Praj Projects (Tanzania) Limited

(Registration number 180118993)

Financial statements

for the 4 months period ended 31 March 2025

General Information

Country of incorporation and domicile	United Republic of Tanzania
Nature of business and principal activities	Construction and other civil engineering projects
Directors	Yashodhan Arvind Mankame Venkatesh Upendra Rao Shrikant Krishnath Wale
Registered office	Plot number 295/296 Ali Hassan Mwinyi road P.O.Box 134 Dar es salaam Tanzania
Bankers	CITI Bank CRDB Bank PLC
Auditors	Balakrishna Sreekumar & Co Certified Public Accountants 254 Alykhan Road, Upanga P.O. Box 948 Dar es Salaam Tanzania

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The reports and statements set out below comprise the financial statements presented to the shareholders:

The Report by Those Charged with Governance

The members charged with governance have pleasure in submitting their first report on the financial statements of Praj Projects (Tanzania) Limited for the 4 months period ended 31 March 2025.

1. Nature of business

Praj Projects (Tanzania) Limited was incorporated in United Republic of Tanzania with interests in the Construction and other civil engineering projects sector. The company primarily caters to the Tanzanian Market. Company operates in legislative and regulatory environment of United Republic of Tanzania.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act 2002.

The company recorded a net loss after tax for the 4 months period ended 31 March 2025 of TSh(000) (728,607). This has been added to accumulated loss.

3. Stakeholder's Relationship

The members charged with governance has identified categories of stakeholders which are Government, employees, regulators, suppliers, customers, lenders, and the general community. Before making its decisions, the Board takes the interests of all stakeholders into account to ensure that engagement with stakeholders is deliberate and planned. Furthermore, the Board wishes to ensure that communication with stakeholders is always transparent and effective.

4. Directorate

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

Directors	Date of birth	Nationality
Yashodhan Arvind Mankame	05.02.1967	Indian
Venkatesh Upendra Rao	04.03.1980	Indian
Shrikant Krishnath Wale	10.02.1970	Indian

5. Corporate Governance matters

The Board of directors consists of 3 Directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

6. Objective and strategies of the entity

The Company's primary aim is to deliver best product/ services to the customers and be the market leader in the product / services it deals in. Company wishes to optimize the profits and maximize the shareholder's value. Company's strategies to attain the above stated objectives includes:

- Focus on profit margins
- Benchmark business's performance
- Assess the effectiveness of cost management measures
- Evaluate business productivity
- Develop new business strategies
- Expanding to new markets
- Increase employees productivity

7. Resources

During the 4 months period, there have been no major changes in entity's resources which primarily includes financial resources, intellectual resources, human resources, social resources and natural resources

The Report by Those Charged with Governance

8. Capital Structure

Refer to note 7 of the financial statements for details of authorised and issued share capital.

9. Liquidity

During the financial 4 months period ended 31 March 2025, the company managed its liquidity level to ensure there is sufficient funds to meet its liabilities when due, without incurring unacceptable losses or risking damage to the company's reputation. This was achieved through prudent liquidity management which includes maintaining sufficient cash and cash equivalents.

10. Principal Risks, Uncertainties and Opportunities

The members charged with governance accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operation;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Members those charged with governance assessed the internal control systems throughout the 4 months period ended 31 March 2025 and is of the opinion that they met accepted criteria.

11. Political and Charitable Donations

The Company did not make any political and charitable donations during the 4 months period ended 31 March 2025.

12. Employees welfare

a) Management /Employee relationship
The management /employees relationship was cordial throughout the 4 months period. There were no unresolved complaints received by the management from the employees during the 4 months period.

b) Financial assistances
Financial assistance is available to all employees depending on the need and the ability of the company to offer the financial assistance.

13. Disabled Persons and Gender Balance

Disabled Persons
The Company has an equal opportunity for everyone and as a matter of policy, recruitment processes are transparent and competitive. In case of applications for employment by persons with disabilities will be considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort shall be made to ensure that their employment with the company continues and appropriate training is arranged.

Gender Balance
The Company's recruitment policy is to give equal opportunity to all people on recruitment process to fill vacant employment posts. Thus, the company does not discriminate between male and female applicants to the vacant posts. In this regard, great care is taken when implementing the policy in order to ensure that education/professional qualifications, competencies and key attributes which are the basic criteria for selection and appointment, is not compromised.

