

HYVEC PARTNERS LTD

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

HYVEC PARTNERS LTD

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**HYVEC PARTNERS LTD
CORPORATE INFORMATION**

Directors	Date appointed	Date resigned
Mr Chady Nawaz Khan	10 June 1993	24 August 2023
Mr Appadoo Chandradev	01 August 2018	-
Mr Chady Saif Khan	14 January 2013	24 August 2023
Mr Chady Salmaan Khan	16 December 2019	24 August 2023
Mr Dabysing Nilesh	16 December 2019	-
Mr Ramdin Anwar Feeroz Haniff	05 September 2023	-
Mrs Bellepeau Beatrice Salomee	05 September 2023	-
Ms Auckburally, Baby Warda	05 September 2023	29 February 2024

Registered office and principal place of business

Lot 22, Bank Street
Cybercity
Ebene
Republic of Mauritius

Group secretary

Mr Meyepa, Louis Sebastien Yves

External auditors

Grant Thornton
Ebene Tower
52, Cybercity
Ebene 72201
Republic of Mauritius

Bankers

SBM Bank (Mauritius) Ltd
SBM Tower 1, Queen Elizabeth II Avenue
Place D'armes
Port Louis
Republic of Mauritius

Absa Bank (Mauritius) Ltd
Absa House, 68 Wall Street
Cybercity
Ebene
Republic of Mauritius

Bank One Limited
16, Sir William Newton Street
Port Louis
Republic of Mauritius

MauBank Ltd
25, Bank Street
Ebene 72201
Republic of Mauritius

The Mauritius Commercial Bank Ltd
Level 15, Newton Tower
Sir William Newton Street
Port Louis
Republic of Mauritius

HYVEC PARTNERS LTD DIRECTORS' REPORT

The directors are pleased to present their report and the consolidated financial statements of **Hyvec Partners Ltd**, the "Company" and its subsidiary, together referred to as the "Group", for the year ended 31 December 2023.

This is the first consolidated financial statements of the Company since incorporation.

Principal activity

The principal activity of the Group consists of building and civil contracting.

Results and dividends

The results for the year are as shown in the consolidated statement of profit or loss and other comprehensive income.

No dividend was recommended during the year under review (2022: Rs Nil).

Directors

The present membership of the Board is set out on page 2.

Statement of directors' responsibilities in respect of consolidated financial statements

Company law requires the directors to prepare consolidated financial statements for each financial year which present fairly the financial position, financial performance, and cash flows of the Group and Company. In preparing those consolidated 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 IFRS Accounting Standards as issued by the International Accounting Standards Board have been followed, subject to any material departures being disclosed and explained in the consolidated financial statements; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the consolidated financial statements. 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 consolidated financial statements comply with the requirements of the Mauritius Companies Act 2001, IFRS Accounting Standards as issued by the International Accounting Standards Board and the Financial Reporting Act 2004.
- Safeguarding the assets of the Group and hence taking reasonable steps for the prevention of frauds and other irregularities.

Ownership

Mr Nawaz Khan Chady is the sole shareholder of the Company (resigned as director on 24 August 2023).

Interest register

No entry was made in the interest register during the year.

**HYVEC PARTNERS LTD
DIRECTORS' REPORT (CONTINUED)**

Directors' service contracts

There are both service contracts and employment contracts between the Company and its directors.

Contracts of significance

There was no contract of significance subsisting during the year to which the Group was a party and in which the directors were materially interested.


External auditors

The auditors, **Grant Thornton**, have been appointed as external auditors of the Company. A resolution for their appointment in accordance with Section 200 (1) of the Mauritius Companies Act 2001 will be proposed at the next Annual Meeting.

The fees payable to the external auditors (exclusive of value added tax) are as follows:

	2023 Rs	2022 Rs
Fees relating to statutory audit services	700,000	260,000
Fees relating to tax compliance services	53,000	50,000
	<u>753,000</u>	<u>310,000</u>

**These tax compliance services are provided by Grant Thornton (Advisory Services) Ltd, a separate legal entity headed by non-audit partners.*



Director

Date: 06 AUG 2024



Director

Date: 06 AUG 2024

HYVEC PARTNERS LTD CORPORATE GOVERNANCE REPORT

Corporate governance is the system of rules, practices, and processes by which an organization is directed, managed, and controlled. It involves balancing the interests of the many stakeholders such as shareholder, management, employees, customers, suppliers, government and the community.

Hyvec Partners Ltd, the "Company" or "HPL", incorporated in the Republic of Mauritius on 10 June 1993 as a private company with liability limited by shares, generates a turnover of above Rs500m per annum falls under the definition of a Public Interest Entity set out in the Code of Corporate Governance for Mauritius under the Financial Reporting Act 2004 (the Code) and is therefore required to comply with the Code.

Compliance with the National Code of Corporate Governance for Mauritius 2016

Principle 1: Governance Structure

The Board of Directors, the "Board", of HPL endorses integrity and professionalism to ensure that the activities of the Group are managed in accordance with applicable laws and regulations.

The Board assumes full responsibility for leading and controlling the organisation and meeting its objectives and goals. Besides, the Board is collectively responsible for the long-term success, reputation, and governance of the Group. The Board also determines the Group's vision, mission, values and strategies and monitors its performance and conformance with the laws.

For the year under review, HPL has complied with all the provisions of the Code.

This report describes, amongst others, the main corporate governance framework and compliance requirements of the Company which are laid down in the following amongst others:

- the Mauritius Companies Act 2001;
- the Financial Reporting Act 2004;
- the disclosures required under the Code; and
- the Board Charter.

In accordance with the requirement of the Code, the following documents as approved by the Board are available for consultation purposes.

The processes and frequency to review, monitor and approve the Board Charter and Charter of Board Committee, the Organization Code of Ethics, the Positions Statements, the Organization Chart and the Statement of Main Accountabilities are determined by the Board and may be delegated to a subcommittee as appropriate.

Shareholding Structure

The stated capital of the Company is currently Rs 7,500,000 divided into 75,000 ordinary shares of par value Rs 100 each.

Board Structure

The Board of HPL has a unitary structure.

**HYVEC PARTNERS LTD
CORPORATE GOVERNANCE REPORT (CONTINUED)**

Principle 2: The Structure of the Board and its Committees

Board Size

The Board of Directors of HPL consists of:

Name	Category
Mr Nawaz Khan Chady (Resigned on 24 August 2023)	Executive /Chairman
Mr Nilesh Dabysing	Non-Executive up to 23.08.2023 Executive /Chairman as from 24.08.2023
Mr Chandradev Appadoo	Executive/Chairman-Audit Committee
Mr Saif Khan Chady (Resigned on 24 August 2023)	Non-Executive
Mr Salman Khan Chady (Resigned on 24 August 2023)	Non-Executive
Mr Anwar Feeroz Haniff Ramdin	Executive
Mrs Beatrice Salomee Bellepeau	Executive
Ms Auckburally, Baby Warda (Resigned on 29 February 2024)	Executive

The profile/short biographies of the directors are given on pages 9 - 11 of this report.

Board Diversity

The Board members of HPL are all residents of Mauritius.

The Board consists of a mix of professionals from different backgrounds including engineering, finance and marketing having wide experience.

The Board continues to benefit from the support and guidance of the founder and sole shareholder, Mr Nawaz Khan Chady.

The shareholder and the Board are of the view that Board is 'balanced'.

Board of Directors

The Board is the ultimate decision-making body in the organisation and it exercises leadership, entrepreneurship, integrity and judgement in directing HPL so as to achieve continuing prosperity for the organisation.

The Board also ensures that the activities of the Group comply with all legal and regulatory requirements.

The Board is ultimately accountable and responsible for the performance and affairs of the Group namely; the review and adoption of strategic plans, the overview of business performance, the adoption of appropriate risk management systems and the establishment of proper internal control systems.

Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separate.

Mr Nilesh Dabysing was appointed as non-executive Chairman on 24 August 2023.

In his role as Chief Executive of the Company, Mr Anwar Ramdin is responsible for leading the Board and ascertaining its effectiveness. He ensures that the corporate strategies and the related execution are aligned together with operational efficiencies. With his wide experience in the construction industry and strong knowledge of HPL, he is in an ideal position to manage the affairs of HPL while ensuring that value is being created for all stakeholders.

The Company has over 500 employees including expatriate manual workers.

**HYVEC PARTNERS LTD
CORPORATE GOVERNANCE REPORT (CONTINUED)**

Principle 2: The Structure of the Board and its Committees (continued)

Company Secretary

Mr Yves Meyepa is the Company Secretary for the Company and also for all companies in the Hyvec Group. He also acts as secretary to the Board Audit & Risk Committee.

His profile is given at page 10.

All directors of HPL have access to the advice and services of the Company Secretary who is responsible for providing guidance to the Chairman and the directors as to their fiduciary duties, responsibilities, and powers. The Company Secretary, with assistance from external legal advisers, also ensures that the Company is always complying with its Board Charter, applicable laws, rules and regulations.

The Company Secretary maintains a register of interest and is available for consultation.

Board Meetings

Board meetings are held once each quarter and at any additional times the Company requires. Decisions taken between meetings are confirmed by way of written resolutions, agreed, and signed by all directors entitled to receive notice.

A quorum of two (2) directors is required for a Board Meeting of HPL and in case of equality of votes, the Chairman has a casting vote.

During the year under review, the Board met 4 times. The table below shows the attendance record for the Board and Audit & Risk Committee. The minutes of the proceedings of each Board meeting are recorded by the Company Secretary and are entered in the minutes book of the Company. The minutes of each Board and Board Committee meeting are submitted for confirmation at their next meeting and these are then signed by the Chairman and the Company Secretary.

Board Committee meeting attendance

	24.03.2023	27.06.2023	29.08.2023	13.12.2023
Mr Nawaz Khan Chady (Resigned on 24 August 2023)	✓	✓	-	-
Mr Nilesh Dabysing	✓	✓	✓	✓
Mr Chandradev Appadoo	✓	✓	✓	✓
Mr Saif Khan Chady (Resigned on 24 August 2023)	✓	✓	✓	-
Mr Salman Khan Chady (Resigned on 24 August 2023)	✓	✓	✓	-
Mr Anwar Feeroz Haniff Ramdin	-	-	-	-
Mrs Beatrice Salomee Bellepeau (Appointed on 05 September 2023)	-	-	-	-
Ms Auckburally Baby Warda (Appointed on 05 September 2023 and resigned on 29 February 2024)	-	-	-	-

**HYVEC PARTNERS LTD
CORPORATE GOVERNANCE REPORT (CONTINUED)**

Principle 2: The Structure of the Board and its Committees (continued)

Audit and Risk Committee

The Audit and Risk Committee is held once each quarter and at any additional times the Company requires to assist the Board in the effective discharge of its responsibilities.

The Committee is composed of the following directors:

Name	Category
Mr Chandradev Appadoo	Executive
Mr Saif Khan Chady (Resigned on 24 August 2023)	Non-Executive
Mrs Beatrice Salomee Bellepeau (Appointed on 05 September 2023)	Executive

The Committee reviews the financial reporting process, the internal control system and the management of risks and it also assesses the effectiveness of the independent audit process by having regular interactions with the external auditors. The terms of reference of the Audit & Risk Committee have been approved by the Board. The Board has not set up any other board committees for the time being.

During the year under review, the committee met 4 times. The table below shows the attendance record for the Audit and Risk Committee.

Audit and Risk Committee meeting attendance

	23.03.2023	26.06.2023	28.08.2023	12.12.2023
Mr Chandradev Appadoo	✓	✓	✓	✓
Mr Saif Khan Chady (Resigned on 24 August 2023)	✓	✓	✓	-
Mrs Beatrice Salomee Bellepeau (Appointed as on 05 September 2023)	-	-	-	✓

Principle 3: Director Appointment Procedures

All the directors are well acquainted with the operations/business of HPL. With the assistance of the Company Secretary, the Board provides the necessary information/documents which make the directors fully aware of their legal duties, and offer an in-depth understanding of the Company's activities, challenges, governance framework and strategy. The directors also attend external training courses sponsored by the Company for their professional development.

The Board through the chairman assumes responsibility for the appointment, induction of new directors and succession planning of directors. On appointment as director on the Board, the chairman ensures that necessary information is disseminated to the new directors with respect to the Group's business, its products and services and how the Group operates. The Company Secretary helps in the process by providing appropriate advice with regards to the directors' duties and other legal responsibilities. The new directors are also invited to meet the members of the management team to rapidly acquire a comprehensive view of the Group's current operations, practices, acceptable risks and medium and long-term strategies.

There is a formal process for the appointment of directors. Directors and senior executives are appointed based on their qualifications and experience.

**HYVEC PARTNERS LTD
CORPORATE GOVERNANCE REPORT (CONTINUED)**

Principle 3: Director Appointment Procedures (continued)

PROFILE OF DIRECTORS

1. Mr Nawaz Khan Chady

Mr Nawaz Khan Chady is the founder and Group CEO of the HYVEC Group of companies. He started a modest construction company some 30 years ago which he built into a major property development powerhouse. He is a highly regarded business professional who has successfully diversified his group's activities into Fashion & Retail, Food & Restaurants, Building supplies through the representation of major global brands and more recently into Aviation and Hospitality.

