

**ANNUAL REPORT
AND
FINANCIAL
STATEMENTS**

**FINANCIAL YEAR
30 JUNE 2022**



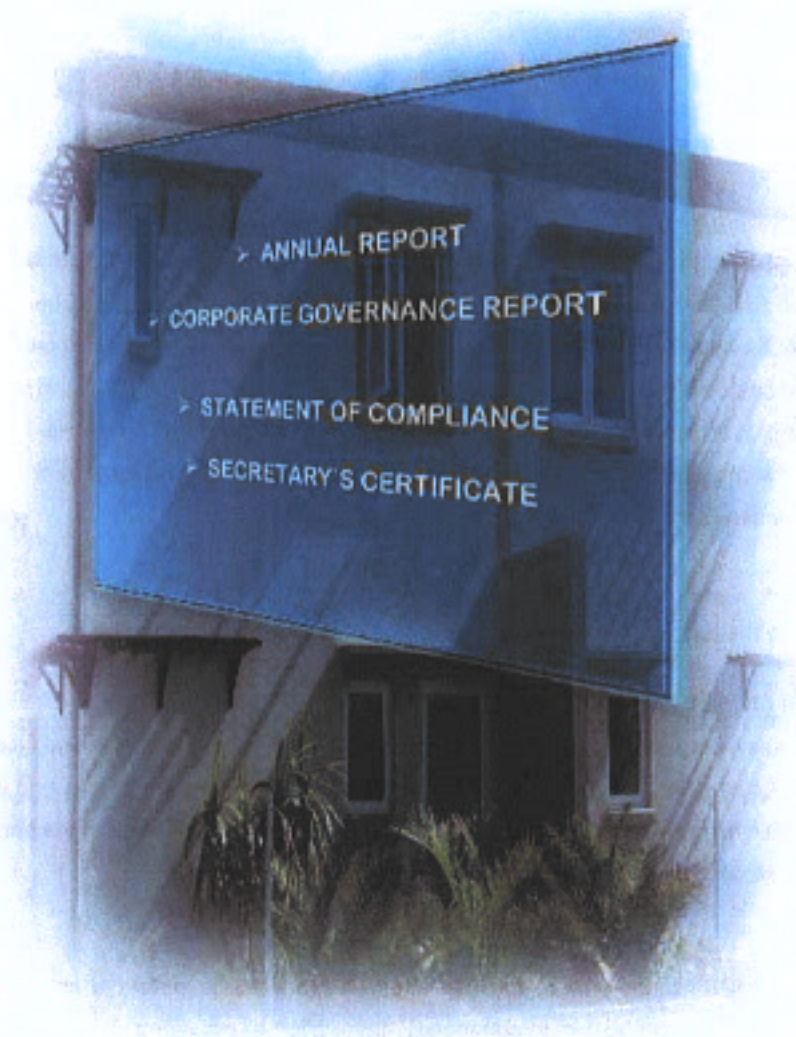
NATIONAL HOUSING DEVELOPMENT CO LTD



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NATIONAL HOUSING DEVELOPMENT CO LTD

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Directors present their Annual Report and the Audited Financial Statements of the National Housing Development Co Ltd ("NHDC") and its subsidiary for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITY

The principal activity of the Company and its subsidiary, together the "Group", is to engage in residential and other property development for the purpose of sale or lease to the low-income households.

RESULTS AND DIRECTORS' REVIEW

Sales and Revenue

Revenue and Net Profit before tax and Other Comprehensive Income for the year under review amounted to Rs 908.5m and Rs 0.36m respectively at the company level. 462 housing units were sold for a total sales value of Rs786.8m, generating profit of Rs69.1m. As for many companies, NHDC has also been impacted by the Covid-19 pandemic. It had bearing on construction program, causing delays in completion of projects and in turn on sales of houses. Fortunately, the Covid-19 pandemic has not affected our Mortgage Portfolio as we managed to secure most repayments from our customers. The Covid-19 pandemic will not affect the Going Concern of NHDC.

Slab Grant

Slab Grant to the tune of Rs117.2m has been provided to 1558 households.

New Social Living Development Ltd (NSLD)

The NSLD was incorporated on 16 May 2019, with its registered office at Ground Floor, SICOM Tower, Wall Street, Cyber City, Ebene. NSLD is a private company limited by shares and is 100% owned by NHDC. NSLD income is mainly in the form of Grant from the Government of Mauritius, to cater for the operational expenditure of the company.

General

The aim of NHDC is not only to provide affordable houses to potential housebuyers but also to accompany the residents to live in community, in addition to providing them "smart residences" with amenities such as playground for the children, boulodrome & others.

DIVIDENDS

The Board does not recommend the payment of dividend for the period under review (2021 - Nil).

NATIONAL HOUSING DEVELOPMENT CO LTD

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

DIRECTORS' INTERESTS

The Directors have neither direct nor indirect interest in the shares of the Company and the subsidiary.

DIRECTORS' SERVICE CONTRACTS

There is a service contract between NHDC and its subsidiary, NSLD and its Executive Director when considering in a group approach.

CONTRACTS OF SIGNIFICANCE

During the year, there were no contracts of significance between the Company and its subsidiary and its Directors, either directly or indirectly.

BOARD OF DIRECTORS

The following Directors held office during the year and up to the date of signing the Financial Statements:-

- Mr. M. E. A. Abdool Rahman, O.S.K (As from 03 August 2020)
- Mr. J. Sonoo, CSK (Executive Director as from 13 September 2021)
- Mr. K. Addivigadoo (As from 28 July 2020)
- Mrs. A. Golam (Mr. R. Dumree, Alternate) (As from 03 May 2021)
- Mr. A. Moolchand (As from 04 January 2021)
- Mr. S. M. Muslun (As from 28 July 2020)
- Dr. D. Paligadu (As from 19 June 2020)
- Mr. P. Ramchurn (As from 30 January 2013)
- Mrs. N. Ramdewar (As from 28 July 2020)
- Mrs. P. Rampadarath (As from 21 September 2020)
- Mr. J. D. K. Ramma (As from 28 July 2020)
- Mr. Y. Seeruttun (As from 07 March 2019)

NATIONAL HOUSING DEVELOPMENT CO LTD

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are required to prepare the annual report and the consolidated and separate financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Group and the Company. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001 and Financial Reporting Act 2004. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The annual report is published in full on the NHDC's website www.nhdcmauritius.com.

DIRECTORS' REMUNERATION AND BENEFITS

Total emoluments and other benefits derived by the Directors of the Company during the financial year ended 30 June 2022 were as follows:

	2021/2022 (12 months)	2020/2021 (12 months)
	Rs	Rs
Executive Director	-	-
Non-Executive directors	4,591,000	5,885,402
	4,591,000	5,885,402

DONATION

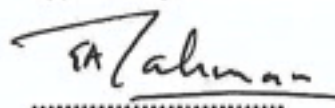
No Donation was made by the Company for the year under review.

FEES PAID TO AUDITOR

The fees payable (Exc of VAT) to the external auditors for audit services are as follows: -

	The Group		The Company	
	2022	2021	2022	2021
Audit and tax services & consolidation	252,000	217,350	252,000	217,350

Approved by the Board of Directors on 27 December 2022 and signed on its behalf by:


CHAIRMAN


DIRECTOR

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022**

National Housing Development Co Ltd (the 'Company' or 'NHDC') is a large public company having an annual turnover of around Rs500Million and/or having total assets exceeding Rs500Million, has to comply with The National Code of Corporate Governance for Mauritius (2016) ("The Code"). The Company has always been committed to observing high standards of Corporate Governance, promoting corporate transparency and enhancing Shareholders value. The Company is a public interest entity, by virtue of the First Schedule of Financial Reporting Act.

The Company's objective is to comply with all the principles and guidelines set out in the newly introduced National Code of Corporate Governance for Mauritius (2016) ("the Code") which brings considerable changes, from the corporate governance reporting perspective. This report outlines the Company's corporate governance processes and provides explanations for any deviation.

PRINCIPLE 1 - GOVERNANCE STRUCTURE

"All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified."

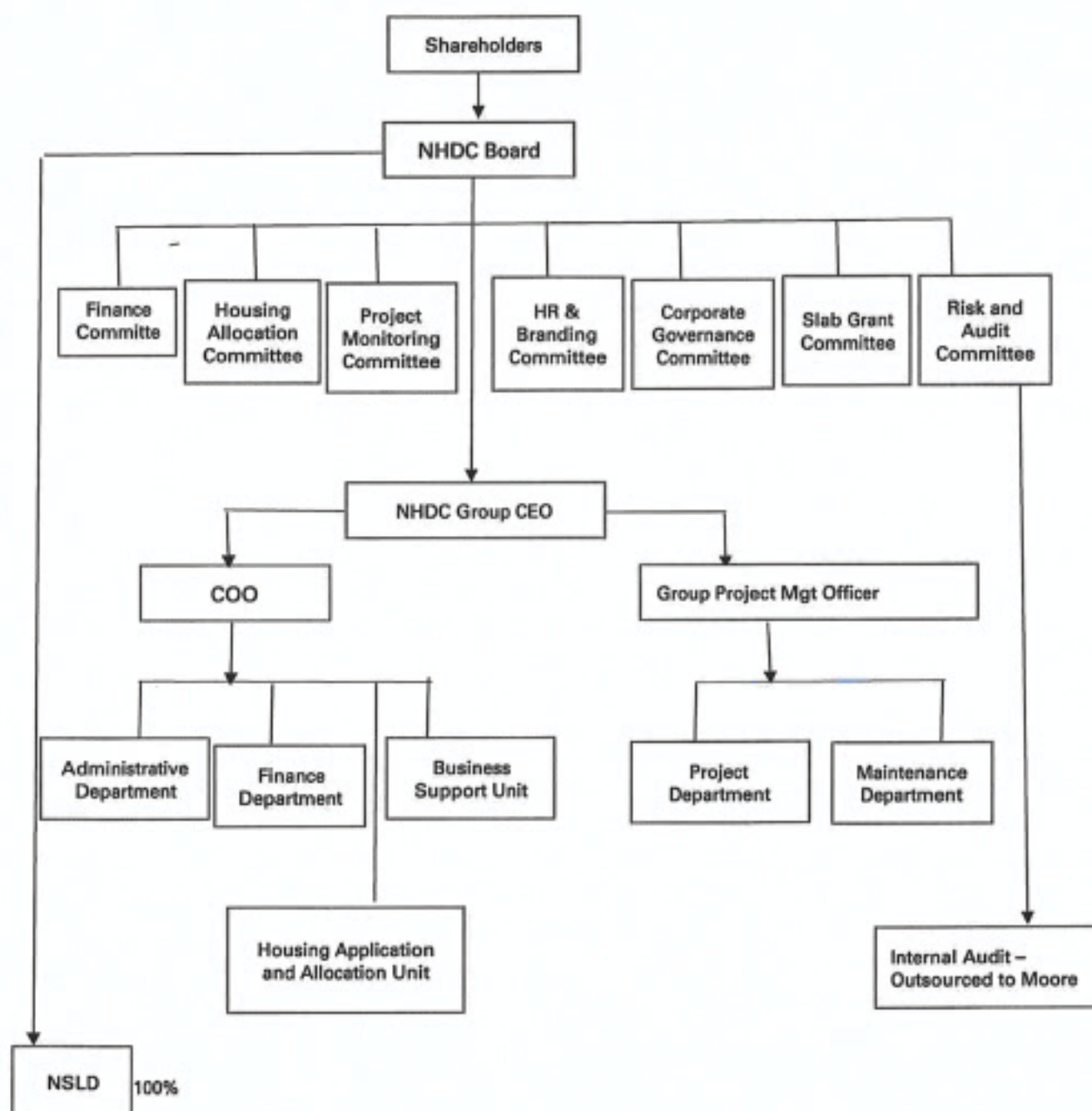
The Directors of the Company are skilled, knowledgeable and experienced professionals. The Board takes its fiduciary responsibilities very carefully. Each Director is appointed with the understanding of the amount of time and care that they will need to devote to the Board and to the organisation for it to prosper. The Board has approved all the key guiding governance documents and policies, which are available on the Company's website.

The documents are reviewed at least once annually to keep abreast of the development in law regulations and good governance practice. Any changes are approved by the Board.

NATIONAL HOUSING DEVELOPMENT CO LTD
CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONTINUED)

Organisation Chart as of date



**NATIONAL HOUSING DEVELOPMENT CO LTD
CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONTINUED)

The Board meets to consider a broad range of matters including progress with regard to the Company's various development programs, strategy and financial reviews, among others enabling the Board to function effectively and allow Directors to discharge their responsibility, full and timely access is given to all relevant information. Furthermore, the Board's responsibilities are as follows:-

- (i) To ensure that the Code is implemented by the Company;
- (ii) To provide effective corporate governance;
- (iii) Determine the Company's purpose, strategy and values;
- (iv) Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans. In effect, Board must provide guidance and maintain effective control over the Company and monitor management in carrying out board plans, strategies and more so, to ensure compliance; and
- (v) Ensure that the company complies with all relevant laws, regulations and codes of best business practice.

Key Governance Responsibilities

The Board ensures that the key governance positions within the organisation are matched with the corresponding accountabilities.

Key Governance Positions

Chairman of the Board

The Chairman of the Board is responsible for the activities of the Board and its committees. He acts as spokesman for the Board and is the principal Board contact for the Executive Team. The Chairman and the Executive Team of the Board meet regularly. The Chairman of the Board presides over the meetings of shareholders. The Chairperson of the Board is Mr. Ehsan Abdool Rahman, O.S.K.

Chairpersons of Sub-Committees

The Chairpersons of the sub-committees work in close cooperation with and provides support and advice to the Chairperson of the Board.

- Mrs. Nandita Ramdewar is the Chairperson of the Risk and Audit Committee.
- Dr Dharamraj Paligadu is the Chairman of the Finance Committee.
- Mrs. Phoolranee Rampadarath is the Chairperson of the Corporate Governance Committee.
- Mr. Amritlall Moolchand is the Chairman of Human Resource and Branding Committee.
- Mr. Prakash Ramchurn is the Chairman of the Housing Allocation Committee.
- Mr. Shameem Muslun is the Chairman of the Project Monitoring Committee.
- Mr. Krish Addivigadoo is the Chairman of the Slab Grant Committee.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONTINUED)**Key Governance Positions****The Company Secretary**

The Company Secretary is appointed by the Board. The role of the Company Secretary is to ensure that Board Members have the proper advice and resources for performing their duties to shareholders under the relevant legal frameworks. The Company Secretary is also responsible for organization and coordination of the Board and Committee meetings, and ensuring that the records, or minutes of those meetings, reflect the proper exercise of those duties.

Prime Partners Ltd is the Company Secretary of NHDC. Prime Partners Ltd, a wholly owned subsidiary of The State Investment Corporation Limited, is actively involved in the provision of statutory corporate secretarial services, registrar & transfer office services and accounting services to domestic companies registered in Mauritius.

Other Key Governance Position**Senior Management**

Mr. Naraidoo Gava Naraidoo, O.S.K., joined the Company as Chief Operations Officer in April 2022. Mr. Gava Naraidoo has had a long career at the Ministry of Education spanning over 40 years. He was Coordinator and Trainer in Performance Management System before he retired. He was Project Officer at the Mauritius Council of Social Service in 2011. Thereafter he was Project Manager of the K-Force Foundation promoting self-help projects and back-yard gardening for food self-sufficiency for the low income families around the country. Mr. Gava Naraidoo is a staunch defender of human rights and has intervened in several international events including the UN in Geneva. Mr. Gava Naraidoo holds a Post Graduate Diploma in Planning, Management and Evaluation of Rural Development Projects from the Pan African Institute for Development, Zambia.

Mr. Chandrakumar Parmessur was the Officer in Charge of the Company from 14 April 2021 to 10 September 2021. He is the Finance Manager of NHDC since 2002. He is a fellow of the Association of Chartered and Certified Accountants since 2005. Prior to joining NHDC as Accountant, he reckons over 15 years of experiences in accountancy and auditing at PricewaterhouseCoopers, Grant Thornton, Central Electricity Board, Floreal Knitwear and Corotex. He also joined the F.I.U. in 2008 and furthers his financial knowledge by acquiring fruitful experience on Financial Intelligence and Anti-money Laundering, both locally and overseas.