The Report by Those Charged with Governance

14. Members those charged with governance interests in contracts

During the financial 4 months period, no contracts were entered into which Members those charged with governance or officers of the company had an interest and which significantly affected the business of the company.

15. Events after the reporting period

The Members those charged with governance are not aware of any material event which occurred after the reporting date and up to the date of this report.

16. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

17. Appointment and Responsibility of Auditors

Balakrishna Sreekumar & Co were appointed as the auditors of the company's financial statements for the 4 months period ended 31 March 2025 in duly constituted previous annual general meeting and they have expressed their willingness for their appointment.

Auditors are responsible for examining the financial statements prepared by those charged with governance for presentation to the members and to express opinion on them.

18. Responsibility of The Those Charged with Governance

The Report by Those Charged with Governance is prepared in compliance with the new Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1st January, 2021.

Members those charged with governance are required in terms of the Tanzanian Companies Act, 2002 to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial 4 months period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

This report and financial statements set out on pages 11 to 26, which have been prepared on the going concern basis, were approved by the members charged with the governance on 21 April, 2025, and were signed on its behalf by:

By Order of the Members of those charged with governance

Sd/-	Sd/-
Director	**Director**

Directors' Responsibilities and Approval

The directors are required in terms of the Tanzanian Companies Act 2002 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial 4 months period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the 4 months period to 31 March 2026 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 8 to 10.

The financial statements set out on pages 11 to 26, which have been prepared on the going concern basis, were approved by the board of directors on 21 April 2025 and were signed on their behalf by:

By Order of the Board

Sd/-	Sd/-
Director	**Director**

Declaration of Head of Finance

Declaration of the head of finance/accounting of Praj Projects (Tanzania) Limited.

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/ Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I Assa Thabifi being the Head of Finance/Accounting of Praj Projects (Tanzania) Limited hereby acknowledge my responsibility of ensuring that financial statements for the 4 months period ended 31 March 2025 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Praj Projects (Tanzania) Limited as on 31 March 2025 and that they have been prepared based on properly maintained financial records.

Signed by: Sd/-

Position: Consultant

NBAA Membership No: ACPA4429

Independent Auditor's Report

To the Shareholders of Praj Projects (Tanzania) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Praj Projects (Tanzania) Limited (the company) set out on pages 11 to 26, which comprise the statement of financial position as at 31 March 2025; and the statement of profit or loss and other comprehensive income; the statement of changes in equity; and the statement of cash flows for the 4 months period then ended; and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Praj Projects (Tanzania) Limited as at 31 March 2025, and its loss after tax and deferred tax of TSh ('000) (728,607) and cash flows for the 4 months period then ended, in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in United Republic of Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in United Republic of Tanzania. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Praj Projects (Tanzania) Limited financial statements for the 4 months period ended 31 March 2025", which includes the The Report by Those Charged with Governance as required by the Tanzanian Companies Act 2002 and the supplementary information as set out on pages 27 to 28. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

We communicate with the 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.

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

As required by the Tanzanian Companies Act, 2002 and subject to basis for opinion para above, we report to you that:
* we have obtained all the information and explanation with to the best of our knowledge and belief were necessary for the purpose of our audit;
* in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
* the company's statement of financial position and profit and loss account are in agreement with the books of account

Sd/-

25 APR 2025
Dar es Salaam

Mr. Kapil Garg
Partner
Balakrishna Sreekumar & Co
Certified Public Accountants

Statement of Financial Position as at 31 March 2025

	Note(s)	31 March 2025 TSh '000
Assets		
Non-Current Assets		
Deferred tax	3	312,260
Current Assets		
Inventories	4	343,095
Trade and other receivables	5	5,819,352
Cash and cash equivalents	6	8,122,160
		14,284,607
Total Assets		**14,596,867**
Equity and Liabilities		
Equity		
Share capital	7	20,000
Accumulated loss		(728,607)
		(708,607)
Liabilities		
Non-Current Liabilities		
Loans from shareholders	8	6,866,563
Current Liabilities		
Trade and other payables	9	8,438,911
Total Liabilities		**15,305,474**
Total Equity and Liabilities		**14,596,867**