2. Mr Nilesh Dabysing

Mr Nilesh Dabysing joined the Hyvec Group in January 2020 as Chief Executive Officer of the Property Division. He holds a bachelor's degree in commerce [BCOM] with specialization in Sales and Marketing and an MBA. He started his career with the Mon Loisir Group, now IBL Limited, in 2003 as Business Development Executive, and was mandated the task to develop the business in Africa. In 2007, he joined Rogers Group as Commercial Manager-Property Department which later became the Property Division of Rogers Group and was branded as Foresite Property and Ascencia Ltd, being the Property Fund. He was promoted to Marketing Manager in 2009 and to Head of Operations in 2011.

Through a merger in 2014, Nilesh joined EnAtt Ltd, a subsidiary of ENL as Asset Manager and was promoted to Head of Property Development in 2016.

3. Mr Chandradev Appadoo

Mr Appadoo has over 35 years of experience at the SBM Bank Ltd (Mauritius), mostly at senior management level across Retail and Corporate Banking, Operations Management, Risk Management, and Compliance with core competencies in finance and company secretary. He served as an executive director on the Board of the Bank from 2011 to 2017. He is a fellow of the Association of Chartered Certified Accountants (FCCA), an associate of the Chartered Institute of Bankers (ACIB) He has served on the board of various companies including various companies of the SBM Group, State Insurance Company of Mauritius Ltd (SICOM) and NRF Equity Fund Ltd.

4. Mr Saif Khan Chady

Mr Saif Khan Chady is holder of a bachelor's degree in international business management. He is currently the CEO of the retail division within the Hyvec Group of companies.

5. Mr Salmaan Khan Chady

Mr Salmaan Khan Chady is holder of a bachelor's degree in international business management. He is currently the CEO of the food division within the Hyvec Group of companies.

6. Mr Anwar Feeroz Haniff Ramdin

Mr Anwar Ramdin joined the Hyvec Group in February 2021 as Chief Executive Officer of Hyvec Partners Ltd, the construction division. He holds a bachelor's degree in civil engineering and is a registered engineer with the Council of Professional Engineers (Mauritius) which is the regulatory body for engineers in Mauritius. He is also a Fellow of the Institution of Engineers Mauritius. He is also a Member of the Institution of Civil Engineers UK (MICE).

**HYVEC PARTNERS LTD
CORPORATE GOVERNANCE REPORT (CONTINUED)**

Principle 3: Director Appointment Procedures (continued)

PROFILE OF DIRECTORS (CONTINUED)

6. Mr Anwar Feeroz Haniff Ramdin (continued)

Mr Anwar Ramdin joined the Hyvec Group in February 2021 as Chief Executive Officer of Hyvec Partners Ltd, the construction division. He holds a bachelor's degree in civil engineering and is a registered engineer with the Council of Professional Engineers (Mauritius) which is the regulatory body for engineers in Mauritius. He is also a Fellow of the Institution of Engineers Mauritius. He is also a Member of the Institution of Civil Engineers UK (MICE).

He started his career with Sir Alexander Gibbs & Partners, UK, in 1984 as graduate engineer and upgraded to site engineer. In 1988, he returned to Mauritius and joined Sire Alexander Gibbs & Partners (Mauritius) until 1994 where he was promoted to resident engineer. In 1994, he joined Rehm Grinaker Construction Ltd and was promoted to Manager of the Civils Department between 2006 and 2008. Between 2008 and 2011, he was made Construction Director for both Civil and Building departments leading to be promoted to Managing Director of Rehm Grinaker between 2013 and 2016, in which year he took early retirement. At the request of the shareholder, he remained at Rehm Grinaker as Operations Executive until February 2021. He then joined Hyvec Partners Ltd as Chief Executive Officer and was made a Director in September 2023.

7. Ms Beatrice Salomee Bellepeau

Ms Béatrice Bijoux Bellepeau is the new Head of Public Relations at the Hyvec Group since June 2022. She is a graduate in Mass Communications from the University of Mauritius.

She began her career in 1996 as a journalist and television news presenter at the MBC before joining several media groups, including La Sentinelle and 5-Plus. In 1998, she launched Net Radio One with Jacques Maunick, becoming the first online radio station well before the liberalization of airwaves in Mauritius. She later transitioned into a career in public relations within the Sun Group at Le ST Geran hotel and established her own event management company, Triple B in 2005.

Before joining the Hyvec Group in 2022, Beatrice spent the last 15 years as an entrepreneur at Busy B, a brand she created, and which was the exclusive supplier for plus-size market in Mauritius and the Reunion Island.

8. Ms Baby Warda Auckburally

Miss Warda Auckburally has joined the Hyvec Group as Operations Manager in the Construction Division and is currently MEP Manager. She holds a bachelor's degree in electrical and electronics Engineering (BEng(Hons)) and a Master Degree in Building Services (MSc).

Miss Warda started her career as a trainee engineer and gained experience over last 15 years through her involvement in major construction and MEP projects in Mauritius. She is currently supervising the implementation of some major construction projects.

PROFILE OF COMPANY SECRETARY & MEMBERS OF INTERNAL AUDIT

Mr Yves Meyepa

Mr Yves Meyepa joined Hyvec Group as Finance Director in 2014 and in 2018, was appointed Group Internal Auditor and Group Company Secretary. Prior to joining the Hyvec Group, he had been working at IBL for 40 years and in different capacities, including Group Finance Manager and Group Treasurer. Mr Yves Meyepa was the Managing Director of the Mauritian Eagle Leasing Co Ltd, a subsidiary of IBL, since inception of that company in 2001 until his retirement in June 2014.

He is a Fellow Chartered Management Accountant (FCMA) and a Chartered Global Management Accountant (CGMA) of the Chartered Institute of Management Accountants.

**HYVEC PARTNERS LTD
CORPORATE GOVERNANCE REPORT (CONTINUED)**

Principle 3: Director Appointment Procedures (continued)

PROFILE OF COMPANY SECRETARY & MEMBERS OF INTERNAL AUDIT (CONTINUED)

Mr Zaid Dulmar

Mr Zaid Dulmar joined Hyvec Group in 2019 as group internal auditor. Prior to joining Hyvec, he started his career with Deloitte for a period of 7 years as Assistant Audit Manager. He joined Premixed Concrete Ltd and Dry Mixed Products Ltd as the CFO where he spent 6 years after which he joined a leading mobile applications development company as Project and Finance Director for another period of 6 years.

Zaid Dulmar is a Fellow of the Chartered Certified Accountant (FCCA) and holder of a Certificate in Project Management.

Succession Planning

The Board of Directors is working on the succession of the Chief Executive Officer.

Principle 4: Director Duties, Remuneration and Performance

All the directors of HPL are aware of their fiduciary duties and responsibilities. There has been no change in the duties of the directors.

The remuneration of directors and senior executives are reviewed and revised periodically by the Chairman/shareholder. There is no variable remuneration component nor any long-term incentive plans or performance related reward.

Non-executive directors are not remunerated as they are full-time salaried employees of the Group. Non-executives also do not receive any remuneration in the form of share options or bonuses.

The remuneration of directors is not disclosed as it is felt that it will be giving away our competitive edge to competitors.

Given the number of directors, their relationship and continued involvement with the Company, a formal evaluation of the Board has not been done. However, the Board evaluation has been carried out in an informal manner and the comments/observations of the directors are being addressed such as quality of board papers and frequency of board meetings.

Code of Ethics

HPL has a Code of Ethics which also addresses conflict of interest.

The Company is committed to a policy for fairness and honesty in the conduct of its business. This commitment, which is endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally.

Conflict of Interest

The Board believes that a director should make his/her best effort to avoid conflict of interest or situation where others might reasonably perceive such a conflict.

It is the responsibility of each director to ensure that any conflict of interests is declared at the earliest meeting of the Board and that the director does not get involved in the decision process.

**HYVEC PARTNERS LTD
CORPORATE GOVERNANCE REPORT (CONTINUED)**

Principle 4: Director Duties, Remuneration and Performance (continued)

Related Party Transactions

For details on Related Party Transactions, please refer to Note 28 of the consolidated financial statements.

Information, Information Technology, and Information Security Governance

The Board is responsible for overseeing information governance within the Company and ensures that there is a strategic alignment of both Information and Information Security with its business strategy in order to create value.

Besides the usual password protected system and files/folders access, firewall and data protection measures, management approves on an adhoc basis request for access to files, email creation, etc. The Company is contemplating to revitalize its IT Department and it will be mandated to come up with (i) information policy, (ii) information technology policy and (iii) information security policy.

The Board approves material investments in information technology and security according to the Company's business needs.

Board Information

The Chairman, with the assistance of the Company Secretary, ensures that directors receive all information necessary for them to perform their duties and that the Board has sufficient time for consultation and decision-making.

The Board members of HPL ensure that matters relating to the Company, learned in their capacity as directors, are strictly confidential and private and shall not be divulged to anyone without the authority of the Board.

Principle 5: Risk Governance and Internal Control

Internal Control and Risk Management

The Board is responsible for the system of internal control and risk management and is committed to continuously maintain adequate control procedures and assess areas with high residual risks with the assistance of the internal audit function. The Board regularly monitors and evaluate risks, including strategic risk, operational risk, compliance risk, the solvency of the organisation and liquidity risk.

Several factors may affect the HPL's operations, financial performance and growth prospects. The Company's performance may be materially and adversely affected by changes in the market and/or economic conditions, changes in laws and regulations and recently by pandemics.

Management is accountable to the Board for the design, implementation and enforcement of internal controls, ensuring that the associated processes and systems are operating satisfactorily. The Board derives assurance that the internal control systems are effective through the lines of defence: (i) Management of HPL in respect of performance and operations, (ii) the processes and framework for risk management and (iii) the internal audit function in accordance with the internal audit plan.

The key risk areas are injuries to workers on site, crumbling of building under construction, incorrect costing/judgement for contracts including prices and exchange rates for materials, shortage of labour. Appropriate insurance policies with adequate covers have been taken including accident cover. Risk mitigants are put in place such as provision of protection equipment, supervision by experienced foremen and health and safety officers, incentives and hygiene factors to motivate and retain employees especially key employees.

The Board regularly reviews the recommendation of management and internal/external auditors of additional safeguards/controls in the light of changes in the business practice and market environment and accordingly approves same including enhancement and/or new insurance covers.

**HYVEC PARTNERS LTD
CORPORATE GOVERNANCE REPORT (CONTINUED)**

Principle 5: Risk Governance and Internal Control (continued)

The Company has adopted a Whistle-Blowing Policy. The policy provides clear insight about Hyvec Group's Key principles on whistleblowing.

The risk management process/plan is communicated to management and all other employees as appropriate to their role within the Company.

The directors have a reasonable expectation that the Group will be a going concern over the next twelve months from the date of approval of the consolidated financial statements and meet its liabilities as they fall due.

Principle 6: Reporting with Integrity

Statement of Directors' Responsibilities in respect of the Preparation of the Consolidated Financial Statements

The directors affirm their responsibilities for preparing the Annual Report and Consolidated Financial Statements of HPL that fairly present the state of affairs of the Group and Company and the results of their operations.

The Statement of Directors' Responsibilities is disclosed on page 3 of the Annual Report.

Dividend Policy

Dividend payments are determined based on the profitability of the Company, its cash flows, capital expenditure requirements, its future investments and growth opportunities and are approved by the Board.

Dividends are normally declared and paid at the end of the year. Directors ensure that the Company satisfies the solvency test for each declaration of dividend and a Solvency Test certificate is signed by all directors when a dividend is declared by the Board.

For the financial year under review, the Company has not declared any dividend (2023: Rs Nil).

Health, Safety and Environmental Issues

The Group is committed to the general rules and regulations governing health, safety and environmental issue. The Group is also committed to minimising any adverse effect of its operations on the environment and on the health and safety of its employees and the community in which it operates.

Social Issues

The Group aims at giving equal opportunities to its employees.

The Group recognises the importance of the role it has to play in society, and it actively participates in endeavours to alleviate social and environmental problems. The Group is also committed to creating sustainable value for the social and economic well-being of the society.

Corporate Social Responsibility

The CSR contributions amounted to Rs 271,461 (2022: Rs. 361,948) for the year under review.

**HYVEC PARTNERS LTD
CORPORATE GOVERNANCE REPORT (CONTINUED)**

Principle 7: Audit

Internal Audit

The internal audit is an independent function which examines and evaluates the activities and appropriateness of the systems of internal control, risk management and governance. The internal audit department reports to the Audit and Risk Committee. Its mandate includes review of the controls and procedures, the internal control systems and the codes and practices and provide assurance to the Board through the Audit and Risk Committee of their effectiveness and continued relevance. It also discusses on the material accounting policies and estimates and the appointment and removal of external auditors.

All significant risks that the Group is exposed and that have been identified by the Management, are addressed by the Internal Audit Team.

There is no restrictions placed over the rights of access by internal audit to records or management/employees of the organization.

There were no significant issues that the Audit & Risk Committee has considered in relation to the consolidated financial statements. Material accounting policy information are discussed with the external auditors.

The senior members of the Internal Audit are Mr Yves Meyepa and Mr Zubeir Peerun. Their profiles are provided on pages 10 - 11.

External Audit

Grant Thornton have been appointed as external auditors of the Company for the financial year ended 31 December 2023 and shall be ratified at the next Annual Meeting.

Non-audit services were provided by the external auditors during the year under review.

The Audit and Risk Committee has reviewed the audit process, the effectiveness and the performance of the audit team and the output, quality and cost effectiveness of the audit.