NATIONAL HOUSING DEVELOPMENT CO LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES

"The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties"

The Constitution of the Company provides that the minimum number of directors shall be seven (7) and the maximum twelve (12). The Board is a unitary, consisting of twelve (12) directors, as shown below: -

Director Name	Role	Category
Mr. Mohammad Ehsan Ahmad Abdool Rahman, OSK (As from 03 August 2020)	Chairman	Non-Executive
Mr. Jairaj Sonoo, CSK (Executive Director/ NHDC Group CEO) (Executive Director as from 13 Sept 2021/ NHDC Group CEO as from 22 July 2021)	Executive Director/Group CEO	Executive
Mr. Krish Addivigadoo (As from 28 July 2020)	Director	Independent Non-Executive
Mr. Shameem Mahmood Muslun (As from 28 July 2020)	Director	Independent Non-Executive Director
Mr. Amritlall Moolchand (As from 04 January 2021)	Director	Independent Non-Executive Director
Dr. Dharamraj Paligadu (As from 19 June 2020)	Director	Non-Executive Director
Mr. Prakash Ramchurn (As from 30 January 2013)	Director	Non-Executive Director
Mrs. Phoolranee Rampadarath (As from 21 September 2020)	Director	Non-Executive Director
Mrs. Nandita Ramdewar (As from 28 July 2020)	Director	Non-Executive Director
Mr. Jean Damien Kervin Ramma (As from 28 July 2020)	Director	Independent Non-Executive Director
Mrs. Amritasingh Golam (Mr. Vishal Dumree, Alternate) (as from 03 May 2021)	Director	Non-Executive Director
Mr Yashraj Seeruttun (As from 07 March 2019)	Director	Non-Executive Director

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

The Board is well balanced and is of the appropriate size to discharge its duties, having regard to the activities and size of the Company. The Board comprises of directors who are sufficiently experienced and independent of character and judgement. When recommending new directors to the Board, the Corporate Governance Committee has regard to the balance of skills, knowledge and experience required for the Board and its Committee to operate effectively. The Board consists of an appropriate mix of diverse skills and experience in the fields of Investment, Economics, Finance, Accounting, Administration, Insurance, Civil Engineering, Construction, Public Service, IT, Housing, Marketing/Sales, Banking and Social Works.

The Board acknowledges the requirement for gender representation in its membership. There is currently three female Directors on the Board.

Only Board Members attend Board Meetings. Management and other subject matter experts attend the meeting or part thereof on invitation of the Chairman. The use of Alternate Director is encouraged. A clear division of responsibilities at Board level ensures that no Director has unfettered powers in decision making.

All Directors are resident in Mauritius.

Executive Director

Under the current arrangement, NHDC has one Executive Director (the Group CEO) appointed on 13 September 2021.

Director's Independence Review

The Board is determined to ensure on an annual basis and as and when the circumstances require, whether or not a director is independent. Additionally, rigorous review is conducted and particular consideration is given to Directors who have served on the Board for more than nine consecutive years, from the date of their first election.

The Board recognizes that over time independent Directors develop significant insights in the Company's business and operations and can contribute objectively to the Board as a whole.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)**Non- Executive Directors**

The Non-Executive Directors constructively challenge and help to develop proposals on strategy, review the performance of management in attaining goals and objectives, monitor the reporting of performance and meet regularly without the presence of Management. The Non-Executive Directors meet and/or hold discussion regularly without the presence of Management.

Powers of the Board

The Board is responsible for establishing the Group's purpose, values and strategy, promoting its culture and overseeing its conduct and affairs to create sustainable value for the benefit of the Shareholders over the short, medium and long terms. The objectives of the Board are to work in unity with the Senior Management Team so as to implement the Social Housing Programme but also long term sustainability of the Company. Management is expected to deliver on agreed performance targets which are aligned to the organisation's strategy and to act in the best interests of the Company and its stakeholders.

The Board acknowledges that it should be of sufficient size to meet the requirement of the business, good governance principles and the criteria for determining the sufficiency, which include among others the following: (a) size of the Company, (b) each operating entities having a strong Board and Management Team and (c) the activities of each operating entities being subject to their respective regulatory requirements. The Board is aware of its fiduciary duties and ensures that the Company adheres to all relevant rules and legislations in force in Mauritius.

The Board serves as the focal point and custodian of the Company's corporate governance. It is responsible for providing ethical and effective leadership to the Company. It agrees on the strategic direction and approves policy decisions and ensures that the Social Housing Programme of Government be implemented within the budget/time frame/ standard quality and while following the appropriate procurement procedures.

The key roles and responsibilities of the Board of Directors are set in the Board Charter. The Board is aware of its responsibility to ensure that the Company adheres to all relevant legislations such as the Mauritius Companies Act 2001. The Board has adopted the principle of good corporate governance as recommended in the Code.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)**Board Meetings**

The Board met twelve (12) times during the year ended 30 June 2022 and deliberated on a range of issues: -

- Examination and endorsement of the recommendations of Sub Committees (such as HR & Branding Committee; Housing Allocation Committee; Slab Grant Committee; Risk and Audit Committee; Finance Committee, Project Monitoring Committee and Corporate Governance Committee);
- Reconstitution of Sub Committees;
- Award of contracts for consultancy, construction works and rehabilitation works and as well as for professional services & upgrade of IT infrastructures;
- Approve Slab Grant/ Allocation of Housing Units/Selling Prices of the Housing Units;
- HR Matters/Financial Matters/Financial Statements/Budgetary Measures/Governance/ Risk/ Internal Audit Matters;
- Progress Reports on Housing / Rehabilitation Projects/ Sales & Mortgage/ Arrears;
- Banking facilities for financing the Housing / Other Projects/ Delegation of Powers/Change in Bank Signatories;
- Expression of Interest Exercise/ Consultancy services such as Legal Advisor and in Communication Matters;
- Upgrade of client database;
- Review of Deposit Criteria for Sale of NHDC Housing Units to make the Houses affordable;
- Arbitration/ Legal cases;
- Survey – Customer Satisfaction and Revamping of Syndic on NHDC Housing Estates; and
- Management Audit.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)****PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)****Board Attendance**

The attendance of the Directors at the Board and Committee meetings of the Company was as follows:

Director Name	Category	Board	PMC	RA C	HRC	CGC	FC	HAC	SGC
Mr. E. Abdool Rahman, OSK	Non-Executive	12/12	7/10		9/9	-	5/5	18/23	-
Mr. J. Sonoo, CSK	Executive	7/8			-	-	-	-	-
Mr. K. Addivigadoo	Independent Non-Executive	12/12	-	-	-	-	-	-	10/10
Mr. S. M. Muslun	Independent Non-Executive	10/12	8/8	-	-	-	5/5	-	4/4
Mr. A. Moolchand	Independent Non-Executive	10/12	-	-	8/9	1/1	-	11/12	-
Dr. D. Paligadu	Non-Executive	8/12	7/10	-	-	-	9/10	-	-
Mr. P. Ramchurn	Non-Executive	12/12	7/8	-	-	-	5/5	23/23	10/10
Mrs. N. Ramdewar	Non-Executive	11/12	-	2/2	-	3/3	-	-	-
Mrs. A. Golam (Alternate- Mr. R. Dumree)	Non-Executive	12/12	-	-	-	-	-	-	-
Mrs. P. Rampadarath	Non-Executive	8/12	2/2	1/2	8/9	1/1	3/5	-	-
Mr. J. D. Ramma	Independent Non-Executive	10/12	8/8	-	-	-	-	22/23	10/10
Mr. Y. Seeruttun	Non-Executive	10/12	-	2/2	-	3/3	-	-	-

Risk and Audit Committee – RAC

HR & Branding Committee – HRC

Housing Allocation Committee – HAC

Project Monitoring Committee – PMC

Corporate Governance Committee – CGC

Finance Committee – FC

Slab Grant Committee- SGC

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)****PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)****Board Committees**

The Board has established Committees to assist in fulfilling its responsibilities in line with the provisions of its responsibilities in line with the provisions of its Charter, promote independent judgment and ensure a balance of power. The Board acknowledges that delegating authorities to these Committees does not detract from its responsibility to discharge its fiduciary duties to the Company.

The following committees have been established to assist the Board and its directors in discharging their duties through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the Board:-

- (i) Finance Committee;
- (ii) Corporate Governance Committee;
- (iii) Human Resource and Branding Committee;
- (iv) Housing Allocation Committee;
- (v) Risk and Audit Committee;
- (vi) Project Monitoring Committee; and
- (vii) Slab Grant Committee.

The objectives of these Committees are as follows:-

- To bring focus and appropriate expertise and specialization to the consideration of specific Board issues;
- To enhance Board efficiency and effectiveness;
- To enable key issues to be studied in depth; and
- To make recommendations to the Board.

The Board reviews each Committee's mandate. The mandates set out the roles, responsibilities, scope of authority, composition, terms of reference and procedures of each Committee. The Board ensures that the Company are being managed in line with the Company's objectives through deliberations and reporting of its various Committees.

The Charter of the Board/ Board Sub Committees, which have been approved by the Board, are available on the website of the Company. The Charters are subject to review on a yearly basis and/or earlier.

NATIONAL HOUSING DEVELOPMENT CO LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 202 (CONTINUED)

PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

Finance Committee

The Finance Committee has been set up to assist the Board of Directors in fulfilling its fiduciary responsibilities related to corporate accounting, financial reporting practices, quality, integrity of financial reports and other financial strategic decisions.

The Finance Committee is currently constituted as follows:-

Dr. Dharamraj Palligadu	- Chairman
Mrs. Phoolranee Rampadarath	- Member
Mr. Prakash Ramchurn	- Member
Secretary	- Mrs. A. Patel and/or Prime Partners Ltd

The Finance Committee met ten times during the year under review to consider management reports/ variance analysis (such as income statements and cash flow), treasury management, budget 2021/2022, accounts 30 June 2021, selling prices of housing units, Loan, sale of company vehicles & other financial matters.

Risk and Audit Committee

The Risk and Audit Committee (RAC) has been set up to assist the Board of Directors of NHDC in financial reporting practices, quality and integrity of financial reports, compliance with regulatory bodies, internal controls and risk management. RAC met twice to consider appointment of external auditors; unoccupied housing units, accounts 30 June 2020 & 30 June 2021, Management Letter 30 June 2021 and appointment of Compliance Officer/Risk Officer.

The Risk and Audit Committee is currently constituted as follows:-

Mrs. Nandita Ramdewar	- Chairperson
Mr. Yashraj Seeruttun	- Member
Mrs. Phoolranee Rampadarath	- Member
Secretary	- Prime Partners Ltd

Corporate Governance Committee

The Corporate Governance Committee is a useful mechanism for making recommendations to the Board on various corporate governance issues so that the Board remains effective and complies with good governance principles. The duties of the Corporate Governance Committee include the following:

- Oversee the implementation of the corporate governance framework;
- Periodically review and evaluate the effectiveness of the Company's Code of Conduct and Ethics

NATIONAL HOUSING DEVELOPMENT CO LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

Corporate Governance Committee (Continued)

- Review the position descriptions of the Chairperson, and Board Committee chairs and recommend any amendment to the Board; and
- Review annually the size and composition of the board as a whole.

The Corporate Governance Committee is currently constituted as follows:-

Mrs. Phoolranee Rampadarath	- Chairperson
Mr. Yashraj Seeruttun	- Member
Mrs. Nandita Ramdewar	- Member
Secretary	- Prime Partners Ltd

The Corporate Governance Committee met thrice during the period under review to consider Annual Report and Corporate Governance Report for 30 June 2020 & 2021 and Board Evaluation.

Human Resource "HR" and Branding Committee

The HR Committee has set up to advise the Board of Directors on all aspects of recruitment, selection of staff members, branding, communication and other staff matters at NHDC.

The HR Committee is currently constituted as follows:-

Mr. Amritlall Moolchand	- Chairperson
Mr. Ehsan Abdool Rahman, OSK	- Member
Mrs. Phoolranee Rampadarath	- Member
Secretary	- Prime Partners Ltd

The HR Committee met nine times during the period under review to look at recruitments of staff/renewal of contracts of employment, HR matters, cash grant, legal cases & transfer of functions.

NATIONAL HOUSING DEVELOPMENT CO LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

Housing Allocation Committee

The Housing Allocation Committee has set up to assist the Board in fulfilling its oversight responsibilities in allocating housing units and other related issues.

The Housing Allocation Committee is currently constituted as follows:-

Mr. Prakash Ramchurn	- Chairperson
Mr. Ehsan Abdool Rahman, OSK	- Member
Mr. Jean. D. Kervin Ramma	- Member
Mr. Amritlall Moolchand	- Member
Secretary	- Mrs A. Patel

The Housing Allocation Committee met twenty-three times during the period under review to consider to review the criteria for allocation and to recommend cases for allocation of Housing Units.

Project Monitoring Committee

The Project Monitoring Committee (PMC) was set up in August 2020. The primary function of the Project Monitoring Committee (hereinafter referred to as 'the Committee') is to assist the Board of Directors of NHDC to closely follow up on Projects Implementation (Housing and Rehabilitation) (both ongoing and new) since the inception of the Projects. PMC met ten times during the period under review to consider to Projects and Rehabilitation Projects.

The Project Monitoring Committee is currently constituted as follows: -

Mr. Shameem Muslun	- Chairperson
Mr. Amritlall Moolchand	- Member (Project)/Mr. Krish Addivigadoo - Member (Repairs)
Mr. Ehsan Abdool Rahman, OSK	- Member
Mr. Prakash Ramchurn	- Member
Mr. Jean. D. Kervin Ramma	- Member
Secretary	- Prime Partners Ltd and/or Mrs A. Patel

Slab Grant Committee

The Slab Grant Committee has been set up to assist the Board in fulfilling its oversight responsibilities for slab grant and other related issues.

The Slab Grant Committee met 10 times during the period under review to consider applications and to recommend cases for slab grants.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)****PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)****Slab Grant Committee (Continued)**

The Slab Grant Committee is currently constituted as follows:-

Mr. Krish Addivigadoo	- Chairperson
Mr. Prakash Ramchurn	- Member
Mr. Jean. D. Kervin Ramma	- Member
Mr. Shameem Muslun	- Member
Secretary	- Mrs A. Patel

EXISTING DIRECTORS

Mr. Ehsan Abdool Rahman, O.S.K, is the Chairman (Non-Executive) of the Company since 03 August 2020. He is also the Chairperson of New Social Living Development Ltd, Group Chairman. He holds a Post Graduate Diploma in Management and has pursued his professional development in human resource and business strategies at the Wharton Business School, University of Pennsylvania. He is a Certified Coach. He was awarded the 'Chevalier dans l'Ordre des Palmes Académiques' by the French Government for his contribution in reforms in education and was also awarded the Order of the Star and Key (OSK) of the Indian Ocean by the Republic of Mauritius for his contribution in social work.

Over the last twenty years, Mr. Abdool Rahman has held senior management positions in both the private and public sectors in Mauritius. He has worked in the textile industry, in the retail industry, at the Ministry of Education and Scientific Research (as Senior Adviser to the Minister in educational reforms) and for seven years in the financial services.

His expertise has enabled him to partner with leaders of business organizations to assess organizational readiness for change, facilitate organizational and individual transitions through executive and business coaching, and build a change architecture that supports culture and change alignment, leadership capacity, and communication strategy that has led to high engagement level of employees and business performance. He has also contributed in developing learning and development strategies to improve individual and team's ability to operate effectively in constantly changing environments. Over the last twelve years, he has been coaching C-suite executives operating in the financial services, banking sector, sugar sector, ICT sector, health sector, commercial sector, engineering field and hospitality industry.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)**EXISTING DIRECTORS (CONTINUED)**

Mr. Jairaj Sonoo, C.S.K., is the Executive Director of NHDC since 13 September 2021. He was appointed as NHDC Group Chief Executive Officer (Group CEO) on 22 July 2021. He is an Executive Director of New Social Living Development Ltd (NSLD), wholly owned by NHDC, which has entrusted by Government the responsibility of constructing 12,000 residential units across Mauritius.

Mr Sonoo, is also the Chairman of The State Investment Corporation Limited ("SIC") and holds directorship on various investee companies of SIC. He is also the Chairman of the Industrial Finance Corporation (IFCM) Ltd which is involved in the Government action to support economic operators through various schemes implemented under budgetary measures. Mr. Sonoo has been appointed as NHDC Group Chief Executive Officer (Group CEO) and is an Executive Director of New Social Living Development Ltd which has been entrusted by Government the responsibility of constructing 12,000 residential units across of Mauritius.

Mr Sonoo has spent four decades in the banking sector, at both local and international level, including 38 years at State Bank of Mauritius Ltd, in various positions. He served as the Chief Executive Officer at SBM Bank (Mauritius) Ltd from September 2012 to August 2016 and Acting Group Chief Executive at SBM Holdings from November 2014 to September 2015. He occupied the post of Chief Executive - Overseas Expansion of SBM Holdings Ltd from August 2016 to September 2017. During his tenure of office within the SBM Group, he was responsible for overseeing the development and execution of the Bank's international strategy through both organic growth and M&A. He also led the acquisition of a Kenyan Bank which marked the milestone for the Group's entry into East Africa. Mr Sonoo holds a Masters in Business Administration from the University of Surrey.