The financial statements and the notes on pages 11 to 26, were approved by the board of directors on the 21 April 2025 and were signed on its behalf by:

Sd/-
Director

Sd/-
Director

The accounting policies on pages 15 to 21 and the notes on pages 22 to 26 form an integral part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	4 months ended 31 March 2025 TSh '000
Revenue	10	343,095
Cost of sales	11	(343,095)
Gross profit		**-**
Other operating gains (losses)	12	(777,600)
Other operating expenses		(145,023)
Operating loss		**(922,623)**
Finance costs	13	(118,244)
Loss before taxation		**(1,040,867)**
Taxation	14	312,260
Loss for the 4 months period		**(728,607)**
Other comprehensive income		-
Total comprehensive loss for the 4 months period		**(728,607)**

The accounting policies on pages 15 to 21 and the notes on pages 22 to 26 form an integral part of the financial statements.

Report of the Auditors' - Pages 8 to 10

Statement of Changes in Equity

	Share capital	Accumulated loss	Total equity
	TSh '000	TSh '000	TSh '000
Loss for the 4 months period	-	(728,607)	(728,607)
Other comprehensive income	-	-	-
Total comprehensive Loss for the 4 months period	**-**	**(728,607)**	**(728,607)**
Issue of shares	20,000	-	20,000
Total contributions by and distributions to owners of company recognised directly in equity	**20,000**	**-**	**20,000**
Balance at 31 March 2025	**20,000**	**(728,607)**	**(708,607)**
Note(s)	7		

The accounting policies on pages 15 to 21 and the notes on pages 22 to 26 form an integral part of the financial statements.

Report of the Auditors' - Pages 8 to 10

Statement of Cash Flows

	Note(s)	4 months ended 31 March 2025 TSh '000
Cash flows from operating activities		
Loss before taxation		(1,040,867)
Finance costs		118,244
Changes in working capital:		
(Increase) decrease in inventories		(343,095)
(Increase) decrease in trade and other receivables		(5,819,352)
Increase (decrease) in trade and other payables		8,438,911
Cash generated from operations		**1,353,841**
Finance costs	13	(118,244)
Net cash from operating activities		**1,235,597**
Cash flows from financing activities		
Proceeds on issue of share capital	7	20,000
Loans from shareholders	8	6,866,563
Net cash from financing activities		**6,886,563**
Total cash movement for the 4 months period		**8,122,160**
Cash and cash equivalents at the end of the 4 months period	6	**8,122,160**

The accounting policies on pages 15 to 21 and the notes on pages 22 to 26 form an integral part of the financial statements.

Accounting Policies

1. Material accounting policies

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements and the Tanzanian Companies Act 2002.

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

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect 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 under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

1.3 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

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 as 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 give 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); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give 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 instruments); or

Accounting Policies

1.3 Financial instruments (continued)

- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at 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.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

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 (note 5).

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 recognised 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 recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Tanzanian Shilling equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note 12).

Accounting Policies

1.3 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 9), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised 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 liability and of allocating interest expense over the relevant period. The effective interest rate is the rate 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 financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 13).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Tanzanian Shilling equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 12).

Cash and cash equivalents

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

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.4 Tax

Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (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.

Accounting Policies

1.4 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised 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 (tax loss).

A deferred tax asset is recognised 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 utilised. A deferred tax asset is not recognised 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 (tax loss).

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

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

Tax expenses

Current and deferred taxes are recognised as income or 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 recognised, 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 and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.5 Inventories

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by surveys of work done.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.6 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

Accounting Policies

1.6 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The company contributes to the National Social Security Fund. This is a statutory contribution scheme registered under the National Social Security Fund Act, 1997. The company's obligations under the scheme are limited to specific contribtuions from time to time. The company's contribtuions to the scheme are charged to the income statement in the period in which they relate.

1.9 Provisions and contingencies

Provisions are recognised when:

Accounting Policies

1.9 Provisions and contingencies (continued)

- 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 be required 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 recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- 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 recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.10 Revenue from contracts with customers

The company recognises revenue from the following major sources:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

1.11 Cost of sales

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Accounting Policies

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzanian Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, company determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current 4 months period

In the current 4 months period, the company has adopted the following standards and interpretations that are effective for the current financial 4 months period and that are relevant to its operations:

Supplier finance arrangements - amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after 1 January 2024.