Principle 8: Relations with Shareholder and Other Key Stakeholders

The Company has only one shareholder as mentioned above.

The sole shareholder is fully involved in the strategic direction of the Company.

Management presents the results and performance of the Group to the shareholder at the Annual Meeting. The Company pays its taxes to the Government as per the laws.

The Company contributes to the community through the CSR program, jobs creations and sponsorships.

The Annual Report which contains this Corporate Governance report, and the Consolidated Financial Statements shall be published on the Company's website.


STATEMENT OF COMPLIANCE

(SECTION 75 (3) OF THE FINANCIAL REPORTING ACT)

Name of Public Interest Entity ("PIE"): **Hyvec Partners Ltd**
 Reporting period: **Year ended 31 December 2023**

We, the undersigned being directors of Hyvec Partners Ltd, the "Company", confirm that, to the best of our knowledge, the Company has partially complied with the Code. Due to the size, structure and nature of the business of the Company, many of the criteria stipulated in the Code are not deemed to be relevant to the Company and the reasons have been provided below:

	Areas of non-application of the Code	Explanation for non-application
Principle 1	Display of information on the Company's website	Currently, the Constitution, board charter, Code of Ethics and organisation chart are not available on the Company's website. The Board will do the necessary as from next financial year.
Principle 4	Code of Ethics	As mentioned, in Principle 1, the Code of Ethics are not available on the Company's website.
	Board Evaluation and Development	No performance evaluation of the Board, its committee and its individual directors has been conducted as it is difficult to evaluate independently the performance of the Board by the Chairperson. Therefore, an external evaluator should be appointed for performance evaluation.
	Remuneration Policy	No statement of remuneration policy has been included in the annual report, so that shareholders and stakeholders can understand the Board's policy and motivation in determining remuneration for directors (both executive and non-executive) and senior executives in accordance with specified benchmarks.
Principle 6	Display of information on the Company's website	A statement of annual report is not published on the Company's website.

Signed by: 

 Director

Date: 06 AUG 2024



 Director

Date: 06 AUG 2024

HYVEC PARTNERS LTD

SECRETARY'S CERTIFICATE

For the year ended 31 December 2023

In accordance with section 166 (d) of the Mauritius Companies Act 2001, I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies for the year ended 31 December 2023, all such returns as are required of the Company under the Mauritius Companies Act 2001.



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Louis Sebastien Yves Meyepa

Date : 06 AUG 2024



Independent auditors' report To the member of Hyvec Partners Ltd

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Hyvec Partners Ltd, the "Company" and its subsidiary, together referred to as the "Group", which comprise the consolidated statement of financial position as at 31 December 2023, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements on pages 21 to 70 give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "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.

Other Matter

The financial statements of Hyvec Partners Ltd for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on the financial statements on 13 December 2023.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Information, Directors' Report and the Corporate Governance Report sections, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



Grant Thornton

Independent auditors' report (Continued) To the member of Hyvec Partners Ltd

Report on the Audit of the Consolidated Financial Statements (Continued)

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon ("Other Information") (Continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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.

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Independent auditors' report (Continued) To the member of Hyvec Partners Ltd

Report on the Audit of the Consolidated Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

a) Mauritius Companies Act 2001

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

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



Independent auditors' report (Continued) To the member of Hyvec Partners Ltd

Report on Other Legal and Regulatory Requirements (Continued)

b) *Financial Reporting Act 2004*

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with Code of Corporate Governance ("the Code") disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Company has, pursuant to Section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Other

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.



Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
Licensed by FRC

Date: 07 AUG 2024

Ebene 72201, Republic of Mauritius

HYVEC PARTNERS LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	The Group 2023 Rs	The Company 2023 Rs	2022 Rs
Revenue	6	1,183,522,875	1,183,522,875	1,021,216,887
Direct costs	7	<u>(1,030,829,350)</u>	<u>(1,030,829,350)</u>	<u>(882,570,721)</u>
Net revenue		152,693,525	152,693,525	138,646,166
Other income	7	19,716,176	19,716,176	17,261,039
Administrative expenses	7	<u>(67,165,539)</u>	<u>(67,165,039)</u>	<u>(64,762,495)</u>
Operating profit		105,244,162	105,244,662	91,144,710
Finance income		468,493	468,493	93,016
Finance costs	8	<u>(51,451,889)</u>	<u>(51,451,889)</u>	<u>(54,316,570)</u>
Net finance costs		(50,983,396)	(50,983,396)	<u>(54,223,554)</u>
Share of loss	26	(12,117,051)	(12,117,051)	-
Other financial gain	10	<u>-</u>	<u>237,502,257</u>	<u>-</u>
Profit before tax		42,143,715	279,646,472	36,921,156
Tax expense	9 (a)	<u>(11,351,891)</u>	<u>(11,351,891)</u>	<u>(8,115,931)</u>
Profit for the year		30,791,824	268,294,581	28,805,225
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Revaluation gain	10	237,502,257	-	-
Actuarial (losses)/ gains on remeasurement of retirement benefit obligations	23	(3,668,000)	(3,668,000)	4,624,000
Deferred tax on remeasurement of retirement benefit obligations	9	550,200	550,200	(693,600)
<i>Items that will be reclassified subsequently to profit or loss</i>		<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of tax		234,384,457	(3,117,800)	3,930,400
Total comprehensive income for the year		265,176,281	265,176,781	32,735,625

The notes on pages 27 to 70 form part of the consolidated financial statements.

HYVEC PARTNERS LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

		The Group	The Company	
		2023	2023	2022
	Notes	Rs	Rs	Rs
ASSETS				
Non-current assets				
Property, plant and equipment	10	510,965,425	173,375,425	245,026,299
Intangible assets	11	306,619	306,619	486,473
Other asset	12	-	-	18,588,087
Non-current receivables	16	-	-	124,574,581
Investment in subsidiary	13	-	431,913,315	1
Contract assets	15	-	-	66,052,452
Loan to related parties	17 (a)	-	-	436,463,150
		<u>511,272,044</u>	<u>605,595,359</u>	<u>891,191,043</u>
Current assets				
Inventories	14	26,049,821	26,049,821	7,213,716
Trade and other receivables	16	807,452,242	789,257,555	463,227,333
Contract assets	15	116,395,578	22,072,263	45,537,184
Loan to related parties	17 (a)	408,680,919	408,680,919	6,376,541
Cash and cash equivalents	18	232,116,822	232,116,822	13,553,849
		<u>1,590,695,382</u>	<u>1,478,177,380</u>	<u>535,908,623</u>
Asset classified as held for sale	19	-	-	11,500,000
Total assets		<u>2,101,967,426</u>	<u>2,083,772,739</u>	<u>1,438,599,666</u>
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	20	7,500,000	7,500,000	7,500,000
Retained earnings		164,120,984	401,624,271	136,447,490
Other reserve	10	237,502,257	-	-
Total equity		<u>409,123,241</u>	<u>409,124,271</u>	<u>143,947,490</u>
LIABILITIES				
Non-current liabilities				
Borrowings	21	13,393,783	13,393,783	23,034,093
Loan from related parties	17 (b)	-	-	92,431,434
Lease liabilities	22	242,261,782	113,192,632	226,764,749
Retirement benefit obligations	23	14,735,000	14,735,000	9,933,000
Deferred tax liabilities	9 (b)	169,095	169,095	577,217
		<u>270,559,660</u>	<u>141,490,510</u>	<u>352,740,493</u>

The notes on pages 27 to 70 form part of the consolidated financial statements.

HYVEC PARTNERS LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2023

	Notes	The Group 2023 Rs	The Company 2023 Rs	2022 Rs
Current liabilities				
Borrowings	21	452,057,301	452,057,301	531,313,432
Loan from related parties	17 (b)	138,325,372	138,325,372	-
Trade and other payables	24	138,166,881	277,617,559	202,413,002
Contract liabilities	25	668,181,364	639,604,119	189,924,033
Lease liabilities	22	22,807,231	22,807,231	18,245,973
Current tax liabilities	9 (a)	2,746,376	2,746,376	15,242
		<u>1,422,284,525</u>	<u>1,533,157,958</u>	<u>941,911,683</u>
Total liabilities		<u>1,692,844,185</u>	<u>1,674,648,468</u>	<u>1,294,652,176</u>
Total equity and liabilities		<u>2,101,967,426</u>	<u>2,083,772,739</u>	<u>1,438,599,666</u>

Approved by the Board of Directors on 06 AUG 2024 and signed on its behalf by:



 Director



 Director

HYVEC PARTNERS LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

The Group	Stated capital Rs	Retained earnings Rs	Revaluation reserve Rs	Total equity Rs
On consolidation	7,500,000	136,446,960	-	143,946,960
Profit for the year	-	30,791,824	-	30,791,824
Other comprehensive income:				
Gain on revaluation of right-of-use assets	-	-	237,502,257	237,502,257
Actuarial loss on remeasurement of retirement benefit obligations	-	(3,117,800)	-	(3,117,800)
Total comprehensive income for the year	-	27,674,024	237,502,257	265,176,281
At 31 December 2023	7,500,000	164,120,984	237,502,257	409,123,241

The Company	Stated capital Rs	Retained earnings Rs	Total equity Rs
At 01 January 2023	7,500,000	136,447,490	143,947,490
Profit for the year	-	268,294,581	268,294,581
Other comprehensive income	-	(3,117,800)	(3,117,800)
Total comprehensive income for the year	-	265,176,781	265,176,781
At 31 December 2023	7,500,000	401,624,271	409,124,271

The Company	Stated capital Rs	Retained earnings Rs	Total equity Rs
At 01 January 2022	7,500,000	103,711,865	111,211,865
Profit for the year	-	28,805,225	28,805,225
Other comprehensive income	-	3,930,400	3,930,400
Total comprehensive income for the year	-	32,735,625	32,735,625
At 31 December 2022	7,500,000	136,447,490	143,947,490

The notes on pages 27 to 70 form part of the consolidated financial statements.

HYVEC PARTNERS LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	The Group 2023 Rs	The Company 2023 Rs	2022 Rs
Cash flows from operating activities				
Profit before tax		<u>42,143,715</u>	<u>279,646,472</u>	<u>36,921,156</u>
<i>Adjustments for:</i>				
Other financial gain	10	-	(237,502,257)	
Depreciation	10 & 12	20,387,453	20,387,453	18,297,625
Amortisation	11	199,520	199,520	199,520
Interest expense	8	29,010,285	29,010,285	54,316,571
Interest income		-	-	(93,016)
Movement in retirement benefit obligations	23	<u>1,714,000</u>	<u>1,714,000</u>	<u>183,000</u>
Operating profit before working capital changes		93,454,973	93,455,473	109,824,856
<i>Changes in working capital:</i>				
(Increase)/decrease in inventories	14	(26,049,821)	(18,836,105)	(1,166,776)
(Increase)/decrease in trade and other receivables and contract assets	15 & 16	(817,861,682)	(212,699,134)	(220,670,657)
(Decrease)/increase in trade and other payables and contract liabilities	24 & 25	<u>777,771,002</u>	<u>414,010,180</u>	<u>(15,529,145)</u>
Cash generated from/(used in) operating activities				
		27,314,472	275,930,414	(127,541,722)
Interest paid		(21,513,708)	(21,513,708)	(27,139,780)
Tax paid	9 (a)	(2,041,128)	(2,041,128)	(1,517,635)
Retirement benefits paid	23 (a)	<u>(580,000)</u>	<u>(580,000)</u>	<u>-</u>
Net cash generated from /(used in) operating activities		3,179,636	251,795,578	(156,199,137)
Cash flows from investing activities				
Purchase of property, plant and equipment	10	(13,627,231)	(13,627,231)	(5,033,264)
Purchase of Intangible assets		(19,666)	(19,666)	-
Purchase of equipment classified as asset held for sale	19	-	-	(11,500,000)
Proceeds from asset held for sale		11,500,000	11,500,000	-
Acquisition of right-of-use assets		(34,803,691)	(34,803,691)	-
Loan given/(repaid) to related parties		<u>(408,680,919)</u>	<u>34,158,772</u>	<u>(113,275,277)</u>
Net cash used in investing activities		<u>(445,631,507)</u>	<u>(2,791,816)</u>	<u>(129,808,541)</u>

The notes on pages 27 to 70 form part of the consolidated financial statements.

