1.3 Impairment of assets

The company assesses at each reporting date whether there is any indication that Investments or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in statement of comprehensive income.

1.4 Share capital and equity

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in the statement of comprehensive income. on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.5 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, the statement of comprehensive income, using the effective interest rate method.

Praj Industries (Africa) Proprietary Limited

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Notes to the annual financial statements

	2020 R	2019 R
2. Investment in subsidiary		
The company impaired its investment in Praj Industries (Sierra Leone) Limited in the prior year, as the subsidiary ceased business operations and had no recoverable value.		
3. Trade and other receivables		
Prepaid expense	-	20 700
4. Cash and cash equivalents		
Bank balance	1 651 116	1 649 411
5. Share capital		
<u>Authorised</u>		
1000 Ordinary shares at no par value	-	1 000
<u>Issued</u>		
125 Ordinary shares at no par value	16 530 207	16 530 207
6. Trade and other payables		
Trade payables	-	25 184
7. Taxation		
Provision has not been made for taxation as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 8 576 101 (2019: R (8 594 940)).		
8. Cash used in operations		
Loss before taxation	6 189	(6 322 187)
<u>Adjustments for:</u>		
Interest received	-	(9 179)
Impairment loss	-	6 255 485
<u>Changes in working capital:</u>		
Trade and other receivables	20 700	(20 700)
Trade and other payables	(25 184)	(54 785)
	<u>1 705</u>	<u>(151 366)</u>
9. Related parties		
<u>Entity</u>		<u>Relationship</u>
Praj Industries Limited (Incorporated in India)		Holding company
Praj Industries (Tanzania) Limited		Subsidiary
Praj Industrial (Sierra Leone) Limited		Subsidiary
10. Going concern		
The company ceased business operations during the 2019 financial year and is currently dormant. The directors have resolved to deregister the company subsequent to year end and as a consequence the annual financial statements should have been prepared on the liquidation basis. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern as the respective values of the company's assets and liabilities remain essentially the same whether valued on a going concern or liquidation basis.		

Praj Industries (Africa) Proprietary Limited

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Notes to the Annual Financial Statements

	2020	2019
	R	R

11. Events after the reporting period

The directors have resolved to deregister the company subsequent to year end.

The directors are not aware of any further matter or circumstance arising since the end of the financial year to the date of signing this report which will have a material impact on these financial statements.