Dr Dharamraj Paligadu is a Director (Non-Executive) of the Company. He is currently a Deputy Financial Secretary at the Ministry of Finance, Economic Planning and Development (MOFEPD). He has worked at the ex-Management Audit Bureau (MAB) for 10 years. He also served as Assistant - Accountant General at the Treasury Department from 2001-2005. As Assistant Director-Debt Management Unit, he was responsible for managing the overall debt portfolio of the Central Government from 2004 to 2008. Apart from serving the different sections at MOFEPD, he has been a Board Member of different parastatal organizations including NSLD, MAF Group, MHC, SICDC.

NATIONAL HOUSING DEVELOPMENT CO LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)**EXISTING DIRECTORS (CONTINUED)**

He has also been part time lecturer at the University of Mauritius, University of Technology Mauritius and Open University for master's degrees. He is a holder of a PhD from Aligarh Muslim Technology and holds an Advanced Diploma in Management Research from All India Management Association-Centre for Management Education, an MBA from the University of Mauritius and is a Fellow of Association of Chartered Certified Accountants.

Mrs. Phoolranee Rampadarath is a Director (Non-Executive) of the Company since 21 September 2020. She is presently Permanent Secretary at the Ministry of Gender Equality and Family Welfare. She is responsible for Housing and HR Units at the said Ministry. She holds a Degree BSc (Hons.) in Economics and Public Administration & Management. She also holds master's in business administration and Msc in Corporate Law. She has some 21 years' experience in the Public Service. She is Non-Executive Director on New Social Living Development Ltd.

Mr. Prakash Ramchurn is a Director (Non-Executive) of the Company. He is actually the Chief Housing Development Officer at the Ministry of Housing and Lands. He is a Corporate Member of the Chartered Institute of Housing since 2006 (Reg No: 919111). He holds a BTech (Hons) Degree in Civil Engineering from the University of Mauritius and Post Graduate Certificate & Diploma in Housing from the University of Central England, UK. He also holds a MA in Housing with Commendation –UCE, UK. He attended training course on Public Sector Housing and Urban Housing Management in Singapore, Cost Effective Housing Technology, Sri Lanka, Construction and Administration of Economic Development Zone of African Countries, China and Planning and Management of Rural Housing and Habitat Projects, India. He has had a wide-ranging experience in the construction sector.

Mrs. Amritasingh Golam is a Director (Non-Executive) of the Company since 03 May 2021. She is working at the State Investment Corporation Limited since 2009 and is currently Senior Administrative and Finance Officer. She holds a Degree in Management with Finance and currently pursuing her ACCA. She has around 12 years of experience in the field of accounting and finance. She holds Directorship on several Board, SIC investee companies.

Mrs. Nandita Ramdewar is a Director (Non-Executive) of the Company since 28 July 2020. Mrs Ramdewar is the Group CEO of SICOM. She joined SICOM as Manager (Finance) in 1992 after working for a leading audit firm. Since then, she has been heading several business units of the Group

NATIONAL HOUSING DEVELOPMENT CO LTD
CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)
EXISTING DIRECTORS (CONTINUED)

at senior management level and has also acted as the Company Secretary. She has acquired along the years a broad experience in insurance, strategy, finance, investments, financial services, corporate matters and other fields. In February 2018, she was appointed Deputy Group CEO, besides acting as Chief Finance Officer. She was acting as Officer-in-Charge from August 2019 to April 2021. She currently serves as Director on the Boards of SICOM Financial Services Ltd, SICOM General Insurance Ltd, SICOM Global Fund Limited, SICOM Management Limited. She has in the past acted as the Chairperson of the Private Secondary Schools Authority and has been a Director of the Stock Exchange of Mauritius Ltd and Central Depository and Settlement Company Ltd

Mr. Yashraj Seeruttun is a Director (Non-Executive) of the Company. He is presently working as Acting Deputy Permanent Secretary at the Home Affairs Division of the Prime Minister's Office. He holds a Bachelor Degree BSc (Hon.) in Information Technology. He has more than 13 years' experience in the Public Service/administrative cadre. He has also worked for Rogers and Harel Mallac as Analyst Programmer prior to joining the public service in 2009.

Mr. Krish Addivigadoo is a Director (Non-Executive/ Independent) of the Company since 28 July 2020. He is currently a Principal Officer – Enterprise Resource Planning at Mauritius Telecom Services Ltd. He holds an MBA (General) and Bachelor in Engineering -Computer Science and Engineering. He is also a certified Project Management Professional (PMP) and a member in Project Management Institute (PMI). He has over 17 years of working experience and 10 years of experience at the managerial level. He is an experienced functional and technical expert in Oracle Enterprise Solutions including Financials, Human Resource Management, Supply Chain and Customer Relationship Management. He is also well versed with Cyber Laws and the Cyber Security Framework.

Mr. Amritlall Moolchand is a Director (Non-Executive/ Independent) of the Company since 04 January 2021. He holds a Diploma in Sales and Marketing Management. He has 28 years' experience in Sales and around 15 years in administration. He has also 29 years' experience in Social Works.

Mr. Shameem Mahmood Muslun is a Director (Non-Executive/ Independent) of the Company since 28 July 2020. He is currently acting as Private Consultant / Accountant. He is a Fellow Member of Association of Chartered and Certified Accountant (A.C.C.A) and also Member of the Mauritius Institute of Professional Accountant (M.I.P.A). He has more than 20 years of experience in the financial and accounting field.

Mr. Jean Damien Kervin Ramma (Non-Executive/ Independent) a Director of the Company since 28 July 2020. He is a Director of Blue Basalt Contracting Ltd (Construction works). He was previously at Betonix Ltd. He holds an IVTB Certificate and Marketing course at Mauritius Chamber of Commerce and Industry (MCCI). He has over 6 years of experience in the construction sector.

NATIONAL HOUSING DEVELOPMENT CO LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 2 - STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

Directorship in other companies (Common Directors)

The Common Directors at each level are as follows:

Directors	National Housing Development Co. Ltd	The State Investment Corporation Limited	State Insurance Company of Mauritius Ltd
Mr. E. Abdool Rahman, OSK (as from 03 August 2020)	√ (Chairman)	-	-
Mr. J. Sonoo, CSK	√ (Executive Director since 13 Sept 2021)	√ (Chairman)	√ (Director)
Dr. D. Paligadu (as from 19 June 2020)	√	-	-
Mr. P. Ramchurn	√	--	-
Mrs. P. Rampadarath (as from 21 September 2020)	√	-	-
Mr. Y. Seeruttun	√	-	-
Mrs. A. Golam (Mr. R. Dumree, Alternate) as from 03 May 2021	√	-	-
Mrs. N. Ramdewar (as from 28 July 2020)	√	-	√ (Executive Director)
Mr. K. Addivigadoo (as from 28 July 2020)	√	-	-
Mr. K. Ramma (as from 28 July 2020)	√	-	--
Mr. S. Muslun (as from 28 July 2020)	√	-	-
Mr. A. Moolchand (as from 04 January 2021)	√	-	--

NATIONAL HOUSING DEVELOPMENT CO LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 3 - DIRECTORS APPOINTMENT PROCEDURES

"There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of Directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard to the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders."

Appointment of Directors

The Board carefully considers the needs of the Company in appointing Board Members. The following factors are considered: -

- Skills, knowledge and expertise required on the Board.
- Skills, knowledge and expertise of the proposed Director.
- Previous experience as a director.
- Specific roles required on the Board such as Chairman of a Committee.
- Balance required on the Board such as gender and age.
- Independence where required.
- Amount of time the proposed Director is able to devote to the business of the Board; and
- Conflicts of interests.

As per the newly adopted Charter of Corporate Governance Committee, the role of the said Committee in respect of nomination of Directors include the following: -

- To keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace; and
- To identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise.

The proposed appointee (for the post of Director) will now be required fill in a Fit and Proper Questionnaire/Individual Customer Due Diligence and to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest, PEP Status, Qualification, Experiences, Directorship and Convictions/Investigations) and others.

The Corporate Governance Committee, based on the disclosures/submission/declaration from the proposed appointee (on the fitness and propriety/ qualification/ experience) will recommend to the Board the appointment of Director(s). The Board will in turn recommend, to the Shareholders to approve the appointment of Directors. This process is in the implementation phase.

NATIONAL HOUSING DEVELOPMENT CO LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 3 - DIRECTORS APPOINTMENT PROCEDURES (CONTINUED)

Appointment of Directors (Continued)

Directors are appointed/re-appointed at the Annual Meeting of Shareholders. Each director is elected by a separate resolution at the Annual Meeting.

The Board considers its succession very carefully and assumes responsibility for succession planning. The Corporate Governance Committee is responsible to give consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.

Professional Development

The Board has reviewed the professional development and on-going education of Directors. During the Board evaluation exercise, the Board Members will be invited to indicate any training development programme they require.

Induction

On appointment to the Board, all directors receive a formal induction program designed to provide them with sufficient knowledge and understanding of the nature of business, opportunity and challenges, to enable them to effectively contribute to strategic discussions and oversight of the Company.

NATIONAL HOUSING DEVELOPMENT CO LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

"Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each director must be able to allocate sufficient time to discharge his or her duties effectively. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives."

Legal Duties

All Directors are fully aware of their fiduciary duties. The duties of directors are listed in the Companies Act 2001, but other legal obligations are contained in other legislations. Directors are required to exercise that degree of care, skill and diligence which a reasonably prudent and competent director in his or her position would exercise.

Code of Ethics

NHDC has adopted an appropriate Code of Ethics for Directors. Same is published on the Company's website.

Conflict of Interest

Board Members have a fiduciary duty to conduct themselves without conflict of the interests of the Company. In their capacity as Board Members, they must subordinate personal individual business, third-party and other interests to the welfare and best interests of the Company.

A conflict of interest occurs when a present transaction or relationship might conflict with a Board Member's obligations owed to the Company and the Board Member's personal, business or other interests.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)**Conflict of Interest (Continued)**

The Company ensures that Directors declare any interest and report to the Chairman and Company Secretary any related party transactions. A register of conflicts of interests is kept by the Company Secretary.

Information, IT and Information Security Governance

The Board ensures that appropriate resources are allocated for the implementation of an information and IT security framework. The following aspects of IT security are taken care of:

1. Physical and environmental security;
2. Access control and Access Management;
3. IT security practices; and
4. Incident management.

Identification of any restrictions placed over the right of access to information

To prevent employees/trainees from revealing sensitive information that could jeopardize the business of the NHDC, any employee/trainee is required to sign an employee confidentiality agreement at the start of service which remains valid for a period of time after the employment ends.

Access to information on IT system is defined by Managers of concerned departments and implemented by IT unit. Managers decide which officer has access to what information. Additionally, password is used to restrict access to information on IT system. Management decides on the type of information that is posted on the company's website.

How the organization monitors and evaluates significant expenditures on information technology.

Subject expert consultants are appointed following a Request for Proposal to evaluate our requirements, make technical proposals and cost estimates. A bidding exercise follows. Once contract is allocated to the most responsive bidder, the project implementation and variance if any is discussed in and monitored by the Project Steering Committee which ensures the project is on track and achieves the objectives for which it is being implemented with the least possible delay.

Board Information

The Chairman is responsible for ensuring that the directors receive accurate, timely and clear information. The Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-executive directors. Management has an obligation to provide accurate, timely and clear information. Directors seek clarification or amplification where necessary.

The Board ensures that directors have access to independent professional advice at the company's expense in cases where the directors judge it necessary for discharging their responsibilities as directors.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)**Board Information (Continued)**

All directors keep information relating to the Company, gathered in their capacity as directors, strictly confidential and private and do not divulge them to anyone without the authority of the Board.

Board Evaluation

Board Evaluation is ongoing. Data has been collected through Questionnaires. The result / outcome of this exercise would be submitted to the Corporate Governance Committee/Board.

The results will subsequently be analyzed and discussed by the Corporate Governance Committee and action will be considered for implementation.

Statement of Remuneration Philosophy

NHDC's philosophy on directors' remuneration is that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality individuals capable of achieving the objectives of the Company and creating shareholder value. Directors are also being remunerated for attending Sub-Committees, set up by the Board. The remuneration and any benefits payable to Board Members are approved by the Shareholders. The Director fee has been revised upward in May 2019.

The Directors are remunerated for their knowledge, experience and insight. The remuneration policy is to reward the collective contribution of Directors towards achievement of the Company's objectives. The Directors' remuneration in similar companies is also used as benchmark.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)****PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)****Directors' Remuneration**

Details of remuneration paid to Chairman and Directors for the financial year ended 30 June 2022 (12 months) are as follows: -

Name of Directors	Total Directors' fees (Rs)
Mr. E. Abdool Rahman, OSK	969,000/-
Mr. K. Addivigadoo	356,000/-
Dr. D. Paligadu	366,000/-
Mr. P. Ramchurn	496,000/-
Mr. Y. Seeruttun	312,000/-
Mrs. N. Ramdewar	315,000/-
Mr. S. Muslun	375,000/-
Mr. J. D. K. Ramma	412,000/-
Mrs. P. Rampadaruth	342,000/-
Mr. A. Moolchand	348,000/-
Mrs. A. Golam (Paid to SIC)	300,000/-*

*Remuneration paid directly to SIC.

The Chairman and Directors have not received remuneration in the form of share options or bonuses associated with the Company's performance.

NATIONAL HOUSING DEVELOPMENT CO LTD
CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL

"The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system."

The Board of directors is responsible for determining the overall strategic direction and the proper risk management strategy and policies of the Company. It sets the appropriate risk level and tolerance of the Company. The risk strategy covers all the major risk areas in which the Company has significant exposure. The risk management strategy is based on diversification and acceptable levels of exposure/limits to different asset classes, currencies, issuers, regions and risk levels. The risk strategy is periodically assessed relative to changes in market conditions and tactical re-allocations.

The Internal Auditor is responsible for implementing the risk strategy and policies approved by the Board of Directors. It oversees the day-to-day risk management issues in line with the approved strategy, policies and procedures. An Internal Audit Plan is submitted annually focusing on risky areas of the Company's activities whereby assessment and review of controls of each business processes are conducted.

Following the resignation of the Internal Auditor in July/August 2021, the services of Moore Mauritius have been retained as internal auditor.

Assurance on risk management processes

The Board relies on the internal and external audit functions to report on any weaknesses and to make recommendations via the Risk and Audit Committee, the objective being to ensure the effective and efficient use of available resources and ascertaining the accuracy of information used in the preparation of financial statements. The internal and external auditors report directly to the Risk and Audit Committee (on a regular basis for identification of any deficiency noted in internal processes and controls, compliance issues and any material misstatements noted in the financial reports).

The principal risks faced by the Company and the way in which each is managed are as follows:

Operational Risk

Operational risk is defined by the Basel Committee on Banking Supervision as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events." The main areas of risk of loss are risks relating to internal fraud due to unauthorized activity, theft or fraud due to theft, systems' security failure or tampering, employment practices and workplace safety due to unhealthy employee relations, improper environment, improper business or market practices, disputes over performance and management of monies, damage to physical assets due to disaster and other events, business disruptions, system's failures and inaccurate reporting. In addition, the Internal Auditor ensure that appropriate controls are in place to mitigate all potential risk areas of the Company and their recommendation is considered by the Risk and Audit Committee on a regular basis.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**Financial Risk Factors**

Please refer to note 3 of the Notes to the Financial Statements.

Solvency Risk

Solvency risk is minimal since the Company's debts are all guaranteed by the Government of Mauritius.

Frameworks and processes for the sound management of risk and Internal Controls

NHDC has outsourced the Internal Audit Services for reviewing the effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems. This ensures that appropriate frameworks and effective processes are in place for a sound management of risk.

Management is responsible for the implementation of internal control and risk management systems under the supervision of the Risk and Audit Committee which ensure that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented.

Frameworks and processes for the sound management of risk and Internal Controls

The Internal Auditor covers key areas of activities. Any deviation in policies and non-performance of internal control are duly reported and discussed at large at Management and Risk and Audit Committee levels. Corrective actions are taken and regular follow ups are done.

Based on the internal audit report, no major risk or deficiency has been found in the Company's system of internal controls.

However, due to some recent matters noted by the Sub-Committees and the Board, NHDC will be soon proceeding with Organizational Review/Management Audit.