HYVEC PARTNERS LTD
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2023

	Notes	The Group 2023 Rs	The Company 2023 Rs	2022 Rs
Cash flows from financing activities				
Proceeds from borrowings		27,710,598	27,710,598	159,521,962
Repayment of borrowings		(116,403,597)	(116,403,597)	(93,979,231)
Loan received/(repaid) by related parties	17 (b)	138,325,372	45,893,938	41,184,472
Net receipt/(repayments) under lease agreements	22	<u>128,503,286</u>	<u>(15,148,885)</u>	<u>(11,966,654)</u>
Net cash (used in)/generated from financing activities*		<u>178,135,659</u>	<u>(57,947,946)</u>	<u>94,760,549</u>
Movement in cash and cash equivalents:				
At 01 January		(264,316,212)	191,055,816	(191,247,129)
On consolidation		-	(130,506,193)	60,740,935
Cash and cash equivalents at 31 December		<u>324,865,835</u>	<u>-</u>	<u>-</u>
		<u>60,549,623</u>	<u>60,549,623</u>	<u>(130,506,194)</u>
The cash and cash equivalents made up of:				
Cash in hand and cash at bank	18	232,116,822	232,116,822	13,553,849
Bank overdrafts	21	<u>(171,567,199)</u>	<u>(171,567,199)</u>	<u>(144,060,043)</u>
		<u>60,549,623</u>	<u>60,549,623</u>	<u>(130,506,194)</u>
Non-cash transactions:				
Acquisition of shares in subsidiary	13	-	(431,913,314)	-
Payable to subsidiary	24	-	139,451,706	-
Transfer of right-of-use assets	10	(337,590,000)	337,590,000	-
Transfer of lease liabilities	22	129,069,150	(129,069,150)	-
Transfer of contract assets	15	(94,323,315)	60,245,540	-
Transfer of contract liabilities	25	28,577,245	(28,577,245)	-
Transfer of trade receivables	16	-	34,077,775	-
Transfer of other asset	12	(18,194,688)	18,194,688	-
On consolidation		<u>292,461,608</u>	<u>-</u>	<u>-</u>

*For reconciliation of liabilities arising from financing activities, refer to Note 27.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

1. GENERAL INFORMATION

Hyvec Partners Ltd, the "Company" is a private company incorporated in the Republic of Mauritius on 10 June 1993 and its main activity consists of building and civil contracting. Its registered office and principal place of business is situated at Hyvec House, Lot 22, Bank Street, Cybercity, Ebene, Republic of Mauritius.

The Company and its subsidiary are together referred as the "Group".

This is the first consolidated financial statements of the Company since incorporation.

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

2. Application of new and revised IFRS Accounting Standards

2.1 New and revised standards that are effective for the year beginning on 01 January 2023

In the current year, the following amendments to existing standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 January 2023:

IFRS 17	Insurance Contracts (Amendments to IFRS 17 Insurance Contracts)
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17)
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2)
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
IAS 12	International Tax Reform-Pillar Two Model Rules (Amendments to IAS 12)

Management has assessed the impact of these amendments and concluded that none of them have a significant impact on the Group's consolidated financial statements.

2.2 Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these consolidated financial statements, certain amendments to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements, as applicable to the Group's activity, will be adopted in the Group's accounting policies for the first year beginning after the effective date of the pronouncements. Information on amendments to existing standards is provided below:

IAS 1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
IAS 1	Non-current Liabilities with Covenants (Amendments to IAS 1)
IAS 7 and IFRS 7	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
IAS 21	Lack of Exchangeability (Amendments to IAS 21)

Management has yet to assess the impact of the above amendments to existing standards on the Group's consolidated financial statements.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Overall considerations

The consolidated financial statements have been prepared using the material accounting policies and measurement bases summarised below.

3.2 Basis of consolidation

The Group financial statements consolidate those of the parent company and of its subsidiary. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary has a reporting date of 31 December.

All transactions and balances between Company and its subsidiary are eliminated on consolidation, including unrealised gains and losses on transactions between Company and its subsidiary. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of the subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of a subsidiary acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire and (c) acquisition-date fair value of any existing equity interest in the acquisition, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e gain on a bargain purchase) is recognised in profit or loss immediately.

3.4 Foreign currency translation

Presentation and Functional Currency

The consolidated financial statements are presented in Mauritian Rupees ("MUR" or "Rs") (presentation currency) which is also the currency of the primary economic environment in which the Group operates (functional currency).

Transaction and balances

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4 Foreign currency translation (continued)

Transaction and balances (continued)

Non-monetary items that are measured at historical cost in a foreign currency are translated using rate at the date of transaction.

3.5 Financial instruments

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flow from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs where applicable.

Financial assets are classified into the following categories:

- Amortised cost
- Fair value through profit or loss ("FVTPL")
- Fair value through other comprehensive income (FVOCI)

The classification is determined by both:

- The Group's business model for managing the financial asset.
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or other financial items, except for impairment of trade receivables which is presented within administrative expenses.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Financial instruments (continued)

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where receivables or contract assets do not contain a significant financing component. The Group's retention monies receivable, cash and cash equivalents and trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all trade receivables and contract assets. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive.

For contract assets and trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group determined based on historical experience and expectations that the ECL on its trade receivable is insignificant and was not recorded.

The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For all other financial instruments where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Write-off of financial assets

The Group assesses any write-off to be made on trade receivables, contract assets and amount due from related parties on a case-to-case basis when there is sufficient evidence that the amount receivable will no longer be recoverable.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Financial instruments (continued)

Classification and measurement financial liabilities

The Group's financial liabilities include trade and other payables, contract liabilities, lease liabilities, loan from related parties and borrowings.

Financial liabilities are initially measured at fair value and adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.6 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated to write off the cost of property, plant and equipment on a straight-line basis over the expected useful lives of the assets concerned. Property, plant and equipment held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in the statement of profit or loss.

The principal annual rates used for the purpose are:

Other equipment	10%
Electrical equipment	10%
Furniture and fittings	10%
Motor vehicles	20%
Computer equipment	20%
Right-of-use assets	2% to 20%

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.7 Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. A subsidiary is fully consolidated from date on which control is transferred to the Company. They are deconsolidated from date that control ceases.

Investment in subsidiary is stated at cost. Where an indication of impairment exists, the recoverable amount of the investments is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to statement of profit or loss. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to statement of comprehensive income.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8 Leases

The Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leased assets as a lessee

At the lease commencement date, the Group recognised a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance at the lease commencement date (net of any incentives received).

The Group has the option to revalue its leases of land by external professional valuer.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, a change in lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such payments) or a change in the assessment of an option to purchase the underlying asset.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been disclosed separately.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Intangible assets

Intangible assets consist of computer software that is not considered to form an integral part of any hardware equipment. The software is capitalised at cost and amortised over its estimated useful life. The principal annual rate used for the purpose is 20%.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible asset.

Gains and losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

3.10 Inventories

Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on a weighted average basis. The cost of inventories comprises all costs of purchase, costs of conversion and other costs, including a proportion of relevant overheads, incurred in bringing them to their present location and condition. Net realisable value is the selling price in the ordinary course of business, less the costs of completion and selling expenses.

3.11 Other asset

Other asset, which relates to the cost of acquiring a lease on a plot of land, is initially measured at cost. Other asset is then carried at historical cost less accumulated depreciation and impairment. The other asset is depreciated on a straight-line basis over the term of the lease, which is 60 years.

Other asset is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

3.12 Construction contracts

(i) Recognition of profit or loss on contracts

The profit on a construction contract is recognised as soon as it can be estimated reliably. Losses are recognised as soon as the loss is foreseen. The full amount of the anticipated loss, including any loss related to future work on the contract, is recognised in the period in which the loss is identified.

(ii) Contract revenue/contract costs/contract assets

Contract revenue is measured at the fair value of the consideration receivable based on the value of works completed and certified by independent quantity surveyors. Revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Contract costs comprise of the following:

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

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.12 Construction contracts (continued)

(ii) Contract revenue/contract costs/contract assets (continued)

Contract costs are recognised and expensed in the period in which they are incurred. In determining costs incurred up to the reporting date, any costs relating to future activity on a contract and not yet certified are excluded and shown as contracts assets.

(iii) Retentions

Retentions are amounts of progress billings which are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts or until defects have been rectified.

Progress billings are amounts billed for work performed on a contract whether or not they have been paid by the customer. Retentions are recognised on the basis of percentage of completion method, and are recorded as revenue to the extent that probable economic benefits associated with the contract will flow to the Group, based on retention percentage stipulated in the contract.

(iv) Contract liabilities

Advances are amounts received by the Group before the related work is performed and are recognised as a liability. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other contract liabilities in the consolidated statement of financial position.

3.13 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank, cash in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

The Group considers its deposits short term (and therefore highly liquid) when the original contractual maturity is 3 months or less. Bank overdrafts are shown within borrowings under current liabilities.

3.14 Stated capital

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

Retained earnings include all current and prior years' results.

Dividend distributions payable to the equity shareholder are included in current liabilities when the dividends have been approved by the Board prior to the reporting date.

3.15 Retirement benefit obligations

The present value of retirement benefits in respect of the Workers' Rights Act 2019 is recognised in the consolidated statement of financial position as a non-current liability. The valuation is carried out annually by a firm of qualified actuaries.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.15 Retirement benefit obligations (continued)

The Group presents the above first two components of defined benefit costs in consolidated statement of profit or loss. Contributions to the Contribution Social Generalisee (CSG) are expensed to the consolidated statement of profit or loss in the period in which they fall due.

3.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

3.18 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred taxation

Deferred taxation is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.18 Taxation (continued)

(ii) Deferred taxation (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside of profit or loss.

(iv) Corporate Social Responsibility (CSR)

The Group and its subsidiary are subject to Corporate Social Responsibility Fund and the contribution is at a rate of 2% on the chargeable income of the preceding financial year.

The contribution to the Mauritius Revenue Authority must be at least 75% or reduced up to 50% if prior written approval of the National CSR Foundation is obtained.

3.19 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

3.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.21 Other revenue recognition

To determine whether to recognise other revenue, the Group ensures that the following five conditions are satisfied:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Sales of materials

Revenue from the sales of materials is recognised when the materials have been delivered and it is probable that the economic benefits associated with the transaction will flow to the Group.

Interest income

Interest income is recognised on an accrual basis, unless collectability is in doubt.

Dividend income is recognised when the right to receive payment is recognised.

3.22 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the services or as incurred.

3.23 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.24 Comparatives

As described in Note 1, this is the first consolidated financial statements of Hyvec Partners Ltd. Comparative figures have been adjusted, where necessary, to conform with current year's presentation.

3.25 Contingencies

A contingent liability is disclosed when:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) A present obligation that arises from past events but is not recognised because:
 - i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. The amount of the obligation cannot be measured with sufficient reliability.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.25 Contingencies (continued)

The Group assesses contingent liabilities on a regular basis to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements of the period in which the change in probability occurs.

A contingent asset is disclosed when an inflow of economic benefits is probable and it arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

The Group assesses contingent assets on a regular basis to determine whether it had become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the consolidated financial statements of the period in which the change occurs.

3.26 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.27 Current versus non-current classification

The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.27 Current versus non-current classification (continued)

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. FINANCIAL INSTRUMENT RISK

The Group's activities expose it to a variety of financial risks, namely market risk (foreign currency risk and interest rate risks), credit and liquidity risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Board of directors reviews and agrees policies for managing each of the risks which are summarised below:

(i) Credit risk

The Group takes on exposure to credit risk, which is the risk that a customer or counterparty will be unable to pay amounts in full when due. With respect to credit risk arising from financial assets which comprise cash and cash equivalents, trade and other receivables, contract assets and loan to related parties, the Group's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date.

The maximum exposure to credit risk at the reporting date is equal to the carrying amount of these assets as shown in the consolidated statement of financial position.

	Group 2023 Rs	Company 2023 Rs	2022 Rs
Trade and other receivables*	772,099,033	772,099,033	573,631,222
Contract assets**	114,103,330	19,780,015	99,215,546
Loan to related parties	408,680,919	408,680,919	442,839,691
Cash and cash equivalents	232,116,822	232,116,822	13,553,849
	<u>1,527,000,104</u>	<u>1,432,676,789</u>	<u>1,129,240,308</u>

*At Company level, trade and other receivables exclude prepayments of **Rs 6,708,788** (2022: Rs 6,982,053), tax deducted at source receivable of **Rs 8,445,013** (2022: Rs 5,700,680) and other receivables of **Rs 2,004,721** (2022: Rs 782,354) and at Group level, other receivables of **Rs 20,199,408**.

Contract assets exclude advance payment to subcontractors **Rs 2,292,248 (2022: Rs 12,374,090).

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. FINANCIAL INSTRUMENT RISK (CONTINUED)

(i) Credit risk (continued)

Trade and other receivables, contract assets and loan to related parties.

Credit risk on trade receivables, other than with related parties, and contract assets is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by considering the financial position, experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management monthly.

For loan to related parties and trade receivables from related parties, the Group manages the receivables through considering the purpose of receivables and their financial position and forecast cash flows and also the guarantees provided by the beneficial owner in making good losses that may arise from default.

At 31 December 2023, the ageing of trade receivables, contract assets and loan to related parties that were not impaired were as follows:

Group	Non-current Rs	0 – 60 days Rs	61 – 180 days Rs	More than 180 days past due Rs	Total Rs
31 December 2023					
Trade and other receivables	-	642,679,552	12,661,502	116,757,979	772,099,033
Contract assets	-	114,103,330	-	-	114,103,330
Loan to related parties	-	408,680,919	-	-	408,680,919
	<u>-</u>	<u>1,165,463,801</u>	<u>12,661,502</u>	<u>116,757,979</u>	<u>1,294,883,282</u>
Company					
	Non-current Rs	0 – 60 days Rs	61 – 180 days Rs	More than 180 days past due Rs	Total Rs
31 December 2023					
Trade and other receivables	-	642,679,552	12,661,502	116,757,979	772,099,033
Contract assets	-	19,780,015	-	-	19,780,015
Loan to related parties	-	408,680,919	-	-	408,680,919
	<u>-</u>	<u>1,071,140,486</u>	<u>12,661,502</u>	<u>116,757,979</u>	<u>1,200,559,967</u>
	Non-current Rs	0 – 60 days Rs	61 – 180 days Rs	More than 180 days past due Rs	Total Rs
31 December 2022					
Trade and other receivables	124,574,581	153,639,350	172,810,815	122,606,476	573,631,222
Contract assets	66,052,452	33,163,094	-	-	99,215,546
Loan to related parties	436,463,150	6,376,541	-	-	442,839,691
	<u>627,090,183</u>	<u>193,178,985</u>	<u>172,810,815</u>	<u>122,606,476</u>	<u>1,115,686,459</u>

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. FINANCIAL INSTRUMENT RISK (CONTINUED)

(i) Credit risk (continued)

Management has determined that the unimpaired trade receivables and contract assets that are past due by more than 60 and 180 days are collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk and also the profile of the clients.