The company has adopted the amendment for the first time in the 2025 financial statements.

The impact of the amendment is not material.

Non-current liabilities with covenants - amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The effective date of the amendment is for years beginning on or after 1 January 2024.

The company has adopted the amendment for the first time in the 2025 financial statements.

The impact of the amendment is not material.

Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 1 January 2024.

The company has adopted the amendment for the first time in the 2025 financial statements.

The impact of the amendment is not material.

2.2 Standards and Interpretations early adopted

The company has chosen not to early adopt the following standards and interpretations:

2.3 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company’s accounting periods beginning on or after 1 April 2025 or later periods:

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and sub totals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the amendment is for years beginning on or after 1 January 2027.

The company expects to adopt the amendment for the first time in the 2028 financial statements.

The impact of this amendment is currently being assessed.

Amendments to IAS 10 Statement of Cash flows

Annual Improvements to IFRS Accounting Standards - Volume 11 - Cost method - Amendment to replace the term 'cost method' with 'at cost' following the earlier removal of the definition of cost method from IFRS Accounting Standards.

The effective date of the amendment is for years beginning on or after 1 January 2026.

The company expects to adopt the amendment for the first time in the 2027 financial statements.

The impact of this amendment is currently being assessed.

Lack of exchangeability - amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 1 January 2025.

The company expects to adopt the amendment for the first time in the 2026 financial statements.

The impact of this amendment is currently being assessed.

Notes to the Financial Statements

	4 months ended 31 March 2025 TSh '000
3. Deferred tax	

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax asset	312,260

Reconciliation of deferred tax asset / (liability)

Movement during the period	312,260

4. Inventories

Contract work in progress	343,095

5. Trade and other receivables

Trade receivables	1,352,295
Advance to suppliers	4,286,821
Prepayments	180,236
Total trade and other receivables	**5,819,352**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6,005
Bank balances	8,116,155
	8,122,160

7. Share capital

Authorised	
5,000 Ordinary shares of Tshs 100,000 each	500,000
Issued	
200 Ordinary shares of Tshs 100,000 each	20,000

8. Loans from shareholders

Praj Industries Limited	6,866,563

Loan from Praj Industries Limited is unsecured and it is charged interest rate at 13.4% per annum.

Notes to the Financial Statements

	4 months ended 31 March 2025 TSh '000
9. Trade and other payables	
Trade payables	139,101
Other payables	259,057
Amounts received in advance	7,512,750
VAT	528,003
	8,438,911
10. Revenue	
Contract income	-
Add: closing WIP	343,095
Less: opening WIP	-
	343,095
11. Cost of sales	
Direct expenses	343,095
12. Other operating gains (losses)	
Foreign exchange gains (losses)	
Net foreign exchange loss	(777,600)
13. Finance costs	
Interest on shareholder loans	118,244
14. Taxation	
Major components of the tax income	
Current	
Local income tax - current period	-
Deferred	
Originating and reversing temporary differences	(312,260)

15. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Notes to the Financial Statements

16. Country of incorporation

The company was incorporated in Tanzania under the Companies Act, 2002.

17. Currency

These financial statements are presented in Tanzanian Shillings (TSh '000).

18. Comparatives

No comparative figures have been presented as these are the first set of financial statements of the company

Detailed Income Statement

	Note(s)	4 months ended 31 March 2025 TSh '000
Revenue	10	**343,095**
Cost of sales	11	**(343,095)**
Gross profit		**-**
Other operating gains (losses)		
Foreign exchange losses		(777,600)
Expenses (Refer to page 28)		**(145,023)**
Operating loss		**(922,623)**
Finance costs	13	(118,244)
Loss before taxation		**(1,040,867)**
Taxation	14	312,260
Loss for the 4 months period		**(728,607)**

Detailed Income Statement

	Note(s)	4 months ended 31 March 2025 TSh '000
Other operating expenses		
Auditor's remuneration - external audit		(32,400)
Bank charges		(10,554)
Professional fees expenses		(46,150)
License and registration expenses		(52,149)
Office rent expense		(3,120)
Office expenses		(650)
		(145,023)