Whistle-blowing rules and procedures

For any suspicious or illegal transactions or behaviour, officers and directors are encouraged to lodge reports promptly to the Internal Auditor or Risk and Audit Committee (in the absence of a Money Laundering Reporting Officer) as per the Financial Intelligence and Anti Money Laundering Act and Prevention of Corruption Act.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)****PRINCIPLE 6: REPORTING WITH INTEGRITY**

"The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report"

Environmental Policy, Safety and Health Issues, Donations

The financial statements of the Company including its Annual Report and its Corporate Governance Report which provide comprehensive details on all of the Company's financial, environmental, social and governance position as well as its performance for the financial year under consideration. Same is published in full on the Company's website.

The Company's objective is to provide and maintain a safe and healthy work environment at all times for its employees. The aim is to reduce to the extent possible prevention of accidents at work and ensure compliance with the Occupational Safety and Health Act No 28 of 2005 and other related legislative and regulatory frameworks.

No donation has been during the year under review. NHDC also ensures social harmony through its employment policies, and it follows non-discriminatory policies in recruitment and promotion. It adopts a transparent and merit-based procedure.

Further, in view to minimise carbon emissions, e-filing, e-mails, scanning of documents and file sharing are being heavily encouraged. In this spirit, the Company is investing in an online portal for holding its board/committee meetings. Due to the nature of its activities, the Company's operation has no major impact on environment.

Corporate Social Responsibility

For its CSR, the Company had paid directly its contribution to the Mauritius Revenue Authority.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

PRINCIPLE 6: REPORTING WITH INTEGRITY (CONTINUED)**Statement of Directors' Responsibilities**

Directors acknowledge their responsibilities for:

- Adequate accounting records and for maintenance of effective internal control systems.
- Preparation of financial statements which fairly present the state of affairs of the Company at end of the financial year and the cash flows for that period, and which comply with International Financial Reporting Standards (IFRS);
- Using appropriate accounting policies supported by reasonable and prudent judgments and estimates.
- Ensuring that adequate accounting records and an effective system of internal controls and risk management have been maintained.
- Ensuring that appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently.
- Ensuring that the International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified in the financial statements; and
- Ensuring that the Code of Corporate Governance has been adhered to in all material aspects. Reasons for non-compliance have been provided, where appropriate.

The External Auditors are responsible for reporting on whether the financial statements are fairly presented.

PRINCIPLE 7 – AUDIT

"Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's auditors"

Internal Audit

The role of Internal Auditor is to provide independent and objective assurance to management and the Board of Directors through the Risk and Audit Committee. By following a systematic and disciplined approach, Internal Audit helps to accomplish the Company's objectives by evaluating and

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)****PRINCIPLE 7 – AUDIT (CONTINUED)**

recommending improvements to operations, internal controls, risk management systems, and governance process.

While the Board is responsible for the definition of the overall strategy for risk tolerance, the design and implementation of the risk management processes; the day-to-day management of the risk is performed by management. The Risk and Audit Committee and the Internal Auditor assist the Board and management with the monitoring of the risk management process.

They also performed a high-level review of the risk management and governance of the Company.

The internal auditor reports directly to the Risk and Audit Committee, has unrestricted access to review all activities and transactions undertaken within the Company and to appraise and report thereon. There was no restriction placed over the right of access by internal audit to the records, management or employees of the organisation.

External Audit

NHDC has retained the services of Baker Tilly as External Auditors for the financial year ended 30 June 2022, against a fee of Rs180,000/- (Excl VAT).

Meeting with Risk and Audit Committee

The External Auditors meet with the Risk and Audit Committee, with and without the presence of Management, during which meeting the financial statements of the Company for year 2021, timeline of the audit, the audit approach, the accounting principles and critical policies to be adopted, are discussed.

Evaluation of the External Auditors

The Risk and Audit Committee and Management / Finance Team evaluates the external auditor in fulfilling their duty annually, to make an informed recommendation to the Board for the reappointment of the auditor. The Committee assesses the qualifications and performance of the auditor, the quality of the auditor's communications with the Committee and the auditor's independence, objectivity and professional scepticism.

Information on non-audit services

Other than audit, the services of Baker Tilly, have been retained for tax services against a fee of Rs12,000/- (Excl VAT) and consolidation of group accounts against a fee of Rs60,000/- (Excl VAT) for the financial year ended 30 June 2022.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)****PRINCIPLE 8- RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS**

"The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose"

SHARE CAPITAL STRUCTURE

The holding structure of NHDC as at 30 June 2022 was as follows: -

Name	Ordinary Shares held	Percentage Holding
Government of Mauritius	20,000,000	99.5%
The State Investment Corporation Limited	60,000	0.3%
State Insurance Company of Mauritius Ltd	40,000	0.2%
Total	20,100,000	100%

Except for the above, no person has reported any material interest of 5% or more of the equity share capital of the Company.

DIVIDEND POLICY

The Board has not established a formal dividend policy.

RELATIONS WITH SHAREHOLDER

Decisions are taken either at the Shareholders Meetings or by way of written resolution in lieu of holding a Meeting of Shareholders (either Annual Meeting or Special Meeting) of the Company in conformity with Section 117 of Companies Act 2001. Regarding the Shareholders Meetings, the Board ensures that the Notice of Meeting along with the proxy forms are sent to the Shareholders at least 21 days before the meeting in accordance with the Companies Act. The last Annual Meeting of Shareholders was held on 10 December 2021. Directors and External Auditors are invited to attend Shareholders' Meetings.

All shareholders are entitled to voting rights in proportion of their shareholding. Each share carries one vote.

The Company ensure that there is regular contact and dialogue with the Shareholders to keep them informed on material events affecting the Company. The Chairman, through the assistance of the Company Secretary, is available to answer any query from the shareholders.

NATIONAL HOUSING DEVELOPMENT CO LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

PRINCIPLE 8- RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

COMPANY KEY STAKEHOLDERS

Regulators

Relationships with the regulators, mainly the Registrar of Companies and the Mauritius Revenue Authority, Public Procurement Office are considered as critical for good running of the Company. The Company maintains relationship with its regulators through written communications, filing of returns and financial reports, participation in forums, conferences and workshops as well as compliance with relevant legislation.

These relationships are viewed as strategic partnerships to ensure that the Company upholds and maintains best practices with full transparency.

Stakeholders' relations and communication

The Board aims to properly understand the information needs of all shareholders/stakeholders and places great importance on an open and meaningful dialogue with all those involved with the Company. The Company's website www.nhdcmauritius.com is used to provide relevant information. Furthermore, open lines of communication are maintained to ensure transparency and optimal disclosure.

CONTRACT WITH SHAREHOLDERS

The Company does not have any contract with the Shareholders.

NATIONAL HOUSING DEVELOPMENT CO LTD**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)****PRINCIPLE 8- RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)****CALENDAR OF IMPORTANT EVENTS**

The following is a schedule of events for the financial year ended 30 June 2022:

Financial Year End / Balance Sheet Date	- 30 June 2022
Annual Meeting of Shareholders	- End December 2022
Approval of Accounts 30 June 2022	- End of December 2022

Annual Meeting of Shareholders

The next Annual Meeting of Shareholders of the Company is planned end December 2022 and appropriate notice of meeting had been given (as per companies act) to the Shareholders.

NATIONAL HOUSING DEVELOPMENT CO LTD

Statement of Compliance
(Section 75 (3) of the Financial Reporting Act)

Name of PIE: National Housing Development Co Ltd
Reporting period: June 30, 2022 (01 July 2021 to 30 June 2022)

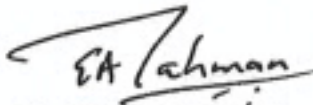
We, the Directors of National Housing Development Co Ltd, the "Company" confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance except for the following section: -

Reasons for non-compliance with the section of the Code:

Principle 2: Structure of the Board and its Sub Committees

Executive Director -. NHDC has one Executive Director (the Group CEO) appointed on 13 September 2021. The composition of the Board is approved by the Shareholders.

Signed on behalf of the Board of Directors: 27 December 2022 .


Chairman


Director

NATIONAL HOUSING DEVELOPMENT CO LTD

SECRETARY'S CERTIFICATE – FOR THE YEAR ENDED 30 JUNE 2022

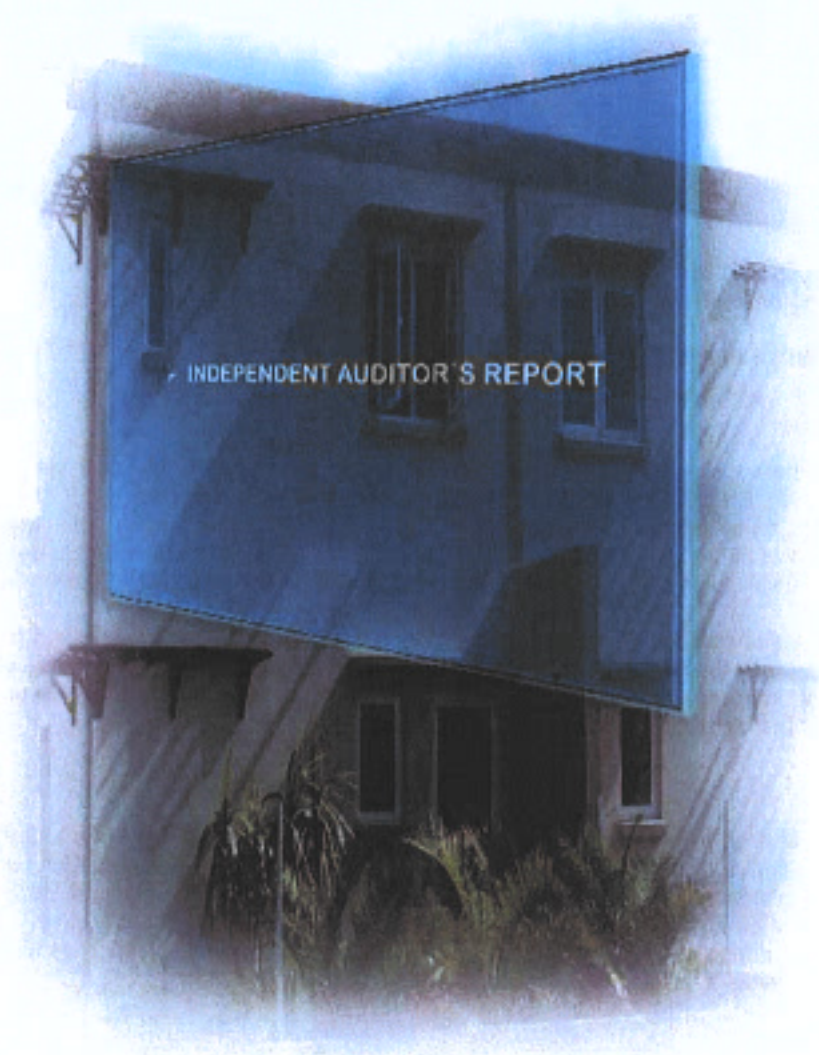
Secretary's Certificate as per Section 166(d) of the Mauritius Companies Act 2001

We confirm, based on the records and information made available to us by the Directors and Shareholders of the Company, that the Company has filed with the Registrar of Companies, for the financial year ended 30 June 2021, all such returns as are required in terms of Section 166(d) of the Mauritius Companies Act 2001, save and except the annual report and the audited financial statements for the financial year ended 30 June 2022, which are now being filed.



PRIME PARTNERS LTD
CORPORATE SECRETARY
PER R. G. BULLYRAZ

Date: 27 December 2022 .



INDEPENDENT AUDITOR'S REPORT*To the Shareholders of National Housing Development Co Ltd***Report on the Audit of the Financial Statements***Opinion*

We have audited the consolidated and separate financial statements (the "financial statements") of NATIONAL HOUSING DEVELOPMENT CO LTD (the "Company") and its subsidiary (together the "Group") which comprise the statements of financial position as at 30 June 2022, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year ended 30 June 2022, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 39 to 80 gives a true and fair view of the financial position of the Group and the Company as at 30 June 2022, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and that comply with the requirements of the Mauritius Companies Act 2001, 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 Group's and 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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NATIONAL HOUSING DEVELOPMENT CO LTD

Report on the Audit of the Financial Statements (Continued)

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

This opinion has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001 and for no other purposes.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Group's and 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 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 Group's and 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 Group and 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NATIONAL HOUSING DEVELOPMENT CO LTD

Report on the Audit of the Financial Statements (Continued)

Other information

The Directors are responsible for the other information. The other information comprises the annual report and secretary's report.

Our opinion on the financial statements does not cover the other information and we do not express 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.

Corporate Governance report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance (the "Code") disclosed in the Corporate Governance Report for the year under review and assess the explanations given for non-compliance with the requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report the year, the Company has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirement of the Code and satisfactory explanations have been provided under the Statement of Compliance for areas of non-compliance.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company or its subsidiary other than in our capacity as auditor of the Company.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

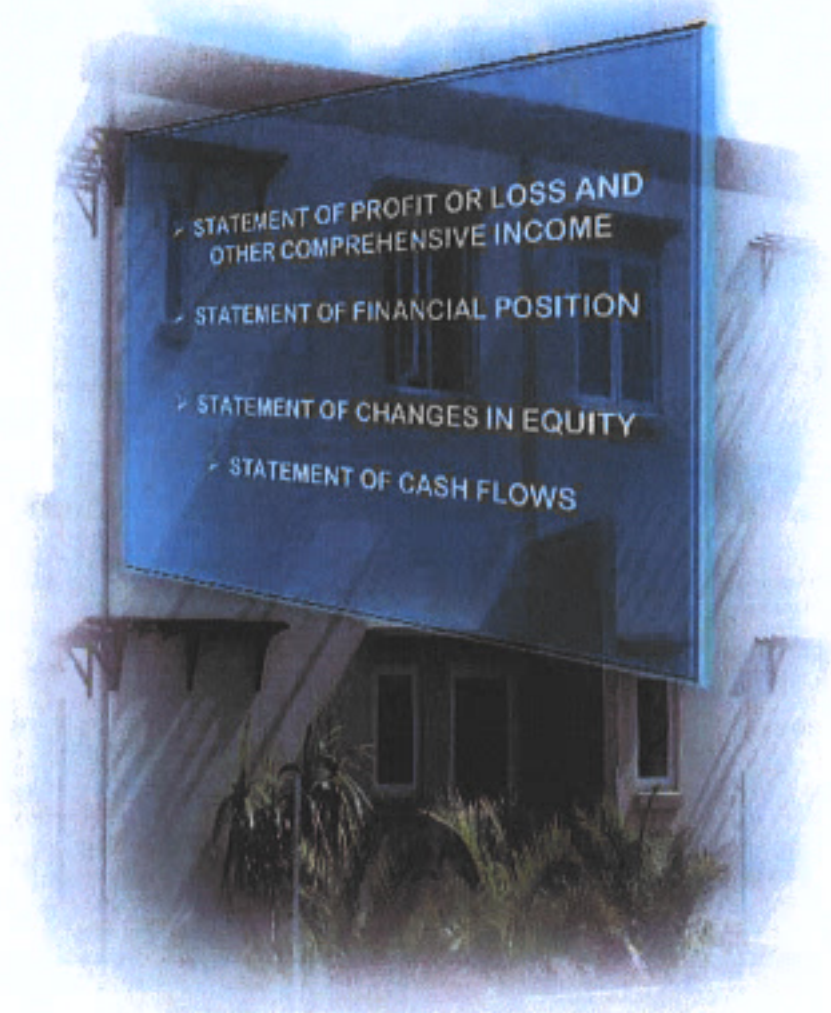
Baker Tilly

Baker Tilly

Date: | 27 December 2022

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Sin C. Li, CPA, CGMA
Licensed by FRC



➤ STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

➤ STATEMENT OF FINANCIAL POSITION

➤ STATEMENT OF CHANGES IN EQUITY

➤ STATEMENT OF CASH FLOWS

NATIONAL HOUSING DEVELOPMENT CO LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Group		Company	
		Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2022	Year ended 30 June 2021
		Rs	Rs	Rs	Rs
Revenue	6	951,609,564	1,615,505,013	908,463,361	1,608,038,027
Cost of Sales	5	(758,061,092)	(1,512,841,701)	(758,061,092)	(1,512,841,701)
Gross Profit		193,548,472	102,663,312	150,402,269	95,196,326
Other Operating Income	7	979,796	1,239,022	619,796	979,022
		194,528,268	103,902,334	151,022,065	96,175,348
Administrative Expenses	5	(235,964,375)	(151,821,801)	(192,840,495)	(144,588,706)
Expected Credit Loss – reversal	13	42,559,434	19,422,577	42,559,434	19,422,577
Write off / Exceptional Item		-	10,302,009	-	10,302,009
Operating profit/(loss)		1,123,327	(18,194,881)	741,004	(18,666,772)
Net finance cost	8	(764,580)	(884,325)	(382,257)	(212,434)
Profit/(Loss) before taxation		358,747	(18,879,206)	358,747	(18,879,206)
Taxation	9	346,829	23,067,589	346,829	23,067,589
Net profit for the year		705,576	4,188,383	705,576	4,188,383
Other Comprehensive Income					
Remeasurement of Employees Benefit Liability	21	(44,933,365)	(40,601,950)	(44,933,365)	(40,601,950)
Deferred Tax	14	(78,700)	6,090,293	(78,700)	6,090,293
Total Other Comprehensive Income		(45,012,065)	(34,511,657)	(45,012,065)	(34,511,657)
Total Comprehensive loss for the year		(44,306,489)	(30,323,274)	(44,306,489)	(30,323,274)

The accompanying notes form an integral part of these financial statements.