No expected credit losses have been recognised in 2022 and 2023.

Cash and cash equivalents

The Group had cash and cash equivalents of **Rs 232,116,822** at 31 December 2023 (2022: Rs 13,553,849). The cash and cash equivalents are held with reputable bank and financial institution counterparties.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Contractual cash flows

The following are the contractual maturities of non-derivative financial liabilities for the Group:

Group	Less than 1 year Rs	Between 1 and 2 years Rs	Between 2 and 5 years Rs	More than 5 years Rs	Total Rs
At 31 December 2023					
Bank overdrafts	171,567,199	-	-	-	171,567,199
Trade and other payables*	131,565,023	-	-	-	131,565,023
Lease liabilities	22,807,231	18,461,369	40,758,260	183,042,153	265,069,013
Contract liabilities	668,181,364	-	-	-	668,181,364
Borrowings	280,490,102	-	13,393,783	-	293,883,885
Loan from related parties	138,325,372	-	-	-	138,325,372
	<u>1,412,936,291</u>	<u>18,461,369</u>	<u>54,152,043</u>	<u>183,042,153</u>	<u>1,668,591,856</u>

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4. FINANCIAL INSTRUMENT RISK (CONTINUED)

(ii) Liquidity risk (continued)

Contractual cash flows (continued)

Company	Less than 1 year Rs	Between 1 and 2 years Rs	Between 2 and 5 years Rs	More than 5 years Rs	Total Rs
At 31 December 2023					
Bank overdrafts	171,567,199	-	-	-	171,567,199
Trade and other payables*	271,015,701	-	-	-	271,015,701
Lease liabilities	22,807,231	18,461,369	40,758,260	53,973,003	135,999,863
Contract liabilities	639,604,119	-	-	-	639,604,119
Borrowings	280,490,102	-	13,393,783	-	293,883,885
Loan from related parties	138,325,372	-	-	-	138,325,372
	<u>1,523,809,724</u>	<u>18,461,369</u>	<u>54,152,043</u>	<u>53,973,003</u>	<u>1,650,396,139</u>
	Less than 1 year Rs	Between 1 and 2 years Rs	Between 2 and 5 years Rs	More than 5 years Rs	Total Rs
At 31 December 2022					
Bank overdrafts	144,060,043	-	-	-	144,060,043
Trade and other payables*	199,854,763	-	-	-	199,854,763
Lease liabilities	18,245,973	14,675,981	45,549,175	166,539,592	245,010,722
Contract liabilities	189,924,033	-	-	-	189,924,033
Borrowings	385,978,020	4,810,000	14,430,000	3,794,093	409,012,113
Loan from related parties	-	-	-	92,431,434	92,431,434
	<u>938,062,832</u>	<u>19,485,981</u>	<u>59,979,175</u>	<u>262,765,119</u>	<u>1,280,293,108</u>

*Financial liabilities exclude payables for pay as you earn of **Rs 1,059,845** (2022: **Rs 420,513**), national pension fund of **3,313,114** (2022: **Rs 300,690**), contribution sociale généralisé (CSG) of **Rs 1,723,397** (2022: **Rs 1,236,211**), value added tax of **Rs Nil** (2022: **Rs Nil**) and tax deducted at source of **Rs 505,502** (2022: **Rs 600,826**).

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4. FINANCIAL INSTRUMENT RISK (CONTINUED)

(ii) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group manages market risks by keeping costs low through various cost optimisation programs.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rate. The Group's dealings in foreign currency purchases are managed by seeking the best rates.

The Group, based on operations to date, has limited exposure to currency risks on its operations which is mostly earned and disbursed in its functional currency (Rs).

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

Group	Financial assets		Financial liabilities	
	2023		2023	
	Rs		Rs	
MUR	1,510,041,108		1,668,591,840	
USD	10,066,531		16	
EUR	6,892,465		-	
	<u>1,527,000,104</u>		<u>1,668,591,856</u>	

Company	Financial assets		Financial liabilities	
	2023		2022	
	Rs		Rs	
MUR	1,415,717,793	1,650,396,123	1,125,533,945	1,277,075,660
USD	10,066,531	16	1,572,151	293
EUR	6,892,465	-	1,947,629	591,703
INR	-	-	-	2,625,452
AED	-	-	178,712	-
ZAR	-	-	7,871	-
	<u>1,432,676,789</u>	<u>1,650,396,139</u>	<u>1,129,240,308</u>	<u>1,280,293,108</u>

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4. FINANCIAL INSTRUMENT RISK (CONTINUED)

(iii) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in USD and Euro against the Mauritian Rupee. An increase in USD and Euro will lead to an overall increase in profit and equity as shown below, and vice versa.

	Group and Company	Company
	2023	2022
	Rs	Rs
	Impact	Impact
USD	503,326	78,593
EUR	344,623	67,796
INR	-	(131,273)
AED	-	8,936
ZAR	-	394
Total	<u>847,949</u>	<u>24,446</u>

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk as it borrows funds at floating interest rates.

The interest rates profile of the financial liabilities at 31 December was:

	Bank overdrafts		Finance leases		Bank loans	
	Floating interest rate		Floating interest rate		Floating interest rate	
	2023	2022	2023	2022	2023	2022
	From	From	From	From	From	From
Mauritian Rupee	6.5% to	7.5% to	6.75% to	6.1% to	6.5% to	7.5% to
	9.5%	7.89%	9.4%	8.4%	9.5%	8.4%

Sensitivity analysis for variable rate instruments

The sensitivity analysis below has been determined based on the exposure to interest rates for the interest-bearing financial liabilities at the report date. The analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 25 basis points higher and all other variables were held constant, the Group's profit for the year would have decreased as follows:

	2023	2022
	Rs	Rs
Decrease in profit and equity	<u>1,503,627</u>	<u>1,995,207</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. FINANCIAL INSTRUMENT RISK (CONTINUED)

(iv) Classification and fair values

Except where stated elsewhere, the carrying amounts of the Group's financial assets and financial liabilities approximate their fair values.

	Group	Company	
	2023	2023	2022
	Rs	Rs	Rs
Financial assets at amortised cost			
Trade and other receivables	772,099,033	772,099,033	573,631,222
Contract assets	114,103,330	19,780,015	99,215,546
Loan to related parties	408,680,919	408,680,919	442,839,691
Cash and cash equivalents	232,116,822	232,116,822	13,553,849
	<u>1,527,000,104</u>	<u>1,432,676,789</u>	<u>1,129,240,308</u>
	2023	2023	2022
	Rs	Rs	Rs
Financial liabilities at amortised cost			
Bank overdrafts	171,567,199	171,567,199	144,060,043
Trade and other payables	131,565,023	271,015,701	199,854,763
Lease liabilities	265,069,013	135,999,863	245,010,722
Contract liabilities	668,181,364	639,604,119	189,924,033
Borrowings	293,883,885	293,883,885	409,012,113
Loans from related parties	138,325,372	138,325,372	92,431,434
	<u>1,668,591,856</u>	<u>1,650,396,139</u>	<u>1,280,293,108</u>

(v) Capital management policies and procedures

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor, market and other stakeholders' confidence and to sustain future development of the business.

The Company actively and regularly reviews and manages its capital position to maintain a balance between its liability and equity level.

The management of the Group's capital position is undertaken by the management team. The latter ensures that the Company is adequately capitalised to meet economic requirements. The management team meets on a regular basis and manages capital by taking into account key considerations which may include business developments, regulatory requirements, gap profitability and market movements such as foreign exchange and interest rate.

The Company monitors capital on the basis of the gearing ratio. For this purpose, net debt is defined as total liabilities, comprising of borrowings and obligations under finance leases less cash and cash equivalents.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. FINANCIAL INSTRUMENT RISK (CONTINUED)

(v) Capital management policies and procedures (continued)

The Group's gearing ratio at 31 December was as follows:

	Group 2023 Rs	Company 2023 Rs	2022 Rs
Total liabilities	730,520,097	601,450,947	799,358,247
Less: cash and cash equivalents (excluding bank overdrafts)	<u>(232,116,822)</u>	<u>(232,116,822)</u>	<u>(13,553,849)</u>
Total net debt	<u>498,403,275</u>	<u>369,334,125</u>	<u>785,804,398</u>
Total equity	<u>409,123,241</u>	<u>409,124,271</u>	<u>143,947,490</u>
Total capital	<u>907,526,516</u>	<u>778,458,896</u>	<u>929,751,888</u>
Gearing ratio	<u>55%</u>	<u>47%</u>	<u>85%</u>

5. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Recognition of deferred tax assets

The extent to which the deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised.

Going concern

The Group which is the flagship of the Hyvec Group provides financial support to its sister companies mainly those engaged in property development. The latter companies would clear their debts when the properties are sold. This is an on-going process and our bankers who are familiar with our business model and our proven track record are very supporting as evidenced by their exposure to the Company and the Hyvec Group of companies.

HYVEC PARTNERS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY (CONTINUED)

Significant management judgement (Continued)

Going concern (continued)

The Group has various contracts in the pipeline totalling more than Rs 3bn.

The continuing wars between Russia-Ukraine and Hamas- Israeli hostilities have significant uncertainties in terms of scarcity and increases in commodity prices and disruptions in global supply chains. The degree to which the above impact the Group depends on the nature and duration of the uncertain and unpredictable events and the Group dependency on these supplies. The directors have assessed the situation and considering that they have been experiencing this situation for the past 3 years or so are of the view that there is no material impact on the business of the Group.

Based on the above, the directors concluded that the going concern assumption is appropriate in the preparation of the consolidated financial statements for the year ended 31 December 2023.

Estimation uncertainty

Useful lives of depreciable assets

Management reviews its estimate of the useful lives and residual value of depreciable assets at each reporting date, based on the expected utility of the assets. At year end, management considered that the useful lives represent the expected utility of the assets of the Group. The carrying amounts are analysed in Notes 10 & 11.

Post-employment benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for post-employment benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of post-employment benefits obligation.

The actuary determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-employment benefits obligation. In determining the appropriate discount rate, the Group considers the market yields on bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related post-employment benefits obligation.

Other key assumptions for post-employment benefits obligation are based on current market conditions. Additional information is disclosed in Note 23.

Impairment of financial assets

The Group uses the guidance of IFRS 9 to determine the degree of impairment of its financial assets. Management considers a broader range of information when assessing credit risk and estimating the credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, the directors must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of these cash flows.

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5. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY (CONTINUED)

Estimation uncertainty (continued)

Valuation of lease liabilities and right-of-use assets

The application of IFRS 16 requires the Group to make judgements that affect the valuation of the lease liabilities (Note 22) and the valuation of the right-of-use assets (Note 10). These include determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease terms determined by the Group generally comprise of non-cancellable period of lease contracts. The same term is used is applied as economic useful life of right-of-use assets.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

6. REVENUE

	Group and Company 2023 Rs	Company 2022 Rs
Revenue from contracts with customers	1,183,522,875	1,018,608,191
Other revenue	-	2,608,696
	<u>1,183,522,875</u>	<u>1,021,216,887</u>

(a) Disaggregation of revenue

	Group and Company 2023 Rs	Company 2022 Rs
<u>Set out below is the disaggregation of revenue from contract with customers:</u>		
Construction contract revenue	1,140,281,181	956,086,133
Sale of building materials	43,241,694	62,522,058
Other revenue	-	2,608,696
	<u>1,183,522,875</u>	<u>1,021,216,887</u>
<u>Type of client</u>		
Related parties	407,175,928	398,876,094
External parties		
- Government authorities	451,245,545	69,019,744
- Private companies	325,101,402	553,321,049
	<u>1,183,522,875</u>	<u>1,021,216,887</u>
<u>Timing of revenue recognition</u>		
Over time	1,140,281,181	958,694,829
At a point in time	43,241,694	62,522,058
	<u>1,183,522,875</u>	<u>1,021,216,887</u>

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6. REVENUE (CONTINUED)

Revenue derived over time are earned on:

	Group and Company 2023 Rs	Company 2022 Rs
Short-term contracts	163,594,215	555,934,582
Long-term contracts	1,019,928,660	465,282,305
	<u>1,183,522,875</u>	<u>1,021,216,887</u>

The Group has disaggregated revenues from contracts with customers in terms of contract duration as projects profitability are normally analysed as being generated from short-term or long-term contracts. Short-term contracts are contracts having a duration of less than one year to completion date and long-term contracts are those having a duration of one year or more to completion date.

(b) Contract assets and liabilities

Refer to Notes 15 and 25 for information on contract assets and contract liabilities respectively.