NATIONAL HOUSING DEVELOPMENT CO LTD

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Group		Company	
		As at 30 June 2022	As at 30 June 2021	As at 30 June 2022	As at 30 June 2021
		Rs	Rs	Rs	Rs
ASSETS					
Non-Current Assets					
Property, plant and equipment	10(a)	28,093,209	28,564,544	23,092,189	27,224,682
Investment properties	10(b)	259,840,000	259,840,000	259,840,000	259,840,000
Right-of-Use asset	11	6,911,675	9,990,376	3,803,705	4,734,490
Investment in subsidiary	12	-	-	9,010,000	5,010,000
Long term receivables	13	1,951,458,746	1,588,216,153	1,951,458,746	1,588,216,153
Deferred Tax	14	36,828,968	36,560,839	36,828,968	36,560,839
Intangible assets		168,482	-	-	-
		<u>2,283,301,080</u>	<u>1,923,171,912</u>	<u>2,284,633,698</u>	<u>1,921,586,164</u>
Current Assets					
Inventories	15	2,702,122,489	3,178,668,847	2,702,122,489	3,178,668,847
Trade and Other Receivables	16	380,868,157	260,872,094	381,057,884	257,405,108
Other financial assets at amortised cost		6,281,478	-	-	-
Cash and Bank balances		127,095,694	162,372,053	63,625,591	161,982,679
		<u>3,216,367,818</u>	<u>3,601,912,994</u>	<u>3,146,805,964</u>	<u>3,598,056,634</u>
Total Assets		<u>5,499,668,898</u>	<u>5,525,084,906</u>	<u>5,431,439,572</u>	<u>5,519,642,798</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	18	201,000,000	201,000,000	201,000,000	201,000,000
Retained Earnings		6,995,833	42,678,644	6,995,833	43,033,574
Revaluation Reserve		247,734,276	247,734,276	247,734,276	247,734,276
Total Equity		<u>455,730,109</u>	<u>491,412,920</u>	<u>455,730,109</u>	<u>491,767,850</u>
Non-Current Liabilities					
Borrowings	20	2,050,784,657	1,749,588,546	2,050,784,657	1,749,588,546
Deferred income		63,221,433	-	-	-
Employees Benefit Liabilities	21	100,472,166	55,276,469	100,472,166	55,276,469
Lease liability	20	6,986,872	8,989,290	6,986,872	6,260,339
		<u>2,221,465,128</u>	<u>1,813,854,305</u>	<u>2,158,458,451</u>	<u>1,811,125,354</u>
Current Liabilities					
Borrowings	20	51,344,629	70,764,791	51,344,629	70,764,791
Lease liability	11	7,497,027	9,377,977	4,768,076	6,833,600
Trade and Other Payables	22	917,767,384	1,131,638,510	915,892,372	1,131,114,900
Deferred income		403,930	-	-	-
Subsidy to house-buyers	23	1,845,460,692	2,008,036,404	1,845,460,692	2,008,036,404
		<u>2,822,473,662</u>	<u>3,219,817,682</u>	<u>2,817,465,769</u>	<u>3,216,749,595</u>
Total Liabilities		<u>5,043,938,790</u>	<u>5,033,671,987</u>	<u>4,975,709,463</u>	<u>5,027,874,949</u>
Total Equity and Liabilities		<u>5,499,668,898</u>	<u>5,525,084,906</u>	<u>5,431,439,572</u>	<u>5,519,642,798</u>

Approved for issue by the Board of directors on 27 December 2022 and signed on its behalf by:

Director

E. RahmanP. Ramesh

Name:

E. ABDUL RAHMANP. RAMESH RAMAKRISHN

The accompanying notes form an integral part of these financial statements.

NATIONAL HOUSING DEVELOPMENT CO LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

COMPANY	Stated Capital	Retained Earnings	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs
Balance as at 01 July 2020	201,000,000	73,356,848	193,534,276	467,891,124
Comprehensive income:				
Profit for the year	-	4,188,383	-	4,188,383
Land Revaluation	-	-	54,200,000	54,200,000
Deferred Tax	-	6,090,293	-	6,090,293
Remeasurement of employees benefit liabilities, net of tax	-	(40,601,950)	-	(40,601,950)
Total comprehensive income for the year	-	(30,323,274)	54,200,000	23,876,726
Balance at 30 June 2021	201,000,000	43,033,574	247,734,276	491,767,850
Comprehensive income:				
Profit for the year	-	705,576	-	705,576
Remeasurement of employees benefit liabilities, net of tax	-	(44,933,365)	-	(44,933,365)
Deferred tax	-	(78,700)	-	(78,700)
MHC MEP Accounted	-	8,268,748	-	8,268,748
Total comprehensive income for the year	-	(36,037,741)	-	(36,037,741)
Balance as at 30 June 2022	201,000,000	6,995,833	247,734,276	455,730,109
GROUP	Stated Capital	Retained Earnings	Revaluation Reserve	Total Equity
	Rs	Rs	Rs	Rs
Balance as at 01 July 2020	201,000,000	73,356,848	193,534,276	467,891,124
Comprehensive income:				
Profit for the year	-	4,188,383	-	4,188,383
Land Revaluation	-	-	54,200,000	54,200,000
Deferred Tax	-	6,090,293	-	6,090,293
Remeasurement of employees benefit liabilities, net of tax	-	(40,601,950)	-	(40,601,950)
Total comprehensive income for the year	-	(30,323,274)	54,200,000	23,876,726
Balance at 30 June 2021	201,000,000	43,033,574	247,734,276	491,767,850
Comprehensive income:				
Profit for the year	-	705,576	-	705,576
Remeasurement of employees benefit liabilities, net of tax	-	(44,933,365)	-	(44,933,365)
Deferred tax	-	(78,700)	-	(78,700)
MHC MEP Accounted	-	8,268,748	-	8,268,748
Total comprehensive income for the year	-	(36,037,741)	-	(36,037,741)
Balance as at 30 June 2022	201,000,000	6,995,833	247,734,276	455,730,109

The accompanying notes form an integral part of these financial statements.

NATIONAL HOUSING DEVELOPMENT CO LTD

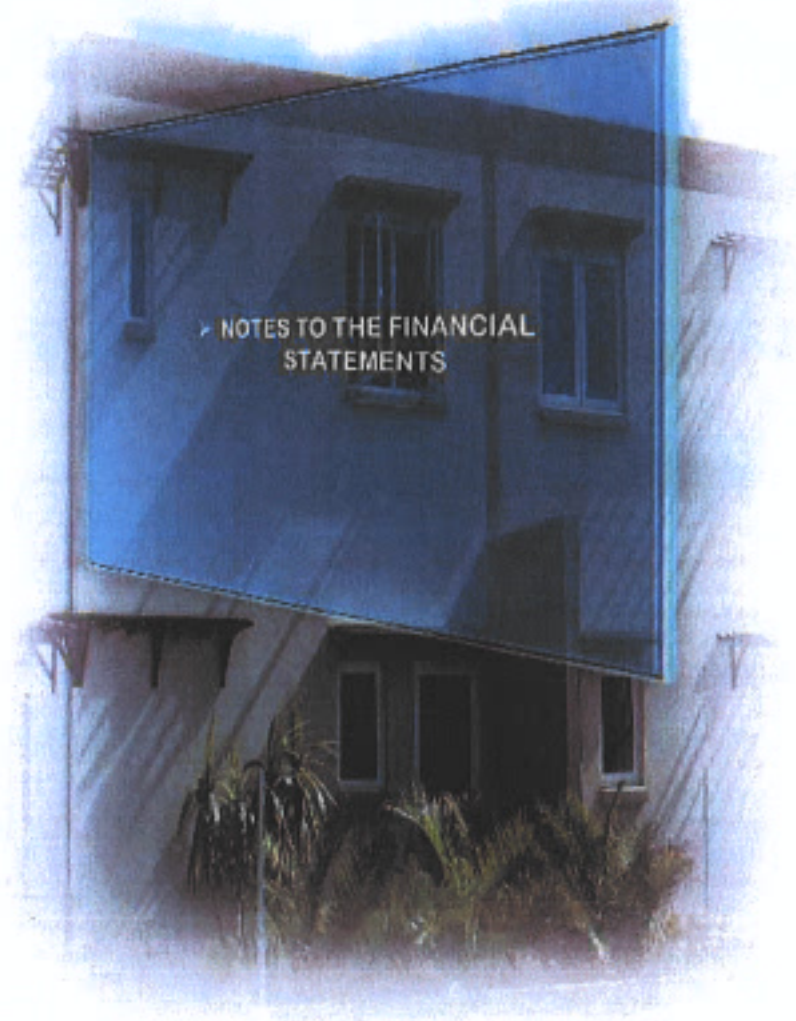
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Group		Company	
	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs
Cash Flow from Operating Activities				
Profit/(loss) before taxation	358,747	(18,879,208)	358,747	(18,879,208)
Adjustments for:				
Depreciation on Plant and Equipment (note 10)	11,153,991	9,269,157	10,340,768	9,140,579
Depreciation on Right-of-Use asset (note 11)	7,616,886	5,555,974	5,468,940	4,303,023
Profit on Disposal of Plant and Equipment (note 10)	(619,796)	(979,022)	(619,796)	(979,022)
Net Interest cost (note 8)	764,580	684,325	382,257	212,434
Amortisation of deferred grants	(813,223)	-	-	-
Write off of receivables/(Payables)	-	(10,302,009)	-	(10,302,009)
Mortgage interest expense	-	32,519,478	-	32,519,478
Reversal of expected credit losses	-	(19,422,577)	-	(19,422,577)
Remeasurement in Employees Benefit Obligation(note 21)	(44,933,365)	-	(44,933,365)	-
Prior Year Adjustment	8,268,748	-	8,268,748	-
Movement in Retirement Benefit liability	45,195,697	(1,810,219)	45,195,697	(1,810,219)
Operating loss before working capital changes	(26,992,235)	(3,364,099)	(24,461,996)	(5,217,519)
Movement in receivables(note 16)	(117,776,875)	(556,618,858)	(119,724,012)	(549,151,872)
Movement in trade and other payables(note 22)	(376,268,087)	452,355,027	(377,798,240)	448,183,257
Movement in inventories(note 15)	476,546,359	(118,759,575)	476,546,359	(118,759,575)
Net Cash used in Operations	9,493,632	(226,387,505)	3,488,103	(224,945,709)
Net interest paid	(382,257)	(212,434)	(382,257)	(212,434)
Net Cash used in Operating Activities	9,111,375	(226,599,939)	3,103,846	(225,158,143)
Cash Flow from Investing Activities				
Acquisition of plant and equipment (note 10)	(10,656,418)	(8,917,906)	(6,813,021)	(7,449,466)
Acquisition of investment in subsidiary (note 12)	(4,000,000)	-	(4,000,000)	(5,000,000)
Acquisition of intangibles	(185,898)	-	-	-
Right of Use of Assets (note 11)	(4,538,156)	(3,521,649)	(4,538,156)	(3,521,649)
Proceeds from disposal of plant and equipment	624,543	1,025,868	624,543	1,025,868
Net Cash used in Investing Activities	(18,755,929)	(11,413,687)	(14,726,634)	(14,945,247)
Cash Flow from Financing Activities				
Loans Received/Revaluation	367,171,357	383,461,721	367,171,357	383,461,721
Cash received in advance of performance:				
-Deferred recurrent grant	4,029,295	-	-	-
- Deferred capital grant	60,000,000	-	-	-
Additional/(Repayment of) Loans (note 20)	218,623,940	(60,228,729)	218,623,940	(60,228,729)
Repayment of Lease liability (note 11)	(3,883,368)	(1,707,300)	(1,338,891)	-
Loan interest paid	(382,323)	-	-	-
Movement in Obligation Under Finance Lease	63,152,008	3,274,311	63,152,008	3,274,311
Net Cash generated from Financing Activities	(25,631,805)	324,800,003	(86,734,300)	326,507,303
Net movement in cash and cash equivalents	(35,276,359)	86,786,377	(98,357,088)	86,403,913
Cash and cash equivalents at the beginning of year	162,372,053	75,585,676	161,982,679	75,578,766
Cash and cash equivalents at the end of year	127,095,694	162,372,053	63,625,591	161,982,679

Cash and cash equivalents at the end of year

For presentation purposes, cash and cash equivalents at the reporting dates exclude amounts collected on behalf of the Government and not yet remitted to the authorities amounting to Rs 6,267,889. (30 June 2021 – Rs 5,570,005). The accompanying notes form an integral part of these financial statements.

The accompanying notes form an integral part of these financial statements.



NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1 GENERAL INFORMATION

National Housing Development Co Ltd was incorporated in Mauritius under the Mauritius Companies Act 2001 as a public Company limited by shares. The Company's principal activity is to engage in residential and other property development for the purpose of sale or lease to low-income households. The Company's registered office is at Royal Complex, St Ignace Street, Rose-Hill.

The subsidiary, New Social Living Development Ltd has been set up by the Company and is engaged in the same line of business.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted, and which have been applied consistently in the preparation of these consolidated financial statements and separate (the "financial statements") are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention except for financial assets, investment proportions and financial liabilities which are measured at either fair value or at amortised cost.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 Changes in accounting policies

The following standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning on 1 July 2021 were adopted by the Group. However, these did not have a material impact on the financial statements:

(a) Application of new and revised International Financial Reporting Standards ("IFRS")

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are effective for annual periods beginning on or after 01 July 2021.

Amendments	Effective for accounting period beginning on or after
<i>Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</i>	01 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)</i>	01 April 2021

Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (*Continued*)

(a) Application of new and revised International Financial Reporting Standards ("IFRS")

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

Interest Rate Benchmark Reform – Phase 2 introduces amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 and is not mandatorily effective until annual periods beginning on or after 01 January 2021, however, many entities were expected to adopt the amendments early.

The amendments did not have any major impact on the financial statements for the year ended 30 June 2022.

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

Effective 01 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

Accounting for the rent concessions as lease modifications would have resulted in the Company remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Company is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

On 31 March 2021, the IASB issued another amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the above practical expedient to reductions in lease payments that were originally due on or before 30 June 2022. This amendment is effective for annual periods beginning on or after 01 April 2021 with earlier application permitted. The amendment is to be applied mandatorily by those entities that have elected to apply the previous amendment COVID-19-Related Rent Concessions.

The amendments did not have any major impact on the financial statements for the year ended 30 June 2022.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (*Continued*)

(b) Standards and interpretations issued and not yet effective for the financial year ended 30 June 2022

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Group has not early adopted them. The directors have assessed that the below standards would not have an impact on the financial statements.

Amendments	Effective for accounting period beginning on or after
IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use)	01 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)	01 January 2022
Annual Improvements to IFRS Standards 2018-2020	01 January 2022
IFRS 3 Business Combinations (Amendment – Reference to the Conceptual Framework)	01 January 2022
IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17)	01 January 2023
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)	01 January 2023
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendment – Disclosure of Accounting Policies)	01 January 2023
IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Accounting Estimates)	01 January 2023
IAS 12 Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	01 January 2023

The Group is in the process of making an assessment of the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. The amendments are not expected to have any major impact on the Company's financial statement.

2.3 Financial instruments

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

NATIONAL HOUSING DEVELOPMENT CO LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial Instruments(continued)

Measurement methods (continued)

Amortised cost and effective interest rate (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest Income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost.

Financial assets

(i) Classification and subsequent measurement

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans to low-income households and trade and other receivables. Classification and subsequent measurement of debt instruments depend on:

The Group's business model for managing the asset; and
the cash flow characteristics of the asset.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial Instruments

Financial assets (Continued)

(i) Classification and subsequent measurement (Continued)

Based on these factors, the Group classifies its debt instruments into amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FCPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e.; interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

(ii) Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instruments carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted- amount that is determined by evaluating a range of possible outcomes
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets comprise of cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash comprises cash at bank and in hand and bank overdrafts. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial Instruments (Continued)

Financial assets (Continued)

(ii) Impairment (Continued)

Trade receivables

Trade receivables are amounts due from customers for sale of houses and services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g., short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

Financial liabilities comprise of borrowings and trade and other payables.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial Instruments (Continued)

Financial liabilities (Continued)

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. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.4 Borrowings

Borrowings are initially recognised at fair value, being the consideration received net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'cost of sales as mortgage interest expense'.

2.5 Functional and presentation currency

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Mauritian rupees, which is the Group's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation. Land is recognised at fair value based on periodic (as determined to be reasonable by management) valuations undertaken by external independent valuer. A revaluation surplus is credited to a 'Revaluation reserve' in equity.

Depreciation on plant and equipment is calculated using the straight-line method at annual rates estimated to write off their cost or revalued amounts to their residual values over their expected useful lives. The annual rates used are:

Computer and other IT equipment	20%, 33.3%, 50% and 100%
Motor vehicles	14.3%
Furniture, fittings and equipment	25% and 100%

Plant and equipment which have been funded through finance leases are depreciated using the same rates as for similar owned assets. Subsequent costs are included in the asset's carrying amount only 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. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive income.

2.7 Investment in subsidiary

Investment in subsidiary is shown at cost less impairment in the financial statement. Where the carrying amount of an investment in a subsidiary is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

2.8 Inventories**Completed houses**

Completed houses are those houses in respect of which all construction costs have been incurred and awaiting delivery at reporting date.

2.9 Current and deferred income tax

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

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Current and deferred income tax (Continued)

The current income tax charge is calculated on the basis of the tax laws enacted. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of plant and equipment, depreciation of right-of-use assets, tax losses and provision for employee benefits.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

2.10 Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

Grants relating to plant and equipment are included in non-current liabilities as deferred grants and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

Grants relating to income are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2.11 Defined benefit schemes

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

NATIONAL HOUSING DEVELOPMENT CO LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Summary of significant accounting policies (Continued)****2.11 Defined benefit schemes (Continued)**

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the sale of houses in the ordinary course of the Group and the Company's activities and interest receivable from mortgage debtors. Revenue from the sale of houses is recognized when significant risks and rewards of ownership of the houses are transferred to the buyer and collectability of the related receivables is reasonably assured.

Other revenues earned by the Group are recognised on the following bases:

Interest income - on a time-proportion basis using the effective interest method. The Group does not recognise mortgage interests due for more than 12 months as it is highly probable that these will not be recovered. Such interests are recognised on a cash basis.

2.13 Equity and reserves

Stated capital is determined using the nominal values of shares that have been issued.

Fair value reserve relates to accumulated gains arising from revaluation of land.

2.14 Operating expenses

Operating expenses are recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group and the Company's activities expose it to a variety of financial risks including the effects of changes in debt, exchange and interest rates. The Company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company.

- Inherent risk**

The Group and the Company's is called upon to commission construction and infrastructural work of substantial value on behalf of the Government. Contracts are entered in the name of the Company. It is thus exposed to contractual liability but has the guarantee that such expenditure would be totally refunded by Government.

- Cash flow and fair value interest rate risk**

The Group and the Company's income and operating cash flows are exposed to interest rate risk as it borrows at variable rates. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before taxation.

	Increase/ Decrease in rate %	Effect on Profit before Taxation financial year 30 Jun 22		Effect on Profit before Taxation financial year 30 Jun 21	
		Company Rs	Group Rs	Company Rs	Group Rs
Interest on Finance Lease	1	83,428	110,718	75,134	75,134
Interest on Loans	1	21,021,293	21,021,293	18,203,533	18,243,533
		<u>21,104,721</u>	<u>21,132,010</u>	<u>18,278,667</u>	<u>18,318,667</u>

- Credit risk**

The Group builds and sells the houses mainly to low-income households on long term credit facilities. Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from such lending activities but can also arise from credit enhancement provided such as credit derivatives (credit default swaps), financial guarantees, letters of credit, endorsements, and acceptances. The Group did not have any derivatives.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the directors.

The credit worthiness of borrowers may be affected by various factors such as an economic downturn, lack of liquidity, an unexpected political event or death. Any of these events could lead the Group and the Company to incur losses. Credit risk arises principally from trade and other receivables (including mortgage debtors) and cash and cash equivalents.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

• Credit risk (Continued)

The Group and the Company holds bank accounts mainly with the SBM and MCB and minor balances with other banks. These financial institutions are reputable in Mauritius and there is therefore limited risk of default on cash and cash equivalents.

With respect to trade and other receivables, the Group and the Company has adopted a severe debt recovery policy by systematically chasing and initiating legal action against bad payers. Management has adopted a simplified approach in applying the use of a provision matrix. The provision matrix requires the Group and the Company to determine a historical loss rate and then adjust for forward-looking information thereon in order to obtain the lifetime ECL.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. Based on analysis performed the total credit loss provisions at 30 June 2022 was Rs 62,684,396 (2021 – Rs 105,243,830).

The carrying amount of financial assets recorded in these financial statements represents the Group and the Company's maximum exposure to credit risk.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

• Liquidity risk

The Group and the Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group and the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group and the Company debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements.

The table below analyses the Group and the Company non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total
GROUP	Rs	Rs	Rs	Rs	Rs
As at 30 June 2022					
Borrowings	61,344,629	2,050,784,657	-	-	2,102,129,286
Finance Lease liability	4,094,087	6,977,673	-	-	11,071,760
Lease liability on Right of Use Asset	-	1,223,955	-	-	1,223,955
Trade and Other Payables	917,767,384	-	-	-	917,767,384
	973,206,100	2,058,986,285	-	-	3,032,192,384
As at 30 June 2021					
Borrowings	70,764,791	66,869,078	165,019,661	1,517,699,808	1,820,353,337
Finance Lease liability	3,797,610	3,949,544	4,977,222	62,524	12,786,900
Lease liability on Right of Use Asset	5,580,467	-	-	-	5,580,467
Trade and Other Payables	1,131,838,510	-	-	-	1,131,838,510
	1,211,781,378	70,818,622	169,996,883	1,517,762,332	2,970,359,214
Company	Rs	Rs	Rs	Rs	Rs
As at 30 June 2022					
Borrowings	61,344,629	2,050,784,657	-	-	2,102,129,286
Finance Lease liability	1,365,136	6,977,673	-	-	8,342,809
Lease liability on Right of Use Asset	-	1,223,955	-	-	1,223,955
Trade and Other Payables	915,892,372	-	-	-	915,892,372
	1,208,713,191	2,058,986,285	-	-	3,027,589,422
As at 30 June 2021					
Borrowings	70,764,791	66,869,078	165,019,661	1,517,699,808	1,820,353,337
Finance Lease liability	1,253,033	1,220,593	4,977,222	62,524	7,513,372
Lease liability on Right of Use Asset	5,580,467	-	-	-	5,580,467
Trade and Other Payables	1,131,114,900	-	-	-	1,131,114,900
	1,208,713,191	68,089,671	169,996,883	1,517,762,332	2,964,562,076

• Currency risk

The Group and the Company has liabilities denominated in foreign currencies. However, the Group and the Company is not exposed to the risk of fluctuation of exchange rate as the Government of Mauritius makes up for any foreign exchange difference.

The Group had loans denominated in United States dollars at the reporting date. The currency profile is detailed in below page. Had the exchange rate moved by 3% at 30 June 2022, the Group total assets and total liabilities would have been Rs 31,621,933 (2021: 23,723,705) higher/lower.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

• Currency profile

The currency profile of the Group and the Company financial assets and liabilities is summarised as follows:

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Financial Assets				
Local	2,073,837,994	1,886,840,229	2,073,837,994	1,886,450,855
Foreign	-	-	-	-
Financial Liabilities				
Local	1,978,127,957	2,173,771,905	1,973,523,995	2,173,771,905
Foreign	1,054,064,427	790,790,171	1,054,064,427	790,790,171

Prepayments amounting to Rs 1,629,442 (2021 – Rs 234,910) and deposit Rs 1,414,704 have not been included in the financial assets for the Company.

3.2 Fair value estimations

At 30 June 2022, the carrying values of the financial assets and financial liabilities are a reasonable approximation of their fair value.

3.3 (a) Capital risk management

The primary objectives of the Group, when managing capital, is to safeguard the Group's ability to continue as going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital comprises all components of equity plus net debt.

The gearing ratios as at 30 June 2022 and 30 June 2021 were as follows:

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Total Debt	2,180,238,549	1,833,447,176	2,113,884,234	1,833,447,176
Less Cash & Cash Equivalent	(127,095,694)	(162,372,053)	(63,625,591)	(161,982,679)
Net Debt	2,050,954,671	1,671,075,123	2,050,258,643	1,671,464,497
Total Equity	455,461,979	491,767,849	455,461,979	491,767,849
Total Capital	2,508,604,834	2,162,842,972	2,505,720,622	2,163,232,346
Gearing Ratio	82%	77.3%	82%	77.3%

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3(b) Categories of Financial Instruments

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Financial Assets				
Long Term Receivables	1,951,458,746	1,588,216,153	1,951,458,746	1,588,216,153
Trade & Other Receivables	377,824,013	264,637,184	378,013,741	257,170,198
Cash & Cash Equivalent	127,095,694	162,372,053	63,625,591	161,982,679
	<u>2,456,378,453</u>	<u>2,015,225,390</u>	<u>2,393,098,078</u>	<u>2,007,369,030</u>
Financial Liabilities				
Trade & Other Payables	917,767,384	1,131,638,510	915,892,372	1,131,114,900
Borrowings	2,102,129,286	1,827,866,709	2,102,129,286	1,827,866,709
Lease Liability	14,483,899	8,124,944	11,754,948	5,580,467
	<u>3,034,380,568</u>	<u>2,967,630,163</u>	<u>3,027,588,422</u>	<u>2,964,562,076</u>

Prepayments amounting to Rs 1,629,442 (2021 – Rs 234,910) and deposit Rs 1,414,704 have not been included in the financial assets for the Company.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

The presentation of the Group and the Company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group and the Company accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

Going concern

Following the global outbreak of a novel strain of (COVID -19) which is causing widespread disruption to financial markets and normal patterns of business activity across the world, the Group and the Company management has made an assessment of the Group ability to continue as a going concern and is satisfied that the Group and the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainty that may cast significant doubt upon the Group and the Company ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimates and assumptions (Continued)

Plant and equipment

The cost of the plant and equipment is depreciated over the estimated useful life of the asset. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. Management has not considered any residual value as it deemed immaterial.

Revenue recognition

Mortgage interest income is recognised on a time-proportion basis using the effective interest method. Based on past experience, management does not recognise mortgage interest due for more than 12 months as it is highly probable that these will not be recovered. Such interests are recognised on a cash basis.

Employee benefits

The cost of the defined contribution pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined contribution obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Deferred tax asset

The Group recognises deferred tax assets and liabilities for anticipated tax based on estimates of when deferred tax will be paid or recovered. When the final outcome of these matters is different from the amounts initially recorded, such differences impact the period in which the determination is made. Critical accounting estimates relate to the profit forecasts used to determine the extent to which deferred tax assets are recognised from available losses, accelerated capital allowances and employees benefit liabilities and the period over which they are estimated.

Measuring land at fair value

Land is currently carried at fair value. Changes in fair values are presented in profit or loss as part of revaluation reserve. The valuation of the land held are classified as Level 3.

The Group engages external, independent and qualified valuers to determine the fair value of the land on a periodic basis as determined to be reasonable by management. The best evidence of fair value used by the valuer has been the current prices in an active market for similar properties.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade receivables have been assessed on a case-to-case basis for each tenant based on the payment profiles of revenue and most recent collections made post the financial reporting date. In addition to same, the directors have also considered additional credit risk where the trade receivable balances have been past due for more than one year and for which there are ongoing legal cases.

The directors have therefore concluded that the provision for expected losses as included in profit or loss for trade receivables are a reasonable for the financial reporting date.

With respect to amounts receivable from related parties, the directors have assessed the repayment capacity of the concerned parties and guarantees provided by the beneficial owners for assistance to be provided for repayment in case same is required. Therefore, no estimated loss provision has been reported on related party balances.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

5 EXPENSES BY NATURE

	Group		Company	
	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs
Cost of House Expensed	717,677,479	1,477,252,067	717,677,479	1,477,252,067
Interest Expense	38,085,608	32,991,369	38,085,608	32,519,478
Other Cost of Sales	2,298,005	3,070,156	2,298,005	3,070,156
Depreciation				
- Owned assets	9,275,804	8,705,139	8,493,565	8,576,561
- Leased assets	1,847,202	564,018	1,847,202	564,018
- Rights of Use assets	7,616,856	5,555,974	5,468,940	4,303,023
- Intangible assets	17,416	-	-	-
Employee benefit expenses	127,089,920	108,377,047	127,089,920	104,047,747
Legal & Professional charges	28,021,973	2,745,476	11,002,342	2,245,094
Rent	2,178,256	1,922,296	2,178,256	1,922,296
Motor Vehicle running costs	4,140,509	3,444,940	4,140,509	3,444,940
Other Administrative expenses	38,561,415	20,506,911	35,910,445	19,463,027
Total Cost of Sales and Administrative Expenses	976,810,443	1,665,135,393	954,192,271	1,657,408,407
5(a) Employee Benefits Expenses				
Salaries & Allowances	113,866,407	87,718,068	99,770,395	84,058,084
Social Security Costs	11,352,300	4,985,893	6,916,772	4,985,893
Other Related Costs	21,173,877	16,813,988	20,140,422	16,813,988
Retirement Benefit Obligations	262,332	(1,140,903)	262,332	(1,810,219)
	146,654,915	108,377,047	127,089,920	104,047,747
Average number of employees at period end	142	132	124	128

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

6 REVENUE

	Group		Company	
	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs
Revenue is made up of the following components:				
Sales of housing units	786,790,000	1,498,760,000	786,790,000	1,498,760,000
Mortgage Interest income	88,005,025	75,149,513	88,005,025	75,149,513
Project Management and Processing Fees	29,342,241	29,342,241	29,342,241	29,940,549
Others	47,472,298	11,654,951	4,326,095	4,187,965
	<u>951,609,564</u>	<u>1,615,505,013</u>	<u>908,463,361</u>	<u>1,608,038,027</u>

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by lines and timing of revenue recognition.

	Group		Company	
	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs
Timing of Revenue Recognition				
Services transferred at one point in time	863,604,539	1,540,355,500	820,458,336	1,532,888,514
Services transferred over time	88,005,025	75,149,513	88,005,025	75,149,513
	<u>951,609,564</u>	<u>1,615,505,013</u>	<u>908,463,361</u>	<u>1,608,038,027</u>
Contract duration				
Short Term	-	-	-	-
Long Term	951,609,564	1,615,505,013	908,463,361	1,608,038,027
Sales channel				
Directly to customers	951,609,564	1,615,505,013	908,463,361	1,608,038,027
Through intermediaries	-	-	-	-

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a buyer.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

6 REVENUE (CONTINUED)

Performance obligations and revenue recognition policies (Continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment term	Revenue recognition
Sale of housing units	Sale of houses are subject to contractual agreements.	The Group recognizes revenue from sale of houses when it transfers significant risks, reward and ownership of the houses to the buyer.
Mortgage interest income	Interest income is recognized on a monthly basis for each buyer as per contractual repayment terms.	Interest is recognized on a time-proportion basis using the effective interest method.
Project management and processing fees	Fees are charged to clients on sale of housing units as per terms specified in the contracts.	Fees are recognized on transfer of significant risks, reward and ownership of the houses to the buyer.

The following table provides information about receivables and contract liabilities from contracts with customers.