(c) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities:

	Group and Company 2023 Rs	Company 2022 Rs
<u>Advance from clients</u>		
At 01 January	162,998,934	36,591,041
Amount received during the year	593,713,529	233,775,710
Amount recognised in revenue	(133,676,864)	(107,367,817)
At 31 December	<u>623,035,599</u>	<u>162,998,934</u>

7. OPERATING PROFIT

The operating profit is arrived at

	Group and Company 2023 Rs	Company 2022 Rs
(i) <u>After crediting:</u>		
Other operating income		
- Rental of equipment	1,434,782	3,304,348
- Profit on disposal of equipment	1,834,783	-
- Profit on disposal of investment	-	29,999
- Sundry income	-	1,715,618
- Insurance claim received	-	11,095,223
- Recharge of expenses to related parties	2,949,960	1,115,851
- Profit on sale of steel bars	<u>13,496,651</u>	<u>-</u>

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7. OPERATING PROFIT (CONTINUED)

	Group and Company 2023 Rs	Company 2022 Rs
(ii) <u>And charging:</u>		
Direct costs	1,030,829,350	882,570,721
Administrative expenses	67,165,039	64,762,495
<i>Included in direct costs and operating expenses are:</i>		
- Cost of inventories expensed	96,857,895	183,942,977
- Subcontracting costs	217,909,443	273,537,002
- Maintenance services	8,243,184	1,183,230
- Depreciation (Notes 10)	19,994,054	17,904,224
- Amortisation of intangible asset (Note 11)	199,520	199,520
- Staff costs	294,085,723	195,406,491
- Professional and consultancy fees	<u>10,419,849</u>	<u>13,566,214</u>
Staff Costs:		
- Wages and salaries	276,248,190	177,047,848
- Social securities	11,752,036	11,072,884
- Pension costs	2,745,813	324,000
- Other employee expenses	<u>3,339,684</u>	<u>6,961,759</u>
Total	<u>294,085,723</u>	<u>195,406,491</u>
- Number of employees at year end	<u>962</u>	<u>541</u>

8. FINANCE COSTS

	Group and Company 2023 Rs	Company 2022 Rs
Interest expense is charged on interest-bearing liabilities as follows:		
- Bank overdrafts	12,134,150	9,931,964
- Loans	20,416,713	22,367,850
- Leases	8,593,572	15,242,915
- Other interests	<u>10,307,454</u>	<u>6,773,841</u>
	<u>51,451,889</u>	<u>54,316,570</u>

9. TAXATION

(a) *Income tax reconciliation*

(i) The income tax expense for the year can be reconciled to the accounting profit as follows:

	2023 Rs	2022 Rs
Profit before tax	<u>279,646,472</u>	<u>36,921,156</u>
Tax calculated at rate of 15% (2022: 15%)	41,946,971	5,538,173
<i>Adjustments for:</i>		
Income not subject to tax	(39,569,693)	(6,607)
Expenses not deductible	8,131,962	1,934,369
Other adjusting items	1,250,773	505,069
Deferred tax movement	<u>(408,122)</u>	<u>144,927</u>
Tax expense	<u>11,351,891</u>	<u>8,115,931</u>

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9. TAXATION (CONTINUED)

(ii) Tax expense recognised in statement of profit or loss

	Group and Company 2023 Rs	Company 2022 Rs
Current income tax expense	11,760,013	7,971,004
Deferred tax expense	<u>(408,122)</u>	<u>144,927</u>
	<u>11,351,891</u>	<u>8,115,931</u>

(iii) Income tax recognised in other comprehensive income

	2023 Rs	2022 Rs
Deferred tax income/(expense)	<u>550,200</u>	<u>(693,600)</u>

(iv) Income tax recognised in statement of financial position

	Group and Company 2023 Rs	Company 2022 Rs
At 01 January	15,242	1,662,563
Charge for the year	11,304,127	7,971,004
Payments	<u>(2,041,128)</u>	<u>(1,517,635)</u>
Tax deducted at source receivable	<u>(6,531,865)</u>	<u>(8,100,690)</u>
At 31 December	<u>2,746,376</u>	<u>15,242</u>

(b) *Deferred tax assets/(liabilities)*

The movement in deferred income tax assets/(liabilities) during the year are shown below:

	Accelerated capital allowances Rs	Retirement benefit obligations Rs	Total Rs
At 01 January 2022	(2,878,244)	2,156,100	(722,144)
(Charged)/credited to profit or loss	811,077	27,450	838,527
Credited to other comprehensive income	-	<u>(693,600)</u>	<u>(693,600)</u>
At 31 December 2022	<u>(2,067,167)</u>	<u>1,489,950</u>	<u>(577,217)</u>
At 01 January 2023	(2,067,167)	1,489,950	(577,217)
(Charged)/credited to profit or loss	(312,178)	170,100	(142,078)
Credited to other comprehensive income	-	<u>550,200</u>	<u>550,200</u>
At 31 December 2023	<u>(2,379,345)</u>	<u>2,210,250</u>	<u>(169,095)</u>

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10. PROPERTY, PLANT AND EQUIPMENT

Group	Other equipment Rs	Electrical equipment Rs	Furniture & fittings Rs	Motor vehicles Rs	Computer equipment Rs	Total assets owned Rs	Right-of-use assets Rs	Total Rs
Cost								
On consolidation	96,083,723	2,004,804	154,060	30,114,996	3,805,220	132,162,803	143,450,971	275,613,774
Additions	12,287,020	70,435	-	500,000	769,776	13,627,231	372,393,691	386,020,922
Disposal adjustment	(1,360,000)	-	-	(500,000)	-	(1,860,000)	-	(1,860,000)
At 31 December 2023	107,010,743	2,075,239	154,060	30,114,996	4,574,996	143,930,034	515,844,662	659,774,696
Accumulated depreciation								
On consolidation	70,508,980	1,963,971	154,060	26,968,633	2,698,289	102,293,933	28,381,284	130,675,217
Charge for the year	2,761,287	19,970	-	1,177,435	370,416	4,329,108	15,664,946	19,994,054
Disposal adjustment	(1,360,000)	-	-	(500,000)	-	(1,860,000)	-	(1,860,000)
At 31 December 2023	71,910,267	1,983,941	154,060	27,646,068	3,068,705	104,763,041	44,046,230	148,809,271
Net book values								
At 31 December 2023	35,100,476	91,298	-	2,468,928	1,506,291	39,166,993	471,798,432	510,965,425

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10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Other equipment Rs	Electrical equipment Rs	Furniture & fittings Rs	Motor vehicles Rs	Computer equipment Rs	Total assets owned Rs	Right-of-use assets Rs	Total Rs
Cost								
At 01 January 2022	91,566,785	2,004,804	154,060	30,114,996	3,288,894	127,129,539	134,842,087	261,971,626
Additions	4,516,938	-	-	-	516,326	5,033,264	108,696,627	113,729,890
At 31 December 2022	96,083,723	2,004,804	154,060	30,114,996	3,805,220	132,162,803	243,538,714	375,701,516
Additions	12,287,020	70,435	-	500,000	769,776	13,627,231	34,803,691	48,430,923
Revaluation gain	-	-	-	-	-	-	237,502,257	237,502,257
Disposal adjustment	(1,360,000)	-	-	(500,000)	-	(1,860,000)	(343,090,531)	(344,950,531)
At 31 December 2023	107,010,743	2,075,239	154,060	30,114,996	4,574,996	143,930,034	172,754,131	316,684,165
Accumulated depreciation								
At 01 January 2022	66,865,476	1,949,871	154,060	25,887,864	2,422,861	97,280,132	15,490,861	112,770,993
Charge for the year	3,643,504	14,100	-	1,080,769	275,428	5,013,801	12,890,423	17,904,224
At 31 December 2022	70,508,980	1,963,971	154,060	26,968,633	2,698,289	102,293,933	28,381,284	130,675,217
Charge for the year	2,761,287	19,970	-	1,177,435	370,416	4,329,108	15,664,946	19,994,054
Disposal adjustment	(1,360,000)	-	-	(500,000)	-	(1,860,000)	(5,500,531)	(7,360,531)
At 31 December 2023	71,910,267	1,983,941	154,060	27,646,068	3,068,705	104,763,041	38,545,699	143,308,740
Net book values								
At 31 December 2023	35,100,476	91,298	-	2,468,928	1,506,291	39,166,993	134,208,432	173,375,425
At 31 December 2022	25,574,743	40,833	-	3,146,363	1,106,931	29,868,870	215,157,430	245,026,299

Property, plant and equipment have been pledged as security for bank facilities availed by the Group (Note 21).

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10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Description of lease activities

(i) The Group leases plant and equipment which are used in the operations and motor vehicles which are used by employees to attend construction sites and customers. The leases are for a period ranging from 5 to 7 years with no extension option. The Group also has a leasing agreement for building situated at Hyvec House, Ebene for a term of 33 years.

(ii) The Company leases state land from the Government of Mauritius since 2017 to the extent of 14,254m² for the construction of a hotel. In prior years, the Company had applied the principles of IFRS 16, Leases, and had recognised corresponding right-of-use assets and lease liabilities in respect of the said lease (Note 22).

(iii) During the year, pursuant to a special meeting dated 28 September 2023 and prior approval of the Ministry of Housing and Land Use Planning on 17 November 2023, the lease was transferred to Emeraude Les Salines Ltee, the subsidiary, at a revalued amount. The state land was revalued by Prime Pillar Valuation Services Ltd, independent external professional valuers for Rs 337,590,000. The valuation was made on the market value basis resulting in a gain of Rs 237,502,257.

(iv) At Group level, the lease was accounted at its revalued amount of Rs 337,590,000 with its revaluation surplus of Rs 237,502,257 shown as an equity item.

11. INTANGIBLE ASSETS

	Group and Company 2023 Rs	Company 2022 Rs
<u>Cost</u>		
At 01 January	997,600	997,600
Additions	19,666	-
At 31 December	<u>1,017,266</u>	<u>997,600</u>
<u>Accumulated amortisation</u>		
At 01 January	511,127	311,607
Charge for the year	199,520	199,520
At 31 December	<u>710,647</u>	<u>511,127</u>
<u>Net book values</u>		
At 31 December	<u>306,619</u>	<u>486,473</u>

12. OTHER ASSET

	Group and Company 2023 Rs	Company 2022 Rs
At 01 January	18,588,087	18,981,486
Depreciation charge for the year	(393,399)	(393,399)
Transferred to subsidiary during the year	(18,194,688)	-
At 31 December	<u>-</u>	<u>18,588,087</u>

Other asset refers to expenses capitalised on acquisition of the leased state land (Note 10) in 2017 from the Government and same has been transferred to the subsidiary during the year.

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13. INVESTMENT IN SUBSIDIARY

	Company 2023 Rs	2022 Rs
At 01 January	1	1
Acquisition during the year	431,913,314	-
At 31 December	<u>431,913,315</u>	<u>1</u>

Details of the subsidiary are as follows:

Details of subsidiary	Country of incorporation	Type of shares	Principal activity	2023 % held Direct	2022 % held Direct
Emeraude Les Salines Ltee	Republic of Mauritius	Ordinary	Property investment	100%	100%

The Company has obtained equity shares in the subsidiary further to the transfer of the state land (Notes 10 & 12).

The summarised statement of financial position and statement of profit or loss and other comprehensive income of the subsidiary at 31 December 2023 are as follows:

	2023 Rs	2022 Rs
<i><u>Summarised statement of financial position</u></i>		
Total assets	589,589,710	30,000
Total liabilities	157,647,425	-
Equity	431,942,285	29,470

	2023 Rs	2022 Rs
<i><u>Summarised statement of profit or loss</u></i>		
Revenue	-	-
Expenses	-	-
Loss for the year	<u>500</u>	<u>530</u>

14. INVENTORIES

	Group and Company 2023 Rs	Company 2022 Rs
Raw materials	<u>26,049,821</u>	<u>7,213,716</u>

Raw materials consist mainly of iron bars used in construction. During the year, cost of inventories recognised as expense in the statement of profit or loss amounts to **96,857,895** (2022: Rs 183,942,977).

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15. CONTRACT ASSETS

	Group 2023 Rs	Company 2023 Rs	2022 Rs
Non-current	-	-	66,052,452
Current:			
- Contract retention	114,103,330	19,780,015	33,163,094
- Advance to subcontractors	2,292,248	2,292,248	12,374,090
Total	<u>116,395,578</u>	<u>22,072,263</u>	<u>45,537,184</u>
	<u>116,395,578</u>	<u>22,072,263</u>	<u>111,589,636</u>

In determining the recoverability of contract assets, the Group assesses its contractual rights and the terms and conditions of the agreements. The Group does not hold any collateral as security over these balances.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed, retention money held by customers and advances paid to subcontractors at reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer and on termination of the defects liability period, as agreed with customers.