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Contract assets				
Mortgage Balance Receivable (Included under trade receivables Note 16)	105,542,450	101,107,564	105,542,450	101,107,564
Contract liabilities				
Deferred Income (Inclusive of trade and other payables)	63,625,364	(18,160,654)	-	(18,160,654)
Deposits from buyers Amount refundable to buyers	(24,296,038)	(29,624,175)	(24,296,038)	(29,624,175)
		(418,966)	-	(418,966)
	144,871,776	(48,203,795)	81,246,412	(48,203,795)

7 OTHER OPERATING INCOME

	Group		Company	
	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs
Sundry Other Income	360,000	260,000	-	-
Profit / (Loss) on Disposal of Assets	619,796	979,022	619,796	979,022
	979,796	1,239,022	619,796	979,022

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
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8 NET FINANCE COSTS

	Group		Company	
	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs
Finance Income				
Bank Interest Income	57	69	57	69
Interest on loan to employees	33,001	97,250	33,001	97,250
	<u>33,058</u>	<u>97,319</u>	<u>33,058</u>	<u>97,319</u>
Finance Costs				
Interest on Right of Use of Assets	-	(618,068)	-	(146,177)
Interest on finance lease	(797,638)	(163,576)	(415,315)	(163,576)
	<u>(797,638)</u>	<u>(781,644)</u>	<u>(415,315)</u>	<u>(309,753)</u>
Net Finance Costs	<u>(764,580)</u>	<u>(684,325)</u>	<u>(382,257)</u>	<u>(212,434)</u>

9 TAXATION

Income tax

The Company and its subsidiary are both subject to corporate tax at 15.00% (2021 - 15.00%) on its chargeable income. At 30 June 2022, the Company and its subsidiary had accumulated tax losses and were not liable to pay tax. The accumulated tax losses are available for set off against future taxable income as follows:

<i>Up to financial year ending:</i>	Rs
30 June 2024	51,404,785
30 June 2025	29,711,669
30 June 2026	33,544,256
30 June 2027	31,610,829
	<u>146,271,539</u>

The foregoing is based on current interpretation and practice and is subject to any future changes in Mauritian tax laws.

	Group		Company	
	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs
Charge to profit or loss				
Tax on chargeable income	-	-	-	-
Deferred tax (credit)/charge (Note 14)	346,829	(23,067,589)	346,829	(23,067,589)
Taxation (credit)/charge	<u>346,829</u>	<u>(23,067,589)</u>	<u>346,829</u>	<u>(23,067,589)</u>
Corporate Tax Asset				
At start of period	-	-	-	-
Refund	-	-	-	-
At period end	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**
9 TAXATION (CONTINUED)

Reconciliation between applicable corporate tax and effective corporate tax:

	Group		Company	
	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs
Reconciliation				
Profit/(loss) before taxation	358,747	(18,879,206)	358,747	(18,879,206)
At applicable rate of 15%	53,812	(2,831,881)	53,812	(2,831,881)
Expenses not deductible for tax purposes	214,317	2,260,532	214,317	1,982,519
Income not taxable	-	495,803	-	849,362
Tax loss brought forward	-	-	-	-
Deferred tax adjustments	78,700	23,143,135	78,700	23,067,589
Deferred tax not recognised	-	-	-	-
Taxation credit	346,829	23,067,589	346,829	23,067,589

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
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10(a) PROPERTY, PLANT AND EQUIPMENT

GROUP	Other IT Equipment Rs	Computers Rs	Motor Vehicles Rs	Furniture Fittings and Equipment Rs	TOTAL Rs
<i>Cost</i>					
At 01 July 2020	26,924,390	8,592,604	20,580,460	19,444,778	75,542,232
Additions	-	664,946	6,617,050	1,635,910	8,917,906
Disposal	-	(50,600)	(6,226,870)	(34,990)	(6,312,460)
At 30 June 2021	26,924,390	9,206,950	20,970,640	21,045,698	78,147,678
Additions	-	2,058,101	3,500,000	5,098,317	10,656,418
Disposal	-	-	(2,004,435)	(67,900)	(2,072,335)
At 30 June 2022	26,924,390	11,265,051	22,466,205	26,076,115	86,731,761
<i>Accumulated Depreciation</i>					
At 01 July 2020	8,077,317	7,697,000	17,545,317	13,259,957	46,579,591
Charges	5,384,880	351,854	709,457	2,822,966	9,269,157
Disposal	-	(50,599)	(6,180,026)	(34,989)	(6,265,614)
At 30 June 2021	13,462,197	7,998,255	12,074,748	16,047,934	49,583,134
Charges	5,384,880	760,197	1,972,830	3,005,099	11,123,007
Disposal	-	-	(2,004,432)	(63,167)	(2,067,599)
At 30 June 2022	18,847,077	8,758,452	12,043,146	18,989,876	58,638,552
<i>Net Book Value</i>					
At 30 June 2022	8,077,313	2,506,599	10,423,059	7,086,239	28,093,209
At 30 June 2021	13,462,193	1,208,695	8,895,892	4,997,764	28,564,544

Company	Other IT Equipment Rs	Computers Rs	Motor Vehicles Rs	Furniture Fittings and Equipment Rs	TOTAL Rs
<i>Cost</i>					
At 01 July 2020	26,924,390	8,592,604	20,580,460	19,444,778	75,542,232
Additions	-	379,071	6,617,050	453,345	7,449,466
Disposal	-	(50,600)	(6,226,870)	(34,990)	(6,312,460)
At 30 June 2021	26,924,390	8,921,075	20,970,640	19,863,133	76,679,238
Additions	-	757,618	3,500,000	2,555,403	6,813,021
Disposal	-	-	(2,004,435)	(67,900)	(2,072,335)
At 30 June 2022	26,924,390	9,678,693	22,466,205	22,350,636	81,419,924
<i>Accumulated Depreciation</i>					
At 01 July 2020	8,077,317	7,697,000	17,545,317	13,259,957	46,579,591
Charges	5,384,880	302,706	709,457	2,743,536	9,140,579
Disposal	-	(50,599)	(6,180,026)	(34,989)	(6,265,614)
At 30 June 2021	13,462,197	7,949,107	12,074,748	15,968,504	49,454,556
Charges	5,384,880	468,476	1,972,380	2,514,581	10,340,768
Disposal	-	-	(2,004,432)	(63,167)	(2,067,589)
At 30 June 2022	18,847,077	8,417,583	12,043,146	18,419,928	57,727,735
<i>Net Book Value</i>					
At 30 June 2022	8,077,313	1,261,110	10,423,059	3,930,708	23,692,189
At 30 June 2021	13,462,193	971,968	8,895,892	3,894,629	27,224,682

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
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10(a) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Plant and equipment include the following assets held under finance lease:

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Motor Vehicles				
Cost	17,737,270	14,762,270	17,737,270	14,762,270
Depreciation	(7,717,974)	(6,395,771)	(7,717,974)	(6,395,771)
Net Book Value	10,019,296	8,366,499	10,019,296	8,366,499

10(b) INVESTMENT PROPERTIES

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2022 Rs
Land				
At start of period	259,840,000	205,640,000	259,840,000	205,640,000
Revaluation	-	54,200,000	-	54,200,000
At end of period	259,840,000	259,840,000	259,840,000	259,840,000

In June 2021, land at Moka, Mon Rocher, Cap Malheureux and Cascavelle were revalued by Primepillar Valuation Services Ltd, an independent property valuer, at their market values and in accordance with International Valuation Standards. The value of the land were estimated as below:

	Normal Market Value Rs	Current Value due to Covid19 (Forced Sales Value) Rs
Fair Value in June 2022	233,200,000	186,560,000

The land has been assessed based on the sales comparison approach which takes into consideration the value of similar properties sold in the area, adjusted for any dissimilarities with the comparable used. In deriving the forced sales value, the valuer has assumed that a correlation exists between the derived market value and forced sales value. The forced sales value was estimated at 80% of the normal market value.

Land at La Gaulette, valued at Rs26,640,000 was not revalued as there is no prospect for development at the moment.

Management has considered that the fair value of the land is approximately same as prior year.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
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11 RIGHT-OF USE ASSETS AND LIABILITIES

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Right of Use Assets				
<i>Cost</i>				
At start of period	21,975,273	8,571,898	15,466,436	8,571,898
Additions during the period	4,538,156	13,403,375	4,538,156	6,894,538
Derecognition of asset after termination	(10,048,994)	-	(10,048,994)	-
At end of period	16,464,435	21,975,273	9,955,598	15,466,436
<i>Accumulated Depreciation</i>				
At start of period	(11,984,897)	(6,428,923)	(10,731,946)	(6,428,923)
Charges for the period	(7,616,856)	(5,555,974)	(5,468,940)	(4,303,023)
Derecognition of asset after termination	10,048,994		10,048,994	
At end of period	(9,552,760)	(11,984,897)	(6,151,893)	(10,731,946)
Net Book Value	6,911,675	9,990,376	3,803,705	4,734,490
Lease Liability				
At start of period	10,853,894	2,207,578	5,580,467	2,207,578
Lease liability on adoption of IFRS16	3,943,960	13,403,375	3,073,399	6,894,538
Capital Repayment	(8,086,526)	(5,228,949)	(5,159,726)	(3,521,649)
At end of period	6,239,438	10,382,004	3,494,139	5,580,467

The contractual maturities of the lease liabilities are as follows:

	Group		Company	
	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs
Payable - Not later than one year	6,239,438	10,382,004	3,494,139	5,580,467
<i>Amount Recognized on Profit and Loss:</i>				
Interest on Lease liability (within finance costs)	1,109,809	618,068	255,595	146,177
Depreciation on Right of Use Assets	7,616,856	5,555,974	5,468,940	4,303,023

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12 INVESTMENT IN SUBSIDIARY

COMPANY

	As at 30 June 2022	As at 30 June 2021
	Rs	Rs
At start of period	5,010,000	10,000
Additions	4,000,000	5,000,000
At end of period	9,010,000	5,010,000

Details of Investment held is as follows:

	Incorporation	Type of Shares	% Holding
New Social Living Development Ltd	Mauritius	Ordinary	100%

The directors have assessed that the investment is not impaired at the reporting date.

The subsidiary incurred Rs 189,728. as expenses which have been paid by the Company on behalf of the subsidiary. The amount is still receivable at 30 June 2022. Except for same, there are no other significant balances reported by the entity.

NATIONAL HOUSING DEVELOPMENT CO LTD

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13 LONG TERM RECEIVABLES

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Mortgage Debtors	1,370,943,961	1,207,457,98	1,370,943,961	1,207,457,978
Refundable Line of Credit and Forex (from Govt)	580,514,785	380,758,175	580,514,785	380,758,175
	<u>1,951,458,746</u>	<u>1,588,216,13</u>	<u>1,951,458,746</u>	<u>1,588,216,153</u>

At 30 June 2022, the balance of mortgage debtor's receivable (capital portion) was as follows:

	Total	Receivable above 1 and up to 5 years	Receivable after more than 5 years
	Rs	Rs	Rs
GROUP			
30 June 2022	<u>1,370,943,961</u>	<u>299,750,899</u>	<u>1,071,193,062</u>
30 June 2021	<u>1,207,457,978</u>	<u>286,644,600</u>	<u>920,813,378</u>
COMPANY			
30 June 2022	<u>1,370,943,961</u>	<u>299,750,899</u>	<u>1,071,193,062</u>
30 June 2021	<u>1,207,457,978</u>	<u>286,644,600</u>	<u>920,813,378</u>

Mortgage debtors are secured, bears rate of interest from 6.5% to 10.0% per annum and the term of reimbursement varies from 20 to 35 years.

The Group adopted the IFRS 9 on 01 January 2019. A general approach has been used to measure the Expected Credit Loss (ECL) which uses a lifetime expected loss allowance for trade receivables. The result is as follows:

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Expected Credit Loss	<u>62,684,396</u>	<u>105,243,830</u>	<u>62,684,396</u>	<u>105,243,830</u>

ECL reversal amounting of Rs 42,559,434 (2021: 19,422,577) has been accounted for the period under consideration.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

14 DEFERRED TAX ASSET

The movement in deferred income tax assets and liabilities during the period is as follows:

	At 01 July 2021 Rs	Debited to Other Comprehensive Income Rs	Credited to Income Statement Rs	At 30 June 2022 Rs
GROUP				
<i>Deferred Income Tax Asset/(Liability)</i>				
Accelerated depreciation	2,851,624	-	(1,458,146)	1,393,478
Expected credit losses	-	-	6,383,915	6,383,915
Employees Benefit Liabilities	8,291,470	6,740,005	39,350	15,070,825
Right of Use Asset	710,173	-	(229,161)	481,012
Provisions	6,090,294	(6,818,705)	-	(728,411)
Tax Losses	18,617,278	-	(4,389,129)	14,228,149
Net Deferred Income Tax Asset	36,560,839	(78,700)	346,829	36,828,968
Company				
<i>Deferred Income Tax Asset/(Liability)</i>				
Accelerated depreciation	2,851,624	-	(1,458,146)	1,393,478
Expected credit losses	-	-	6,383,915	6,383,915
Employees Benefit Liabilities	8,291,470	6,740,005	(39,350)	15,070,825
Right of Use Asset	710,173	-	(229,161)	481,012
Provisions	6,090,294	(6,818,705)	-	(728,411)
Tax Losses	18,617,278	-	(4,389,129)	14,228,149
Net Deferred Income Tax Asset	36,560,839	(78,700)	346,829	36,828,968

15 INVENTORIES

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Completed houses and commercial complex	159,652,554	401,601,332	159,652,554	401,601,332
Work in Progress	2,542,469,935	2,777,067,515	2,542,469,935	2,777,067,515
	2,702,122,489	3,178,668,847	2,702,122,489	3,178,668,847

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Mortgage Debtors Receivable (capital portion) - 16(a)	57,984,681	51,821,029	57,984,681	51,821,029
Mortgage Debtors in arrears (capital portion) - 16(b)	38,604,559	40,839,447	38,604,559	40,839,447
Mortgage Interest Receivable - 16(c)	9,640,810	8,447,088	9,640,810	8,447,088
Other Receivables & Prepayments	275,325,707	159,764,530	274,827,834	156,297,544
	<u>381,555,757</u>	<u>260,872,094</u>	<u>381,057,884</u>	<u>257,405,108</u>

(a) At 30 June 2021, the ageing of mortgage debtors receivable (capital portion) was as follows:

	Total Receivable Rs	Receivable over 1 month up to 3 months Rs	Receivable over 3 months up to 6 months Rs	Receivable over 6 months up to 12 months Rs
The Group and Company				
<i>Capital Receivable within 12 months At 30 June 2022</i>	<u>57,984,681</u>	<u>14,253,180</u>	<u>14,457,619</u>	<u>29,273,882</u>
At 30 June 2021	<u>51,821,029</u>	<u>12,963,360</u>	<u>14,297,954</u>	<u>24,559,715</u>

(b) At 30 June 2022, the ageing of mortgage debtors in arrears (capital portion) was as follows:

	Total Rs	Fully performing Rs	Over 3 to 6 months Rs	Past Due but Not Impaired Over 6 to 12 months Rs	Over 12 months Rs
The Group and Company					
At 30 June 2022	<u>38,604,559</u>	<u>3,516,034</u>	<u>1,276,013</u>	<u>2,359,726</u>	<u>31,452,786</u>
At 30 June 2021	<u>40,839,447</u>	<u>2,479,274</u>	<u>1,268,002</u>	<u>2,219,715</u>	<u>34,872,456</u>

(c) At 30 June 2022, the ageing of mortgage interest receivables was as follow:

	Total Rs	Between 1 to 3 months Rs	Above 3 to 6 months Rs	Above 6 to 12 months Rs
Company				
At 30 June 2022	<u>9,640,810</u>	<u>5,478,421</u>	<u>1,582,836</u>	<u>2,579,553</u>
At 30 June 2021	<u>8,447,088</u>	<u>3,638,581</u>	<u>1,429,179</u>	<u>3,379,328</u>

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

16 TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) At 30 June 2022, the total interest receivable (recognised and unrecognised) was as follows:

	Total Interest Receivable Rs	Interest Recognized Rs	Interest Unrecognized Rs
The Group and Company			
At 30 June 2022	46,225,368	9,640,810	36,584,558
At 30 June 2021	47,680,976	8,447,088	39,233,888

(e) At 30 June 2022, an amount of Rs 222,130,810 (30 June 2021 – Rs 125,083,760) represents costs overrun on projects for which recovery is being sought from Government.

The Company has not recognised mortgage interest receivable due for more than 12 months, amounting to Rs 36,584,558 at 30 June 2022 (30 June 2021 – Rs 39,233,888) as it is highly probable that these will not be recovered.

(f) Other receivables are unsecured and are neither past due nor impaired.

(g) Mortgage debtors are secured, bears rate of interest from 6.5% to 10.0% per annum and the terms of reimbursement varies from 20 to 35 years.

(h) For total arrears of mortgage debtors, please see Note 17 below.

(i) The carrying amounts of trade and other receivables approximate their fair values.

17 TOTAL ARREARS OF MORTGAGE DEBTORS

Company	Note	Group		Company	
		As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Mortgage Debtors - Capital	16(b)	38,604,559	40,839,447	38,604,559	40,839,447
Interest Recognized	16(c)	9,640,810	8,447,088	9,640,810	8,447,088
Interest Unrecognized	16(d)	36,584,558	39,233,888	36,584,558	39,233,888
		84,829,927	88,520,423	84,829,927	88,520,423

At 30 June 2022, the ageing of total arrears of mortgage debtors was as follows:

Company	Total Rs	Fully performing Rs	Over 3 to 6 months Rs	Over 6 to 12 months Rs	Over 12 months Rs
At 30 June 2022					
Capital	38,604,559	3,516,034	1,276,013	2,359,726	31,452,786
Interest - Recognized	9,640,810	5,478,421	1,582,836	2,579,553	-
Interest - Unrecognized	36,584,558	-	-	-	36,584,558
	84,829,927	8,994,455	2,858,849	4,939,279	68,037,344
At 30 June 2021					
Capital	40,839,447	2,479,274	1,268,002	2,219,715	34,872,456
Interest - Recognized	8,447,088	3,638,581	1,429,179	3,379,328	-
Interest - Unrecognized	39,233,888	-	-	-	39,233,888
	88,520,423	6,117,855	2,697,181	5,599,043	74,106,344

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
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18 STATED CAPITAL

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
At start of period	197,000,000	201,000,000	201,000,000	201,000,000
Additions	4,000,000	-	-	-
At end of period	201,000,000	201,000,000	201,000,000	201,000,000

At 30 June 2022, the Company had 20,100,000 issued and fully paid shares at Rs10 per share.

New Social Living Development Ltd (100% owned subsidiary of NHDC) has 50,100 issued and fully paid shares at Rs100 per share.

Each ordinary share confers to the holder:

- (a) the right to one vote on a poll at a meeting of the Company's shareholder or any resolution requiring the signature of the shareholder.
- (b) the right to an equal share in dividends authorized by the board; and
- (c) the right to an equal share in the distribution of the surplus assets of the Company.

19 GRANT

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
At start of period	-	-	-	-
Grant Receivable	46,420,020	7,466,986	3,229,668	-
Released to statement of profit or loss	(46,420,020)	(7,466,986)	(3,229,668)	-
At end of period	-	-	-	-

The grant was received from the Government of Mauritius to meet the costs of infrastructural works, repairs and other expenses. It is amortised over the years to meet costs expensed.

20 BORROWINGS

	Note	Group		Company	
		As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
Non-Current					
Foreign Loan	20(a)	1,054,064,427	790,790,171	1,054,064,427	790,790,171
Domestic Loans	20(a)	996,720,230	958,798,375	996,720,230	958,798,375
Finance Lease	20(b)	8,201,628	6,260,339	8,201,628	6,260,339
		2,058,986,285	1,755,848,885	2,058,986,285	1,755,848,885
Current					
Foreign Loan		-	-	-	-
Domestic Loans	20(a)	51,344,629	70,764,791	51,344,629	70,764,791
Finance Lease	20(b)	4,094,087	1,253,033	1,365,136	1,253,033
		55,438,716	72,017,824	52,709,765	72,017,824
		2,114,425,001	1,827,866,709	2,111,696,050	1,827,866,709

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
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20 BORROWINGS (CONTINUED)

(a) Borrowing facilities

The loans were repayable as follows:

Company	Less than 1 year Rs	Between 1 and 5 years Rs	Over 5 years Rs	Total Rs
At 30 June 2022				
Foreign Loan	-	1,054,064,427	-	1,054,064,427
Domestic Loans	51,344,629	996,720,230	-	1,048,064,859
	51,344,629	2,050,784,657	-	2,102,129,286
At 30 June 2021				
Foreign Loan	-	-	790,790,171	790,790,171
Domestic Loans	70,764,791	231,888,738	726,909,637	1,029,563,166
	70,764,791	231,888,738	1,517,699,808	1,820,353,337
GROUP				
At 30 June 2022				
Foreign Loan	-	1,054,064,427	-	1,054,064,427
Domestic Loans	51,344,629	996,720,230	-	1,048,064,859
	51,344,629	2,050,784,657	-	2,102,129,286
At 30 June 2021				
Foreign Loan	-	-	790,790,171	790,790,171
Domestic Loans	70,764,791	231,888,738	726,909,637	1,029,563,166
	70,764,791	231,888,738	1,517,699,808	1,820,353,337

Domestic loans

Domestic loans payable to the Ministry of Finance are secured and guaranteed by the Government of Mauritius and carry fixed interest varying between 5% and 10% per annum. The Group has also raised loans from local banks which are secured by the Government of Mauritius and carry interest from 0.5% to 4.29%.

	Interest	Group		Company	
		As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
	<i>Loans at variable interest rates of 0.5% to 4.29%</i>				
Banks		675,991,579	610,685,528	675,991,579	610,685,528
	<i>Fixed interest rates of 5% and 10%</i>				
Ministry of Finance		372,073,279	418,877,638	372,073,279	418,877,638
		1,048,064,859	1,029,563,166	1,048,064,859	1,029,563,166
Non-interest bearing loans					
Others	NIL		-		-
			1,029,563,166		1,029,563,166

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

20 BORROWINGS (CONTINUED)

(a) Borrowing facilities (Continued)

Foreign loan

The Company entered into an agreement with the SBM (Mauritius) Infrastructure Development Company Ltd (SBMIDC) entered into a Dollar Credit Line Agreement with Export-Import Bank of India (EXIM) to extend the SBMIDC a line of credit of USD 500 million.

Through the SBMIDC, the Company has access to funds of USD 25 million from the above line of credit to finance eligible social housing projects. The terms of the line of credit facility is as follows:

- The line of credit is for a period not exceeding 20 years and the moratorium period on capital repayment shall be 7 years from the first disbursement made.
- The interest is at a fixed rate of 1.9% per annum and accrues as from the date of the first drawdown. In default of any payment (capital and/or interest), a penalty of 2% per annum over the interest rate shall be applied on the total amount due, compounded semi-annually until the payment is made.
- The principal amount shall be repaid in 26 semi-annual instalments.

A total amount of USD 4,242,799 was disbursed during the year ended 30 June 2022. The foreign loan is guaranteed by the Government of Mauritius.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
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20 BORROWINGS (CONTINUED)

(b) Finance lease liabilities

	Group		Company	
	As at 30 June 2022 Rs	As at 30 June 2021 Rs	As at 30 June 2022 Rs	As at 30 June 2021 Rs
<i>Finance lease liabilities - Minimum lease payments</i>				
Payable not later than 1 year	1,745,880	1,626,676	1,745,880	1,626,676
Payable within 2 to 5 years	6,186,331	5,259,394	6,186,331	5,259,394
Payable after 5 years	1,679,328	1,790,320	1,679,328	1,790,320
	9,611,539	8,676,390	9,611,539	8,676,390
Less Finance charges	(1,268,730)	(1,163,018)	(1,268,730)	(1,163,018)
	8,342,809	7,513,372	8,342,809	7,513,372
<i>Present Value of Finance Lease liabilities:</i>				
Payable not later than 1 year	1,365,136	1,253,033	1,365,136	1,253,033
Payable within 2 to 5 years	5,351,807	6,198,928	5,351,807	6,198,928
Payable after 5 years	1,625,866	61,411	1,625,866	61,411
	8,342,809	7,513,372	8,342,809	7,513,372

It is the Group policy to lease certain of its plant and equipment under finance leases. The lease term is from 5 to 7 years. For the financial period under consideration, the average effective borrowing rate was 4.96% per annum.

The leases repayment amounts are reviewed on a regular basis by the leasing institution. No arrangement has been entered into for contingent rental payments.

The lease liabilities are effectively secured as the rights to the leased assets reverts to the lessor in the event of default.

Reconciliation of net debt movements

	01 July 2021	Cash Flow from financing activities	Loan Received	Loan Revaluation	30 June 2022
	Rs	Rs	Rs	Rs	Rs
Company					
Bank Loans	610,685,528	(34,693,949)	100,000,000	-	675,991,579
Ministry of Finance	418,877,638	(46,804,359)	-	-	372,073,279
Foreign Loan	790,790,171	-	200,122,248	63,152,008	1,054,064,427
Finance Lease	7,513,372	(4,170,563)	5,000,000	-	8,342,809
	1,827,866,709	(85,668,871)	305,122,248	63,152,008	2,110,472,095
GROUP					
Bank Loans	610,685,528	(34,693,949)	100,000,000	-	675,991,579
Ministry of Finance	418,877,638	(46,804,359)	-	-	372,073,279
Foreign Loan	790,790,171	-	200,122,248	63,152,008	1,054,064,427
Finance Lease	7,513,372	(4,170,563)	5,000,000	-	8,342,809
	1,827,866,709	(85,668,871)	305,122,248	63,152,008	2,110,472,095

Interest paid on the loans during the financial year ended 30 June 2022 amounted to Rs 40,779,092 (30 June 2021: Rs 43,605,840).

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
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21 EMPLOYEE BENEFITS LIABILITIES

Post-retirement benefits comprise gratuity payable on retirement to employees under the Employment Rights Act 2008. The plan is a defined benefit arrangement for the employees and is a funded plan. The assets of the funded plan are held independently and administered by SICOM Ltd. SICOM Ltd has provided actuarial valuation for the year ended 30 June 2022.

<i>Pension Benefits - Actuarial Valuation</i>	The Group and the Company	
	As at 30 June 2022	As at 30 June 2021
	Rs	Rs
<i>(i) Amounts recognized in the Statement of Financial Position:</i>		
Present Value of unfunded obligations	273,406,720	222,857,028
Fair Value of plan assets	(172,934,554)	(167,580,559)
Deficit on obligations	<u>100,472,166</u>	<u>55,276,469</u>
<i>(ii) Amounts recognized in the Statement of Comprehensive Income:</i>		
	Year ended 30 June 2022	Year ended 30 June 2021
	Rs	Rs
Current Service Cost	9,488,259	8,093,465
Net Interest expense	2,616,103	532,258
Fund expenses & life insurance	521,351	417,733
Employee Contributions	(3,248,147)	(2,799,760)
Net cost for the year recognized in Profit or Loss	<u>9,377,566</u>	<u>6,243,694</u>
Components of amounts recognized in Other Comprehensive Income (OCI)		
Liability loss	35,851,812	44,938,324
Assets (loss)/ gain	9,081,553	(4,336,374)
Total Other OCI recognized	<u>44,933,365</u>	<u>40,601,950</u>
Total	<u>54,310,931</u>	<u>46,845,644</u>
<i>(iii) Movements in liability recognized in Statement of Financial Position</i>		
	As at 30 June 2022	As at 30 June 2021
	Rs	Rs
Net liability at start of year	55,276,469	16,484,738
Net expense recognized in profit	9,377,566	6,243,694
Net actuarial loss recognized in OCI	44,933,365	40,601,950
Contributions paid by employer	(7,687,234)	(6,625,913)
Past service funding	(1,428,000)	(1,428,000)
Net liability at end of year	<u>100,472,166</u>	<u>55,276,469</u>

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

21 EMPLOYEE BENEFITS LIABILITIES (CONTINUED)

	The Group and the company	
	As at 30 June 2021	As at 30 June 2021
	Rs	Rs
(iv) Reconciliation of present value of defined benefit obligation		
Present Value of obligation at start of year/period	222,857,028	169,328,819
Interest Cost	11,142,851	6,349,831
Current service cost	9,488,259	8,093,465
Benefits paid	(5,933,230)	(5,853,411)
Liability loss	35,851,812	44,938,324
Present Value of obligation at end of year	273,406,720	222,857,028
(v) Reconciliation of fair value of plan assets		
Fair Value of plan assets at start of year	167,580,559	152,844,081
Expected return on plan assets	8,526,748	5,817,575
Contribution to plan assets	7,687,234	6,625,913
Benefits paid out of plan assets	(6,454,581)	(6,271,144)
Past service funding	1,428,000	1,428,000
Employee Contributions	3,248,147	2,799,760
Asset (loss)/ gain	(9,081,553)	4,336,374
Fair value of plan assets at end of year	172,934,554	167,580,559
Distribution of plan assets at end of year	%	%
<i>Percentage of assets at end of year</i>		
Local Equities	13.6%	11.8%
Overseas bonds and equities	25.0%	30.1%
Property	0.5%	0.5%
Loans	2.9%	2.8%
Government securities and cash	58.0%	54.8%
	100.0%	100.0%
Additional disclosure on assets issued or used by the Company		
	%	%
<i>Percentage of assets at end of year</i>		
Assets held in the Company's own financial instruments	-	-
Property occupied by the Company	-	-
Other assets used by the Company	-	-
Year	2022-2023	
	Rs	
Expected employer contributions	6,979,506	
Weighted average duration of the defined benefit obligation (Calculated as a % change in PV of liabilities for a one percent change in discount rate)	18 years	

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
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21 EMPLOYEE BENEFITS LIABILITIES (CONTINUED)

The plan is exposed to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service is re-insured.

The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation were as follows:

	The Group and Company	
	As at 30 June 2022	As at 30 June 2021
Normal Retirement Age	65	65
Discount Rate	5.4%	5.0%
Future salary increases	3.5%	2.0%
Future pension increase	2.5%	2.0%
Mortality before retirement	NIL	

PA (90) Tables rated down by 2 yrs

The discount rate is determined by reference to market yields on bonds. The future salary increases, and pension increase have been provided by the Company to the actuary.

Sensitivity

Significant actuarial assumptions for determination of the benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

If the discount rate would be 100 basis point (1%) higher/lower, the defined benefit obligation would decrease by Rs 42.7m (increase by Rs 54.9m) if all remaining assumptions were held unchanged.

If the expected salary growth would increase/decrease by 1%, the defined benefit obligation would increase by Rs 29.7m (decrease by Rs 25.4m) if all remaining assumptions were held unchanged.

If life expectancy would increase/decrease by one year, the defined benefit obligation would increase by Rs 7.3m (decrease by Rs 7.3m) if all remaining assumptions were held unchanged.

22 TRADE AND OTHER PAYABLES

	Group		Company	
	As at 30 June 2022	As at 30 June 2021	As at 30 June 2022	As at 30 June 2021
	Rs	Rs	Rs	Rs
Trade Payables and Accruals	917,767,384	1,123,124,304	915,892,372	1,131,114,900
Deferred Income	-	5,570,905	-	5,570,905
	917,767,384	1,128,695,209	915,892,372	1,136,685,805

The carrying amount of trade and other payables approximate their fair value.

Rentals amounting to Rs 5,297,599 (30 June 2021 – Rs 5,570,905) have been collected on behalf of the Government and yet to be remitted to the authorities. These amounts are excluded from trade and other payables and cash and cash equivalents of the Company at the reporting dates.

NATIONAL HOUSING DEVELOPMENT CO LTD

NOTES TO THE FINANCIAL STATEMENTS
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23 SUBSIDY TO HOUSEBUYERS

Subsidy to house buyers represent the total subsidy for the construction of low-cost houses. On sale of housing units, the subsidy amount is debited against the cost of sales incurred on construction of the housing units and the difference of proceeds on sale is receivable from the house buyers as mortgage balance on a monthly basis as per the agreed payment terms.

24 RELATED PARTY TRANSACTIONS

During the year ended 30 June 2022, the Group and Company traded with related entities. The transactions and balances with related parties are as follows:

	Value of transaction for year ended 30 June 2022 Rs	Value of transaction for period ended 30 June 2021 Rs	Receivable/ (payable) as at 30 June 2022 Rs	Receivable/ (payable) as at 30 June 2021 Rs
GROUP				
<i>Government of Mauritius (Shareholder)</i>				
Slab Processing Fee	-	1,530,000	-	-
Mortgage Administration Fee	959,573	20,878,719	7,000,000	7,959,573
Grant Income	-	-	-	7,466,986
Company				
<i>Government of Mauritius (Shareholder)</i>				
Slab Processing Fee	-	1,530,000	-	-
Mortgage Administration Fee	959,573	20,878,719	7,000,000	7,959,573

All the above transactions were carried out on contractual terms and conditions in the normal course of business.

	Group		Company	
	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs	Year ended 30 June 2021 Rs	Year ended 30 June 2021 Rs
<i>Compensation to Key Management Personnel</i>				
Directors' Remuneration and Benefits	8,302,273	9,545,386	4,919,273	5,885,402
Management's Remuneration and Benefits	13,450,309	15,862,378	13,450,309	15,862,378

There were no benefits other than those disclosed above.

**NOTES TO THE FINANCIAL STATEMENTS
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25 CONTINGENCIES

The Company has several cases which are still on going and outcome are uncertain as at reporting date. Management has currently not recorded any provision for payment given uncertainty of the court cases outcome.

26 BENEFICIAL OWNER

The beneficial owner of the Company is the Government of Mauritius.