The movement in contract assets is as follows:

	Group 2023 Rs	Company 2023 Rs	2022 Rs
<u>Contract retention</u>			
At 01 January	-	99,215,546	107,463,233
On consolidation	99,215,546	-	-
Amount recognised during the year	47,777,542	13,699,767	21,299,028
Amount transferred to trade receivables	(51,596,439)	(51,596,439)	(28,517,502)
Work-in-progress	18,706,681	18,706,681	(1,029,213)
Transfer to subsidiary (Note 10)	-	(60,245,540)	-
At 31 December	<u>114,103,330</u>	<u>19,780,015</u>	<u>99,215,546</u>
<u>Advance to subcontractors</u>			
At 01 January	-	12,374,090	56,649,257
On consolidation	12,374,090	-	-
Amount recognised during the year	2,292,248	2,292,248	12,374,090
Amount transferred to profit or loss	(12,374,090)	(12,374,090)	(56,649,257)
At 31 December	<u>2,292,248</u>	<u>2,292,248</u>	<u>12,374,090</u>
	<u>116,395,578</u>	<u>22,072,263</u>	<u>111,589,636</u>

16. TRADE AND OTHER RECEIVABLES

	Group 2023 Rs	Company 2023 Rs	2022 Rs
Trade receivables			
- Non-current	-	-	124,574,581
- Current	733,507,766	733,507,766	428,406,417
	<u>733,507,766</u>	<u>733,507,766</u>	<u>552,980,998</u>
Prepayments	6,708,788	6,708,788	6,982,053
Amount due to related parties	38,591,267	38,591,267	21,355,829
Tax deducted source	8,445,013	8,445,013	5,700,680
Other receivables	20,199,408	2,004,721	782,354
	<u>807,452,242</u>	<u>789,257,555</u>	<u>587,801,914</u>

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16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are allocated as follows:

	Group and Company 2023 Rs	Company 2022 Rs
External parties	60,175,006	117,832,930
Related parties	673,332,760	435,148,068
	<u>733,507,766</u>	<u>552,980,998</u>

No interest is charged on trade receivables. Management expects full recoverability of due balances which are neither past due nor impaired. The trade receivables from related parties are interest-free and unsecured.

Ageing of past due but not impaired trade receivables:

	Group and Company 2023 Rs	Company 2022 Rs
61 – 180 days	18,128,230	172,810,815
Over 180 days	110,834,988	122,606,478
	<u>128,963,218</u>	<u>295,417,293</u>

- (i) The concentration of credit risk is limited due to the customer base being mainly governmental and parastatal bodies and related parties and hence the risk of non-recovery is minimal based on past experience and trading pattern.
- (ii) The amount due by the related parties are unsecured, interest-free and receivable on demand. The directors have assessed the fair values of these related parties receivables and concluded that no expected credit losses are to be recognised at the reporting date (2022: Nil) and the beneficial owner will financially support the related parties in meeting their obligations.
- (iii) The amount due by the third parties are unsecured, interest-free and receivable on demand.

17. LOANS TO/FROM RELATED PARTIES

(a) *Loans to related parties*

	Group and Company 2023 Rs	Company 2022 Rs
At 01 January	442,839,691	329,564,414
Loans advanced during the year	26,561,943	311,221,708
Loan recovered during the year	(60,720,715)	(200,600,744)
Non-cash amount granted during the year	-	2,654,313
At 31 December	<u>408,680,919</u>	<u>442,839,691</u>

Loan to related parties are classified as:

	2023 Rs	2022 Rs
Non-current	-	436,463,150
Current	408,680,919	6,376,541
Total	<u>408,680,919</u>	<u>442,839,691</u>

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17. LOANS TO/FROM RELATED PARTIES (CONTINUED)

(a) *Loans to related parties (continued)*

The Group does not hold any collateral as security on the loans to related parties and no interest is charged on these loans, except for the loan granted to director/shareholder in previous years which had been charged at 5.85% - 5.55% p.a. The loan to shareholder is repayable on demand.

No allowance for expected credit loss has been recognised as the directors consider that these receivables fall within group treasury management and where the risk of default is minimal. Furthermore, the beneficial owner will financially support the Group's related parties in meeting their obligations. During the year, these loans have been reclassified as current due to a new group policy.

(b) *Loans from related parties*

	Group and Company 2023 Rs	Company 2022 Rs
At 01 January	92,431,434	51,246,962
Loans received during the year	136,703,243	114,217,472
Loans repaid during the year	<u>(90,809,305)</u>	<u>(73,033,000)</u>
At 31 December	<u>138,325,372</u>	<u>92,431,434</u>

Loan from related parties are classified as:

	2023 Rs	2022 Rs
Non-current	-	92,431,434
Current	<u>138,325,372</u>	-
Total	<u>138,325,372</u>	<u>92,431,434</u>

During the year, the loans due to related parties which are interest-free and unsecured have been reclassified as current due to a new group policy.

18. CASH AND CASH EQUIVALENTS

	Group and Company 2023 Rs	Company 2022 Rs
Cash at bank	32,116,822	13,553,849
Fixed deposits	<u>200,000,000</u>	-
Total	<u>232,116,822</u>	<u>13,553,849</u>

At 31 December 2023, the Group held investment in a fixed deposit with maturity date of 31 January 2024 at an interest rate of 2.85%.

19. ASSET CLASSIFIED AS HELD FOR SALE

	Group and Company 2023 Rs	Company 2022 Rs
At 01 January	11,500,000	1
Addition	-	11,500,000
Disposal during the year	<u>(11,500,000)</u>	<u>(1)</u>
At 31 December	<u>-</u>	<u>11,500,000</u>

The related plant and equipment was disposed of on 11 August 2023.

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20. STATED CAPITAL

	2023	2022	2023	2022
	Number of shares		Rs	Rs
<i>Issued and fully paid ordinary shares</i>				
At 01 January and 31 December	<u>75,000</u>	<u>75,000</u>	<u>7,500,000</u>	<u>7,500,000</u>

Fully paid ordinary shares have rights to dividends and each share carry one voting right.

21. BORROWINGS

	Group and Company 2023 Rs	Company 2022 Rs
Non-current		
- Secured and unsecured loans	<u>13,393,783</u>	<u>23,034,093</u>
Current		
- Bank overdrafts	171,567,199	144,060,043
- Secured and unsecured loans	<u>280,490,102</u>	<u>387,253,389</u>
	<u>452,057,301</u>	<u>531,313,432</u>
Total	<u>465,451,084</u>	<u>554,347,524</u>

The bank overdrafts are repayable within one year.

The loans are repaid as follows:

	Group and Company 2023 Rs	Company 2022 Rs
Within one year	280,490,102	387,253,389
After more than one year	<u>13,393,783</u>	<u>23,034,093</u>
	<u>293,883,885</u>	<u>410,287,482</u>

The loans due for settlement after more than one year are repayable as follows:

	Group and Company 2023 Rs	Company 2022 Rs
After one year before two years	4,810,000	4,810,000
After two years before five years	13,393,783	14,430,000
After 5 years	-	3,794,093
	<u>18,203,783</u>	<u>23,034,093</u>

The loans and bank overdrafts are secured by fixed and floating charges on the assets of the Group. The secured and unsecured loans bear interest ranging from 7.45% - 8.4% p.a (2022: 5.25 - 5.75% p.a.) while the bank overdrafts bear interest at the rate ranging from 7.45% to 7.89% p.a. (2022: 5% - 6% p.a.).

The shareholder has also provided personal guarantee for the loans and bank overdrafts.

The Group has an import loan facility of **Rs 175 million** (2022: Rs 160 million), which has been fully drawn down as at 31 December 2023 and short-term loan facilities of **Rs 100 million** (2022: Rs 110 million) out of which **Rs 73,923,338** (2022: Rs 99,475,248) has been drawn down as at 31 December 2023.

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22. LEASE LIABILITIES

	Group 2023 Rs	Company 2023 Rs	2022 Rs
At 01 January	245,010,723	245,010,723	133,037,835
Recognition of lease liability in relation to property, plant and equipment	-	-	108,696,628
Additions	27,710,598	27,710,598	-
Transfer of lease liability in relation to leasehold land (Note 10)	-	(129,069,150)	-
Finance costs	7,496,577	7,496,577	15,242,915
Repayments	(15,148,885)	(15,148,885)	(11,966,654)
At 31 December	<u>265,069,013</u>	<u>135,999,863</u>	245,010,723
Less: amount due for settlement within one year (shown under current liabilities)	<u>22,807,231</u>	<u>22,807,231</u>	18,245,973
Amount due for settlement after one year (shown under non-current liabilities)	<u>242,261,782</u>	<u>113,192,632</u>	<u>226,764,749</u>

The lease liability in relation to building, property, plant and equipment relates to motor vehicles, equipment and land. The motor vehicles and equipment have lease term ranging from 4 to 7 years. The building has lease term for a period of 15 years.

The following are the amounts recognised in the consolidated statement of profit or loss:

	Group and Company 2023 Rs	Company 2022 Rs
Depreciation of right-of-use assets	7,246,441	12,890,425
Interest expense on lease liabilities	7,496,577	15,242,915
	<u>14,743,018</u>	<u>28,133,340</u>

23. RETIREMENT BENEFIT OBLIGATIONS

The Group has recognised a net defined benefit liability of **Rs 14,735,000** (2022: Rs 9,933,000) in its consolidated statement of financial position as at 31 December 2023 in respect of gratuities that are expected to be paid out of the private pension scheme set up by the Group. The plan is unfunded.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligations were carried out at 31 December 2023 by Aon Hewitt Ltd (Actuarial Valuer).

The defined benefit liability exposes the Group to risks described below:

- Interest rate risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by a decrease in inflationary pressures on salary and pension increases.
- Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no curtailment during the year.

(a) Reconciliation of net defined benefit liability

	Group and Company 2023 Rs	Company 2022 Rs
At 01 January	9,933,000	14,374,000
Amount recognised in the consolidated statement of profit or loss	1,714,000	183,000
Amount recognised in the consolidated other comprehensive income	3,668,000	(4,624,000)
Less: benefits paid during the year	(580,000)	-
At 31 December	<u>14,735,000</u>	<u>9,933,000</u>

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23. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) *Movement in the present value of the defined benefit obligation in the current year were as follows:*

	Group and Company 2023 Rs	Company 2022 Rs
At 01 January	9,933,000	14,374,000
Current service costs	1,077,000	1,981,000
Interest cost	637,000	647,000
Past service costs	-	(2,445,000)
Other benefits paid	(580,000)	-
Liability experience loss/(gain)	1,896,000	(1,410,000)
Liability loss/(gain) due to change in financial assumptions	1,772,000	(3,214,000)
At 31 December	<u>14,735,000</u>	<u>9,933,000</u>

(c) *Amount recognised in consolidated statement of profit or loss in respect of defined benefit plans are as follows:*

	Group and Company 2023 Rs	Company 2022 Rs
Current service costs	1,077,000	1,981,000
Past service costs	-	(2,445,000)
	<u>1,077,000</u>	<u>(464,000)</u>
Net interest on net defined benefit liability	637,000	647,000
	<u>1,714,000</u>	<u>183,000</u>

The service costs and the net interest expense are included in cost of sales and administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

(d) *Components of amount recognised in the consolidated other comprehensive income:*

	Group and Company 2023 Rs	Company 2022 Rs
Liability experience loss	1,896,000	(1,410,000)
Liability loss/(gain) due to change in financial assumptions	1,772,000	(3,214,000)
	<u>3,668,000</u>	<u>(4,624,000)</u>

(e) *The principal assumptions used for the purposes of the actuarial valuation were as follows:*

	Group and Company 2023	Company 2022
Discount rate	5.5%	6.6%
Expected rate of salary increase	2.5%	2.5%
Average retirement age	65 years	65 years

(f) *Sensitivity analysis on defined benefit obligations at end of year*

	2023 Rs	2022 Rs
Increased due to 1% decrease in discount rate	1,778,000	1,152,000
Decreased due to 1% increase in discount rate	(1,513,000)	(982,000)
Increased due to 1% increase in salary increase	-	1,185,000
Decreased due to 1% decrease in salary increase	-	(1,023,000)

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23. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(g) *Future cash flows*

The funding policy is to pay benefits out of the Group's cash flows as and when due.

		2023	2022
Expected employer contribution for the next year	Rs	1,147,000	912,000
Weighted average duration of the defined benefit obligations		15 years	15 years

24. TRADE AND OTHER PAYABLES

	Group 2023 Rs	2023 Rs	Company 2022 Rs
Trade payables (Note (i))	35,899,411	35,899,411	103,810,980
Accruals (Note (ii))	61,846,202	61,846,202	88,953,624
Other payables	40,421,268	40,420,240	9,648,398
Due to subsidiary (Note (iii))	-	139,451,706	-
	<u>138,166,881</u>	<u>277,617,559</u>	<u>202,413,002</u>

(i) The average credit period for local purchases and foreign purchases is 45 days and 90 days respectively. No interest is charged on trade payables for overdue balances. The Group has financial risk management policies in place to ensure that all payables are paid within credit timeframe that have been agreed with suppliers. The contract liabilities and the retention monies are in accordance with contractual terms.

(ii) Accruals relate to construction costs which were not yet invoiced at the reporting date and are in accordance with contractual terms. Other payables comprise mainly of value added tax, statutory obligations and tax deducted at source payables.

(iii) The amount due to the subsidiary is unsecured, interest-free and repayable on demand and is on account of the transfer of contract liabilities and lease liabilities during the year (Note 10).

(iv) Trade payables and accruals are allocated as follows:

	Group 2023 Rs	Company 2023 Rs	2022 Rs
External parties	28,648,116	28,648,116	189,223,026
Related parties	109,518,765	248,969,443	13,189,976
	<u>138,166,881</u>	<u>277,617,559</u>	<u>202,413,002</u>

(v) The carrying amount of trade payables approximates their fair value.

25. CONTRACT LIABILITIES

	Group 2023 Rs	Company 2023 Rs	2022 Rs
Retention monies payable to subcontractors	16,568,520	16,568,520	26,925,099
Advance from customers	651,612,844	623,035,599	162,998,934
	<u>668,181,364</u>	<u>639,604,119</u>	<u>189,924,033</u>

The contract liabilities relate to the advance consideration received from customers for the performance obligation yet to be satisfied and retention payable to subcontractors.

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26. SHARE OF LOSS

The Company has entered into a contract with an external party in 2022, under which the Company is entitled to a share of profit or loss in a joint project. As part of this contract, the Company provides labour and other services for the project and these costs are recharged. For the year under review, the project had a loss of Rs 60,585,255 and the Company's share stood at Rs 12,117,051.

27. Reconciliation of liabilities arising from financing activities

Group	01 January 2023 Rs	Cash flows Rs	Non-cash flows Rs	Reclassification Rs	At 31 December 2023 Rs
Borrowings	-	293,883,885	-	-	293,883,885
Lease liabilities	-	135,999,863	129,069,150	-	265,069,013
Loan from related parties	-	138,325,372	-	-	138,325,372
	<u>-</u>	<u>568,209,120</u>	<u>129,069,150</u>	<u>-</u>	<u>697,278,270</u>
Company	01 January 2023 Rs	Cash flows Rs	Non-cash changes Rs	Reclassification Rs	31 December 2023 Rs
Borrowings	410,287,482	(116,403,597)	-	-	293,883,885
Lease liabilities	245,010,722	20,058,291	(129,069,150)	-	135,999,863
Loan from related parties	92,431,434	45,893,938	-	-	138,325,372
	<u>747,729,638</u>	<u>(50,451,368)</u>	<u>(129,069,150)</u>	<u>-</u>	<u>568,209,120</u>
	01 January 2022 Rs	Cash flows Rs	Non-cash changes Rs	Reclassification Rs	31 December 2022 Rs
Borrowings	448,794,266	87,910,581	-	(126,417,365)	410,287,482
Lease liabilities	133,037,835	3,276,261	-	108,696,626	245,010,722
Loan from related parties	51,246,962	41,184,472	-	-	92,431,434
	<u>633,079,063</u>	<u>132,371,314</u>	<u>-</u>	<u>(17,720,739)</u>	<u>747,729,638</u>

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28. RELATED PARTY TRANSACTIONS

For the year ended 31 December 2023, the Group had transactions with its related parties. The nature, volume of transactions and the balances with the related parties are as follows:

		Sales of goods and services Rs	Purchases of goods and services Rs	Interest income/ (expense) Rs	Loan receivable/ (payable) Rs	Amounts owed by related parties Rs	Amounts owed to related parties Rs
Blue Valley Ltd	2023	-	-	-	23,413,142	-	-
	2022	-	-	-	23,413,142	-	-
Executive Builders (Mitus) Ltd	2023	-	-	-	1,810,935	2,608,696	-
	2022	-	-	-	1,403,027	2,608,696	-
Le Mome Work & Surf Ltd	2023	-	-	-	36,212,123	-	-
	2022	-	-	-	34,887,123	-	-
Investcorp (Holdings) Ltd	2023	16,200,000	11,877,468	-	(3,183,140)	-	(2,536,200)
	2022	-	13,361,957	-	3,120,454	-	4,700,000
Hennessy Tower (Holding) Ltd	2023	-	-	-	(3,143,199)	-	-
	2022	-	-	-	(3,143,199)	-	-
Hyvec Facilities Management Co Ltd	2023	2,949,960	1,240,000	-	9,200,000	3,392,454	1,593,260
	2022	-	720,000	-	12,500,000	-	(190,260)
Hyper Food Ltd	2023	-	-	-	19,278,613	-	-
	2022	-	-	-	19,278,613	-	-
Super Tech Equipment Ltd	2023	-	6,611,391	-	15,089,402	646,530	6,023,824
	2022	-	2,852,015	-	12,698,030	646,530	(776,069)

HYVEC PARTNERS LTD
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28. RELATED PARTY TRANSACTIONS (CONTINUED)

		Sales of goods and services Rs	Purchases of goods and services Rs	Interest income/ (expense) Rs	Loan receivable/ (payable) Rs	Amounts owed by related parties Rs	Amounts owed to related parties Rs
Alternate Services Property Development Ltd	2023	-	-	-	17,363,108	-	-
	2022	-	-	-	17,363,108	-	-
Hyvec Investment Ltd	2023	-	-	-	17,830,835	-	-
	2022	-	-	-	17,830,835	-	-
Sotratch Properties Ltd	2023	-	-	-	(5,932,118)	24,055,765	-
	2022	-	-	-	7,012,000	24,055,765	-
Grand Bay Paradise Ltd	2023	-	-	-	(4,404,475)	9,212,536	-
	2022	-	-	-	-	1,672,100	-
Gleneagles Co Ltd	2023	131,020,028	-	-	(3,854,353)	133,441,650	-
	2022	44,449,996	-	-	(24,251,080)	-	-
Hyvec Consumer Goods Ltd	2023	-	-	-	1,595,000	-	-
	2022	-	-	-	1,595,000	-	-
Jumeirah Investment Ltd	2023	-	-	-	21,904,645	37,229,433	-
	2022	32,868,395	-	-	21,504,645	37,229,433	-
Cap Horn Investment Ltd	2023	11,398,382	-	-	(4,158,623)	-	-
	2022	9,552,963	-	-	(35,640,064)	-	-
West Coast Leisure Ltd	2023	-	-	-	6,409,300	45,174,353	-
	2022	-	-	-	6,409,300	45,174,353	-
Trocahero Investissement Ltee	2023	66,076,646	-	-	-	-	-
	2022	145,578,591	-	-	515,256	234,161,710	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

28. RELATED PARTY TRANSACTIONS (CONTINUED)

		Sales of goods and services Rs	Purchases of goods and services Rs	Interest income/ (expense) Rs	Loan receivable/ (payable) Rs	Amounts owed by related parties Rs	Amounts owed to related parties Rs
Bluefire Ltd	2023	-	-	-	63,411,103	1,211,605	-
	2022	-	217,391	-	59,566,213	1,211,605	-
Two Oceans Investment Ltd	2023	-	-	-	13,675,500	-	-
	2022	-	-	-	(1,909,500)	-	-
Atlantic Properties Ltd	2023	19,870,712	-	-	(6,318,908)	25,798,767	-
	2022	17,690,573	-	-	2,481,092	5,928,055	-
Equateur Properties Ltd	2023	-	-	-	14,022,764	-	-
	2022	-	-	-	12,497,764	-	-
Glenhaven South Africa (Pty) Ltd	2023	-	-	-	3,600,000	-	-
	2022	-	-	-	3,600,000	-	-
Batismart Ltd	2023	3,400,000	34,865,890	-	(3,875,465)	3,400,000	(14,637,879)
	2022	-	4,717,078	-	120,035	600,000	(313,136)
Palermo Investment Ltd	2023	41,923,565	-	-	(22,041,887)	83,470,183	-
	2022	17,005,968	-	-	268,113	28,119,768	-
Lugano Investment Ltd	2023	41,273,226	-	-	(22,753,087)	20,275,145	-
	2022	39,434,757	-	-	3,112,080	4,869,362	-
Ibiza City Ltd	2023	-	-	-	6,729,710	14,445,185	-
	2022	-	-	-	6,729,710	14,445,185	-
Ibiza Investment Ltd	2023	-	-	-	600,000	-	(136,200)
	2022	-	-	-	-	-	(136,200)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

28. RELATED PARTY TRANSACTIONS (CONTINUED)

		Sales of goods and services Rs	Purchases of goods and services Rs	Interest income/ (expense) Rs	Loan receivable/ (payable) Rs	Amounts owed by related parties Rs	Amounts owed to related parties Rs
Ibiza Properties Ltd	2023 2022	- -	- -	- -	- -	- -	(3,593) (3,593)
Hyvec Electrical Ltd	2023 2022	- -	- -	- -	(500,000) (500,000)	- -	- -
Bhukara The Tandoor Co Ltd	2023 2022	- -	- -	- -	829,296 860,715	- -	- -
Pine Travel & Tours Ltd	2023 2022	- -	4,107,371 7,183,420	- -	- -	- -	(237,393) (651,167)
Fashion Network (Africa) Ltd	2023 2022	- -	- -	- -	60,250,980 60,250,980	- -	- -
Fashion Network (Africa) 1 Ltd	2023 2022	- -	- -	- -	100,000 100,000	- -	- -
Monaco Properties Ltd	2023 2022	- -	- -	- -	345,000 345,000	- -	- -
Table Bay Ltd	2023 2022	- -	- -	- -	8,506 8,506	3,669,844 3,669,844	- -
CG Royal Foods Ltd	2023 2022	73,063,409 21,866,887	- 43,218	- -	- 144,000	(8,175,200) 27,498,543	(24,888) (24,888)
New Caroline House Ltd	2023 2022	- -	- -	- -	(16,368,970) (28,897,091)	- -	- -
Noodle Express Ltd	2023 2022	- 32,461,306	- -	- -	(11,112,075) -	2,632,331 4,468,724	- -

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. RELATED PARTY TRANSACTIONS (CONTINUED)

		Sales of goods and services Rs	Purchases of goods and services Rs	Interest income/ (expense) Rs	Loan receivable/ (payable) Rs	Amounts owed by related parties Rs	Amounts owed to related parties Rs
Sutton Properties Ltd	2023	-	-	-	389,984	-	-
	2022	-	-	-	389,984	-	-
Sandview Ltd	2023	-	-	-	190,700	-	-
	2022	-	-	-	190,700	-	-
Edith Cavell Tower Ltd	2023	-	-	-	14,480,000	-	-
	2022	-	-	-	18,480,000	-	-
Terra Primus Ltd	2023	-	-	-	-	-	-
	2022	16,435,671	-	-	-	30,619,937	-
Gibraltar Investment Ltd	2023	-	-	-	451,472	-	-
	2022	-	-	-	451,472	-	-
Hyvec Home Ltd	2023	-	-	-	3,823,720	-	-
	2022	-	-	-	2,342,000	-	-
Grilled Subs Group Ltd	2023	-	-	-	5,900,000	-	-
	2022	-	-	-	5,900,000	-	-
Essen Investment Ltd	2023	-	-	-	33,020,656	-	-
	2022	-	-	-	23,450,656	-	-
Frankfurt Investment Ltd	2023	-	-	-	(3,500,000)	-	-
	2022	-	-	-	15,304,313	-	-
Hyvec Property Investment Ltd	2023	-	-	-	150,000	-	-
	2022	-	-	-	150,000	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. RELATED PARTY TRANSACTIONS (CONTINUED)

		Sales of goods and services Rs	Purchases of goods and services Rs	Interest income/ (expense) Rs	Loan receivable/ (payable) Rs	Amounts owed by related parties Rs	Amounts owed to related parties Rs
EFG Finance Ltd	2023	-	-	-	1,855,000	-	-
	2022	-	-	-	1,700,000	-	-
Bagatech Innovation Park Ltd	2023	-	-	-	97,840	-	-
	2022	-	-	-	2,297,840	-	-
Firstech Distribution Ltd	2023	-	672,902	-	-	-	(143,156)
	2022	-	121,027	-	-	-	(135,501)
Indo Pacific Aviation Ltd	2023	-	-	-	-	(16,000,000)	(788,480)
	2022	-	983,099	-	-	-	(648,804)
Service Technique du Bâtiment Ltee	2023	-	8,110,158	-	-	-	1,298,087
	2022	-	15,116,407	-	-	-	(6,160,956)
Glenhaven	2022	-	-	-	-	(450,000)	-
	2022	-	-	-	1	-	-
Carleton Tower Ltd	2023	-	-	-	-	-	-
	2022	508,186	-	-	-	-	-
Ignite Africa Ltd	2023	-	-	-	4,711,053	-	-
Pearl Harbour Investment Ltd	2023	-	-	-	750,000	-	-
Director/shareholder*	2023	-	-	-	10,380,531	-	-
	2022	-	-	-	28,892,485	-	(75,676)

28. RELATED PARTY TRANSACTIONS (CONTINUED)

*The loan to shareholder is interest-free.

All the above related parties, except for loan to shareholder, have common shareholder or director or both as relationship between each other.

(a) Compensation of key management personnel

	2023 Rs	2022 Rs
Key management personnel compensation	<u>16,466,195</u>	<u>9,432,161</u>

(b) Transactions with key management personnel

Other than the loan granted to one of the directors, who is also the shareholder as disclosed above, no other transactions were entered into with senior management and directors during the year (2022: Rs Nil).

29. OWNERSHIP STRUCTURE

The sole shareholder of the Company is Mr Nawaz Khan Chady.

30. CONTINGENT LIABILITIES

Contingent liabilities not provided for in the consolidated financial statements relate to letters of credit of **Rs 32,591,524** (2022: Rs 50,965,713), performance bond of **Rs 211,016,691** (2022: Rs 275,765,321), expatriate guarantee of **Rs 260,000** (2022: Rs 260,000), tender bond of **Rs 1,000,000** (2022: Rs 15,150,000), advance payment guarantee of **Rs 685,350,000** (2022: Rs 171,600,000) and bank guarantee of **Rs 15,750,000** (2022: Rs 16,250,000).

31. EVENTS AFTER THE REPORTING DATE

There have been no significant events after the reporting date which requires disclosures or amendments to the 31 December 2023 consolidated financial statements.